Social Security Act of 1960 Volume 1

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Finance Committee on Saturday of last week. I do so, Mr. President, for a num-
ber 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 Com-
mittee, 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 un-
derstand the language of that platform, it
sets forth one of the pertinent facts con-
fronting 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 Com-
mmittee 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 Ameri-
cans over 65 years of age and for dis-
abled workers, widows, and orphans. In
fact, Mr. President, if I correctly un-
derstand 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 un-
derstand 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, un-
derstand the language of that platform to
put the premium on the method of pay-
ing for such a program. As I under-
derstand both the language and the prin-
ciple 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 colleagues from Delaware and from Mr. Fazasi, 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. Fazasi] 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. Fazasi] 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 we think the American people want. 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 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.

First, it is a proposal that can be made effective October 1, 1960. Every other proposal made or offered as this one had some vision language which would have pushed forward the effective date until sometime in 1961, and a number of them were 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, 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 already found 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 by title II of the existing social security legislation. That means a State which has passed enabling legislation herebefore 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, 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, or on the assistance roles, though not on the social security roles. 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. It provides between $65 and $12 per month per recipient of old age assistance, to bring 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 an additional $12 per month per recipient of old age assistance in the States 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 it is allowable to the State from the formula in the bill, which would be between 50 and 80 percent, to replace the $12 which is 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 XIX 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 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 medical care program would be paid for out of the State's general revenues and the department can cover such a plan.

Mr. KERR. The Senator 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 bills.

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 30 than 60 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 shall say, $5,000. Such 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. In the definition of "medically indigent" is not in the bill. The language in the bill applies to those who need medical attention and who are unemployable, 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 paid 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 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 would be in effect to determine 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 or their general economic conditions, would not qualify for old-age subsistence.

Mr. KERR. The Senator is entirely correct. That is illustrated by the fact that the first part of the bill said that about 24 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 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 a basis of standards of need determined by the State of which he or she is a resident.

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

Mr. KERR. I yield.

Mr. SMATHERS. I agree with the Senator from North Carolina, 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 the best 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 10,000,000.

Mr. SMATHERS. In our State of Florida we have a definition of medically indigent, because they do not have a sufficient amount of money to take care of a big hospital bill.

Mr. KERR. I yield.

Mr. SMATHERS. I think 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?

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Mr. SMATHERS. I think 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?
I think that is a factor that should be considered. I think it is especially significant if we think about the aged. I think about the aged not merely for a limited group. In other words, we do not want a situation where the aged and not merely for a limited group, by another limited group. We do not want a situation where we are providing for less than all who need it, by a 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 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 not 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 Recos 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 otherwise cannot afford to pay?

Mr. KERR. The Senator is correct.

Mr. TALMADGE. Is it not also true that they will be able to pay for the nursing care, the hospital care, which they otherwise cannot afford to pay?

Mr. KERR. I will be glad to read the services, hospital care, 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, prescription 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 benefits that the total amount put in there for the whole group. That is also true under the bill with reference to those not aged.

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 bill, the Senator, denoting, 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. One is entitled to and participated in by him 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. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. BYRD of West Virginia. Mr. President, I would like 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 two other members of the committee, Mr. SMATHERS, I thank the Senator from Oklahoma.

Mr. SMATHERS. I was about to 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.

Mr. TALMADGE. The measure before the committee was also sponsored by the 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 could be given equal rights with the women of the country.

Mr. TALMADGE. If the President of the United States has indicated that there might be a veto if we followed the social security course; and that two other members of the committee, Mr. SMATHERS, I thank the Senator from Oklahoma.

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

Mr. KERR. I yield.

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

Mr. KERR. I yield.
Mr. KERR. The benefits of those in our country actually 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 $1,200 a year without having deductions made from their social security benefits?

Mr. KERR. The Senator from Oklahoma [Mr. CARLSON] called up, in the committee, the amendment, which had been sponsored by his colleague [Mr. SCOOREY], 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. Was that action taken by the committee?

Mr. KERR. Yes; by the committee.

Mr. BUSH. Was it?

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. 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. 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 a person who had exhausted a State's payment for a period of 3 months from coming within the specifications of the States and the Federal law.

Mr. JOHNSON of Texas. Mr. President, the State from which I come has already adopted such a standard.
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.

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 any 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 bill.

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

Mr. KERR. I did, and I was happy when the Senator from Louisiana joined the Senator from Delaware [Mr. Fudd] 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 of 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 $13 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 $13 payment assumed 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, 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 leaving 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 of the cost. 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 not on 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 the kinds language that will enable us to distinguish between the two groups provided for under this bill, I do not think those on the old-age and assistance rolls would be brought in under what we call title XVI of House bill 11280, 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 $100 million, with a proportionate amount coming from the States, on the basis of either 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 the Senate will hear 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 it not 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 not programs to inaugurate and implement them.

Third, it provides means whereby, as time passes, and as the 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 the States with resulting substantial 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 the program? If it is 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, on the other hand, 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 he 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 made 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 it with the administration 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 to have some medical care program in which they cannot pro ide for themselves. In the judgment of the Senator from Oklahoma, this bill provides such a program. In the judgment...
Mr. RANDOLPH. I am appreciative of the thoughtfulness 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 of us. Mr. KERR. I agree, but I am weary at the suggestion expressed by some Members of the Senate that we must draft legislation which we would send to 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. KERR. 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 agencies and departments of the President that the draft legislation in a certain manner, and that, if enacted in another manner, it would result in a loss of money. 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 constitutionally clothed with the power to approve or disapprove, and if he disapproves, he must not be said that the Constitution to send the bill back here—Mr. RANDOLPH. I agree.

For such action as the legislative branch wants to take; and if the veto is not overridden, obviously it does become 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 the object is the predissapoval of the President of the United States on matters which are yet to be passed by 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.

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 fact, that on the basis of his own declared 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 comes 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 expects words over and over again. He may not spell out exactly what the President is going to do, and certainly he would not say he has 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, it was 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. 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 Senate 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, there is a prohibition against the State decreasing what it is now doing, the effort it is now making in the field. In other words, a State will be permitted to use the Federal contribution to maintain the present standard and to decrease the State's contributions?
Mr. KERR. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. The Senator from Oklahoma has stated the facts 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 me, 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 Senator can say what he wishes in that regard.

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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 in determining 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 recipients of old-age assistance whose income and resources are insufficient to meet the costs of necessary medical services. In Senate, I hold that the standard of need for medical assistance a State must comply with all other aplicants.

Mr. President, I wish to close by extending my appreciation to the Senate for its attention. It has been 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, 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. ляжесен. Will the Senator yield?

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

Mr. ляжесен. As the Senator from Oklahoma has to individuals who are not has expressed their pride in the work accomplished by the Senator from Oklahoma and the manner in which he has handled the other business. I would 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. ляжесен. I thank my good friend from Delaware.

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

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

Mr. ляжесен. 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. ляжесен. The statement is accurate.

Mr. ляжесен. 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. ляжесен. I am sure it would not be financed out of general revenues but out of revenue secured from the general tax structure.

Mr. ляжесен. Out of general revenues appropriated for that purpose.

Mr. ляжесен. The Senator is correct.

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

Mr. ляжесен. The Senator is correct.

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

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

Mr. ляжесен. The estimate with respect to the Federal-State cost is that if all States participated, the combined Federal-State cost would aggregate about $2 billion, giving us a rounded figure as to what this program would cost?

Mr. ляжесен. 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.

Mr. ляжесен. Not by reason of anything.

Mr. ляжесен. The estimate with respect to the total cost to both State and local governments with reference to both title XVI and the slight amendment which was approved by the Senate, would be about the amount named by the Senator from Illinois.

Mr. ляжесен. If I understand it, every person over 65, whether on social security or not, who is in need would be covered for the benefits provided in this plan.

Mr. ляжесен. The Senator is correct.

Mr. ляжесен. It is my understanding that this program could be put into effect on or about the first of October of this year, if enacted into law in this session, as distinguished from alternative legislation which would require an amendment of the existing law, would be about the amount named by the Senator from Illinois.

Mr. ляжесен. As I understand it, every substitute offered to the committees for its consideration had in it a provision which would have prevented the amendment from becoming effective before the middle of the first term after a year or so, the total cost to both State and local governments with reference to both title XVI and the slight amendment which was approved by the Senate for their work in deliberating and studying the bill by Senators from any State will show that, if enacted, the proposed legislation would be of great benefit to the citizens of each and every State and a detriment to none.

I yield the floor.

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

Mr. ляжесен. The Senator is correct.

Mr. ляжесен. It would provide medical care and hospitalization to all old people who needed it. 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 aims. The committee bill follows the public charity approach. The bill the cities for public obra has no 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 position of having to take their hat in hand and go to a welfare agent and plead their poverty for 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 the other day, the 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 people who are in interstate employment. It is compulsory. I have no choice, when I pay my tax as a self-employed individual. An employee in a bank In the city of Washington has no choice to accept the social security deduction from his paycheck. As a consequence of this program, when that bank or any other bank makes a deposit in the general fund, it said that it was 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 extol 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 that the cost must be met by an increase in the tax on gasoline. That is the present feature of our social security program upon which all of us have insisted. That is generally true of Democratic and Republican. We have insisted that the bill be actuarially sound. That is another major fault of the bill to be reported by the committee. We would like to see medical care and hospitalization added to the social secur-
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. Andes-

son). He also offered a substitute that was defeated. The provisions 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 fiscally 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 sound 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 looks down upon State matching of funds. Some States contend that they are already strained to the limit, and which, I should think, as I understand it, additional, not some States are not now matching funds which are already available under a provision of law similar to that now recommended to you.

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 the 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 are available in some States as late as 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, is the pride of our people, and a program which is actually 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 must say, that much as 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 Ten-

nessie for the work which he made.

First, I was greatly intrigued by even the suggestion that any Senator might hold back on administration 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 agricultural 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 introduced 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 cannot say everything is bad. Many things about it are good. I simply say it does not go nearly far enough.

I am not saying it. It has been indicated that the administration will support the bill, or that we might get an administration Senator from one little section of the House bill, which was car-

ried on page 8 of the committee print which we had, but which liberalized the alternative requirements so that an in-

dividual could meet them much easier. It was taken from the House provision, and taking out that House provision saved $251 million a year. So it is not the addition of some little section which added $130 million did not throw the bill far out of balance that the administration could not have done. I am not 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 our candidates from the 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 that date 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. O'Coir) 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 461.

We, the undersigned, attending the 52d annual Governors' conference, urge that you and your colleagues in the Senate announce a resolution providing for the enactment of such a bill.

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 Ten-

nessie 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 intended 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 Gov-

ernors 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 discus-

sions.

A moment ago I found that the Gov-

ernor 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 gets is a payroll tax of $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.

As the telegram was also signed by the Governor of Michigan, the Governor of Washington, the Governor of Connecticut, the Governor of Pennsylvania, the Governor of Delaware, and the 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 to me?

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

Mr. ANDERSON. Mr. President, 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 considerations 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. President.

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. 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 really any need for us to vote to require the people of our States to pay, on top of that, an additional tax in the form of a tax of 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 medical benefits merely because the Congress passes a bill which provides, in effect, that the Federal Government will be allowed to try to dig up some funds with which to match?

Mr. LONG of Louisiana. The $1 to which the Senator from New Mexico has referred does not relate at all to what is being done in Louisiana. Our State hospital system is independent of 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 method of matching that is already being provided for by the aged could at least be doubled under this bill and would do to the many or 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 mean that with a payroll tax, there are many people under the social security program who will find themselves best taken care of under the payroll tax, and that it would be impractical, whereas a program of making large appropriations from the General Fund—in other words, the pay-as-you-go approach—is regarded as having become so fiscally responsible. Certainly that is a strong argument. Some seem to believe that it would be perfectly proper 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 herebefore they have been very much worried about the condition of the Federal Treasury. Yet they are willing to start taking $120 million or $220 million out of the Treasury, to supplement these funds, and are willing to have millions of dollars come out of the State treasuries, whereas if 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. Let each State work out its own program. I think it is entirely possible that, before they are through, they may find that there are no bargains in the world. 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 payroll 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."

I do not think that. There is no royal and easy road to getting insurance protection for the people of the United States, as the Senator from Tennessee said, that they had a right to 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 him to the doctor? 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, receiving more than a hundred thousand dollars a year, and to which is deducted all of their incomes. There are still some who say that money is deducted from their pay, up to $4,800 of their earnings. We do not suggest taking them off the income-tax roll. No one says that corporation officers should not contribute to the program. I am told that there are officers of corporations who contribute, which would recognize the social security insurance principle for medical care to the aged. In 25 years we shall see the same general result. And I hope that will be the decision of the Senate.

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

Mr. ANDERSON. I yield.

Mr. ANDERSON. It was my privilege earlier in the day to listen to the Senator from Oklahoma (Mr. Kess), and then to the Senator from Tennessee (Mr. Gofn), and now to have heard the Senator from New Mexico (Mr. Anderson). I would not feel it proper, after having pressed my appreciation to the Senator from Oklahoma for his discussion of the action of the 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 of the Senator from New Mexico and his colleagues, as well as with him for the social security 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 "soaped-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 that it is time to have 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 things that disturb me, I 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 do not understand that. I think we should enact the Anderson proposal or the McNamara proposal or the bill I introduced, which relates to hospital and nursing home care. The bill sponsored by the Senator from New Mexico (Mr. Anderson), the Senator from Minnesota (Mr. McCarran), 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, same rate 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 we should take 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 Congress supports that principle. 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 Congress supports that principle. I shall do my best to see to it that the Congress supports that principle.
on relief, while in another area practically no family was on relief. The only way to solve that problem was to shift the costs 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 state level. 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 regard to the various States.

That is why it bothers me when I read such things as are found in section 1695:

"An eligible individual means an individual who (1) 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 and State administrators.

The idea of孤独 makes it possible for us to say that a man who has relatives who are rich has resources, or shall we say that a relative has 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, so he needs medical care?

Shall we say that a man who has an income of $2,000 a year and who lives 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 located. The Governor of the State was on the phone at that time, was Gov. Ed Johnson. He was being held inside his office by a rag 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 afterwards.

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 indigent and to try, 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. 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 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 the 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. That is 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 governments 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 cost is $2,500 a year for medical care. That is 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 in this country 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 and he receives and from what he can make, with the present limitation of $1,200. Is that 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 I speak of aid to the elderly, I mean it 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 can go into the 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 was passed. 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 question where the problem of public assistance for our aged 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 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 universitities, 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 a social security basis and on a uniform basis, the costs being paid by the income tax. The difference between us is not whether the people should have medical care, but how they should have it. For one, do not believe that it is a wise public policy to predicate medical care for an entire number of people in this society on the principles of the means test and on the principle of public assistance.

We need a predetermined financing 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 believe the Senator has no 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 program. There were problems at the time the Social Security Act was passed, and there are some problems 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. Pulsom, who was the main speaker this afternoon at the 25th anniversary, made an outstanding statement of this program. One to the Senator from New Mexico as well known as he is a program in his own company in 1921. I think he is one of the outstanding men in this field and has been many years.

The national program—there is not too 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 retarded 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, and when we resubmitted the act. The Senator from New Mexico is not a Johnny-come-lately to this field. He has been a leader and a positive man who made some reductions in what was included in the social security bill. In the next Congress we shall have an opportunity to act on the basis of Federal-State public assistance every year, with the thousand merit. In addition to the security to obtain additional social security for the aged, the orphaned children of the House of Representatives were to be materially increased. The Social Security Act would be an additional obstacle to the senior Senator from Louisiana who voted against it.

The junior Senator from Louisiana voted with those who made some reductions in what the committee would have liked to see. It is too late to take care of the aged and the orphaned children. But otherwise the bill would be vetoed, and in all probability the Congress would have some security program that is not new 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 this session. The next Congress has an opportunity to act on a social security bill, if the next Congress should see fit to act on it.

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 be the result of the approval of the President and become law. I wonder whether there is not another obstacle to this bill, and to 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, is a tax that is going to affect every one into the medical care provisions for benefits for which they have not paid. Would it be unfair to an aged person that the aged may have this increasing number of people in the State? It is a real obstacle. 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 it 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 President has been willing to go along with amendments to bills. I have in mind particularly the Social Security Act of 1956, 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 orphaned children. But otherwise the bill would be vetoed, and in all probability the Congress would have some security program that is not new 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 this session. The next Congress has an opportunity to act on a social security bill, if the next Congress should see fit to act on it.

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

Mr. LONG of Louisiana. I yield.
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 poor-house 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, to earnement 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 77 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-old 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 Oregon (Mr. Morse) moved to adjourn and asked for the yea and nay, 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. DIREKSEN. Of course the Senate 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 Ages": 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:

"The Ages": Neither Indigent Nor Childlike. They Want Government Aid as Very Last, Not First, Resort.

(From the Wall Street Journal, Aug. 18, 1960)

By James W. Wiggins and Helmut Schock)

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 60 percent of the aging in our sample had never heard from anyone that 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 of 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-careed-for aging population in the United States is fully supported by the economic data on their medical care. Only 6 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 often) 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 respondents, he would specify, "Let us say, a bill of $1,000." In the case of the lower class respondent, he asked: "In the case of a medical bill, the respondent must pay 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

1960

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. This shows 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 if the income listed by the respondents was the gross income. 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 had spent over $100 for medicines and medical care below $100, the majority had either no expenses or only a few dollars. Only 1 percent in our sample had spent over $100 for medicines and medical care below $100, the majority had either no expenses or only a few dollars. Only 1 percent in our sample had spent over $100 for medicines and medical care below $100, the majority had either no expenses or only a few dollars.

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 when inflation have not yet been fully analyzed, but the respondents usually cited government, war, labor unions, and big business. They had often by name was Franklin D. Roosevelt.

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 by any frequency was the small loan company.

Worriers 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 when inflation have not yet been fully analyzed, but the respondents usually cited government, war, labor unions, and big business. They had often by name was Franklin D. Roosevelt.

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 by any frequency was the small loan company.
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need. One interviewer, a trained sociologist, reported that many respondents made the same suggestion of housing by the State or Government as a possibility often provoked a frictionless response.

The modal two-thirds (66.4 percent) are in retired status, although a number in this category cling to their gainful employment. 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 90 percent are members of a church. If special care was needed from outside the family, twice as many elderly American women 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. Mortality, mobility, urbanization, the much-bashed but rarely specified "social change" have failed to break or even to weaken the bond between aging parents and adult children. Moreover, it is a social relationship, not a reactance. 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 breaking apart of family ties and the sea of elderly children's negligence seem to have no general basis in fact. Doctors, social workers, and others express to us, when sometimes forget they are in danger of generalizing from an extremely untypical sub-sample to our whole survey. But our survey suggests that the majority of our older people do not seem impressed by an increasing complication 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 reassessment of the conceptions of the aged in the United States. It may be seriously questioned whether the loosening of familial ties, as is implied by the slowness 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 (the widespread) conviction of the aging derives from application of the experiences 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, including old age, are dependent, inadequate, ill, and unemployed. The authors share the 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 West Virginia, Mr. PRESCOTT of New Mexico, and Mr. PRESCOTT of South Dakota, 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 health programs, 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. It has been our privilege to deliver an exact copy 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 on 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. KANES) 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 Senate 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. BAXTER). This amendment was adopted by a record vote of 12 years 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 KERN-FREAR amendment.

The Federal-State plan proposed by the Finance Committee inaugurs 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 the Social Security Act. It provides additional matching funds to the States to, first, establish a new or enlarge an existing medical care program for those on the old-age assistance rolls and, second, initiate a new program designed to furnish medical assistance to the needy elderly citizens who are not eligible for old-age assistance but who are financially unable to pay for the medical care 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 old-age assistance program, subject only to the participation of the State of which they are residents.

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 KERN-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. Dental 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, etc.
12. Any other medical care or remedial care recognized under federal law.

A State may, if it wishes, include medical services provided by osteopaths, chiropractors, optometrists, and other 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, 1966. The financial incentive in the Finance Committee plan should enable every State to improve the medical services now provided under the 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 those 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 1-year costs under proposed program of medical assistance for the aged and for additional matching for vendor medical care payments under old-age assistance

<table>
<thead>
<tr>
<th>State</th>
<th>Medical assistance for the aged</th>
<th>Federal cost</th>
<th>State and local cost</th>
<th>Vendor medical costs</th>
<th>State and local cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Federal cost</td>
<td>State and local cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td>600,000</td>
<td>265,637</td>
<td>143,175</td>
<td>13,973</td>
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<td>Alabama</td>
<td></td>
<td>24</td>
<td>0</td>
<td>4,135</td>
<td>2</td>
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<tr>
<td>Alaska</td>
<td></td>
<td>23</td>
<td>0</td>
<td>631</td>
<td>270</td>
</tr>
<tr>
<td>Arizona</td>
<td></td>
<td>790</td>
<td>790</td>
<td>3,200</td>
<td>270</td>
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<tr>
<td>California</td>
<td></td>
<td>2,215</td>
<td>2,215</td>
<td>10,620</td>
<td>270</td>
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<tr>
<td>Connecticut</td>
<td></td>
<td>5,138</td>
<td>5,138</td>
<td>23,880</td>
<td>270</td>
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<tr>
<td>Delaware</td>
<td></td>
<td>37</td>
<td>37</td>
<td>41</td>
<td>27</td>
</tr>
<tr>
<td>District of Columbia</td>
<td></td>
<td>23</td>
<td>23</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>Florida</td>
<td></td>
<td>944</td>
<td>944</td>
<td>3,200</td>
<td>270</td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
<td>14</td>
<td>14</td>
<td>964</td>
<td>27</td>
</tr>
<tr>
<td>Hawaii</td>
<td></td>
<td>194</td>
<td>194</td>
<td>2,719</td>
<td>62</td>
</tr>
<tr>
<td>Idaho</td>
<td></td>
<td>36</td>
<td>36</td>
<td>26</td>
<td>27</td>
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<td>Illinois</td>
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<td>518</td>
<td>518</td>
<td>2,013</td>
<td>320</td>
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<tr>
<td>Indiana</td>
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<td>6,013</td>
<td>26,615</td>
<td>320</td>
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<tr>
<td>Iowa</td>
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<td>277</td>
<td>277</td>
<td>1,092</td>
<td>27</td>
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<tr>
<td>Kansas</td>
<td></td>
<td>1,204</td>
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<td>4,612</td>
<td>27</td>
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<tr>
<td>Kentucky</td>
<td></td>
<td>936</td>
<td>936</td>
<td>3,358</td>
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<tr>
<td>Louisiana</td>
<td></td>
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<td>283</td>
<td>1,127</td>
<td>27</td>
</tr>
<tr>
<td>Maine</td>
<td></td>
<td>48</td>
<td>48</td>
<td>569</td>
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<tr>
<td>Maryland</td>
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<td>890</td>
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<tr>
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<td>2,787</td>
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<td>10,611</td>
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<td>2,575</td>
<td>8,218</td>
<td>360</td>
</tr>
<tr>
<td>Minnesota</td>
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<td>1,277</td>
<td>1,277</td>
<td>4,945</td>
<td>360</td>
</tr>
<tr>
<td>Mississippi</td>
<td></td>
<td>5,454</td>
<td>5,454</td>
<td>18,423</td>
<td>360</td>
</tr>
<tr>
<td>Montana</td>
<td></td>
<td>6</td>
<td>6</td>
<td>4,438</td>
<td>1,133</td>
</tr>
</tbody>
</table>

1 Because of the nature 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. Extends 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 disability vocational rehabilitation plan as is existing now.

Third. Provides that people who become disabled within 5 years after termination of one period of disability, will not be required to serve another 5-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 $1,900 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 enabled 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 35,000 people—most of them widows aged 75 or over—would have been 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 can be somewhat less than 75 percent of the worker's benefits—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, assurance 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 miners to be covered under the program.

If miners 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 non-covered 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 comparable to the rates being received by people who buy Government obligations in the open market. The increased workers, which now can be on future obligations issued exclusively to the trust funds to the average market yield of 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 this change would, over the long range, provide additional income to the trust funds equivalent to 0.02 percent of payroll on average 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 in keeping with its responsibilities the trustees shall meet at least every 6 months.

AD TO THE BLIND

The committee adopted an amendment to the House-passed bill to increase the exemption of earned income allowed for people receiving 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 begins after the date of enactment, but would be compulsory beginning on July 1, 1981.

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.

MATERIAL AND CHILD WELFARE PROGRAMS

Both the House and Senate committee bills authorize increased annual appropriations for the maternal and child health service program from $25.5 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 $20 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 eliminating the ceiling pertaining to eligibility for repayment of advances to States with depleted reserve accounts. In addition, the committee adopted 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 consider the provision of the bill as a whole and the need for further study and consideration 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. JAVITTS. Mr. President, a parliamentary inquiry.

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

MR. JAVITTS. 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. JAVITTS in the chair). That is the opinion of the Chair.

MR. JAVITTS. 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:

"Tables 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 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 citizens employed by foreign governments and international.

"Sec. 108. Domestic service and casual labor.

"Title II—Eligibility for benefits"

"Sec. 201. Children born or adopted after onset of parent's disability."
"Sec. 203. Payment of burial expenses.
"Sec. 204. Fully insured status.
"Sec. 205. Survivors of individuals who died prior to 1940 and of certain other individuals.
"Sec. 206. Crediting of quarters of coverage for years before 1951.
"Sec. 207. Time needed to acquire status of wife, child, or husband in certain cases.
"Sec. 208. Marriages subject to legal impediment.
"Sec. 209. Penalty deductions under foreign work test.
"Sec. 210. Extension of filing period for husband's, widow's, or parent's benefits in certain cases.

"Title III—Benefits amounts
"Sec. 301. Increase in insurance benefits of children of deceased workers.
"Sec. 302. Maximum family benefits in certain cases.
"Sec. 303. Computation and recomputations of primary insurance amounts.
"Sec. 304. Elimination of certain obsolete recomputations.

"Title IV—Disability insurance benefits and the disability freeze
"Sec. 401. Elimination of requirement of attainment of age fifty for disability insurance benefits.
"Sec. 402. Elimination of the waiting period for disability insurance benefits in certain cases.
"Sec. 403. Period of trial work by disabled individual.
"Sec. 404. Special insured status test in certain cases for disability purposes.

"Title V—Employment security
"Part I—Short Title
"Sec. 501. Short title.

"Part 2—Employment Security Administrative Financing Amendments
"Sec. 501. Employment security administrative account.

"Sec. 502. Transfers between Federal unemployment account and employment security administration account.
"Sec. 503. Amounts transferred to State accounts.
"Sec. 504. Unemployment Trust Fund.

"Sec. 501. Advances to State unemployment funds.
"Sec. 502. Repayment by States of advances to State unemployment funds.

"Sec. 503. Advances to Federal unemployment account.
"Sec. 504. Definition of Governor.

"Sec. 524. Conforming amendments.

"Sec. 601. Extension of Federal Unemployment Compensation Program.
"Sec. 602. Forfeiture of nonprofit organizations.

"Sec. 701. Investment of Trust Funds.
"Sec. 702. Survival of actions.
"Sec. 703. Periods of limitation ending on nonwork days.

"Sec. 801. Establishment of program. (Title XVI of the Social Security Act.)
"Sec. 802. Improvement of medical care for aged as beneficiaries.
"Sec. 803. Planning grants to States.
"Sec. 804. Technical amendment.

"Title VI—Medical services for the aged
"Sec. 901. Extension of Federal Unemployment Compensation Program to Puerto Rico.
"Sec. 902. Federal employees and ex-service men.

"Title VII—Miscellaneous
"Sec. 1001. Medicaid payments.
"Sec. 1002. Medical care guidelines and reports for public assistance and medical services for the aged.
"Sec. 1003. Temporary extension of certain special provisions relating to State plans for aid to the blind.

"Title VIII—Social Security Administration
"Sec. 1101. Advanced payment to Puerto Rico, the Virgin Islands, and Guam.
"Sec. 1102. Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.

"Title IX—Public Assistance
"Sec. 1201. Assistance to State unemployment funds.

"Sec. 1202. Repayment by States of advances to State unemployment funds.

"Sec. 1203. Advances to Federal unemployment account.

"Sec. 1204. Definition of Governor.


"Sec. 1206. Conforming amendment.

"Title VI—Medical services for the aged
"Sec. 1101. Medicaid payments.
"Sec. 1102. Medical care guidelines and reports for public assistance and medical services for the aged.

"Sec. 1103. Temporary extension of certain special provisions relating to State plans for aid to the blind.
Section 707. Maternal and child welfare.

Section 708. Amendment preserving relationship of the District of Columbia and States, and reenacting those provisions of the Public Health Service Act of 1948 relating to the District of Columbia, the Virgin Islands, Guam, American Samoa, and the Commonwealth of Puerto Rico.

Section 709. Amendment of term 'Secretary.'

Section 710. Aid to the blind.

On page 6, line 16, after the word "be," to strike out "(b)" and insert "(c);" and insert "irregular.""

(b) Notwithstanding the first sentence of subparagraph (A), if an individual files 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:

(1) such individual files a supplemental certificate on or before the date of enactment of this subparagraph, and on or before April 15, 1956.

(2) the tax under section 1401 in respect of all such individual's self-employment income after the amount refundable (including any interest paid under section 6611) is repaid on or before April 15, 1952. The provisions of section 6641 shall not apply to any payment or repayment described in this subparagraph.

On page 10, line 12, after "1962 (a)," to insert "(b) (3) or;" line 13, after "1962 (a)," to insert "(3) (b) or;"

(3) Section 210(h) of such Act is amended by striking out "Puerto Rico, the Virgin Islands, Guam, or American Samoa;" and inserting in lieu thereof the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa.

(c) Section 210(a)(7) of such Act is amended by striking out "service performed in the employ of the Government of Guam, or any political subdivision thereof."

(d) Section 210(a)(7) of such Act is amended by adding the following new paragraph:

(1) Service performed in the employ of the Government of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa.

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

(1) Service performed in the employ of the Government of Guam, or any political subdivision thereof."

(f) Section 210(a)(7) of such Act is amended by striking out "service performed in the employ of the Government of Guam, or any political subdivision thereof.

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

(3) 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.

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

"(1) an individual who is 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 purposes of this subsection, be considered to be a nonresident alien individual."

(i) Section 211(b)(2) of such Act is amended by inserting "Government of American Samoa" immediately before the period at the end thereof.

(j) Section 211(b) of such Act is amended by striking out "(1) a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and any political subdivision thereof."

(k) 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.

(Sec. 707. Maternal and child welfare.)
two-thirds 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).

"(3) Guam.—The return and payment of the taxes imposed by this chapter on the remuneration, made payments of the tax 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).

"(4) The table of sections for such subchapter C is amended by striking out "(1) Subchapter C of chapter 21 of title 26, Internal Revenue Code of 1954," and inserting in lieu thereof 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 remuneration, made payments of the tax 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 remuneration, made payments of the tax 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.

"(1) Section 620(e) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"(2) 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.
Doctor of Medicine

Sec. 104. (a) (1) Section 211(c)(8) of the Social Security Act is amended to read as follows:

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

(b) Section 211(c) of such Act is further amended by striking out in lieu thereof the following:

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

The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order) performed by an individual during the period for which a certificate issued by the appropriate authority of the United States or any State is valid.

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

(c) Section 210(a)(6)(C)(iv) of such Act is amended by striking out all that follows "(A) the due date of the return under subsection (e) is in effect." and inserting in lieu thereof the following:

"(A) the due date of the return under subsection (e) is in effect."

(d) Section 1402(c) of such Act is amended by striking out "or" at the end of paragraph (4) by striking out the period at the end of paragraph (6), and by inserting in lieu thereof the following:

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

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

"(a) a labor organization created or organized in the Canal Zone if such organization is chartered by a labor organization created or organized in the United States;"

"(b) Section 211(c) of such Act is amended by striking out in lieu thereof the following:

"(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 father or mother."
(2) The amendments made by paragraphs (a) and (e) of subsection (a) of this section shall not be effective until the day on which his application is filed and shall not be interpreted in lieu of any other provision of law, but merely as a declaration of the intent of the Congress that the application be so interpreted. The day on which such application is filed shall be determined in accordance with the provisions of subsection (b) of such section.

(3) The amendments made by paragraphs (b), (c), and (d) of such section shall apply only with respect to periods of disability beginning on or after the date on which the amendments made by such paragraphs become effective.

(4) The amendments made by this section shall be effective in the case of any 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 husband’s insurance benefit is based), such 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 month in which such individual is entitled to a wife’s insurance benefit, which occurs after the month preceding the month in which such individual attains retirement age, and (ii) for which such certificate is effective.

(5) In the case of any individual who is entitled to an old-age insurance benefit which paragraph (3) is applicable to, the amount of such benefit for any month prior to the month in which such individual attains retirement age shall be reduced by the amount equal to the amount by which the old-age insurance benefit for such month is reduced under paragraph (4), plus any additional amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (4), plus any additional benefit to which such individual is entitled under paragraph (2) or (3).
"(B) if the old-age insurance benefit for such month prior to reduction under this subchapter for which the individual's or husband's (as the case may be) insurance benefit was subject to deductions under this subsection, an amount equal to-(1) the number equal to the number of months specified in clause (B) of paragraph (1) which such benefit was subject to deductions under section 203(b) (1) or (2), under section 203(c), or under paragraph (4) is not a multiple of 80.10, it shall be reduced to the next lower multiple of 80.

"(C) in a case of a wife's insurance benefit, the number equal to the number of months which for which such benefit was reduced under paragraph (1) or (2) of section 203(b), except that such wife was entitled to child's insurance benefits, and except that, in the case of any such benefit reduced under paragraph (2), there shall be subtracted from the number specified in clause (B) of such paragraph, for the purpose of computing the amount referred to in clause (A) of such paragraph-

"(D) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph, 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),

"(E) in case of a wife's insurance benefit, the number equal to the number of months occurring in any month of such benefit which 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

"(F) 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 paragraph (4) of any such prior month) or for any later month, is entitled to an old-age insurance benefit for the same month shall be deemed entitled to such benefit for such month.

"(6) The entitlement of any individual to disability insurance benefits shall terminate any 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 for the same month shall be deemed entitled to such benefit for such month.

"(c) So much of such section 207(b) (1) as follows clause (C) is amended by striking "one-half of the primary insurance amount" and substituting "one-half of the primary insurance amount for her husband,"

"(d) (1) Clause (D) of subsection (q) shall be amended by striking out "he or she" and substituting "she or he,"

"(e) Such subsection (q) of section 202(b) as follows clause (D) is amended by striking out "such individual's entitlement to disability insurance benefits for such month shall be reduced by an amount equal to the amount by which the old-age insurance benefit for such month is reduced under subsection (k) (2) for such month only to the extent it exceeds such disability insurance benefit for such month.

"(2) The amount specified in clause (C) of such subsection (q), except as provided in subsection (k) (2), shall be applicable to such individual's entitlement to disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.

Disability insurance beneficiaries

"(1) If any individual becomes entitled to a widow's, widower's, or parent's insurance benefit, or to an old-age insurance benefit, the amount by which such individual's entitlement to such insurance benefits is reduced under the provisions of subsection (k), such individual may not thereafter be entitled to disability insurance benefits under this title.

"(2) If any individual would, but for the provisions of subsection (k) (2), be entitled to a disability insurance benefit, or to an old-age insurance benefit, the amount by which such individual's entitlement to such disability insurance benefits under this title is reduced under subsection (q) shall be applicable to such individual's entitlement to such disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.

"(3) The amount specified in clause (C) of such subsection (q) shall be applicable to such individual's entitlement to such disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.

"(4) So much of such section 207(b) (1) as follows clause (C) is amended by striking "one-half of the primary insurance amount for her husband,"

"(5) subparagraph (2) of paragraph (4) of any such prior month) or for any later month, is entitled to an old-age insurance benefit for the same month shall be deemed entitled to such benefit for such month.

"(a) So much of such section 202(b) as follows clause (D) is amended by striking out "she or he", and substituting "he or she,"

"(b) The amount specified in clause (C) of such subsection (q) shall be applicable to such individual's entitlement to such disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.

"(c) The amount specified in clause (C) of such subsection (q) shall be applicable to such individual's entitlement to such disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.

"(d) The amount specified in clause (C) of such subsection (q) shall be applicable to such individual's entitlement to such disability insurance benefits for a benefit for a month if, upon filing application for such benefit for such month, such individual will have become entitled to such benefit for such month.
ance benefits, wife's insurance benefits, or

hurricane, the month in which such individual attains retirement age.

"(2) Prior to the month in which such individual attains the age of sixty-five, 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 prior to November 1960 and who was eligible for old-age insurance benefits under section 202(i) of the Social Security Act with respect to taxable years of such individual ending after October 1960.

On page 101, line 22, after the word "section", to strike out "after October 1960." and, in lieu thereof, to insert "after the month before the month in which such individual attains the age of sixty-five, 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 prior to November 1960 and who was eligible for old-age insurance benefits under section 202(i) of the Social Security Act with respect to taxable years of such individual ending after October 1960.".

"(g) (1) The amendment made by subsection (a) shall apply only in the case of unemployment insurance benefits under section 203 of the Social Security Act with respect to taxable years ending after October 1960, and in the case of monthly benefits under title II of such Act for months after October 1960.

An individual shall be deemed to have attained the age of sixty-five prior to November 1960 and who was not an insured individual before November 1960 or, if earlier, in the year in which he was so insured.

(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 was so insured, whichever month is the earlier;

and (C) prior to the month in which such individual attains the age of sixty-five, 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 prior to November 1960 and who was eligible for old-age insurance benefits under section 202(i) of the Social Security Act with respect to taxable years of such individual ending after October 1960.

In determining the expenses taken into account under subparagraphs (B) and (C), there shall be excluded from the amounts otherwise includible in the account the expenses for the temporary maintenance of balances of Treasury funds with such banks.

"(b) The Federal Unemployment Tax Act, and

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

In lieu thereof, to insert "315(a)(9)" of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) There is hereby appropriated to the Unemployment Trust Fund an employment security administration account.

"(2) The amount appropriated by paragraph (1) shall be transferred at least monthly from time to time to the Treasury to the Unemployment Trust Fund and credited 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 such fiscal year there after, the 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.

"(C) prior to the month in which such individual attains retirement age, title II of such Act and title III and XII of this Act, including the expenses of banks for servicing unemployment benefit payment and clearing accounts which are necessary to the maintenance of balances of Treasury funds with such banks.

"(b) The Federal Unemployment Tax Act, and

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 from the amounts otherwise includible in the account the expenses for the temporary maintenance of balances of Treasury funds with such banks.

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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 from the amounts otherwise includible in the account the expenses for the temporary maintenance of balances of Treasury funds with such banks.

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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 from the amounts otherwise includible in the account the expenses for the temporary maintenance of balances of Treasury funds with such banks.

"(b) The Federal Unemployment Tax Act, and

and (C) any Federal unemployment compensation law with respect to which responsibility for administration is vested in the Secretary of Labor.
If, for any taxable year, there is with respect to any State both a balance described in section 3302(c) of such Act, this paragraph shall apply with respect to section 3202(c)(8) and the balance described therein.

"(3) The Secretary of the Treasury is directed to transfer 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 title II of the Temporary Unemployment Compensation Act of 1936, as amended, and covered into the Treasury, exceeds

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

"(4) To the account (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 transferable to the accounts of such State pursuant to subparagraph (B) of this paragraph.

"(5) To the account established in the Treasury as the revolving fund, an amount equal to the excess of the employment security administration account as of the close of such fiscal year (including the beginning of the succeeding fiscal year) as of the closing date of such fiscal year above $1,000,000.00.

"(6) For the purposes of this section, the amount 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 section 3302(c)(2) and (as of the close of such fiscal year) become unrestricted as to use as part of the Federal unemployment account, and

"(B) be credited against, and operate to reduce, any balance in the employment security administration account of such State in approvable under such section 303, or both, the Secretary or the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, or

"(C) shall be determined by the Secretary of the Treasury for transfer to or retained in (as the case may be) the Federal unemployment account, and

"(D) be credited against, and operate to reduce, any balance in the employment security administration account of such State for transfer to or retained in (as the case may be) the Federal unemployment account.

"Use of Transferred Amounts

"(a) of the State. used unone withdrawn from the employment security administration account, and shall be applied separately with respect to such State's account under such section 303, or both, the Secretary or the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, or

"(b) to 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.

"Amounts transferred to State accounts

"(a) shall be 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.

"(b) The amount (determined by the Secretary of Labor and certified 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.

"(2) The amount which, for this paragraph, would be transferred to the account of such State under such section 303, or both, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, or

"(3) the total amount to be so transferred as the amount of wages subject to contributions under such State's unemployment compensation laws for the calendar year for which the excess is determined.

"(4) the amount transferred to the Federal unemployment account, and

"(5) shall be credited against, and operate to reduce, any balance in the employment security administration account of such State, and shall be applied separately with respect to such State's account under such section 303, or both, the Secretary or the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, or

"(6) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(7) 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.

"(8) The amount which, for this paragraph, would be transferred to the account of such State under such section 303, or both, the Secretary of Labor finds and certifies to the Secretary of the Treasury that such State is eligible for certification under section 303, or

"(9) shall be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(10) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(11) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(12) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(13) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(14) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(15) shall be determined by the Secretary of the Treasury for transfer to or retained in (as the case may be) the Federal unemployment account, and

"(16) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(17) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(18) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(19) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(20) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(21) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(22) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(23) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(24) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(25) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(26) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(27) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(28) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(29) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(30) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(31) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(32) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(33) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(34) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(35) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(36) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(37) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(38) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(39) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(40) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(41) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(42) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(43) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(44) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(45) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(46) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(47) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(48) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(49) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(50) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(51) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(52) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(53) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(54) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(55) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(56) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(57) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(58) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(59) be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(60) be credited against, and operate to reduce, any balance in the employment security administration account of such State.

"(61) shall be transferred to or retained in (as the case may be) the Federal unemployment account, and

"(62) be credited against, and operate to reduce, any balance in the employment security administration account of such State.
its account in the payment of expenses incurred by it for the administration of its unemployment compensation law and public assistance awards and by the Department of the Treasury, the Social Security Administration, or the Secretary of Labor. For the purposes of this subsection, there shall be added to the total of all such awards collected prior to July 1, 1948, under title IX of this Act, the sum of $40,961,886 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754), and the sum of $18,145,846 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 "amend- ment"; after line 6, to strike out:

"Sec. 504. (a) Section 504 of the Social Security Act 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 of the Federal Unemployment Insurance Act, then the amount which was available for crediting to such State under subsection (a) or Paragraph (c) of section 902 of the Social Security Act is amended by striking out "$200,000,000" and inserting in lieu therof "$500,000,000." (2) The last sentence of such section 902 is amended by striking out "(e)" and inserting in lieu thereof "(d)."

(b) Section 504(b) is amended to read as follows:

"(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 of the Federal Unemployment Insurance Act, then the amount which was available for crediting to such State under subsection (a) or Paragraph (c) of section 902 of the Social Security Act is amended by striking out "$200,000,000" and inserting in lieu therof "$500,000,000." (2) The last sentence of such section 902 is amended by striking out "(e)" and inserting in lieu thereof "(d)."

On page 151, after line 1, to insert:

"AMENDMENTS TO TITLE 2 OF THE SOCIAL SECURITY ACT

"Sec. 501. The amount made available pursuant to section 901(e)(1)(A) for the purpose of assisting the States in the administration of their unemployment compensation laws shall be used as hereinafter provided:

"(e) The Fund shall be invested by the Secretary of Labor as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each such fund, as the case may be, at the time of such payment, and the Secretary of the Treasury shall keep such separate accounts for the purpose of computing and certifying to the Secretary of the Treasury the amount which

"(1) in the case of any State account, by reducing (but not below zero) the amount in the account equals the advance made to the State under section 1201, and

"(2) in the case of the Federal unemployment account, the Federal unemployment account, the railroad unemployment insurance account, the rail- road unemployment insurance administration fund, or the railroad unemployment insurance administration fund,

"(f) The Secretary of the Treasury is authorized and directed to adjust the amount of the advances made under section 1201 to the account.

"Payments to State Agencies and Railroad Retirement Board

"(g) There is hereby established in the Unemployment Trust Fund a Federal Unemployment Account exclusively for the use of the Federal Government to provide for the payment of the Federal unemployment account, the railroad unemployment insurance account, the railroad unemployment insurance administration fund, and the railroad unemployment insurance administration fund, for the purpose of computing and certifying to the Secretary of the Treasury the amount which

"(1) in the case of any State account, by reducing (but not below zero) the amount in the account equals the advance made to the State under section 1201, and

"(2) in the case of the Federal unemployment account, the Federal unemployment account, the railroad unemployment insurance account, the rail- road unemployment insurance administration fund, or the railroad unemployment insurance administration fund,

"(h) 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 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 account as of July 1 of such fiscal year shall become unrestricted as to use except as part of such State's unemployment compensation fund.
"(B) second, any balance of advances made shall apply to the extent that no discrimination is made against such instrumentality, so that the rate of contribution is uniform upon all other persons subject to such law on account of having individuals in their employ who are all employees of such persons, respectively, the contributions required of such instrumentality or the individual in this subsection shall not be at a greater rate than is required of such other persons and such instrumentality, 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 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.

"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 aircraft, if the employee is employed on such vessel or aircraft when outside the United States;"
Extension of Federal Unemployment Tax Act

"Sec. 543. (a) Effective with respect to weeks of unemployment beginning after December 31, 1960, the Secretary of Labor is authorized to prescribe regulations which may be used in lieu thereof to the extent provided in section 1503(b) of such Act is amended by striking out 'Puerto Rico'."

"(2) Effective with respect to weeks of unemployment beginning after December 31, 1960, the Secretary of Labor is authorized to prescribe regulations which may be used in lieu thereof to the extent provided in section 1503(b) of such Act is amended by striking out 'Puerto Rico' or where appearing therein."

"Effective on and after January 1, 1961, but only in the case of weeks of unemployment beginning before January 1, 1961;"

"(a) section 1502(b) of such Act is amended by inserting 'Any and in the cases of any individual's eligibility to receive any compensation, 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 of States plan for medical services for the aged under section 1505 of such Act is amended by adding after and below paragraph (3) the following:"

"For the purposes of this subsection, the term "State" does not include the Commonwealth of Puerto Rico."
"(C) agencies providing organized home care services, for which expenditures are made under the plan;

"(18) 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 (conducing 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 content containing such information as the Secretary may from time to time require, and 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 requirement which excludes any individual who resides in the State for sixty days or more of any benefit year.

"(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 of the benefits or eligibility requirements which excludes any individual who resides in the State for sixty days or more of any benefit year.

"(d) Prior to the beginning of each quarter, the Secretary shall estimate the amounts to be paid to each State under subsection (a) of this section for each quarter, such estimates to be based on (1) a report filed by the State containing its estimate of the total sum to be paid to the State and the total amount estimated to be paid to each State under this section for such quarter, in accordance with the provisions of such subsection, and (2) the amount appropriated by the Congress for such purposes in such quarter, and (3) any other factors which the Secretary determines to be necessary.

"(e) The term "medical services" means the following, to the extent determined by the physician to be medically necessary:

"(1) Inpatient hospital services;

"(2) Skilled nursing home services;

"(3) Organized home care services;

"(4) Outpatient hospital services;

"(5) Organized medical services.

"(f) The term "medically necessary" means medical services necessary to treat the disease or injury which caused or contributed to the inability of the individual to perform the activities of daily living, as determined by the physician.

"(g) The term "major dental treatment" means the following:

"(1) Prescription drugs.

"(2) The term "medical services" does not include 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 a medical institution.

"(h) The term "medical services" includes services provided to any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or mental disease, but not as a result of any other illness or condition.

"(i) The term "medically necessary" means medical services necessary to treat the disease or injury which caused or contributed to the inability of the individual to perform the activities of daily living, as determined by the physician.

"(j) The term "therapeutic services" means services prescribed by a physician for the treatment of disease or injury of a physical or mental nonmedical nature, including retraining for the loss of speech.

"(k) The term "major dental treatment" means services provided to a dentist in the exercise of his profession, with respect to the condition of an individual's teeth, oral cavity, or associated parts which has seriously affected, or may seriously affect, the individual's general health. As used in the preceding sentence, the term "dentist" includes any person licensed to practice dentistry or dental surgery in the State where the services are provided.
The term "hospitall" means a hospital licensed as such by the Secretary of Health, Education, and Welfare, as may be specified by the State agency and in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, a State may permit the extension of a benefit year in order to avoid hardship.

Improvement of medical care for old-age assistance recipients

"Section 603. (a) Section 3(a) of the Social Security Act is amended by striking out (3), and inserting in lieu thereof the following: (1) the Secretary may permit any State to provide a plan for the payment of partial or total medical care services to individuals who are not recipients of old-age assistance but who are in need of medical care services, and (2) the Secretary may permit the payment of partial or total medical care services to any individual who is not a recipient of old-age assistance but who is unable to meet the cost of necessary medical services because of poverty, as determined by the Secretary, or by his designee.

(b) Section 2 of such Act is further amended by adding at the end thereof the following new subsection:

"Planning grants for States

"Section 603. (a) For the purpose of enabling the States to make plans and to carry out the purposes of this Act, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this Act. The sums made available under this section shall be used for the purpose of making grants to the States for the purpose of assisting the States in carrying out the plans for the establishment and maintenance of personnel and other facilities necessary for the proper and efficient operation of the plan.

"National" means a hospital licensed as such by the Secretary of Health, Education, and Welfare, as may be specified by the State agency and in accordance with regulations prescribed by the Secretary.

"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:

"Title I—Grants to States for Old-age Assistance and Medical Assistance for the Aged

"Sec. 3. (a) A State plan for old-age assistance and medical assistance shall be mandatory upon the State if it is approved by the Secretary of Health, Education, and Welfare. The plan shall provide for the establishment of a single State agency to administer the plan, or 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; and it shall include:

"(1) A State plan for old-age assistance and medical assistance shall be mandatory upon the State if it is approved by the Secretary of Health, Education, and Welfare.

"(2) The plan shall 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.

"(3) The plan shall be mandatory upon the State if it is approved by the Secretary of Health, Education, and Welfare.

"(4) The plan shall 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.

"(5) The plan shall 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.
(6) that the State shall establish and maintain standards for the administration of this title for the purposes of the inspection of the State plan and for the purpose of assuring the correctness and verification of assistance for the aged, excluding any resident of the State who has resided therein five years during the nine years immediately preceding the application for 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, as a result of such application, would (3) any citizenship requirement which excludes any citizen of the United States.

(2) if the plan includes payment 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 institution.

(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 paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of incompetency paid on behalf of such individual), and that there shall be no assessment 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 paid or to be 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, an age requirement of more than sixty-five years; or

(4) the plan shall require that assistance for the aged shall be furnished with reasonable promptness to all eligible individuals.

(2) Mr. Bingham asks leave to be heard.]

The Assistant Clerk asks leave to be heard.

The Clerk says:

"The Senate has received a receipt from the office of the Clerk of the House of Representatives of a message from the President of the United States pursuant to section 1 of Public Law 111-291, dated December 2, 2010, wherein the President, in accordance with section 2703(b)(2) of title 2 U.S.C., appoints Peter DeFazio, a Representative of Oregon, as United States Commissioner for the Virgin Islands, to serve from the date of his appointment until December 1, 2015, or until his successor is appointed and qualifies, under section 2703(b)(2) of title 2 U.S.C., and section 2703(d)(1) of title 2 U.S.C., to the extent applicable, and to exercise all powers and duties thereunder as a United States Commissioner for such Islands."
that percentage which bears the same ratio to 50 per cent as the square of the per capita income of such State bears to the square of 4½ per capita incomes of the continental United States (including Alaska) and Hawaii; except that (1) the Federal medical percentage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per cent. The Federal medical percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 102 (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 for which amendments to the Federal medical percentage have not been approved. The Federal medical percentage for any State shall be determined and promulgated in accordance with the Social Security Act as amended by subsection (a) (8).

(2) (A) Effective for the period beginning January 1, 1961, and ending with the close of June 30, 1961, which percentage shall be the percentage used by the Secretary in determining 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).

(B) Effective for the period beginning July 1, 1961, and ending with the close of June 30, 1962, which percentage shall be the percentage used by the Secretary in determining 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).

(3) (A) Effective for the period beginning July 1, 1961, and ending with the close of June 30, 1962, which percentage shall be the percentage used by the Secretary in determining 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).

(B) For the period beginning July 1, 1961, and ending with the close of June 30, 1961, the percentage which prevailed during the period specified in subparagraph (A) of this section shall be the percentage used by the Secretary in determining the Federal percentage (under section 1101 (a) (8)) in determining 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).

(4) For the period beginning January 1, 1961, and ending with the close of June 30, 1961, which percentage shall be the percentage used by the Secretary in determining the Federal percentage (under section 1101 (a) (8)) in determining 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).

(5) The Social Security Act is amended to read as follows:

"(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 (1) the first $50 of any month of (2) the first $1,000 per annum of earned income plus one-half of earned income in excess of $1,000 per annum.""

The PRESIDING OFFICER. The amendment will be received, and will be printed and will lie on the table.

Mr. JAVITS. 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 sitting on the floor in order to answer questions of Members of the House as sources of information to Senators.

The PRESIDENT. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. JAVITS. 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 sitting on the floor in order to answer questions of Senators as sources of information to Senators.

The PRESIDENT. Without objection, it is so ordered.

The PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the majority 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 and program implicit in the 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 all beneficiaries having the option of purchasing private health insurance. The Democratic Party pledges call 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 word, "our." The principles of this amendment are incorporated in the bill introduced by me, Senators Cooper, Fong, the Senator from New York, Mr. KEATING, and Proctor, as cosponsors, and in the administration bill introduced by Senator Sartonstall. I should like to point out that we are derived at our amendment with the Senator from Massachusetts.
home nurse service calls as prescribed by the physician; and 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—impressively enough—Vice President Nixon, then a Member of the House of Representatives, and Secretary of State Rater, 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. Whichever way the bill—and, incidentally, let me say that when I first came to this body, that bill was sponsored by Senator Heus, of New York—reared on the basic principle that Federal and State resources should be used to make available membership in voluntary prepaid plans to everyone, regardless of age or financial condition, and scaled to the subscribers' actual income, rather than to a flat-rate premium. It was intended to be used to make up the difference between the aggregate subscribers' payments and the actual cost of providing medical services. The bill was introduced as an alternative to the then Ewing health plan which many will recall. The subscribers got 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 risk of overutilization of hospital and other institutional facilities. I digest to point out I cannot conceive of any further danger. I point out the approach which is taken in the Anderson amendment—sincerely as I know it is, and laudable in every sense, because I know Senator concerned in it are just as sincere to do something in this field as I am—the Anderson amendment negatively creates 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 that 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 the system. I can think of nothing more cruel than to offer to our elderly people a plan which we know in advance has a 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 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 expenses. 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 for 10 days of care of serious or medical services in the hospital—any or all to the extent of 80 percent of the cost of the services after incurring expenses for care 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 choose a self-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 469 a year.

These three options are available to all over 65 in all States under the minimum 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 11 million over 65 receiving old-age assistance, coverage under our amendment will be available to 11 million of those over 65. That exceeds 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. Bentham], 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 costs $39 a year, estimated, throughout the country, for both preventive care and catastrophic illness, to cost $890 a year.
An example of the maximum package, at $128 a year, of maximum medical benefits under that proposal would be: physicians' services, 12 days office and home; inpatient hospital services, 45 days; unlimited ambulatory X-ray and laboratory 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 service.

In short, that is probably the most elaborate package anyone has thought about for the aged to be available to an individual of age. If he 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 out because it indicates this is a plan which is tailored to actually, 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 an possibility 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; skilled and nursing home services, 135 days.

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politically or otherwise—probably politically. There may be a question of, perhaps, who will do more in terms of the public good. Some are worried about malingerers and lots of other abuses.

Of course, people worry about 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 incomes—would we 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 property.

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 that in New York I am 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.

I should like to ask the Senator from New York whether the only eligibility criterion would be age. 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 married 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 absorb all of it.

I point out to the Senator that I think the Senator is making entirely valid points, and that the Senator is correct when he says 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 2½ million maximum.

Mr. PROXMIRE. So there are 2½ million Americans who make more than $60 a week or over $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 entirely.

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 every one who works, whether he earns over $60 a week or over $90 a week, whether they have to pay. how much, whether 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. 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 individual earns over $1,800 a year, he receives no social security. It is not an argumentative figure. I am trying to state my facts and figures honestly. It is not an argumentative figure. 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. If he earns it he earned it because his employer in hiring him really, as part of his wage, has contributed to 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 contributed 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 contributed 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.
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 our society would represent, I believe this 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 not a question of a split of affections; 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 would 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 Recess to be $206 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 program. 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 Senator's estimates would be $520 million in added cost to the States. Somehow, somewhere we will have to find an additional $1.182 billion of Federal and State money to pay for this Republican proposal. That means an increase of $662 million in Federal taxes and $500 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 $7.6 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 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 Recess 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 8½-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 Recess, as follows:

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Estimated annual costs under Javits amendment to H.R. 18580 providing for medical services for the aged

<table>
<thead>
<tr>
<th>States</th>
<th>&quot;Minimum&quot; package</th>
<th>&quot;Maximum&quot; package</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Government</td>
<td>Total Government</td>
</tr>
<tr>
<td></td>
<td>Federal cost</td>
<td>State cost</td>
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<td></td>
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<td>Virgin Islands</td>
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1 Assumes 79 percent participation by the 11,000,000 persons eligible to participate in the program.
2 Less than 60,000.
Mr. PROXMIRE. Is it not a fact that at the recent Governor's conference, in June, in New York, Governor Rockefeller stated 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 P.Disabled, State matching approach; or if not disapproving the latter approach, at least favoring the social security approach in the absence of something better? Is it not also a fact that the distinguished Governor of the Senator's State, Governor 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 brought up to come up, and we may as well answer it. It is, of course, a fact, that the Governors want to shed themselves of the称之为 they can. That is very understandable. They would like to use the money for other things, if they have it. So we can understand that. We will be with it every day in the week. They want more money here and they want to use it 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 there now. He is, in fact, in favor of the social security approach if it is the individual subscriber's option of getting money in the form 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 any other 2. He is in favor of the social security approach, and has said so. I respect him for his views, although I may agree with the majority of the people who have pointed out that he is out 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 the success it has recently—but because he feels that the social security approach is the more efficient, 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, 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 social security approach.

Mr. PROXMIRE. I thank the Senator from New York. Once again I would like to point out that this has a great deal of merit, and, of course, as always, he has presented masterful arguments in favor of it. I, too, will take up the cudgels and perhaps, I know, I have not. 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 on television. I have enjoyed our debates very much. His performance here is well worthy of it.

I should like to proceed now to a conclusion of my remarks, very briefly.

I had in mind pointing out what I am sure other Senators have already pointed out, namely, the reason why this subject has become a problem and a great issue in this country. Since 1957, medical care costs have gone up more than 20 percent. When we remember that our older citizens must pay for their own medical care with what they earn, we can understand why this is a growing not only as a political problem, but also as an economic and social problem.

Our older citizens, according to a 1957-58 study, 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 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 the group have less than a thousand dollars a year to live on, while 80 percent, or 12.8 million, have incomes of 52,000 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 would 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 the requirements of older citizens need? Why is it 43 days in the hospital, and not 30 days? Why is it 180 days, and not 365 days? What do the older citizens really need?

Mr. PROXMIRE. What is the respect I point to a U.S. National Health survey entitled "Hospitalization—Patients Discharged From Short Stay Hospitals," published in May 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 for more than 31 days beyond the hospital stay. Ninety percent do not require long hospital stays. U.S. Government Hospital stay of this latter group is 14 days, with the general average stay being 21 days.

Mr. President, this shows that a program which does not place a limit on preventive care, meeting a range between 21 days at a minimum, and 45 days at a maximum, is a reasonable one. It also shows that people who are middle-aged are not using medical care to the extent that those people who are really in need. Therefore, I think that we have an enormous mountain of effort, so far as they are concerned, for the hospitalization which is represented by the Anderson amendment, when 85 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 damage which is involved in the social security system, I have in mind the distortions, the materialism—what 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 we have, and that is this: 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 65, 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 American people—if it is to be adjusted to protected persons, 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 wish to emphasize: Emphasis on preventive care, voluntary participation for all over 65, with the preservation of the plans already in existence; State plans with Federal matching so that we can build on existing facilities; and payment out of general revenues.

Mr. President, if the Senate will pass a bill which will go further than the one so ably presented by the Senator from Arkansas [Mr. Kasen] and the Senator from Delaware [Mr. Fazzini], 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:

<table>
<thead>
<tr>
<th>State</th>
<th>Federal matching percentages under Title II of the Social Security Act</th>
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<td>Texas</td>
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for which expenditures are made under the plan and to pay the same to the State agency administering the plan.

(3) "Payment of the amounts due a State under subsection (a) shall be made in accordance with the provisions of this title, for the purposes of this section, payments for which shall be made under the plan as promptly as possible after the end of the quarter in which such payments become due."

(4) "(f) The term "medical services" means the following items furnished to individuals during temporary absences from the State:

(i) Therapeutic services;

(ii) Preventive services;

(iii) Prescription drugs.

(5) "(h) For the purposes of this title, the income requirements of this subsection are determined as of the beginning of such year if, for his last taxable year ending before the beginning of such enrollment year, he 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.

(6) "(i) Monthly medical services benefit under title II of this Act:

(1) Monthly medical services benefit under title II of this Act:

(2) Monthly benefits under the Railroad Retirement Acts of 1935 and 1937, and under any plan whereby the Secretary by regulations determines under this section such benefits to be received by the Secretary by regulations under this title, for inpatient hospital services, outpatient hospital services, skilled nursing home services, personal and domiciliary care services, home health services, and (j) prescribed drugs.

(7) "(j) The term "medical services" does not include:

(A) services for which no payment is authorized under title II of this Act.

(B) services which are provided by a State agency administering a plan under title II of this Act.

(8) "(k) "Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(9) "(l) The term "inpatient hospital service" includes:

(A) services for which no payment is authorized under title II of this Act.

(B) services which are provided by a State agency administering a plan under title II of this Act.

(10) "(m) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(11) "(n) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(12) "(o) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(13) "(p) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(14) "(q) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(15) "(r) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(16) "(s) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(17) "(t) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(18) "(u) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(19) "(v) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(20) "(w) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(21) "(x) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(22) "(y) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(23) "(z) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(24) "(aa) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(25) "(bb) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(26) "(cc) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(27) "(dd) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(28) "(ee) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(29) "(ff) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(30) "(gg) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(31) "(hh) Inpatient hospital services means the following items furnished to individuals during temporary absences from the State:

(i) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(32) "(ii) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(33) "(ii) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.

(34) "(ii) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

(ii) Physicians' services;

(iii) Nursing services, interns' services, laboratories, X-ray equipment, diagnostic and therapeutic services, and other similar services, drugs, and appliances.
"Surgical services
"(a) the term "surgical services" means surgical procedures provided to an individual in a hospital other than those included in the term "inpatient hospital services," in connection with, or for the treatment of, and surgical procedures provided in an emergency in a doctor's office or by a hospital to an outpatient.

"Skilled nursing-home services
"(a) the term "skilled nursing-home services" means the following items furnished to an individual in a nursing home: skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or furnished under the general direction of, a physician;

"(b) 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

"(c) bed and board in connection with the furnishing of such skilled nursing care.

"Physicians' services
"(a) the term "physicians' services" means services provided in the exercise of the profession of a physician in any State licensed in such State; and the term "physician" includes a physician within the meaning of section 1602(b).

"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 services 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 the skilled nursing care or his home-related medical care and other services which it provides.

"Miscellaneous definitions
"Sec. 1607. For purposes of this title:

"(1) the term "Federal share" with respect to any State means 100 per cent less that percentage which 10 per cent of the average per capita income of the United States bears to the per capita income of such State, but in no case shall the Federal share be less than 33 1/3 per cent nor more than 55 1/3 per cent of the per capita income of such State.

"(2) The Federal share for each State shall be promulgated by the Secretary in accordance with regulations prescribed by the Secretary.

"(3) The term "Federal share" with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66 2/3 per cent.

"(4) The States shall be entitled to deduct, from the amount of benefits under paragraph (2) of such section for such period after such elections shall be held in the same relationship to each other as the per capita cost of benefits under 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 "Advisory 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 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 such paragraph (2) of such section for such period after such elections shall 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.

"Enrollment Year
"(e) The term "enrollment year" means, with respect to enrollment for 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 Secretary shall have the authority to permit the extension of an enrollment year in order to avoid hardship.

"Private Health Insurance Policy
"(a) The term "private health insurance policy" means, with respect to any State, a policy, offered by a private 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 nontaxable except as 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 one policy period shall be determined by the State, in accordance with regulations of the Secretary, on the basis of estimates of claims experience and medical costs for such services. Such policies shall be available from the Department of Commerce, for the three most recent calendar years for which satisfactory data are available from the Department of Commerce.

"Provider of Services
"(f) The term "provider of services" means services provided in the exercise of the profession of a physician, to a patient requiring such services, by a physician, or by a hospital to an individual as an outpatient.

"Deductible Amount
"(b) The "deductible amount" for any individual for the enrollment year means an amount equal to $500 of expenses for medical services (determined without regard to the limitations of (A) or (B) of (v) or (vi) of section 1602(b)) 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 and his spouse or cohabitant in payment for the care of such individual or his spouse in any manner permitted by the terms of the policy except for any 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 which the policy provides for the care of such individual or his spouse.

"State plan
"(g) "State plan" means a plan submitted to and approved by the Secretary for the purposes of this title. Such plan shall be promulgated by the Secretary only if an election is also made by the States under the other of such provisions so that, in the judgment of the Secretary, the per capita cost of benefits under such paragraph (2) of such section for such period after such elections shall 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.

"Federal share
"(h) "Federal share" means the Federal share as prescribed by the Secretary, the State agency (administering or supervising the administration of the plan approved under section 1602), which is nontaxable except as 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.

"Enrollment year
"(i) "Enrollment year" means, with respect to enrollment for 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 Secretary shall have the authority to permit the extension of an enrollment year in order to avoid hardship.

"Private health insurance policy
"(j) "Private health insurance policy" means, with respect to any State, a policy, offered by a private 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 nontaxable except as 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
"(k) "Cost" means the per capita cost of long-term illness benefits or diagnostic and short-term illness benefits for any one policy period.
date, as designated by the Secretary at the
time of the appointment. None of the ap­
pointed members shall be eligible for reap­
pointment within 1 year after the end of
his preceding term.

"(d) Appointed members of the Coun­
cil, while attending meetings or conferences
of the Council, shall receive compensation
at a rate fixed by the Secretary but not ex­
ceeding $50 a day, and while away from
their homes or regular places of business
they may be allowed travel expenses, in­
cluding per diem in lieu of subsistence, as
authorized by law (6 U.S.C. 73b-2) for per­
sons in the Government service employed
intermittently.

"Saving provision

"Sec. 1610. Nothing in this title shall
modify obligations assumed by the Federal
Government under other laws for the hos­
pital 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 assist­
ing 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 appro­
priated 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 accord­
ance 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 ag­
gregate amount paid to any State under
this section shall not exceed $50,000.

"(d) Appropriations pursuant to this sec­
tion 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 841 of this Act) is
amended by striking out 'and XIV' and in­
serting in lieu thereof 'XIV, and XVI.'"
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.

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 morning when I had foregone an opportunity to speak at a very influential gathering in my own state 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 others, including myself, feel that the Vice President's views need a full hearing. I also think that under no circumstances will there be a quorum call withdrawn. Obviously there is not a quorum with so many Members of the majority party being already left in 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 to Senators, who are present, there should be no mis-statement of what the President wants us to spend. We are big spenders because we have spent what 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 considerations should cease. So far as I am concerned, I have observed that, and I am sure many other Senators have also. I think other Senators in good conscience should hold this friend from Delaware, 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 Delaware 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 the spirit of cooperation in which my friend from Indiana voted for the President of the United States yesterday will carry through on the bill which is now before the Senate. I am confident that he will again be on the right track.

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.

Mr. HARTKE. I hope the Senator from Delaware is correct. This bill is one of the important questions before the Congress. The Congress should enact a health plan based upon the social security approach with contributions from workers, and not go on and have the President of the Treasury Department, as is proposed by the administration. The administration says that it is to make 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 of their payments. The administration believes that the Government should make a direct subsidy. I know my dispute with the Senator from Delaware. I know what he observed upon his constant observation of the doctrine of avoiding subsidies to the people, that 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 Senate, 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 the Senator 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 proceeds to place the blame upon the Treasury Department of America. When he speaks of raiding the Treasury, I ask him where the Treasury Department 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 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 friend, the Senator 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 tax increase 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 $1,000 to $6,000. 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 contains the following promise: 

"To apply a means test, to require the aged, and other persons with incomes below a specified level, to pay, in whole or in part, for the medical care they receive." 

This is 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. MCMAURA, 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 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 face 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 places 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 achievements to come within the reach of our aged.

In no field of public policy have so many myths been employed as instruments to distort the public as in the area of medical insurance for our aged citizens. Pressure groups with vested interests have expended large sums to distort insurance bills based on the honest, careful study of the aged. The following facts should be in the public domain:

- With all this emotional effort they have not been able to refute or wipe out the 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 their medical bills. They would rather suffer silently and, in some cases, have literally died first.

- We the aged deserve and 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 factual arguments one by one early in this debate and dispose of them once and for all. We can then settle on 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.

Yet facts show that persons aged 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 whose 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 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 inadequate 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 survey 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, hospital bills or medical expenses.

(c) In 1958 Census Bureau figures showed the following income data: First for all aged individuals, 60 percent—6.4


Picton: 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 non-hospital 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.

Picton: This is only the beginning and it 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.

Picton: 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.

Picton: 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 the adequacy of facilities. If the review shows the need for more facilities, Congress will be asked to appropriate the funds. Congress has never been asked to appropriate funds for more facilities.

CONGRESSIONAL RECORD—SENATE 16913

1960

PRESCRIPTION OF MEDICAL CARE

Persons: In 1957-58, at least 4.6 million spending units--the majority of all U.S. families--had incomes of less than $1,000; second, for families with aged heads--6 million families--half of them had no more than $2,000 incomes; third, for 3.5 million aged unrelated individuals, half had no more than $939 income.

Note.--1949-59 Survey of Consumer Finances, Federal Reserve Board—which does not include aged of very lowest income and aged population.

(a) Only 14 percent of all beneficiary couples had some or all of their medical costs covered by insurance.

(b) Most insured persons do not have the right to convert group policies to individual ones when they retired.

(c) For those who do have the right, the increase in the premium is 80 to 300 percent of the pre-reirement group premium.

Picton: The American people are against the social security approach.

Facts: (a) First of all, the vast majority of Americans approves 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.

(c) 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.

(d) The source of the funds received by the hospital will have no effect upon how that hospital cares for any given patient.

Second. The bill calls for a review of the adequacy of facilities. If the review shows the need for more facilities, Congress will be asked to appropriate the funds. Congress has never been asked to appropriate funds for more facilities.

CONGRESSIONAL RECORD—SENATE 16914

1960

PRESCRIPTION OF MEDICAL CARE

Persons: In 1957-58, at least 4.6 million spending units--the majority of all U.S. families--had incomes of less than $1,000; second, for families with aged heads--6 million families--half of them had no more than $2,000 incomes; third, for 3.5 million aged unrelated individuals, half had no more than $939 income.

Note.--1949-59 Survey of Consumer Finances, Federal Reserve Board—which does not include aged of very lowest income and aged population.

(a) Only 14 percent of all beneficiary couples had some or all of their medical costs covered by insurance.

(b) 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.

(c) For those who do have the right, the increase in the premium is 80 to 300 percent of the pre-reirement group premium.

Picton: The American people are against the social security approach.

Facts: (a) First of all, the vast majority of Americans approves and accept the 25-year-old system of social insurance for meeting the hazards of old age.

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(d) The source of the funds received by the hospital will have no effect upon how that hospital cares for any given patient.

Second. The bill calls for a review of the adequacy of facilities. If the review shows the need for more facilities, Congress will be asked to appropriate the funds. Congress has never been asked to appropriate funds for more facilities.
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 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, income.
It will simply pay their bills. First. Nine out of ten workers are covered.
Third. Nobody can tell when he will eligible for... therefore ane not included in the program, fewer will have to rely on public assistance...
Everybody requires health insurance.

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:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>25 to 64</th>
<th>65 to 66</th>
<th>66 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent with 1 or more chronic conditions</td>
<td>42.1</td>
<td>45.3</td>
<td>48.4</td>
<td>52.1</td>
</tr>
<tr>
<td>Percent limited in activity</td>
<td>10.1</td>
<td>9.7</td>
<td>11.6</td>
<td>21.6</td>
</tr>
</tbody>
</table>

Percent in hospital more than 30 days:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>25 to 64</th>
<th>65 to 66</th>
<th>66 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>10.5</td>
<td>10.5</td>
<td>21.0</td>
<td>20.0</td>
</tr>
</tbody>
</table>

(Above data from U.S. National Health Survey, Public Health Service.)

2. The aged enter hospitals more frequently than the general population:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>65 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent discharged from short-stay hospitals</td>
<td>13.1</td>
<td></td>
</tr>
</tbody>
</table>

3. Their average length of stay is higher than for the general population:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>65 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of days</td>
<td>11.6</td>
<td>13.9</td>
</tr>
</tbody>
</table>

4. A higher proportion of the aged are in the hospital for more than 1 month:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>25 to 64</th>
<th>65 to 66</th>
<th>66 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent in hospital more than 30 days</td>
<td>10.5</td>
<td>10.5</td>
<td>21.0</td>
<td>20.0</td>
</tr>
</tbody>
</table>

(Above data from U.S. National Health Survey, Public Health Service.)

5. On a per capita basis, in 1967-68, the total medical expenses of the aged were 20 percent greater than for the general population:

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages</th>
<th>65 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital expenses as of percent of total</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

(From Health Information Foundation study.)
### Basic data on health status of aged—Continued

#### Diagnostic categories

<table>
<thead>
<tr>
<th>Diagnostic categories</th>
<th>Under 65</th>
<th>65 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hospital charges</td>
<td>Hospital charges</td>
</tr>
<tr>
<td>Diseases of circulatory system</td>
<td>826</td>
<td>45</td>
</tr>
<tr>
<td>Nervous system and sense organs</td>
<td>252</td>
<td>26</td>
</tr>
<tr>
<td>Diseases of digestive system</td>
<td>189</td>
<td>30</td>
</tr>
<tr>
<td>Cholelithiasis and cholecystitis.</td>
<td>261</td>
<td>30</td>
</tr>
<tr>
<td>Respiratory diseases</td>
<td>246</td>
<td>25</td>
</tr>
<tr>
<td>Average total hospital charges (including all diagnostic categories)</td>
<td>207</td>
<td>23</td>
</tr>
</tbody>
</table>

(From University of Michigan study, 1958.)

### 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 expenses from 1952–53 to 1955–56, 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 relatives increased only about 20 percent.

According to the Federal Reserve Board’s 1958 survey among a sample of three-fourths of the aged population—basically in better financial status than those not surveyed—45 percent had less than $500 in liquid assets, 30 percent had $500–$1,000, and half had no more than $2,600 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 Report, as follows:
Mr. McNAMARA. I thank the Senator from Wisconsin for his generous remarks. Certainly they are overflattering.

Mr. ANDERSON. Mr. President, at the very outset of my remarks, I, too, wish to commend Senator McNamara 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. COX), the Senator from Michigan (Mr. MCNAMARA), the Senator from Mississippi (Mr. McCARTHY), the Senator from Indiana (Mr. HARTREY), the Senator from West Virginia (Mr. MANLEY), and the Senator from California (Mr. MPGEE), 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 partially 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 in all of the aged—those who are under social security and those who are not.

Under this amendment all persons who have attained the age of 65 and who are entitled to receive old-age, survivors, or disability insurance benefits under the Social Security Act would be eligible to receive lifetime protection without any means or income test against the cost of certain types of health care services. There are now about 9,185,000 persons who are 68 years old and over, and who are receiving social security benefits, and it seems that we 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 65 and over eligible for monthly OASDI benefits, by State, July 1, 1961

<table>
<thead>
<tr>
<th>State of residence</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>120</td>
</tr>
<tr>
<td>Alaska</td>
<td>3</td>
</tr>
<tr>
<td>Arizona</td>
<td>45</td>
</tr>
<tr>
<td>Arkansas</td>
<td>83</td>
</tr>
<tr>
<td>California</td>
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1 Excludes persons residing outside the United States.

Source: Bureau of Old-Age and Survivors Insurance, Division of Program Analysis, Actuarial Branch, August 1961.

Mr. PROXMIEX. They are true.

Mr. McNAMARA. I have simply made a correction in 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 commend Senator McNamara 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. COX), the Senator from Michigan (Mr. MCNAMARA), the Senator from Minnesota (Mr. McCARTHY), the Senator from Indiana (Mr. HARTREY), the Senator from West Virginia (Mr. MANLEY), and the Senator from California (Mr. MPGEE), 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 partially 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 in all of the aged—those who are under social security and those who are not.

Under this amendment all persons who have attained the age of 65 and who are entitled to receive old-age, survivors, or disability insurance benefits under the Social Security Act would be eligible to receive lifetime protection without any means or income test against the cost of certain types of health care services. There are now about 9,185,000 persons who are 68 years old and over, and who are receiving social security benefits, and it seems that we 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 65 and over eligible for monthly OASDI benefits, by State, July 1, 1961

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1 Excludes persons residing outside the United States.

Source: Bureau of Old-Age and Survivors Insurance, Division of Program Analysis, Actuarial Branch, August 1961.
This Provision is intended to control the extent of service is equal to 1 day of inpatient care per individual within a single year. A unit of service is available to any inpatient care furnished in a hospital, 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 240 days in a benefit year. A unit of service is available to any patient who is discharged from a hospital or skilled nursing home. 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.

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 these benefits. Under the amendment, only 180 units of service 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 amount is intended to cover the cost of services furnished to any individual and to encourage the use of facilities available in 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 two or more of these.

First. Hospital inpatient services: The cost of hospital services is for up to 120 days in a year in excess 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.

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 payroll. 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.

The provisions of this amendment, like those of 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 such agreements 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 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 interested in the community health activities field. The Secretary is to consult such representative advisory council in determining policies 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 of an article published in one Washington newspaper, the Social Security Act was hailed as a bulwark of our economy by the President.

In 1935, the Social Security Act was hailed as a bulwark of our economy by the President. In the 25 years since then, 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 occurring during these 25 years; and those who I was interested to observe that the Social Security Act, now 25 years old, was hailed as a bulwark of our economy by the President of the United States, 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 basic philosophy for this social security program, I think I can say that virtually nothing in his entire administration gave him the satisfaction he got from the realization 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 under the SSA, under the FDL, 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 testimony 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 aid 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 1935, aided by a group of citizens' advisory councils, undertook the problem of the longrun and permanent solution to economic insecurity for all American citizens that is dependent on the earned income for a livelihood. The recommendation of this Council, which was adopted by Congress and embodied in the Social Security Act, was that we should set up a system of contributory social insurance which would underwrite the risks of older and disabled persons, and also of those aged or dependent because of health, in order that their needs might be cared for.

Recognizing, as President Roosevelt said when he signed this act, that we cannot 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 for this purpose. Where the social security benefits are insufficient and where for any reason an individual is not under the social insurance system, his needs can be met through the 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 insurance and assistance, and the public assistance programs which have been established, has been fully demonstrated. 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 distinguished individuals as Dr. J. Douglas Brown, dean of the faculty, Princeton University; Malcolm H. Knoedler Co. of Georgia; Mr. M. Albert Linton, President, Provident Life Import Co.; and Marion B. Folsom, treasurer of Eastman Kodak Co., 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 systems the method of contributory social insurance with benefits related to prior earnings and awarded without a need 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 paid to individuals who are not in need have serious limitations as a way of maintaining family income. Our goal is, as far as possible, to maintain the dependency upon earnings 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 ultra-liberal 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 written letter on economic conditions in the United States, for which, he told me, they paid him extremely well, and thereby permitted him to travel and to join in the work he wished to in pursuing economic theories. The list also includes Marion B. Folsom, former president 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 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 this 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 security 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 that this kind of adoption would mean socialized medicine in America.

If no effort is made 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 only a few days ago in which 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 let it 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 deprecate the role of public assistance and the determination of need in individual cases that is necessary to the proper administration of any public assistance program. It is rather 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 is 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. 12850 as an addition to that approach means 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.

In the last several years a great deal of study has been given to the problem of...
of meeting the costs of health care for older people. A number of studies has emerged almost universal agreement on a number of facts:

First. Insurance is the soundest method of meeting the costs of hospital care for all people—young and old. The tremendous expansion of coverage that has taken place in the last 20 years attests the soundness of that approach.

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 being the case all commercial insurance—and increasingly noncommercial such as Blue Cross and Blue Shield—must set their rates accord- ing to the degree of risk involved in insuring the group or individual covered under a given policy. With the low risk group from 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 in- comes, 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 esti- mates 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 force.

Any insurance system which is practic- able in this area must spread the costs in both these dimensions. Private in- surance 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:

"A CHALLENGE THAT CAN'T BE DUCKED. Health insurance for the aged is fast be- coming the No. 1 issue facing Congress this year. And there's political dynamite in it: Any candidate suspected by the millions of older 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."

"The one thing about the issue is clear: Al- though it may be viewed as a vote-catching device, there is nothing syn- thetical or phony about the problem. Every- one 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 prog- ress, the number of aged is increasing rapidly. In 1930 there were only 6 million people over 65 in the United States; today there are 18 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 hospital costs they needed when taken seriously ill."

"The issue, that is, is not whether there is a problem, but rather how to meet the prob- lem."

TWO APPROACHES

Representative AIME FORBES, Democrat, of Rhode Island, has proposed to deal with it through a system of compulsory Federal in- surance within the framework of the Social Security Act. The Forbes bill would pro- vide insurance covering 60 days of hospital care, 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 be- tween employees and employers.

The Forbes bill has been attacked for a number of reasons by various groups, es- pecially the American Medical Association, which sees in it a serious step toward a socialized medicine coming under the tent.

But the main weakness of the Forbes bill, as specialists in the health field see it, is not that it does too much but too little. They condemn it as an attempt to promote an encour- agement to "hospitalitis"—the tendency, in- herent in many of our present voluntary insurance plans, to encourage sick people to stick into hospitals because there are no provisions for covering treatment at home or in doctors' offices.

The bill sponsored by Senator Javits, Rep- ublican, of New York, strikes at this weak- ness. As Javits points out, though the hospitalization costs comprise a large part of an aged person's annual medical bill, the aver- age older couple spends only one-fourth of the costs unrelated to hospitalization. "One out of every six persons 65 years and older," says Javits, "spends over $600 in medical bills an- nually." Yet 66 percent of the older people in New York City still have to pay for home or office care that might cut down the length of hospitalization or elimi- nate it altogether.

Javits would deal with the problem by a voluntary program that would combine Fed- eral and State subsidies, contributions paid by income by the aged themselves, and both commercial and state insurance com- panies 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. An 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 both insurance carriers—assuming that it would be possible at all to get them involved in this program when, as it is, the public is very interested in the voluntary approach simply will not do the job.

The problem basically is that the aged are high-cost, high-risk, low-income customers. They are a little bit about that the other day—The question is asked, "Why do you compel- les when they are young or by other younger people who are still working. The only way to handle this, health problem, therefore, is to spread the risks and costs widely. And that can be done through the social security system to include healthier customers and employees contribute regularly. By means 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- les if they do not wish to belong? Why do you compel- them to come under the program if they are not under the social security system?"

I have not hesitated to refer to com- pulsory social insurance, though I am aware that there are not only by themselves which has raged around our proposals this term is considered a devastating weapon.

No there has been this issue been defined more clearly than in a column by Walter Lippmann which appeared in the Wash- ington Post and Times Herald on June 16.

Mr. Lippmann, whose articles I am sure we all read, says:

"As far as the health care program is financed by compulsory insurance, which
means that throughout a person’s working life there shall 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?

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 benefits 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. 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 to the system; but this does not exist when they were earning their living. These benefits would be paid for by the younger people, so that the young people would be buying their own insurance, there would be no inequality in this. Nobody will lose anything, except those who are already too old to have contributed to this 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 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 his public welfare funds? There is nothing un-American in the principle 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 by public welfare funds?

There are a few economists, professing to be conservatives, who think that a truly successful system of compulsory insurance would not do what medical insurance does now, as would also his employer, to supplement his retirement income to include medical services.

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The President, who has never explained. the President otherwise believe in.

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 rated 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 specifically socialism, 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 principle 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; that is not correct.

Mr. ANDERSON. Yes I think it was.

I came to this city in 1924, when some of the final questions were being settled as to the social insurance system. There were experts to whom we appealed, but there 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 no social insurance. We had to import people from other countries, because we had no American mentality. They started with an American mentality. This is communistic. This is un-American. It is horrible to compel a man to save a little more money 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 on 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.

In the last few years, since 1956, we have found it is not so terrible to be compelled to save for disability. That was not 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 quoting the bill before the Senate, I do not think the number came close to the appeals which came to me from doctors with the old-age 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 think 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 that the principle was settled 21 years ago, as to the question of whether compulsion is or is not desirable, by making compulsory 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. FROXMIRE. 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 ill in 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 to them that what they fail to recognize, or are discussing, is to provide an opportunity for everyone to make his own contribution to his own retirement fund 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 will happen that when 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 digging into the Federal Treasury to take care of payments under the proposal should be consistent and go down to the bottom the other 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 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 ... contribution rates for those still at work. They will not take a step down that disastrous path. They simply say that rather than have this program, we will take a little of this other system.

I say to the Senator from Wisconsin that we tried that with disability. We tried 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 have 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 bill 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.

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 a very bad socialistic scheme. It would be very nice if we had it that way.

As a result of the 1956 amendments, the average benefit for retired workers rose from $36.36 in August to $46.62 in September 1958, an increase of 77 percent, or nearly 1140 a year.

In 1958, the average for workers already retired was established by the Congress in liberating 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 results from this policy has each time been included in cost estimates and has been met by higher contributions 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 each year by the employers and employees, and placed in a separate disability fund, as the Anderson-Kennedy amendment. (b) In 1958, the original disabled persons, and so did certain other disabled workers; (c) the present Finance Committee bill, like the House bill, extends disability benefits to persons under 20 and their dependent children even though the disability occurred before 1950.

It is contradictory to do it that way for disability. It is all wrong to do it in some way if a physician writes a prescription. "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 benefits 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 Statistical Supplement, 1958, page 13.

<table>
<thead>
<tr>
<th>Year</th>
<th>Million</th>
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<tbody>
<tr>
<td>1950</td>
<td>4.4</td>
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<tr>
<td>1951</td>
<td>4.9</td>
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<tr>
<td>1952</td>
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<td>1953</td>
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<td>1954</td>
<td>7.0</td>
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The effects of the cash benefit increases is illustrated by the case of a worker who retired in 1946 with the
average benefit for that year of $22.60 a month. By now his benefit has be­
come life or widows insurance has re­
ceived proportionate increases. Al­
lowing for changes in prices, his ben­
cit now amounts to $24 with an in­
creased social security income of about $50 a month. This is far from
unanimous and also slow in coming.
The administration bill, however, offers
substantially more benefits than does the
Pend Oreille bill. But, except for persons on relief, they couldn't be had until the sub­
scriber himself has paid into the system
$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 ex­
pen se. It looks as if the voluntary plan
would be the one most favored by people who need it least.
A satisfactory measure would have to be
less costly than the administration plan—but
provide more protection than does the Pend Oreille bill—impossible quite in terms of any one 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 needs of the whole society in a
mand. If that can't be done, this matter
should surely be made a must for the
next Congress.
Mr. ANDERSON. Mr. President, I ask
unanimous consent that there be printed in the
Record at this point my remarks 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 emphasis on income maintenance. The administration plan would 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 the whole system 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 getting up and operating the new machinery
of administering the program as it is in 50 different States, and second, the expense
involved in checking the income of millions of beneficiaries to prove eligibility—
both at the start and, as incomes change, in the future too. The complexity and
diffusion of administration and control would be little short of bewildering.

As for the issue of compulsion, it vanis­
hes with just a little thought. The only
compulsion involved in the Pend Oreille 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.

Mr. ANDERSON. Mr. President, I ask
unanimous consent that there be printed in the
Record at this point in my re­
marks an article from Life magazine under the date of April 25, 1960, entitled
"Age, Health, and Politics"; and an edito­
rial from the Washington Post of Feb­

There being no objection, the article and editorial were ordered to be printed
in the Record, as follows:

[From Life, Apr. 25, 1960]

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
Pend Oreille bill, which would raise $1 bil­
lion 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 Demo­
crats an unexpected issue to use while granting the need for aid, are trying to
find a more private, voluntary alternative.

Since the issue is important, let's try to sepa­
rate its social realities from its politics and
facts from principles.

Unquestionably, many older Americans
(13.8 million are over 65) are in real need.

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(13.8 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
aid, for such care by a one-half of 1 percent
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Since the issue is important, let's try to sepa­
rate its social realities from its politics and
facts from principles.
The first question of principle is whether the provision of old-age security will undermine the private duty of providing for one's own old-age through old-fashioned virtues like foresight and saving, or whether the aged can be done without renewed dependence. The aged have been the chief sufferers from inflation, though weakly, by the Republicans, who don't want to be tagged as enemies of the aged. There is an issue of cost, though barely, by the Republicans, who want to be tagged as enemies of the aged. The aged can be done without renewed dependence. The aged have been the chief sufferers from inflation, though weakly, by the Republicans, who don't want to be tagged as enemies of the aged.

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The principle was accentuated when social security, as determined by the Nation's sense of property and work, and interest, was adopted must be carefully limited, and the provision will not overcome the inherent limitations of public assistance as compared with social insurance. If social insurance is added to the bill, the Finance Committee bill is a substantial improvement. States would be permitted to be less severe in their tests for medical indigency than the tests they now impose for such payments, but the Federal program assumes some proof of poverty in a social insurance test. The specific wording of the bill is:

An eligible individual means any individual (1) who is 65 years of age or over (2) whose income and resources, taking into account his other living requirements, as determined by the State, are insufficient to meet his satisfactory standard of living. 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 of medical care is not shifted to the public. The minority who need aid on the basis of an income test can secure it more readily through OASDI, most States cannot be expected to provide sufficient funds to pay for adequate medical services. But without health benefits fiscal conservatism, Independence, and dignity in personal matters, the elderly citizens will have gained nothing. The amendment makes hospital benefits available on July 1 of next year to any other Insurance program, would enable the States to adopt a high priority. By the same token the program that feeds inflation would defeat its own purposes and fool its beneficiaries. But the costs of any plan sought must be carefully limited and controlled.

Doubtless the Ford and can be improved, but a small amount of money could be saved simply by raising the eligible age from 65 to 68. Moreover, many old-age insurance and property a political one. It should be decided according to the Nation's sense of property and work, and interest, was adopted must be carefully limited, and the provision will not overcome the inherent limitations of public assistance as compared with social insurance. If social insurance is added to the bill, the Finance Committee bill is a substantial improvement. States would be permitted to be less severe in their tests for medical indigency than the tests they now impose for such payments, but the Federal program assumes some proof of poverty in a social insurance test. The specific wording of the bill is:

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Doubtless the Ford and can be improved, but a small amount of money could be saved simply by raising the eligible age from 65 to 68. Moreover, many old-age insurance and property a political one. It should be decided according to the Nation's sense of property and work, and interest, was adopted must be carefully limited, and the provision will not overcome the inherent limitations of public assistance as compared with social insurance. If social insurance is added to the bill, the Finance Committee bill is a substantial improvement. States would be permitted to be less severe in their tests for medical indigency than the tests they now impose for such payments, but the Federal program assumes some proof of poverty in a social insurance test. The specific wording of the bill is:

An eligible individual means any individual (1) who is 65 years of age or over (2) whose income and resources, taking into account his other living requirements, as determined by the State, are insufficient to meet his satisfactory standard of living. 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 of medical care is not shifted to the public. The minority who need aid on the basis of an income test can secure it more readily through OASDI, most States cannot be expected to provide sufficient funds to pay for adequate medical services. But without health benefits fiscal conservatism, Independence, and dignity in personal matters, the elderly citizens will have gained nothing. The amendment makes hospital benefits available on July 1 of next year to any other Insurance program, would enable the States to adopt a high priority. By the same token the program that feeds inflation would defeat its own purposes and fool its beneficiaries. But the costs of any plan sought must be carefully limited and controlled.
Council on Public Assistance which, as requested by the Senate, 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 state that medical need justifies 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 establishing an adequate program, the usual arguments will be made that higher taxes will be necessary. But the Council warns:

\[\text{Mr. ANDERSON} \text{. Yes; indeed it does.}
\]

Mr. PROXMIRE. Much more so than the bill would without the Anderson amendment added to it.

Mr. ANDERSON. Yes; I believe so. It is 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 set adequate home care. I think that is very important.

Mr. PROXMIRE. The individual would pay the first $75. That would discourage malingerers or chiseling by those who might abuse the system, by those who might go in the hospital. It would do so by charging the hospitalized for at least a part of the cost.

Mr. ANDERSON. Thet 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. Those are the people who would not necessarily and probably would not ever come to this 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 aides, 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 is a careful and prudent amendment. 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:

August 2, 1960.

Hon. CLIFTON 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. 3608 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 Bachr, 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 Mr. Bachr's letter be printed in the Record, as follows:

Mr. Anderson, an amendment that would provide for a medical service program that is part of the social security system has the strong support of thousands of people who are in the present public assistance program and the creation of a new "medically indigent" class. It would provide medical services only to those who are truly in need, i.e., those who are medically indigent and unemployed, 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 medical 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, a step forward, or we can take a small step backward, or we can take significant action and bring real security with dignity to the lives of our senior citizens.

We have just reached the first 25 years of social security in America. The most fitting tribute we can pay to 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 a letter to me in opposition to that suggestion. I ask unanimous consent that Mr. Bachr's letter be printed 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. CLIFTON 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. 3608 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 appraoching agency—the Blue Cross Association were to be united into a homogeneous 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 hospital costs.
1960

CONGRESSIONAL RECORD — SENATE

Mr. PROXMIRE. This is a point which has been puzzling a number of Senators, and it has not received any reliable answer.

Mr. ANDERSON. The McNamara bill, as I understand, provides for this kind of health insurance at the age of 65. The McNamara bill, the Kennedy proposal, and the Humphrey proposal, all of which, I presume, at one time or other, were checked with the recommendations 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. 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 a third 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 actuarially 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. Donlan), and came down to a figure which would be fully met by the levies we would produce. In other words, 42 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 the McNamara bill also contains revised estimates of how much each program would cost, from one-half of 1 percent to eight-tenths of 1 percent, the one being more reliable than the other. 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 am not arguing the principle here as are the other actuaries, but we felt that this is a completely new field.

Mr. ANDERSON. No. It was my understanding that the original Forand bill cost about $130 million, will allow reliance on the insurance system, make it useful, the bill, nothing from the bill.

Mr. PROXMIRE. I thank the Senator from New Mexico.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

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 legislative clerk will 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. Andrews) 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. Andrews), and also to the minority views, which are printed in connection with the committee report.

Mr. PROXMIERE. Mr. President, at this point will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. PROXMIERE. I wish to join the distinguished junior Senator from New Mexico in commending the Senator from New Mexico (Mr. Andrews) 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. 12380), 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 the annals of our Nation's history—the Social Security Act.

I have stated before, and I shall again, that this is one of the many imprints that Franklin D. Roosevelt has left upon our social security system, in the right direction. The simple fact, Mr. President, is that this Is one of the many imprints that Franklin D. Roosevelt has left upon the American medical profession, and surgeons as well as physicians. The American medical profession, and surgeons, would not be at all interested in doing so. Naturally they would wait until they became 65 years of age to join the social security system, and then would soon share in its benefits.

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. As a new step in the right direction has been taken to give all people an equal chance to be covered by the social security system, 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 their construction 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. 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 old. Just as not too long ago, 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. Carothers), who is now exercising 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 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 his or her grandparents, and as medical science discovers controls and
I am happy to say that there is every reason to believe that we are on the verge of making liberal reforms.

Mr. President, I have digressed for a moment from what I had intended to say to point out that our American social security system applies to all alike. The wealthy and the poor are equal before it.

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?

The distinguished junior Senator from New Mexico (Mr. Anderson) has introduced an amendment supplementary to the Committee on Finance 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 be subject to the considerations I have expressed in this discussion. Western colleagues, it is only fair that the Federal Parliament in Washington, American, enjoy, will continue to enjoy and have, the opportunity to be attended by the doctors of their choice.

The distinguished junior Senator from New Mexico (Mr. Anderson) has introduced an amendment supplementary to the Committee on Finance 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 be subject to the considerations I have expressed in this discussion. Western colleagues, it is only fair that the Federal Parliament in Washington, American, 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 I do not, I wish always to oppose this plan as a member of the American Medical Association and to urge its repeal. It is part of the fundamental law of our Nation and it will endure forever for the welfare of all Americans.

My objection to the so-called New Deal legislation which 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, 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 be subject to the considerations I have expressed in this discussion. Western colleagues, it is only fair that the Federal Parliament in Washington, American, 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 I do not, I wish always to oppose this plan as a member of the American Medical Association and to urge its repeal. It is part of the fundamental law of our Nation and it will endure forever for the welfare of all Americans.

However, I should add that the social security system of our country was not obtained from Bismarck of Germany, but that it can be traced directly to an essay of Thomas Paine, written in 1795.

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, short-sighted 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.

I have pointed out that Mr. President, 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, that 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 actuarially sound. It is reported by actuaries of the Department of Health, Education, and Welfare, and in the system could be kept actuarially sound by increasing the premium by one-fourth of 1 percent each 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 an integral part of our social security system. Medical care should be a 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.

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 actuarially sound basis.

First, it relies on action being taken by the individual States before the Federal Government can participate. The amend-ment 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, 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 be subject to the considerations I have expressed in this discussion. Western colleagues, it is only fair that the Federal Parliament in Washington, American, 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 I do not, I wish always to oppose this plan as a member of the American Medical Association and to urge its repeal. It is part of the fundamental law of our Nation and it will endure forever for the welfare of all Americans.

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Of course, any proposal we enact, whether it be the committee proposal or the one offered by the Senator from New Mexico, will be subject to the considerations I have expressed in this discussion. Western colleagues, it is only fair that the Federal Parliament in Washington, American, 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 I do not, I wish always to oppose this plan as a member of the American Medical Association and to urge its repeal. It is part of the fundamental law of our Nation and it will endure forever for the welfare of all Americans.
surgical needs far more in keeping with our policy than handing over to the Public Treasury. Private plans are inadequate and the costs are excessive.

Mr. President, there are salutary aspects of Social Security Act contained in the legislative proposal before us, which I believe will help stabilize the 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 if 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.

It is true, of course, when a physician attends a worker who has paid his premium into the social security system, whether that worker is 20 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 during this week the law may be amended to include them. It would be a real bulwark to 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 this State, the lawyers—including the two who had debated on the side against coverage—voted overwhelmingly in favor of coverage. The Senator from Ohio knows as well as I do that those who had not been assigned the duty of collecting the facts and evaluating them and taking that side of the argument would be very likely to realize that the overwhelming argument was in favor of coverage.

The distinguished Senator from Louisiana was one of those who told the doctors, on occasion, that he would not take them placed under social security unless and until they were prepared to accept it. And when the doctors of my State or the majority of the doctors of the Nation make it clear that they are
Mr. President, it is my belief that this amendment will be voted for. The distinguished 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 Banking 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 in 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 could 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.
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. Proxmire 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 identical 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. 204. (a) Title II of the Social Security Act is amended by adding after section 225 the following new section:

"MEDICAL INSURANCE BENEFITS

"(e) The term 'hospital' means an institution which (A) is operated for inpatient hospital services, skilled nursing home services, and outpatient hospital diagnostic services; (B) is located pertaining to such facility in accordance with standards established by the Secretary, and to judicial review of such standards in such jurisdiction; (B) has beds for the care of patients who require continuing planned medical and nursing care; (C) maintains adequate medical records; and (D) 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; and (E) has adequate medical records; and (F) continues to provide twenty-four-hour nursing service rendered or supervised by registered graduate nurses. The term 'hospital' shall not include tuberculosis hospitals.

"(b) 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 located pertaining to such facility 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) maintains adequate medical records; and (D) 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; and (E) has adequate medical records; and (F) continues to provide twenty-four-hour nursing service rendered or supervised by registered graduate nurses. The term 'skilled nursing facility' shall not include tuberculosis hospitals.

Sec. 214. (a) The term 'physician' means an individual who is licensed to practice medicine and surgery by a State or political subdivision thereof.

"(b) The term 'skilled nursing service rendered or supervised by registered graduate nurses. The term 'physician' means an individual who is licensed to practice medicine and surgery by a State or political subdivision thereof.
agency for payment for services furnished to individuals entitled to have such payment made under this section. Each such agreement shall be consistent with the provisions of this section, as may be mutually agreed to by the Secretary and each such provider of services; but in no event shall such agreement be inconsistent with the provisions of this section.

"(2) Any agreement entered into pursuant to paragraph (1) shall provide that-"(a) such agreement shall contain such provisions as may be necessary to have payment made under this section, and shall require the provider of services to act on its behalf: (b) where an agreement under this section has been terminated, the Secretary shall certify such amounts to the Secretary of the Old-Age and Survivors Insurance Trust Fund; and (c) 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 to provide for the making of such payments, in accordance with the method of taking and furnishing the same in order to establish the right to, and the amount of, any benefits hereunder. The Secretary is authorized to utilize the services of appropriate public or private agencies in (a) certifying to him the information he needs to perform his functions under this section.

"(b) Section 201 of such Act is further amended by adding after subsection (f) the following new subsection:

"(1) The amounts determined by multiplying one-half of 1 per centum by the amount of self-employment income (as certified to the Secretary of the Old-Age and Survivors Insurance Trust Fund) by inserting "(including the medical Insurance account)" after "Trust funds" the first 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.

"(2) Section 201 of such Act is further amended by adding after subsection (f) the following new subsection:

"(1) After the close of each fiscal year the Secretary of the Treasury shall determine the average of the amounts to be credited to the Old-Age and Survivors Insurance Trust Fund during such fiscal year. There shall be credited to the Old-Age and Survivors Insurance Trust Fund during such fiscal year the amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for purposes of determining the amount of interest that should be credited to such account during such fiscal year. There shall be credited to the Old-Age and Survivors Insurance Trust Fund during such fiscal year the amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for purposes of determining the amount of interest that should be credited to such account during such fiscal year. There shall be credited to the Old-Age and Survivors Insurance Trust Fund during such fiscal year the amounts appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for purposes of determining the amount of interest that should be credited to such account during such fiscal year.

"(2) The amounts determined by multiplying one-half of 1 per centum by the amount of self-employment income (as certified to the Secretary of the Old-Age and Survivors Insurance Trust Fund) by inserting "(including the medical Insurance account)" after "Trust funds" the first 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.

"(3) Section 201 of such Act is further amended by adding after subsection (f) the following new subsection:

"(1) The amounts determined by multiplying one-half of 1 per centum by the amount of self-employment income (as certified to the Secretary of the Old-Age and Survivors Insurance Trust Fund) by inserting "(including the medical Insurance account)" after "Trust funds" the first 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) the following new subsection:

"(1) The amounts determined by multiplying one-half of 1 per centum by the amount of self-employment income (as certified to the Secretary of the Old-Age and Survivors Insurance Trust Fund) by inserting "(including the medical Insurance account)" after "Trust funds" the first 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.
the amounts in the Federal Old-Age and Survivors Insurance Trust Fund during such fiscal year.

“(4) The proper share of the proceeds from the sale of 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) redesignated as (3) 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: “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 312(a))—

“(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 3 1/2 percent;

“(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 1/2 percent;

“(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages received after December 31, 1968, the rate shall be 4 1/2 percent.”

TAX ON EMPLOYERS

(b) Section 3101 of such Code (relating to rate of tax on employers 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 312(a))—

“(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 3 1/2 percent;

“(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 1/2 percent;

“(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages received after December 31, 1968, the rate shall be 4 1/2 percent.”

STUDIES AND RECOMMENDATIONS

Sec. 609. (a) Section 703 of the Social Security Act is amended by inserting “(a)’’ after “702’’; by adding at the end thereof the following:

“(b) In connection with such study and recommendations, the Secretary shall institute and conduct a demonstration program relating to the health needs of such individuals as are covered by such study and means by which such needs may be fulfilled. The Secretary shall authorize the establishment of such demonstration programs for such purposes and shall by order provide for the operation of such demonstration programs and for the establishment of a fund to support such demonstration programs.”

Sec. 1401. Rate of Tax.

“In addition to other taxes, there shall be imposed for each taxable year, with respect to the self-employment income of every individual, a tax equal to 4 1/2 percent of the amount of the self-employment income for such taxable year; and

“(5) 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 3 1/2 percent;

“(3) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 1/2 percent;

“(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages received after December 31, 1968, the rate shall be 4 1/2 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 the income of 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 312(a)) paid by him with respect to employment (as defined in section 312(a))—

“(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 3 1/2 percent;

“(3) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3 1/2 percent;

“(4) with respect to wages paid during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

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“Sec. 1401. Rate of Tax.

“In addition to other taxes, there shall be imposed for each taxable year, with respect to the self-employment income of every individual, a tax equal to 4 1/2 percent of the amount of the self-employment income for such taxable year; and

“(5) 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 3 1/2 percent;

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“(4) with respect to wages received during the calendar years 1966 to 1968, both inclusive, the rate shall be 4 percent; and

“(5) with respect to wages received after December 31, 1968, the rate shall be 4 1/2 percent.”
Mr. ANDERSON. I can use $10,000 as an example, or I can use $4,000, if the situation is better. If a man has never had social security, would he qualify under the Senator's amendment?

Mr. ANDERSON. He could 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. H.R. 12590 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. 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 $1,000 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 I do refer 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 in 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 1935, and there was some money available in it.

Mr. KERR. When did we adopt the disability amendment which would make cash benefits available to a worker 60 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. 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. Who 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 2, 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, and who 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 said; and that is the reason he offered his amendment.

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

Mr. ANDERSON. I yield.

Mr. KERR. Does the Senator from New Mexico say that when 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. To whom were the benefits available under the disability amendment?
Security Act was made effective, it was available to no one who had not earned all his 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. CHURCH. 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 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.

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. CHURCH. This amendment provides social security. 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 word "indigent" in the Senator's amendment. I ask him whether earnings in any way had anything to do with qualifying a person over age 68 for benefits from the provisions 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. ANDERSON. The law today provides that a person cannot earn more than $1,200. The law, 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. 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 sure someone 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 limitation 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, and is drawing the tax on it during the 15-year period during which the law has been on the books?

Mr. ANDERSON. Yes, that is clear.

Mr. AIKEN. It is, clear, is it?

Mr. ANDERSON. 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 be extended 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 if you were not asked to pay a $2,000 medical bill, you might have to mortgage your house. Therefore, you are medically indigent."

Of course the 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 of the problems was whether relief included a home: and I think someone raised the question of whether a person earning more than $1,200 a year could not qualify for benefits. I think 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 all workers as part of the American 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 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 any overlapping that concerns me about the Senator's amendment is that it does not state how the "medically indigent" requirements 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 limit the use of that term.

Mr. CASE of New Jersey. I accept the comment the Senator from Oklahoma had.

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 think, worked extremely well. Their eligible for old-age assistance or public until many of the people who will be

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 if 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 piece, although we do not criticize the committee amendment, it may involve some delay, and perhaps may never be accepted.

Mr. CASE of New Jersey. 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 medical 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 whose age 65 would be better served by this provision, without the requirement that the States till to same more money.

I point out to the Senator from New Jersey, who is a staunch 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 formulas 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 successful, and has their work 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 it would be a help to those who are now on old-age and survivors insurance, a program which, in my judgment, is much better?

Mr. ANDERSON. There 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 I million, would ask for assistance. Personally, I think when those individuals ask for assistance, the States are going to be reluctant to go to persons who are fairly well fixed financially to plead poverty in order to get medical care. The States might turn them down, or have such standards such as 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 congres does 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 Senate 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; I spend 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 Mexico that, as one of the co-sponsors of the Anderson amendment, I earnestly hope that the social insurance principles of providing medical care and medical insurance 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 means tests will not be needed in public charity, but I surely hope that the beginning which the Anderson amendment would provide for the principle of social insurance more than medical care, 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 nationally. In many States, particularly in New Jersey, it is going to be a tremendous task, 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, and It bothered the Senator from Tennessee.

Mr. ANDERSON. 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 which I proposed, not for 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 is cut off.

Under the law as it now stands, as I understand it, if a person on social security a month only instead of the whole year, 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 proper credit, if the matter involved 1 month only instead of the whole year, as a person worked 1 month for $150 but did not earn $1,800, for the year, for that month he would receive a $500 increase, 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. The Senate 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, 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 exceed the sum of $1,200. Is that not 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 $20,000 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, 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 make 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 not have a settlement 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 significant increase. We thought that was pretty good.

Personally, I would have liked to go to the $2,000 figure which I suggested. I would have liked to see the $2,000 figure. But we did not do so. Therefore, it is presented on this basis.

Mr. YARBOROUGH. From letters I have received and from what I have told the committee. I had a proposal which called for $3,000. The Senator from Indiana (Mr. Hartke) had the figure. We tried to find some kind of scale we could imagine to be logical-

Mr. ANDERSON. The Senator is direct-

Mr. YARBOROUGH. In order to give proper credit, 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 $500 increase, under the language of the report; is that not correct?

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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, 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.
$1,000. 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 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 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 $350, or $250. The $180 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 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 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 cent. However, if these people should earn $110 a month, then the social security payments are cut because they are earning too much money.

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Mr. ANDERSON. 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 school-teachers, 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 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 "$1,500", 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. 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 section 203 of the Social Security Act are amended by striking out "$1,500 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. 
of section 203 of the Social Security Act are amended out "$1,200" wherever it appears therein and inserting in lieu thereof "$1,800", and (4) such paragraphs and subsection (a) of such section are amended by striking out "$100" wherever it appears therein and inserting in lieu thereof "$200".

(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 had a 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 proposed.

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 part of the productive contributors to our country's welfare.

In this situation the present, absurdly low earnings limitation 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 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, namely, raise the earnings limitation to $1,800 where those 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 is to lose benefits when he earns more than $1,200 annually. When he earns as much as $1,200, he has lost 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 earning $70 a week 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 started, 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, the day-to-day living expenses, therefore, that we tell an older worker that when he earns $2,080 a year, we will cut off all his benefits, because he theoretically 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 $717.33 a month, from which is deducted $5.20 for social security. We allow them $60 a month for housing, another $50 for food—a very modest amount. I may say—$11 each for personal 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 little gardening, 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 $63.13, which they must spend 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.

Even Congress assumed the responsibility of establishing an earnings limitation, I believe it also assumed the responsibility of seeing to it, and keeping it general, with respect 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 year between 1958 and 1960. 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 can increase your earnings in keeping with the increased earnings of the economy as a whole."

For the older worker concerned, the limit-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 were in favor of increasing the retirement test, and 33 percent were in favor of eliminating the test. The results of a Gallup poll taken earlier this year in 1958, 67 percent were in favor of the retirement test, and 23 percent were in favor of eliminating the test. Since 1959, the percentage in favor of the retirement test has increased to 70 percent. The results of a Gallup poll taken earlier this year in 1958, 67 percent were in favor of the retirement test, and 23 percent were in favor of increasing the retirement test, and 33 percent were in favor of eliminating the test.

Mr. President, I introduce this bill for the purpose of establishing a more realistic earnings limitation, and I urge its adoption by the Senate.
Public opinion is strongly behind the proposed action; and, as a noted American author of the 19th century observed:

Mr. CARLSON. I commend the Senator from South Dakota for his active interest in this question for many years.

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 sincerely hope that, whatever other changes may be made in the pending bill, the retirement test provision is justified; and I hope to see it 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 8121(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 subparagraph (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 hope-
ful the Senate will promptly act on my amendment. 

Mr. President, in the same sense, I have long felt that another unfair ele-
ment in our present social security sys-
tem is the earnings limitation on per-
sons over 65 years of age. 

The earnings limitation problem has been met in part by the pending bill, whereforn in order to adopt an amend-
ment to increase the limit on the 
amount which such persons are entitled 
to earn without losing the benefits 
from $1,200, or $100 a month, to $1,800. 

It has long been my feeling that we should provide a much higher limita-
tion 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. 

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 pro-
cedings under the quorum call be dis-
continued.

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

Mr. DIRKSEN. I ask for the yeas and nays by the roll.

The yeas and nays were ordered.

Mr. KEATING. I am for the yeas and nays by the roll.

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that further pro-
cedings under the quorum call be dis-
continued.

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

The amendment offered by Mr. JAVITIS for himself and other Senators is as 
follows:

At the end of the bill, add the following:

SC. 801. The Social Security Act is further amended by adding at the end thereof the 

The amendment offered by Mr. JAVITIS for himself and other Senators is as 
follows:

The amendment offered by Mr. JAVITIS for himself and other Senators is as 
follows:
(B) such of the following services as the State may elect (subject to the limitations in section 402): (1) physicians' services; (2) out-patient hospital services; (3) physical and occupational therapy services, diagnostic and short-term illness benefits; (4) physical restorative services; (5) laboratory and X-ray services; and (vi) 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; and

(3) private insurance benefits, which, for purposes of the title, the proper and consistent payment on behalf of such individual of one-half of the premiums of a private health insurance policy, for each calendar quarter, for the current year, or aid to the permanently and totally disabled under the State plan approved under section 402 (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 such assistance or aid is certified such as are found by the Secretary to be reasonable promptness: (I) methods relating to the establishment of the plan, including the selection, tenure of office, or compensation of the plan, including standards for any persons, or any, political subdivision thereof when the correctness and verification of such reports. Notwithstanding the preceding provisions of this section, the Secretary may from time to time require any person to ensure the accuracy and completeness of such reports. Notwithstanding the preceding provisions of this section, the Secretary may from time to time require any person to ensure the accuracy and completeness of such reports. Notwithstanding the preceding provisions of this section, the Secretary may from time to time require any person to ensure the accuracy and completeness of such reports. Notwithstanding the preceding provisions of this section, the Secretary may from time to time require any person to ensure the accuracy and completeness of such reports. Notwithstanding the preceding provisions of this section, the Secretary may from time to time require any person to ensure the accuracy and completeness of such reports.

(4) private insurance benefits, which, for purposes of the title, (i) is providing fees, which are to be determined by a schedule established by the Secretary, and approved by the State, and which provides for payment for any year of $60; (c) provides for an opportunity for a fair hearing before the State agency to the rights of the recipient of the benefits against another person, or as the Secretary finds or because of the Secretary finds that it no longer complies with the provisions thereof.

(5) that in the administration of the plan there is a failure to comply substantially with any such provision, or as the Secretary finds or because of the Secretary finds that it no longer complies with the provisions thereof.

(6) the Secretary shall notify such State agency that further payments will not be made to the State (or, in the case of the withholding of noncompliance fees, will be limited to the State's income tax withholding authority). The withholding of noncompliance fees will not be made to the State (or, in the case of the withholding of noncompliance fees, will be limited to the State's income tax withholding authority). The withholding of noncompliance fees will not be made to the State (or, in the case of the withholding of noncompliance fees, will be limited to the State's income tax withholding authority).

(7) that in the administration of the plan there is a failure to comply substantially with any such provision, or as the Secretary finds or because of the Secretary finds that it no longer complies with the provisions thereof.

(8) private insurance benefits, which, for purposes of the title, shall be made by, expenditures made under the plan, and to pay the same as the result of being subrogated to the rights of the recipient of the benefits to the net amount recovered by the State or any political subdivision thereof, with respect to any enrollee under the State plan, whether as a result of being subrogated to the rights of the recipient of the benefits against another person, or as the Secretary finds or because of the Secretary finds that it no longer complies with the provisions thereof.
(2) (A) his income did not exceed $3,000 in any individual, and at the beginning of such enrollment year, was unmarried or was not living with his spouse, or (B) his 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.

"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.


(3) Veterans' pensions.

Deductions under this section shall be made in accordance with laws of the United States agency for the purposes of this title in accordance with laws of the United States agency for the purposes of this title, which in available to all eligible individuals, for any period after the beginning of such enrollment year. was unless (A) the Federal share shall in no case be less than 66 2/3 per centum nor more than 66 2/3 per centum, and (B) the Federal share with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66 2/3 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 calendar year by each of the eight quarters in the period beginning July 1 next succeeding such promulgation.

"Income" for purposes of this title shall be 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 such enrollment year, it shall be an amount equal to $400 of expenses for medical services (so determined) incurred by or on behalf of such individual and his spouse for the care or treatment of either of them, but the limitation of such individual with respect to such individual and his spouse would result in payment under the plan of a larger share of the cost of such medical services incurred in such year. Subject to such limitation in section 1602(a), $250 amount referred to in the preceding sentence may be reduced for any State if such State so elects; and in such 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 such regulations prescribed by the Secretary, the State plan may permit the extension of the 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 issued by a policy organization licensed to do business in the State, which is approved by the State agency (administering or supervising the execution of the plans approved under section 1602), which is non-cancelable except at the request of the insured individual or where failure to pay the premiums when due.

"(e) (1) The term 'prescribed drugs' means:

The term 'prescribed drugs' means:

(a) Drugs prescribed by a pharmacist or a physician, which are included in 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 the direction of the execution of the plans approved under section 1602) to govern the skilled nursing care and related medical care and other services which it provides.

"(2) Each plan approved under title II of this Act, in the case of a State plan, complies with the requirements of title II of this Act.

Section 'dental treatment' means:

(a) Drugs prescribed by a physician or a pharmacist, which are included in 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 the direction of the execution of the plans approved under section 1602) to govern the skilled nursing care and related medical care and other services which it provides.


(3) Veterans' pensions.

"(3) Bed and board in connection with the furnishing of such skilled nursing care.

"Physicians' Services"

"(a) 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 1602(c)(7).

"Outpatient Hospital Services"

"(f) The term '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—

"(i) Visitation by physicians and nurses, services and services related thereto, which are prescribed by a physician and are provided in a hospital, or a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians, and which are responsible for supervising the execution of such policies, to govern such services.

"(h) Homeowner 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"

"(i) 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"

"(j) 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 or physical disability.

"Dental Treatment"

"(j) The term 'dental treatment' means services provided by a dentist, in the exercise of his profession, to condition of an individual's teeth, oral cavity, or associated parns 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 medical drugs which are prescribed by a physician.

"Hospital"

"(m) The term 'hospital' means a hospital (other than a mental or tuberculosis hosptial) which is (1) licensed as a hospital by the State in which it is located, or (2) in the case of a State hospital, approved by the licensing agency of the State.

"Nursing Homes"

"(n) The term 'nursing home' means a nursing home which is licensed as such by
$\text{Cost}$

"(4) The per capita cost of long-term illness benefits for any year or other period shall be determined by the State, in accordance with the provisions of the Secretary on the basis of estimates and such other data as may be permitted in such regulations."

"Section 1608. If 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 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, the per capita cost of benefits under such section for such period after such elections bear the same relationship to each other as the per capita cost of benefits under such section for such period without such elections bear to each other."

"Advisory Council on Health Insurance"

"Section 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 related to the medical care of the aged and on the establishment and administration of this title. The Secretary shall select the Advisory Council before giving consideration to applications submitted 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 be selected 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 concerned with the provision of such care or with such insurance, and four from among those persons, including consumers of health care."

"(c) Each member appointed by the Secretary 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 that date, and four shall expire six years after that 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 place of business they shall be entitled to travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. §500) for persons in the Government service."

"Savings provision"

"Section 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."

"Section 1611. (a) For the purpose of assisting the States to make plans and initiate administrative and technical preparatory to participation in the Federal-State program of medical benefits for the aged authorized by title XVI of this 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 grant for any State may exceed 50 per cent 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 instalments, as the Secretary may determine. The aggregate amount of all grants under this section shall not exceed $50,000,000."

"(d) Appointments to the Council shall remain valid for grants under this section only until the close of June 30, 1962, and any member who shall be paid to a State prior to the close of June 30, 1962, but has not been used or obligated by any grant hereunder prior to 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"

"Section 1612. Effective July 1, 1961, section 1101(a)(1) of the Social Security Act (as amended by section 514 of this Act) is amended by inserting in lieu thereof 'XIV and XV.'"

"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 our country, and a great deal is going to be made of it by all of us. I should like to use the rest of the time available to me to discuss it in this political season. Unfortunately that is true, but it is a fact of American life 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 we 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 be able to win 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. HUBBARD)."

"The committee bill, standing by itself, may well get a very substantial vote, and there is nothing wrong with 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."

"Mr. JAVITS. I think that has been said to this point of occasions, and very carefully. The last time he said it was at his last press conference, I think he said that on a number of occasions, and very carefully."

"Mr. President, this administration has priced itself on being budget conscious, yet it is sponsoring a costly 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, and the benefits which become so expensive, but one that is freely accepted by the individual, and that is exactly what I am against, and I don't care if that costs the Treasury a little more money. But after all, the price of freedom is not always measured just in dollars."

"Anybody who knows Dwight D. Eisenhower, hearing what I have just said, and reading my bill, and the committee bill, which we do not know questions, the Senator from Wisconsin, and the Senator from Pennsylvania, I think have 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 principles of the criteria that 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 contributory machinery of the social security system for insurance covering hospital bills and other health expenses. 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. PAXSON). I shall be very happy to debate this subject 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 in a position to answer some of the questions that have been raised.

Mr. CLARK. I do not desire to detain either the Senator or the Senate. I hope we can have a prompt vote upon the Senate. If the question 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 feel myself in accord on this issue, I explain it as follows: I have been interested in this subject for a long time. I introduced upon this question in 1948 with the cosponsorship, interestingly enough, of the Vice President, who was then a Member of the House of Representatives; of the Secretary of the Treasury, 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. Scudder], 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 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 of Columbia University and 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. It feels me as a very real and very important sociological question involved in extending the social security approach to medical care. I do not make these remarks in terms of "wring 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, it is a 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 social legislation for the aged—then I think I would be in favor of it. Perhaps I am too much of an optimist for my own good, but my difficulty is this: I am 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 homogenous 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 this to my colleagues, because I have so much deep feeling about the matter.

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

Mr. JAVITS. I yield.

Mr. CLARK. Needless to say, I recognize the sincerity of my friend from New York as to his position. I appreciate the interest which he has shown 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 Senate, the fundamental rationale which has animated me in the matter. It feels me as a very real and very important sociological question involved in extending the social security approach to medical care. I do not make these remarks in terms of "wring 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, it is a 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 social legislation for the aged—then I think I would be in favor of it. Perhaps I am too much of an optimist for my own good, but my difficulty is this: I am 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 homogenous 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 this to my colleagues, because I have so much deep feeling about the matter.

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

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 believe there is 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]. That is 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's statements have given 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 New York, 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 believe that 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 with much difference. I do not think 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 important point, that my Governor would agree with the Senator's statement that it is not a serious difference. 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 wrong concept, but he has adopted this alternative which I mentioned.

Mr. CLARK. That may well be the case. I do not wish to detain the Senator further. I shall simply refer to the Senator's speech of last Saturday.
Mr. JAVITS. I thank my colleagues. 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 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 only 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 unacceptable 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 wish to insist upon perpetuating the social security plan, anyhow, if it could ever complete all of its legislative steps, which is very doubtful in itself, should ask 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 become familiar with.

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 vote for it, anyhow. If the President vetoes, let him veto it."

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 respect in which he has 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 Fleming 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.

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, that it should result from plans administered on the State level, which it does; and fourth, that the financing for it in the Federal establishment 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 we should not call that 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.

There 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 the record.

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 |
| Total White Nonwhite Total White Nonwhite | Number of discharges in thousands | Number per 1,000 persons | Average length of stay in days |
| Sex and age | | | | | | |
| | Total | White | Nonwhite | Total | White | Nonwhite | Total | White | Nonwhite | Total | White | Nonwhite |
| Both sexes: | 12,702 | 12,417 | 1,960 | 116.4 | 113.2 | 118.5 | 8.8 | 8.4 | 9.2 |
| Under 15 | 2,553 | 2,524 | 318 | 117.7 | 114.2 | 119.0 | 7.6 | 6.0 | 9.0 |
| 15 to 44 | 2,951 | 2,924 | 278 | 112.1 | 114.3 | 109.8 | 9.2 | 8.4 | 10.0 |
| 45 to 64 | 3,413 | 3,354 | 59 | 109.0 | 107.5 | 110.0 | 7.8 | 6.0 | 9.0 |
| 65+ | 1,755 | 1,658 | 97 | 108.9 | 105.2 | 112.5 | 9.7 | 8.2 | 11.0 |
| Male: | 6,090 | 5,971 | 119 | 107.4 | 107.0 | 107.9 | 11.0 | 10.4 | 11.5 |
| Under 15 | 1,451 | 1,438 | 13 | 104.3 | 102.0 | 105.6 | 7.3 | 6.4 | 8.1 |
| 15 to 44 | 1,959 | 1,930 | 29 | 108.4 | 106.1 | 109.6 | 9.9 | 9.0 | 10.5 |
| 45 to 64 | 1,426 | 1,407 | 19 | 109.0 | 107.5 | 110.0 | 8.1 | 6.7 | 9.2 |
| 65+ | 1,253 | 1,215 | 38 | 111.0 | 108.5 | 113.5 | 9.4 | 7.6 | 10.4 |
| Female: | 6,612 | 6,446 | 166 | 111.9 | 111.2 | 112.6 | 8.6 | 8.6 | 9.0 |
| Under 15 | 1,210 | 1,197 | 13 | 104.8 | 102.4 | 106.2 | 7.5 | 6.4 | 8.1 |
| 15 to 44 | 1,964 | 1,924 | 41 | 108.6 | 106.2 | 110.0 | 9.3 | 8.2 | 10.0 |
| 45 to 64 | 1,797 | 1,763 | 34 | 110.6 | 109.1 | 112.1 | 9.8 | 7.9 | 10.4 |
| 65+ | 1,741 | 1,715 | 26 | 112.3 | 110.8 | 113.8 | 9.8 | 7.9 | 10.4 |

[Data are based on hospital interviews during July 1957—June 1958. Data refer to the civilian noninstitutional population of continental United States. Detailed survey 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. 12.]

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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. Definitions of terms are given in app. II.)

<table>
<thead>
<tr>
<th>Sex and age</th>
<th>Length-of-stay intervals in days</th>
<th>Total</th>
<th>1 to 7</th>
<th>8 to 14</th>
<th>15 to 30</th>
<th>31+</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both sexes: All ages</td>
<td>100.0</td>
<td>104.0</td>
<td>60.0</td>
<td>18.0</td>
<td>7.9</td>
<td>3.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Under 15</td>
<td>100.0</td>
<td>25.0</td>
<td>54.7</td>
<td>10.0</td>
<td>3.2</td>
<td>1.9</td>
<td>0.2</td>
</tr>
<tr>
<td>15 to 24</td>
<td>100.0</td>
<td>6.7</td>
<td>78.0</td>
<td>3.6</td>
<td>2.6</td>
<td>5.1</td>
<td>0.5</td>
</tr>
<tr>
<td>25 to 34</td>
<td>100.0</td>
<td>6.0</td>
<td>34.5</td>
<td>29.6</td>
<td>14.7</td>
<td>3.5</td>
<td>0.2</td>
</tr>
<tr>
<td>35 to 44</td>
<td>100.0</td>
<td>3.8</td>
<td>37.4</td>
<td>29.7</td>
<td>18.7</td>
<td>9.8</td>
<td>0.6</td>
</tr>
<tr>
<td>45 to 64</td>
<td>100.0</td>
<td>9.8</td>
<td>66.8</td>
<td>20.8</td>
<td>11.1</td>
<td>4.6</td>
<td>3.3</td>
</tr>
<tr>
<td>65+</td>
<td>100.0</td>
<td>13.7</td>
<td>48.2</td>
<td>20.8</td>
<td>11.1</td>
<td>4.6</td>
<td>3.3</td>
</tr>
</tbody>
</table>

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. Definitions of terms are given in app. II.)

<table>
<thead>
<tr>
<th>Sex and age</th>
<th>Length-of-stay intervals in days</th>
<th>Total</th>
<th>1 to 7</th>
<th>8 to 14</th>
<th>15 to 30</th>
<th>31+</th>
<th>Number of hospital-days in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both sexes: All ages</td>
<td>163,227</td>
<td>1,766</td>
<td>42,538</td>
<td>33,200</td>
<td>27,963</td>
<td>35,665</td>
<td></td>
</tr>
<tr>
<td>Under 15</td>
<td>15,280</td>
<td>785</td>
<td>5,441</td>
<td>3,008</td>
<td>3,390</td>
<td>2,707</td>
<td></td>
</tr>
<tr>
<td>15 to 24</td>
<td>18,426</td>
<td>311</td>
<td>8,201</td>
<td>2,173</td>
<td>1,731</td>
<td>2,283</td>
<td></td>
</tr>
<tr>
<td>25 to 34</td>
<td>42,042</td>
<td>750</td>
<td>17,445</td>
<td>9,022</td>
<td>3,523</td>
<td>8,199</td>
<td></td>
</tr>
<tr>
<td>35 to 44</td>
<td>41,905</td>
<td>470</td>
<td>14,036</td>
<td>11,140</td>
<td>10,772</td>
<td>9,594</td>
<td></td>
</tr>
<tr>
<td>45 to 64</td>
<td>23,809</td>
<td>67</td>
<td>2,967</td>
<td>5,589</td>
<td>7,005</td>
<td>10,005</td>
<td></td>
</tr>
<tr>
<td>65+</td>
<td>65,743</td>
<td>822</td>
<td>12,400</td>
<td>13,862</td>
<td>14,656</td>
<td>24,481</td>
<td></td>
</tr>
</tbody>
</table>

Mr. JAVITT. 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 days 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.
Senator from New Mexico (Mr. ANDERSON), without any invidious comment on the very proper steps 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 broad 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 prevent- tive 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, 9:39 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 referred are substantially in support of the Javits amendment?

Mr. JAVITS. Yes. We had set out to develop the principles of 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 upon 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 partnership?

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 means. I invited the Senator to read it, because I think they really gave outstanding support to the program which we had and to the principles of preventive care as being the prime point.

Mr. BUSH. Is this in the Record?

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 results of the seminar. I may not have a clear recollection, but it seems to me that when I revisited most of those present at the seminar it 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 the one favored.

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 is seen 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. In any plan which would share in a plan might be covered by some form of tax, but appropriations out of general revenues—making the program compulsory to the individual rather than an added social security tax might be effective, compulsory, as 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 seminar 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 specialized in some service, 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 there 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 provide more eggs and less of the machinery. I am happy that an amendment which was heavily premised on prevention had the whole direction of the conference and, the remarkable competence of all those people, was directed toward an emphasis on prevention.

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 aged 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 every word, that was the case. I was positive that there were some persons who felt as the Senator feels.

Mr. ANDERSON. I am very happy to have the Senator disclose 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 moved past this road to the point where the aged will be well cared for no matter which amendment we vote in favor of; that 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 refer to page 142 of the hearings:

Dr. Steinberg explained that his approach differs from the Purand in that the Government does not pay for hospital care as such but purchases voluntary health insurance on an actuarial basis, and he does not consider the coverage mandatory since the Government would pay Blue Cross insurance for the aged.
Dr. McGuinness recommended that the cost for such program come out of general revenue. Mr. Rappleye warned against Federal participation, and said that Mr. Steinberg’s position appeared to be—Mrs. LaGuardia’s administration. Dr. Bourke cautioned against using a self-regulating system on the problem and called for an integrated community health program in which the contribution to this system would come out of the general revenue.

I assume, then, on that different 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 with its competence, to which their competence would not be count on the thumbs of one hand. having been a House and have also seen the House turn down a rule; or amend a rule.

Mr. ANDERSON. I simply suggest to the able Senator from New York that I simply suggest to the Senate Chamber the social security approach, we must remember that the other Chamber, that has already acted quite contrariwise, to that approach in the bill it adopted; and that before there could be law, even if the bill should come to the House, there would simply have to be an agreement with one of the legislative Chambers, which has hardly shown itself, far, to be far from 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. 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 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 here, really look at the actualities, especially in this season, remembering that we are at the tail end of one Presidential administration and 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 that it will be very much against its becoming a law.”

I do not think the classic argument on that score is applicable to the existing situation, unless one wants 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, or any other issues, and similar ones must be considered to be on the most important level.

Mr. COOPER. Mr. President, will 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—as to 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], but I think that that was subsequently confirmed,

In his press conference of the other day—the last one he held—he said 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. McNAMARA. 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. That is correct. The upper limit is approximately $460 million; the lower limit is approximately $220 million. The so-called Kerr-Frear bill would cost $300 million, would it not?

Mr. McNAMARA. $200 million is the estimate set forth in the report.

Mr. McNAMARA. But I understand that the President would sign a bill of approximately $300 million, and thereafter the cost will drop.

Mr. JAVITS. I yield.

Mr. McNAMARA. Mr. President, will the Senate from New York yield for a question?

Mr. JAVITS. I yield.

Mr. McNAMARA. If the Senate 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 Senate 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. McNAMARA. The so-called Kerr-Frear bill would cost $300 million, would it not?

Mr. JAVITS. That is correct. The upper limit is approximately $460 million; the lower limit is approximately $220 million. 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 President would as readily veto a bill which called for that expenditure?

Mr. JAVITS. That is correct. The upper limit is approximately $460 million; the lower limit is approximately $220 million. The so-called Kerr-Frear bill would cost $300 million, would it not?

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Mr. JAVITS. $200 million is the estimate set forth in the report.

Mr. JAVITS. I yield.

Mr. McNAMARA. Mr. President, will the Senate 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.

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.

Mr. JAVITS. I stated to the press that it was my understanding that the Vice President supported this approach. I understood 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.
I started to develop this point before: As between Democrats and Republicans, the world is turned, says the Senate. —the Democrats are for a program, on the whole—I do not say every one of them will vote that way—which puts the Federal Government in the position of incurring the cost of the care which is done by 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 workers 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 uncer-tainly.

The amendment, in 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 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 options 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. It gives 45 days; unlimited ambulatory X-ray and laboratory services; unlimited organized home health care services; and skilled nursing home services, 12 days, office or hospital services, 45 days, unlimited ambulatory X-ray and laboratory services; unlimited organized home health care services; and skilled nursing home services, 12 days.

This is an extremely valuable and a very important plan, of which the individual, on a first-cost basis, with heavy emphasis on its preventive character. We estimate that package, and I have worked on this estimate 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 80 percent of the cost which is involved within those lower and upper limits of a minimum and maximum amount 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. Yes. Mr. BUSH. I thank the Senator.

Mr. JAVITS. I yield. 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 as to how 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.

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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 option provides the subscriber with the maximum benefit, which is not less than the minimum, but it may also go to a very attractive maximum. I shall detail the maximum.

The brackets of cost, as we estimate them now, are $20 for the minimum and $120 for the maximum each year.

Mr. President, the State can, in lieu of insurance to the extent of $250 deductible, utilize the additional money which it can get from the Federal Government and which it contributes to reduce the $250 deductible option. Is there an option to eliminate any State which prefers to utilize the Federal share and the State contribution in order to reduce the $250 deductible option? That is a very important point, since it will give great flexibility to the States.

On the other hand, a State chooses the maximum benefits, to which the Federal Government contributes, and it is exempt from the $250 deductible provision, keeping the 20 percent coinurance, then it can get the following benefits in its plan: Hospital care for 180 days skilled nursing home care for a full year. Surgical procedures of all kinds, laboratory and x-ray services without reducing the $250 deductible, and home care services. We would also open to every State the opportunity to contract with existing insurance plans and existing health plans of all kinds, laboratory and x-ray services not for the year or some time near to now. For example, some retired teachers of the Social Security Administration, pay 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 dissatisfaction, 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 it goes within the broad range of operations in the medical care field, which should 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, cooperatives, 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 want to encroach upon any other plan, and to make or plan a big national system. On the contrary, my amendment will provide unique cover of his own, 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,
social security approach, because it does not cover any 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 that the distinguished Senator from New Mexico had referred to the so-called social security establishment-and the Senator's plan as being a pay-as-you-go plan. Is it not true that the plan of the Senator from New Mexico is also a pay-as-you-go plan?

Mr. JAVITS. The Senator is correct. My plan is far more similar to the orthodox concept of what is meant by pay as you go than is actually covered by 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. Yet 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 speak of pay as you go.

I ask the question because we use the pay-as-you-go definition in ordinary municipal and State finance, I contrast pay-as-you-go through taxes against borrowing and then paying back later. That is the classic definition of pay-as-you-go. It assumes 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 on a year-by-year basis that they are presumably paid.

It is the intention of the Senator from New Mexico to do exactly that, 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 States are having great difficulty in this connection, in not being able to meet all the demands on them, the fact that the States are having great difficulty in this connection, in not being able to meet all the demands on them.

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 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 Governor Rockefeller.

Mr. ANDERSON. I have commended Governor Rockefeller for that. I have also commended him for 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 Recosa on Saturday, which I know the Senator from New Mexico will examine, if he has not already seen it, showing that there will not be a very appreciable burden on the States in terms of the plan. The Recosa indicated 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 Recosa 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, 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 with respect to the fact that is a free benefit—and I say this honestly, and no one need be a malingerer, after all. We have our share of them there, if I may, 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 position with respect to our approach to this situation.

Mr. President, I ask unanimous consent that we have printed in the Record 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 Recosa, as follows:

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<thead>
<tr>
<th>Program and year began</th>
<th>Number of States participating</th>
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<tbody>
<tr>
<td>1st year</td>
<td>By end of 2nd year</td>
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<tr>
<td>General health grants, 1958</td>
<td>All</td>
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<tr>
<td>Tuberculosis control grants, 1944</td>
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<td>All</td>
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<td>Extensive and improvement of medical facilities, 1963</td>
<td>All</td>
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<td>Maternal and infant health services, 1958</td>
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<td>Old-age assistance, 1956</td>
<td>All</td>
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<tr>
<td>Aid to the blind, 1950</td>
<td>All</td>
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<td>Aid to dependent children, 1951</td>
<td>All</td>
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<td>Blind and physically handicapped, 1952</td>
<td>All</td>
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<tr>
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<td>All</td>
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<tr>
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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, the maximum and minimum package basis. I respectfully suggest that as we go through these States, that the 75-per-cent participation, which is the basis estimated for me by the Department of Health, Education, and Welfare, it is found that, except for the 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? 

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, anesthesiology, physiotherapy, diagnosis, treatment, and care of sick persons—shall be carried on by private physicians, or will they be carried on by nursing effort?

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, anesthesiology, 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 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 staff?

Mr. ANDERSON. If the individual engages an anesthetist by 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, 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 technician is licensed and the hospital does not have a contract with him? 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 that 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 investigating the operations of hospitals, that the matters about which we are talking are medical services which require a licensed physician.

Mr. CURTIS. In that case, who selects the doctor?

Mr. ANDERSON. The distinguished Senator from New Mexico will find that he investigates the operations of hospitals, that the matters about which we are talking are medical services which require a licensed physician.

Mr. ANDERSON. If the Senator will simply stay with the term "diagnostic X-ray," he will be investigating the operations of hospitals, that the matters about which we are talking are medical services which require a licensed physician.

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 himself will be able to do with the selection of those doctors. Is that not correct?

Mr. ANDERSON. On the contrary, the patient has the final 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
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 practically assumes that the law is written so 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 doctor wants to go into a hospital 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 shouldn’t 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 amendment 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. 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, 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. It cannot 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 the patient will have to pay it.

Mr. CURTIS. But the X-ray diagnostic work will be done by the physician or the specialist who 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 receive the equivalent of hospital care for a small fee, I do not believe that the Senator from Nebraska has ever made provisions for him to 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 turns on 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 its contract, and the hospital will make its contract with the Secretary.

Now I wish to turn to another matter.
Mr. ANDERSON. That is correct.

Mr. CURTIS. Line 8 says the person must have attained age 65; and line 9 and 10 use the words: "is entitled to medically indigent 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 $2,000, and he would be entitled to receive these hospital benefits, would he?

Mr. ANDERSON. That is correct.

Mr. CURTIS. 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, will it be in addition to the provision of the committee bill, will it add?

Mr. ANDERSON. That is correct.

Mr. CURTIS. Will an individual be entitled to draw benefits under both provisions?

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 pay the costs of his medical expenses. 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 system, if both of them become law, 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 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 committee bill, 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 in effect creating a system of Government medicine, channeled through the hospitals. Under which a hospital must have a contract with the Secretary, and the hospital has a right, upon notice, to take the contract away, and that as a part of those hospital services there will be certain Government medical care, and it will be the hospital which is under contract to the Secretary that will select those documents.

Mr. ANDERSON. Certainly; I am glad to have the Senator from Minnesota do so.

Mr. McCARTHY. And if, following my amendment, 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 medical care.

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 provided by the committee bill, and an individual would not draw double benefits, but, depending on State progress, and 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.

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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 persons, 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 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 65 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 65 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 65. 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 call-
SOCIAL SECURITY AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (HR 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. EVANS), and the distinguished Senator from Oklahoma (Mr. KEAN), 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

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Mr. President, the third of the editors touches me even a little more closely to the heart, 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 must confess that the whole editorial, which appears in today's issue of the New York Daily News, was written 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:

Preliminary Folks and Doctors

"When we asked the respondents: 'Do you have any medical needs now that are not being taken care of?,' 82 percent said, 'No.' However, for the remaining 8 percent who knew of some unmet medical needs, we have to distinguish various reasons for the failure to relieve the need. Financial reasons were the least important one."

The second from a preliminary report on elderly Americans' medical needs, or lack of them, by Profes. 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.

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 would 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 investment 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 shrinking 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 postpone ment of this welfare effort 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 herein in 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 the views of many scientists of the very first rank in the field of gerontology. They were also able to discuss health prob-
works of many minds. The bill is a solid and fluidly flowing document. It is a 1 percent increase in the social security tax on the employer and employee in its first 10 years of operation, and an additional one percent on each of the next 10 years after 1972. This is not the problem but by the myth of the level-premium concept but 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 fiscal 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 costs of the next 100 years. Because of this financial limitation, I have joined Senator Anderson 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 emphasizes 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 two goals and criteria I set forth earlier, but within the level premium of one-half of 1 percent of payroll 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 emphasizes excessive use of hospitalization and institutionalization. At this point I ask unanimous consent to include a memorandum explaining the details of the bill.

Second, it continues the means of charity test approach to 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 of charity test approach to public assistance. We need, however, to add—as a complementary bill—the Anderson-Kennedy social security approach.

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Second, it continues the means of charity test approach to public assistance. We need, however, to add—as a complementary bill—the Anderson-Kennedy social security approach.
Mr. President, I ask unanimous consent to place in the Record, following my name, 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 McAlhama

The August session of Congress has convened with one of its major purposes being the consideration of a new and expanding role for government-sponsored programs of financing the basic health needs of America's aged citizens. Responsible Senators and Congressmen, in both parties, 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 low income status of the aged, especially in the upper "old age" brackets incurring much of the chronic illness, and (2) the difficulty, if not the impossibility, of using unenrelished assets to pay the high costs of adequate medical attention.

I have documented these points in a detailed speech on June 2, 1960. While fully recognizing the positive role played by nonpublic insurance programs in protecting the vast majority of young 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 condition 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 per year 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 the 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 cost of 1 percent of taxable payroll (three-eighths of 1 percent for self-employed). It would provide a sound foundation—for a preventive and rehabilitative medical approach to the health problems of nursing home care or hospital care, for provision of diagnostic services, skilled nursing homes, and home health care would be an increasing strain on the rational and efficient use of hospital beds.

It should be noted that the benefits provided under S. 3503 are exhaustive: For example, all physicians' and surgeons' fees are excluded, as are dentists' charges; costs beyond 90 days for any patient (or equivalents in nursing home days or home health care) are not provided; a portion of the costs for drugs and medicines would still have to be paid by the patient.

In other words, we are talking only about a foundation of sound and balanced health services programs. We are not talking about the old-age benefits under the social security system itself (which was established on August 14 of this year) established for retirement income, on top of which private pension programs and savings have been expanding ever since. By using the same administratively efficient and inexpensive mechanism of the social security system, working people would contribute their life in their productive years toward a fund that would provide them with basic medical benefits when they have retired—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 experimental health and medical insurance through private channels. From a dollars-and-cents point of view, the millions of older men and women with adequate protection today (or none at all) are not, in my experience, 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 provide security 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 programs, as a matter of fact. It would thus be possible for millions of older persons (and their adult children) to purchase, for very low cost, additional insurance for physicians' and surgeons' fees, private hospital room costs, private nursing care, and truly catastrophic, large medical expenses, from private plans.

There are other potential effects of Federal legislation for basic health protection of the aged. For example, a veteran 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 it would have room for improvement in such programs.

I am convinced also that if a worker knows his future health expenses during and after retirement are assured, he will be in a better position, and he will be more willing to pay for his insurance 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 preparing 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 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. As one 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 to health care, and an 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. McGann] and the junior Senator from New Mexico [Mr. Anderson].
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. It clearly 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 the sociologists with regard 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 they eliminated from the study. Yet this group represents 18 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 aged population, but a certain 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 published 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 needs, 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 those sampled 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 40 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, and so obvious that any sociologist having any claim to recognition or a status in the medical profession should not 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 have medical needs. Secretary Flemming's Department of Labor Statistics of the Department of Labor reports only 20 percent of the aged 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 the sample 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 inaccurate surveys. Apparently, the Emory sociologists were not 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 people, 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 public issued by way of news releases by the American Medical Association. Apart from the matter of the distorted sampling covered in the report, there is still the 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 percent of the aged have no unmet 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 13 or 28 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" and get a sociologist to do it. In this case, they take the position that the sociologists could take a study of this nature 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. Is not 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 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, 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 and actual medical need as determined by thorough clinical examination of the persons making their own self-evaluation in oral interview.

The results of the 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., P.E.; Dr. Jack Elinson, Ph. D., a recognized national expert on interviewing techniques, also at Columbia University; and Dr. Morton L. Levin, M.D., assistant commissioner, New York State Department of Health. The article appeared in the February 18th 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 per cent) of the conditions found by clinical evaluation was matched with conditions reported in the family interview. This proportion of match is not supported by the overwhelming proportion of the House of Representatives, is a very costly bill.

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 which presumably 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. I turn to another sentence in the report:

Yes, 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 given better medical care for the elderly people in our population.

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. I yield.

Mr. GORE. How would the Senator explain the concern we find so widespread throughout the country and in both Houses of Congress in regard to the enrollment 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 morning I did not have the benefit of the information in that article which was added to the record, or the most of it. At least of it. The pending bill, which is one of wide scope and relating to putting it under social security, we might carry it further and 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 acceptance of 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 wanted a great deal of government intervention and are unable to provide for it.

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.

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Mr. McCARTHY. That is correct. I turn to another sentence in the report:

Yes, the committee has certainly shown great concern for a need which has not been shown to exist.
Mr. McCARTHY. It is difficult for me to explain that, because, tradition-ally, someone in the position in which I find myself would say that an individual would be paid according to ability and would receive according to need. The Senator and I were not present when that reply was made—no, I will not say shocked, but surprised when the Secretary of Health, Education, and Welfare, 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 anti-socialistic because in this instance we favor incorporating this system into the social security system, 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 com-mittee. If we look at the taxes the ad-ministration has proposed this year, every tax the administration has pro-posed has been in the nature of an ex-cise 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 it is fair to say, with regard to taxation, it was a matter of expediency. I think it was at a period that had no 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 pre-sented to us in committee, even though we finished hearings on this bill last week.

Mr. GORE. Is that not another ex-ample of a whole series of tartty acts?

Mr. McCARTHY. The Senator is quite correct.

There are other studies by definitely established reputable agencies and re-search organizations, whose findings re-fute and cast strong doubt on the validity of the AMA-advertised Wiggins-Schoeck sample. For example, was established by the Congress to collect accurate—repeat, accurate—information on the health of the popula-tion, the results of that continuing sur-vay 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 popula-tion 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 hos-pitals as people who make up the general population.

Mr. President, I do not wish to be-long 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 of taxation goes on. I wish to quote from some of the lead-ing 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 President. 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 Giss 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, in a sense, the financial "elite" of the older population. * * * The AMA news release, intentionally or otherwise, ignores the qualifications of this sample. 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 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 Missourian, Aug. 10, 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 age discrimination, I had no responsibility for supervising the interviewing of a sample of rural resi-dents in Missouri. I made no responsible statement, whatever for any analysis made of the data or any conclusions by other persons.

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...No one, however, benefits from the continued process of industrialization, because it is increasingly difficult to become depressed.

...The increased representation of the public in the hospitals and the medical profession as and prompt Blue Cross applicants with the increased costs of hospital services given Blue Cross subscribers-which they have not been able to do...Imposing changes in Blue Cross operations.

...result in penalizing efficiency and substandard care..."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..., which has become depleted-coal miners...is of little comfort to those families earning more than $2,000 a year-71 million, according to...The problem we face has been complicated by the fact that modern trends are operating in most cases the jobs simply are not there. Men who have spent much of their working lives...thrown out of work by automation and depressed communities turned into...
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 on the 1930 census show that the migration rate among families with children is less than half the rate of families without children in comparable age groups. Industrial and personnel practices are also designed to reduce mobility. Insistence 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 migrant worker.

"A worker takes obvious risks," the report states, "in moving to a new location. Usually a person who becomes unemployed puts all his efforts and financial resources into looking for work at home, relying on unemployment compensation for temporary support. By the time he decides there are no local opportunities he is near end at his financial reserves. A West Virginia witness puts the predicament this way: 'It's hard to get some place when you ain't got no money. It takes a little money to go some place. He may have to give up his job, take off miles away, but he knows from the experience of others that he will be the first one to go. If he is an older worker, he will have difficulty finding any work at all. He knows he is unsuccessful, he will have, in addition to the expense of moving his family to the new location, the expense of moving in again. Of course, he can go on alone, but this means family separation and perhaps family dissolution. 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 McCarran'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 pays. They want work that pays nothing. They are merely set up as a plan for assisting them to do nothing. 'A man came into the office not long ago and said, 'I have no job, no money, 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 high school and they can't go to school because they don't have shoes.'"

"A draft is dilapidated shack with large families living in one room with no windows. The school facilities are the laborer's private property that are so filthy that many use the ground. The toilet facilities are outside faucets with water in the winter in which should little children be forced to live in such filthy surroundings. The children 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, inadequately housing, unsanitary facilities, etc. " Nothing is done to help them occupational-.ly—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 children live to be of school age, they might 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. He is the only piece of property that he will ever own will be his grave. Right here because I am still haunted by the remembrance of a day 10 years ago when I found a dead mother 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. It is the 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 as a result 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.

There 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 enforcing prices upward by encouraging marginal farmers to leave the land and seek jobs elsewhere. Industry, however, has been unable to absorb these displaced farmers, and they have, instead, joined the ranks of the farm laborers.

We Americans are prodigous capital builders, but in our preoccupation with stocks and bonds and companies—a field where 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 to the point of strangling forward work projects. But programs of this sort, though necessary in a society beset by periodic economic readjustments that cannot 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 depressed areas unless there are economic incentives for them to do so. Cheap and abundant power and water, freedom from floods and droughts, adequate transportation facilities and pleasant surroundings are some of the incentives which all smart 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 the present legislation should not discourage Americans from formulating for a bold, imaginative national approach to the problem that has not been left far behind in the Nation's march toward influence.

[From The St. Paul, Minn.) Sunday Pioneer Press, Aug. 21, 1938]
The rural survey was made under the overall direction of one of the authors who was serving also as director of the Hunterdon County Medical Center. The National Opinion Research Center participation has been guided by a senior study director.

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 1966. 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 and accurate determination of prevalence and incidence in the population at large.

How valid are the statements made in household interviews and by physicians named as attending the reported conditions? How valid are the statements of abiding conditions as 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 49 square miles of its 264 square miles area of farms, woodlands, small boroughs, rural townships, and a few small industries. In the 1930 census (total population 21,580) major farm areas were 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

[Dr. W. Busse, chairman of Duke University Medical Center's Department of Psychiatry, that the proportion of elderly people in our mental hospital is increasing at an alarming rate.

Dr. Leo E. Bartelsmeyer, medical director at Seton Psychiatric Institute 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 65 years old. Thirty percent are over 65. In New York State, for example, nearly 30,000 out of the State's 80,000 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 patients are genuine cases of mental illness—and how many are merely custodial cases, heartlessly dumped into the hospital in the cheapest and easiest way out—is anybody's guess.

Dr. Winfred Overholser, 68, longtime superintendent of the State's St. Elizabeth's Mental Hospital in Washington, D.C., told the writer: "There is a suspicion 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 Ellison, 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 here 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.

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 initial urban survey in Trenton, N.J.

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 analyses 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 contribution to the commission to enable completion of the urban survey.

Morton L. Levin, M.D.
approximately 25 general practitioners; 12 school and public health nurses; 2 small voluntary agencies (dental and tuberculosis); and 2 specialists (motel). The county had no community hospital, no health department, no diagnostic facilities, and no specialists practicing within its boundaries.

Detailed population analyses are not essential to the report. However, for comparison with the State as a whole, Hunterdon's 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 or rural residents.

**SURVEY PLANS**

The survey steps as planned and the principal reasons for their inclusion are summarized as follows:

Phase 1: A selective self-administered questionnaire was undertaken for two reasons. First, it was felt that the usefulness of such a questionnaire: second, to give every resident in the county an equal opportunity to participate in the survey. As a result of the development of policies governing their local medical center based on findings of the survey.

Phase 2: It was felt 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, or more than 45,000 persons.

Phase 3: Focusing on the self-administered questionnaire, the county population was to be surveyed on a 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 health history of the household. The questionnaire attempted to secure as much information as possible about the family and the patients. It was felt that this information would be helpful in the planning and evaluation of programs.

Phase 4: 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 find out whether the information which the physicians named by a sample of the individuals reporting illnesses. The information was primarily diagnostic in character, and it was expected to provide a basis for later studies. The questionnaire addressed to the physicians included a statement urging the public to cooperate and to help establish the credibility of the project. The questionnaire was distributed in the spring of 1960, with a code number assigned to each physician who was to be interviewed. The questionnaire included questions about the patient's diagnosis, the patient's name, the patient's age, the patient's sex, and the patient's address. The questionnaire was returned to the medical center, and the names and addresses of the patients were recorded. The physicians were asked to return the questionnaires to the medical center within 30 days. The questionnaires were then pooled, and the data were compiled and analyzed. The results of the survey were reported in the spring of 1960. The results of the survey were reported in the spring of 1960. The results of the survey were reported in the spring of 1960. The results of the survey were reported in the spring of 1960.
All physicians received identical explanatory and followup letters and returned the forms with an hourly equally high degree of completion.

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 I 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.

A total of 4,246 Hunterdon families were interviewed by 53 trained and supervised interviewers, the interviews requiring from 30 minutes to 6 hours and averaging about 1.5 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 946 representing 72 percent of all whose names were drawn. This degree of success was achieved after 11/2 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) 26 formal consultations and 1,105 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 3-team conference resulted in an extensive schedule of evaluation which is the basis for the next two comparisons with data previously secured through house- hold interviews.

Although the survey will report in large measure on prevalence data and needs for care, references are made here only to some problems of measuring morbidity. These comparisons provide a substantial basis for estimating overenumeration and underenumeration in morbidity surveys when a multi-approach 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 1. Relative productivity of 2 types of written questionnaires sent to physicians named in household interviews as having attended respondent reported conditions

<table>
<thead>
<tr>
<th>Degree of agreement between patient and physician</th>
<th>Form A—Physictrians informed of diagnoses reported by patients</th>
<th>Form B—Physictrians not informed of diagnoses reported by patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfect</td>
<td>250</td>
<td>175</td>
</tr>
<tr>
<td>Good</td>
<td>196</td>
<td>134</td>
</tr>
<tr>
<td>Fair</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Poor</td>
<td>17</td>
<td>32</td>
</tr>
<tr>
<td>Bad</td>
<td>25</td>
<td>94</td>
</tr>
<tr>
<td>Total</td>
<td>456</td>
<td>424</td>
</tr>
</tbody>
</table>

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—73 and 72 percent, respectively.

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) 26 formal consultations and 1,105 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 3-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, references are made here only to some problems of measuring morbidity. These comparisons provide a substantial basis for estimating overenumeration and underenumeration in morbidity surveys when a multi-approach questionnaire is used in household interviews.

### Table 2. Validation of household interviews by medical examination of a sample of respondents (total 816)

#### A. PROPORTION-OF-MATCH FOR FAMILY REPORTED CONDITIONS WITH SUBSEQUENT MEDICAL DETERMINATION

<table>
<thead>
<tr>
<th>Order</th>
<th>Classification of condition (all conditions reported in family interview)</th>
<th>Percent matching clinically evaluated conditions (un-weighted)</th>
<th>Total cases reported in family interview (un-weighted)</th>
<th>Order</th>
<th>Classification of condition (all conditions reported in family interview)</th>
<th>Percent matching clinically evaluated conditions (un-weighted)</th>
<th>Total cases reported in family interview (un-weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Diseases of the eye</td>
<td>93</td>
<td>143</td>
<td>14</td>
<td>Other diseases of the digestive system</td>
<td>48</td>
<td>171</td>
</tr>
<tr>
<td>2</td>
<td>Mental, psychoneurotic, and personality disorders</td>
<td>28</td>
<td>38</td>
<td>15</td>
<td>Diseases of the nervous system</td>
<td>45</td>
<td>32</td>
</tr>
<tr>
<td>3</td>
<td>Diabetes diabetes</td>
<td>39</td>
<td>39</td>
<td>16</td>
<td>Diseases of the skin and cellular tissue</td>
<td>52</td>
<td>74</td>
</tr>
<tr>
<td>4</td>
<td>Rheumatic fever and heart disease</td>
<td>29</td>
<td>29</td>
<td>17</td>
<td>Symptoms,anity, and other defined conditions</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td>5</td>
<td>Nephritis</td>
<td>42</td>
<td>42</td>
<td>18</td>
<td>Injuries and poisoning</td>
<td>35</td>
<td>205</td>
</tr>
<tr>
<td>6</td>
<td>Other diseases of the circulatory system</td>
<td>34</td>
<td>34</td>
<td>19</td>
<td>Diseases of the respiratory system</td>
<td>22</td>
<td>223</td>
</tr>
<tr>
<td>7</td>
<td>Diseases of the heart</td>
<td>41</td>
<td>41</td>
<td>20</td>
<td>Other diseases of the blood</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td>8</td>
<td>Abnormalities of the convolutions</td>
<td>42</td>
<td>42</td>
<td>21</td>
<td>Infective and parasitic diseases</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td>9</td>
<td>Other aberrations, metabolic, and nutritional diseases</td>
<td>42</td>
<td>42</td>
<td>22</td>
<td>Total</td>
<td>67</td>
<td>2,366</td>
</tr>
<tr>
<td>10</td>
<td>Diseases of bones and muscles of movement</td>
<td>27</td>
<td>27</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Dental and other diseases of barded cavity and enamel</td>
<td>02</td>
<td>02</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For convenience and ease of reference we may consider all classifications of family reported conditions into four groups (according to overall proportion of match): well matched—50 percent or more; partially matched—30-50 percent; and badly matched—less than 25 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 compared to match clinically evaluated conditions established 20 months after the family interview. We found, therefore, relatively "bad" proportions of match for infective and parasitic diseases, diseases of the respiratory system, injuries and poisoning, and diseases of the skin.

Vaguely reported conditions, including symptomatographic descriptions, are also relatively "badly" matched with clinically evaluated conditions. Reported anemia, too, are relatively "badly" matched.

Conditions which were characterized in the family interview by some kind of seriousness, such as "keeping a person from his ordinary activities yesterday" or "leaving a hand up or defect" or "ill behavior" were less likely to be overreported. Similarly hospitalized and medically attended conditions were less likely to be overreported.
B. Proportion of match for conditions found by medical examination of 86 people with conditions previously reported by family (for conditions believed by clinician to have been present in period covered by family interview)

### Table 3

<table>
<thead>
<tr>
<th>Classification of condition</th>
<th>Percent matching family reported conditions (weighted)</th>
<th>Total found by clinical evaluation (unweighted)</th>
<th>Classification of condition</th>
<th>Percent matching family reported conditions (weighted)</th>
<th>Total found by clinical evaluation (unweighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diabetes mellitus</td>
<td>64</td>
<td>20</td>
<td>Diseases of the eye</td>
<td>29</td>
<td>479</td>
</tr>
<tr>
<td>Disease of the ear</td>
<td>58</td>
<td>20</td>
<td>Infective and parasitic</td>
<td>16</td>
<td>175</td>
</tr>
<tr>
<td>Allergic diseases</td>
<td>54</td>
<td>20</td>
<td>Diseases of skin and cellular tissue</td>
<td>20</td>
<td>175</td>
</tr>
<tr>
<td>Heart disease and rheumatic fever</td>
<td>54</td>
<td>20</td>
<td>Dental and other diseases of biliary tract and esophagus</td>
<td>20</td>
<td>175</td>
</tr>
<tr>
<td>Anemias and other diseases of the blood</td>
<td>29</td>
<td>20</td>
<td>Diseases of endocrine system</td>
<td>11</td>
<td>152</td>
</tr>
<tr>
<td>Diseases of the respiratory system</td>
<td>29</td>
<td>20</td>
<td>Other impairments, including mental and psychoneurotic</td>
<td>10</td>
<td>66</td>
</tr>
<tr>
<td>Injuries and poisons</td>
<td>37</td>
<td>20</td>
<td>Other endocrine, metabolic, and nutritional diseases</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>Other diseases of the digestive system</td>
<td>32</td>
<td>19</td>
<td>Symptoms, senility, and other ill-defined conditions</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>Diseases of the circulatory system</td>
<td>29</td>
<td>20</td>
<td>Special examinations</td>
<td>4</td>
<td>41</td>
</tr>
<tr>
<td>Mental, psychoneurotic, and personality disorders</td>
<td>23</td>
<td>19</td>
<td>Total</td>
<td>22</td>
<td>3,169</td>
</tr>
</tbody>
</table>

### 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 86 respondents (unweighted data)

<table>
<thead>
<tr>
<th>Order</th>
<th>Classification of condition</th>
<th>Number reported</th>
<th>Number found</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Diseases of the eye</td>
<td>24</td>
<td>17</td>
<td>-7</td>
</tr>
<tr>
<td>2</td>
<td>Mental, psychoneurotic, and personality disorders</td>
<td>24</td>
<td>17</td>
<td>-7</td>
</tr>
<tr>
<td>3</td>
<td>Injuries and poisons</td>
<td>23</td>
<td>16</td>
<td>-7</td>
</tr>
<tr>
<td>4</td>
<td>Other diseases of the circulatory system</td>
<td>20</td>
<td>16</td>
<td>-4</td>
</tr>
<tr>
<td>5</td>
<td>Diseases of the digestive system</td>
<td>18</td>
<td>16</td>
<td>-2</td>
</tr>
<tr>
<td>6</td>
<td>Mental, psychoneurotic, and personality disorders</td>
<td>20</td>
<td>16</td>
<td>-4</td>
</tr>
<tr>
<td>7</td>
<td>Nervous diseases</td>
<td>18</td>
<td>16</td>
<td>-2</td>
</tr>
<tr>
<td>8</td>
<td>Diseases of the endocrine system</td>
<td>18</td>
<td>16</td>
<td>-2</td>
</tr>
<tr>
<td>9</td>
<td>Allergic diseases</td>
<td>16</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>Other impairments, including mental and psychoneurotic</td>
<td>15</td>
<td>16</td>
<td>+1</td>
</tr>
<tr>
<td>11</td>
<td>Others, endocrine, metabolic, and nutritional diseases</td>
<td>12</td>
<td>16</td>
<td>+4</td>
</tr>
<tr>
<td>12</td>
<td>Diseases of the endocrine system</td>
<td>12</td>
<td>16</td>
<td>+4</td>
</tr>
</tbody>
</table>

**Comment**

The data presented here are subject of course to much explanation which will be included in the final reports. 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 Honolulu 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 have some implications for chronic disease household inquiries may be expected at best to provide minimum estimates of morbidity.

**Exhibit 2**

*The Columbia Missourian of August 16 carried a news story concerning a research project conducted at the Missouri State Hospital, in which 128 patients 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 capable of 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 86 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 persons. 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 satisfied the conditions required by 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.

I was present at the unauthorized use of my name in AMA propaganda.

Sincerely,

NOEL P. GEST
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 the 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 supplying 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 sons 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 necessary endorse the conclusions that were drawn from this study. Yet the news release, by implication of my name as a professional sociologist and also of the names of several other sociologists, undoubtedly left the impression that I endorse the conclusions presented in the news release of the AMA. This is entirely misleading. I do not agree.

I also wrote a letter to the editor of the Christian Science Monitor on June 30, 1960, informing them of the misuse of my name.

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 source of income, assets, health status differ by as much as 100 percent from those reported by other studies conducted during the last decade and from figures available through such standard sources as 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 and conclusions reported. That the method and nature of the study should be subjected to careful scrutiny is, I believe, true, as has been reported.

Two other points: I should not have undertaken it as an assignment. If I had known of the study this sample was to be used for political propaganda I should not have undertaken it as an assignment.

August 17, 1960.

INTERNATIONAL ASSOCIATION OF GERONTOLOGISTS

Mr. Sidney Spector
Chief Staff Investigator, U.S. Senate Sub-committee on 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 source of income, assets, health status differ by as much as 100 percent from those reported by other studies conducted during the last decade and from figures available through such standard sources as 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 and conclusions reported. That the method and nature of the study should be subjected to careful scrutiny is true, as has been reported.

Two other points: I should not have undertaken it as an assignment. If I had known of the study this sample was to be used for political propaganda I should not have undertaken it as an assignment.

August 17, 1960.

Very truly yours,

NOEL P. GEST
Professor of Sociology
I must report that I was appalled to read the statement which I was to be of great importance 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 sociological research. 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 am aware that a press release had been prepared and distributed prior to the presentation of the paper; this press release, one of the staff of the congress, and I do not know who did prepare it. The release was couched in such terms, however, which made it appear that there were motivations in its preparation that in fact existed. Indeed, I regretted at that point that I had been so naive as to have accepted the paper without having seen it in advance.

When the paper was actually presented, there was a reaction on the part of the audience, striking its unscientific character, and the ease with which Wiggins and W. A. S. [names redacted] endeavored to reach conclusions. The survey was badly designed, poorly conducted, completely mislead and generalizable. 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 summary, it is totally discrepant 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 judging them on the basis of their possible inclusion in a volume of selected 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 it inappropriate to do so. I have been so naive as to have accepted the paper without having seen it in advance. I am pleased that the committee has recognized this problem and has taken steps to alleviate the burden on those who wish to continue to work after reaching eligibility age. I would, of course, have earned 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 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 a sense of purpose, but he is penalized by reducing his social security benefits if he earns $2,100 a year or less. 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 how we have done a social care program in handling a difficult and controversial subject. I support the committee's recommendations on medical care. I am aware of the fact that the committee has taken the right approach to handling the medical care problem of the aged.

Before I discuss the medical care features I wish to voice my approval of the provision in the bill increasing the limit on social security benefits 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 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 a sense of purpose, but under the existing law he is penalized by reducing his social security benefits if he earns $2,100 a year or less. 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 how we have done a social care program in handling a difficult and controversial subject. I support the committee's recommendations on medical care. I am aware of the fact that the committee has taken the right approach to handling the medical care problem of the aged.
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 funds 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 do 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 $335 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 $215,000 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 unfortunate 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.
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 years for those who are retired 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 care 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 dramatically reduced income, just when health problems become more serious and more frequent for people who, 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 may 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 of several years. I am a pharmacist myself. I believe that I have more than a mere layman's interest in hospital care.

The McNamara proposal is the best 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 the social insurance system, with contributions made during a person's working life and paid for food and shelter.

I am pleased to note that the Finance Committee has given favorable consideration to the bill that has been introduced. It seeks to raise 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 respective Medical 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, with any deductions or adjustments, and at the same time will be able to add to income some $1,800 a year which will help 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 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 last year by Representative Amos Fortan in the House, and by myself in the Senate. My own proposal was similar to the Fortan 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 revision of the amendment represents the thinking of a number of us in the Senate who wish at least to get at a beginning of a program which 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 our elderly people in 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 in 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 65 or more who are eligible for OASDI benefits, or about 2 out of 5 persons over age 65.
- **Benefits:** Up to 200 days of hospital service, with the patient paying the first $5 each day. Up to 240 days of skilled nursing home care. Up to 500 home health visits. Diagnostic and professional services, including X-ray and laboratory services.
- **Costs and financing:** Long-range cost of one-half of 1 percent of taxable payrolls to provide long-range funding; contributions required to be covered completely by increases of one-fourth of 1 percent in contribution of employed and the 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, 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 life.
years so that benefits received in the retirement years can be earned again under a sound social insurance program.

We must force elderly American citizens into overcrowded charity wards in hospitals and nursing homes when the savings of a lifetime are wiped out by unnecessary medical care or hospital bills. 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 and security for American 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 in-adequate if families. 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
LARGE AND CONCERNED
LABOR AND COUNCILS OF
EMPLOYERS, ORGANIZATIONS.
WASHINGTON, D.C., AUGUST 19, 1969.

HON. HENRY R. LANTZ,
SENATE OFFICE BUILDING,
WASHINGTON, D.C.

DEAR SENATOR LANTZ:

On behalf of over 13 million American workers and their families, we urge you to support the Anderson-Kennedy-Humphrey amendment as an addition to the Finance Committee social security bill. Health care for the aged this bill is limited to slight improvements in the present public assistance programs or provision of a "new medicaid 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-Humphrey 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 our social security system, we would be providing health care both for those in the social security system and for those who are not presently covered. By making 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 upon our sound system of social insurance. The Anderson-Kennedy amendment is the way to do it.

Sincerely yours,

George Meany, President.
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 to even apply for non-service connected sickness or disability. 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 the social security payments between veterans' hospitals. They have felt the care which would be necessary other requirements of veterans' hospitals. They are admitted to veterans' hospitals for non-service-connected sickness or disability. 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 incomes and income necessary to provide the best 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 any person could make more than $1,800 a year in addition to social security 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 was 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 $150 a month in social security income, that person would have net income of $1,950 a year. In that case, 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 more than $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 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 196, line 21, paragraph 2: (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 under the welfare department, he cannot be classified as needy.

The language 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 cost, eventually, as much as the Gore proposal, because the cost of doctors and the retirement benefits. In the committee bill there 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 care for 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' hospitals as being as robbing the veterans of their pride and their self-respect? Not at all. Veterans who are not recipients of the pensioner dispenses with the relative responsibility requirement in the case of 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 incomes and income necessary to provide the best care for himself, it will tremendously increase the cost of the program we wish to undertake.
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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 by way of the Anderson amendment 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 1968-9 years from the present proposal—our existing benefits will cost 4 1/4 percent for the employer and 4 1/2 percent for the employee; 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. 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 will not have to pay any social security tax on any part of his income which exceeds $4,800 annually. If 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 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, the cost will be astronomical.

At this point I should like to read from page 8 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 States have 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.
(b) Skilled nursing home services, up to 240 days.
(c) Home health services by a nonprofit or public agency up to 365 visits.
(d) Outpatient services, including X-ray and laboratory services.

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.

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:

"Skilled nursing home services, up to 240 days."

Is there in the committee bill any limitation such as one of 240 days on the skilled nursing care in nursing homes? Mr. LONG of Louisiana. No, there is not, so far as I know.

Mr. GORE. I proceed:

"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;
Mr. GORE. I believe that the program in 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. HUX- PANS). The Senator from Longioun has the floor and that he is most gra-duously 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.

The President's courtesy has caused me to forget what I was about to say.

Mr. GORE. 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 opera-tion, 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 home 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 substan-tial. 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 ex-pense, standing alone, even though the pressure is on the State to try to keep its costs in line, and the cost of private hospital treatment, means that the cost of treatment in a State hospital will ex-cede the cost of treatment in a private hospital, but over a period of time the number of hospital days, and nothing else.

Let us talk about the aged for a moment. That is true with respect to sending an aged person back to a home. Many of the diseases and ill-nesses 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 per-son 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 use those 120 days if the old folks feel they would be bur-dened on their back for a short period of time after they return. But there is a difference in providing a program under which we provide or provide all the medical care necessary to anyone who is not in a position to provide for the cost. One factor that will help re-dress the cost is that in 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 pro-viding funds at the Federal level, and all we have to do is provide additional incentives to try to provide higher bene-fits under the social security system, I am sure that we will be able to provide hospitalization for those below 60 who are disabled, and, in short order, for those who are below 60 who are not dis-abled, and after a while we will be pro-viding hospitalization for people at any age.

Starting with the premise of the An-derson amendment that the Government pays for it whether the person is needy or not, and a person has it available to him whether 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?
other States, would certainly undertake vastly to liberalize the program, so that an equity 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 30 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 person who is 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, could not qualify for it.

The committee bill represents a tremendous increase in the hospitalization service, 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 of how much they can afford. We are compelled to think in those terms, when we ask, "Can we afford to do this each year?" and "Can we afford an income limitation?" If we eliminate the $1,800 earned-income limitation, it will mean 1-percent additional hidden sales tax for 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 workman, be he a member of an organized union or not, other than the union leaders themselves, appeal to me to wish 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. McNAMARA. The people, generally speaking, do not wish to have this approach.
Mr. LONG of Louisiana. And the consumer is the employee.
Mr. McNAMARA. Yes. The people, generally speaking, do not wish to have the present social security law.
Mr. LONG of Louisiana. I am in a position to tell a workman 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, $250 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. That is the 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 earn."

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. 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 taxes can be.
Mr. McNAMARA. Very well.
Mr. LONG of Louisiana. It is non-progressive. 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. He has no income. He does not get even a deduction for a wife or child.
Mr. McNAMARA. Would the Senator advocate that we have the social security system go under the general fund?
Mr. LONG of Louisiana. I yield.

Mr. McNAMARA. One-fourth of 1 percent for the employee, and one-fourth of 1 percent for the employer, or a total of one-fourth of 1 percent. However, this is only the beginning.
Mr. McNAMARA. Mr. President.
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. McNAMARA. Mr. President. What did the Senator advocate for persons not covered under social security?
Mr. McNAMARA. My bill included them.

Mr. McNAMARA. Mr. President. 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 along those lines. 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 eligible to receive care. He got this care provided for. He did not wish to tax the workingmen to provide that service. Instead, he preferred to take the money from the general revenues.

Mr. HUMPHREY. Mr. President, will the Senator yield?
Mr. McNAMARA. We are going to take care of those who are already retired, but who have not paid anything into the fund to take care of the 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. McNAMARA. 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 treated.

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. McNAMARA. Mr. President. 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 also have an income tax.  

Mr. HUMPHREY. That is a regressive tax, is it not?  

Mr. LONG of Louisiana. It is not as regressive as 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 ask for 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 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 provide for the Federal Government in an overall program to provide for the care of the needy persons. With regard to the 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 estate 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 his 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, 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 States would get the additional money that they require.  

Mr. HUMPHREY. Yes. I wish to add that the former Governor, Earl Long, contributed also.  

The Senator from Michigan asked if we would get the additional money if the States would get the additional money, if we were to have additional services for 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.  

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 educational program, or a more complete 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 benefit levels, the social security tax has been levied. At one time the social security tax was levied upon income tax much lower than $4,800. Now the limit 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. I do not depart completely from a stand on 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. 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 committee and the Senator's amendment or the committee bill is a factor with which we are concerned as to the need of the patient himself to keep them down, not his relatives, 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.

The same situation is true with respect to other ailments. It is due to 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 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 is at a time when his earning capacity is lowest. The record shows that four out of five people aged 65 have an income of under $1,000 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 is a limitation of the amount of money, of how long a person can 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 of the cases employers let the employee stay on the payroll. He is drawing some income, and he is able to pay the medical 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 65 or 63. But if he is talking about a person who is 75, it is a fine thing if people can retire when they want to, but a majority do not, because they make a great deal of money by continuing to work. There must be something to it. Perhaps most of them enjoy the conditions of work to which they have been 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 the lowest practicable, sensible, and logical level. There is the additional fact that his family would be the greatest est cooperators, 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 hospital than in a private hospital.

Let us take the case of a person who has some assets. I would very much like to say to the Senator from Louisiana to have as much as a thousand dollars in liquid assets such as cash in a bank, or 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 goes 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 why we think we 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 pays a certain amount 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 actuarily 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 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 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.”

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 system and are ascribed and relegated to a specific purpose.

The interesting part of the Senator’s argument is this: he does 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 whereby 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 3 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 1 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. That is correct.

Mr. LONG of Louisiana. 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 by 1 percent, 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 Minnesota 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. If 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 find the better features of the committee bill, to which the Senator from Louisiana has applied his conscientious and skilled mind, 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 Senate 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 must be exceedingly careful. We are doing a tremendous thing. The cost of Social Security will approximate $1 billion. This program, which is going to be enormously costly, is one which speaks of not only the States, but also of the Federal Government. The cost 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 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 to the Senate. Mr. President, I do not believe the amendment should have been 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.

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The 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. The proposal sets forth a program that meets these four key requirements:

It would be voluntary.

It provides for 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 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 are therefore not accessible or applicable, 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, as it was developed between the Senator from New Mexico (Mr. Anderson) and myself today, which normally causes when a rule is presented on the floor of the Senate 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 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.

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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 he desires to be a participant in the program.

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. 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 in operation under the Federal-State public assistance program. The bill also makes provision for Federal-State joint financing 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 physician's 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) 190 days of hospitalization; (2) up to a year of extended nursing home 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 $40.

4. If the participating States decided to improve the first two benefit plans, the Federal Government might take a share in the cost of these improvements up to a cost of $128 per individual participating in the plan. The minimum amounts as outlined would cost approximately 800 per individual participating in the plans.
must be available in a manner which will sustain the individual pride and dignity of all our 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 largest percentage of a State's population which is on old age assistance the better social security program or medical care program it is. As a 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 that whatever type of program of medical care for the aged may be enacted, we shall not have solved a problem which confronts the fundamental obstacle to the provision of adequate medical service, not only for the elderly but also for all our people. It is important to assure that no person shall go without medical care for lack of funds with which to pay for it. It is essential 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 greater utilization 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 145 per 100,000 in 1940, and 143 in 1948. 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. Could 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 the medical service needed by our people. In summary, the report states that to maintain the present supply 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 1,400 graduates. To maintain the present inadequate ratio we must increase the annual output to 1,600 by 1975. I quote from the report as follows:

"Of the 3,600 additional graduates, existing and planned schools will provide 500 by 1963. 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 1,000-1,400 graduates would need to come from new 4-year medical schools. This increase is equivalent to the output of 20-30 new 3-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 any 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. Yes, if the plan is implemented. If only the committee bill is adopted, however, unless States act, the proposed legislation may be only a bidding 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."

"We are to achieve the goal which the Public Health Service describes as 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 a match between the 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 an extension to the floor of an tonight a bill to aid old age 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 Memphis Commercial Appeal, 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 States. 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 2 1/2 times as much as the southern average and 3 1/2 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 15-year medical school enrollment has increased by 36 percent, while in the remainder of the Nation it was going down.

There have been several changes for the better, notably new schools of medicine for Florida, University of Kentucky, and the University of Miami, and expansion of 2-year schools to 4-year courses at 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 78.5 in Mississippi.

It is very well to hope that shifting attention from control to prevention will decrease the need for doctors, or to assume that narrowing the gap between southern income and the national average 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.

But a doctor is a service provider 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 which I have referred, the number of medical students per 1,000 persons in the age 20 population bracket declined from 19 in 1940 to 9 in 1958.

The apparent decline in interest in acquiring a medical education is attributed to several factors, 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. The number of our medical students come from the 8 percent of our families having incomes in the national average of $10,000.

Unquestionably the financial deterrent is preventing many qualified students from entering medical school. The National Defense Education Act, which has been 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 reveals the establishment of a student scholarship program to assist on the basis of merit and need those qualified persons who wish to enter medical school. However, 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 place an additional burden on the already overburdened hospitals. On the other hand, an amendment of which I am cosponsor is adopted the demand would be increased even more.

My question is. When the man certifies that he is making less than $1,800 a month he could continue to work and draw his retirement. Under the bill he could continue to work for a year or more, then retire and draw his retirement payments? 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 for whom it pays $10,000 a year or more, or more, or more, and certifies his eligibility on the 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. No; I do not at all. The purpose of the social security program is to provide for security in retirement. A man 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 work. So he keeps the job at $6,000 a year. The employee and his employer and 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 Senate from Massachusetts (Mr. KENNEDY) or Vice President Johnson or support action to meet this vital need. With further reference to the bill now before the Senate, I repeat that the need for a pittance medical care for the aged is generally recognized. The Senate must choose between a program by which most all of our people would participate 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 coverage security in favor of complete reliance upon Government handouts to those who are willing, either reluctantly or enthusiastically, to plead pauperism. There are two things about the opposition to an adequate medical program within the framework of the Social Security System which I find it difficult to understand. The Administration report specifically handouts to those who are willing. The Administration report specifically handouts to those who are willing. This program by which all of us face the 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 place an additional burden on the already overburdened hospitals. On the other hand, an amendment of which I am cosponsor is adopted the demand would be increased even more.

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?
in pride, dignity, and right draw an
annuality for their security and their medical
care, the sounder will be the program and
which will provide them, when they are old, rights which are
vested, and not require them to be de-
pendent upon a program which is essen-
tially, in character, public charity.

Mr. LONG of Louisiana. Let us take
an extreme case, the case of a retired
lawyer, having assets of $1 million.
Suppose he becomes ill. He has
never paid toward a medical pro-
gram and has never asked that the Gov-
ernment 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 bene-
fits and never paid for them.

Mr. GORE. Mr. President, that is like,
asking me whether it was a great mis-
take for the Congress ever to pass the
Social Security Act; or it is tantamount
to asking me whether or not we repeal
this program which is financed by a
small tax on both employees and em-
ployers.

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 contribution that
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 secu-
ritv 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 we not
more concerned with the millions of
needy people than we were with the rela-
tively 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 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 pen-
tentiary. No one ever knows whether
the last day of his life he will find
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.
I yield.

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-percentage tax is extravagant, inasmuch as the Social Security Board says one-fourth of 1 percent is enough? I did believe that the estimate of the sound-money policy; but 16 to 1 went out with Bryan and McKinley. (Laughter.)

Mr. LONG of Louisiana. Let me point out how this percentage could 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. GORE). 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 will vote aye, 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. GORE. Mr. President, I yield; 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 not about 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 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 pay benefits to those who may be well fixed financially. The same question would apply to the present social security program, the
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 calculations 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 65 years. 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. President, as I started to say, some groups, of which the American Medical Association is perhaps the most vocal, oppose the social security benefits on the 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, so believe, I do not understand how it clothes the handout approach with enough of the attributes of private enterprise to justify it. 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 that the AMA remains, in reality, opposed to any program at all, but endorses the House bill because it would be less effective and would help 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 which have opposed 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 ominous, so regressive, they have petitioned the Congress to lay its heavy hand upon them, but to give them legal entitlement to benefits later.

Similarly, 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 program 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 Senate which 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, the Senator from Tennessee would be one of them, I believe a substitute for the same provision. I had a substitute. Did the Senator yield?

Mr. ANDERSON. Orally. It was said:

It would cover all medically needy aged or over, it would cover every such person, including those under the social security system.

It has been represented that this would cost only $190 million, but when we single out only a portion of it, the social security system, the cost for that would be about $2 billion. 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 $190 million? Does the Senator know?

Mr. GORE. I do not know. Let me ask the Senator a question.

Mr. ANDERSON. I asked my question.

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 "in-patient hospital services." There is any limit on that?
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 50 years, if the provision was written 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 months?
Mr. ANDERSON. In the amendment to which the Senator from Tennessee and I subscribed 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 beneficiar
Mr. ANDERSON. No.
Mr. GORE. Of any kind?
Mr. ANDERSON. No.
Mr. GORE. Of anybody?
Mr. ANDERSON. Not to anybody until we get down to a later provision. For "hospital services," it is absolutely unlimited.
Mr. GORE. The bill provides no specific limitation to any benefit.
Mr. ANDERSON. The third item is "physician's 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. 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.)
Mr. GORE. The bill is completely unlimited. Any price could be fixed. There is no limit whatsoever. However, in the amendment which the Senator from Tennessee and I subscribed our names, there is made no provision for a physician to be paid for his service at all.
Mr. GORE. There are accused of sponsoring socialized medicine, and the people who leave the provision absolutely open and unlimited are washed white as snow.
Mr. ANDERSON. Not quite.
Mr. GORE. 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 surplus 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. ANDERSON. The staff members of the subcommittee which investigated the problems of the aged and the aging have estimated that if the States should provide medical aid in accordance with the provisions of the committee bill, and if the Federal Government were to provide matching funds to meet its legal obligations, the total would amount to $21 billion the first year.
Mr. GORE. 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 services was $177, and based upon the increase in medical costs since 1957 and other factors, admitting the 1957 figure to be $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 receive the benefits, that might cost us if the States were to appropriate the funds to meet the provision at the figure. This expense can be listed as $1 billion a year. I think that it is one of the great marvels of this system that a group of 9 million people who 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. ANDERSON. 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 $7,000.
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 do it at a cost of $1 million to the Federal Government, and the staff figure. If one figures that 80 percent of the maximum available would receive the benefits, the cost 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, 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 that there were 10 million people who would be eligible and possible customers of this socialized medicine. 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 who 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.
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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 do it at a cost of $1 million to the Federal Government, and the staff figure. If one figures that the Senator from Oklahoma and I have estimated that the cost of such a program to the people in New Mexico at a cost 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. ANDERSON. 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?
funds to make these benefits actually available to bring them within reach of the old people.

Mr. ANDERSON. From my standpoint the figure the Senator reads means that $2 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 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 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 pay the cost, 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.
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 pleased 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 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 com-
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.

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. MANSFIED. 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. MANSFIED. Mr. President, I yield 10 minutes to the Senator from Pennsylvania (Mr. CLARK).

Mr. CLARK. I thank the Senator from Montana.

Mr. MANSFIED. 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 insurance:

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—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 covering hospital 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 non-contributory medical insurance upon retirement, financed during working years through the social security machinery 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 support Democratic Members of the Senate who 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 and the Senator from New Mexico stand, but the wholesome majority of my Democratic colleagues, and our support of the Anderson amendment. The overwhelming majority of literacy, 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 in 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 journals, the Wall Street Journal and the Baltimore Sun.

I submit that the 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 exorbitant 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 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 exceedingly 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 too expensive. He suggests that the taxes would have to be increased most heavily 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 think it comes from Michigan, and I am calling my attention to it, and I ask unanimous consent that the editorial may be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

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Senator Wayne Morse

In the belief of its beneficence 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 "medical" program. It is also markedly superior to any proposal which has been ordered to be printed in the Record, as follows:

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

Mr. KEATING. I yield.

Mr. CARLSON. Mr. President, I appreciate very much the Senator's yielding to me. I think it is also important to point out that a seminar was conducted by the College of Physicians and Surgeons earlier this year. I think the summary of the memorandum, 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:

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The problems faced by those 65 years old and over is distinct from the problem of health care for those under that age; therefore, 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 by my colleague on the relative merits of the two basic financial approaches to the health needs of the aged. I do, however, wish to call the attention of the Senate to what 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 a vote of 21 to 25. 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 whatsoever 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 health insurance approach which we adopt. The powerful Ways and Means Committee of that body has already turned down this approach, by a vote of 21 to 25. Perhaps my colleague from New York remembers what the vote was in the House Committee on Ways and Means.

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Mr. JAVITS. Mr. President, if the Senator will yield, it is my recollection the vote was not less than 2 to 1.
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 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 can think of one. I am very much convinced of the merit of the plan which has been advanced by the group, led by my distinguished senior colleague. Mr. Flanders 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 at least as 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. JAVITIS. Mr. President, I yield 5 additional minutes to the Senator from New York.

Mr. KEATING. Mr. President, another practical matter of importance which I want to stress 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 might suit another. Mr. President, 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 who 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, we may prevent people who are newly covered under a plan, who formerly had more limited plans, from using the facilities when they do not do need to in order to take advantage of their insurance benefits. Under the Anderson proposal those people may have no choice about it.

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, if I may, in all present circumstances into account, I feel strongly that the best and most realistic course for us to take is 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 add a couple of questions to my colleague, who has studied this subject so thoroughly.

Am I correct that the proposal 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. JAVITIS. That is my understanding, and I draw that from section 226(a), page 2, of the Anderson amendment, which contains upon attaining the age of 65, and entitlement under section 202 for monthly insurance benefits under social security.

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. JAVITIS. 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. JAVITIS. 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 want to have a health plan handled through a Federal system rather than one in which the States participate?

Mr. JAVITIS. 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 beneficiaries have three options; am I correct?

Mr. JAVITIS. That is correct.

Mr. KEATING. He may select whichever one he feels best fits the particular problem which he faces and which his family faces?

Mr. JAVITIS. 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. JAVITIS. I am very grateful to my dear friend and colleague, the Senator from New York.

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

Mr. JAVITIS. I yield 7 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I am going to extend the amendment, as opposed to the so-called Anderson amendment that it is
voluntary. I think the best forms of medical care that we can achieve 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 by paying one-fifth of their medical expenses. 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 medicaid 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 10 million of these older citizens, or 4.5 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 chronic illnesses typical of a young citizen. Medical care expenses of our old people are close to twice 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 hopelessness that many of them experience and despair suffered by people in their old age, knowing that their illnesses may be more serious and last longer than previously anticipated. 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 question that 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 is based on the fundamentals of the essential beliefs about Federal assistance to cover medical expenses of the aged; it must be elastic, placed outside of compulsory social security schemes, paid for out of general revenues rather than by a special tax; it must not be tied to retirement; 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 for his own welfare; it must involve State sharing and State administration of the program; and it must not act to clog already burdened medical facilities and institutions.

The proposal which the Senator from New York 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 Senator from New York (Mr. JAVITS and Mr. EASTING), 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 of the earlier bill that, 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 best suited to their individual need: First, a diagnostic and short-term illness plan emphasizing preventive 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 plan. The Javits proposal 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 plan. Its third option—the major long-term illness benefits plan—requires pay-ment by the individual participant of 20 percent of his own costs, and 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 Federal program which 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 costs 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 bill, 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...

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 severe with our elderly 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 Federal program should be strengthened 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 United States 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 Senator from Ohio and say his is 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 good 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 President—under whose banner now hangs 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.

As an aging part of the time-tested 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 and in the Senates of Virginia, New York, and New Jersey, physicians and surgeons have been asked to be included within the beneficent provisions of the Social Security Act. In my view, for example, many telegrams and letters—almost 40—which I have received in the past week have 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. Many 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 65—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 90% of the cases, that there is an acute shortage of medical schools and medical departments in our universities. The fact is that due to the actions 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 soars 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...
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 was morally unsound. His position on this tremendously important subject is that the social security law should be amended and liberalized, and that any attempt to provide 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 taxpayers’ behalf, but should be tied to the Old-Age and Survivors’ Insurance System.

Whether the physicians and surgeons in the Nation are included under social security is a matter of relative little concern, to be frank, to some Members of Congress. But we 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. YOUHL. Of Ohio, 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 yesterday on the subject of the Anderson amendment which was the subject of a release issued by the American Medical Association on Monday, July 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, even 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 people are in good health, not sick, and they have good financial condition, no hardship cases.

The release goes on to cite a number of participants or, in the study at least, persons who were told 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 submit to guidance in 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, 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. Olat, 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 restrictive sample in a manner that it knows it was not representative of the aged population in general. For this reason the statements in the AMA’s news release are misleading and deceptive. The average newspaper reader would probably not be sufficiently informed to deduce from these statements what they mean.

Mr. Leonard Z. Breen, associate professor of sociology and coordinator of research in gerontology at Purdue University, at Lafayette, Ind., wrote that 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 techniques and it this is not by any stretch of the imagination. Indeed, I regretted at that point that I had been so naive as to have accepted the paper which I was holding in my hand, 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 speaking with 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 a manner as to make it appear 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 why, in the words of Senator McCARTHY, 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 would like to read from this telegram at this point:

At the request of Senator McNAMARA, I am writing to you to clarify the intent of the paper, "A Profile of the Aged: U.S.A." by James W. Wiggins and Helmut Schoeck.

In both the Wiggins and Schoeck paper and the study, 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 medical proponent of another aged person. The Senator would agree; would he not?

Mr. YOUNG of Ohio. That is correct.

Mr. McCARTHY. But the fact is that the study did not really cover a cross section of the aged. After making this fine and rather obvious statement, they then sorted out the aged and wrote their study on that particular group.

For example, they did not take into account the group of aged persons 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 the purpose of their study was to study all 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 study of the health needs of older people with which I am associated. My concern is whether the 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. Continued:

And that "respondents were found through the use of area probability sampling" in our study; also, every older person in the non-institutionalized universe had an equal chance of being located and interviewed, and our respondents were selected through the use of area probability methods. Theoretically, if in both studies the samples represent all older persons, 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 of older persons, 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 mean that the findings between Wiggins and Schoeck are wrong, but that in utilizing such a large group, the magnitude of the replies to comparable questions where such large numbers of persons could not be explained by sampling variation.

Careful reading of the Wiggins and Schoeck paper 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 22 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 (F & A)."

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 income and expenditure, 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 median income of persons over 65 who have incomes reported in excess of $2,000 and $3,000. Half of the respondents reported incomes in excess of $3,000 per year and 20 reported more than $10,000 annual income (p. 9)."

Income data is usually reported in terms of medians rather than means.

In our study we reported a median income of $1,621 for men and $880 for women. In the Wiggins and Schoeck study median income was $1,550 for men and a median income of $750 for women.

These figures are in direct contradiction to those which were included in the Wiggins and Schoeck sample.

Mr. MYERS, 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.

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 the 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 income of less than $1,000 in 1956 (Ethel Shanas, "Financial Resources of the Aged," Health Information Presentation, p. 51).

Unpublished data from our study indicate that in 1956 the median income for couples headed by a woman 65 years of age or older 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 $2,623 for our modal income for the couple reported that the couple reported with any total number of cases for the couple reported. In conclusion, because of the limitations of the Wiggins and Schoeck sample and the findings from their interesting study, 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, I express my complete agreement with the statement made by the Senator from Minnesota.

In 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 Oregon. 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. 

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 are in a position to approach this 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. JAVITTS. 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 weeks ago an article was published in the Hartford Times, the headline of which is "Folsom Voices Caution Against Medical Aid Bill." (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."

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 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 Committees, both Democrats, and the Secretary of Health, Education and Welfare in the Eisenhower administration.

"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, and be surprised how much agreement you can get on a plan, once the facts are known."

The Democratic nominees for 1960, Senators Joes. 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 bimetal 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 vote to call the Senate out of session and put it under social security taxes, as demanded by labor unions.

Mr. Poage, now a director of the Eastman Kodak Co., Rochester, N.Y., is regarded as an authority on health and welfare programs. He wrote the original 1935 Social Security Act, and served on two advisory commissions under Presidents Roosevelt and Truman.

Mr. Bush. Mr. President, I think the 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 or the House of Representatives.
to the Federal Government's participation in the program is correct, because it is the burden of all citizens, not just those who pay Medicare Divided by all taxpayers, and not primarily upon the lower income workers in the social security system. It would not alleviate the large group of taxpayers who would be those best able to afford it, namely, those whose incomes are $4,000 or more, 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, the responsibility for this 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 those in my view, 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 the thinking.

I shall support the Senate 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. 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.

We have cosponsored the Javits amendment. I believe there is no greater issue than, because of tax conviction that we must recognize the needs of millions of our older citizens for medical 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 in offering a health care bill which embodied the basic principles and approach of the present Javits amendment.

I do not wish to repeat what has been so ably presented by my colleague, the senior Senator from New York (Mr. Javits)—all I wish to say is that 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 Anderson 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 to contribute to his own health program.

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.

"It likes the plan," Flemming told a news conference yesterday that he had no such discussion 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 issues involved in the controversy is whether the Nation should 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 between $720 million for administration and medical insurance package offered last spring as an alternative to the Democratic-backed social security approach.

The Senate Finance Committee 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, any 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 be able to participate.

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 persons 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 it is a moment that the one-half of 1 percent additional tax which 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 to contribute to his own medical care.

To hold out as a bonanza a federally endorsed social security tax health insurance plan to the millions of older citizens 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 65, and the privilege of participating in its benefits. And he may never benefit if death over- takes 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 has been putting 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 some 20 million of them, or upon their families, who would not qualify under the Anderson amendment, or might not qualify under the indigent requirements of the Kennedy amendment?

I say this with all due regard for the provisions contained in the committee bills for those whose only benefits can be public assistance, or those whose incomes are so small as to make medical care an impossibility.

Mr. President, there is no way provided under the Anderson amendment for excluding the wealthy, the millionaire, the comfortable fixed person, who is thoroughly capable of paying for any kind of medical insurance he desires.

There is no way of excluding high income persons from benefits under the plan as laid down in the Anderson amendment. Limitation on earned income is the only limit 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 social security approach would not receive support, but its proponents seek to combine it with the committee bill. Those who receive 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.

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.

There would be a mandatory or rest content with the committee's mileage by sacrificing other essentials of clear. In the final analysis, however, much depends upon the attitude of liberal Republicans. If they fail to put across the Javits of Michigan, says that—

...about 11 million would be eligible, in addition to those covered by the committee bill. Senator Javits estimated that the committee bill to which the Javits plan would add 10 percent. The American Medical Association calls the plan socialized medicine. The social security approach, however, has powerful labor union, university and public support.

The original battle lines thus drew 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 who are already receiving OASI payments, or who receive medical benefits under social security, need large expenditures for medical care. The median age of these patients was 75 years old.

Mr. PROUTY. Mr. President, I yield myself 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 30 million persons of aged 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 1956 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 40 percent of these people have no medical insurance. The median income of older persons at the head had no health care 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 older people neglect chronic illness (with good reason, 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 mental care of this group. Many elderly persons, even some middle-aged persons are emotionally upset by fears of becoming sick and not being able to get medical care. This insecurity, Dr. Donahue says, is the basis for what is called "widows' disease," in which an elderly woman becomes over-
But after all the process 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. 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 Senator from Vermont and the distinguished 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 find out that it was there for the taking in his own backyard.

For 20 years excellent voluntary health-care proposals have been sitting on the shelves 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 the Senate, the White House and the Treasury that the wealthy people in the country would pay very little toward a program of health care for the aged.

This is why the distinguished senator from Alabama had to say on the floor of 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 health-care proposals for financing personal health care have previously pointed out their cost 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 it 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 pointed out that the Anderson amendment will be paid for in large measure by those whose incomes are $4,500 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.

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 bear directly to 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 a catastrophic approach 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 senator from New York spotlighted the shortcomings of the Anderson bill when he said:

If we are going to legislate health care, the aged would soon be made applicable right in advising Congress with respect to the compulsory approach versus the voluntary.

We are constantly inhibited in the social security approach when he said:

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There is no deductible to discourage him from seeking 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 to the detriment of the importance of preventive treatment.

Mr. President, the second option in the McNamara plan takes cognizance of the fact that in 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 the cost of old age 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 were 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 which is a new system, that it was a new system, that 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 the great cries of socialism, welfare state, and other such epithets hurled against the issue. But a great President and a great Congress refused to be “bullied,” intimidated, or swayed from carrying out their mandate, which was to provide 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, disablement 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.
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We have attempted to remove the fear of growing old, by permitting retirement under the social security bill which I am going to submit to the House. I may add that we provided benefits under this program as a matter of right, not as a matter of grace.

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 income and the need of medical care are the greatest.

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 initially admitted it. And I challenge anyone today to prove otherwise.

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 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 for the record the medical care amendment approved by the Senate Finance Committee, and authored by my good friends and colleagues on the committee, the distinguished Senator from Oklahoma [Mr. Kasse] and the distinguished junior Senator from Delaware [Mr. Fazekas]. I compliment them for improving the old-age-assistance program and for providing 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 a self-contained, 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 more sensitive to the need for this type of insurance? I think it is clear that there has been a lot of interest in the proposals which have been made, whether in the Senate or in the House. We have had a lot of discussion on this matter, and I think there is a feeling that we have to do something about it.

I think that the issue is resolved to three questions: 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 have the right to benefits, just as anyone who chooses 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 participates. It provides the nearest-perfect base for this health insurance program.

Second, I would strongly recommend to the President that he veto such a bill.
In this Congress that the Federal-State These are the words used in the system of health insurance is trying to build up the system of health insurance that is be available for every American. attempts to build up the system of health insurance. Every plan except social security plans puts a needs test upon the individual who applies. It calls upon one who has personal income to sacrifice that before he can be eligible. It calls upon senior citizen to beg for assistance.

Mr. HARTKE. I am happy to yield to the Senator who is a member of the Finance Committee.

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

Mr. HARTKE. Is not the Senate 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. 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. Has it 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 the same in that the deductions would provide guaranteed, definite, and self-paying programs of medical benefits for millions of 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. 1 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 circumscribe this social security system in a health insurance program for the aged would tear down social security, because such circumvention defies the very principle of social security—prepaid assistance for the aged as a matter of right, in dignity, of those who favor financing a health insurance program for the aged through social security.
How was the assumption of 75 percent participation by the 11 million persons eligible 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 bring 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. That is the cost estimate for anything for the additional 130,000.

In New York, there is an estimated actual aged population of 1.5 million, and the estimate for participation in this program is $24,000.

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 turned 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 authoritative figures which we obtained 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 1.5 million people in this category, under the Senator's proposal only $24,000 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 I can be.

Mr. HARTKE. I would like to ask the Senator a question in regard to another of the data of the investigation 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 much have been taken full advantage of the Federal grant?

Mr. JAVITS. I had a chart printed in the Report. 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 382 of the chart on the Report. It is not in the Report. I believe the Senator will find it on page 382 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 the time comes.

Mr. HARTKE. Does my distinguished friend disagree with my assertion that the States are not fully participating at this time?

Mr. JAVITS. I shall 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 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. I or option No. 27. 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 in him in the future. He would not know whether he would have a catastrophe or need preventive care.

Mr. JAVITS. Respectfully submit that the Federal Government would not know, either. It would have the citizens run their own business, not be tied 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 person 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 after 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 average. Let us assume that 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., or any position to do it than the person himself.

Mr. HARTKE. How would this man at the end of 15 years know he would live for 15 years? How could he anticipate that, so as to make an intelligent decision?

Mr. JAVITS. Mr. President, 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. Pong].
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 there 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 co-sponsor with eight of my colleagues a comprehensive amendment which adds 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 rec

The medical care benefits are realistic—they will meet actual needs of our citizens. Our amendment recognizes the varying needs of individuals, different geographical areas, and economic conditions.

The medical care plan for one person might not meet the needs of another person. The amendment offers freedom of choice to elderly persons in need of medical care and is in the finest tradition of our American system of mutual help.

I urge adoption of the Javits amendment.

Mr. JAVITS. I thank my colleague for yielding to me.

The amendment would be excellent. The present social security cost, as the Senator knows, is approximately 2 percent; the medical care program as advanced by the Senator from New York [Mr. Javits] with the support of other Senators?

That 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 costs of administration beyond the Federal-State grant programs and the many Federal-State cooperative programs.

But the States have joined in these national programs, and I am confident that 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, which covers over 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 medical care, 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-revenue funds which would be shared among States, as the Senator from New York [Mr. Javits] has pointed out. 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, would cost approximately 5 percent.

In answer to the question whether 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 would have to be made. The option of buying private insurance, I believe would cause the administrative cost to be.

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, which I have in mind, 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 other act that may be drawn from what we do in this special session of Congress.

In my opinion 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 most searching 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 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.

Fifth, the Anderson medical care plan provides for doctor's care at home or in the doctor's office, for preventive medical care, for diagnosis 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 certain that it is far better 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 choose the income tax, no payment would be required.

Of course a basic difference between these two plans is the 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 5,800,000 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 to 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 as a proper element in a comprehensive plan to reach all people over 65 years of age; and if and when that 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 a brief fashion at this time. I turn now to another issue. One question to which we must direct our attention is the ability of the Federal Government to secure in a carefully considered medical aid bill at this session.

The Javits amendment is sound, and has been carefully considered. 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 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 a proper and 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 will not receive. In the atmosphere of this special session—one preceding a presidential campaign, and when it generally has been said 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 thinitic to treat the 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. I think it is well known in the Senate that I have only the highest regard and deep affection for him. He spoke with the government, and not even the bill passed by the House. If it is adopted today by the Senate, and the House concurs, I believe there is a good chance that it will become law.

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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 I 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 any 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 payroll?"
The proponents would ask those who do not pay any income tax that is $4,500. Is that a means test? Is mine a means test? That is nonsense.
Mr. JAVITS. I thank the Senator from Louisiana. As long as he has interjected this tone 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 it because Congress imposed strict rules as to eligibility based upon a payment of at least six quarters of coverage.
Of the 7,857,000 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 just 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 particular point which I think is very important has just come up in the debate. When the Federal Government determines, for instance, for its employees, one would have thought it would pick the best and wisest plan for them. When did it pick? It picked the kind of plan I am now advocating. The employees contribute just about half the cost of the 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 does not pay any of the costs.
I think there is only one way to believe that the administration is sincere in the endorsement of this proposal, because it seems to me to have only one objective. 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 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 President 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 Fleming on 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.
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 Welfare 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 responsibility means spending the money that we have 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. Abhassar) and his co-sponsors. The proposal of the Senator from New York (Mr. Javits) is not only fiscally responsible; 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, whom I 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 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 supports 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 follows the fundamental principle in which we have administered medical care, and will be administering it, even under the bill. Under the Frey-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 brand new 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 something 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.

The PRESIDING OFFICER. Mr. CANON in the chair. A quorum is present. The time has passed when a quorum has 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 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. JAVIS], 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. HOBSON], are absent on official business.

I also announce that the Senator from Missouri [Mr. HENRICKS] 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.

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The Senator from Missouri [Mr. HENRICKS] 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 South Carolina [Mr. HOBSON], would each vote "nay."

Mr. KUCHEL. I announce that the Senator from South Carolina [Mr. HOBSON] is absent by leave of the Senate on official business.

The result was announced—yeas 28, nays 67, as follows: [No. 305]
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 60. 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. 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 practicable 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."
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
The Democratic nominees for President and Vice President—senator Jacob Javits, from New York, and senator Thomas F. Eagleton, from Missouri, 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 Republican 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 Senate from Michigan, chairman of the subcommittee, with respect to anguished and the concern, regarding medical costs of the aged of our country, with respect to the amendment program presented in all the hearings.

I again commend our subcommittee chairman for his intense interest in this subject, to lighten the 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:

"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 as a right they have earned." Defeat of the liberal Democratic bill to protect our seniors 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 of social security and improvement of the contributory social insurances 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 prepayment health insurance program.

MARGARET A. PALEY, 
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 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. 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.

The system of OASDI now covers 9 out of 10 working Americans. It has been tested by experience. It is the efficient method, and should be extended to include the financing of the basic medical needs of the aged.

Mr. CLARK. Mr. President, will the Senate yield?

Mr. McNAMARA. I am happy to yield to my colleague.

Mr. CLARK. I should like to quote what my friend from Michigan has 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 this is the mission of our committee, which have been stated by the Senator from Michigan, are amply and overwhelmingly supported by the legislation which he will introduce.

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 false and completely 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 our 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 this country 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
I support the Anderson amendment, and I support the social security approach to solving this problem. I am following the dictates of the people we came in contact with throughout the country—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. 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 Social Security Insurance Association of 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 18 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 Social Security Administration 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.

89 POPULAR GROUND SWELL

During the months in which this legislation has been pending before Congress, I have been contacted from constituents in Utah only a handful of what I would consider personally written letters urging the adoption of a medical care program. This fact reflects a sense of security. It is true that I have received several hundred identical form letters inspired by labor unions urging passage of the Medicare program. However, I have also received a great many postcards, all from the State of Michigan, with the caption "Cast Me Not Off." I suspect these have been inspired by some pressure group, and while not explicit they imply preference for a medical care program rather than the social security bill. Generally, however, I have not received mail in sufficient volume to indicate that 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.

Furthermore, I have received reports that the groundwork has been laid for an efficient self-insured plan for a medical care program. This can be accomplished not only through the State health and welfare department, but through our individual families, and through the effective and extensive welfare program of the Mormon Church.

One of the most recent and comprehensive studies 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, on August 11. The following pertinent facts have been extracted from the Wiggins report:

Nine of every ten older persons report they have no unmet medical needs. Ninety percent of those 65 or over reported they enjoy good or fair health. Sixty-eight percent said they could pay for their own medical care and would pay for their own medical care. Fifty percent indicated they would pay for medical care out of their own income. Sixty percent did not think a new Federal program could do anything for them personally.

Unemployed were much easier for them than for the employed. Ninety percent could think of no medical needs that were not being taken care of. Eighty percent paid a weekly premium to a church. If special care was needed from outside the family, very few 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 inadequate 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 capable of 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 only way to answer these questions is by using the approach suggested in the Finance Committee bill and asking as few individuals for medical care. This can only be determined by a program which within itself measures individual needs in individual cases. But this is desired as developing and as charity by opponents of the committee's bill. So we are told we must impose this program on all for Federal workers under the Social Security Act to give people a right to medical care whether they have a need or not.

EUROPEAN EXPERIENCES 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 expensive 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 the Scandinavian countries, experiences with socialized medicine have been both costly and disappointing. Only recently Sweden has imposed 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 them. Now the ray 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 support 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 them.

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.

The Anderson bill has a number of defects which makes implementation impossible.

Fourth. Others will use 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.

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Fifth. The actual needs of our aged members have been known for certain under the Anderson plan.

II. UNDER THE FINANCE COMMITTEE BILL, THE GREATEST REBATES ARE PROVIDED FOR THE MOST COSTLY, SPREAD OVER THE WIDEST TAX BASE

First. Provides almost complete benefits: Inpatient hospital services, out-of-pocket expense, 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 costs 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 65 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.

If we 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 ears 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 $4,000 of worker’s income. Inasmuch as social security taxes are already due to rise to 8 percent of the pay of 1960, this would place a tremendous burden on the low-income workers of the Nation. Secretary of Health, Education, and Welfare Arthur Fleming 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 plan 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 the 9 million workers covered by social security who are 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, the persons who are unemployed 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 relationship with State and local authorities.

Second. State agencies already exist—manipulated 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, Federal flood disaster loans, small business loans, assistance to blind, aid to permanently disabled, old-age assistance, etc., etc.

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 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 doctor-patient relationship by interjecting Government as third party, thus leading to poorer medical care.

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 does not 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 experience with the social security program, we can expect the liberals to exert political pressure:

First. To reduce the age from 65 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. Long-terms the medical costs which will be encountered under the plan.

Fourth. Although the Anderson plan does not 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 needs 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 cannot 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:


Senator WALLACE F. BENNETT, Senate Office Building, Washington, D.C.

DEAR SENATOR BENNETT: You have invited our attention to the amendment to H.R. 12550, introduced by Senator Gore at page 16231 in the Congressional Record for August 11, 1960, and have requested our comments concerning the cost estimate of the proposal. Robert J. Myers, Chief Actuary of the Social Security Administration in connection with this amendment, has requested that we give you a cost estimate on the proposed amendment to H.R. 12550, as presented by Senator Anderson at page 16459 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 in the prior cost estimates developed by the Department of Health, Education, and Welfare. Mr. Myers has asked with respect to its critique of such methodology. May I direct your attention to the testimony of Mr. K. J. Paulin, representing the three insurance associations, given before the House Ways and Means Committee on July 18, 1960. In particular, I refer to the appendix to this statement beginning on page 30 of the enclosed reproduction.
Employing similar methodology for the analysis presented by Senator Doak, 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 $12,342 million which is equivalent to 0.57 percent of taxable payroll.

(b) A level premium of 1.4 percent of payroll.

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

The Senate considered the proposal to provide medical benefits to the aged. The Senator from Utah, Mr. Moss, presented a letter from Senator Anderson, which he had read 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 so-called medical insurance system. 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 Senator: 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 Stars Spangled Banner was played. I stood up 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. Doak 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 if he died before he was retired? Would all the thousands of dollars he had saved go to pay any one who was sick? Wouldn't it be a serious mistake to assume that the group incapacitated by advanced age has increased disproportionately to the general population. 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 vicinity of retirement, who conceive the retirement age is financially unable to provide medical care for themselves. Neither would it be correct to assume that advanced age was accompanied by the occurrence of illnesses requiring medical care and treatment.

In their proper perspective, the costs of medical care for the institutionalized patient are but one element of the cost of living. Undoubtedly,
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 citizens, for example, completed the financial effort that accompanies the raising of a family, and finds interests in activities now expected 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 1928-56, the per diem cost of hospital care increased 265 percent; and from 1956 to 1959, 63 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 1957-59 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 need of public assistance, was $2,100 for males and $1,200 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 an inflation provided by the increasing existence of substantial assets, these income figures do not justify the picture of glooms and despondency that is born out by the public, both at home and abroad, in regard to the status of our elderly 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 provide 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 covered by some form of health insurance. Furthermore, it is estimated that the proportion of coverage of those who need and need it will reach 90 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 left 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 elderly 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 think. The majority 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 only feasible but indicates that considerable additional information is essential for an objective appraisal of the scope, size, and phasing of the overall problem. It would be much further to 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 extent 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 foolishness 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 condition that the social insurance 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 which are paid, and/or an increase in the salary base on which they were levied, in order 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 designed so that it would be workable under conditions of an expanding economy. In other words, the 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 had been so rampant, tended to 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. The majority of these statements made on the 25th anniversary of the system, the OASDI program has really not yet provided its financial soundness. We know, however, that the cost 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 we shall reach the breaking point, for total contributions are already scheduled to reach 9 percent of the first $4,000 of wages. Although we do not have 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 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 continued solvency of the system for fixed dollar 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 of fixed dollar benefits within the OASDI program—to which, for lack of a better name, I shall refer to as the Forand proposal. I believe apparently it was first introduced by Representative Forand who is a cosponsor. There is a present, pressing, and timely need for these proposals, and this is the Forand proposal, and this is socialized medicine.

The advantages 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 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 close relationship between the patient and the Government. It is obvious, therefore, that if socialized medicine is to be undertaken, there should be a correlate; namely, that the Government should undertake to offer a program of medical care on a competitive basis, with the private sector of medicine, so that the taxpayer has the benefit of a vigorous and competition program of medical care. This is what has been done under the Social Security program, and this is what should be done under the Forand proposal.

I am not advocating the socialization of medicine, but I am advocating a parallel program of medical care. This parallel program should be offered to all the older citizens of this country, and it should be a parallel program of medical care that is competitive with the private sector of medicine. This is what has been done under the Social Security program, and this is what should be done under the Forand proposal.

In this connection, I have already stated that I favor the system of fixed dollar benefits and benefit improvements, as contrasted to legislative issue are well designed to promote respect and high re-

Mr. President, in this discussion of the proposals before us, I have refrained from utilizing 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 supports the arguments of the opponents of the Forand proposal. I believe 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 a debate in which we all know is an exercise in futility, for regardless of the outcome of the Senate's vote on the various proposals, there is a very real likelihood that we will create more than a philosophical 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, but 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 fishbowl 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 issue will be of less consequence than what is at stake.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CARLSON. Mr. President, may I inquire whether the proponents and the opponents have and how much time the opponents have on the pending amendment?

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. I believe it is a good proposal which I am a cosponsor. There is a present, pressing, and timely need for this proposal. That need has been emphasized by statements made by the distinguished Secretary of Health, Education, and Welfare, Mr. Fiehm, and by practically everyone 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 there is a problem which the Government 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. Whether we are going to do further. I previously stated I intended to support an amendment to the committee approach as sponsored by the Senator from Oklahoma (Mr. Exall) and the Senator from Delaware (Mr. Farnum), but the floor was a lady of the hour 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 suggested that this group of elected representatives are going to do what they think is right;
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they are going to do something in the interest of the people; that they are going to give 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, 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, we agree that the social security program has worked well, then this approach is the answer to this particular problem.

Some persons believe this is the 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 Treasury instead of Social Security?

Whereas this body has been 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 for our aged, whereupon the good people of the United States, through the Congress of the United States, have provided a Social Security system; and whereas the Governors' conference for the states, meeting in Cleveland, Ohio, the 35th 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 whereas 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 this 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 the whole 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 existing 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 the rate bands, they will think of the 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 congratulate the Senator from New Mexico (Mr. Anderson) on 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 these 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 65 years.

Mr. LAUSCHE. Who are past the age of 65?

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 recommendation?

Mr. ANDERSON. Provided the State makes its appropriation.

Mr. LAUSCHE. Yes.

Mr. ANDERSON. 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 dainties, but I believe in an act of the Congress which was actuarially sound, operated in a businesslike manner under which payments are 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 protection. I think of the elderly person who is indigent but also of those who through prudence and thrift have accumulated a modest estate.

Mr. ANDERSON. The time of the Senator from Ohio has expired.

Mr. ANDERSON. I yield the Senator 3 more minutes.

Mr. LAUSCHE. The Presiding Officer. The Senator from Ohio is recognized for 3 additional minutes.
Mr. LAUSCHE. Mr. President, it is a rather dominant and interesting 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 or not to support the Anderson amendment. I shall rely on the effect 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 program 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 benefits 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 for example, the number of people uncovered under the law unless the committee proposal were adopted. I think we would encounter difficulties jointly made by employers and employees, or earmarked taxes, Funds 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 for example, the number of people uncovered under the law unless the committee proposal were adopted. I think we would encounter difficulties 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, and I have found out the road myself a salary of $4,200 a year, which was the maximum social security earning limitation, and did not even have the money to pay into social security. They would not wish to, when he reaches the age of 68 under the proposal before us, he may receive the full benefits without paying 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. He is a 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 limitation, and did not even have the money to pay into social security. They would not wish to, when he reaches the age of 68 under the proposal before us, he may receive the full benefits without paying the last few months, when Congress made them eligible. They would be left out of any benefits proposed by 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 asking 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 $25,500 a year, and some of them

The position which I have taken on the basis of the amendment of the proposal. I repeat that in my judgment we do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies. I do not claim that to be video subsidies.

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.

Further 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.

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Many older persons have written through the years expressing a desire for increased social security money benefits, no question about that. This is undoubtedly 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, I believe that Social Security System with a medical program financed by ever higher social security taxes can only make any unlikelier 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 program through the hearings by the special Senate Labor Subcommittee on 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. I say that Americans would rebel at such a tax piled on their already tremendous Federal and State income taxes. The Los Angeles Times says that—

We think the insurance companies, endorsed by business, 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 PRESIDENT. 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 elderly people I am familiar with. I now do not 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 income tax at all. It has been explained here that millionaires would escape paying any income tax at all. I say that Americans would rebel at such a tax piled on their already tremendous Federal and State income taxes.

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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. A total of 546,000 Colorado residents—those between the age of 60 and 65—were also receiving OASI or OASDI payments. The total number of persons receiving OASI or OASDI payments was 59,944. Hence, approximately 22 percent of Colorado old-age pensioners 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 are not receiving a pension based on social security. Since only about 59,944 persons aged 65 and over in Colorado were receiving OASI or OASDI payments, the majority of those between the age of 65 and over are receiving benefits under the Colorado old-age pension medical care program. This point is to be emphasized, for if a person does not receive his pension payment, he would not be entitled to receive medical care and, therefore, his employment and health insurance coverage would be denied. In this manner, the distinction is not one of socialism as persons over 65 would not be covered by the old-age pension medical care program.

The PRESENTING OFFICER. Mr. ALLETT. That is right.

Mr. ANDERSON. Mr. President, I yield 10 minutes to the Senator from Colorado.

Mr. ALLETT. Thirty-nine percent of persons 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 are not receiving a pension based on social security. Since only about 59,944 persons aged 65 and over in Colorado were receiving OASI or OASDI payments, the majority of those between the age of 65 and over are receiving benefits under the Colorado old-age pension medical care program. This point is to be emphasized, for if a person does not receive his pension payment, he would not be entitled to receive medical care and, therefore, his employment and health insurance coverage would be denied. In this manner, the distinction is not one of socialism as persons over 65 would not be covered by the old-age pension medical care program.

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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 clinic. So the doctor and his patient have what was considered today the freedom of choice to select one’s doctor.

In the first place, as it has been raised and presented here, as misrepresented as it has been, it has been said that the Senate might say, “This is a State agency or a Government agency.—”

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 or 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 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 65 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 the doctor or the patient to which doctors are paid by their patients.

The practice has been established under the health insurance programs, such as the Blue Cross-Blue Shield, of having the insurance company pay the hospital bills, 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 programs, 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 the 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 is considered that the provider or the 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”—Whatever agency was handling the matter—“to pay the bill directly to us, without its being out of your hands of the payment.”

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 the service to the patient. So we are not introducing any new idea by attempting to establish a medical aid program which is part of the social security program, under which, when a person receives hospital care or medical care, payment may be made directly to the hospital or to the clinic which renders 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 pensions and medical care programs in the Nation. The total number of Coloradans who received old-age pensions in 1959 was 58,333; 22,722, or almost 36 percent, of the Colorado pensioners participated in the medical care program. Mr. President, if I may, I have on my chart a form that may 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:

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Colorado's Old-Age Pension, Health and Medical Care Program, 1959

Total pensioners receiving old-age pension, 58,333.
Total pensioners receiving medical care, 22,722, 36 percent.
Total pensioners requiring hospitalization, 14,236, 24.6 percent.
Total pensioners requiring nursing home care, 4,907, 8.6 percent.
Twenty-five percent of pensioners used doctors’ homes and office services.

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Colorado's Old-Age Pension, Health and Medical Care Program, 1959

Total pensioners receiving old-age pension, 58,333.
Total pensioners receiving medical care, 22,722, 36 percent.
Total pensioners requiring hospitalization, 14,236, 24.6 percent.
Total pensioners requiring nursing home care, 4,907, 8.6 percent.
Twenty-five percent of pensioners used doctors’ homes and office services.

Expenditures during calendar year 1959

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treatment. The Colorado medical care program provides medical care to doctors and 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 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 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 old pensioners of $106 a month. For 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. The President, will the Senator from Minnesota yield back?

Mr. MCCARTHY. I yield.

Mr. CARROLL. I see on the floor the able Senator from New Mexico (Mr. Anderson-Kennedy) who is the sponsor of the Anderson-Kennedy amendment. I should like to ask him: "Will the Anderson-Kennedy amendment benefits supplement or replace the benefits of the Kerr-Frear bill?"

For example in Colorado there are almost 18,000 people 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. Is the Senator from Minnesota willing to 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. CARROLL. 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. CARROLL. 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 Americans who are involved in a Federal program of medical care, and this includes more than 22 million veterans of our wars, does anyone 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. CARROLL. I yield 2 additional minutes to the Senator from Minnesota.
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 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.

For example, the charge made in 1936; it was part of a spot broadcast by the Republican National Committee during the campaign:

The facilities of this station have been engaged by the Republican National Committee in order to make the following announcement: If you want to help Roosevelt's 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 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.

DEIRESEN. Mr. President, I yield 1 minute to the distinguished Senator from New Hampshire (Mr. Corroon).

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 1 minute.

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 stockpiling for old age.

Furthermore, the finest health care in the country 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 un-

able 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 that. They stress diagnostic and preventive care, and avoid an unwise overemphasis on hospital care alone.

I am unanimously opposed to the Anderson-Kennedy amendment, which, like the Ford 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 65 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 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 income. It would mean a blunderbuss full of birdshot in the hope that a few will hit the target.

This amendment 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 programs. Such amendments like the sorely needed increase in the amount social security recipients can earn without having their benefits reduced.

I hope it will be rejected.

DEIRESEN. Mr. President, I yield 5 minutes to the distinguished Senator from Maryland (Sen. Dirksen).

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

BURGER. Mr. President, I urge the passage of H.R. 12560, 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 a nationalization of the practice of medicine, hospitalization, and all the various phases of care 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 health needs of the Nation, we can look down the road of the future and foresee in every election year a new drive to expand the programs to a broad national scale.

If we believe that health care will be beneficial to the country, I believe quite the contrary.

This country, under the existing system, has been the most fortunate. Our scientists, doctors, and others engaged in caring for the health of the 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 workers and young people. We cannot but marvel at 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 1980 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 the strong political pressure from various groups, that committee rejected the compulsory payroll tax proposal 17 to 15. It then approved what is known as the Forand 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.
The PRESIDING OFFICER. The Senator's time has expired.

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 that has been most satisfactory, and that he is quietly proud of this accomplishment. And well he might be. What I wish to impress on you is that the Senator from Oklahoma [Mr. Kerr] wrote his amendment from a background of practical administration in his State, whereas Congress has written its legislation from a background of theoretical administration. Moreover, we have had the privilege, as the Senator from Oklahoma is aware, of being present at the White House Conference on National Health Insurance, where the Senator's views were presented. The Senator from Oklahoma has written his amendment from a background of practical experience, and the采纳 of it would follow. It is beyond my understanding how this country can live without it.

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 magnitude 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 in the future, I am even more amazed at the ability of this one-half of 1 percent to support different programs. The Ford 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 McNamar bill, for the same amount of hospital days, 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 to $200 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 $50 deductible—up to 240 days in a nursing home, 365 days of home health services and diagnostic outpatient hospital 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. In 1935 for our social security program show that dollar payments in 1960 were estimated at only one-fourth 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 is precisely because of the liberalization of the program. 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.

Before 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 guess at what the program would cost. Under the Anderson-Kennedy amendment, and these social security approaches, we would establish a service program, thereby giving us two variables: How much is this program—because of what 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 years.

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 one-half of 1 percent increase in social security tax will amount to the coloquy 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. Douglas] at page 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 as to what the main portion of the national income is represented by those having incomes of $64,800 or less? In other words, if we adopt the social security approach in connection with national legislation, in what proportion of the national income will escape paying the payroll tax?
the cost of the aged health insurance program? I believe we ought to have that information.

Mr. KER. 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 your question, that about 60 per cent of the national income would make no contribution to the fund if it were secured from a social security tax.

Mr. AIKEN. About 40 per cent. 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. KER. 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 in excess of $4,800 or about $4,500.

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

Mr. HOLLAND. Does the Senate have available figures which he can place on the record, one at a 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, rather than the program the Senator from Oklahoma is explaining?

Mr. KER. I am advised that an additional 1 percent tax on payroll 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 the social security system alone would be unfair to the younger workers in the country. I wonder if the Senator has any observation to make on that point.

Mr. KER. As I said a while ago, I believe a health care program of people, including all of our citizens within a certain category, if Congress decides it is needed and should be provided, would 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. KER. I yield.

Mr. HOLLAND. In this discussion, has the Senator taken into consideration the fact that 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. KER. It is indeed.

Mr. HOLLAND. I thank the Senator.

Mr. KER. I yield my good friend from Delaware.

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

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

Mr. DRAZAN. The Senator has made an exceptional exception. I know he has been on the floor a while. I am sure he would yield for a little catechizing in order to gain the whole subject in a package.

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

Mr. KER. The amendment is accurate.

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

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

Mr. DRAZAN. Out of general revenues appropriated for that purpose.

Mr. KER. The Senator is correct.

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

Mr. KER. The Senator is correct.

Mr. DRAZAN. 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. KER. I believe that the estimate of cost of the bill as passed by the House for title XVI, which would provide the initial coverage, would be about $30 million a year, soon going up to $165 million a year. That 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 program under title I of the existing law, would be about the amount named by the Senator from Illinois.

Mr. DRAZAN. 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. KER. The Senator is correct.

Mr. DRAZAN. 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 realignment of Federal-State legislation, and could probably not become effective until some time in the middle or later part of 1961.

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

Mr. DRAZAN. 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. KER. Not by reason of anything in the law.

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

Mr. KER. 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 proposed 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 doing this. But I do fear that differences over how this is to be done will end up with nothing to be done at all. In the Senate, 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 legislative action 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 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 are now eligible for 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 is on the face of it, a very 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, home nursing care, laboratory tests, dentists and X-rays, pre-
scribed drugs, eyeglasses, and sundry diagnostic screening and preventive services.

On the other hand, what medical care is in the proposed social security 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 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 hospital care, diagnostic outpatient services and "very expensive drugs." True, this is somewhat closer to well-rounded medical care. But when we come to our old-age and survivors' insurance programs, 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 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.

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 amendment.

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 that the Federal Government accept responsibility for formulating and paying for the major part of the proportionate share of health 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. Andrews) 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 the Federal Government today. It seems to me that the committee bill is as far as we ought to go at this time.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired, Mr. Carlson. Mr. President, I yield myself 1 additional minute.

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 this 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 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. 12560 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 nation and their present sponsoring agency—the Blue Cross Association—were to be united into a homogeneous, national, 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 the hospital costs and charges.

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 hospitals.

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 OASDI and then submit them to 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.

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—by Social Security Administration—control the operation of hospitals and other health-care facilities. He favors Federal control of the costs of health care and the setting of general 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. I am quite sure that the Federal Government cannot depend on private organizations—even as contractors—to serve the public. With this in mind and the President's statement, I admire Dr. Baehr for saying so—is that the Social Security Administration is our only hope for controlling the spiraling hospital costs in the future. To this, I submit, is the philosophy of those who want State medicine and are willing to take any route to it.
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, or 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 zone 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 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 of them 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 invariably lie about their precious independence and self-respect and the program will make them more and more wards of the state.

Mr. President. this is probably necessary in a relief program in order to prevent a few of them from taking advantage of the taxpayers, and it should also be understood that there is no fixing of doctors' fees under the Eisenhowser-Kerr amendment, which deals only with hospital and nursing care and not with doctors' fees, but that there is such a fixing under the Eisenhowser-Kerr proposal. For the doctors who think they can set 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. The two head off any attempt to pay for payment of hospital and nursing care the AMIA is therefore willing to have doctors fees regulated by the States.

This is jumping with a vengeance 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.

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 has gone 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 those in the later years.

And to the Republican cry that this is compulsory, may I point out that they would insist as a worse principle of insurance, 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 Amendment, which deals only with the fixing of fees and not with hospital and nursing care. And there is such a fixing under the Eisenhowser-Kerr proposal. For the doctors who think they can set 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. The two head off any attempt to pay for payment of hospital and nursing care the AMIA is therefore willing to have doctors fees regulated by the States. This is jumping with a vengeance from a nonexistent frying pan into the fire.

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CONGRESSIONAL RECORD — SENATE

1960

MINORITY VIEWS OF HEALTH BENEFITS FOR THE AGED

1. The aged have high potential and actual disability and heavy costs of medical care. It was wrong to have a program of compulsory insurance.

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 underwrite the costs of medical care 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 aged, the elderly, and the aged are not just old people in the United States of the need for programs and policies appropriate to these trends.

7. 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 Committees rejected the sound, dignified way of meeting the medical care for our senior citizens. Have we really by the bill approved by the other members of the committee is certainly not the answer.

8. No plan that is not based on a humiliation and degrading means test can satisfactorily meet the problem of the health needs of the aged. It is unfair to ask our older workers and their families to a pauper's oath in order that they can get the medical care they need.

9. 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 the economic hazard of universal occurrence.

10. 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.

11. It is not true, implied by some, that only a small proportion of wage earners and salaried persons would contribute to such a program. All 70 million—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 paying for their health protection in old age.

12. We thought the question in proper terms, the majority of all Americans would prefer this logical and practical solution.

13. 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 be able to finance their medical needs, or (b) the standard for eligibility would have to be raised, in order to be able to finance their medical needs, or (b) the standard for eligibility would have to be raised, in order to...
Insofar as individuals have the resources to purchase private insurance, they would then be able to build such individual protection into the social insurance program. Contrary to fears that have been expressed, the development of social insurance has not cut down the growth of commercial insurance; a tremendous growth of private protection has accompanied the development of the old-age and survivors, and the development of the disability insurance system. We anticipate a similar response: medical care benefits are added to the OASI program.

**FREEDOM OF CHOICE WOULD BE PRESERVED**

The tax that would support medical benefits under the social insurance plan would be consumed by Federal, State, and local tax—all public funds, including existing social security taxes. Any public funds not included, 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 certifying the type of care necessary, whether in a hospital, a skilled nursing home, or the patient’s own home. On the contrary, 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 up socialization so as to avoid permanent invalidism.

**PUBLIC ASSISTANCE IS NOT THE PROPER ANSWER**

Only the social security system can provide medical care for the aged in a satisfactory manner. If medical care costs are not met by social insurance, increasingly they will have to be met through the less satisfactory method of relief. In America $400 million a year is now being spent for medical care assistance under the old-age assistance program; the committee will 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 of the $4 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 the use of Federal funds and not give security if retired persons have no protection against the cost of medical care and hospitalization. When their incomes are inadequate, the incidence and cost of illness grows.

The social security approach would assure that benefits would definitely be available, that the individual could count on this protection, and that the benefits would be supported by adequate, advance financing.

The amendment we will support on the floor of the Senate adds hospital and related health benefits to old-age, survivors, and disability assistance recipients. Together, these shortages amount to over $600 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 significantly reduce grants. On the other hand, if protection against medical care costs were provided under the OASDI system, eligibility for such grants will be extended to all aged persons, including those who are barely able to meet everyday living expenses, and those who are barely able to meet everyday living expenses, and those who are barely able to meet everyday living expenses,

**SUMMARY OF PROVISIONS OF OUR PROPOSED AMENDMENT**

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keeping within a long-range level-premium cost of 0.5 percent of payroll, 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 $4,600 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

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payments</th>
<th>Other resources for medical care available to old-age assistance (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>No</td>
<td>Maximum OAA money payment of $75 may be exceeded up to $100 for nursing home care. Recipients in hospital continue to receive money payment. State has program of hospitalization for medically indigent, administered by State health department.</td>
</tr>
<tr>
<td>Alaska</td>
<td>No</td>
<td>Maximum OAA money payment of $100 available for nursing home care. For nonresidents, State program of general assistance is used to meet medical needs, including hospitalization and nursing-home care. Money payment not made in money payment to the recipient. For inpatients, Bureau of Indian Affairs is a resource for medical care including hospitalization.</td>
</tr>
<tr>
<td>Arkansas</td>
<td>No</td>
<td>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.</td>
</tr>
<tr>
<td>California</td>
<td>Yes, No</td>
<td>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.</td>
</tr>
<tr>
<td>Colorado</td>
<td>Yes</td>
<td>Nursing home care provided through money payment up to $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.</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Yes, No</td>
<td>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.</td>
</tr>
<tr>
<td>Delaware</td>
<td>No</td>
<td>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.</td>
</tr>
<tr>
<td>District of Colorado</td>
<td>Yes, No</td>
<td>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.</td>
</tr>
</tbody>
</table>

1 Vendor payments may be made for drugs, appliances, dental services, and optical supplies recommended by a physician, hospital, or clinic when such are not available without cost to the agency through other sources.

2 Vendor payments may be made for drugs, appliances, dental services, and optical supplies recommended by a physician, hospital, or clinic when such are not available without cost to the agency through other sources.

Source: Bureau of Public Assistance, Social Security Administration, June 1960.
<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payments method used</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other resources for medical care available to old-age assistance recipients (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>Yes</td>
<td>Limited to acute injuries and illness. Maximum: 90 days a year.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment to $300 maximum, which may be supplemented from other sources up to rate determined for community.</td>
</tr>
<tr>
<td>Georgia</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment to $300 maximum, which may be supplemented from other sources up to maximum rate. Limited hospitalization through board of commissioners. Hospital care for medica-</td>
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<td>lity urgent enacted in 1956, but not in operation.</td>
</tr>
<tr>
<td>Guam</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Hospitalization and other medical care available through Government hospital.</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Yes</td>
<td>All recommended by physician: except islander's classes (age and</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment. State agency and medical care provisions being reexam-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No day limitation.</td>
<td></td>
<td></td>
<td>ined. Outpatient care provided by State paid physician who also dispense drugs to limited extent.</td>
</tr>
<tr>
<td>Idaho</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Hospitalization furnished under annual contract with private hospital in some counties; general assistance used primarily for medical care. Public assistance recipients in a public medical institution can continue to receive assistance grant.</td>
</tr>
<tr>
<td>Illinois</td>
<td>Yes</td>
<td>Limited to non-acute acute surgery, injuries, acute illness, dia-</td>
<td>Yes</td>
<td>No</td>
<td>Scope of medical care determined by individual counties in line with contracts recommended by State agency.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>boses. No day limitation.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>Yes</td>
<td>Limited to non-acute acute surgery, injuries, acute illness, dia-</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment to meet rate for needed care. Basic rate $80, plus amounts for additional care provided through general assistance and Indiana University Hospital.</td>
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<tr>
<td></td>
<td></td>
<td>boses. No day limitation.</td>
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<tr>
<td>Iowa</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment to meet hospital rate of recipient up to the local rate. No statewide rates or ranges.</td>
</tr>
<tr>
<td>Kansas</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment up to $60 (per total need). New legislation to start in 1961. Causes all types of medical care to limited amounts. Some counties make contributions to local hospitals for care of needy.</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Practitioner services paid by vendor in nursing home cases only; in other circumstances provided through money payment. Hospitalization available through State hospital program.</td>
</tr>
<tr>
<td>Main</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 60 days a year.</td>
<td>No</td>
<td>$50 maximum</td>
<td>Other medical care must be met by recipient from money payment. OAA maximum is $60.</td>
</tr>
<tr>
<td></td>
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<td>money payment, remaining by vendor payment up to $30 or $40.</td>
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<tr>
<td>Maryland</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment up to $114.60 for total care. Maximum of $120, $120, 870, according to group into which county is classified on total money payment for total needs of recipient.</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>$60 maximum</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>money payment, remaining by vendor payment up to $30 or $40.</td>
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<tr>
<td>Michigan</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment, $60 maximum; may be supplemented from State and local general assistance funds to maximum regional rate ($10 to $75). Practitioner services are in money payment. OAA maximum $60.</td>
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<tr>
<td>State</td>
<td>Vendor payment method used</td>
<td>Hospitalization (including control or conclusion on hospital days)</td>
<td>Drugs</td>
<td>Nursing home care</td>
<td>Other</td>
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<tr>
<td>Minnesota</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 30 days; re-admission dependent on physician's recommendation.</td>
<td>Yes</td>
<td>$60 by money payment, plus vendor up to $150 may be exceeded.</td>
<td></td>
</tr>
<tr>
<td>Mississippi</td>
<td>No</td>
<td>No recommended by physician. Maximum: 30 days; re-admission dependent on physician's recommendation.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Missouri</td>
<td>Yes</td>
<td>For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Montana</td>
<td>Yes</td>
<td>Limited to remedial eye care.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Yes</td>
<td>All recommended by physician. General rule: 31 days; re-admission dependent on physician.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Nevada</td>
<td>Yes</td>
<td>No recommended by physician.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Yes</td>
<td>All recommended by physician. General rule: 14 days; re-admission dependent on physician.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Yes</td>
<td>No recommended by physician.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Yes</td>
<td>All except elective surgery. No maximum; 7 days with re-admission required.</td>
<td>Yes</td>
<td>$55 maximum on money payment, plus vendor up to $150.</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>Rates set locally. Personal needs not by money payment.</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>No</td>
<td>All recommended by physician. Maximum: 180 days.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 60 days.</td>
<td>Yes</td>
<td>Met budgetary deficit up to maximum rates from $200 to $475.</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>Yes</td>
<td>All recommended by physician; non-elective surgery only; except after surgical review; 30 days each admission with possible extension.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Yes</td>
<td>Limited to life threatening conditions and conditions predisposing or alleviating blindness; 15 days per admission.</td>
<td>Yes</td>
<td>$60 maximum on money payment, plus $25 vendor payment.</td>
<td></td>
</tr>
</tbody>
</table>

*For other resources for medical care available to old-age assistance (O.A.A.) recipients: Nursing home care provided through money payment, $32 administrative maximum; may be supplemented from local or private funds to $150 maximum. Some hospitals available through State subsidies. Some counties contribute. Nursing home care provided through money payment, $85 maximum, except $600 for "completely bedfast and totally disabled." Other medical care by money payment. Provisions being revised. 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 in prevention of blindness and restoration of sight. Nursing home care provided through money payment, $85 maximum; may be exceeded in unusual circumstances. Nursing home care and other medical services are in money payment up to $50 maximum for O.A.A. Nursing home care provided through money payment, $85 maximum; may be exceeded in unusual circumstances. Nursing home care provided through money payment, $85 maximum; may be exceeded in unusual circumstances. Counties have option as to method of payment for each of the services provided subject to State approval. Nursing home care provided through money payment, $758 maximum, applicable only to need for skilled nursing service following hospitalization; limited to 3 months; may be extended 8 times. All other medical care provided through money payment. No maximum. Average O.A.A. payment, $40. Nursing home care provided through money payment to meet budgetary deficit for care needed up to $1500. Nursing home care provided through money payment. Hospitalization limited; no specific items of medical care provided in budgeting for money payment.
<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (excluding controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other resources for medical care available to old-age assistance (O.A.A.) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No maximum. Restriction: Medicare daily.</td>
<td>Yes</td>
<td>Yes</td>
<td>In lieu of nursing home care, housekeeping or nursing services in own home provided in special payment directly to recipient.</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No maximum. Medicare daily.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment. OAA maximum, $100 in kind. May be supplemented from other sources for personal needs in money payment. Hospitalization through State-owned and State-aided hospitals.</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>No</td>
<td>No</td>
<td>No recommended by physician. No maximum. Medicare daily.</td>
<td>No</td>
<td>No</td>
<td>Medical services of all types available from resources of public health department.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. General rule: 31 days with provisions for extension.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment. OAA maximum, $250 maximum, depending on type of care, plus $30 for clothing and personal needs.</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Yes</td>
<td>No</td>
<td>Acute illness and injury. 30 days maximum.</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment of $75 to $150 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.</td>
</tr>
<tr>
<td>South Dakota</td>
<td>No</td>
<td>No</td>
<td>No recommended by physician. Medicare daily. Extension possible.</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment of OAA maximum, $65.</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Yes</td>
<td>No</td>
<td>Acute illness or injury, and illness requiring hospitalization, 30-day maximum.</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment of $75 to $100 depending on type of care needed. County commissioners generally maintain county hospitals or make payment in private hospitals.</td>
</tr>
<tr>
<td>Texas</td>
<td>No</td>
<td>No</td>
<td>No recommended by physician. Medicare daily. Extension possible.</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment of $75 to $100 depending on type of care needed. County commissioners generally maintain county hospitals or make payment in private hospitals.</td>
</tr>
<tr>
<td>Utah</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician, except elective surgery. General rule: 30 days. Extension possible.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care provided through money payment of $75 to $100 depending on type of care needed. County commissioners generally maintain county hospitals or make payment in private hospitals.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Yes</td>
<td>No</td>
<td>No recommended by physician. Medicare daily. Extension possible.</td>
<td>No</td>
<td>No</td>
<td>Hospitalization provided by &quot;town&quot; nursing home. Other medical needs included in money payment. OAA maximum, $60.</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>Yes</td>
<td>No</td>
<td>No recommended by physician. Medicare daily. Extension possible.</td>
<td>No</td>
<td>No</td>
<td>Other medical treatment through department of health. Hospitalization available under system of municipal hospitals.</td>
</tr>
<tr>
<td>Virginia</td>
<td>Yes</td>
<td>No</td>
<td>Extent of money payment provision to hospital care effective July 1, 1960.</td>
<td>Yes</td>
<td>No</td>
<td>Other medical care provided through money payment. Average O.A.A. money payment, $92. (To July 1, 1960, hospitalization provided through State-local payments, part of public assistance program.)</td>
</tr>
<tr>
<td>Washington</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician, Medicare daily. Extension possible.</td>
<td>Yes</td>
<td>No</td>
<td>Average O.A.A. Money payment, $92. (To July 1, 1960, hospitalization provided through State-local payments, part of public assistance program.)</td>
</tr>
</tbody>
</table>
### 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.

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including control or limitation on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Virginia</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to acute illness, inpatient surgery, diagnostic services, except in those cases where it would increase inpatient capacity for self-care. Maximum 30 days.</td>
<td>Yes</td>
<td>No</td>
<td>Yes.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation; renewable if needed in each county. Allowances for personal needs in money payment.</td>
<td>Yes</td>
<td>Pay budgetary deficit to meet rate for care needed; rates negotiated in each county.</td>
<td>Yes</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>No</td>
<td>$35 maximum monthly payment for maintenance, plus vendor payment up to $20.</td>
<td>No</td>
</tr>
</tbody>
</table>

### 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)

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
<th>Type of service not reported</th>
<th>Practitioners' services</th>
<th>Hospitalization expenses</th>
<th>Drugs and supplies</th>
<th>Nursing and convalescent home care</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$279,749.95</td>
<td>$24,923.705</td>
<td>$21,344.461</td>
<td>$71,529.907</td>
<td>$51,077.044</td>
<td>$56,944.95</td>
<td>$12,749.417</td>
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<tr>
<td>Alaska</td>
<td>17,763</td>
<td>2,329</td>
<td>18,146</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Arizona</td>
<td>24,977</td>
<td>2,401</td>
<td>2,605</td>
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<td>Arkansas</td>
<td>26,019</td>
<td>2,395</td>
<td>2,607</td>
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<tr>
<td>California</td>
<td>32,146</td>
<td>3,015</td>
<td>3,217</td>
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<tr>
<td>Colorado</td>
<td>32,062</td>
<td>2,815</td>
<td>2,988</td>
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<td>Connecticut</td>
<td>3,008</td>
<td>2,562</td>
<td>2,562</td>
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<tr>
<td>Delaware</td>
<td>250,636</td>
<td>260,636</td>
<td>260,636</td>
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<tr>
<td>District of Columbia</td>
<td>1,468</td>
<td>1,468</td>
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<tr>
<td>Florida</td>
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<td>Georgia</td>
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<td>Hawaii</td>
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<td>Idaho</td>
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<td>2,006</td>
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<tr>
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<tr>
<td>Kentucky</td>
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<td>20,434</td>
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<tr>
<td>Louisiana</td>
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<tr>
<td>Maine</td>
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<td>1,354</td>
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<tr>
<td>Maryland</td>
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<td>1,668</td>
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</tr>
<tr>
<td>Massachusetts</td>
<td>24,404</td>
<td>24,404</td>
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<tr>
<td>Michigan</td>
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<td>3,968</td>
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<tr>
<td>Minnesota</td>
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<td>1,729,121</td>
<td>1,729,121</td>
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</tr>
<tr>
<td>Mississippi</td>
<td>3,968</td>
<td>3,968</td>
<td></td>
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</tr>
<tr>
<td>Missouri</td>
<td>17,467</td>
<td>17,467</td>
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<tr>
<td>Montana</td>
<td>1,668</td>
<td>1,668</td>
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<tr>
<td>Nebraska</td>
<td>3,968</td>
<td>3,968</td>
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</tr>
<tr>
<td>Nevada</td>
<td>250,636</td>
<td>250,636</td>
<td>250,636</td>
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<td>New Hampshire</td>
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<td>4,128</td>
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<tr>
<td>New Mexico</td>
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</tr>
<tr>
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<tr>
<td>North Carolina</td>
<td>2,333</td>
<td>2,333</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>2,006</td>
<td>2,006</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>32,146</td>
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</tr>
<tr>
<td>Oklahoma</td>
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<td>22,137</td>
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</tr>
<tr>
<td>Oregon</td>
<td>3,008</td>
<td>3,008</td>
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<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>3,008</td>
<td>3,008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhode Island</td>
<td>889,335</td>
<td>889,335</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>889,335</td>
<td>889,335</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In some instances, figures are presented where no federally aided vendor payment is made; in others, the figures are presented where vendor payment programs are now in existence. These discrepancies are generally the result of the method and timing of the State reports. For example, Alabama, although it has a federally approved plan for vendor medical payments, reports total payments of $87,485. This is a vendor program for all types of services, reported its payments for practitioner, 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.
Nearly three out of four persons 65 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 65 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 care, up to 365 days.

(c) Diagnostic outpatient hospital services, including X-ray and laboratory services.

(d) Home health services by a nonprofit or public agency, up to 565 visits.

3. Costs and financing

The program would be financed, administered, and funded by the Social Security Administration, 100 percent by employers and employees, and three-eighths percent by the self-employed. In 1961, with transition most of the present Social Security taxes would be used for financing the new health program. The proposals would be self-financing.

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 to be made with the provider of service or with its authorized representa-

Table B.—Old-age assistance: Payments for 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)—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
<th>Type of service not reported</th>
<th>In all States reporting for specified type of service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Practitioners' services</td>
<td>Hospitalization</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Utah</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Vermont</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Virginia</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Washington</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
<tr>
<td>Wyoming</td>
<td>1,944,964</td>
<td>1,944,964</td>
<td>1,944,964</td>
</tr>
</tbody>
</table>

Tens 2.—Estimated number of persons aged 65 and over eligible for health service benefits under the monthly OASDI program, by State, July 1, 1961—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9,188</td>
</tr>
<tr>
<td>Alabama</td>
<td>120</td>
</tr>
<tr>
<td>Alaska</td>
<td>3</td>
</tr>
<tr>
<td>Arizona</td>
<td>45</td>
</tr>
<tr>
<td>Arkansas</td>
<td>22</td>
</tr>
<tr>
<td>California</td>
<td>726</td>
</tr>
<tr>
<td>Colorado</td>
<td>77</td>
</tr>
<tr>
<td>Connecticut</td>
<td>151</td>
</tr>
<tr>
<td>Delaware</td>
<td>21</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>21</td>
</tr>
<tr>
<td>Florida</td>
<td>198</td>
</tr>
<tr>
<td>Georgia</td>
<td>125</td>
</tr>
<tr>
<td>Hawaii</td>
<td>35</td>
</tr>
<tr>
<td>Idaho</td>
<td>55</td>
</tr>
<tr>
<td>Illinois</td>
<td>554</td>
</tr>
<tr>
<td>Indiana</td>
<td>272</td>
</tr>
<tr>
<td>Iowa</td>
<td>181</td>
</tr>
<tr>
<td>Kansas</td>
<td>128</td>
</tr>
<tr>
<td>Kentucky</td>
<td>154</td>
</tr>
<tr>
<td>Louisiana</td>
<td>93</td>
</tr>
<tr>
<td>Maine</td>
<td>65</td>
</tr>
<tr>
<td>Maryland</td>
<td>119</td>
</tr>
<tr>
<td>Massachusetts</td>
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<td>Michigan</td>
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<td>Minnesota</td>
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<td>Mississippi</td>
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<td>New Hampshire</td>
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<tr>
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1. Distribution by State estimated. Excludes persons residing outside the United States.
Hon. Patsy H. Douglas,  
U.S. Senate, Washington, D.C.

Dear Senator Douglas: This is in response to your letter of August 13 regarding actuarial cost estimates for a proposed plan for providing health benefits for all elderly of the old-age, survivors, and disability insurance program aged 65 and over. This plan would increase in the combined employer-employee contribution rate of one-half percent (and a corresponding increase in the contribution of F for the self-employed), to go into a special account or trust fund.

Under the proposal, benefits would first become 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, voluntary inpatient hospital and home health services (by a nonprofit or public agency) for a maximum of 90 visits per year (but with the maximum reduced by 5 visits for each day of hospital care used); the level-premium cost is 0.01 percent. The third benefit, also voluntary, is home health services (with any limits prescribed); the level-premium cost is 0.005 percent.

The total level-premium cost for the above proposal is thus 0.50 percent of payroll. The same as the aggregate of additional contributions provided, so that the proposal as it stands can be considered to be fully paid for and thus actually sound. The total cost of the proposal in the first full year of operation is estimated at $600 million, which is equivalent to 0.23 percent of payroll.

Sincerely yours,

Robert J. Myers,  
Chief Actuary.

PRIVATE INSURANCE CANNOT MARRY THE PROBLEM

People who live with the problems of the great majority of the aged. Actually the problem for private insurance is that medical care for the aged are high and retired people cannot afford to pay the necessary premiums. Persons aged 65 and over are reported to be 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 it would make such a plan impractical 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 does not give the protection needed. Moreover a requirement that commercial premiums be paid over a working lifetime means that no one obtains adequate protection costs an aged couple something like $15 per month.

THE ADMINISTRATION'S APPROACH IS UNSATISFACTORY

We also want to take this opportunity to join the committee in rejecting the plan submitted by Secretary Fanning for the administration (S. 3784).

In 1958 the House Committee on Ways and Means required less than 25,000 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 positions was submitted by private insurance and by individuals who had sought protection against medical care costs for the aged.

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. This results In a large number of persons being covered by public or private insurance or both, while the aged are left with only a fraction of the protection against medical care costs that is available in other respects. It is burdensome to many older people whose incomes are sharply reduced as they grow older, they may drop their voluntary insurance plans.

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 over a working lifetime. This is burdensome to many old-age, survivors, and disabled persons who it is impossible 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 people who work and not from a select group. The result is a large number of persons contributing, without the adverse selection that would inevitably arise from the proposal. Thus, In a voluntary insurance plan, the individual must contribute toward the cost of voluntary protection prior to retirement, such contributions would be completely unrelated to his age or the amount of old-age insurance needed; and the individual cannot receive benefits under a voluntary plan for which he has not paid taxes. At the same time the $24 fee would be a barrier to voluntary election by the person in which he has a compulsory earmark.

4. 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. In our plan, an individual earning $2,000 a year and an individual earning $6,000 a year 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.

6. Contributions under 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 contribution may 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 financial resources. If they continue to pay premiums for voluntary insurance, the flat rate premiums taken a very high proportion of a small income. Our amendment, on the other hand, by requiring individuals and their employers to pay small amounts, is in relation to their earnings; the amounts are reduced and then forgo any contributions when the individual has no earnings and is retired. The amount of earnings In a working lifetime is further adapted to the lifetime earning pattern.
Move any new private plans In many voluntary plans. Bowspia Insurance benefits are limited to 50 to 60 days or have a fixed dollar limit on payments per day to finance their medical care. This pays altech out or e permits.

2. Provisions in the proposed bill will not meet this need.

3. This logical and certain method for meeting the need of adequate 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 in 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 only. The basis that neither 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 prepaid 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.

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 because the basis that neither proposal as offered here today has ever had committee consideration and I do not think the proposal is 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 to the provisions of the bill as approved by the Finance Committee.

The prediction 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 a benefit 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 89th 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. The 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. In the 2d session of the 85th Congress is considering many serious problems affecting the well-being of the citizens of the United States, and one of the most pressing is the issue of medical care. 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 aggregation 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 financial assurance 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 older persons and their 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 condition of our States to provide adequate medical programs for the aged. It is unrealistic to suppose that every State has the 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 281, 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 AND SURVIVORS INSURANCE PLANS

(Source: Bureau of Public Assistance, Social Security Administration, June 1960.)

Direct payments made for medical care (eight): Alaska, Arizona, Delaware, Georgia, Kentucky (to be changed January 1, 1961), North 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, Maryland, Nebraska, Nevada, New Mexico,1 Oklahoma, Pennsylvania,1 Utah,1 West Virginia,1 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, and Wisconsin.

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 $13.7 million a year from their old-age assistance checks because the State has been unwilling to match Federal aid 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. The citizens of the 24 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 $13.7 million a year from their old-age assistance checks because the State has been unwilling to match Federal aid already appropriated and waiting in the U.S. Treasury.

Mr. President, the urgency of this situation demands action. The amended version of H.R. 12580, as presented by the Finance Committees, 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 50 percent of the married couples having a combined income of less than $3,600, when one considers that the average hospital bill for patients from age 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:

TO THE EDITORS 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 contrary to the report 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, suggests a purpose of criticism rather than of information.

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 McNamaras' 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 average, three times that of the population at large. This is the result of higher incidence of illness and prolongation of illness.

Mr. YARBOROUGH. Professor Van Dyke, you said that this survey means the health status of most people over age 65 is poor compared with that of persons in younger age groups.

Mr. YARBOROUGH. I yield one more minute to the Senator from Texas.

Mr. ANDERSON. I yield one more minute to the Senator from Texas.

Mr. YARBOROUGH. Our older 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 de­
bast industry would await every citi­
zen who might desire aid for medical
care. Our senior citizens should not be
left out in a class by themselves. The
Anderson amendment would provide
the kind of coverage which is necessary
to bring the benefits to those who are
about to be voted upon. I have con­
ferred with the Senator from New Mex­
ico and the Senator from Massachusetts
and I believe they are able to extend these
benefits to those eligible to receive rail­
road 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, how­
ever, 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 re­
tirement.

I expect to describe these amendments
in more detail later at the appropriate
time. I think one point should be noted
with regard to the maximum method of
financing these new benefits. The new
program would be financed by raising the
rate of the employment taxes on rail­
road workers and employers by the same
number of percentage points as the em­
ployment taxes would be raised on the
covered social security workers and their
employers. This device has the enthusi­
astic backing of the Railroad Brother­
hoods who represent the bulk of the em­
ployees in question, and I am informed
that the carriers have interposed no ob­
jection to having railroad employees
treated similarly to employees under the
social security system with respect to the
benefits under question. Moreover,
the new program will not add my amend­
ments to the bill in a way of being adminis­
tered 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 Angers under the table and say,
"You are cheating gum. That is a lux­
ury. We must cut your payments."
We ought to vote assistance as a mat­
ter of right, so that people can come in
as a matter of right, and not as a mat­
ter of charity.

Mr. MORSE. Mr. President, I yield 3 minutes to
the Senator from Oregon.

Mr. MORSE. Mr. President, I rise for the pur­
purpose of making an announce­
ment which I think is of vital impor­
tance to all Senators who believe in the soundness
and importance of the Railroad Retire­
ment system. It is a matter that is increas­
ing 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 serv­
ces as would be provided under the
Anderson-Kennedy amendments which
are about to be voted upon. I have con­
ferred with the Senator from New Mex­
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as a matter of right, and not as a mat­
ter of charity.

Mr. MORSE. Mr. President, I yield 3 minutes to
the Senator from Oregon.
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 perverted 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. In its emphasis upon preventive care, the Anderson plan fails to satisfy the absolutely bed uncam promised.

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 usual nature of medical facilities in different parts of the country must lead to inherent discrimination, injustice, and frustrating delays. In the proposal advanced, even on a social security basis, 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.

Third, 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 usual nature of medical facilities in different parts of the country must lead to inherent discrimination, injustice, and frustrating delays. In the proposal advanced, even on a social security basis, 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.

Fourth, it makes a profound sociological change in our country, inaugurating a national health scheme of 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 accomplished 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 any good and everyone great harm because the whole bill will have to be vetoed; hence, social security is emasculated 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 question 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 improper nor unfair; hence they should see the logic and justice of this position. Besides, I do not believe that they would wish to see accelerated 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 nothing 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 happens here. This will be a straight political issue—Democrats against Republicans—with very little chance of anything else happening.

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 we 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 call the house of 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 bed uncam promised.

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the speech of the Senator from New York (Mr. Javits) whom I regard as one of the ablest 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 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 because of disputes between our parties as to the coming elections, the difficulties involved in the procedures between the two Houses of the Congress, 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. Whatever is President and I hope he will commit himself to the social security principle, which I regard as essential. It is not the same as was asked for this Congress to pass the pending bill and to accept the principle that the Federal Government and the States would put forth by the unanimous-consent agreement that 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 and then the beneficiaries would pay the first $75 of cost, would not be available to any citizen until January 1, 1962.

I say to my good friend from Massachusetts (Mr. Kerr) 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.
cause the amendment he sponsored would provide no benefits until 6 months after the beginning of the new year, and therefore a very limited number of benefits.

The benefits provided by the committee bill would be available on October 1, 1960. The Anderson amendment would place the benefits into effect on January 1, 1961. If the Anderson amendment were to become a part of the bill and go to the White House, we would 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 adopted and made law, until July 1 next year? The Kerr-Frear or committee amendment provides a program for every State that adopts it, and the committee bill provides incentives for the States to adopt it that the States would find difficult to resist. It can be passed this year and it can become law this year.

The Kerr-Frear or committee amendment provides a program for every State that adopts it, and the committee bill provides incentives for the States to adopt it that the States would find difficult to resist. It can be passed this year and it can become law this year. My friend the Senator from New York (Mr. RANDOLPH) wanted to know what would happen if we were to pass the Anderson amendment. That would mean that we are carrying out our platform pledges or campaign pledges or convictions that we have for need, if we are going to draw benefits immediately. That would go down the drain insofar as the bill is concerned if the Anderson amendment should become a part of the bill and go to the White House. It would enable 250,000 persons to draw benefits immediately. That provision would take 250,000 persons who are in need and allow them to get down on their knees to get hospital and nursing care. I say that statement is not based upon reality, because if the amendment that the Senator from Illinois (Mr. DOUGLAS) said that would be adopted would be adopted by 30 States, then we would 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 adopted and made law, until July 1 next year? The Kerr-Frear or committee amendment provides. a program for every State that adopts it, and the committee bill provides incentives for the States to adopt it that the States would find difficult to resist. It can be passed this year and it can become law this year.

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The average annual cost of medical care and hospitalization in the United States for persons 65 years of age and over is over $2 billion. One can do his own calculating. If the bill should be fully implemented, the cost would be 2% billion in the first year.

But there is a very interesting reason why, as the able Senator from New York, Mr. Anderson, 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 63 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-fifth of the committee's bill is now available to match the full funds already available, most of it on practically a 3-1 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 not make the Anderson amendment to the committee 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. It would greatly increase 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 benefited. Even though the Social Security Administration has told me that one-half of the States are now unable to match all the assistance funds which are already available to them. For them, the bill will be a bonanza. For the old people in 25 States, it may be an empty and hollow promise. Therefore, in the sense of the highest responsibility, in the sense of rising above political differences, in the sense 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 may be hoped for.

Mr. ANDERSON. Mr. President, I yield 5 minutes to the Senator from Tennessee (Mr. Gooch).

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 5 of the committee report we find, in the fourth paragraph, that the bill would cover "all medically needy aged 65 or over ."

I disregard to say that the phrase "medically indigent" is not used in the bill, as the Senator from Oklahoma has stated, but that the phrase "medically needy" is stated 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 as 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 make available medical assistance for the aged as to many as 10 million persons aged 65 and over.
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 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 bill 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. Therefore, if the States do not increase appropriations to take care of the aged in those States.

What is 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 present 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 on which I have 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 the case under the Anderson-Kennedy amendment, and I have family having an income of $100 a month. They would be taxed one-half 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 the payroll. It would work like a hidden sales tax. The consumers would pay the whole thing.

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. BRIDGES. Mr. President, I yield 2 minutes to the Senator from New Hampshire (Mr. Bayh). The PRESIDENT. Mr. President, I think that the Senator from New Hampshire (Mr. Bayh) has stated the issue very clearly. The issue is whether we have medical care for the aged or whether we have a political issue. I think that when we pass 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 in mental and all, 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. Jacob Goldberg). 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.

An important controversial issue is: Shall we adopt the charity approach or the insurance approach? The prime 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, and, as the Senator from Idaho (Mr. Church) has pointed out, at the county, city, State, or Federal level. There will be the pride which will never seek help, and the frauds which will seek help to disrupt.

We have only to look at the so-called medical care program 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 never get by in the charity ward of a private hospital.

If the present program is to be any word at all, the medical insurance is now covered under the social security system, the Anderson-Kennedy amendment
Situation is.

Think otherwise. So that is the way the minimum wage bill, which was tabled, puelned

If a man to be required by the terms of the gratifying developments in this yield 5 minutes to the Senator from Massachusetts cannot ask liberal Re-

aide will also be cast for the Anderson enormous number of votes on the other votes'on this side, and I know that an have absolutely assured that, as have 28 this is not the season for that.

The Anderson proposal. 'but the Pro-poinents of the tie

has appealed for some Re-

York [Mr. JAVIrS].

life insurance was helped rather than hurt 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. 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. Any 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.

Mr. JAVITs. Mr. President, I yield 2 minutes to the Senator from Vermont.

Mr. ANDERSON. Mr. President, I yield 5 minutes to the Senator from Minnesota 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.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUBER. 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 under social security, but 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 as 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 be undertaken under the terms of the Anderson amendment.

The committee bill plus the Anderson amendment will provide for the medical care of those who are insured in part because of it because of their age or because they should receive it as a matter of right, under social security. Both of the com-passionate 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 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 econom-

minded, "Don't worry too much about that, because all of it depends on whether the government can finance 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. PRESIDING OFFICER. The Senator from Vermont is recognized for 2 minutes.

Mr. Aiken. Mr. President, I yield 2 minutes to the Senator from Vermont.

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 the Anderson 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 4%5 percent, as presently provided, or 5% 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.

It has been noted 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. LONG of Louisiana. 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 amendment in the spirit of compassion. In the first place, it is a plan that would give nothing to 3½ million people over 65. It would give nothing: It would keep people who are already in social security, and there would be no provision that they would contribute anything to this particular fund.

The other day a prominent businessmen from Nebraska called on me. He is 72 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 get 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 OAS? They are the people who have been unable to work for a 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, 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 for 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. LOWE).

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LOWE 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 it does include under the bill. Benefits start at age 68, but the bill does not include payment for other expenses. If this amendment goes into effect, we know that next year the law will include payment for doctor bills. Under the age 65, 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, "What do we do now?" 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 the money that they can save.

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, and 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 trial administrator in a State, a county, and a region of States, and that is what happened over and over again. If Senators want to stick it, 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 now 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 issued the proposals that were offered by the Senator from New York (Mr. JABRAS).

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 social security principle. We have done it for old-age assistance and various other things. Why stop now? This is and has been a successful program. It is remarkable, and the Republican Party can be proud of it.

Mr. ANDERSON. I suggest that Senators go to the people, and 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 in a State, a county, and a region of States, that is what happened over and over again. If Senators want to stick it, bidding for the indigent, this is the way to do it.

Mr. MAGNUSON. 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 York (Mr. AMAXON), 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 is present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yes." I withhold my vote.

Mr. MANSFIELD. I announce that the Senator from Arkansas (Mr. Pasquer) and the Senator from South Carolina (Mr. Johnson) are absent on official business.

I also announce that the Senator from Missouri (Mr. Henry) is absent because of illness.

I further announce that, if present and voting, the Senator from Missouri (Mr. Henry) would vote "yes."

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:

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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 the railroad retirement amendment. So that we 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.

The Senate, by unanimous consent, accepted the amendments.

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 26 of this Act:

"SEC. 26(b). 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 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 United States being 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.

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

(1) has attained the age of sixty-eight, and

(2) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) has been awarded a pension under section 6, or (iv) bears a relationship to an employee with, by reason of which, there would be, 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), 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 oremaker 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 rendered.

"(c) Each individual shall be entitled in any benefit period as provided 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 provisions hereof, be entitled 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, whenever first determined 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 the Secretary and the Board and any preceding sentence shall not be construed to limit the authority of the Board to enter any agreement on its own behalf into a contract, agreement, or memorandum relating to services provided in Canada or in any facility devoted primarily to railroad employees.

Mr. DUKAS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

The motion to lay on the table was agreed to.
"(e) A request for payment for services filed under this section shall be deemed to be a request for payment for services filed 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 section 226 of the Social Security Act."

"(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. 606(a). Section 220 of the Railroad Retirement 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: Provided:'."

"(b) Section 2111 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: Provided:'."

"(c) Section 3211 of the Railroad Retirement Tax Act is amended by inserting after '4600' the first time it appears the following new subsection: '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:'."

"EXPLANATION OF RAILROAD RETIREMENT AMENDMENTS"

The amendments to the Railroad Retirement Amendments Act 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-Kingly amendments, that is, both amendments would cover workers and dependents, age 65 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 Act. The railroad retirement amendments would cover employees 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 railroad 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 home-maker 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 survivor 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, and although that fund is to be provided, the payment for services rendered before the date of the amendment is not to be set aside or diminished.

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.

The amendment was agreed to.
Mr. DIRksen. Mr. President, I would 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 about 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.

Mr. PRESIDING OFFICER. The amendment will be stated.

The PRESIDING CLERK. On page 29, between lines 21 and 22, it is proposed to insert the following new subsection:

CERTAIN EMPLOYEES IN THE STATE OF MARYLAND

(k) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Maryland herefore 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 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 the Federal system, but which prior to 1959 was removed from coverage by such retirement system if:

(1) such individual was an employee on December 31, 1959, but before January 1, 1960, such individual has, in his capacity as an employee in such a position, participated in a retirement system in accordance with the requirements contained in subsection (d) (3) of such section, and

(2) such individual, 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 the Federal system, but which prior to 1959 was removed from coverage by such retirement system if:

(1) such individual was an employee on December 31, 1959, but before January 1, 1960, such individual has, in his capacity as an employee in such a position, participated in a retirement system in accordance with the requirements contained in subsection (d) (3) of such section, and

(2) such individual, 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 the Federal system, but which prior to 1959 was removed from coverage by such retirement system if:

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 be stated.

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, 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 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 150,000 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's disease is overlooked. 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. Young veterans have come to me—young men who have just graduated from college—to tell me that they have tuberculosis, and they and their families have spent every dollar they could take care of. They haven't taken a job; they haven't taken care of themselves. Why is that?

The record shows that in a State hospital there is money available for such cases. It averages about $3 a person per day, or $90 a month.

Ninety dollars a month. Think of it.

Mr. LONG of Louisiana. Only to those over age 65.

Mr. CARTER. 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 those who are left out in a State hospital? For example my State has a tuberculosis sanitarium which is 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. MAGNUSON. 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 man's disease. It arises, in many instances, increases with the passage of time, and the pressure of circumstances. I suppose in some instances, the person's mind begins to wear out. I believe there is a hardening of the arteries, which affects the brain cells and other parts of the body. When that happens, the mental illness occurs later in life 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 is correct. In the United States, the Federal Government 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 aged are not greatly handicapped by illness. I do 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, the State will have to assume the whole load by itself. 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.

Mr. SMATHERS. First, I congratulate the able Junior Senator from Louisiana for presenting this amendment. 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 yield.

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

Mr. LONG of Louisiana. I yield.

Mr. SMATHERS. As I understand, the purpose of the bill is to help elderly people who found themselves unable to get proper treatment. So I congratulate the Senator from Louisiana on his amendment. I hope the Senate will adopt it. I should like to think that 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. SMATHERS. 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 Committee of the Whole recommended Finance Committee proposal was to help elderly people who found themselves unable to get care in so-called 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. SMATHERS. Yesterday the Senator from Washington discussed this amendment with me and my 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 yield.

Mr. SMATHERS. As I understand, the purpose of the bill is to help elderly people who found themselves unable to get proper treatment. So I congratulate the Senator from Louisiana on his amendment. I hope the Senate will adopt it. I should like to think that 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. SMATHERS. 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.

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

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

Mr. HUMPHREY. Yesterday the Senator from Louisiana discussed this amendment with me and my 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. MAGNUSON. Mr. President, will the Senator yield?

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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 while hospitals, facilities and personnel, and drugs and care are available, progress can be made. The Senator's amendment is directed toward that purpose. If we build more, and do something about it in this field, together with what we have done in the treatments at the National Institute of Mental Health, 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 the President Eisenhower. In fact, they are so ridiculous that I do not believe they deserve to be associated with either the Vice President in the Budget or the Secretary of Health, Education, and Welfare.

However, within the hidebound bureaucracy over those departments, such 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 are already 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 bureaucratic 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 these people are not by any means in the early stages of their illness, 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 have this amendment passed, and that it will cost $120 million, the way it now stands, yet some object to extending the bill to 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 flatly 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, 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, where 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 referred to as an 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 that is a bill 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 commonwealth of 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 have had the results being obtained in the city of Minneapolis, where the care provided has been 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, the Senate will be able to complete its action on the bill. I hope that action will be taken without any sacrifice of time.

Mr. President, the State I represent will benefit greatly from this amendment. It is true that we have not been able to provide as much care for the mentally ill as we would like, but if this amendment is passed, we will be able to do so.

Mr. JOHNSON of Texas. Mr. President, will the amendment be sent to the Senate from Texas for a vote on the floor?

Mr. JOHNSON of Texas. Very well, Mr. President; then I ask for 5 minutes for proponents and 10 minutes for the opponents.

The PRESIDING OFFICER. Mr. JOHNSON of Texas has the floor. Mr. President, the Senate is now at cares of the President.

Mr. JOHNSON of Texas. Very well, Mr. President; then I ask for 5 minutes for proponents and 10 minutes for the opponents.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. JOHNSON of Texas. Very well, Mr. President; then I ask for 5 minutes for proponents and 10 minutes for the opponents.

The PRESIDING OFFICER. Mr. JOHNSON of Texas has the floor.

Mr. JOHNSON of Texas. Mr. President, 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 the time required for these debates not be charged to any Senator nor available to either side under the agreement already entered.

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

Mr. JOHNSON of Texas. I also ask unanimous consent that there be a limitation of 20 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 action be on notice. I hope we shall not have to hold up any yeas-and-nays 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. DIRRKEN. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. Very well.

Mr. JOHNSON of Texas. Very well.

Mr. DIRRKEN. 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.

The yeas and nays were ordered.
SOCIAL SECURITY AMENDMENTS OF 1969

The Senate resumed the consideration of the bill H.R. 12590, the Social Security Amendments of 1969.

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 2 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. I have not members of this body who think 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, but the Senator from Louisiana has not indicated what he thinks will be the cost of his amendment. 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 members of both parties. 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. The case, 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 States, in which States hire mental health specialists at high salaries, and which have their programs under way, but 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 some of the Members of this body think it will be the effect of it upon the operation of institutions in the several States.

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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, but the Senator from Louisiana has not indicated what he thinks will be the cost of his amendment. 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 members of both parties. 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. The case, 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 States, in which States hire mental health specialists at high salaries, and which have their programs under way, but 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 some of the Members of this body think it will be the effect of it upon the operation of institutions in the several States.
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 there are two kinds of the mentally ill. If 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 Anderson 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 there is a distinguished chairman of the Public Health Subcommittee, who knows more about medicine than any other Senator in the Senate. I ask unanimous consent that they be not printed in the RECORD at this time.

Mr. LONG of Louisiana. Mr. President, suggest the absence of a quorum.

The Chief Clerk proceeded to call the roll. Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table. The question is: Do you agree that the amendment was agreed to.

Mr. MANSFIELD (when his name was called). 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 6, line 7 of the 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 Kentucky.

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 I feel is the wrong responsibility, and one of its driving responsibilities. I think it 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. JOHNSTON of Texas. Mr. President, has all time been consumed?

The PRESIDING OFFICER. The PRESIDING OFFICER. 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. JOHNSTON of Texas. Mr. President, I ask unanimous consent that they be not printed in the RECORD at this time.

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 "yes." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD (when his name was called). Mr. President, I move to lay that motion on the table. The question is: Do you agree that the amendment was agreed to.

Mr. JOHNSTON 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 time.

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

The amendments, ordered to be printed in the RECORD, are as follows:

On page 152, line 23, strike out "903(b) (2)" and insert in lieu thereof "903(b) (2)"

On page 156, line 3, after "Sec. 1202." 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 cent of the additional tax received under the Federal Unemploy- ment Tax Act for the year 1961, as specified in the aforesaid credit provisions of section 3302(c) (2) or (3) of such Act and covered into the Treasury, excepting such amounts as are provided by paragraph (b) of subsection (d) of section 302 of such Act as amended by adding at the end thereof the following provisions:

"(1) A child shall be deemed dependent upon the individual who stands in loco parentis with such child at the time specified in paragraph (1) (C) if, at such time, he 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 I'm hopeful that the amendment will be adopted.

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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 chairma...
The Legislative Clerk. On page 100, after line 13, insert the following new paragraph:

For purposes of section 214(a) of such Act (as it would be amended by this Act), the amendment made by subsection (a) would not apply in the case of any individual who, on or before 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, too, thank the Senator from Oklahoma.

Mr. CASE of New Jersey. I, too, thank the Senator from Oklahoma.

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 needed and justly anticipated income by many of our most deserving senior citizens, Senator WILLIAMS and I jointly introduced an amendment, 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 of Health, Education, and Welfare, 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 teachers and Public employees. At the same time, it will permit them to retire at age 62 if they wish. It will in no way affect anyone else in the country. Nor will it prevent New Jersey teachers and 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.

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Mr. President, I wish to point out that under the existing law, the same number of quarters necessary for eligibility under the Federal law.

Mr. President, if we simply retain, for the male members of the New Jersey teachers and public employees, the same number of quarters necessary for eligibility under the Federal law, we will in no way affect anyone else in the country. Nor will it prevent New Jersey teachers and 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 to point out that under the existing law, the same number of quarters necessary for eligibility under the Federal law.

Mr. President, I wish to point out that under the existing law, the same number of quarters necessary for eligibility under the Federal law.

Mr. CASE of New Jersey. Mr. President, I will try, briefly, to describe how this problem has arisen.

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 for which the individual becomes eligible through New Jersey public employment.

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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.

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The amendment which Senator WIL- LIAMS and I proposed 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.

Mr. CASE of New Jersey. Mr. President, I have not had time to digest the amendment; neither have the other members of the committee. Since 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.
The PRESIDING OFFICER. The question is on agreeing to the amendment of Senator from New Jersey (Mr. Williams).

The amendment was agreed to. Mr. KENNEDY. Mr. President, I call upon my amendment identified as "B-20-60-D."

I ask unanimous consent that the amendment be not read, but printed in the Record, as follows:

"PART 6—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 by adding the following paragraph (3) at the end thereof:

"(3) The term "State", except where otherwise provided, includes the District of Columbia, the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, X, XII, XIV includes the Virgin Islands and Guam.

"(2) The term "United States" when used in the Unemployment Tax Act and section 303(a) of the Social Security Act means the United States, the States, the District of Columbia, and the Commonwealth of Puerto Rico."

"Federal employees and ex-service men"

"Sec. 543. (a) 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."

"(b) Effective with respect to first claim filed after December 31, 1965, paragraph (2) of section 1504 of such Act is amended by striking out "Puerto Rico or" wherever appearing therein.

"(c) Effective on and after January 1, 1961, but only in the case of weeks of unemployment beginning before January 1, 1961—

"(1) Section 1503(b) of such Act is amended by striking out "(b) Any and inserting in lieu thereof "(b) Except as provided in paragraph (2) of this subsection, the term "United States" where used in the geographical sense means the States, the District of Columbia, and the Commonwealth of Puerto Rico."

"(2) United States—The term United States shall be considered as including the Commonwealth of Puerto Rico and the Virgin Islands."

"(3) 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."

"(4) Effective on and after January 1, 1961—

"(1) Section 1501(d) of such Act is amended by adding after and below paragraph (3) the following:

"(4) The last sentence of section 1501(a) of such Act is amended to read as follows:

"For the purposes of paragraph (2), the term "United States" does not include the Commonwealth of Puerto Rico."

"Effective on and after January 1, 1961—

"(1) section 1503(d) of such Act is amended by striking out "Puerto Rico or."

"(2) Effective with respect to claims filed after December 31, 1965, section 1504 of such Act is amended by striking out "(b) Any and inserting in lieu thereof "(b) Except as provided in paragraph (2) of this subsection, the term "United States" where used in the geographical sense means the States, the District of Columbia, and the Commonwealth of Puerto Rico."

"Extension of Federal Unemployment Tax Act"

"Sec. 543. (a) Effective with respect to renumeration paid after December 31, 1965, for services performed after such date, section 3304 of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) STATE, UNITED STATES, AND CITIZEN—For purposes of this chapter—

"(1) 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."

"(3) The term "United States" when used in a geographical sense includes the States, the District of Columbia, and the Commonwealth of Puerto Rico."

"(4) Effective on and after January 1, 1959—

"(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 302(a) of the Social Security Act, if such law contains the provisions required by those sections and if it requires that, on or before February 15th of each year, the amount of unemployment tax paid for unemployment occurring during the preceding calendar year be paid to the Federal Unemployment Trust Fund, an amount equal to the unemployment tax paid for unemployment occurring in such year—

"(A) the aggregate of the taxes received in the Puerto Rico unemployment fund before January 1, 1961, over the calendar year 1960; and

"(B) the aggregate of the taxes paid from such fund before January 1, 1961, as unemployment compensation or as refunds from such fund."

Mr. JAVITS. Mr. President, I call upon the amendment on behalf of myself and the Senator from Massachusetts (Mr. KENNEDY) and the Senator from New York (Mr. KENNEDY). Mr. President, I call upon the amendment to conform our bill to the House bill in extending the Federal-State unemployment compensation program to the Commonwealth of Puerto Rico, as provided in the bill contained in the House bill, and if we should enact the Senate bill tonight, the amendment I have just made 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, as page 37.

There being no objection, the statement was ordered to be printed in the Record, as follows:

"PART 7. EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION TO PUERTO RICO"
civilian employees and ex-service men in Puerto Rico would 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 the 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.

But in 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 included 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 a 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 Senator from New Mexico for his valiant interest in this problem, and I commend to the amendment in a moment to have the committee examine into the question carefully, to see if perhaps next year the amendment might not receive favorable consideration.

Mr. JAVITS. Mr. President, I am grateful to 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 PRESIDENT. All time has been yielded back. The question is on 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:

"CONSIDERATION OF RESIDING OFFICER:" Amendment No. 83102 of the Social Security Amendments Act of 1960, was ordered to be printed in the Record, as follows:

"SEC. 505. Section 3003(c) of the Federal Unemployment Tax Act is hereby amended by adding at the end thereof a new paragraph as follows:

"(d) shall not include any organization, service for which is excepted from employment under paragraph (8) of section 3006(c)."

Mr. JAVITS. Mr. President, I have two other amendments at the desk. I shall not put them in now, but I wish to express my request to the committee in connection with them. I shall dwell 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 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—come under the Unemployment Compensation Act without paying the tax, but on a reimbursement basis. To achieve this purpose will require both State and Federal action. Therefore, the Senate 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 the 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. 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 am grateful for their valuable remarks.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

"Resolved, by the American Legion in national convention held at Minneapolis, Minn., August 24-27, 1959, That the American Legion supports the legislation which would amend title II of the Social Security Act in a manner which would authorize the continuation of payments to children after they reach age 18 while unmarried and enrolled in an approved school, but not beyond the twelfth grade."

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 within the scope of the committee's study and consideration. I would, therefore, trust that the chairman of the committee may consider prior to the time the Senate next considers the matter of social security to this question of such coverage.

Mr. HYDE. 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 amend-
"(3) In the case of any individual who is or was entitled to a wife's or husband's insurance benefit, a certificate (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 (or amount of any attainment month, shall (in lieu of the reduction provided in paragraph (1) in any case in which such person has been entitled to such old-age insurance benefit) be reduced by the following—

"(A) an amount equal to the amount by which such wife's or husband's (as the case may be) 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 one-twelfth,

"(ii) five-ninths of one cent, and

"(iii) the excess of such old-age insurance benefit over such wife's or husband's (as the case may be) insurance benefit 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 prior to such attainment month was reduced under paragraph (1) or (5) if such paragraph applied to such old-age insurance benefit, plus

"(B) twenty-five thirty-sixths of one cent, and

"(C) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit remained subject to deductions under paragraph (1) or (2) of section 203.

and except that, in the case of any such benefit reduced under paragraph (3), there 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 such benefit was reduced under such paragraph (2), but for which such benefit remained subject to deductions under paragraph (1) or (2) of section 203.

"(C) in case of a wife's insurance benefit, the number equal to the number of months occurring after such attainment 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 benefit was reduced under 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 subsection shall be made only if the total of such months specified in clauses (A), (B), (C), and (D) of this paragraph is not less than three. For purposes of this subsection, the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"(1) the number equal to the number of months for which such benefit is based, or

"(2) the number equal to the number of months for which such benefit would have been reduced under such paragraph (2) if such benefit was subject to deductions under paragraph (1) of section 203, and

"(3) For the purposes of this subsection, the number referred to in clause (B) of the first sentence is not less than three. For purposes of this subsection, the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"(i) the number equal to the number of months for which such benefit is based, or

"(ii) which occurs after the month preceding such individual's attainment 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 such benefit would have been 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 an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for such month)."
and self-employment income she is entitled to such benefits, or would attain, the age of sixty-five.

'(2) of such section 202(b) (1) is amended to read as follows:

"'(c) (1) Clause (C) of section 202(b) (1) is amended as follows.

"'(A) a man who attains the age of sixty-five, or becomes entitled to an old-age or disability insurance benefit, wife's insurance benefit, or husband's insurance benefit for a month prior to November 1960 or the month in which such individual attains the age of sixty-five, or becomes entitled to such benefits; or

"'(B) a man shall not, by reason of the amendment made by subsection (a), become entitled to disability insurance benefits, or is entitled to such benefits, or would have been, upon filing applications therefor in such month, entitled to such benefits for such month.

"'(B) prior to (1) in the case of a man, the age at which such individual attains retirement age,

"'(c) to such actuarial adjustment as 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 Byrd of Virginia, and I believe 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 brewerwinner 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 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 Senate Finance Committee, Senator Byrd of Virginia, and I believe that the Senate will adopt it. I trust that the Senate will adopt it.

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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 Senate from West Virginia, Mr. Byrd, 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 PRESIDENT. All those for the balance of the vote? The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to, so that the President, under the advice of the Senate, asks 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 1950 when it was acknowledged that individuals permanently and totally disabled should be able to earn in a capacity that would allow them to support their families when disability fell upon them.

Since that time experience has now been gained to warrants 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 $35 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, if 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 at age 50.

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 do so.

There will be little, if any, cost to the social security trust fund with this earlier option. The benefits available to one who chooses to retire at age 62 would be the same as the benefits one who would be entitled at age 65. The pensioner would lose five-ninths of 1 percent for each month he deferred a retirement up to age 65.

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 those unemployment areas. This optional retirement would allow persons to obtain a measure of continuing income.

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— 25—will be able to be on public assistance for the rest of his life.

A man who is still in his working years, who for example, may 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.

I therefore proposed an amendment to title X 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.

I believed there was need to bring the action of 1945 into line with the rehabilitation of blind persons, who have been granted the help needed to assist them to work their way off public assistance and Into economic self-sufficiency. In that recognition that blind and recipients did not have to be permanently disabled to get assistance, this would benefit an estimated 125,000 disabled workers immediately and a like number of their dependents.

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. If not beyond one time in his life, then it may be this one time. Today, the blind worker will discover he is again his own man, free of public aid, free to earn his living and to earn 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 passed the 1956 social security revision bill I submitted several amendments designed to remove or increase the $1,200 earnings limitation. One amendment I introduced to remove the ceiling. Another provided for gradual removal over a period of 5 years. The bill as finally passed increased the earnings limitation to $4,800, $3,600, $3,000, $2,400, and $1,800.

This is still far short of the goal which I feel it is the very purpose of social security to remove the income limitation on earned income.
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. I ask for the yeas and nays on the passage of the bill.

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. DIRKSEN. Mr. President, I move to reconsider the bill as passed.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay the motion on the table.

The motion to lay the table was agreed to.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to 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 conference on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FEAR, 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 insensitiveness 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 was 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 10 million workers are covered by private pension plans which have total assets of nearly $40 billion. By these standards it is 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 payments for special 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.
Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12538) 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
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”.

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See 101. Extension of time for ministers to elect coverage.
See 102. State and local governmental employees:
   (a) Delegation by Governor of certification functions.
   (b) Employees transferred from one retirement system to another.
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   (f) Statute of limitations for State and local coverage.
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See 103. Extension of the program to Guam and American Samoa.
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TITLE II—ELIGIBILITY FOR BENEFITS

See 201. Children born or adopted after onset of parent's disability.
See 203. Payment of burial expenses.
See 204. Fully insured status.
See 205. Survivors of individuals who died prior to 1940 and of certain other individuals.
See 206. Crediting of quarters of coverage for years before 1951.
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See 209. Penalty deductions under foreign work test.
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Sec. 403: Period of trial work by disabled individual.
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Sec. 501: Short title.

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   Sec. 521.2: Transfer between Federal unemployment account and employment security administration account.
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Sec. 522: Amendment of title XII of the Social Security Act.
   Sec. 522.1: Advances to State unemployment funds.
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Sec. 531: Amendments to the Federal Unemployment Tax Act.
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PART 3—EXTENSION OF GOVERNMEN UNDER UNEMPLOYMENT COMPENSATION PROGRAM

Sec. 551: Federal instrumentalities.
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Sec. 553: Feeder organizations, etc.
Sec. 554: Fraternal beneficiary societies, agricultural organizations, voluntary employees' beneficiary associations, etc.
Sec. 555: Effective date.

PART 4—EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COMPENSATION PROGRAM TO PUERTO RICO

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Sec. 209. Extension of filing period for husband's, widow's, or parent's benefits in certain cases.
Sec. 211. To increase the earned income limitation.

Title III—Benefit Amounts

Sec. 301. Increase in insurance benefits of children of deceased workers.
Sec. 302. Maximum family benefits in certain cases.
Sec. 303. Computations and recomputations of primary insurance amounts.
Sec. 304. Elimination of certain obsolete recomputations.

Title IV—Disability Insurance Benefits and the Disability Freeze

Sec. 401. Elimination of requirement of attainment of age fifty for disability insurance benefits.
Sec. 402. Elimination of the waiting period for disability insurance benefits in certain cases.
Sec. 403. Period of trial work by disabled individual.
Sec. 404. Special insured status test in certain cases for disability purposes.

Title V—Employment Security

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Sec. 502. Amendment of title XII of the Social Security Act.
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Sec. 706. Temporary extension of certain special provisions relating to State plans for aid to the blind.
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.

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 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 sub-
paragraph."

(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 CERT-
IFICATES 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 practi-
tioner, and has reported such earnings as self-employ-
ment 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)(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)(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 un-
der 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.

(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
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

(1) 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. 109. (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

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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)-(II)-(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)-(15)-(II)-(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."
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 there- of "paragraphs (1) through (8) and paragraph (9)".

(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(h)(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)(3)", "section 210(m)(3)"; and "section 210(m)(2) and (3)" and inserting in lieu thereof "section 210(l)(2)".
240-(l) (3)"; and "section 240-(l)-(2) and (3)"; respectively; and

(ii) by striking out "section 240-(n)" each place it appears and inserting in lieu thereof "section 240-(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 240-(k)-(3)-(C)" and inserting in lieu thereof "section 240-(j)-(3)-(C)".

(G) Section 218-(e)-(6)-(C) of such Act is amended by striking out "section 240-(l)" and inserting in lieu thereof "section 240-(k)".

(H) 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)".

(1) 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 politi-
cal subdivision thereof or an instrumentality
of any one or more of the foregoing which is
wholly owned thereby, whichever is appro-
priate;”.

(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 para-
graph (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)-(II)-(ii) of the
Immigration and Nationality Act (8 U.S.C. 1101-(a)-
(15)-(II)-(ii)); or”.

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

“(c) STATE, UNITED STATES, AND CITIZEN.—For pur-
poses 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 24 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 indi-
viduals 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

"See. 3126. Short title."

and inserting in lieu thereof:

"See. 3126. Returns in the case of governmental employees
in Guam and American Samoa.

"See. 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 remunera-
tion received during any calendar year from the Govern-
ment 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 Ameri-
can 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 EM-

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 fore-
going 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".

(e) 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 (e) 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 redelega-
tions of authority) to perform the function men-
tioned 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 'dele-
gate', 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 author-
ity) 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 subsec-
tions (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 extended to the officers and employees of such Government and such political subdivisions and instrumentalities. The amendments made by subsections (g) and (h) 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 214 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 214 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 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.

(2) 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(e)(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.”

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(2) Section 211(e) 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)-(b)-(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
liue 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 (e)(4) or (e)(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-employ-
ment (computed without regard to subsections (e)(4) and
(e)(5)) of $400 or more, any part of which was derived
from the performance of service described in subsection
(e)(4) or (e)(5); or".
Section 3101(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."

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

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.

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 em-
ployee".

(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 pur­
suant 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 Amend­
ments 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 2101 and 3111 of the Internal Revenue Code of 1954, 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 24 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)(e)-(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), (e), 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

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) 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) \( (25)-(41)-(11) \), (11) or (12), \( (26)-(45) \) 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) (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".

(b) Section 3121 (b) of such Code (relating to
definition of employment) is amended by adding after para-
graph (33) (18) (added by section 103 of this Act) (17)
the following new paragraph:

"(34) (18) service not in the course of the em­
ployer's trade or business, or domestic service in a
private home of the employer, performed by an indi­
vidual under the age of sixteen."

The amendments made by subsections (a) and (c) shall apply only with respect to remuneration paid
after 1960. The amendments made by subsections (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,

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(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 un-
paid expenses, but only if (A) any person who as-
sumed 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 pay-
ments made under clause (1)), to any person or per-
sons, 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 pur-
suant to clauses (1) and (2), to any person or persons,
equitably entitled thereto, to the extent and in the pro-
portions that he or they shall have paid other expenses
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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 there-
for 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-employ-
ment income of such insured individual, for the month pre-
ceding 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 in-
dividual who had not less than—

"(1) one quarter of coverage (whenever acquired)

for each (42)two of the quarters elapsing—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he at-
tained 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 re-
tirement 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 2, such number shall, for purposes of such paragraph, be reduced to the next lower multiple of 4.

(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.

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
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 sub-paragraph:

"(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 H. R. 12580——6
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)203 208. (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) 240 209. (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.

ACTUARILY 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 IN-
SURANCE 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 insur-
ance 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-

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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 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 individ­
ual'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 sub­
tracted 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 en-
titled 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 “Ex-
cept 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 individ-
ual (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 be-
fore 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 fol-
lows:

"(3) in which such individual, if a wife entitled to
wife's insurance benefits, did not have in her care (in-
dividually 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) at-
tained 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
(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) 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) 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 maxi-
mum 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) 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 Secu-

rity 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 sub-section 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-em-
ployment 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 com-
putation years’ shall be equal to the number of elapsed years
(determined under paragraph (3) of this subsection), re-
duced 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 disa-

bility shall not be included in such number of calendar years.

"(4) The provisions of this subsection shall be appli-
cable 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 De-
cember 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 sub-
section (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 pur­
poses 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 appli­
cable.”

(c)(1) Section 215(d)(1)(A) of such Act is amended
to read as follows:
“(A) In the computation of such benefit, such in­
dividual’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 sec­
tion (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-
(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 re-
computation 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 sub-
section (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 recom-
puted 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
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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 indi-
vidual'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 en-
titled 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 en-
titled to old-age insurance benefits in a calendar year after
1960, if such individual has self-employment income in a tax-
able year which begins prior to such calendar year and ends
after the last day of the month preceding the month in which
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 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 she such individual both was fully in-
sured and had attained retirement age, or any year there-
after."

(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 en-
titled to such benefits, then, notwithstanding the amendments
made by the preceding subsections of this section, the Secre-
tary 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 appli-
cation 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 re-
computed 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.

(\textsuperscript{17}. 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”.

\textbf{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 dis-
ability insurance benefits.”

(c) The first sentence of section 223 (b) of such Act
is amended to read as follows: “No application for dis-
ability insurance benefits shall be accepted as a valid appli-
cation 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 appli-
cation 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 (be-
ginning 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 dis-
ability insurance benefits, or, in the case of an individual
titled to benefits under section 202(d) who has at-
tained 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 consecu-
tive); or

"(B) the month in which his disability (as defined
in section 223(c)(2)) ceases (as determined after ap-
lication 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,
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 I—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. 524. 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 subse-
quently 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 administra-
tion 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 avail-
able for expenditure out of the employment security adminis-
tration 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 appropri-
ate for the purpose of—
"(i) assisting the States in the administration
of their unemployment compensation laws as pro-
vided in title III (including administration pur-
suant to agreements under any Federal unemploy-
ment 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 Depart-
ment 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 sec-
tion 2012) of title 38 of the United States Code,
and

"(v) any Federal unemployment compensation
law, except the Temporary Unemployment Com-
pensation 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 sub-paragraphs (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(e) (2) or (3) of such Act and covered into the Treasury for the repayment of advances made to the State under section 1204, 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 1204 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
th therei

"(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 re-
ceived 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 sec-
tion. If the net balance in the employment security admin-
istration 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 administra-
tion 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 pre-
ceding the date of such advance) borne by all interest-bear-
ing 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 adminis-
tration account made under this subsection, plus interest
accrued thereon, shall be repaid by the transfer from time
to time, from the employment security administration ac-
count to the revolving fund, of such amounts as the Secre-
tary 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 (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:

"TRANSFER 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 para-
graphs (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 1202 with respect
to the excess in the employment security administration
account as of the close of any fiscal year, there remains any

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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 803, 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 Treas-

ury shall transfer such amount from the Federal unemploy-

ment 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 sub-

section (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

"(a) (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 subsection (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
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. Ad-
ances made to the Federal unemployment account pur-
suant to section 1403 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 rail-
road 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 admin-
istrative expenditures made after June 30, 1946, and prior
to July 1, 1953. As used in this subsection, the term 'un-
employment administrative expenditures' means expendi-
tures 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
$40,561,886.42 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. 1202. (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), 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 deter- 
mined 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 unemploy-
ment, 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 UNEM-
PLOYMENT 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 re-
payment 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.

(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 de-
scribed 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 appropri-
ated to the Federal unemployment account, as repayable ad-
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
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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
ereded 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 unem­
ployment account to the account of any State in the Unem­
ployment 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 set­
tlement 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 3304 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 "3.4 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 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-
g inn ing 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 sub-
section) otherwise allowable under this section for the 
taxable year in the case of a taxpayer subject to the un-
employment compensation law of such State shall be 
reduced—

“(A) (i) in the case of a taxable year begin-
ing 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 sec-
tion 3301 with respect to the wages paid by such 
taxpayer during such taxable year which are at-
tributable to such State; and

“(ii) in the case of any succeeding taxable
1 year beginning with a consecutive January 1 as of
2 the beginning of which there is a balance of such
3 advances, by an additional 10 percent, for each such
4 succeeding taxable year, of the tax imposed by
5 section 3301 with respect to the wages paid by
6 such taxpayer during such taxable year which are
7 attributable to such State;
8 “(B) in the case of a taxable year beginning
9 with the third or fourth consecutive January 1 as
10 of the beginning of which there is a balance of such
11 advances, by the amount determined by multiplying
12 the wages paid by such taxpayer during such taxable
13 year which are attributable to such State by the
14 percentage (if any) by which—
15 “(i) 2.7 percent, exceeds
16 “(ii) the average employer contribution
17 rate for such State for the calendar year pre-
18 ceding such taxable year; and
19 “(C) in the case of a taxable year beginning
20 with the fifth or any succeeding consecutive January
21 1 as of the beginning of which there is a balance
22 of such advances, by the amount determined by
23 multiplying the wages paid by such taxpayer during
24 such taxable year which are attributable to such
25 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 3304 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)-(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 infor-
mation, 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 sub-
section (c), see section 104 of the Temporary Unemploy-
ment Compensation Act of 1958.”

(76) Effective Date

(e) The amendments made by subsection (a) shall
apply only with respect to the calendar year 1961 and cal-
endar years thereafter.

CONFORMING (77) AMENDMENTS AMENDMENT

(78) Sec. 524. (a) Section 304 of the Social Security Act is
amended to read as follows:

“APPROPRIATIONS

“Sec. 304. The amounts made available pursuant to sec-
tion 901-(e)-(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 Unemp-
ployment Compensation Act of 1958, as amended, is
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-
dner 1” and inserting in lieu thereof “before Novem-
ber 10”.

(82) PART 3—EXTENSION OF COVERAGE UNDER UNEM-
PLOYMENT 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(e)),
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 instrumen-
tality 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 de-
termination shall be based solely upon unemployment ex-
perience and other factors bearing a direct relation to unem-
ployment 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 em-
ployee 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 unemploy-
ment 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(e)-(3) of such Code is amended to
read as follows:

“(g) 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 2304 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 28 of such Code is amended by re-numbering 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 3304 unless such other provision of law grants a specific exemption, by reference to section 3304 (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:

“See. 3308. Instrumentalities of the United States.
See. 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(e) of the Internal Revenue Code of 1954 as precedes paragraph (4) 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(e)-(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;”.

(e) 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-
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;".

(86) 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 amend-
ments made by subsections (e) 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 UNEMP-
LOYMENT COMPENSATION PROGRAM TO PUERTO RICO

EXTENSION OF FEDERAL-STATE UNEMPLOYMENT COM-
PENSATION 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, para-
graphs (1) and (2) of section 1101(a) of the Social Secu-

ity 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."

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(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 (c) 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 compens-
sation law of the District of Columbia if such employee's
Federal service and Federal wages had been included as em-
ployment and wages under such law, except that if such em-
ployee, 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 sec-
tion 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 pur-
poses 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 agree-
ment 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."

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 Common-
wealth 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 2306(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 Dis-
trict 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, 1960.

(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.
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 re-
quired by those sections and if it requires that, on or
before February 1, 1961, there be paid over to the Sec-
retary of the Treasury, for credit to the Puerto Rico ac-
count 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 Janu-
ary 1, 1961, over

(B) the aggregate of the moneys paid from
such fund before January 1, 1961, as unemploy-
ment 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 add-
ing 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 medi-
cal 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);"
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;

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 1002 (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));

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
individuals, 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 (in-
cluding 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 402; or aid to the permanently and totally disabled under the plan of such State approved under section 1402.

"PAYMENTS

"SEC. 1602. (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, 1965—

"(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 expendi-
tures 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 expendi-
tures 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 Secre-
tary 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 ex-
penditures, the source of such the difference is

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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 administre-
ing 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.

"(e) 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.

"(e) 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 non-profit 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.

"(f) 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.

"(g) 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.

"(i) 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-
tiee 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 (e)(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 (e)(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:

"(e)(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 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 (ex-
cept 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 diag-
nosis 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 quar-
ters commencing on or after October 1, 1960. The
amendment made by subsection (e) 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 pre-
paratory 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 aggre-
gate amount paid to any State under this section shall not
exceed $50,000.

(d) Appropriations pursuant to this section shall re-
main 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".

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 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

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individual), and that there shall be no adjustment
or recovery (except, after the death of such indi-
vidual 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 applica-
tion for old-age assistance and has resided therein con-
tinuously for one year immediately preceding the applica-
tion, and (B) in the case of applicants for medical.
assistance for the aged, excludes any individual who re-
sides 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 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 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).”

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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.
(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.”
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

(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 there-
after, 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 preced-
ing 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 4116 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 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 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 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 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 insert­
ing 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.

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.
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
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, 90, 99, 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, 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, 90, and 99, 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:

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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 semi-colon" 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 semi-colon" 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 “(a)” ; 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 (9)) 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)(3), (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), (d), and (e)”.  

(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 “Subsections (b) and (c) of section 203” and inserting in lieu thereof “Subsections (b), (c), and (d) of section 203”.  

(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)(5)” and inserting in lieu thereof “section 203(h)(5)”; 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.
12 SOCIAL SECURITY AMENDMENTS OF 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:
SOCIAL SECURITY AMENDMENTS OF 1960

(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 program 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.

ACTUARILY 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.
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. 12389) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and 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; and ask unanimous consent that 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:

CONGRESSIONAL RECORD—HOUSE

August 26

17874

SEC. 101. Extension of time for ministers to lieu of the matter proposed to be inserted by 
recede from its disagreement to the amend ment of the Senate numbered 1. and agree to the same with an amendment as follows: In 
ment to the amendments of the Senate numbered 2. 3. 4. 5. 6. 8. 9. 10. 13, 16. 17. 18. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 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. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. and 101.

That the House recede from its disagreement to the amendment Insert the following:

"(g) Municipal and county hospitals.

"(h) Extension of coverage for certain Mississippi teachers.

"(i) Justices of the peace and constables in the State of Nebraska.

"(j) Teachers in the State of Maine.

"(k) Certain employees in the State of California.

"(l) Imposition 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.

"Sec. 103. Extension of the program to Guam and American Samoa.

"Sec. 104. Extension of program to parent for son or daughter.

"Sec. 105. Employees of nonprofit organizations.

"Sec. 106. American citizen employees of foreign governments and international organizations.

"Sec. 107. Amendment to title III of the Social Security Act.

"Sec. 108. Employees of nonprofit organizations.

"Sec. 109. Extension of the program to Guam and American Samoa.

"Sec. 110. Extension of the program to Guam and American Samoa.

"Sec. 111. Increase in the earned income limitation.

"Sec. 120. Extension of time for ministers to lieu of the matter proposed to be inserted by 
recede from its disagreement to the amendment of the Senate numbered 7. and agree to the same with amendments as follows: In 
ment to the amendments of the Senate numbered 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 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. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. and 101.

That the House recede from its disagreement to the amendment of the Senate numbered 7. and agree to the same with amendments as follows: In 
ment to the amendments of the Senate numbered 7. and agree to the same with amendments as follows: In 
ment to the amendments of the Senate numbered 7. and agree to the same with amendments as follows: In
and insert the following: "wages paid before (1) January 1, 1957, in the case of an agreement or modification which is mailed or delivered by other means, prior to January 1, 1962, or (ii) the first day of the month in which the agreement or modification is mailed or delivered by other means, prior to January 1, 1962, and on page 30, line 1, of the House engrossed bill, after "Act", insert the following: "three"; and the Senate agree to the same.

Amendment numbered 25: 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: "three"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 23, 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 27: That the House recede from its disagreement to the amendment of the Senate numbered 24, 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 28: That the House recede from its disagreement to the amendment of the Senate numbered 25, 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 29: That the House recede from its disagreement to the amendment of the Senate numbered 26, 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 30: That the House recede from its disagreement to the amendment of the Senate numbered 27, 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 31: That the House recede from its disagreement to the amendment of the Senate numbered 28, 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 32: That the House recede from its disagreement to the amendment of the Senate numbered 29, 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 33: That the House recede from its disagreement to the amendment of the Senate numbered 30, 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 34: That the House recede from its disagreement to the amendment of the Senate numbered 31, 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 35: That the House recede from its disagreement to the amendment of the Senate numbered 32, 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.
For purposes of paragraphs (2), (3), and (4) of this subsection, child shall not be considered to be entitled to a child's insurance benefit for any month to which section 202(b) occurs with respect to such child. No deduction shall be made with respect to any month to which such individual is entitled to such benefit for the month in which the child attained the age of sixteen years.

Section 223 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 striking out subsection (c) the following new subsection:

"Deductions from dependents' benefits on account of noncovered work outside the United States by old-age insurance beneficiaries:"

"(d) (1) Deductions shall be made from any wife's, husband's, or child's insurance benefit under subsection (a) of section 202 of any month in which substantial services with respect to any trade or business, in which such individual was age seventy-two or over, (C) in which such individual was age seventy-two or over, (C) in which such individual's net earnings or non-covered remunerative activity outside 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.

"(e) For purposes of this subsection, wages (determined as provided in paragraph (5) of such section) which, according to records 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 a different 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.

"(f) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of his earnings for such month, the excess earnings so charged and the earnings so counted shall be treated as if they were earned pro rata over the calendar month in which such earnings were charged, with the result that the earnings charged to the month are apportioned among the calendar days on which the earnings were earned in the proportion that the benefit to which each of them is entitled (without regard to such charging) to have rendered services for (d) (1) and (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 206(c)' and by inserting in lieu thereof 'section 203(b) (1) or (2), under section 206(c)' (as provided in paragraph (5) of this subsection) 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 in which such services are deemed to be employment as so defined.

"(g) The subsection of section 203 of such Act redesignated as subsection (b) by subsection (c) of this section is amended by striking out 'subsection (b), (f), (g), or (h) of this section'.

"(h) Subsection (f) of section 203 of such Act is amended by striking out 'subsection (b), (f), (g), or (h) of this section'.

"(i) If the amount of an individual's excess earnings (as defined in paragraph (3) of such Act) shall be charged to months as follows: There shall be charged to the month of such taxable year an amount of his excess earnings equal to the sum of the payments to which any other person is entitled for such month under section 202 on the basis of the wages and self-employment income of such individual for such month (as so determined under section 202), other than (a), (d), and (e) of such section, to the extent that such payments exceed such amount. Such excess earnings shall be charged to such succeeding month in such year to the extent, in the case of such succeeding month, of the payments to which such individual and all other persons are entitled for such month under the basis of such wages and self-employment income, until the amount of such excess earnings 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), (e), 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 charging of excess earnings of such persons for a taxable year are charged to such succeeding months in such 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 was not entitled to a benefit under this title, (D) in which such individual was not entitled to a benefit under this title, (E) in which such individual was not entitled to a benefit under this title, (F) in which such individual was not entitled to a benefit under this title, (G) in which such individual was not entitled to a benefit under this title, (H) in which such individual was not entitled to a benefit under this title, (I) in which such individual was not entitled to a benefit under this title, (J) in which such individual was not entitled to a benefit under this title, (K) in which such individual was not entitled to a benefit under this title, (L) in which such individual was not entitled to a benefit under this title, (M) in which such individual was not entitled to a benefit under this title, (N) in which such individual was not entitled to a benefit under this title, (O) in which such individual was not entitled to a benefit under this title, (P) in which such individual was not entitled to a benefit under this title, (Q) in which such individual was not entitled to a benefit under this title, (R) in which such individual was not entitled to a benefit under this title, (S) in which such individual was not entitled to a benefit under this title, (T) in which such individual was not entitled to a benefit under this title, (U) in which such individual was not entitled to a benefit under this title, (V) in which such individual was not entitled to a benefit under this title, (W) in which such individual was not entitled to a benefit under this title, (X) in which such individual was not entitled to a benefit under this title, (Y) in which such individual was not entitled to a benefit under this title, (Z) in which such individual was not entitled to a benefit under this title."
shall not, for purposes of subsections (b), (c), and (d) of section 203 of the Railroad Retirement Act of 1937, be effective with respect to taxable years beginning after December 31, 1960.

In the taxable year specified in paragraph (1), such spouse or child, as defined in section 203(f) of the Social Security Act as amended by this Act, shall be effective with respect to taxable years beginning after December 31, 1961. and ending with the month of earned income plus one-half of the first $50 per month.

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 by the Senate amendment, and insert in lieu thereof the following:

'(2) provide for financial participation by the State:

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with amendments, as follows: Insert "and".
except that, in making such determination, the State agency shall disregard the first $45 per month of earned income, and one-half of earned income in excess of $45 per month;".

And the Senate agrees to the same.

W. D. MILLER, 
AIMEE J. FOWLIS, 
C. E. R. KENNEDY, 
THOMAS J. O'BRIEN, 
M. M. MEANS, 
JOHN W. BYERS, 
HOWARD E. BAKER, 
MANAGERS ON THE PART OF THE HOUSE.

HARRY F. BYRD, 
ROBERT S. KEES, 
J. ALLEN FEAR, 
J. H. WILLIAMS, 
FRANK CASE,

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. 12920) to extend and improve coverage under the Federal Old-Age, Survivors, and Disability Insurance System, and to provide disability benefits to additional individuals under such system, to provide greater wages to the maximum amount (presently 65% of the average monthly wage), and to extend disability insurance to self-employed persons, submit the following statement in explanation of the effect of the agreement upon the bill and amendments as 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, 26, 28, 30, 32, 33, 34, 35, 36, 37, 38, 39, 41, 43, 44, 46, 47, 48, 52, 53, 54, 55, 56, 92, 94, 95, 96, 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 desired upon the bill by the committee of conference.

EXTENSION OF TIME FOR MINISTERS TO ELECT COVERAGE

Amendment No. 5: The Senate amendment added to section 101(b) of the House bill a new provision amending section 108(f)(1) of the Internal Revenue Code of 1954. It would under certain conditions permit a minister, before the enactment of the amendment, to file 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.

EXTENSION OF COVERAGES AGREEMENT IN CERTAIN CASES

Amendment No. 7: Section 102(e) of the House bill, section 218(c) of the Social Security Act as so to permit a coverage agreement between the Secretary and the State to treat as covered 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 for employment in the course of the employment of the State or subdivision and be paid to the Secretary after 1962. If the agreement or modification is delivered to the Secretary after 1961, it may be effective beginning with the year in which the agreement is delivered to the Secretary after 1961.

AMENDMENT NO. 6: This amendment added to section 102(b) of the House bill a new subsection (1), which would permit the State of Montana to modify its coverage agreement with the Secretary to cover unemployment compensation benefits paid to Montana unemployes. 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, 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO NEBRASKA

Amendment No. 8: This amendment added to section 102(b) of the House bill a new subsection (2) which would permit the State of Nebraska to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO NEVADA

Amendment No. 9: This amendment added to section 102(b) of the House bill a new subsection (3) which would permit the State of Nevada to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO NEW MEXICO

Amendment No. 10: This amendment added to section 102(b) of the House bill a new subsection (4) which would permit the State of New Mexico to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO NEW YORK

Amendment No. 11: This amendment added to section 102(b) of the House bill a new subsection (5) which would permit the State of New York to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO TENNESSEE

Amendment No. 12: This amendment added to section 102(b) of the House bill a new subsection (6) which would permit the State of Tennessee to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.

EXTENSION OF COVERAGE TO TEXAS

Amendment No. 13: This amendment added to section 102(b) of the House bill a new subsection (7) which would permit the State of Texas to modify its coverage agreement with the Secretary to cover unemployes. 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, or January 1 of the third year preceding the year in which the agreement or modification is delivered to the Secretary after 1961.
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 for young persons with one year's experience with a person who was born to, was adopted by, or became a stepchild of a worker, after the worker became disabled, to qualify for benefits, except that in the case of a child adopted the adoption must have been completed within two years of the time 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 a child to be eligible the worker must have instituted adoption proceedings in or before the month with which his period of disability began or the child must have been living with him in such month. This House receded.

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 for each 2 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 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 receded 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, AND HUSBAND
Amendment No. 45: Section 207 of the House bill amended section 216 of the Social Security Act to provide that a person who is the durational-relationship requirements for entitlement to wife's, child's, and husband's benefits in case of the death of a worker, if deceased before age 65 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 receded.

ACTUARILY REDUCED BENEFITS FOR MEN AT AGE 65
Amendment No. 49: The Senate amendment added to the House bill a new section 211(a) (sec. 210) amending section 216(a) of the Social Security Act to reduce retirement age for men to 65 (the age already applicable in the case of women), and amending section 203 to provide that the durational-relationship requirements for entitlement to wife's, child's, and husband's benefits in case of the death of a worker, if deceased before age 65 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 receded.

EARNED INCOME LIMITATION
Amendment No. 50: The Senate amendment added to the House bill a new section 211, under which the amount of yearly earn-
As amendments, with two exceptions, the first exception apply only with respect to form. These conditions appear in virtually all institutions.

The second exception is that the condition set forth in subsection (b) above with respect to the Social Security Act now authorizes such participation only in State plans for old-age assistance.

(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 2 are the same as provisions now included in section 2 of the Social Security Act. The third requirement, however, is not included in existing law.

(a) Requirements applying only to old-age assistance.

(b) Requirements applying only to medical assistance for the aged.

(c) 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 Secretary;

(3) Provide for establishment or designation of a single State agency to administer old-age assistance under the administration of the plan;

(4) Provide for giving claimants a fair hearing if their claims are denied or not acted upon with reasonable promptness 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—there must be included 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 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 without unreasonable promptness to those who are eligible; and

(9) Provide, if the plan includes assistance in private or public institutions, for the establishment or designation of a State authority or authorities to control and maintain and administering and maintaining standards for such institutions.

These conditions appear in virtually identical form in the existing law, but apply only with respect to old-age assistance. In addition, these conditions appear in virtually all Social Security Act and amendments, with two exceptions. The first exception is that section 2(a) (3) of the Social Security Act, as amended by the Senate amendments, reads as follows:

Subsection (c) of the new section 2 of the Social Security Act provides that nothing in the amendment of title I [of the Social Security Act] shall permit a State to have in effect in respect to any period more than one State plan approved under this title. This exception is not contained in the Senate amendment.

Section 601(c) of the bill as agreed to in conference amends section 3(a) of the Social Security Act, and includes 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 (in amount described in the preceding paragraph) for cash payments to the individual and old-age assistance in the form of medical care and medical assistance for the aged who are temporarily absent therefrom.

(1) Provide for inclusion of some institutional and some noninstitutional care;

(2) Provide for reimbursement 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 such assistance which are consistent with the objectives of the amended title I; and

(5) Provide that property items will not be imposed on assistance recipients receiving assistance under the plan during a recipient's lifetime (except pursuant to a court judgment on account of necessaries correctly paid), and limit the 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. An added limitation, however, 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 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.
which it is required to make under such amendments (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 $1,000,000 to $1,700,000 the amount authorized to be appropriated each year to enable the Secretary of Health, Education, and Welfare to make grants to States for child-welfare services. The Senate amendment increased this amount to $255,000,000. 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.

ADDITIONAL AMENDMENTS

Amendment No. 107: This amendment added to the House bill Amendments Nos. 102(a) and (b) of the Social Security Act to provide that the State agency administering old-age assistance or medical assistance for aged persons shall take into consideration an individual's income and resources in determining eligibility, and that the State agency administering old-age assistance shall be entitled to receive Federal financial participation with respect to the first $1,000 of an individual's earned income per month plus one-half of the amount over $1,000 and continue to disregard the first $50 per month of earned income as it is directed to do under existing law. The Senate amendment added a proviso that effective July 1, 1961, the State agency must disregard the first $1,000 of an individual's earned income in excess of that figure. The House recedes with an amendment which places the new earned income exemption on a monthly basis 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 Senate amendment was changed to provide that if the Senate amendment is not agreed to, the first $45 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 $50 of earned income per month plus one-half of earned income in excess of that figure.

Mr. MILLER. Mr. Speaker, I yield myself 10 minutes.

The agreement reached by the conference on the part of the House and the Senate on H.R. 12580, the Social Security Amendments of 1960, provides, as is usually the case, some degree of compromise on the part of the House. 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 conference represent substantially the basic House bill with only a few substantive modifications, and I believe that the substantive amendments, 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 bills was that many of the basic House provisions were restored in the Senate bill without change. A number of the conference report warrants the support of the Members of both 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 conference, 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 the 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 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 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 conference 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 provisions in that title of the Social Security Act relating to employment security. The Senate deleted a number of provisions, but these 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 for State and local employees. For the most part the Senate bill contained all of these provisions without change and therefore was in agreement 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 income 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 which were in the Senate-amended 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 fully the agreement reached by the conferences on those areas where the House and Senate were in disagreement, 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 provisions, and the conference agreed 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 conferences 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 conferences 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 conferences concluded it advisable to rescind 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 elected to be covered may obtain coverage and the other part consisting of 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 clergyman who filed tax returns reporting earnings from the ministry for certain years after 1954 and before 1956 even though, through error, the amounts were not paid into the 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 Social Security Act of 1956, was elected to be covered under the old-age, survivors, and disability insurance program effective beginning with the first taxable year ending on or after January 1, 1959, to deposit additional matching money into supplemental certificates making the original certificates effective with beginning with the first taxable year after 1953. The Senate agreed to the Senate amendment because this will make it possible for additional ministers to obtain coverage.

CONCLUSION

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 Senate bill contained many important improvements facilitating coverage of State and local employees. The Senate bill retained these provisions but added additional provisions designed to further facilitate coverage in specific areas of interest. The Senate vetoed the provision relating to the State of Nebraska to modify its coverage agreement with the Secretary of HEW under section 216 of the act to remove from the definition of State employees, police and constables paid on a fee basis. As Members of the House will recall, the existing law and the prior law, coverage was made available to State employees who were paid on a part-time or a fee basis, or who are elective officials. As explained to the House conferences, 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 conferences agreed to this amendment.

Third. The Senate added an amendment to extend from January 1, 1961, to July 1, 1961, the period during which the State of Maine is permitted—under section 316 of the Social Security Amendments of 1956—to treat teaching and non-teaching employees as being covered by separate retirement systems for purposes of extending old-age, survivors, and disability insurance 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 ad-
dditional year. The House conferees therefore agreed to the amendment.

Fourth. The Senate added an amend-
ment which would permit the State of California to modify its retirement sys-
tem. The Senate amendment permitted the State of California, at any time prior to 1962, to modify its retirement system. The Senate amendment did not reduce the retirement age, did not fur-
ther liberalize the work clause or the earnings limitation, but it did change the insured status requirement from a 40-year hour limitation to a "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 de-
pendent households, on an optional basis, to receive benefits at age 62 with an actuarial reduction on the same basis previously provided for women workers and wives.

In the conference the House con-
feres drew the attention of the confer-
ence committee to the fact that this provision actually would cost 0.06 per-
cent of payroll. In addition to this, very serious questions were entertained to the principle which was involved; namely, reducing the retirement age in the case of male workers at a time when actual experience showed that the retirement age has been increasing beyond age 65. Moreover, the Secretary of Health, Edu-
cation, and Welfare indicated that inclusion of this provision would raise several other ques-
tions. 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 amend-
ment 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 benefit would be reduced by one-fourth of 1 percent, regardless of its amount, for each $80 or fraction thereof by which his earnings exceeded 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 re-
spect to the retirement age would have caused the OASI trust fund to be out of actuarial balance by 0.43 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 under consider-
ed, the House conferees insisted on either removing the Senate amendment or so modifying it that the costs of the changes would be within the system on an actuarially sound basis.
Mr. Speaker, I should like to call attention to the important changes made in the bill in this provision which keeps the system in actuarial balance. The provision finally agreed to and which the Senate has rejected before you is as follows:

First, if the beneficiary earns more than $1,200 and $1,500, $1 in benefits will be withheld for each $2 of earnings, above $1,200, and $1,500.

Second, 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 withheld on account of the $200 of earnings and $1 in benefits for each $1 of earnings above $1,500. The Senate amendment, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or more and does not engage in self-employment.

Third. It should be emphasized that the reason for this provision is to avoid the other costs will still persist, as in all cases of employment, the system to be within the range of actuarial soundness, minus 0.24 per cent. 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 full 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 to make it possible for an individual to acquire fully insured status 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 as under existing law.

The Senate deleted this provision.

Your House conferees were insistent upon retaining some liberalization of the insured status in wage-requirement, for the reasons which I have heretofore stated. As a consequence a compromise was reached that in this provision which keeps the system in actuarial balance. The provision finally agreed to and which the Senate has selected before you is as follows:

First, if the beneficiary earns between $1,200 and $1,500, $1 in benefits will be withheld for each $2 of earnings, above $1,200, and $1,500.

Second, 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 withheld on account of the $200 of earnings and $1 in benefits for each $1 of earnings above $1,500. The Senate amendment, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or more and does not engage in self-employment.

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Second, 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 withhold on account of the $200 of earnings and $1 in benefits for each $1 of earnings above $1,500. The Senate amendment, as under existing law, no benefit would be withheld in any case for any month in which the beneficiary earns $100 or more and does not engage in self-employment.

Third. It should be emphasized that the reason for this provision is to avoid the other costs will still persist, as in all cases of employment, the system to be within the range of actuarial soundness, minus 0.24 per cent. 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.
provide for Federal financial participation in expenditures to vendors of medical services of up to $12 per month in addition to $65 maximum provision. Where the State average payment is over $65 per month, the Federal share in respect to such medical-service 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 percent points in addition to the existing Federal percentage—50 to 65 percent, thus for these States the Federal percent applicable to such medical-service costs would range from 65 to 80 percent. A State with an average payment of over $65 a month would never receive less in addition to $65 maximum such medical-service costs than if it had an average payment of $65.

The conferences 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 in 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 $62 million, Federal cost and approximately $5 million State and local costs. The additional costs anticipated under both programs would be approximately $142 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 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 deep that the conferees took the politically modest 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 needed old-age care program basically as provided by the Senate but permitting more Federal money to be used for this purpose. The House conferences believe that this bill warrants your support and I submit 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 chairperson 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 give us a few minutes in which to explain the reasons for the act.

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 your would still have to assess problem in the future with respect to the next dollar of earnings, namely: one would have to forfeit a month’s pay if he were earning additional. That will not always be the incentive under this new provision for a person to earn more, because he is not penalized by making $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. WHITTENER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. WHITTENER. I have listened to the gentleman’s explanation of the 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 and the Senate adopted a provision that had been introduced in the House in a bill by our distinguished colleague, the gentleman from California (Mr. Ed Keating), 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 $85 of earned income, plus one-half over that 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 $85 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 not been the law that an individual, outside of salaries and wages, could earn as much as he wanted and the income limit, disregarding the difference in the amount earned.

Mr. MILLS. I said “earned income.” If I said anything other than that I misspoke. I have always been a member of Congress.

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Mr. MILLS. I yield.
Mr. HOLLAND. As I understand a personal security amendment that would 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. F. Pease) 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 has any 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 such that 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 government program, as the gentleman will see by reading title I of the Social Security Act. This is part of title I.

Mr. HOLLAND. 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 monies 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. FULTON. Mr. Speaker, I beg to differ with the gentleman.

Mr. MILLS. I am right about that. I say to the gentleman that whereas if he has a constitution change which prohibits 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 general 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.

Mr. HOLLAND. The citizens in a State sometimes feel that where the inducement offered by the Federal Government is such that 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 government program, as the gentleman will see by reading title I of the Social Security Act. This is part of title I.

Mr. FULTON. That is true. 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 government program, as the gentleman will see by reading title I of the Social Security Act. This is part of title I.

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been proposed many suggestions for changes and improvements in our social security structure. These proposals touched on virtually every aspect of the social security programs, with principal attention being devoted to the proposals for establishing a program of medical care. 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 aged and, in addition, a new title XVI was to be established under the act to provide medical care for the medically indigent. This 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, this 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 the aged.

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 conferences. 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 care 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 in so far 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 as 80 percent. When the matter was before the Congress, before our conference, I personally felt we should not go 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.

Other significant changes in the public assistance areas of the Social Security Act that would be accomplished under the conference agreement affect 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 the legislation was receiving consideration in the House. Other representatives and I think the combined result in this conference is superior to either of the two bills.

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, this age is before us today, disabled insured workers under age 50 and their dependents could receive benefits for the first time 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 recognition 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, 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 over $1,500. The conference agreement 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 position, and the quarter of coverage in every three quarters be attained for insured status. It is expected that about 90 percent of 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 those that group most in need of social security.

The conference agreement on H.R. 12580 contains provisions significantly improving the financing formula 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. PELLY. At the outset of my remarks I would like to express my concern about the limitations on the Social Security Act that would be made by the enactment of the bill H.R. 12580 as approved by the House-Senate conference. As I indicated in 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 the first of the 64 tax brackets earned by January 1, 1969. The program of improvements that we have presented to the House in the conference agreement does not require the adoption 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 say this because I feel that one of my responsibilities in the House today would agree that one of our foremost responsibilities with respect to 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. FELLY. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Washington.

Mr. FELLY. Mr. Speaker, the Democratic Party platform on medical aid for the aged 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 this Congress, so opposed to the conference agreement in support 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 opposition.

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 alliance.

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 in 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 proposals.

Certainly, the reason is not Republican sniping, pussyfooting, or blind opposition. Let us face it. The Democratic Party is split and cannot possibly 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.

On 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 it, it is worth it. 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 the story of the apple tree with plenty of red apples but no ladder.

Do you know what that is? That is like the story of the apple tree with plenty of red apples but no ladder. I am going to vote for this bill because what is in this bill 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 you see it, ladies and gentlemen? Do you see it, ladies and gentlemen? But once again let me say to you all of you, I sincerely thank you.
tion, by the Chamber of Commerce, and by the large insurance companies. Amos Forand knew that when he started to fight for citizens the program which he believed in wholeheartedly could not be carried into medical and hospital care in their declining years. He would have to contend with the reactionary forces of America.

The gentleman from Rhode Island is devoted to the elderly citizen medical help, free from worry, so they need not owe hospital and medical bills a lifetime. When they retire, they think most of the future. The years will prove that the gentleman from Rhode Island had the solution to the 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 that party, 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 conservaties 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 consider the bill in the social welfare field which the Republicans are calling a big victory for the people. 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; Barbara, of New Hampshire; Saltonstall, of Massachusetts; Keating, of New York; Smith, of Maine; Axson, of Vermont; Morton and Cooper, of Kentucky; and Foso, of Hawaii.

It seems that when the whip is snapped by the Chamber of Commerce, and by the large insurance companies, Arute and his colleagues, the people have just begun to fight. They are voting for their dignity, their respect that is due them as Americans, and they have contributed much to the greatness of America. The pensioners of America want a hospital and medical bill without strings attached.

Mr. Machrowicz. Mr. Speaker, will the gentleman yield? Mr. FORAND. I yield to the gentleman from Michigan.

Mr. MACHROWICZ. Mr. Speaker, I want to express my personal tribute to the gentleman from Rhode Island for his untiring efforts 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 improvements he has started will be continued until a good bill is enacted by the Congress. I want to assure our colleagues also that if there is any provision in the present legislation as enacted by the Congress, 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 this able and distinguished gentleman from Rhode Island. Mr. Forand has ably served his constituency from the day before yesterday to 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. He is loved as a devoted and tireless fighter for social reform and justice by millions of Americans. Our only hope to have a good bill is that the Congress has failed to meet the problems of the aged, the sick, and the handi-

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No matter what this Congress does on the social security bill it cannot extinguish the fire of which Ansa foresaw the lighted. It will burn on and many will pick up the torch that Ansa 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 Ansa'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 factory worker. 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 lost the touch of the men and women in the problems of the less fortunate.

Ansa's record 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 health and happiness. May the people both enjoy the kind of happiness they have so earnestly and courageously sought for others. This is a wish, I am sure, that all Americans share and with them, I will always make In bringing about this happy result.

Mrs. KELLY. Mr. Speaker, I am sure that every Congress regrets the closing of the 87th Congress for one reason, and that is because the Honorable Ansa 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 the 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 he would be long 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.

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.

The SPEAKER. Mr. Speaker, when we originally debated this measure back on June 22, last, I expressed here my concern that this bill, 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 desires of the great majority of the American citizens.

I regret to state that very little has been done by action of the Senate, and little has been additionally provided in this conference report, to remove these 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 increase the retirement age, especially for women, particularly for widows; to increase the minimum benefits in accord with rising standards; and realistically raise the out-dated and outmoded basic income limitations, which a great many of us here have been advocating, are still excluded in this report. I must earnestly hope prompt consideration will be granted to these improvements 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 fail far short of adequate and equitable assistance for many 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 at least provides 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 treatment may be granted to the millions of aged Americans so desperately and desperately 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 its political subdivisions.

When I came to 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 omitted.

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. The amount of earnings which was raised from the original $3,600 to $4,200, and again in 1958 to $4,800. The wage income from three classes, to be paid by one-third the basic benefits paid to a retired worker. Further, a more recent amendment increased benefits retroactively to workers usually required to pick up the $1,500, and $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 $4,800. 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 problem of health 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 amend the age for men and women. This provision should be included in any further revision of the social security law.

Mr. EARL BOW. 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 elderly citizens.

As a co-sponsor of legislation to provide medical care benefits under the Social Security Act on a prepaid, funded basis, which plan bears the name of our distinguished colleague from Rhode Island, Representative Amos P. Forand, I am not satisfied with the compromise brought before us for final approval. We are 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 problems of our people, and particularly our elderly 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 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. 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 Representatives in the 16th District of Ohio did not have an opportunity to vote for that bill, and I believe the members of the House could vote on the Forand bill. The committee 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 the bill to be offered as an amendment. We were on a take-it-or-leave-it basis with regard to medical care for the aged. It is our friend, the division of sound vision, the vision he has exemplified through these years of service in this body, one of the greatest of whom I am proud of, an ideal legislator: also possessed of courage, Amos 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.

Amos Forand and his loved ones have extended to me, 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 Amos 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 Amos Forand will become law, because we 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 Amos 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 arguments have been made against the Forand theory that it is socialized medicine. We have heard that so many times with relation to other legislation. We 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 I am willing to stake 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 others 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 original federal legislation in many of the States of the Union among the people of those States,
because where a State does not imple-
mement, the result is going to be discrimi-
nation—intentional, I say—so far as the people of that State are concerned. If there is any doubt in your mind, if you characterize this—if there
will be a large number of States who will not, in my opinion—and the States have
to consider their problems, they have their local rea-
sons, they have their difficulties, but this situa-
tion 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 for the future.

We now have as a goal the addition to the provisions in this report medical protection. To go through the device of the so-
cial security insurance system for the masses of our workers and their depend-
ents who are covered by the insurance system. This will make available medical
care on a dignified and self-respect-
ing basis for our workers and their families. The medical protection of the so-
cial security insurance system is the fiscally responsible way of facing what ev-
eryone admits is a major problem in-
volving 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-Ken-
dy substitute. Even one Republican
could not push through his bill. Without the other body for it, yet Governor Rockefeller is a strong advocate of legis-
al action along social security lines.

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 Demo-
crats under the leadership of J ohn
Kennedy and Lyndon Johnson, can-
didates for President and Vice President respectively, are committed to the broad-
er approach, to the humane approa-
ches for President and Vice President respectively, are committed to the broad-

Mr. LANE. Mr. Speaker, the medical
care bill for the aged, shot through with
weakening compromises, is a bitter dis-
appointment to our 16 million senior
citizens.

The United States is scoring break-
throughs in many fields of material re-
search and development. In sharp con-
trast, that vigorous, pioneering spirit
becomes ultraconservative when con-
fronted 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 genu-
ine 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
vetoes. 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 you who fought for a "healthy"
bill, voted for the anemic version with
reliance. 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 estab-
lished, that we can elaborate upon and
strengthen next year.

Health insurance for the aged, pre-
paid, by taxes on employers and em-
dees during the active years when a
person is working, is the logical, prac-
tical, and inevitable way to solve this
problem. The co-operative spirit of the
aged, their concern for their families, and their efforts to live to a
considerable age make possible the
development of a program of medical
assistance to the aged. The aging of the
population, the upward trend in average
life expectancy, the increasing need for
health and physical well-being, the
increased cost of medical care and its
availability, and the economic con-
straints which make it a necessity for
people to consider their earning years
as part of the total lifetime budget
process. That is the thing we will bring forth, and that is the thing we will stand for.

They might just about as sensibly oppose
socialistic the Nation's public schools, fire
departments, and police departments repre-
sent communal efforts financed through
taxation. One of the fundamental purposes for
which the U.S. Government was repre-

Mr. Speaker, the principle of social in-
surance 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 nar-
row, winding side road and strays from
the direct and open highway that leads
to a clear solution of the problem.

With new and confident leadership be-
ginning in 1961, there is no need for
legislation that will achieve se-
geniality and dignity for our senior
citizens.

Mr. FARBEINSTEIN. Mr. Speaker, al-
though over the past year or two, evi-
dence has been adduced to show the
urgent need for Federal legislation to
provide medical care for our older cit-
izens, the Republican Congress has faltered step forward. Although it has been
shown that many senior citizens are
pushed to the limits of their financial
resources by medical bills, while others
forsake or delay treatment because of in-
ability to pay, the House has failed, in my
opinion, to meet its responsibility to
our senior citizens.

Instead of passing the Forand bill, or a
parallel bill, which was submitted in
1959, the Congress has taken only a
small step forward in its program for
aging. The Forand-type bill would have
made unnecessary a means test and would have
provided medical assistance to our senior
citizens as a matter of right, the bill
that was passed provides for Fed-
eral assistance only to those who can
meet the undesirable test, or a test which
will disclose the fact that the needy individual is unable to afford to pay for medical care.

But the Congress has only helped to
place a burden on the States in connection with this bill. It is neces-
sary, before the law can become effect-
ive, for the States to adopt legislation
enabling them to institute programs of
medical assistance to the aged before any call upon the Federal Government for contribu-
tions. Although it is true, Mr. Speaker,
that the Congress has called for a program of medical assistance
to the aged before any call upon the
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tions. Although it is true, Mr. Speaker,
benefits under the bill may be made available 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 aged. A new era is dawning, and 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 in the years to come.

I am very happy to join so many of my colleagues in the House of Representatives in expressing my personal appreciation for his courtesies to me through the years.

Mr. SPEAKER. The SPEAKER. The question is on the conference report. Mr. MILLER of Mississippi, on that I demand the ayes and nays.

The yeas and nays were ordered.

The yeas and nays were ordered. The question was taken, and there were—yea 369, nay 17, answered "present" 1, not voting 44, as follows:

[Followed by roll call list]

Mr. Speaker, I move the previous question.

The previous question was ordered.
Mr. GARY changed his vote from "nay" to "yea."
Mr. SCHIFFER 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.
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. 13580) 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.

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 this new legislation on October 1. Those States which 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. Furthermore, a State may make payments to Blue Cross or Blue Shield, or group practice prepayment plans for any medical services. Moreover, a State may utilize, or create, such types of 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 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. I yield. Mr. KERR, 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 mean identical characteristics.

Mr. KERR. Yes. The provision for medical care through the operation of the State plan should be broad enough to provide for 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 as well as 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 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 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 States 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 has been 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.

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 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 ever had since I have been in the Senate. The Senator from Oklahoma has not only handled the measure ably, but in good spirit and with faculty 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 groups 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 broad 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 me tell the Senate that in 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 these benefits to be received by those eligible for the medical care are the same, the State having paid premiums in Pittsburg 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. 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 was a problem for a profession. However, if the benefits were available to teachers in Pontotoc County, they would have been 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 for a question?

Mr. KERR. I yield.

Mr. JAVITS. The Senate conferences receded from this 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. Mr. JAVITS. The Senate conferences receded from this amendment which I presented. Can the Senator give us some reason why we won't see another one on that subject?

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 determined 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 was dropped in the draught. 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 for a question?

Mr. KERR. I yield.

Mr. HUMPHREY. First, I commend the Senator from Oklahoma publicly, as I have done privately, in the manner in which he has handled the proposed legislation, which is very complicated.

Mr. KERR. I thank the Senator.

Mr. HUMPHREY. In my capacity as chairman of the committee, I had just concluded that we could find a clearer definition, a tighter way of handling it, it would have a chance. However, I am sorry.

Mr. BUSH. The debate on the Social Security Act with respect to the provisions for the disabled, Mr. President, represents progress. In the future with respect to the amendment, 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.

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Mr. BUSH. 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 broad 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.

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Mr. KERR. Yes. That is why I tried to say to my friend from Tennessee that it was a problem for a profession. However, if the benefits were available to teachers in Pontotoc County, they would have been available also to everyone in that county who could meet the requirements.
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. 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 phraseology that we have been discussing. I ask unanimous consent that that may be placed in the Record. In my judgment, it is only fitting that in a bill of this type we indicate recognition of such services.

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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 hospital if 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 conformed 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. The Senator from Oklahoma is of the firmest conviction that he is able to formulate and develop and have that is the best guaranteed plan for Oklahoma.

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 vendng 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, of Medical cremation, or Christian scientist 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 this desire to preserve that principle in the medical-care program 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 the State's board of public welfare to provide services. 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 shall be based upon freedom of choice. Is that correct?

Mr. KERR. Mr. President, will the Senator please deal with 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 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 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 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 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. 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 the general public, 'The aged must seek their care and services from certain hospitals, certain doctors, certain dentists.' 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 the aged, 'If you are recipients of medical assistance for the aged, you have to find your care and services only from certain hospitals, certain doctors, certain dentists.' That is my freedom of choice proposal. It 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 expect, 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, and if we are to go any further with this new program of assistance to the aged—for those who have sufficient funds to meet that supplementary living through their own 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 Senator to respond in which my late tonight as any other 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 that 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 to come in tomorrow morning and announce 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 an unanimous-consent agreement to have 3 or 4 hours of debate on tomorrow on the conference report, 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 Senator Johnson may care to discuss the conference report, but that there be no rollcall tonight: that the Senate convene at 11 o'clock tomorrow morning, and have the conference report then continue with consideration of the conference report, and that the prior unanimous-consent agreement apply with the exception that conference resolution is again laid before the Senate.

Mr. COTTON. Mr. President, will the Senator from Texas yield for a question?

Mr. JOHNSON of Texas. No.

Mr. COTTON. Do I correctly understand that no other matter will be dealt with in the Joint Resolution?
with tonight—in other words, only the business now pending?

Mr. JOHNSON of Texas. I should like to consult 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 the Senate concur in the Senate amendments to the bill and instruct the Clerk to enroll the bill.

Mr. KERR. Mr. President, a parliamentarian might be able to help us further about it as soon as I can.

Mr. JOHNSON of Texas. I have asked for that information.

Mr. EDEN of Minnesota. I believe the Senator asked that no roll calls be taken tonight.

Mr. JOHNSON of Texas. That is right.

Mr. KERR. And that there be no vote on any amendment tonight on the conference report.

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 yes-and-no vote on the question of agreeing to the conference report might be expected tomorrow. If that is an improper question, I shall not press it.

Mr. JOHNSON of Texas. It is not improper. So far as I am concerned, that vote would be taken at 11:30 a.m. tomorrow. I think other Senators will desire to discuss the conference report somewhat further; and I do not know when the vote will be taken, but I have asked, and I am unable to speak with authority.

Mr. RANDOLPH. I appreciate the Senator's response.

Mr. KERR. Has the Senator from Texas offered 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 PRESIDENT PRO Tempore. Is there objection to the request?

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDENT PRO Tempore. The Senator from Oklahoma will state it.

Mr. KERR. What is the request? (Laughter.)

The PRESIDENT PRO Tempore. That no votes be taken tonight and that no roll calls 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 PRESIDENT PRO Tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. GORE. Mr. President, will the Senate 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 services.

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. The 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. 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 out of the State, and the 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 to the recipient of medical 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 legal entity 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 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 was in a case where the State had legalized a county hospital as an agency for that purpose. Then the State welfare agency could make the actual disbursement, subject to approval by the State.

Mr. KERR. The Federal Government would pay this money to the State agency.

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 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 the doctor.

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 who also made possible 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 perspicuous but for being inquisitive. Frankly, I think this bill will touch more directly people in the county who are on old-age assistance rolls. I would provide assistance to those who need it. That certainly indicates some individual showing of need. It is difficult for me to believe that the Senate means all this.

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;

(3) 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, on 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 receiving old-age assistance, or whose incomes and resources are insufficient to meet all of such costs—

1. Inpatient hospital services;
2. Skilled nursing-home services;
3. Physicians' services;
4. Outpatient hospital or clinic services;
5. Home health care services;
6. Outpatient mental health services;
7. Physical therapy and related services;
8. Dentist services;
9. Dental services tor X-ray services;
10. Prosthetic devices;
Then to contract for an 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. KERR. The Senator’s State might set up an income test for any person in the State with reference to being within the limits of eligibility. 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. KERR. 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 whose income was less than $2,000 per year and net resources not in excess of $25,000, would my county home 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 those with 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 $5,000? 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 terms of this title, and who are not recipients of old-age assistance, but whose income and resources are insufficient to qualify them for Aid to Dependent Children.

I visualize the situation of a State formula for eligibility, we will say, with reference to any citizen whose income is $50 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 $500 of hospital bills, but that individual would have a hospital bill of $2,000 or a doctor bill of $1,500, the State under this program could pay that part of which was 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 $1,350 before the reduction in social security benefits. As I understood, 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. Broaded by the conference committee.

Mr. KERR. Under existing law, in any month that the beneficiary earns $1, $1 loses two months benefit. If he earns $1,200, $1,200, he loses the monthly benefit.

Mr. HUMPHREY. The whole benefit.

Mr. KERR. For each $20 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 $3, he loses two months' benefit 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, 20% 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 lose a dollar of benefit for each dollar earned.

Mr. HUMPHREY. Will the Senator compare that with the present situation?

Mr. KERR. Under present law, if he earns $1,500, 80 into 300 goes 3 times plus. So he would lose 4 months of benefit.

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 3 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 of loss of benefit for each $2 earned between earnings of $1,200 and $1,350.

Mr. HUMPHREY. I can see it 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 tried to make it $1,800. I have been introducing amendments to make it $1,800 for so long that I began to feel a little homesick.

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 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, related 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 actuaries advised us that the $1,800 exemption would cost nineteen one-hundredths of 1 percent. The 62 provision we saw the 0.24 percent or five one-hundredths of 1 percent. The total would be a cost of 0.24 percent, or twenty-one 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 percent, or twenty-four one-hundredths of 1 percent, and if we left that bill in the Senate, 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.

Mr. KERR. The Senator from Minnesota is correct. The Senator from Oklahoma is of the deep conviction that the tax rolls 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. 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 assured 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 moved 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 been insisting on for years.

Mr. KERR. The Senator from Minnesota is of the deep conviction that the tax rolls 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.
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 testimony. 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 House, 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. And the Senator has 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 to earn money. Hundreds of thousands of 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 conferences 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 considerate way in embracing the goal which he has 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 such a manner as to have held in reference to a merited raise on the earnings of retirees.

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 conferences, both of the House and the Senate, favored the $1,800 provision. Had we had the authority in conference to have either reduced 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 conferences.

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 in the bill.

I was guided in what little effort I made by the desire to bring forth as comprehensive, as effective 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 committees and their opinions, and also considering the convictions and opinions of the administration. In that regard, it is as far as I tried to do, as much as I was able to do. 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 having this measure become law.

Mr. RANDOLPH. Mr. President, I respond most briefly. The Senator has given us much applause but, there remains much to be done. I do contend that there are fruitful areas yet to be explored, and there are wounds yet to be healed, 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 given to us by the Finance Committee was good as far as it went—but it falls short of our obligations.

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 have believed is necessary to a well rounded solution.

Mr. KERR. I thank the Senator from West Virginia.
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 in the Panama Canal Zone.

To continue the exclusion from OASI coverage of physicians.

Mr. President, in all three sessions of the conference efforts were made by both the Senate and House conferences to find a compromise to retain at least part of this Senate amendment.

The House conferences, however, stood firmly in their resistance to accepting the principle of the amendment to any degree. It was 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 conferences 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 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 tax-exempt organizations in 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 abroad; and repayment of advances.

The Conference committee has 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.

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 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, I think 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, for his splendid efforts.

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.

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 stimulus 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, in the conference report this evening, the President of the Senate has stated that, if the principles of the amendment were included in the bill by the conference, the entire bill would be in grave jeopardy of enactment. Therefore, the Senate conferences receded with reference to this amendment.

SUMMARY

In the judgment of your conferences, 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 transmutation in the structure of the medical care program inaugurated by the Social Security Amendments of 1956.
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 services 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—for persons receiving old-age assistance—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 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 that statement, I would 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 55 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 primarily interested in their medical-care program, if my Senator has referred to and identified their program if one is already in operation, I believe that 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 and to encourage the States 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 expand and strengthen their programs. Certainly they will receive additional matching money if they now receive any. They will get that which we want to accomplish, and that is to encourage expansion and improve their programs. Certainly they will receive additional matching money if they now receive any. They will get that which we want to accomplish, and that is to encourage expansion and improve their programs.

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 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 the matching funds by only $676,000 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 that 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 medical care the States must provide, unless the State decides to impose limits. Of course, some people receiving old-age assistance would be entitled 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 payments by the Federal Government of 78.5 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 21.45 percent. The bill leaves it up to the State to determine what persons will be eligible to receive this assistance. Everyone over 65 who meets whatever financial test the State decides upon would be eligible. The only restriction in the bill is that the State must submit and have approved a plan describing how the Federal share would be paid. In other words, the only limit on the amount of these medical services, unless the State decides to impose limits, is the amount of medical aid funds for recipients of old-age assistance that is available.

Presumably, any plan submitted by a State for determining eligibility would not be approved unless it 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. Keating], 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 Keating replied, "If that were the State plan fixed by the State itself, for all of its citizens; yes."

Mr. Gore. I yield.

Mr. Keating. In other words, it would be left up to the individual States to determine any limit they want to place on the amount or length of time.

Mr. Gore. That is true. The State does not place any limits, because no limits are placed 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 provisions 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 provisions for people 65 years of age and older who are not receiving 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 provision which, 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 agencies of welfare organization in the State of 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; and that has the unqualified approval of the medical profession.

Mr. KEFAUVER. There is no 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 from 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 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, the bill 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, 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 Oklahoma 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 strong in favor of county participation, with some small contribution on the part of the county to the cost of the program. 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 yield?

Mr. GORE. Mr. President, the senior 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 down by your colleague from Oklahoma.

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. That is a question which I am not prepared to answer. I have not personally received such an endorsement from 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. 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 conference report 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 do not attempt to answer. I would rather have physicians answer it for themselves. Such a position is difficult to rationalize.
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gest the absence of a quorum.

out objection, It is so ordered.

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. 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.

Mr. DIRksen. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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The PRESIDING OFFICER (Mr. Williams of New Jersey in the chair). The clerk will 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.

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The PRESIDING OFFICER. Without objection, it is so ordered.
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 gone. And that is the 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. President, will the Senator 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 "ceiling" barrier by at least providing a complicated, tardy, and altogether inadequate step in the picture that I indicate the Social Security and Medicare Committees in Congresses 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 unmanageable social security problems which might flow from a defeat of the conference report, we will be getting legislation in this area much more 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 I do, I know he will never 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 the views expressed by the Senator from New Hampshire when he spoke of his regret over the extent to which the conference report does what we did on the floor with reference to the earnings limitations for people eligible to receive social security benefits. Like the 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. 12880, 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 if 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.

The Labor Department under the active leadership of Secretary Mitchell, has repeatedly urged older people to continue to work, thereby continuing to make their needed skills available to our economy. He has made 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, sir, 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. 12880 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 churlish in the conference 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 than 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 opposing position of 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 his earnings increase. 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. The 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 it is starting next year it will be necessary to have some increase in the social security tax, perhaps, if we keep it. But if we have no possibility, 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 have a social security bill which will provide an 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 the 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 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 fact, 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 friends do not deceive me, I have noted throughout the Senate Chamber some restlessness on the part of some Senators, on both sides of the aisle, who are running for re-election. 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. Barlow], 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.
Mr. BUSH. If I may do so without losing my right to the floor.

The PRESIDING OFFICER (Mr. Bump 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, 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 degree 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, by 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 to take action with amendments to this measure—although the two amendments called for totally different programs 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 beneficence of such a program, as a result of our determination to see that it is instituted, even though one 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. 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.
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With respect to the public assistance features, the Senate bill was a vast improvement. I salute the senior Senator from Oklahoma [Mr. Keating], the principal sponsor of last year's Senate bill, which would have made it possible to have tremendous additional Federal matching. It is estimated that in the first year alone the federal 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 would be agreed to. There was not doubt for a moment. In fact, to the best of my recollection, we did not even have to vote to approve 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. With those 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 chairmen 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 respect. 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 a reasonable position that 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

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 Pennsylvania objected, according to what I heard.

The PRESIDING OFFICER. Subsequently the majority leader made the request.

Mr. LONG of Louisiana. Mr. President, I objected to resending 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 who 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 four 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.

I further announce that the Senator from Missouri [Mr. Henning] is absent because of illness.

Mr. DURKIN. I announce that the Senator from New Hampshire [Mr. Rhodes], the Senator from Nebraska [Mr. Curtis], the Senator from Arizona [Mr. Goldwater], the Senator from Kentucky [Mr. Moreau], 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 the floor is well below the spending limit of the Senate and the House. It is not a bill which would get a great deal of 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.

There was not even any discussion of taking the House provision in that respect. 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 a reasonable position that 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 conference 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 conference would have been more or less willing to fight for them. We could not obtain any of them if the Senate conference had been willing to fight for them. The outcome would depend upon how much the points would be considered. 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. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I now yield to the senior Senator from Ohio.

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

Mr. LONG of Louisiana. I yield. Mr. President, I regret also that physicians and surgeons were not provided with the protection of the Social Security Act to which they have been entitled. Furthermore, the distinguished Senator from Louisiana has made it clear that there was a feeling that physicians and surgeons would not be admitted within the benefit coverage of social security as soon as the heads of the American Medical Association indicated that it was necessary to do so, not is the Senate from Louisiana fully familiar with the fact that in every referendum 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 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 doctor, and understood how much more they would receive through that plan than under a private insurance program, they would want it. However, they have not expressed that 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. I do not think that it was fairly determined 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 doctor, and understood how much more they would receive through that plan than under a private insurance program, they would want it. However, they have not expressed that desire on the part of the physicians and surgeons to be covered.

Mr. LONG of Ohio. 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 doctor, and understood how much more they would receive through that plan than under a private insurance program, they would want it. However, they have not expressed that desire on the part of the physicians and surgeons 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 are not provided with the protection of the Social Security Act which they have been entitled to. It is my belief that if we had moved to strike out that provision even moved to reinstate 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 bar the way of the House, by which we would have accepted some of the provisions that the Senate had voted, provided we had accepted some of the provisions that we had voted.

Mr. President, I now yield to the senior Senator from Ohio.

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

Mr. LONG 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.

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Mr. President, I now yield to the senior Senator from Ohio.

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

Mr. LONG of Louisiana. I now yield to the senior Senator from Ohio.

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Mr. LAUSCHE. Mr. President, will the Senator yield?
words, for every dollar he made he would have his social security benefits reduced by $1,000, 1 for every dollar of income. The House provision, for every dollar that the man made in excess of $1,200, he would have his social security benefits reduced by $1. or the Federal security benefits reduced by $1. or the Federal security benefits reduced by $1. or the Federal security benefits reduced by $1.

My impression was that Senators felt if these things were discussed the bill would have been passed and that they would have voted 200,000 people being denied the benefits under the social security plan.

Mr. LONG of Louisiana. That is correct.

Mr. CLARK. Would the Senator try to explain again the one in four quarters and the one in three quarters?

Mr. LONG of Louisiana. That is part of the feathers we brought back from the hen we put into the henhouse. The decision was that 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 that social security is not under the social security cover since 1950. Mr. LONG of Louisiana has mentioned the percent-age, as we thinkt of It. 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 conference would have been glad to negotiate on that point. The House conference 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 costs.

Mr. CLARK. Mr. President, will the Senate yield for a final question? I shall not detain him longer.

The reference report, as I understand, 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 money does not come from the social security fund. It comes from general revenues. When 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 cover-age, as we think of it.

Mr. LAUSCHI. Mr. President, will the Senate yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHI. 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 of the cost if the bill had been passed? Mr. LONG of Louisiana. It was 0.28 percent. In other words, roughly one-quarter of 1 percent would have been the cost. Therefore, 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 taken the highest provision, one quarter out of four in coverage for the last 10 years, it would have made people 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.

If I knew 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 second 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 $115 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, Mr. Myers, who brought the bill 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 bought 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—net the entire $22 billion—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, where-as 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 provision 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 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 roughly one-fifth of 1 percent of the payroll. That is the most substantial item 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 of that 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 co-sponsors—would have cost $2 billion. 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 or equal aid to States and areas where the need is most pitiful and most acute, as I shall attempt to demonstrate to the Senate.

The conferences 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 62 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. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. Yes, 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 $600 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 by $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. LAUSCHER. Yes.

Mr. LONG of Louisiana. So, Mr. President, I inform the Senate that if it should see fit to reject this conference report, that is not an indication that these matters both could be and should be expanded upon. If a further conference were held, I see no danger of anything the conferences 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 81 to 28. 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.

The Secretary, in a spirit of compromise, he was re-

Mr. LONG of Louisiana. I realize that Mr. Gore. Mr. President. we heard the Senator from Louisiana read it the first time, but we shall be very glad to have him read it again.

Mr. GORE. Mr. President, will the Senate 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 impression was there that it was the word that passed to the conference that if hospitalization for the tubercular and the mentally ill remained in the bill it would possibly be vetoed.

Mr. LONG of Louisiana. Mr. President, was that position?

Mr. GORE. 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 Senate yield?

Mr. LONG of Louisiana. I yield.

Mr. RANOLDPH. It was my privilege and responsibility to support the amendment offered by the distinguished Senators from Louisiana and Florida. I would wish the Record 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, and responsibility to support the amendment offered by the distinguished Senators from Louisiana and Florida. I would wish the Record 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.

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I read on from the article, which I am sure will appeal to Mr. Flinn's statement:

Many of the country's 3,775 State and mental hospitals, he asserted, are "little more than mental institutions" and inadequate for even the simplest methods of treatment. The average cost per patient per day he gives is only $1.07 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 a brief period of time 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. If the States do what the Commonwealth has done instead of being kept there for a lifetime, that in the end taxpayers are no worse off. These additional benefits have been enjoyed without a dollar out of the States, 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 man of experience, 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 $19 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. Yes. 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", and the conditions in Ohio, as well as another article describing conditions in the State of Maryland. I make these comments with an eye to any reflection on the United States, because they are providing about the average, in comparison with the other States of the Nation.

I wish to read from a few excerpts from an article published in the Washington Post and Times Herald of November 24, 1938, 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. She is an experience none of us will ever forsake," the jury later reported. "The conditions under which these wretched, deranged human beings are obliged to live are shocking beyond belief."

"Spring Grove, in Catonsville just west of Baltimore, is Maryland's state mental hospital. It is the most acutely overcrowded asylums in the United States."

As a result it is breeding chronic 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, 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 2,450."

"Because of the desperate premium on space, patients who could benefit from active psychiatric care are shoved into long-term 'chronic' areas with the heads of the patients barely reaching the ceiling."

I ask Senators to imagine this situation. These are people who could be restored to health. That is the advice received from Dr. Louis Lumet. 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
dangerous patients are locked into space forever. A Grove doctor. He led the way into a tiny, double-barred cell. Among them are once-successful businessmen, alcoholics, drug addicts, cases of schizophrenia and the feeble-minded.

Among them are one nurse in every 12 patients. Six doctors slept on the floor for lack of beds. In one tiny dormitory, nine beds were placed head to foot with barely room for breathing. One of the doctors was 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 16 years of use. Rubbed into the floorboards of some wards 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.

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 senator 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. Is the Senator 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 conferences went to conferences 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 we 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 would uphold the majority views of the Senate, and that the conferees would fight just as hard as if they had been amendments 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 working on the amendment to a previous report. It reads:

"No matter how long I sit, I know my side is going to yield.

That the Senate must know it, too. I 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. President, I do not think we need to have a change in the rules.

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 in the ease of one of the younger Senators who are fighting this battle are fighting for a hopeless cause. I will continue to stand up and do what we can do. Some Senators have told me that we will 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 your 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 the White House what we want 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 with the Senate in working on the appropriations bill last year within the time which 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. We 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, and we can do it if we stand up and do what we should do. Some Senators have told me one of them or 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 this country is concerned. He knows them who have in mind. He is a man who has had some experience at many levels of government. We can regard the one cent per capita effort toward public welfare, listed by States, and showing the conferences as they represented the Senate in conference. For example, three of the six conferences came from States that made the least effort to match public funds. Some States have made 3.1 cents 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 a change 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 reflects itself in the attitude 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 refer be printed in the Record at this point in my remarks. The tabulation lists the conferences 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:

<table>
<thead>
<tr>
<th>State</th>
<th>Per Capita Effort (States in order of smallest effort)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Virginia</td>
<td>90.24</td>
</tr>
<tr>
<td>2. Delaware</td>
<td>44.04</td>
</tr>
<tr>
<td>3. North Carolina</td>
<td>7.62</td>
</tr>
<tr>
<td>4. Virginia</td>
<td>1.51</td>
</tr>
<tr>
<td>5. Maryland</td>
<td>1.46</td>
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<tr>
<td>6. New Jersey</td>
<td>1.46</td>
</tr>
<tr>
<td>7. South Carolina</td>
<td>2.11</td>
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<tr>
<td>8. New Hampshire</td>
<td>2.11</td>
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<tr>
<td>9. New Mexico</td>
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<tr>
<td>10. Wisconsin</td>
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<td>11. Wyoming</td>
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<td>13. Nevada</td>
<td>2.11</td>
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<tr>
<td>14. Arizona</td>
<td>2.11</td>
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<tr>
<td>15. Utah</td>
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<td>50. Oklahoma</td>
<td>18.64</td>
</tr>
<tr>
<td>51. Nebraska</td>
<td>19.01</td>
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</tbody>
</table>

Mr. LONG of Louisiana. As a tribute to the Senator from Oklahoma (Mr. Keenan), it should be noted that his State has made the greatest 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 am saying when I say 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.
the same vigor when the conference de-
lected them and, in my judgment, sur-
rendered without the determined effort which is necessary, and without making it clear through our conferers that we would insist something be done about
the problem.

I was to read something that impressed
greatly a number of years ago.

It impressed me so much that I de-
cided 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 valu-
able human traits that we know we pos-
sess. Some people think that politicians
are interested primarily in their election,
or rather than in the welfare of the peo-
ple. It is good now and then for us to
see what people on the outside think about us. So it is to see what 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
evastly was looking at her hat; In-
stead 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 ourselvs as others see us!

Oh wad some power the giftie gie us
to see ourselvs as others see us!

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 book it
shows the attitude some people have
about us. I am sorry that he does not
show us as fine as we know ourselves
be. It was in Washington, as he does, and meeting us from day to
to day, I thought it might be a good
idea to show 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 relec-
tion. It’s full of the efforts and prob-
ations 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 engrav the Lord’s
Prayer on the heads of pins—-a mysterious
occupation that I’ve never quite understood,
which in a book named the “Herblock
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do those people who engrav the Lord’s
Prayer on the heads of pins—-a mysterious
occupation that I’ve never quite understood,
which in a
reception 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 $1.4 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 sacrifices for economy that I have seen in a long time.

Mr. HUMPHREY. I went all my Republican editor friends to note this record tomorrow, because I generally get the whole social welfare program 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 sacrifice, but also not in a way 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 $1,000 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 given an extra $1 per 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 achievements 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 earns or makes went to God's service—a great sacrifice.

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 those 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 Minnesota is saying that this measure will give everyone equal social status. [Laughter.]

Mr. LONG of Louisiana. That is correct, certainly what is 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. 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 the State of Louisiana. The President hoped 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, these will never exceed the intellectual level of 1-2 or 3-4-year-old children.

Without adequate supervision, they are doomed to a vegetative existence, plagued by fright and sickness. At best they can hope for fulfillment of their most basic physical needs—food, clothing and shelter. For some there is the possibility of a productive life within Rosedown.

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 progress has come to Rosedown.

Nevertheless the institution still presents an overwhelmingly bleak picture, bringing heartbreak instead of hope to families like the Crumpers who are confronted with the problem of mental defectiveness.

Here are some of the patients found during a 1-day tour of Rosedown and interviewed with its staff.

In a large, gloomy basement of Wyse cottage, 136 severely retarded male patients were crowded into 66 cells, each of which was jammed into a 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 insane, 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
For the detention and care of criminals confined in Federal penitentiaries. It raises prison guards a minimum of $3,5810 annually, but it costs the Federal government more than that. It is a matter of fact, the figures show that the per capita expenditure in the State mental hospitals is much less than the Federal Government spends for the diagnosis and care of criminals confined in Federal penitentiaries. It costs 85 per year per person to keep a hand of the Federal penitentiary, one who has been guilty of murder, arson, dope peddling, or goodnens 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 300 attendants—30 short of the number allowed in its budget— to care for patients on a 24-hour schedule. Each week Rosewood Training School marks a loss. 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 training requirements for their positions. Clinical Director Dr. John Vasconcelos said Rosewood needs at least 15 or more physicians in order to put out a modern 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. That is one reason why the care provided in the Federal penitentiaries can be trained for productive roles in society, whereas hospitals 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 antimicrobial drugs and vaccines are available, 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 below 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 housed. In some cottages a television set is the only recreational facility. But sets within reach of the patients are often broken into uselessness.

Staff shortages in the four spastic buildings are so critical that Rosewood can't assign a trained staff to take care 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 $5.64 national average for State mental hospitals.

Since that time there has been some small improvement.

This year Rosewood was allowed $2.8 million for operations and $1,627,800 to renovate and expand its physical plant.

On the positive side, Rosewood can boast of a modern well-equipped school which serves the special needs of the habitants 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 printed 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. 22, 1958]

INADEQUATE STAFF AND LACK OF BEDS TURB SCHOOL FOR MARYLAND RETARDED INTO A MODERN BEDLAM

(By Laurence Stern)

Last September Mr. and Mrs. Sholton Crumpier, living in Baltimore, became aware of the problem of mental defectiveness. Here are some of their experiences:

In a large, gloomy basement of Wyne cottage, 236 severely retarded male patients aged 10 to 66 milled aimlessly, fought or nudged each other in 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 St. Mary's Hospital in Baltimore suffering from severe malnutrition and anemia.

His leg muscles had begun to atrophy from lack of exercise.

Earlier that time the Crumpiers had all they could take.

"Wayne is coming home and I'm going to wash his hair," 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 institution in the Washington area.

In order to hire a qualified nurse to care for Wayne as well as her two normal youngsters, Mrs. Crumpier is job hunting.

Rosewood's overworked hospital staff feels the pinch of overcrowding and lack of perquisites as acute as the want of more money, space, and help. They are powerless to improve conditions at Rosewood.

Wayne Crumpier'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. Last month a letter was written after a visit to see whether those who now are in these institutions can be treated.

More and more patients will fall into uselessness, of the patients are quickly battered

And anemia.

For patients who can benefit from help. Without adequate supervision they are doomed to a vegetative existence, plagued by

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For patients who can benefit from help. Without adequate supervision they are doomed to a vegetative existence, plagued by
In the institution's overcrowded hospital, helpless patients like Wayne become unmistakably confused or agitated 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.

At least 20 patients who 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 staggering procession of nude patients was observed trampling through Rosewood's grounds in filthy, tattered garments.

Epileptic, blind, and crippled patients are mingled under one roof with others. Although certain 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 overcrowded over its limits.

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 $2.00 a year. Maryland's penal institutions pay new prisoners minimum of 43.580 annually.

Many patients still get only a minimum of custodial care and hardly any medical treatment. What they most need is guidance, not more than anything else is more money to hire more and better doctors, nurses, therapists, and social workers to open 24-hour facilities.

That is what Mr. Arthur Fleming told the New York Times he was going to do. He was going to conduct a crusade to do just that. Then, after Senate votes for it, he promised 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:

"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; 70 patients 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...

I continue to read from the editorial:

"The institution pays Its attendants a starting salary of $2.00 a year. Maryland's penal institutions pay new prisoners minimum of 43.580 annually, and expand Its physical plant.

The neglect of Maryland's 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 of the institution. But the money was set aside for research and staff. It is now recognized that the treatment of mental patients rather than their incarceration, is the best answer to the problem. But the State's mental hospitals and 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 approved here during its 1960 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 hospital and institution to a meaningful life is almost like the gift of life itself.

Mr. President, I am delighted to see in the Chamber the able Senator from Maryland (Mr. Froman), 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 the expense of the general taxpayers that this was achieved, but the people of his State have come to recognize his farsighted leadership in the field.

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 contributed 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 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 the able Senator. I am sure the Senator learned from the able Senator from Louisiana for his comments. I am sure the Senator learned from the able Senator from Louisiana for his comments. I am sure the Senator learned from the able Senator from Louisiana for his comments. I am sure the Senator learned from the able Senator from Louisiana for his comments.

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. I am delighted that the Senator 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 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 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.

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 adequate for even the simplest methods of treatment. The average cost of treatment per day, he said, is only $4.07 for the Congo.

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. 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 the 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 basis 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 people who do not care to have these people around, so the people would lock them up and leave them—separate them and be rid of them.

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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 Senate there is an institution with 8,000 mental patients which has perhaps 5 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. A doctor can do in such cases as the Senator well knows, is simply to provide a little care for health.

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It is a sad situation. Yet when we try to do something about it, it is distressing to see that the people who do not care to have these people around, so the people would lock them up and leave them—separate them and be rid of them.
I also have a comparison of my own State as to the expenditures for mental hospitals, tuberculosis hospitals and mental hospitals. I regret to see that in Louisiana the expenditure is only $3.88 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 1959)........... $5.00
- Federal hospitals (fiscal 1959)........ 24.08
- Federal state hospitals (fiscal 1959) 25.82
- Federal mental hospitals (VA: fiscal 1959, higher now)....... 11.90

**Louisiana Institutions**

- State penitentiary (fiscal 1959)....... 2.16
- State hospitals (fiscal 1959)........... 13.94
- State tuberculosis hospitals (fiscal 1959)...... 9.22
- State mental hospitals (fiscal 1959)........ 2.68

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 $24.92. In some respects a comparison can be made. In quite a few instances leprosy has been cured. Compare the $24.00 cost for a leper confined entirely at Federal expense with the cost of $4.07 for a pitifully mentally ill hospital.

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 patient 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 $9.47, 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 says:

"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 so 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 in even 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 Secretaries of Health, Education, and Welfare, who have 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 some of the most pertinent parts of it:

Columbus State Hospital is 1 of 11 prolonged-care institutions 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 2,700 people? Who are the doctors, and how much do they know? What of the superintendent's burden? These are important questions to be answered by this article and others to follow. And most of the answers can be found in the 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.

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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 2,700 people? Who are the doctors, and how much do they know? What of the superintendent's burden? These are important questions to be answered by this article and others to follow. And most of the answers can be found in the 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.
up, and epileptics and mental defectives unless they are also psychotic. It must take patience 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. Attendees 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 36, 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.
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 some of those House provisions.

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 conferences, in the hope that it would be possible for some of the Senate amendments to be retained in conference if the conferences 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 conferences 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 shall also be satisfied that if we were to pursue this matter with fortitude and determination, and particularly if the Senate named conferences who had indicated a real and a burning desire to do something about the 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
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Mr. YARBOROUGH. The Senator from Louisiana, which was adopted by the Senate, to provide for the mentally ill and the treatment of the mentally ill, was developed by this problem, 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 John E. Rock's article from the Saturday Evening Post may range from 20 percent to 50 percent; but I formerly found her stomach unequal to the task. She 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. The Senator did 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, drugged human beings are segregated 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. 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.

Mr. YARBOROUGH. These pictures, published in the Washington Post and Times Herald for November 22, 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.
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 on the back burner. The first order of business when we pass a bill to provide assistance for people who are unable to pay their medical bills.

I read with 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 more upturned and further and farther away from the building. Finally they are shoved clear out of the main building and into the cottages. Nearly all State hospitals concentrate most of their patients on the acute wards. A patient’s best chance to recover comes as soon as he reaches the hospital and gets concentrated on with new patients, of course. That others are neglected. Dr. Kovitz has said, “You’ve got to keep them moving in here.” 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 doctor. The New York Times magazine to read—recreational therapy. It includes only 117 patients on shock treatment, 213 on the new tranquillizing drugs, 24 on individual psychotherapy, 51 on group psychotherapy—a total of 595, out of 2,700, on active treatment. Dr. Kovitz has estimated that perhaps another 1,400 might benefit from treatment if it were possible. 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 gel 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, who are about as similarly dim figures moving silently in gloomy passages. 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 toot room a dozen men are crowded—they are forbidden to smoke on the ward. As its floor rises, so they rise in the toilet where the floor is tile. In the hall a television set is buzzing away, a dozen patients are sitting on 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 kidnapper, or to feed the States are able to spend to provide hospitalization and care for their neglected persons in State mental institutions.

Upstate, 683 male patients live on the chronic wards. Dr. Bookspan, a talkative mustached man of 40, takes care of 283 of them—

That quote is low for Louisiana. It would be more like a thousand—

all four wards on the third floor. He spends most of his time doing incident reports, doing out Thorazine, dressing a lip split in a fight, ordering an X-ray of a swollen hand, resolving problems. A 28-year-old inmate 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.

Walking 24 is the chronic disturbed ward. “The only really dangerous men in the hospital are on 24,” says a doctor. The ward is split into 16, according to the kind of treatment.

The odor noticeable on any ward is stronger in the acute wards. The odor is caused by the number of sicker patients on a ward. Flow erypots are dangerous on a disturbed ward. The odor noticeable on any ward is stronger in the chronic ward.

A tall, powerful man approaches slowly. He is 6 feet 2 inches tall and weighs 250 pounds. He is a Negro, and it’s holding him so far.”

Anybody who happens to come near a schizophrenic who is excited by hallucinations, 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; they keep him from acting on them. He used to try to set ablaze. Now he can wander around the ward safely. So they don’t need as much help, at least from a management viewpoint.”

Bookspan says softly, “sometimes Roland hurts people. We don’t think he means to, but sometimes he does, anyway.” Roland is a Negro, the only man in the ward still in restraint. Heavy leather straps bind his arms to his body. He is a very tall Negro, with a small head. He is dressed in a black suit. He is sitting on the floor, staring straight ahead. “Until he began getting Thorazine, he had been in seclusion the whole time and getting Fuller. He was sent to the Lima State Hospital, he had been in seclusion all his life.,

The physician, who has left this earth.” He says, “We’ll see—whenever you’re well enough.” and he moves on, remarking, “When he gets up, he can chase eight attendants out of here. He’s on Serpasil now, and it’s holding him so far.”

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 reporters. One newspaperer says, “Sometimes the inmates fill the place to overflowing, sleeping in the hallways, eating in the hospital rooms. In the hallways, eating in the hospital rooms. In the hospital, they are crowded. The odor noticeable on any ward is stronger in the chronic ward. The odor is caused by the number of sicker patients on a ward. Flow erypots are dangerous on a disturbed ward. The odor noticeable on any ward is stronger in the chronic ward.

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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 see things as against this kind of thing, to provide aid.

The attendants and sometimes the patients are mopping, endlessly mopping. There is a great deal of mopping there. In a prison, the nurses, physicians, and other attendants are constantly leaving, for much treatment is necessary. The hospital in this article spends $2.60 a day per patient. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do. Yet I must say that, regarding the treatment for the poor and needy than other States do.
Open the door. The room is filthy—the bed... destructive patients are secluded.

Poor Robinson. He has been... for years.

I read further from the article:

Dr. Robert Handcock, director of the National Institute of Mental Health, recently estimated that if you enter an American mental hospital, your chances of leaving alive—in the first year are about 50-50. If you stay 2 years, the odds against you jump to 10-1. If you stay 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. Ten were receiving the new tranquillizers, hypnotics, sedatives. The ward 8 patients come to her, a long line of men, some walking strangely, 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 ready. The second room is a sudden blowout can cause. They pass on, checking the other patients scrub the seclusion rooms, mop the floor, and clean the kitchen. They hurry. 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 treatment?

Although ward 8 is intended for disturbed patients in an acute stage of their disease, on the day of our visit fewer than half of its patients were acute. Some were etiologies already settled 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 institution. An attendant suggested that it was the same as holding prisoners, and the mentally sick are attended by the mentally sick. As these articles point out, only half are insane. A person who is mentally and physically disturbed is sent to live under the most horrible conditions that the mentally sick are attended by the mentally sick. It's another patient to suicide, or the tension that drives an acute depressed patient to suicide, or the tension that drives an acute manic patient to mania. It's another way of managing difficult chronic patients.

Patients at Columbus State are given an electroshock therapy (EST). To interrupt the psychotic process in acute new patients, thus permitting them to mobilize their own powers to get better. In a way, the new tranquilizers are taking the place of EST for management purposes.

In some cases, doctors say, EST is a mind saver, even literally a lifeline. It can break the tension in the acute depressed patient to suicide, or the tension that drives an acute excited catatonic into a frenzy that can last for years. In most instances, many doctors object to EST because they don't know precisely how or why it acts. Others object because it terrorizes the patient and some unprepared university hospitals. EST is given like surgery, with the patient anesthetized and speculum inserted. And it is followed by a course of 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," the woman in a white long 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 in a wall socket. Other attendants have put the 13 EST patients into 13 single rooms. (Several on this ward are due for a treatment today; six have been brought here for treatment on other wards.) Now they are trying ankles to bedsteads, fastening strips of cloth to wrists, passing wide belts loosely around their 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 sneaks around on a stepladder, attached by wires to the EST machine. Dr. Handcock, her teeth grating, sets the dials—300 milliamperes and two-tenths of a second. The nurse, who is wearing gloves, presses the machine against the patient's temples. One attendant seizes the patient's leg, another seizes one wrist. Suddenly the patient stirs, his toes straighten out, the cords in his arm are pulled taut, his legs kick. Then he rolls over, and his whole body locks, until his arms are stretched tight and his head thrown back and his hands curled. 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 thrashing, he slips the button again. Instantly the patient stiffens, his toes straighten out, the cords in his arm are pulled taut, his legs kick. Then he rolls over, and his whole body locks, until his arms are stretched tight and his head thrown back and his hands curled. The timer ticks away, then stops.

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The obdurate patient says, "I'm going to the clinic at 1 o'clock." The phone rings; a patient asks, "Can you transfer me to the court and get her gone?"

Dr. Hippert tells the nurse how she's been. The nurse says, "You're a liar. You're the biggest liar this side of hell."

Dr. Hippert asks, "How are you?"

The nurse says, "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?"

Dr. Hippert says, "Wait till I get through here."

"I'm going to the clinic at 1 o'clock now."

The nurse asks, "How do you feel?"

"No answer. He is fooling with a strip of cloth."

Dr. Hippert tries to reply, but his voice fades; he walks to the barred window and stands, gazing out. The doctor asks one of the staff members if the patient has been here too long; he is afraid to sit beside them in the hall behind the screen.

After a few minutes, Stratton tells the nurse, "Time to go, folks."

The morning goes up, and the patient they have been visiting shuffles back to the porch. The old man who was afraid of his heart couldn't stand EST kisses his wife goodbye. As she reaches the door he calls. "Watching cross the street," and waits to see the door close behind her. He looks happy.
McClaskey, watching the television, says, "A few years ago these places were snake pits. Attendants beat bell out of a patient if he didn't do what they wanted. Sometimes the only way you can run a ward is by threat. If you stay on one ward, you get to know your patients so well that you can tell if one is going to blow. The work of a good psychiatrist is to take his clothes off, or pace the floor, or, won't eat. If you can spot him and put him in a room, you may get him out of shape, you may get some wonderful recoveries on this ward."

Shafer reveals "we had one guy, he was bad: we put cuffs on him, he was hustled out, he lay on his back and kicked himself. We put 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, but he got along so well he was happy, he was satisfied."

"I thought you wanted some sheets."

"I don't."

"Well there they are," and Shafer polishes 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, McClaskey talks to the desk where he put them long ago.

"The old Austrian is still puttering around in the deserted hospital grounds, and on Broad Street night traffic rolls quietly by, and on the last day the outside world which suddenly seems alien.

The PRESIDING OFFICER (Mr. Burke 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 last to agree with 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 understand. The trouble is 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 Senate. On the chance that some of the occupants of the galleries could not hear what I said above the hubbub of 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. JOHNSON of South Carolina, is chair 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 assignment. It was a great honor for me to serve in that capacity. I had something to do with the granules 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 raises. It was worked out between him and my Representative, Hon. James Moss, 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 refer to it as a pay raise for all the employees of the Government.

Think how wonderful it is that we can get good Federal workers to work for the Government. We should thank the President for the Federal employees to work for the Government. We should thank the public for those who have good Federal employees to work for the Government. We should thank the Government for those who have good Federal employees to work for the Government.

Mr. JOHNSON 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 had the 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 when 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 in our hands, it 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 State of South Carolina. 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 in trying to do my best to look into the situation.

Mr. JOHNSTON of South Carolina. The Senator joined me as a cosponsor on a number of occasions in looking into the question of pay raises. We got it through and made it a law. In the past few years we have been losing in conferences. Senate conferences have been pleasurable. House conferences, I have always felt that if I could only have with me a Stonewall Jackson like the senior Senator from South Carolina, we would confer in conference, and be able to do something for the needy, the poor, and the underprivileged. But it requires a ston-
They are hard-working Senators, tried harder. I might be able to persuade But they are working so hard, I know is over, who will have come back, expect- Perhaps I have not tried enough. If the reception for the majority leader Look how hard they work." There will are doing the right thing in working to- Times, that he would lead a crusade for responsible for killing this provision, 1960 I am only fearful, Mr. President, that I believe that during the time we were in conference, we took as an offhand provision to give us bar­ When they became independent, to assist will not have the 90 percent of benefits which would go to the people. Senators will be interested to know— and I know some have not thought about— that they approve the confer­ ence report, they agree to an assurance and that is a possibility—there will not be a social security benefit 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 re­ quire an increase in social security taxes. These bills must originate in the House. That would give the Senate an opportu­ nity 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 some­ thing about social security, they can have that chance that there will be a Republican in the White House again, they had better not approve the conference report, be­ cause 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 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 who were needed. So the Senator from Louisiana was designated to be the Act­ ing President pro tempore for that day. It was very fortunate for me, because it gave me the opportunity to hear this wonderful prayer. This is what Dr. Har­ ris said. This was the closing line of the prayer by Dr. Harris:

Stay our hands when we attempt to post­ pone 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 bar­ gaining power in the conference, I took

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 Congress­ man 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 "They work so hard" or

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 re­ sponsible 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 the Senator from South Carolina, for a charity, have something to help the poor and needy and underprivileged or the little Govern­ ment worker or some little fellow in trouble. that he did not do, everything ate what should be done in regard to a

As Herblock says, "They work so hard. Look how hard they work."

There will be Senators here, I am sure by the time the bill is on the floor of the Senate, the House side will have voted for an amount of $200 million of bene­ fits in the social security sections. By the time we come 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. 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 Wash­ ington is present. He made a special point of these provisions, and something about them. It was largely due to his support that we managed to take the first stride toward doing some­ thing 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 who were needed. So the Senator from Louisiana was designated to be the Act­ ing President pro tempore for that day. It was very fortunate for me, because it gave me the opportunity to hear this wonderful prayer. This is what Dr. Har­ ris said. This was the closing line of the prayer by Dr. Harris:

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out a provision which would have made it possible for 200,000 low-income people to continue to be covered. That provision was quite a windfall; it would have cost $400,000. But we took out the whole provision. It would not have been necessary to take it out of the House provision. There was a total override against it anyway to let those 200,000 people receive the benefits. Yet we took it out of the provision, because we would have to do so if we were to go back to the conference and take the House provision, which covered 400,000 more people, would be changed. 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 was 10 percent as much as what we took to conference. We took to conference a provision 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 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 10 percent 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 would accomplish would be to force him 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 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 of the Senate from West Virginia to 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 so much on seniority and had worked so hard on the amendment that there were 20 cosponsors of it. So the committee took the position of no re resistance; but in the conference committee, the Senate conferences it 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 of Health, Education, and Welfare, the provision was not necessary. The Senator 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, because the time the amendment had already been dropped.

So, Mr. President, I think much could be accomplished if we really were adequate to 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 conferences, 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 committee." 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 Kiglore, of West Virginia, jumped to his feet and opposed appointment of the conferees. He then suggested, because Senator Kiglore felt that if such conferees were appointed, there would be little opposition to the appointment from the conference a measure which would represent the version which had prevailed in the Senate. So, finally, the Senate conference was appointed. On the debate of 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. Jonsros], appoints subcommittees which study bills and do their very hard work on them; and thereafter, when the time for the appointment of conferees comes, members of the subcommittees are accorded the privilege of being appointed to the Senate conferences. 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 had been a member of the subcommittee which had worked on the bill should be appointed one of the Senate conferees. I think that, though such a provision would represent somewhat of a departure from the seniority rule.

However, there is no doubt that the provision is indicated. It is a 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 conferences 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 conferences in regard to revenue measures comes up every year, and each such package that develops evidence more injustice toward the positions taken by this body. Such a situation occurred last year, when House bill 7587 went on the conference table, and the provisions which would have made a 4 percent tax credit on dividend income from domestic corporations. That amendment passed the Senate by a vote of 47 to 21. The junior Senator from Louisiana was successful in having adopted by a rollcall vote of 43 to 35 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. Kick], the Senator from Oklahoma [Mr. Kerr], the junior Senator from Delaware [Mr. Fasad], the senior Senator from Delaware [Mr. Williams], the Senator from Utah [Mr. Bennett], and the junior Senator from Louisiana. There were 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.

The first time 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 conferences seemed from the very beginning quite united in the Senate conference, they receded from the position taken by the Senate and would accede to the position taken by the House. As a result, 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-
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It is the position of the Junior Senator from Louisiana that a Senator does not wish to serve on a conference under those circumstances. Certainly I would not wish to serve on a conference that, if I had to advocate a position which was contrary to my convictions, and in such circumstances should be those who genuinely believe in the amendment. It was my feeling, as one conference, we have gone back to the Senate and report disagreement and ask for instructions. I do not see how the House could have declined to disagree. 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 for granted that there could be no doubt about the fact that a majority of the conferees should represent the majority 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 able 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 asked the Senator if he would give us some idea of 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 yea and nay be ordered. This Senator was quite content that the vote be taken on the amendment as passed by the Senate. He did not raise the point raised by the procedures as expressed this afternoon. However, I have such confidence in the Senator from Virginia and in the other Senators 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. 13792, 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 amendments that were adopted, 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 conference provide that almost, with one exception, the Senate amendments are not to be raised when a vote is taken. 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.
Mr. LONG of Louisiana. Mr. President, I am glad to have this opportunity to say a few words in regard to the amendment that has been offered by the Senator from Louisiana, Mr. Mansfield. I am a little doubtful about the way this Senate operates. We are supposed to have a quorum present at all times, but I have the impression that some Senators are often absent. It makes it difficult to know whether or not a vote will be taken. I think it is important for the Senate to have a clear procedure for voting, so that we can know when a vote will be taken and when it will not. I believe that the Senate should have a rule that requires a quorum to be present before we can vote, and that no vote should be taken without the agreement of the two parties. I do not think that it is fair to take a vote when the Senate is not ready to vote, and I think that the Senate should have a rule that requires a vote to be taken only when the Senate is prepared to vote.
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 would like to discuss the subject a while longer. I do not feel disposed to enter into a unanimous consent agreement. 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 a 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.

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 record vote, and he was not the one who 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 Senate matters if Senators were not put on record?

Mr. COTTON. 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, 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 take 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 yea and nay, 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 yea and nays, in which request a sufficient number of Senators joined so that the yea and nays were ordered. I am relieved to hear the statement of the Senator.

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 if 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 speaking for 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 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 Senate shall 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 the Senate. I shall be happy to accept it. However, I should be happy to ask for it and take my chances of getting the floor when we meet on Monday, if I have heard the suggestion, whether 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 vacate, and Senator would be present, because when debate ended, Senators knew they would vote. The minute the bell 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; some go to a meeting, others go elsewhere. Citizens come to the Senate and sit in the gallery and wonder what is the matter with this body. 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 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. Bral]: that the Senator from Louisiana does not consider that I was trying to hurry the Senator from New Hampshire, 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. It would vacate, and Senator would be present, because when debate ended, Senators knew they would vote. The minute the bell stopped, the voting started. So Senators would be present, and a Senator who wished to speak would have others to listen to him.
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. Of course, we are major progressive steps themselves.

However, I am satisfied that if we pass the conference report, unless we get a Democratic majority 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 unable to do work to a substantial extent.

I am talking about the man who is making $150 a month, and whose check is $150. As a result, at the rate of 50 cents on every dollar he makes, with the result that he is, in effect, paying a 100-per-cent tax. I am talking about the man who has 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 years in order to benefit. 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 believe in 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 unless 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 money, and 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, although they 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 in the bill, which will do some additional good for the needy and the poor and the underprivileged.

The House conference 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 conferees 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 the Senate. 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 business happen here. I am not an expert on the rules of the House, but it seems to me that these are some of the implications 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 the Chairman from Virginia, Howard Smith, and his Rules Committee bundle up the bill in the Rules Committee under the rules of 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 small State of Virginia is very selective. It has a $1.50 poll tax, to assure the fiscal responsibility of those who vote. They are interested in keeping the taxes high and the benefits low. We in Louisiana are point 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 and poor people. We should help these people to be covered by social security. We should make it possible for a person who has never worked 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 believes that there is any strong prospect of the Senate holding out for a bill that would do the necessary job.

I had disgressed from my remarks when I had reached the pay problem, at the time I mentioned that the Senator from South Carolina (Mr. Johnson) 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—10,000 or 20,000—pushed together for some 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 problem of having someone in place of their 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 more money were available to treat them. Of course, I suppose that is what the Secretary of Health, Education, and Welfare, Mr. Fleming, 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 back ward 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. It is an unfair thing. 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 worse off than the insane in penitentiary institutions, and people who have not 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 an insane wretch, all the friends of 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.

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 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, I can only think how fortunate it was for them 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 the House 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 would go back to conference, we would have a chance. I believe we also would have a chance with respect to the social security improvements. Some of those which were dropped 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 if the House conferences 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 I am making an observation for that purpose, I shall not lose the floor.

Mr. PRESIDING OFFICER. Is there no 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 in this matter. 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 I think we all should take advantage of this 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 humanity, humaneness, to the mental 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 this vast national problem. I think we were very remiss in not voting the one per cent which increased the earnings limitation a few years ago, and I think we were very remiss in not voting the additional one-eighth of a per cent which was voted by the House this summer.

I wish to say that the Senator from Louisiana has been referring tonight to the mentally ill in our hospitals.

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 of 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 conferences.

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 conditions which confront the American people: and I congratulate the Senator from Louisiana for what 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 this country will proceed on Tuesday 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, the Senator from Louisiana 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 American people 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 do something to help 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, because I am from the same State. 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 please explain why he is not a member of the Interstate Clearinghouse on Mental Health, Council of State Governments, to which he referred from Oregon?

Mr. LONG of Louisiana. Yes, Mr. President, if it is so understood.

Mr. ERVIN. How true is that 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 large appropriations for the State hospitals for the mentally ill.

As the Senator from Louisiana has pointed out, these institutions have few larger appropriations for the State hospitals than does the institution in my State. I believe that tonight 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 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 steady and 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 order that I may make some observations, if it is understood that in yielding for that purpose, the Senator from Louisiana has done us a service.

Mr. LONG of Louisiana. Yes, Mr. President, if it is so understood.

Of course, I refer to the quarters of coverage, so we could take that provision. 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, I 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 the House had some good provisions in the bill that the House 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 out 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 amount of the earnings were left in the 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 for the sick and some for the unfortunate. I do not think it is 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 had a great relation 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 grandma." I said, "Well, it is a cinch I will not do anything if I do not offer an amendment."

So much 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, 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 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.

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 out 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 amount of the earnings were left in the report provision for the unfortunate and the underprivileged.
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 65.

We lost on those provisions.

Mr. President, let me stress this. On the social security benefits, whereas the Senate put in $1 billion, the House put in $50 million, 5 percent of what the Senate put in the bill for the benefit of the working people, the conferences are bringing back to the Senate.

I 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 conferences have brought to the Senate.

If the President signed it into law, it would be the case. I think it is particularly the Senator on the fine speech he has from Louisiana, the Chair hears none.

Mr. President, if I may, I could yield to the Senator from Colorado. 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 tonight. I 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.

Mr. President, I yield to the Senator. I know he is not in accordance with my remarks, but I thank the Senator for yielding so that I could make my point.

Mr. LONG of Louisiana. Mr. President, I would not wish to inconvenience the Senator for a moment. I have a speech to make. I have some of my friends in this body who thought we should be able to leave and to attend some function beforehand. He finds it difficult to return.

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. ALLOT. 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 make something at the same time the Senator was speaking. I beg the Senator's pardon. I shall devote my attention entirely to him.

Mr. President, will the Senator yield to me for some observations? I said I thought it was fine the Senate 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. In other respects, in my judgment, we brought very little back to the Senate.

Mr. President, will the Senator yield to me for some observations? Mr. LONG of Louisiana. I yield.

The Conference 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 do not think it would be fair if the Senate could also go off on vacations. I do not desire a vacation. "All I should like is to be treated as a gentleman.

Mr. President, 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 accordance with my remarks, but I thank the Senator for yielding so that I could make my point.

Mr. LONG of Louisiana. Mr. President, I would not wish to inconvenience the Senator for a moment. I have a speech to make. I have some of my friends in this body who thought we should be able to leave and to attend some function beforehand. He found it difficult to return.

Mr. ALLOT. I assure the Senator that if he wishes to speak at the same time the Senator was speaking, I was glad to yield to the Senator, at the same time the Senator was speaking. I beg the Senator's pardon. I shall devote my attention entirely to him.

Mr. President, will the Senator yield to me for some observations? Mr. ALLOT. I yield.

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Mr. ALLOTT. Will the Senator yield to me for some observations?

Mr. LONG of Louisiana. Mr. President, I yield to me for some observations. 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 accordance with my remarks, but I thank the Senator for yielding so that I could make my point.
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, if I may, without for a moment 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?

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 yeas-and-nays have 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. Others Senator insisted on that. They had to have that way. If other Senators wish to insist that Senators present when we vote, they can decide 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 yeas-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 yeas-and-nay vote.

Mr. CASE of South Dakota. The Senator from South Dakota is not quearring 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 other Senators from Louisiana did give assurance there would not be any vote before 9 o'clock, if the Senator from South Dakota desires, there would not be any vote before midnight.

Mr. LONG of Louisiana. Yes, I think I can assure the Senator that there will not be a vote.

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, at most, 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 first 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 to bed. 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 wishes to talk. I have no quarrel with his talking. So far as his interest in the bill is concerned, he does not feel 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. I ask the distinguished Senator from Louisiana, 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, 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 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 seem to realize its business when this day has expired, does it?

The PRESIDING OFFICER. When the Senate concludes its business 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 President. 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, and which discusses the subject of mental illness.

There are more patients in mental hospitals today than in 1958, 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:

"It was written down somewhere, but the Senate does not seem to realize its business when this day has expired, does it?"

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 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 for their medical treatment, for those who 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

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 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 seem to realize its business when this day has expired, does it?
something about the problem, that the programs were ending, 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 a grant 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 $50,000 of them. It has been estimated that, as things stand now, 1 of every 12 American citizens has enough to do to 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 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 condition.

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.

There 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 in it foundations—new discoveries, new ideas, and an awakened public concern.

People will not think that we have an alternative way of treating them.

Dr. Benjamin E. Wolk, clinical director of Columbus State Hospital, in Ohio—one of the thousands of devoted unswerving 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 on the scene with his ideas of dynamic psychiatry, and we began to make an effort to really understand what was before considered meaningless. That is the beginning of our understanding in therapy. In this century the so-called psychodynamis came along—hydrotherapy, insulin, and metronid orally—and now the new drugs—and the hospital can 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 go to do research. And at the same time we can train new doctors in what is called the 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 were the No. 1 health problem, the No. 2 problem, the No. 3 problem, the No. 4 problem, and the No. 5 problem. 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 some mentally ill 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 around this problem. It helps the Institute conduct research of its own at Bethesda. It also sends 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 health departments. They established preventive programs—child-guidance clinics, outpatient clinics. By 1953 the States were spending three times what they had spent on their State hospitals 5 years before—half a billion dollars a year. Some States had multiplied their expenditures by 50. It was reported that a New York psychiatrist cost $500 per day, and that patients in some State hospitals expected to pay $100 per day. Some States had a mental health program in every county. The States were spending for "mental patients for an average of $1.74 per day per person, whereas the average patient at mental hospital lived 1 year. The new psychiatric drugs came along, encouraging citizens to believe that psychotics can be cured. A possible 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.

Why all the sudden interest? Citizens' groups, some of them acute, made the Nation realize its stake in mental health. These programs owe their impetus to the fact that States have, among their aims, provided for "mental patients for an average of $1.74 per day per person, whereas the average patient at mental hospital lived 1 year. The new psychiatric drugs came along, encouraging citizens to believe that psychotics can be cured. A possible 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.

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The amount spent on research has been pitifully meagre or non-existent and nearly all provided by the Federal Government (Incidentally, spent vastly more because they simply don't know enough. any more than all the cancer specialists in the country could save the lives of the 800,000 Americans each year with cancer disease, and important private money has become available. The total national expenditure on research is probably close to $30 million a year.

Now, 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. EDISON 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 I am 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 into hoof and mouth disease, than for research to try to prevent the spread of mental illness, although half the patients in American hospitals are mentally sick.

Mr. KEATING. Mr. President, will you admit that the Senator from Louisiana has a point?

Mr. LONG of Louisiana. I regret to observe that evidently the Senator from New York cannot remain to hear the rest of the Senator's remarks. 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 therapies have multiplied for hundreds of drugs, and more keep coming. Doctors used them eagerly, and they wrought an almost miraculous change in State hospitals—scarcely died out on disturbed wards, patients kept their clothes on, restraint virtually disappeared, and many patients declined dramatically.

Studies are also being made of another class of drugs, the psychoanalyst, which seem to produce symptoms of insanity. Many of these are very ancient—peyotl, derived by the Aztecs from a cactus: teanamanati, 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—mesaline, the active substance in peyotl, which produced the visions and hallucinations of the peyotl eater, and a new synthetic, a di-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 to the Senator from New York?

Mr. LONG of Louisiana. Mr. President, I desire to bring this point to the attention of the distinguished President. That $30 million may seem to be an insignificant sum; 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.

Mr. KEATING. I am always glad to hear the Senator from Louisiana. Mr. President, I 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 regret the conference report, something can be done about it. But if the Senate rejects the conference report, something can be done about it until another year.
Much harder than they generally have.\n\nFerees should work and should fight.\n\nSenate conferees simply do not fight.\n\nWe appoint conferees, we should insist.\n\nThat demonstrates my point that the position taken by the House. I believe.\n\nConferees had voted against the provision.\n\nMr. President, read further from the article to which I have been referring.\n\nState hospital doctors are decdied to be trite indifferent on research 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 anesthetics work, but it does. The new drugs are well enough.\n\nNo definitive evaluation of the drugs has yet been made.\n\nThat being the case, I believe our conference committee an amendment to conference committee an amendment to the Senate. Think of the opportunity I have. I've told the Vice President that the President will be in his chair. Mr. Bush. I wonder if the Senator could add a matter of interest to the Senator, we have wired our distinguished colleague asking him if he would not help 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.\nMr. LONG of Louisiana. I do not think it belongs in my remarks.\nMr. 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 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.\nMr. 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 we would have an opportunity to speak to the Vice President after all, is the President of the Senate. Think of the opportunity I have. I've told the Vice President that the President will be in his chair. Mr. Bush. I thought we would never have mentioned it if the Senator had not suggested it. There should be a tie vote and that the Vice President will be in his chair. Mr. Bush. I thought we would never have mentioned it if the Senator had not suggested there would be that close a vote.\nMr. LONG of Louisiana. I do 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. I have that in mind. My thought is that 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 thought we would never have mentioned it if the Senator had not suggested there would be that close a vote.\nMr. LONG of Louisiana. I do not have that in mind. My thought is that everybody 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, 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 be fair to the Senator, but I am reluctant to yield for that purpose, because once in a while a Senator is associated with certain sentiments. I have not taken the wire. Perhaps if I saw the telegram I would be more disposed to having it in the record.

The Senator is aware 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 or expelled. I do not think we should be able to get more. That is why I wish the bill passed. I am hopeful we shall not have a filibuster.

The long speech does not so intend, it is not a filibuster. Perhaps by the Senator's definition I am.

Mr. Morse. Mr. President, I raise a point of order. The Senator from Louisiana has not yielded for a question.

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. 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 further questions?

Mr. Morse. Mr. President, I yield for a question.

Mr. Morse. Would the Senator be able in any way to advise us or to give any guidance as to the hour at which he might terminate his remarks?

Mr. Morse. 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. Morse. Mr. President. I yield for a question, Mr. President.

Mr. Morse. 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. Morse. Mr. President, will the Senator yield for a question? Mr. Morse. Mr. President. I raise the Senator yield for a question? Mr. Morse. Mr. President. I yield for a question. Mr. Morse. Mr. President, I must ask the Presiding Officer to protect my right to the floor, because I can only yield for a question.

Mr. Morse. Mr. President, 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. Brundage] 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 distinguished Senator from Dakota [Mr. Buvat], 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. Morse. Mr. President. does not the distinguished, able and brilliant Senator from the State of New York agree with my late lamented colleague from West Virginia as to the speech with which he himself disagrees?

Mr. Morse. Mr. President, will the Senator yield for a further question? Mr. Morse. Mr. President, I yield to the Senator for a question.

Mr. Morse. I note the Senator referred to the record established by the distinguished Senator from West Virginia as to the speech with which he himself disagrees.
Mr. COTTON. Mr. Ervin. I ask the Senator who the Senator from West Virginia is that is on the war. I am not 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 that it was nearly 212 hours, or near 212 hours, 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.

Psychiatric hospitals appear to be moving toward greater freedom and closer ties with the community through outpatient and after-care clinics. Before, it was even for acute patients, vocational guidance, halfway houses, day hospitals, night hospitals, unlimited wards, and psychiatric pavilions in general hospitals. The community may not be able to treat a mental patient in a general hospital; but if he were admitted to a hospital or to a general hospital; but if he were admitted to a hospital or psychiatric pavilion in a general hospital, at least for 42 days we would lose the Federal matching funds. To be able to treat a mental patient in a general hospital, at least for 42 days, we would lose the Federal matching funds. To be able to treat a mental patient in a general hospital, at least for 42 days, we would lose the Federal matching funds.

The State hospital is the place for patients needing longer-term care. Mr. Henry Bril, 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 effort on the part of mental patients is not going to be to a stabilized population or a gradual decrease. The tremendous accretion of chronic schizophrenia 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 been misinformed. He did not say so but may have been misinformed, 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 been misinformed, but because of the growing total population, they will be replaced by other elements of the population, other unsolved psychiatric problems.

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 something 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 current issues you can see now: (1) large numbers of private psychiatrists treating patients in their offices and keeping them out of hospitals—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 patients in general hospitals, the State would lose the Federal matching funds. To that degree, at least, general hospitals, or psychiatric pavilions in 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 hospitals to psychiatric purposes, so that psychiatrists 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 the new hopes would 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.

(2) more university hospitals: (4) the trend toward day hospitals—patients sleep at home and spend their days in the hospital.

Hospitals appear to be moving toward greater freedom and closer ties with the patients—

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, and 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 want to remain, but 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.

The atmosphere of a hospital can be evaluated at the time the hospital’s quality. Quality is better measured by the average length of stay, the ratio between the number of patients admitted and discharged, the capability of the hospital to absorb patients from society and take care of them, the percentage of discharged patients who repossess the hospital, the time 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, and 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 the patient is robbed of his personal possessions, her clothes, her name, and—should her head be lousy—even her hair.” Every step, there may be a hospital, 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 urge to escape; the removal of elaborations and other examinations and precautions has provoked many suicidal attempts, high walls, bars, armor-plated windows, even in the new buildings, will continue to be a feature of mental hospitals.”
and all the other paraphernalia of prison make modern psychiatric treatment impossible.

Does the hospital reward patients' good behavior? Is a patient punished for that matter, punitive at all? Does the hospital encourage patients' initiative and responsibility? Does it encourage it? Does it life inside the hospital resemble as closely as possible life in the outside community? Does a patient have a chance to earn a living? Should patients be locked out of their wards any more than the patients in a prison? Does life inside the hospital resemble as closely as possible life in the outside community?

A complete mental hospital should be composed of several small buildings, not one large building. Enormous existing hospitals could be improved by breaking them up administratively into smaller units of patients, each complete in itself with its own medical director and staff.

Finally, the experts warned, the psychiatric wards of general hospitals are not necessary the best places for psychiatric care. Too often they keep patients in bed and emphasize neurological diagnosis. Sometimes they are also converted 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 seriously 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 community mental hospital."

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 propose to discuss, 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 U.S. Psychiatric Report?

Mr. MORSE. Mr. President, I raise a point of 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 not in the process of asking a question; he is, in fact, making a statement. I raise the point of order that the Senator from New York 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 care to yield the floor; and I would yield the floor if I yielded for a question.

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 New York persists in yielding to the Senator from New York for that purpose, I raise the point of order that the Senator from New York 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 a statement.

Mr. KEATING. I understand.

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

Mr. LONG of Louisiana. I yield for a question.

Mr. LONG 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 white longer on the subject.

Mr. LONG of Texas. We talked about last evening, and I had the feeling that perhaps the Senator would speak for an hour or two, and that the Senator might be, able to vote this evening. 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 go over until Monday. I will not intrude on the Senator, nor on the other Members, 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 for discussion.

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 Monday. I shall be glad to ask Senators to stay here. I would feel that perhaps we could vote today. If we cannot vote today, I would understand it, and shall ask the Senator 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 I would have to define what a filibuster is. The Senator knows that.

Mr. JOHNSON of Texas. I do not question the Senator's statement, but I would like to be guided by the wisdom of the Senator from Louisiana.

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 request 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 question the Senate would vote on Monday, without leaving the question open.
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. America's mental hospitals, that in not many years the State hospital as we know it today will be remembered as a curiosity in medicine's history. And it puts it:

"A hundred years ago or more the movement has got the mentality 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 as the cause of the State hospital problem—not for a lack of finances and personnel, but because we collected all these people under one roof and didn't know what to do with them. Now at last we do know, and that's where we're at now in the field in psychiatry."

Psychiatry can work no miracles. Serious mental illness, it is true, may rot them all the money they ask but then, if they fail to empty the hospitals quickly, turn on them iniquitously with the result that psychiatry will be set back many years.

A schizophrenic patient, trying to explain his condition, once said, "There is a pane of glass and I am mad. All lunatics and their asylum have traditionally been kept out of the world by an invisible barrier. The task of psychiatry is to smash the pane of glass. That is the goal, the honest dream of reaching the moon, seems less wild a dream than ever before."

Mr. President, now I should like to discuss conditions in the State hospitals to which I have made reference. I should like to discuss an article entitled "New York State 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, stacked four rows deep and barely inches from one another, the patients unable or unwilling to move from their beds unless forced. In an adjoining ward beds are lined up three deep, a gloomy basement ward, once a storage area, intended to house slightly more than half the number of beds he should not be blind. Down all the long aisles, so recently as the end of 1957 Dr. William Menninger of Topeka called governor's attention to the fact that patients able to benefit from psychiatric care are receiving custodial care instead of being confined in the dreadful type of facilities to which we have been referring.

Following 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 saturated goal of 260 patients.

"And I read further from this article, Mr. President:

Last August the Joint Commission on Accreditation of Hospitals refused to renew the hospital's medical records section. Three patients from half of Baltimore City and eight western Maryland counties, including nearby Montgomery.

This constantly rising burden of custodial care diverts staff and space from those most in need as a result of being confined in the dreadful type of facilities to which we have been referring.

Mr. President, certainly it would be fine if more geriatric beds were opened in the hospitals in this country, so aged people could be treated decently, instead of being confined in the dreadful type of facilities to which we have been referring.

Since 1953, Springfield's population of patients over 65 years of age has climbed from 22 to 36 percent. Since 1953, Springfield's population of patients over 65 years of age has climbed from 22 to 36 percent. Since 1953, Springfield's population of patients over 65 years of age has climbed from 22 to 36 percent. Since 1953, Springfield's population of patients over 65 years of age has climbed from 22 to 36 percent.
Leonard Crowneville is Maryland's answer to the needs of its mentally ill Negro population. It was opened in 1866 as the Training School for the Feebleminded. Today, 100 of its patients are mentally disturbed Negroes who might be restored to sanity.

Crownsville is today 50% to 60% occupied, and crowded. Several patients are housed in six old buildings which date back as far as 1812. More than 300 of Crownsville's patients, many of them acutely insane, still sleep in double bunks.

Since his arrival at Crowneville he has been goading an under­tendent—about 250% beyond its licensed numbers of mentally ill. Crownsville is today crowded, and overcrowded than it was 4 years ago.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield to the Senator without prejudice to my right to return to the floor.

Mr. President, the attitude of the majority leader. I did not demand the yeas and nays. They were demanded by 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. If we are going to have a limit on Monday, I do not feel like receding 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 today. If he will tell me how much time he would have to this evening, and we could agree to more, I want to cooperate.

Mr. LONG of Louisiana. I do not know that I will 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 tonight, and we could have 3 hours on Monday; and if we did not need that much, we could yield to his time. If the Senator wanted more time, we could agree to more. I want to cooperate.
The PRESIDING OFFICIAL. Is there objection?
Mr. JOHNSON of Texas. I yield.
Mr. MORSE. Mr. President, will the Senator yield?
Mr. JOHNSON of Texas. I yield.
Mr. MORSE. 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. 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. I also wish to say to the Senator from Louisiana, as well as to the members of the staff of the Senate and to my colleagues, who have been cooperative. We have an understanding 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.

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Mr. MORSE. Mr. President, will the Senator yield?
Mr. YOUNG of Ohio. I think the Senator from Louisiana is rendering a real and needed public service.

Mr. KEATING. Mr. President, I do not yield at this point...the regular order followed. I do not yield at this time.

Mr. LONG of Louisiana. 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 on Monday that we would have a vote on Monday. Any Senator who feels that he is being kept here and other Senators have...the regular order followed. I do not yield at this time.

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber?

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. McCLELLAN. Mr. President, may we have order, so that we can hear the question?

Mr. LAUSCHE. The report on the Senate...the regular order followed. I do not yield at this time.

Mr. LONG of Louisiana. The chart further shows 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. I am talking about the New Orleans Charity Hospital, the Confederate Memorial Hospital at Shreveport; the E. A. Conway Hospital at Alexandria; and the E. A. Conway Hospital at Monroe, the Lislle 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 Senate 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 whether the Louisiana General Hospital has a matching provision for what they are already doing.

In the mental hospitals I would say we would use that money 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.

If the Senator will look down the chart further he will see that it indicates that Mississippi would have 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 looks down the chart 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 would put up that amount of money. They are receiving 80 percent and not matching all the Federal money.

Mr. LAUSCHE. To clarify the point, considering the items contemplated in the program, spending, and forgetting the larger items on which the Senator, I think, he has spent 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 unjustified. I think that we shall put up $48,000, because the State is putting up so much money, 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 as 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 worse.

Mr. LAUSCHE. However, it would follow that if the State were receiving $13 million out of $300 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? Senator will notice that figure. This is social security. When we put it on a 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.

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 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.

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 tell the Senator why. When I looked up the situation in Mississippi 2 years later, it was putting up less money, instead of more. There is only one fact about the figures which is definite, and that is—that of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed—of the $202 million which certain amount of matching is needed. When we put it on a matching basis, at least in looking at the figures, they seem grossly disproportion-
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 often times 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:

CYNOSVILLE, Md., November 22.—High on a hill here stands an old, cavernous building where 900 victims of mental illness are jumbled together in revolving denotation.

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 888 patients, Old Center contains almost 400 more than that.

These afflicted people, who have committed no crime, are condemned to toll abjectly in a 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 penitentiary "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, casement 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.

"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 800 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. Wagner, maintenance superintendent, said he receives $35,000 yearly for the upkeep of buildings and grounds.

"Of course, 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 2 to 1, there are 2,775 patients crowded into buildings licensed to accommodate 2,289. This is approximately 500 more than minimum standards.

"You're out on staff"

The institution's staff includes 31 doctors, 12 less than the need.

Mr. President, it has been my impression of those 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 re-quit. But 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 459. An additional 81 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 re-qualifying patients and serve as contacts with their families, are scarce, able to fulfill only part of the job they would like to do.

"Problem at the same"

At Springfield the problem is the same. The institution serving parts of Baltimore City and County and all of western Mary-

land, including Montgomery County, has a rated capacity of 2,968 patients.

It has 2,317 patients being cared for by a staff which also falls below standards.

Dr. Robert K. Gardner, superintendent, said Springfield has 26 doctors compared with a need of 38.

The number of attendants meets standards, but there are only 22 registered nurses compared to the 100 needed.

"There is no question about it," Dr. Gardner said. "Overcrowding impedes 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 3 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 S. 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 between 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.

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 the provision be done to the least of them, all our people. Justice for those 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 stricks 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 that the House bill [1961] was never 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 1959 and the beginning thereof, 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 650,000 to whom the coverage would have been extended. In doing this, we eliminated the need 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 Fosco 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 eyes of the public to 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 of 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 given by the conference. The report we brought back provided that a person could earn an extra $150 a 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 benefits under social security to earn up to $1,200 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 voted for it, 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 can 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. That is not what we relinquished all.

Mr. TALMADGE. Under the terms of the conference report, what will be the maximum a person will be permitted to earn and still draw social security benefits?

Mr. LONG. If we eliminate some of the complicated technicalities under which this 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 another $300 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 to raise the limits 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 per cent cut was the Senator from Georgia. I agree.

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 checks, and those amounts are insufficient to live on. They want to work and perform duties in honest service to the States of the Union, who are retired and are drawing modest social security benefits.

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 conferences 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 has retired and has in-come from stocks, bonds, or other investments; if he has retirement income, or if he had worked as a corporation executive, or if he had 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; if he had retirement 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 $300 or $400 a month, or if he is a Senator and is receiving Government retirement pay of $300 a month, the increase of all of that retirement income, 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.

Mr. TALMADGE. If we eliminate some of the complicated technicalities under which this 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 another $300 and keep $150 of that.

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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 step 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 provision, the House would accept it in a moment. But it was surrendered by the conferees just because 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. This 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 still 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.

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. LONG of Louisiana. 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 a 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
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 conferences have so weakened the bill that the Senate ought to make a stand and vote on the other body proposed in the conferences.

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 voted to do something about it and then vote to kick 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 conferences drop it. In my judgment, these proposals could have been obtained. Yet, after the conferences came back, many Senators who voted for the amendment agreed to drop it after the Senate conferences 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, because such measures would not benefit their State as much as they would other States. Yet as a Senator from Delaware, where I have under way a crusade for the provision of greater aid in this field, this is theoretical. Why? Because this is the field of greatest need. It is a field where States are making a great effort, but are still short of the funds necessary.

Ordinarily, if a Senator is a Democrat and 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 Finance Committee. I was one of them. 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 this Finance Committee, but they cannot be on it because it is in the hands of the Senate, and they come from that committee.

On the other hand, if a Republican comes from the same State as a Democrat, he does not have any objection, because he comes from the same committee. This condition exists in the Senate. It is true that 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 made adequate if the bill as it left the Senate had been accepted in conference, but it was not. It was an agreement that pledge in our platform is not met in this conference report.

To talk about what we stand for leaves us open to the criticism by the Republicans who say the Democrats are not sincere, because such measures would not benefit their State as much as they would other States. Yet as a Senator from Delaware, where I have under way a crusade for the provision of greater aid in this field, this is theoretical. Why? Because this is the field of greatest need. It is a field where States are making a great effort, but are still short of the funds necessary.

Why? Because this is the field of greatest need. It is a field where States are making a great effort, but are still short of the funds necessary.

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. He was one of the leaders 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 in Senator Long, from another State. If 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 the public welfare field. Delaware spends $1.56 per capita.

Mr. Long of Louisiana. The State of vegetables spends $21.80. If one tries to argue at all, I would say the figure would be about $4.80; and that is just about what the State of Pennsylvania spends.

Mr. CLARK. 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 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 be doing much more.

I recognize the requirement of rule XIX, to the effect that in the course of debate the Senator shall refer offensively to any Senator 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 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 provided for hospitalization elsewhere. For instance, perhaps even make a decrease in the area subject to 60 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 has described this as one who wants to go beyond what he can, 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 have left it to a study committee. I have often heard the Secretary of Health, Education, and Welfare advocate that we go even beyond what the Democratic platform said.
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 think an adequate consensus 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:

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<thead>
<tr>
<th>State</th>
<th>Total expenditures</th>
<th>Cost per patient per day</th>
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<tr>
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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 have 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 medical care for the mentally ill. The standard of care is about $8 per patient in Alaska, while the standard of care for mental illness is only about $5.60 in the average in some States. Of course, Alaska has a high cost of living, as the Senator from Alaska knows. That would somewhat discount the relatively low 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 it is very low.

Mr. CLARK. Mr. President, I turn to the third reason why I believe the conference report should be rejected. 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 several years. If the Senate 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 conferences 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 Senate 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 respect. I yield my friend from Louisiana, that if we appointed conferences 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 were getting 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, and I am using 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.
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 two years a rule which would automatically require that a majority of the Senators going to confer at 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 advantage to one 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 stated. Mr. LONG of Louisiana. Our failure to make their points in a maximum of 3 hours in the Senate which cannot adequately represent the needs and interests of the Senate and House before the Supreme Court of the United States with which the Senate has ever had to vote and express what the Senate feels about these matters, because the social security bill, as the Senator knows, was brought out under a procedure rule in which an hour and a half would be allowed to the con.

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 assure my friend from Louisiana will be in complete agreement, 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 national case can be argued in the Supreme Court of the United States with 1 hour allowed to each side, Members of the Senate should not 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 shorter and earlier Saturday afternoon. We would have had a shorter 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, where crises break and are settled, from Cuba to the Congo, with domestic problems piling up like a logjam in the winter, and where breaks in the Senate's doing in the spring, we cannot afford next year to have a 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—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 that is as it should be. It is the Senator from Louisiana, love him, and respect him, know that the Senate 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. Then the Senator has 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 present Senate rules are there, we might as well live up to them. As long as we have the present Senate rules, I do not see much advantage of it.

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 25 percent, and I think 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 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 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 a majority vote to move 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 vote if they are.

What would the result of moving the previous question have been if it had been involved in full 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 Senator, but rather because 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 suggestions.

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 might have more than five Senators to listen to. 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 is known 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 wavering senator, and other believe 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, or the fire of my speech, perhaps, struck some tinder, I did not know that I would have to vote when I started out. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

After all, some of 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 further telegram to send to the junior Senator from Massachusetts (Mr. Kennedy).

Mr. LONG of Louisiana. I do not know when. 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 am not 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 for 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 take that as a dogged than we treat some of these cases.

When I try to fight for these people, I look back and see that not a single Senator is seated at his desk on the Republican side. Fortunately, there is one good Republican, whose mind is closed 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 to 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 House 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 past raising to $1,800 the amount for a person beyond 65 might earn without friend, I voted for you when the bill was introduced. What chance have I to that one provision would justify the 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 the particular amendment.

Mr. GRUENING. Mr. President.

Mr. ANDERSON. I do not know if the amendment offered by the Senator from Kansas would have cost; but whatever the cost, it was not too much for the 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, and for that cause.

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

Mr. LONG of Louisiana. I yield.

Mr. ANDERSON. I might differ with the Senator on how I would vote on that particular proposition. I do not 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 kindness for which we will vote. I have seen great charges made against the brethren, and then we have seen their crusades, which has achieved nothing, 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.

An outline of an article published in the New York Times of April 21, 1959, reads: "Flemming Pledges for Mentally Ill. Says Care Is 'Disgracefully Inadequate.' Many Hospitals Only 'Custodial Bases.'"

The article continues: The Secretary of Health, Education, and Welfare declared today that the mental hospitals of the country were receiving "disgracefully inadequate" care and treatment.

Flemming added that the Federal Government had a responsibility to crusade in the field and that it was starting such a crusade now.

Many of the country's 277 State and county mental hospitals, he asserted, are "little more than custodial institutions," and only a "few offering even the simplest methods of treatment."

The average cost per patient per day, he said, is only 42c for care and treatment, that comparing with $920 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 received much against anything of this sort being done, after he had made his great pleas and pledged 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 a better deal. 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 you 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 re-election, 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 go, I work hard, too, and when 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 whistles blow, it's no consolation to know that somebody—or several somebody—had to work hard to keep it there. And when he comes home to his one-room apartment, he gets a letter from the folks back home and the kiddies, "My, but those poor fellows must have had to work hard to do us out of it, too!"

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 conference 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 kind to us when it sees us advocate that something be done, but then sees that we do so for the wrong reason 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 "BILL" COALITION**

Senator PAUL H. DOUGLAS, Democrat, of Illinois, said yesterday that Democratic presidential candidate Adlai E. Stevenson 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, "Bad News Conference," taped for independent stations.

The Illinois Senator said the boodle congressmen of the two groups gave himself political losses 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 activity.

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, what the House really means when the 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 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.

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, after 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 that the following amendment be 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 amendment was ordered to be printed in the Record, as follows:

**Estimated Annual Costs of Javits Amendment**

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*Assumes 75 percent participation by the 11,000,000 persons eligible to participate in the program.*
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 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. The Senator from New Jersey is recognized for 5 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 thought it was any Senator's right to 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 hedesired to use?

Mr. LONG of Louisiana. No; but I have used more time than the opposition has. So I suggest that the opposition now use some of their time 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 both sides—

Mr. LONG of Louisiana. If it is understood that after calling the roll for 10 minutes, the quorum call will be rescinded, then I shall have no objection.

Mr. AIKEN. Mr. President, 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 the 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 opportunity to receive 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 by them, they would 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 sought the provision 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 the 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 different approach but, in so far as male teachers and public employees were concerned, the result would be the same. So when the bill came before the Senate, the committee very generously agreed to take up conference an amendment offered jointly by Representative MILLS of New Jersey and myself, the Senate employee of New Jersey (Mr. MILLS) 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 Public Employees Pension Funds with the social security system.

The 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:

[Letter from Representative MILLS]

[Letter from Representative MILLS]

[Letter from Representative MILLS]

Dear Sir:

Mr. Case of New Jersey. Mr. MILLS said:

As I read to point out in the letter to my friend from New Jersey, this is a matter that I think really involves State law rather than Federal law. We cannot, and I do not want to get into the habit of making exceptions at the request of individual States of 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 of Delaware) if he 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. I think the Senator in question, if he will, can speak 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.

The PRESIDENT. The time of the Senator from New Jersey has expired.

MR. DOWSHAK. Mr. President, I yield 10 minutes to the Senator from Kansas (Mr. CARLSON).

The PRESIDENT. 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 makes 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 in the mental health program of our nation in the care of the mentally ill to the top. It is only in recent years that we have come to grips with this problem. We are now treating patients for mental illness, instead of incarcerating them in hospitals, which in reality, became the State mental institutions.

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 has been working to this end ever since.

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.

Mr. CARLSON. I appreciate the kind words of praise for the Menninger Foundation, which is located at Topeka, Kansas, 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.

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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 findings showing the relative 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 mental hospital patients. Funds may be made to test and evaluate new and improved methods of treatment, staffing patterns, and other aspects of hospital care, 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 staffing, care, for the very 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 use 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. Elizabeth's Hospital devoted to problems in the area of psychopharmacology.

Finally, it should be pointed out that the grant program and other services supplied through the Psychopharmacological Service Center of the Institute have done much in testing and evaluating the value and effectiveness of the psychoactive drugs in quelling, and so forth—developed during the last several years. These services include not only the 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, designed to determine drug effectiveness and to provide an 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 the above with the basic information coming out of the general research grant programs and intramurals, will enable the Institute, proceed to 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 highly 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 trend which 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 are well beyond the States. The States are working in the field now.

I visited informally with the distinguished Senator from Louisiana (Mr. Looe) 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 mental 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. The time record shows no change.

Mr. LAUSCHE. Mr. President, I have listened to the comments of the Senator from Louisiana (Mr. Looe), 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 that 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.

Mr. LAUSCHE. Mr. President, I should like to point out from my study of the Senate version of the bill and the conference recommendation and with the aid of Mr. Looe, who is here representing the Social Security Board, it appears that the Senate version of the bill, if it is adopted, would have cost $1,720 million. Of that $1,720 million, $1,400 million would have been absorbed through currently sustained payments in existing programs. 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 tuberculosis hospitals in the sum of $220 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 $220 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 pay 6 percent of the $1,330,000, to receive $8 million. There are other States that will have to spend much less to receive much more. The difference from Louisiana is concerned with this matter late Saturday night. For instance, his State, on the basis of the huge expenditure which it already made, will have to expend $48,000 to receive $13 million.

Mr. LONG of Louisiana. Mr. President, I 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 amendment is concerned, causes the Federal Government to match the States on their 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 in Louisiana, 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.

Mr. LAUSCHE. The time of the Senator has expired. Mr. LONG of Louisiana. I yield 1 minute more 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 3/4 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 3/4 percent, it will have to pay by way of taxes 6 percent of the $200 million, or in other words, 12.5 percent. Thus to receive $7,766,000, it will have to expend $112 million by way of Federal tax, plus $1,336,000 as its
share of the program amounting in all to $33,366,000. 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 tuberculous.

The cost for the 50 States would be $18,000. 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 2 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 a greatly liberalized basis.

It would cost Ohio $8,696,000 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. Caxton in the chair). Eleven minutes remain to the Senator from Louisiana, and six minutes on the other side.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. If the time of the Senator has expired, Mr. LONG of Louisiana. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER (Mr. Caxton in the chair). Eleven minutes remain to the Senator from Louisiana, and six minutes on the other side.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. 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. We will have the closing arguments of each side.

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

Mr. LONG of Louisiana. Mr. President, I have been fighting the conference report for three days. I have said that the Senate and the House have been very diligent in their work. We now have only a few scraps left.

If Senators want to make a real effort to provide these benefits, I think they will vote to reject the conference report.

Mr. DIRKSEN. Mr. President, the conference report of the Senate has been very liberal in its work. We can now have a bill which can be effective on the first day of October of this year if we will 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 is 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:

"He is doing this, he has a great career. He used to be so lucky. What is he doing here?"

In government he used to be a crooked politician.

He needed something to help the working man's condition.

The stand he took on crime and vice was so strong that the men voted for him.

When he ran for Paradise he lost the big election.

Our Chaplain has offered prayers, day in and day out, like the following:

O Lord, help us to extend charity to those in need. Let us stand 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 include in the conference report all the provisions, even though they call for a few extra dollars, which 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 13250.

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." If I were at liberty to vote, I would vote "nay." 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. DODD), the Senator from Arkansas (Mr. BARTLETT), the Senator from Indiana (Mr. HARTLEY), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Oklahoma (Mr. KERR), the Senator from Michigan (Mr. McNAMARA), the Senator from Rhode Island (Mr. MANSFIELD), the Senator from Virginia (Mr. ROBERTSON), the Senator from Oklahoma (Mr. KERR), 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. PULASKI), the Senator from Indiana (Mr. HARTLEY), the Senator from Missouri (Mr. HENNINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Rhode Island (Mr. MANSFIELD), 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. HANNA) 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. 814]

TEAS—74

Alten
Altdor
Anderson
Beall
Bennett
Bink
Birck
Bland
Blunt
Blunt.
Byrd
Byrd, Va.
Byrd, W. Va.
Gannon
Gavett
Capel
Carlen
Carroll
Case, V. J.
Case, R. D.

29

Hart
Chaves
Church
Cooper
Cotton
Curtis
Dawson
Eastland
Eisler
Erin
Ford
Fren
Gore
Green

Hayden
Hicklenhooker
Hill
Holland
Hrunka
Jackson
Javits
Johnson, Tex.
Johnson, N.C.
Keating
Kefauver
Kennedy
Kuchel
Lausche

Scott
Smith
Smoot
Smyington
Smiley
Smith, Del.
Mansfield
Young, N. D.
NAYs—11

Barrett
Clark
Goldwater
Gruening

Long, Hawaii
Long, La.
Dodd
Douglas
Dulles

Morse
Muskie
Montgomery
Monroney
Morton

Muskie
Mansfield
Rusk

Mansfield
Young, Ohio

Mansfield

Mansfield

Mansfield

Mansfield

Mansfield

Mansfield

Mansfield

Mansfield
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”.

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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 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.
(i) Justices of the peace and constables in the State of Nebraska.
(j) Teachers in the State of Maine.
(k) Certain employees in the State of California.
(l) 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.

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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) (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

“(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.”
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

"(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) (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 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.

(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.

(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

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:

"(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 (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".

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:

"(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 re-determination 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.

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.

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”.

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.
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

(1) Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Texas," before "Vermont".

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(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 208(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;".

(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 208(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;".
Pub. Law 86-778 -14- September 13, 1960
74 STAT. 937.

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

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 para-
graph:

“(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 subsec-
tion, 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.

(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 para-
graph 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(1)" 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)".

(1) 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 “; 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 non-immigrant 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)).”

(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
graph:
"(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 Govern­
ment 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
graph:
"(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 instru­
mentality 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 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 sub­
section (e) and by inserting after subsection (c) the following new
subsection:
"(d) Disclosures by Certain Delegates of Secretary.—All pro­
visions of law relating to the disclosure of information, and all
provisions of law relating to penalties for unauthorized disclosure of in-
information, which are applicable in respect of any function under this
title when performed by an officer or employee of the Treasury De-
partment are likewise applicable in respect of such function when per-
formed by any person who is a 'delegate' within the meaning of sec-
tion 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 redele-
gations 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 per-
formance of functions in Guam or American Samoa with re-
spect 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 author-
ized 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 fol-
lowing: "; 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 per-
formance 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 legis-
lation 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 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.

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:

“(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. 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”.

[26 USC 932. 26 USC 1401-1403. 42 USC 411.]
(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 the employees in each group, or may file a separate certificate pursuant to such subparagraph with respect to the employees in each group.

(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 the employees in each group, or may file a separate certificate pursuant to such subparagraph with respect to the employees in each group.

(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)(B) (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 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,

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-
aspect 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)(1)(E), 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.

(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

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,”.

(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

"(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.

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 (A) is the natural child or step-child 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 the most recent 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.
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.
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 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."

(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 any 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 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 any calendar year before 1951, or

(b) 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 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

(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.

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”.

42 USC 415 note.
(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.

**MARRIANCES SUBJECT TO LEGAL IMPEDIMENT**

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 the month 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 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.
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.

(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.

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 42 USC 422.

"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 (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 (1) 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)(1) 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(f)(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(1) 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), (p), 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.

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 208 of this Act); and

(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

(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,

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).
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.

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), 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 42 USC 415. 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, 42 USC 402.

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 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

"(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 (8) 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 “1965” 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 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."

(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 pursuant to the provisions of section 215(b)(3) 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, 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 sec-
tion 202(a) at the time of his death, the provisions of section 215(f) 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.

(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”.

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 Amendments 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 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."

(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 in-
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 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."

(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 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—

(1) he had a total of not less than twenty quarters of coverage 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

PART 1—SHORT TITLE

Sec. 501. This title may be cited as the “Employment Security Act of 1960”.

PART 2—EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING

AMENDMENT OF TITLE IX OF THE SOCIAL SECURITY ACT

Sec. 521. Title IX of the Social Security Act (42 U.S.C., sec. 68 Stat. 668. 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 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.

“(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 (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

“(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.

“(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:

"(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 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 depository 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 $40,861,856.43 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.”

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—

“(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 ex­
penses of administration.
“(b) The Secretary of the Treasury shall, prior to audit or settle­
ment by the General Accounting Office, transfer from the Federal
unemployment account to the account of the State in the Unemploy­
ment 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. The Governor of any State may at any time request
that funds be transferred from the account of such State to the Fed­
eral 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 in­
terest), 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 ac­
count 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 ac­
count of any State was transferred to such account before such
date, and
(B) the Governor of such State, after the date of the enact­
ment 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 unemploy­
ment 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
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—

(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:

"(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—

"(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;

"(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 pay­
ments (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 subpara­
graph (C) of subsection (c) (3), the 5-year benefit cost rate app­
licable 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 pre­
ceding such taxable year, by
(B) the total of the remuneration subject to contribu­
tions 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 sub­
paragraph (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 certi­
fied 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:

“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.”
(b) Section 104 of the Temporary Unemployment Compensation
Act of 1958, as amended, is amended—
(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”.

42 USC 501.
42 USC 1400a.
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 sections 3308, 3309, 3307 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:

"See. 3308. Instrumentalities of the United States.
"See. 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".

(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.

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
26 USC 401, 521. (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 para-
graph or subsection (b) of section 1503, as the case may be, employ-ment 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.

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"

(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;
“(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) 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 U.S.C. 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

“(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 (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 42 USC 303. “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 "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, devices, 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-
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.

**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 benefits under this title may (pursuant to section 202(j) (1) or 223(b)) be paid for months prior to Ante, pp. 936, 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. (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.”

(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.”

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:

“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

Sec. 706. Section 344(b) of the Social Security Act Amendments of 1956 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 $21,500,000” and inserting in lieu thereof “for each fiscal year beginning after June 30, 1960, the sum of $25,000,000”.

(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 $25,000,000”.

42 USC 1202a note.
(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".

(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.

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;".

Approved September 13, 1960.
MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H.R. 12580 AS PASSED BY THE HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, Chairman

ROBERT S. KERR, Oklahoma
J. ALLEN FEAR, Jr., Delaware
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GEORGE A. SMATHERS, Florida
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JOHN MARSHALL BUTLER, Maryland
CARL T. CURTIS, Nebraska
THRUSTON B. MORTON, Kentucky

ELIZABETH B. SPRINGER, Chief Clerk

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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.]

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
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<tbody>
<tr>
<td>A. Self-employed:</td>
<td></td>
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<tr>
<td>1. Professional groups.</td>
<td>Covers all professional groups except physicians.</td>
<td>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.)</td>
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<tr>
<td>2. Ministers</td>
<td>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.</td>
<td>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.</td>
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### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Employees</strong></td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>1. Domestic workers</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>2. Casual labor</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>3. State and local government employees</td>
<td>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. 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.</td>
<td>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.</td>
</tr>
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<td></td>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

<table>
<thead>
<tr>
<th>Item</th>
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</thead>
<tbody>
<tr>
<td>B. Employees—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. State and local government employees—Con.</td>
<td>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.</td>
<td>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.</td>
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<tr>
<td></td>
<td>Exceptions to general law authorizing coverage in named States:</td>
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<td></td>
<td>(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.</td>
<td>Adds Virginia to the list.</td>
</tr>
<tr>
<td></td>
<td>(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.</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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—</td>
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</table>
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
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</table>
| 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 \( \frac{3}{4} \) 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.  
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 \( \frac{3}{4} \) 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 \( \frac{3}{4} \) 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.  
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).  
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).  
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

<table>
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<th>Item</th>
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</thead>
<tbody>
<tr>
<td><strong>B. Employees—Continued</strong>&lt;br&gt;5. Family employment.</td>
<td><em>Excludes</em> persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>C. Geographical scope</strong></td>
<td>Covers the 50 States, Puerto Rico and the Virgin Islands, and the District of Columbia.</td>
<td>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.</td>
</tr>
</tbody>
</table>

*Excludes* the following from coverage within the United States:<br>a. Nonresident aliens engaged in self-employment.<br>b. Employees of foreign governments and their instrumentalities.<br>c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act.<br>d. Employees on foreign registered air-craft 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.<br>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

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<th>Item</th>
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</table>
| 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.  

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.  

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.  


No change.
## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

### II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

<table>
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<th>Item</th>
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<tbody>
<tr>
<td><strong>B. Eligibility requirements—Con.</strong></td>
<td>A 6 months' &quot;waiting period&quot; is required before disability insurance benefits can begin.</td>
<td>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 &quot;waiting period&quot; 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.</td>
</tr>
</tbody>
</table>
| 2. Waiting period | 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. |
| 3. Work requirement | 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

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.

<table>
<thead>
<tr>
<th>Year of death, disability, or attainment of retirement age</th>
<th>Present law</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1953 and earlier</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>1954</td>
<td>6–7</td>
<td>6</td>
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<td>1955</td>
<td>8–9</td>
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<td>1956</td>
<td>10–11</td>
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<td>1957</td>
<td>12–13</td>
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<td>1958</td>
<td>14–15</td>
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<td>1959</td>
<td>16–17</td>
<td>8</td>
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<tr>
<td>1960</td>
<td>18–19</td>
<td>9</td>
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<tr>
<td>1961</td>
<td>20–21</td>
<td>10</td>
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<tr>
<td>1966</td>
<td>30–31</td>
<td>15</td>
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<tr>
<td>1971</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>1976</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>1981</td>
<td>40</td>
<td>30</td>
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<tr>
<td>1986</td>
<td>40</td>
<td>35</td>
</tr>
<tr>
<td>1991 and after</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

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

<table>
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<tr>
<th>Item</th>
<th>Present law</th>
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</thead>
<tbody>
<tr>
<td><strong>B. Survivors of workers who died prior to 1940.</strong></td>
<td>Benefits are not payable to otherwise eligible widows, children, and parents if the wage earner had died prior to 1940.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>C. Widowers of workers who died prior to 1950.</strong></td>
<td>Benefits are not payable to eligible widowers unless the insured worker's death was after August 1950 and she was fully and currently insured. Effective for month after month of enactment. Bill: Sec. 205. House report: pp. 16, 88-89.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>D. Children born or adopted after parent's disability.</strong></td>
<td>Benefits are not payable to an otherwise eligible child unless he was born, or adopted, or became a stepchild before the worker became disabled.</td>
<td>Eliminates August 1950 cutoff date. Effective for month after month of enactment. Bill: Sec. 206. House report: pp. 16, 88-89.</td>
</tr>
<tr>
<td><strong>E. Dependency of stepchild on natural father.</strong></td>
<td>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. Effective for month of enactment. Bill: Sec. 208. House report: pp. 16, 91-92.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>F. Time needed to acquire status of wife, child, or husband for retirement or disability benefit purposes.</strong></td>
<td>A wife, stepchild, or husband must be in this relationship for 3 years prior to the application for benefits. Effective for month of enactment. Bill: Sec. 207. House report: pp. 17, 90.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>G. Invalid marriages.</strong></td>
<td>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. Effective for month of enactment. Bill: Sec. 208. House report: pp. 16, 91-92.</td>
<td>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.</td>
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**Note:** The italicized text indicates changes made by the proposed legislation.
### III. ELIGIBILITY FOR BENEFITS—Continued

<table>
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<tr>
<th>Item</th>
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<tbody>
<tr>
<td>H. Lump sum death payment.</td>
<td>Lump sum death payment paid (in cases where no eligible spouse survives) only after burial expenses are paid.</td>
<td>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.</td>
</tr>
</tbody>
</table>

### 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

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<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
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</thead>
<tbody>
<tr>
<td><strong>A. Computing average monthly wage—Con.</strong></td>
<td>Individuals can “drop out” up to 5 years of lowest or no earnings in computing average monthly wage.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>B. Child’s survivor benefit</strong></td>
<td>Benefit payable to each child is ( \frac{3}{4} ) of workers’ benefit plus ( \frac{1}{4} ) of his benefit divided by the number of children he has (if he has 2 children, each child will get ( \frac{3}{4} ) plus ( \frac{1}{4} ) (%) of his benefit).</td>
<td>Benefit payable to each child would be ( \frac{3}{4} ) of workers’ benefit. Effective for 3d month after enactment. Bill: Sec. 301, House report: pp. 15-16, 93.</td>
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#### V. FINANCING

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<tr>
<th>Item</th>
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<tbody>
<tr>
<td><strong>A. Investment of the trust funds.</strong></td>
<td>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-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 ( \frac{3}{4} ) of 1 percent, is rounded to the nearest multiple of ( \frac{3}{4} ) of 1 percent. 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.</td>
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### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### V. FINANCING—Continued

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<tr>
<th>Item</th>
<th>Present law</th>
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<tbody>
<tr>
<td>A. Investment of the trust funds—Continued</td>
<td>Bonds purchased may be acquired— <em>(1)</em> on original issue at par or <em>(2)</em> by purchase of outstanding obligations at the market price.</td>
<td>Changes <em>(1)</em> 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.</td>
</tr>
<tr>
<td>B. Review of status of trust funds.</td>
<td>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— <em>(1)</em> Hold the trust funds; <em>(2)</em> 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; <em>(3)</em> 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. <em>(4)</em> 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.</td>
<td>No change.</td>
</tr>
<tr>
<td>1. Board of Trustees...</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>2. Advisory Council...</td>
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2. Advisory Council...
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

V. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
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</thead>
<tbody>
<tr>
<td>B. Review of status of trust funds—Continued</td>
<td>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. No change. Do.</td>
<td></td>
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<tr>
<td>2. Advisory Council—Continued</td>
<td>$4,800 a year. Taxable years beginning after—</td>
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<td></td>
<td>Percent</td>
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<tr>
<td></td>
<td>1959</td>
<td>4½</td>
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<tr>
<td></td>
<td>1962</td>
<td>5½</td>
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<td>1965</td>
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<tr>
<td></td>
<td>1968</td>
<td>6½</td>
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<td></td>
<td>Calendar years:</td>
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<td></td>
<td>1960–62</td>
<td>3</td>
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<td></td>
<td>1963–65</td>
<td>3½</td>
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<td></td>
<td>1966–68</td>
<td>4</td>
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<tr>
<td></td>
<td>1969 and after</td>
<td>4½</td>
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<tr>
<td>C. Maximum taxable amount</td>
<td></td>
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<tr>
<td>D. Tax rate for self-employed</td>
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<td></td>
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<tr>
<td>E. Tax rate for employees and employers</td>
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</table>

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. No change. Do. Do.
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

<table>
<thead>
<tr>
<th>Item</th>
<th>H.R. 12580</th>
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</table>
| 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. |
| 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. |

### PUBLIC ASSISTANCE

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Old-age assistance medical program.</td>
<td>The following formula is applicable for a combined program which includes both money payments and vendor expenditures for medical care. A. Matching formula. Federal matching share is $24 of the 1st $30 (4% 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.</td>
<td>No change.</td>
</tr>
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</table>
I. Old-age assistance medical program—Continued  
   A. Matching formula—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Federal percentage</th>
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<tr>
<td>Alaska</td>
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<td>Arizona</td>
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<td>Hawaii</td>
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<td>Illinois</td>
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<tr>
<td>Indiana</td>
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</tr>
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<td>Iowa</td>
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<td>Kansas</td>
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<td>Kentucky</td>
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<td>Montana</td>
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<td>Virginia</td>
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<td>Washington</td>
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<td>West Virginia</td>
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<tr>
<td>Wisconsin</td>
<td>54.60</td>
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<tr>
<td>Wyoming</td>
<td>50.92</td>
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[23 F.R. 7150]
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<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
</tr>
</thead>
</table>
| 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.  
Bill: sec. 602.  
| 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. | |
| 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.  
### PUBLIC ASSISTANCE—Continued

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<tr>
<th>Item</th>
<th>Present law</th>
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<tbody>
<tr>
<td>III. Temporary extension of certain special provisions relating to State plans for aid to the blind.</td>
<td>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 (B) of sec. 1002(a) of title X relating to the “needs” test. Expires June 30, 1961.</td>
<td>Postpones termination date until June 30, 1964. Bill: Sec. 706. House report: pp. 57, 139.</td>
</tr>
</tbody>
</table>

### MATERNAL AND CHILD WELFARE SERVICES

| I. Maternal and child health services: | |
| A. Authorization of annual appropriation. | Authorizes $21,500,000 per year.------ |
| 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. |
| C. Special project grants. | No specific provision in the law. |

| II. Crippled children’s services: | |
| A. Authorization of annual appropriation. | Authorizes $20 million per year.------ |
| 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 the 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. |

Add 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. |
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<tr>
<th>Item</th>
<th>Present law</th>
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<td>Same as C above.</td>
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<tr>
<td>II. Crippled children's services—Continued</td>
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<tr>
<td>III. Child welfare services:</td>
<td>Authorizes $17 million per year.</td>
<td>Authorizes $20 million per year.</td>
</tr>
<tr>
<td>A. Authorization of annual appropriation.</td>
<td>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.</td>
<td>Effective date: Fiscal year 1961. House report: pp. 5, 34, 49, 139.</td>
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<tr>
<td>B. Allotment to States.</td>
<td>No provision.</td>
<td>Changes the $60,000 to $70,000. Bill: Sec. 707(a)(3)(A).</td>
</tr>
<tr>
<td>C. Research and demonstration projects.</td>
<td>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.</td>
<td>House report: pp. 5, 34, 49, 139.</td>
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</tbody>
</table>

MATERNAL AND CHILD WELFARE SERVICES—Continued
EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

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)).

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.

III. Administrative financing:

A. Federal unemployment tax rate.

Each employer is taxed 3 percent on the first $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.

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.

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 non-profit organization and employees of non-profit 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.


Effective in 1961, the tax rate is raised to 3.1 percent on the first $3,000 of covered wages, which results in a net Federal tax of 0.4 percent of taxable payroll.


No change in State accounts.
### EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

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<th>Item</th>
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<th>H.R. 12580</th>
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<tr>
<td>III. Administrative financing —Continued</td>
<td>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.</td>
<td>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. Effectiveness date: Fiscal year 1961. Bill: Sec. 521. House report, pp. 51–53, 108, 116.</td>
</tr>
</tbody>
</table>
### 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.

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.

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.

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<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
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<tbody>
<tr>
<td>III. Administrative Financing—Continued C. Advances to the States: 1. Eligibility for advances.</td>
<td>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.</td>
<td>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. 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. Same as present law.</td>
</tr>
</tbody>
</table>
III. Administrative Financing—Continued  
C. Advances to the States—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Repayment of advances—Con.</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
# 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)

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Vendor payments</th>
<th>Other resources for medical care available to old-age assistance (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Practitioner</td>
<td>Hospitalization (including controls or limitations on hospital days)</td>
<td>Drugs</td>
</tr>
<tr>
<td>Alabama</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Alaska</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Arizona</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Yes</td>
<td>Yes</td>
<td>As recommended by physician for all acute illnesses and injuries. General rule: 30 days a year; extension possible.</td>
</tr>
<tr>
<td>California</td>
<td>Yes</td>
<td>Yes</td>
<td>No (vendor payments for OAA recipients in public medical insti-</td>
</tr>
<tr>
<td>State</td>
<td>Eligible</td>
<td>Inpatient</td>
<td>Physician</td>
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<tr>
<td>---------------</td>
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</tr>
<tr>
<td>Colorado</td>
<td>Yes</td>
<td>Yes</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>physician, except for purpose of diagnosis only. General rule: 30 days; extension possible.</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Yes</td>
<td>Yes</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>physician for definitive medical treatment. No limitation on number of days.</td>
</tr>
<tr>
<td>Delaware</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Yes</td>
<td>Yes</td>
<td>All essential surgical and medical care and treatment. No limitation on number of days.</td>
</tr>
<tr>
<td>Florida</td>
<td>Yes</td>
<td>No</td>
<td>Limited to acute injuries and illness. Maximum: 30 days a year.</td>
</tr>
<tr>
<td>Georgia</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

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.

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>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
<th>Other resources for medical care available to old-age assistance (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guam</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Hospitalization and other medical care available through Government hospital.</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Yes</td>
<td>No</td>
<td>All recommended by physician except Hansen's disease (leprosy). No day limitation.</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>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.</td>
</tr>
<tr>
<td>Idaho</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$150 maximum, plus money payment for personal needs; maximum may be exceeded.</td>
<td>No</td>
<td>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.</td>
</tr>
<tr>
<td>Illinois</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. General rule: 2 weeks, with provision for extension.</td>
<td>Yes</td>
<td>To meet need for care, not to exceed &quot;going rate&quot; in community.</td>
<td>Yes</td>
<td>Scope of medical care determined by individual counties in line with content recommended by State agency.</td>
</tr>
<tr>
<td>Indiana</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to nonelective surgery, injuries, acute illness, diagnosis. No day limitation.</td>
<td>Yes</td>
<td>Money payment or vendor, as determined by county. Rates negotiated in each county.</td>
<td>Yes</td>
<td>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.</td>
</tr>
<tr>
<td>Iowa</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>State</td>
<td>Recommended by Physician</td>
<td>Day Limitation</td>
<td>Maximum Payment</td>
<td>Other Medical Care</td>
<td>Notes</td>
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</tr>
<tr>
<td>Kansas</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
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</tr>
<tr>
<td>Louisiana</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Other medical care must be met by recipient from money payment. OAA maximum is $65.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Massachusetts</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>Yes</td>
<td>Do</td>
<td>Do</td>
<td>Do</td>
<td>Nursing home care provided through money payment, $30 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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nursing home care provided through money payment to meet budgetary deficit of recipient up to the local rate. No statewide rates or ranges.

Nursing home care provided through money payment up to $86 (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.

Practitioner services paid by vendor payment in nursing home cases only; in other circumstances, provided through money payment. Hospitalization available through State hospital program.

Maximum: 45 days a year.

$110 maximum, plus $17 money payment for personal needs. $105 money payment in home not subject to license.

$65 maximum money payment, remainder by vendor payment up to $130 or $165.

$6.50 maximum a day; may be exceeded. All other medical needs are met.

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.
<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 30 days; extension on recommendation of county medical advisory committee.</td>
<td>Yes</td>
<td>$60 by money payment, plus vendor up to $150, may be exceeded.</td>
<td>Yes</td>
</tr>
<tr>
<td>Mississippi</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Missouri</td>
<td>Yes</td>
<td>No</td>
<td>For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Montana</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to remedial eye care.</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Yes</td>
<td>No</td>
<td>All recommended by physician. General rule: 31 days; extension possible.</td>
<td>No</td>
<td>Most budgetary deficit up to fec range negotiated in each county.</td>
<td>No</td>
</tr>
<tr>
<td>Other resources for medical care available to old-age assistance (OAA) recipients</td>
<td>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.</td>
<td>Nursing home care provided through money payment, $65 maximum, except $100 for &quot;completely bedfast and totally disabled.&quot; Other medical care by money payment. Provisions being revised.</td>
<td>Nursing home care and all other medical care provided through money payment, $85 maximum. &quot;Medical component&quot; of nursing home care paid through general assistance. Vendor payment method limited to prevention of blindness and restoration of sight.</td>
<td>Practitioner services and other medical services are in money payment up to $70 maximum for OAA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Recommended by Physician</td>
<td>Hospitalization</td>
<td>Payment/Benefits</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nevada</td>
<td>Yes</td>
<td>No</td>
<td>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.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>New Hampshire</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes - No - Yes - Nursing home care provided through money payment, $150 maximum; may be exceeded in unusual circumstances.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>New Jersey</td>
<td>Yes</td>
<td>No</td>
<td>Yes - No - Yes - All medical care except nursing home provided through money payment. No maximum.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Mexico</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes - No - Yes - All except elective. No maximum; 7 days with reauthorization required.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes - No - Yes - Rates set locally. Personal needs met by money payment.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>Yes</td>
<td>No</td>
<td>Yes - No - No - No - No - Nurse 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.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes - No - Yes - Meet budgetary deficit up to maximum rates from $100 to $175.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
<th>Other resources for medical care available to old-age assistance (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician; non-elective surgery only, except after special review; 10 days each admission with possible extension.</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing home care provided through money payment to meet budgetary deficit for care needed up to approved rates, $65 to $100.</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to life endangering conditions and conditions producing or alleviating blindness; 21 days per admission.</td>
<td>No</td>
<td>$66 maximum on money payment, plus $69 vendor payment.</td>
<td>Yes</td>
<td>Hospitalization limited; no specific items of medical care provided in budgeting for money payment.</td>
</tr>
<tr>
<td>Oregon</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No maximum; reauthorization every 7 days.</td>
<td>Yes</td>
<td>$124 to $184 according to care needed. Personal items in money payment.</td>
<td>Yes</td>
<td>In lieu of nursing-home care, housekeeping or nursing service in own home provided in special payment directly to recipient.</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>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.</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Medical services of all types available from resources of public health department.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. General.</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing-home care provided through money payment, $182 maximum, de-</td>
</tr>
<tr>
<td>State</td>
<td>Eligibility</td>
<td>Maximum Length</td>
<td>Type of Care Provided</td>
<td></td>
<td></td>
<td></td>
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<tr>
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</tr>
<tr>
<td>South Carolina</td>
<td>Yes</td>
<td>Acute illness and injury, 30 days maximum</td>
<td>(1) For continuing care, money payment to $60, plus supplement to $180 from other sources; (2) for persons who have been hospitalized, up to $94 vendor payment, plus $60 money payment.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>No</td>
<td></td>
<td>Medicine provided through money payment; OAA maximum, $60.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>South Dakota</td>
<td>No</td>
<td>No.</td>
<td>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.</td>
<td></td>
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</tr>
<tr>
<td>Tennessee</td>
<td>Yes</td>
<td>Acute illness or injury, and illnesses and injuries requiring hospitalization; 10-day maximum.</td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>No</td>
<td>No.</td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>State</td>
<td>Vendor payment method used</td>
<td>Practitioner</td>
<td>Hospitalization (including controls or limitations on hospital days)</td>
<td>Drugs</td>
<td>Nursing home care</td>
<td>Other</td>
<td>Other resources for medical care available to old-age assistance (OAA) recipients</td>
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</tr>
<tr>
<td>Utah</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician, except elective surgery. General rule: 30 days; extension possible.</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>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.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>$165 for skilled nursing care; $135 for personal nursing service; $5 money payment for personal needs.</td>
<td>No</td>
<td>Hospitalization provided by &quot;town&quot; general assistance; other medical needs included in money payment. OAA maximum, $75.</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Other medical treatment through department of health. Hospitalization available under system of municipal hospitals.</td>
</tr>
<tr>
<td>Virginia</td>
<td>Yes</td>
<td>No</td>
<td>Extension of vendor payment provisions to hospital care effective July 1, 1960.</td>
<td>No</td>
<td>$150 maximum, plus $6 money payment for personal items.</td>
<td>No</td>
<td>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.)</td>
</tr>
<tr>
<td>Washington</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>$102 to $102 according to type of home. Personal items through money payment.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Eligible</td>
<td>Approved</td>
<td>Services Provided</td>
<td>Payment Maximum</td>
<td>Method of Payment</td>
<td></td>
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</tr>
<tr>
<td>West Virginia</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to acute illness, immediate surgery, diagnostic services; exceptions if will increase capacity for self-care. Maximum 30 days.</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing home care provided through money payment, $60 maximum per person, $165 a household, supplemented by general assistance under specified conditions. Practitioner services through money payment.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation; reauthorization stipulated.</td>
<td>Yes</td>
<td>Pay budgetary deficit to meet rate for care needed; rates negotiated in each county. Allowance for personal needs in money payment.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>No</td>
<td>$85 maximum money payment for maintenance, plus vendor payment up to $100.</td>
<td>No</td>
<td>Other medical services are responsibility of counties.</td>
</tr>
</tbody>
</table>
### TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

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)

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
<th>Type of service not reported</th>
<th>In all States reporting for specified type of service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$220,749,925</td>
<td>$24,953,705</td>
<td>Practitioners' services</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alabama</td>
<td>17,473</td>
<td></td>
<td>2,320</td>
</tr>
<tr>
<td>Alaska</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>2,989,720</td>
<td></td>
<td>21,309</td>
</tr>
<tr>
<td>California</td>
<td>22,140,019</td>
<td></td>
<td>6,649,307</td>
</tr>
<tr>
<td>Colorado</td>
<td>7,739,663</td>
<td></td>
<td>1,097,093</td>
</tr>
<tr>
<td>Connecticut</td>
<td>3,710,081</td>
<td></td>
<td>453,372</td>
</tr>
<tr>
<td>Delaware</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District of Columbia</td>
<td>202,936</td>
<td></td>
<td>196,454</td>
</tr>
<tr>
<td>Florida</td>
<td>1,590,427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hawaii</td>
<td>99,977</td>
<td></td>
<td>99,977</td>
</tr>
<tr>
<td>Idaho</td>
<td>24,130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>24,788,904</td>
<td></td>
<td>2,022,275</td>
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<tr>
<td>Indiana</td>
<td>5,807,135</td>
<td></td>
<td>1,277,606</td>
</tr>
<tr>
<td>Iowa</td>
<td>667,938</td>
<td></td>
<td>315,954</td>
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<tr>
<td>Kansas</td>
<td>3,913,454</td>
<td></td>
<td>622,473</td>
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<tr>
<td>Kentucky</td>
<td></td>
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<tr>
<td>Louisiana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>1,364,849</td>
<td></td>
<td>625,785</td>
</tr>
<tr>
<td>Maryland</td>
<td>403,389</td>
<td></td>
<td>463,089</td>
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<tr>
<td>Massachusetts</td>
<td>29,054,045</td>
<td></td>
<td>683,863</td>
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<tr>
<td>Michigan</td>
<td>4,985,744</td>
<td></td>
<td>4,985,744</td>
</tr>
<tr>
<td>Minnesota</td>
<td>14,723,821</td>
<td></td>
<td>4,027,060</td>
</tr>
<tr>
<td>Mississippi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td>17,855</td>
<td></td>
<td>6,916</td>
</tr>
<tr>
<td>Nebraska</td>
<td>3,391,745</td>
<td></td>
<td>1,044,795</td>
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<tr>
<td>Nevada</td>
<td>229,642</td>
<td></td>
<td>79,443</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1,222,136</td>
<td></td>
<td>178,044</td>
</tr>
<tr>
<td>New Jersey</td>
<td>5,800,800</td>
<td></td>
<td>5,800,800</td>
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<tr>
<td>New Mexico</td>
<td>914,908</td>
<td></td>
<td>143,955</td>
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<tr>
<td>New York</td>
<td>26,050,471</td>
<td></td>
<td>14,766,084</td>
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<tr>
<td>North Carolina</td>
<td>832,317</td>
<td></td>
<td>832,317</td>
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<tr>
<td>North Dakota</td>
<td>2,027,898</td>
<td></td>
<td>243,415</td>
</tr>
<tr>
<td>Ohio</td>
<td>9,402,926</td>
<td></td>
<td>1,543,879</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>11,233,765</td>
<td></td>
<td>1,688,688</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Oregon</td>
<td>4,335,246</td>
<td>170,611</td>
<td>912,817</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2,708,931</td>
<td>588,050</td>
<td>1,197,393</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rhode Island</td>
<td>980,836</td>
<td>980,836</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Dakota</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tennessee</td>
<td>1,394,994</td>
<td>1,394,994</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>593,496</td>
<td>71,664</td>
<td>130,380</td>
</tr>
<tr>
<td>Vermont</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>3,687</td>
<td>3,687</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>445,582</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td>8,326,489</td>
<td>1,843,038</td>
<td>4,113,408</td>
</tr>
<tr>
<td>West Virginia</td>
<td>745,866</td>
<td>113,924</td>
<td>591,393</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>12,619,592</td>
<td>12,619,592</td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td>403,128</td>
<td>75,257</td>
<td>178,078</td>
</tr>
</tbody>
</table>

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 1969.
MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H.R. 12580 AS REPORTED BY THE COMMITTEE ON FINANCE
COMMITTEE ON FINANCE

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JOHN MARSHALL BUTLER, Maryland
CARL T. CURTIS, Nebraska
THRUSTON B. MORTON, Kentucky

ELIZABETH B. SPRINGER, Chief Clerk

(II)
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      2. Casual labor
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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]

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Self-employed:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Ministers</td>
<td>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.</td>
<td>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).</td>
</tr>
<tr>
<td>B. Employees</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>1. Domestic workers</td>
<td>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.</td>
<td>Excludes from coverage all earnings of such domestic workers who are under the age of 16. Effective date: Jan. 1, 1961. Bill: Sec. 105.</td>
</tr>
</tbody>
</table>
### 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.

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.
     - 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.
     - 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.*

**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.

- Excludes from coverage all earnings of casual workers who are under the age of 16.
- Effective date: Jan. 1, 1961.
- Bill: Sec. 105.

- 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).

- Allows employees of municipal or county hospital to be treated as a separate coverage group if the State so desires.
- Bill: Sec. 102(g).

- 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).

- 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>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).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adds Virginia to the list. Bill: Sec. 102(d).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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).</td>
</tr>
<tr>
<td>3. State and local government employees—Continued</td>
<td>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. (2) Policemen and firemen.—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Kentucky, 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. (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.</td>
<td></td>
</tr>
<tr>
<td>4. Employees of nonprofit organizations</td>
<td>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</td>
<td></td>
</tr>
<tr>
<td>a. No change,</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Employees—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Employees of non-profit organizations—Continued</td>
<td>b. at least 3/4 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.</td>
<td>b. Eliminates requirement that 3/4 of the employees concur in filing a certificate. Effective date: Certificates filed after date of enactment. Bill: See 106(a).</td>
</tr>
</tbody>
</table>

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.

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 3/4 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.

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: See 103.
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Employees—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Employees of foreign governments and their instrumentalities.</td>
<td>Excludes (among other groups) employees of foreign governments and their instrumentalities.</td>
<td>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.</td>
</tr>
</tbody>
</table>

#### II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY

<table>
<thead>
<tr>
<th>A. Nature of the Provisions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Benefits</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>2. Disability “freeze”..</td>
<td>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.</td>
<td>No change.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Eligibility requirements</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Definition.............</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>2. Waiting period.......</td>
<td>A 6 months’ “waiting period” is required before disability insurance benefits can begin.</td>
<td>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.</td>
</tr>
<tr>
<td>3. Work requirement..</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
### II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Rehabilitation</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>

### III. ELIGIBILITY FOR BENEFITS

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Retirement age</td>
<td>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.</td>
<td>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 (1% 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 (11/4 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.</td>
</tr>
</tbody>
</table>
## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
### III. ELIGIBILITY FOR BENEFITS—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Survivors of workers who died prior to 1940.</strong></td>
<td>Benefits are not payable to otherwise eligible widows, children, and parents if the wage earner had died prior to 1940.</td>
<td>Allows benefits to such individuals even though the wage earner died before 1940 if he had at least 6 quarters of coverage. Effective for month after month of enactment. Bill: Sec. 205.</td>
</tr>
<tr>
<td><strong>C. Widowers of workers who died prior to 1950.</strong></td>
<td>Benefits are not payable to eligible widowers unless the insured worker's death was after August 1950 and she was fully and currently insured.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>D. Former wives divorced of workers who died before September 1950.</strong></td>
<td>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.</td>
<td>Permits payment of benefits to the children born or adopted after the 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 worker became entitled to benefits, but only if such adoption proceedings were started before the period of disability began or child was living with the worker under the start of the period of disability. Effective for September 1958. Bill: Sec. 201.</td>
</tr>
<tr>
<td><strong>E. Children born or adopted after parent's disability.</strong></td>
<td>Benefits are not payable to an otherwise eligible child unless he was born, or adopted, or became a stepchild before the worker became disabled.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>F. Dependency of stepchild on natural father.</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>G. Invalid marriages.</strong></td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. ELIGIBILITY FOR BENEFITS—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H. Lump sum death payment...</td>
<td>Lump sum death payment paid (in cases where no eligible spouse survives) only after burial expenses are paid.</td>
<td>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.</td>
</tr>
</tbody>
</table>

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.
### IV. BENEFIT AMOUNTS—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Computing average monthly wage—Con.</td>
<td>Individuals can “drop out” up to 5 years of lowest or no earnings in computing average monthly wage.</td>
<td>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.</td>
</tr>
<tr>
<td>B. Child’s survivor benefit</td>
<td>Benefit payable to each child is 3/4 of worker’s benefit plus 3/4 of his benefit divided by the number of children he has (if he has 2 children, each child will get 3/4 plus 3/4 (3/4) of his benefit).</td>
<td>Benefit payable to each child would be 3/4 of worker’s benefit. Effective for 3d month after enactment. Bill: Sec. 301.</td>
</tr>
</tbody>
</table>

### V. RETIREMENT TEST

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 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-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 $\frac{3}{4}$ of 1 percent, is rounded to the nearest multiple of $\frac{3}{4}$ of 1 percent.

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.

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.

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;
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;
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.

No change.
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
VI. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Review of status of trust funds—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Board of Trustees—Continued</td>
<td>(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.</td>
<td>No change.</td>
</tr>
<tr>
<td>2. Advisory Council—</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
### VI. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Maximum taxable amount</td>
<td>$4,800 a year.</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>Taxable years beginning after</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>1959</td>
<td>4½</td>
</tr>
<tr>
<td></td>
<td>1962</td>
<td>5½</td>
</tr>
<tr>
<td></td>
<td>1965</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1968</td>
<td>6¼</td>
</tr>
<tr>
<td>D. Tax rate for self-employed</td>
<td></td>
<td>Do.</td>
</tr>
<tr>
<td>E. Tax rate for employees and employers</td>
<td>Calendar years:</td>
<td>Do.</td>
</tr>
<tr>
<td></td>
<td>1960-62</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>1963-65</td>
<td>3½</td>
</tr>
<tr>
<td></td>
<td>1966-68</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>1969 and after</td>
<td>4½</td>
</tr>
</tbody>
</table>
MEDICAL SERVICES FOR THE AGED

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

<table>
<thead>
<tr>
<th>State</th>
<th>Percent</th>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>79.15</td>
<td>Montana</td>
<td>54.07</td>
</tr>
<tr>
<td>Alaska</td>
<td>50.00</td>
<td>Nebraska</td>
<td>63.41</td>
</tr>
<tr>
<td>Arizona</td>
<td>63.23</td>
<td>Nevada</td>
<td>50.00</td>
</tr>
<tr>
<td>Arkansas</td>
<td>80.00</td>
<td>New Hampshire</td>
<td>57.91</td>
</tr>
<tr>
<td>California</td>
<td>50.00</td>
<td>New Jersey</td>
<td>50.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>53.42</td>
<td>New Mexico</td>
<td>67.99</td>
</tr>
<tr>
<td>Connecticut</td>
<td>50.00</td>
<td>New York</td>
<td>50.00</td>
</tr>
<tr>
<td>Delaware</td>
<td>50.00</td>
<td>North Carolina</td>
<td>77.46</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>50.00</td>
<td>North Dakota</td>
<td>74.18</td>
</tr>
<tr>
<td>Florida</td>
<td>59.68</td>
<td>Ohio</td>
<td>50.00</td>
</tr>
<tr>
<td>Georgia</td>
<td>74.36</td>
<td>Oklahoma</td>
<td>67.54</td>
</tr>
<tr>
<td>Guam</td>
<td>50.00</td>
<td>Oregon</td>
<td>52.68</td>
</tr>
<tr>
<td>Hawaii</td>
<td>53.38</td>
<td>Pennsylvania</td>
<td>50.00</td>
</tr>
<tr>
<td>Idaho</td>
<td>67.04</td>
<td>Puerto Rico</td>
<td>50.00</td>
</tr>
<tr>
<td>Illinois</td>
<td>50.00</td>
<td>Rhode Island</td>
<td>50.00</td>
</tr>
<tr>
<td>Indiana</td>
<td>50.00</td>
<td>South Carolina</td>
<td>80.00</td>
</tr>
<tr>
<td>Iowa</td>
<td>63.23</td>
<td>South Dakota</td>
<td>75.42</td>
</tr>
<tr>
<td>Kansas</td>
<td>60.78</td>
<td>Tennessee</td>
<td>76.55</td>
</tr>
<tr>
<td>Kentucky</td>
<td>76.94</td>
<td>Texas</td>
<td>61.36</td>
</tr>
<tr>
<td>Louisiana</td>
<td>72.00</td>
<td>Utah</td>
<td>65.00</td>
</tr>
<tr>
<td>Maine</td>
<td>65.23</td>
<td>Vermont</td>
<td>65.82</td>
</tr>
<tr>
<td>Maryland</td>
<td>50.00</td>
<td>Virgin Islands</td>
<td>50.00</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>50.00</td>
<td>Virginia</td>
<td>65.44</td>
</tr>
<tr>
<td>Michigan</td>
<td>50.00</td>
<td>Washington</td>
<td>50.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>58.57</td>
<td>West Virginia</td>
<td>72.69</td>
</tr>
<tr>
<td>Mississippi</td>
<td>80.00</td>
<td>Wisconsin</td>
<td>54.50</td>
</tr>
<tr>
<td>Missouri</td>
<td>53.42</td>
<td>Wyoming</td>
<td>50.92</td>
</tr>
</tbody>
</table>

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.
### 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Old-age assistance medical program.</td>
<td>The following formula is applicable for a combined program which includes both money payments and vendor expenditures for medical care. <strong>A. Matching formula.</strong> Federal matching share is $24 of the 1st $30 (% 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.</td>
<td>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 those 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. Bill: Sec. 601. 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):</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Federal percentage</th>
<th>State</th>
<th>Federal percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>65.00</td>
<td>Alabama</td>
<td>80.00</td>
</tr>
<tr>
<td>Alaska</td>
<td>50.00</td>
<td>Alaska</td>
<td>65.00</td>
</tr>
<tr>
<td>Arizona</td>
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<tr>
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<td>65.00</td>
<td>Arkansas</td>
<td>80.00</td>
</tr>
<tr>
<td>California</td>
<td>50.00</td>
<td>California</td>
<td>(!)</td>
</tr>
<tr>
<td>Colorado</td>
<td>53.42</td>
<td>Colorado</td>
<td>(!)</td>
</tr>
<tr>
<td>Connecticut</td>
<td>50.00</td>
<td>Connecticut</td>
<td>(!)</td>
</tr>
<tr>
<td>Delaware</td>
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<tr>
<td>District of Columbia</td>
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<td>District of Columbia</td>
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<tr>
<td>Florida</td>
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<tr>
<td>Georgia</td>
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<tr>
<td>Guam</td>
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<td>65.00</td>
</tr>
</tbody>
</table>

See footnotes at bottom of p 16.
## MEDICAL SERVICES FOR THE AGED—Continued

### II. Old-age assistance medical program—Continued

#### A. Matching formula—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>State:</td>
<td>Federal percentage</td>
<td>State:</td>
</tr>
<tr>
<td>Hawaii</td>
<td>53.38</td>
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</tr>
<tr>
<td>Idaho</td>
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</tr>
<tr>
<td>Illinois</td>
<td>50.00</td>
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</tr>
<tr>
<td>Indiana</td>
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</tr>
<tr>
<td>Iowa</td>
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</tr>
<tr>
<td>Kansas</td>
<td>60.78</td>
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</tr>
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<td>Kentucky</td>
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</tr>
<tr>
<td>Louisiana</td>
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</tr>
<tr>
<td>Maine</td>
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</tr>
<tr>
<td>Maryland</td>
<td>50.00</td>
<td>Maryland</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>50.00</td>
<td>Massachusetts</td>
</tr>
<tr>
<td>Michigan</td>
<td>50.00</td>
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</tr>
<tr>
<td>Minnesota</td>
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</tr>
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<td>Mississippi</td>
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</tr>
<tr>
<td>Missouri</td>
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</tr>
<tr>
<td>Montana</td>
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<td>Nebraska</td>
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<td>Nevada</td>
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<td>New Hampshire</td>
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<td>New Jersey</td>
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<td>New Mexico</td>
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</tr>
<tr>
<td>New York</td>
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</tr>
<tr>
<td>North Carolina</td>
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</tr>
<tr>
<td>North Dakota</td>
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</tr>
<tr>
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<td>Pennsylvania</td>
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</tr>
<tr>
<td>Puerto Rico</td>
<td>50.00</td>
<td>Puerto Rico</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>50.00</td>
<td>Rhode Island</td>
</tr>
<tr>
<td>South Carolina</td>
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<td>South Carolina</td>
</tr>
<tr>
<td>South Dakota</td>
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<td>South Dakota</td>
</tr>
<tr>
<td>Tennessee</td>
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</tr>
<tr>
<td>Texas</td>
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</tr>
<tr>
<td>Utah</td>
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</tr>
<tr>
<td>Vermont</td>
<td>65.00</td>
<td>Vermont</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>50.00</td>
<td>Virgin Islands</td>
</tr>
<tr>
<td>Virginia</td>
<td>65.00</td>
<td>Virginia</td>
</tr>
<tr>
<td>Washington</td>
<td>50.00</td>
<td>Washington</td>
</tr>
<tr>
<td>West Virginia</td>
<td>65.00</td>
<td>West Virginia</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>54.60</td>
<td>Wisconsin</td>
</tr>
<tr>
<td>Wyoming</td>
<td>50.92</td>
<td>Wyoming</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Old-age assistance medical program—Continued</td>
<td>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.</td>
<td>Extends definition by making exclusion applicable only to pulmonary tuberculosis or psychosis. Bill: Sec. 601.</td>
</tr>
<tr>
<td>B. Definition of old-age assistance</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>III. Medical care guides and reports.</td>
<td>No provision.</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>As reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Maternal and child health services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Allotment to States.</td>
<td>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].</td>
<td>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.</td>
</tr>
<tr>
<td>C. Special project grants.</td>
<td>No specific provision in the law.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>II. Crippled children’s services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Allotment to States.</td>
<td>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.</td>
<td>Same as I-B above.</td>
</tr>
<tr>
<td>C. Special project grants.</td>
<td>No specific provision in the law.</td>
<td>Same as I-C above. Bill: Sec. 707.</td>
</tr>
</tbody>
</table>
### MATERNAL AND CHILD WELFARE SERVICES—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Child welfare services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Allotment to States.</td>
<td>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.</td>
<td>Changes the $60,000 to $70,000. Bill: Sec. 707.</td>
</tr>
<tr>
<td>C. Research and demonstration projects.</td>
<td>No provision.</td>
<td>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.</td>
</tr>
</tbody>
</table>

### EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Federal unemployment account.</td>
<td>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.</td>
<td>The amount authorized as a balance in the Federal unemployment account is increased to $500 million. Bill: Sec. 501(a).</td>
</tr>
</tbody>
</table>
EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Present law</th>
<th>H.R. 12580 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Advances to States:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Eligibility for advances.</td>
<td>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.</td>
<td>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).</td>
</tr>
<tr>
<td>B. Amount of advances.</td>
<td>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.</td>
<td>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).</td>
</tr>
<tr>
<td>C. Repayment of advances.</td>
<td>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. 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.</td>
<td>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.</td>
</tr>
<tr>
<td>Item</td>
<td>Present law</td>
<td>H.R. 12380 as reported</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>II. Advances to States—Con.</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>C. Repayment of advances—Con.</td>
<td></td>
<td>Bill: Sec. 503.</td>
</tr>
</tbody>
</table>
### 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)

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Alaska</td>
<td>No</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Arizona</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Yes</td>
<td>Yes¹</td>
<td>As recommended by physician for all acute illnesses and injuries. General rule: 30 days a year; extension possible.</td>
<td>No ²</td>
<td>$90 maximum, plus $5 in money payment for personal needs.</td>
<td>Yes</td>
</tr>
<tr>
<td>California</td>
<td>Yes</td>
<td>Yes</td>
<td>No (vendor payments for OAA recipients in public medical insti-</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Other resources for medical care available to old-age assistance (OAA) recipients

- **Alabama**: 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**: 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-rehabilitative 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**: 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**: Nursing home care provided through money payment of $115 or $95 maximum (depending on recipients income). Hospitalization available in
<table>
<thead>
<tr>
<th>State</th>
<th>Yes/No (Medicaid)</th>
<th>Yes/No (Medicare)</th>
<th>Reimbursement Condition</th>
<th>Money Payment or Vendor Payment</th>
<th>Yes/No Moldova Care Provided through Money Payment/Rate</th>
<th>Budgetary Deficit Up to Approved Rate/Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>Yes/Yes</td>
<td>Yes</td>
<td>All recommended by physician, except for purpose of diagnosis only. General rule: 30 days; extension possible.</td>
<td>All recommended by physician for definitive medical treatment. No limitation on number of days.</td>
<td>Yes/Yes/No</td>
<td>Nursing home care provided through money payment to recipient. Pay budgetary deficit up to approved rate. Maximum rate: $212.33.</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Yes/Yes</td>
<td>No</td>
<td>All recommended by physician for definitive medical treatment. No limitation on number of days.</td>
<td>No</td>
<td>No/No/Yes</td>
<td>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.</td>
</tr>
<tr>
<td>Delaware</td>
<td>No/No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No/No/No</td>
<td>Nursing home care provided through money payment to $100 maximum, plus $10 for personal needs. Drugs available through State Public Aid.</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Yes/Yes</td>
<td>Yes</td>
<td>All essential surgical and medical care and treatment. No limitation on number of days.</td>
<td>No</td>
<td>No/Yes/No</td>
<td>Nursing home care provided through money payment to 68 maximum, which may be supplemented from other sources up to rate determined for community.</td>
</tr>
<tr>
<td>Florida</td>
<td>Yes/No</td>
<td>No</td>
<td>Limited to acute injuries and illness. Maximum: 30 days a year.</td>
<td>Yes</td>
<td>No/No/No</td>
<td>Nursing home care provided through money payment to 68 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.</td>
</tr>
<tr>
<td>Georgia</td>
<td>No/No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No/No/No</td>
<td>Nursing home care provided through money payment to 68 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.</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Practitioner</th>
<th>Hospitalization (including controls or limitations on hospital days)</th>
<th>Drugs</th>
<th>Nursing home care</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guam</td>
<td>No...</td>
<td>No...</td>
<td>No...</td>
<td>No...</td>
<td>No...</td>
<td>No...</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Yes...</td>
<td>No...</td>
<td>All recommended by physician except Hansen's disease (leprosy). No day limitation.</td>
<td>No...</td>
<td>No...</td>
<td>Yes...</td>
</tr>
<tr>
<td>Idaho</td>
<td>Yes...</td>
<td>No...</td>
<td>No...</td>
<td>No...</td>
<td>$150 maximum, plus money payment for personal needs; maximum may be exceeded.</td>
<td>No...</td>
</tr>
<tr>
<td>Illinois</td>
<td>Yes...</td>
<td>Yes...</td>
<td>All recommended by physician. General rule: 2 weeks, with provision for extension.</td>
<td>Yes...</td>
<td>To meet need for care, not to exceed &quot;going rate&quot; in community.</td>
<td>Yes...</td>
</tr>
<tr>
<td>Indiana</td>
<td>Yes...</td>
<td>Yes...</td>
<td>Limited to nonoperative surgery, injuries, acute illness, diagnosis. No day limitation.</td>
<td>Yes...</td>
<td>Money payment or vendor, as determined by county. Rates negotiated in each county.</td>
<td>Yes...</td>
</tr>
<tr>
<td>Iowa</td>
<td>Yes...</td>
<td>Yes...</td>
<td>No...</td>
<td>Yes...</td>
<td>No...</td>
<td>No...</td>
</tr>
</tbody>
</table>

Other resources for medical care available to old-age assistance (OAA) recipients:

- Hospitalization and other medical care available through Government hospital.
- 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.
- 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.
- Scope of medical care determined by individual counties in line with content recommended by State agency.
- 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.
<table>
<thead>
<tr>
<th>State</th>
<th>Yes</th>
<th>Yes</th>
<th>Yes</th>
<th>No</th>
<th>Yes</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>No</td>
<td></td>
<td></td>
<td>All recommended by physician. No day limitation. Nursing home care provided through money payment to meet budgetary deficit of recipient up to the local rate. No statewide rates or ranges.</td>
</tr>
<tr>
<td>Kentucky</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td>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.</td>
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<td>Louisiana</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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<td></td>
<td>$110 maximum, plus $17 money payment for personal needs. $105 money payment in home not subject to license. Practitioner services paid by vendor payment in nursing home cases only; in other circumstances, provided through money payment. Hospitalization available through State hospital program.</td>
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<tr>
<td>Maine</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
<td>$65 maximum money payment, remainder by vendor payment up to $130 or $165. Other medical care must be met by recipient from money payment. OAA maximum is $65.</td>
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<td>Maryland</td>
<td>Yes</td>
<td>Yes</td>
<td>All</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing home care provided through money payment up to $115.50 for total care. Maximum of $100, $200, $210 (according to group into which county is classified) on total money payment for total needs of recipient.</td>
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<td>Massachusetts</td>
<td>Yes</td>
<td>Yes</td>
<td>All</td>
<td>Yes</td>
<td></td>
<td></td>
<td>$6.50 maximum a day; may be exceeded. All other medical needs are met.</td>
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<td>Michigan</td>
<td>Yes</td>
<td>Applicable only if connected with hospitalization.</td>
<td>Applicable only if connected with hospitalization.</td>
<td>No</td>
<td>Applicable only if connected with hospitalization.</td>
<td>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.</td>
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<td>State</td>
<td>Vendor payment method used</td>
<td>Practitioner</td>
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<td>Other resources for medical care available to old-age assistance (OAA) recipients</td>
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<td>Minnesota</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 30 days; extension on recommendation of county medical advisory committee.</td>
<td>Yes, $60 by money payment, plus vendor up to $150, may be exceeded.</td>
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<td>No</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>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.</td>
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<td>Yes</td>
<td>No</td>
<td>For acute illness and injury when recommended by physician. Maximum: 14 days per hospital admission.</td>
<td>No</td>
<td>No</td>
<td>Nursing home care provided through money payment, $65 maximum, except $100 for &quot;completely bedfast and totally disabled.&quot; Other medical care by money payment. Provisions being revised.</td>
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<td>Montana</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to remedial eye care.</td>
<td>Yes</td>
<td>No</td>
<td>Nursing home care and all other medical care provided through money payment, $85 maximum. &quot;Medical component&quot; of nursing home care paid through general assistance. Vendor payment method limited to prevention of blindness and restoration of sight.</td>
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<td>Nebraska</td>
<td>Yes</td>
<td>No</td>
<td>All recommended by physician. General rule: 31 days; extension possible.</td>
<td>No</td>
<td>Meet budgetary deficit up to fee range negotiated in each county.</td>
<td>Practitioner services and other medical services are in money payment up to $70 maximum for OAA.</td>
<td></td>
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<tr>
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<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. General rule: 14 days; extension possible.</td>
<td>Yes</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>$180 basic; $190, including physician and prescriptions. Cash payment for personal use.</td>
<td>No</td>
<td>All medical care except nursing home provided through money payment. No maximum.</td>
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<td>New Mexico</td>
<td>Yes</td>
<td>Yes</td>
<td>All except elective. No maximum; 7 days with reauthorization required.</td>
<td>Yes</td>
<td>$55 maximum on money payment, plus vendor to $150.</td>
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<tr>
<td>New York</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
<td>Yes</td>
<td>Rates set locally. Personal needs met by money payment.</td>
<td>Yes</td>
<td>Counties have option as to method of payment for each of the services provided, subject to State approval.</td>
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<td>Yes</td>
<td>No</td>
<td>All recommended by physician. Maximum: 180 days.</td>
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<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. Maximum: 60 days.</td>
<td>Yes</td>
<td>Meet budgetary deficit up to maximum rates from $100 to $175.</td>
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<td>Vendor payment method used</td>
<td>Practitioner</td>
<td>Hospitalization (including controls or limitations on hospital days)</td>
<td>Drugs</td>
<td>Nursing home care</td>
<td>Other</td>
<td>Other resources for medical care available to old-age assistance (OAA) recipients</td>
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<td>Ohio</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician; non-elective surgery only, except after special review; 10 days each admission with possible extension.</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing home care provided through money payment to meet budgetary deficit for care needed up to approved rates, $65 to $100.</td>
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<td>Oklahoma</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to life endangering conditions and conditions producing or alleviating blindness; 21 days per admission.</td>
<td>No</td>
<td>$66 maximum on money payment, plus $69 vendor payment.</td>
<td>Yes</td>
<td>Hospitalization limited; no specific items of medical care provided in budgeting for money payment.</td>
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<td>Oregon</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No maximum; reauthorization every 7 days.</td>
<td>Yes</td>
<td>$124 to $184 according to care needed. Personal items in money payment.</td>
<td>Yes</td>
<td>In lieu of nursing-home care, housekeeping or nursing service in own home provided in special payment directly to recipient.</td>
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<td>Pennsylvania</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>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.</td>
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<td>Puerto Rico</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Medical services of all types available from resources of public health department.</td>
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<tr>
<td>Rhode Island</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. Gen-</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Nursing-home care provided through money payment, $182 maximum, de-</td>
</tr>
<tr>
<td>State</td>
<td>Applicable</td>
<td>Acute Illness or Injury</td>
<td>Days Maximum</td>
<td>Payment Rule</td>
<td>Notes</td>
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<tr>
<td>South Carolina</td>
<td>Yes</td>
<td>Acute illness and injury</td>
<td>30 days</td>
<td>(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.</td>
<td>Medicine provided through money payment; OAA maximum, $60.</td>
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<tr>
<td>South Dakota</td>
<td>No</td>
<td>Acute illness or injury</td>
<td>10-day maximum</td>
<td>No</td>
<td>Nursing home care provided through money payment of $75 to $165 depending on type of care needed. Hospitization 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tennessee</td>
<td>Yes</td>
<td>Acute illness or injury, and illnesses and injuries requiring hospitalization</td>
<td>10-day maximum</td>
<td>No</td>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>No</td>
<td></td>
<td></td>
<td>No</td>
<td>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.</td>
<td></td>
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</table>
### TABLES ON PUBLIC ASSISTANCE MEDICAL PROGRAMS—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor payment method used</th>
<th>Vendor payments</th>
<th>Other resources for medical care available to old-age assistance (OAA) recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Practitioner</td>
<td>Hospitalization (including controls or limitations on hospital days)</td>
<td>Drugs</td>
</tr>
<tr>
<td>Utah</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician, except elective surgery. General rule: 30 days; extension possible.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Virgin Islands</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Virginia</td>
<td>Yes</td>
<td>No</td>
<td>Extension of vendor payment provisions to hospital care effective July 1, 1960.</td>
</tr>
<tr>
<td>Washington</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
</tr>
<tr>
<td>State</td>
<td>Eligibility</td>
<td>Pre-authorization</td>
<td>Limitation</td>
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<tr>
<td>West Virginia</td>
<td>Yes</td>
<td>Yes</td>
<td>Limited to acute illness, immediate surgery, diagnostic services; exceptions if will increase capacity for self-care. Maximum 30 days.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation; reauthorization stipulated.</td>
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<td>Wyoming</td>
<td>Yes</td>
<td>Yes</td>
<td>All recommended by physician. No day limitation.</td>
</tr>
<tr>
<td>State</td>
<td>Total</td>
<td>Type of service not reported</td>
<td>Practitioners' services</td>
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<tr>
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<td>Connecticut</td>
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<tr>
<td>District of Columbia</td>
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<td>Florida</td>
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<td>Hawaii</td>
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<td>Federal Payments</td>
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<td>Wyoming</td>
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<tr>
<td>West Virginia</td>
<td>12,619,592</td>
<td>178,078</td>
<td>100,642</td>
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</table>

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 $71,437. 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.
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)
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(1)
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OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

(Title II of Social Security Act)

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E. State plan requirements
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II. Old-age assistance

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B. Matching formula-Federal share
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   B. Allotment to States.
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   A. Federal unemployment tax rate.
   B. Unemployment trust fund.
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      1. Eligibility for advances.
      2. Amount of advances.
      3. Repayment of advances.
# OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

## I. COVERAGE

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>A. Self-employed</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>1. Professional groups</td>
<td>Covers all professional groups except physicians.</td>
<td>No change except—</td>
</tr>
<tr>
<td>2. Ministers</td>
<td>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. Allows election of coverage for present ministers by filing of certificate generally until Apr. 15, 1959.</td>
<td>Extends the period of time generally through Apr. 15, 1962, within which present ministers may elect coverage. Permits the validation of coverage of certain clergy men 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.</td>
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## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

### I. COVERAGE—Continued

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<td><strong>A. Self-employed—Continued</strong></td>
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<tr>
<td>3. Farm operators</td>
<td>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 66% 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.</td>
<td>No change.</td>
</tr>
<tr>
<td>4. Public officials</td>
<td>Excludes individuals performing functions of public officials.</td>
<td>No change.</td>
</tr>
<tr>
<td>5. Newspaper vendors</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>B. Employees</strong></td>
<td></td>
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</table>
| 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. | No change. |
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

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<tr>
<td>2. Domestic workers...</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>3. Casual labor...</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>4. State and local government employees.</td>
<td>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: &lt;br&gt;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. &lt;br&gt;b. Excludes the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered: &lt;br&gt;(1) employees on work relief projects; &lt;br&gt;(2) patients and inmates of institutions who are employed by such institutions; &lt;br&gt;(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. &lt;br&gt;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.</td>
<td>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. No change.</td>
</tr>
</tbody>
</table>

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

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| 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.  
Individuals in positions under retirement systems on Sept. 1, 1954, are precluded from obtaining coverage under the nonretirement system coverage provisions. | Allows employees of a municipal or county hospital to be treated as a separate coverage group if the State so desires.|

**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.

2. Split-system provision. (a) 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.

Add 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

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<tr>
<td>4. State and local government employees—Con.</td>
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<tr>
<td>(2) Policemen and firemen.—Al lows 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.</td>
<td>Adds Virginia to the list.</td>
<td></td>
</tr>
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<td>(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.</td>
<td>No change.</td>
<td></td>
</tr>
<tr>
<td>(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.</td>
<td>Extends cutoff date to July 1, 1961.¹</td>
<td></td>
</tr>
<tr>
<td>d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.</td>
<td>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.</td>
<td>No change.</td>
</tr>
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### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### I. COVERAGE—Continued

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<td>B. Employees—Continued 4. State and local government employees—Con.</td>
<td>e. <em>States liability for contributions.</em>—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.</td>
<td>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 purposes 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.</td>
</tr>
<tr>
<td>5. Employees of nonprofit organizations.</td>
<td>f. <em>Effective date of coverage agreement.</em>—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. 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 3% 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.</td>
<td>Eliminates requirement that 3% of the employees concur in filing a certificate. Effective date: Certificates filed after Sept. 13, 1960.</td>
</tr>
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## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

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<td>B. Employees—Continued 5. Employees of nonprofit organizations—Con.</td>
<td>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 ¾ 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.</td>
<td>Eliminates requirement that ¾ of the employees in the group concur in filing a certificate. Effective date: Certificates filed after Sept. 13, 1960.</td>
</tr>
<tr>
<td>6. Federal employees Excludes employees of the United States or its instrumentalities if—</td>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
   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 interns, student nurses, and other student employees of Federal hospitals; | No change. |
## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
### I. COVERAGE—Continued

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</table>
| 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. |

<table>
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<tr>
<th>7. Students, internes, and nurses in schools and hospitals.</th>
<th>Excludes:</th>
<th>No change.</th>
</tr>
</thead>
</table>
| | 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. interns 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. | |

<p>| 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. |</p>
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<td>9. Members of the Armed Forces.</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>10. Railroad employees.</td>
<td>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.</td>
<td>No change.</td>
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### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
#### L. COVERAGE—Continued

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</tr>
<tr>
<td>11. Family employment.</td>
<td>Excludes persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.</td>
<td>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. No change.</td>
</tr>
<tr>
<td>12. Employees of Communist organizations.</td>
<td>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.</td>
<td>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. No change.</td>
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OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

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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.**

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.

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.)

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.

No change.
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
#### II. PROVISIONS RELATING TO DISABILITY—Continued

<table>
<thead>
<tr>
<th>Item</th>
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</tr>
</thead>
<tbody>
<tr>
<td>B. Eligibility requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Definition</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>2. Waiting period</td>
<td>A 6 months' &quot;waiting period&quot; is required before disability insurance benefits will be paid. Benefits payable for 7th month.</td>
<td>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.</td>
</tr>
</tbody>
</table>
| 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. |
<table>
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<tr>
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<tr>
<td>D. Administrative expenses</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>E. Rehabilitation</td>
<td>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. 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.</td>
<td>No change except— 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. No change.</td>
</tr>
<tr>
<td>F. Suspension of benefits based on disability</td>
<td>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.</td>
<td></td>
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</tbody>
</table>
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### III. BENEFIT CATEGORIES

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<tr>
<th>Item</th>
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<tbody>
<tr>
<td>A. Workers and their dependents:</td>
<td></td>
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</tr>
<tr>
<td>1. Worker—old age...</td>
<td>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 5/6th 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.</td>
<td>No change.</td>
</tr>
<tr>
<td>2. Wife...</td>
<td>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 5/6ths 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.</td>
<td>No change.</td>
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<td>-------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A. Workers and their dependents—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Wife—Continued</td>
<td>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 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 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. <strong>Termination of benefits:</strong> No benefits paid for the month (or subsequent months) that the wife dies, her husband dies, they are divorced a vinculo matrimoni (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. <strong>Definition of wife...</strong> 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.</td>
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</tr>
</tbody>
</table>
III. BENEFIT CATEGORIES—Continued

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 ⅔ 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 ⅔ 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.
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### III. BENEFIT CATEGORIES—Continued

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</table>
| A. Workers and their dependents—Continued  
3. Dependent husband—Continued  
*Definition of husband.* | | Duration of marriage requirement reduced from 3 years to 1 year. Provides benefits for 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 | | Provides benefits for children of workers who had at least 6 quarters of coverage and who died before 1940. A disabled child’s benefit will be paid until the 3d month after his disability ends. |

**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.**

**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—**

- 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
- 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.

**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.
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

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</table>
| 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. 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). 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.
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. | 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. 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. No change. |
### OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued
#### III. BENEFIT CATEGORIES—Continued

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<tbody>
<tr>
<td>A. Workers and their dependents—Continued</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 4. Child—Continued | 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.

Child of retired worker must be dependent at time child applies for benefits. Child of disabled worker must be dependent at beginning of period of disability. | No change. 
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. |
### B. Survivors of deceased workers—Continued

#### 1. Surviving widow—Continued

<table>
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<tbody>
<tr>
<td><strong>Termination of benefits:</strong></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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).</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

#### 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.

**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; and
- b. has not remarried.

### 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

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<tr>
<td>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.</td>
</tr>
<tr>
<td>c. is not entitled to a widow's insurance benefit;</td>
</tr>
<tr>
<td>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.</td>
</tr>
<tr>
<td>Benefits are payable only if worker died after 1939.</td>
</tr>
</tbody>
</table>

**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.

**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—

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</thead>
<tbody>
<tr>
<td>Provides benefits for widows of workers who had at least 6 quarters of coverage and who died before 1940.</td>
</tr>
</tbody>
</table>

#### 3. Surviving former wife divorced (mother's benefit).
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

<table>
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</tr>
<tr>
<td>3. Surviving former wife divorced (mother's benefit)</td>
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</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>c. has not remarried.</td>
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<td></td>
<td>There is an exception to the remarriage requirement in the same manner as for the surviving widow with children (see 2. b. above).</td>
</tr>
<tr>
<td></td>
<td>d. is not entitled to a widow's insurance benefit; and</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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.)</td>
</tr>
</tbody>
</table>

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.
### Old Age, Survivors, and Disability Insurance—Continued

#### III. Benefit Categories—Continued

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<tr>
<td>B. Survivors of deceased workers—Continued</td>
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<tr>
<td>3. Surviving former wife divorced (mother's benefit)</td>
<td>The term “former wife divorced” means a woman divorced from a deceased worker, but only if she meets 1 of the following conditions:</td>
</tr>
<tr>
<td>—Continued</td>
<td>a. is the mother of his son or daughter;</td>
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<td>b. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or</td>
</tr>
<tr>
<td></td>
<td>c. was married to him at the time both of them legally adopted a child under the age of 18; or</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td><strong>Child insurance benefits</strong> 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—</td>
</tr>
<tr>
<td></td>
<td>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;</td>
</tr>
<tr>
<td></td>
<td>b. was dependent (as defined below) upon the deceased worker at the time of his death.</td>
</tr>
<tr>
<td></td>
<td><strong>Termination of benefits:</strong> No benefits paid for the month (and subse-quent 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.</td>
</tr>
<tr>
<td></td>
<td>Provides benefits for children of worker who had at least 6 quarters of coverage and who died before 1940.</td>
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OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

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</tr>
</thead>
<tbody>
<tr>
<td>B. Survivors of deceased workers—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Surviving child—Continued</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>Definition of child...</td>
<td>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.</td>
<td>Deletes (b) so that child may receive benefits based on earnings of his father even though he was living with and receiving more than ¾ of his support from his stepfather.</td>
</tr>
</tbody>
</table>
| 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 ¾ of his support from his stepfather. |                                                                 |
### OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### III. BENEFIT CATEGORIES—Continued

<table>
<thead>
<tr>
<th>Item</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Survivors of deceased workers—Continued</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 4. Surviving child—Con. **Definition of dependency—Continued** | An adopted child is considered dependent upon his *adoptive 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 *adoptive 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, adoptive, 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 adoptive 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

<table>
<thead>
<tr>
<th>Item</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Survivors of deceased workers—Continued</strong>&lt;br&gt;5. Surviving dependent widower—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>An additional period of 2 years is authorized if there was failure to file for good cause.</td>
<td>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 marriage.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Termination of benefits:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

**Widower defined...**<br>The term “widower” means the surviving husband of a deceased woman worker, but only if he meets 1 of the following conditions:<br>a. was married to her for not less than 1 year immediately prior to the date on which she died; or<br>b. is the father of her son or daughter; or<br>c. legally adopted her son or daughter while married to her and while such son or daughter was under age 18; or
## OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

### III. BENEFIT CATEGORIES—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Survivors of deceased workers—Continued</td>
<td></td>
</tr>
<tr>
<td>5. Surviving dependent widower—Con.</td>
<td></td>
</tr>
<tr>
<td>Widower defined—Continued</td>
<td></td>
</tr>
<tr>
<td>d. was married to her at the time both of them legally adopted a child under the age of 18; or</td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>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—</td>
<td></td>
</tr>
<tr>
<td>a. has reached age 65, if the father, and 62 if the mother;</td>
<td></td>
</tr>
<tr>
<td>b. has not remarried after the death of the worker;</td>
<td></td>
</tr>
<tr>
<td>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):</td>
<td></td>
</tr>
<tr>
<td>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 disability 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.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>Termination of benefits:</strong></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

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Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)

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.

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

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<tr>
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<tbody>
<tr>
<td>B. Survivors of deceased workers—Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Surviving dependent parent—Con.</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>The term “parent” means—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. the mother or father of a deceased worker;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. a stepparent of the deceased worker by a marriage contracted before the worker attained the age of 16; or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. an adopting parent who adopted the deceased worker before he or she reached age 16.</td>
<td></td>
</tr>
<tr>
<td>7. Lump-sum death payment.</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>C. Disabled worker</td>
<td>See II, p. 11: Cash disability benefits.</td>
<td></td>
</tr>
</tbody>
</table>
### Item

#### Prior law

| 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.

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 8 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 8 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.

Special provisions—new start.

#### Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)

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.

OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS—Continued

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>B. Recomputations</td>
<td></td>
<td>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:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1) Recalculation to correct errors in original computation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(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 recomputation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5) Other recomputations: Provides several recomputations of limited application.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The following 4 recomputations, which have virtually served their purpose and are obsolete, have been eliminated:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(a) to include 1952 self-employment income of people who died or retired in 1952;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) to give effect to the 1950 provisions (largely superseded in 1954) to raise benefits on account of substantial earnings after entitlement;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(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);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(d) to include for people then already on the rolls wage credits for post-World War II military service (first provided in 1952).</td>
</tr>
</tbody>
</table>
### OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### IV. BENEFIT AMOUNTS—Continued

<table>
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<tbody>
<tr>
<td>C. Benefit formula.</td>
<td>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).</td>
<td>No change.</td>
</tr>
<tr>
<td>D. Minimum primary insurance amount.</td>
<td>$33 a month.</td>
<td>No change.</td>
</tr>
<tr>
<td>E. Maximum family benefits.</td>
<td>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 1 1/2 times the primary amount. (Subject to maximum limitations on total family benefits.)</td>
<td>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.</td>
</tr>
<tr>
<td>1. Wife or husband of insured worker.</td>
<td>1/2 of primary insurance amount.</td>
<td>Provides that the benefits of all surviving children shall equal 1/4 of the deceased workers' primary insurance amount, but subject to the family maximum provisions. Effective December 1960.</td>
</tr>
<tr>
<td>2. Child of insured worker.</td>
<td>3/4 of primary insurance amount.</td>
<td></td>
</tr>
<tr>
<td>3. Widow, widower, former wife divorced, or parent of deceased insured worker.</td>
<td>3/4 of primary insurance amount except minimum benefit is $33 if individual is sole beneficiary entitled.</td>
<td></td>
</tr>
<tr>
<td>4. Child of deceased insured worker.</td>
<td>If only 1 child is entitled to benefits, benefit amount is 1/4 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 1/4 of primary insurance amount plus an additional 1/4 of the primary insurance amount divided equally among all the children, but subject to the family maximum provisions.</td>
<td></td>
</tr>
<tr>
<td>5. Lump-sum death payment.</td>
<td>3 times the primary insurance amount with a statutory maximum of $255.</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### V. CREDITABLE EARNINGS

<table>
<thead>
<tr>
<th>Item</th>
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<tr>
<td></td>
<td>All remuneration for services in covered work is covered except—</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>2. Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness, accident, or disability, etc.</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>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. Provides for the coverage of sick leave payments for State and local employees irrespective of whether they have reached retirement age by stating that &quot;sick pay&quot; as used in the parenthetical exception includes remuneration paid to such employees for periods during which they were absent from work because of sickness.</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>4. Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### VI. INSURED STATUS

#### 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.

<table>
<thead>
<tr>
<th>Year of death, disability, or attainment of retirement age</th>
<th>Required quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior law</td>
<td>1960 amendments</td>
</tr>
<tr>
<td>1953 and earlier</td>
<td>6</td>
</tr>
<tr>
<td>1954</td>
<td>6-7</td>
</tr>
<tr>
<td>1955</td>
<td>8-9</td>
</tr>
<tr>
<td>1956</td>
<td>10-11</td>
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<td>1957</td>
<td>12-13</td>
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<td>1958</td>
<td>14-15</td>
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<td>1959</td>
<td>16-17</td>
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<td>1960</td>
<td>18-19</td>
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<td>1961</td>
<td>20-21</td>
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<tr>
<td>1966</td>
<td>30-31</td>
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<tr>
<td>1971</td>
<td>40</td>
</tr>
<tr>
<td>1976</td>
<td>40</td>
</tr>
<tr>
<td>1981 and after</td>
<td>40</td>
</tr>
</tbody>
</table>

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.
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</thead>
<tbody>
<tr>
<td>A. Fully insured—Continued  Deemed &quot;fully insured&quot;...</td>
<td>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 &quot;deemed&quot; to be fully insured for purposes of survivors' benefits (other than for benefits for former wife divorced).</td>
<td>Removes theoretical distinction between being fully insured and being &quot;deemed&quot; 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.</td>
</tr>
<tr>
<td></td>
<td>Special provision primarily for persons newly covered in 1955 and 1956.</td>
<td>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 widow's benefits.</td>
</tr>
<tr>
<td>B. Currently insured</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>C. Quarter of coverage defined</td>
<td>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.</td>
<td>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 after 1951 in which he has $3,000 in wages. Effective date: generally September 1960.</td>
</tr>
</tbody>
</table>
### VII. RETIREMENT TEST

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior Law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Scope</td>
<td>Applies to covered as well as noncovered work.</td>
<td>No change. 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.</td>
</tr>
<tr>
<td>B. Test of earnings</td>
<td>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. 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.</td>
<td>No change.</td>
</tr>
<tr>
<td>C. Test for noncovered work outside the United States.</td>
<td>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. 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.”</td>
<td>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.</td>
</tr>
<tr>
<td>D. Age exemption</td>
<td>Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.</td>
<td>No change.</td>
</tr>
</tbody>
</table>

### VIII. FINANCING

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior Law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Administration of the trust funds.</td>
<td>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 1/4 of 1 percent each for employers and employees, and 3/4 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).</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### VIII. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Investment of the trust funds.</td>
<td>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. 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 1/4 of 1 percent, is rounded to the nearest multiple of 1/4 of 1 percent. 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.</td>
<td>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. 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.</td>
</tr>
<tr>
<td>C. Review of status of the trust funds: 1. Board of Trustees.</td>
<td>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;</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### OLD AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

#### VIII. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C. Review of status of the trust funds—Continued</strong>&lt;br&gt;1. Board of Trustees—Continued</td>
<td>(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.&lt;br&gt;(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.</td>
<td>Changes requirement so that the Board has to report immediately only if it believes that the amount of either trust fund is unduly small. 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. 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.</td>
</tr>
<tr>
<td><strong>2. Advisory Council</strong>...</td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>
## VIII. FINANCING—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. Maximum taxable amount.</td>
<td>$4,800 a year.</td>
<td>No change.</td>
</tr>
<tr>
<td>E. Tax rate for self-employed.</td>
<td>Taxable years beginning after:</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1958</td>
<td>3¾%</td>
</tr>
<tr>
<td></td>
<td>1959</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>1962</td>
<td>5½%</td>
</tr>
<tr>
<td></td>
<td>1965</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>1968</td>
<td>6¾%</td>
</tr>
<tr>
<td>F. Tax rate for employees and employers.</td>
<td>Calendar years:</td>
<td>No change.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1959</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1960–62</td>
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<tr>
<td></td>
<td></td>
<td>1963–65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1966–68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1969 and after</td>
</tr>
</tbody>
</table>

## IX. MISCELLANEOUS

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Termination of benefits upon deportation.</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>B. Suspension of benefits for certain aliens outside the United States.</td>
<td>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.</td>
<td>No change.</td>
</tr>
</tbody>
</table>
IX. MISCELLANEOUS—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B. Suspension of benefits for certain aliens—Continued</strong></td>
<td>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.)</td>
<td></td>
</tr>
<tr>
<td><strong>C. Loss of benefits upon conviction of certain subversive crimes.</strong></td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>Item</td>
<td>Prior law</td>
<td>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Social Security Amendments of 1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Medical assistance for the aged (new program):</td>
<td>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.</td>
</tr>
<tr>
<td>A. Nature of program</td>
<td>To be eligible an individual—</td>
</tr>
<tr>
<td></td>
<td>(1) Must have attained age 65;</td>
</tr>
<tr>
<td></td>
<td>(2) Must not be a recipient of old-age assistance;</td>
</tr>
<tr>
<td></td>
<td>(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.</td>
</tr>
<tr>
<td>B. Eligibility for assistance.</td>
<td>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:</td>
</tr>
<tr>
<td></td>
<td>(1) Inpatient hospital services;</td>
</tr>
<tr>
<td></td>
<td>(2) Skilled nursing home services;</td>
</tr>
<tr>
<td></td>
<td>(3) Physicians' services;</td>
</tr>
<tr>
<td></td>
<td>(4) Outpatient hospital or clinic services;</td>
</tr>
<tr>
<td></td>
<td>(5) Home health care services;</td>
</tr>
<tr>
<td></td>
<td>(6) Private duty nursing services;</td>
</tr>
<tr>
<td></td>
<td>(7) Physical therapy and related services;</td>
</tr>
<tr>
<td></td>
<td>(8) Dental services;</td>
</tr>
<tr>
<td></td>
<td>(9) Laboratory and X-ray services;</td>
</tr>
<tr>
<td></td>
<td>(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;</td>
</tr>
<tr>
<td></td>
<td>(11) Diagnostic, screening, and preventive services; and,</td>
</tr>
<tr>
<td></td>
<td>(12) Any other medical care or remedial care recognized under State law.</td>
</tr>
<tr>
<td>C. Scope of benefits</td>
<td>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.</td>
</tr>
<tr>
<td>D. Matching formula—Federal share.</td>
<td>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:</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>State</th>
<th>Percent</th>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>79.15</td>
<td>Montana</td>
<td>54.07</td>
</tr>
<tr>
<td>Alaska</td>
<td>50.00</td>
<td>Nebraska</td>
<td>63.41</td>
</tr>
<tr>
<td>Arizona</td>
<td>63.23</td>
<td>Nevada</td>
<td>50.00</td>
</tr>
<tr>
<td>Arkansas</td>
<td>80.00</td>
<td>New Hampshire</td>
<td>57.91</td>
</tr>
<tr>
<td>California</td>
<td>50.00</td>
<td>New Jersey</td>
<td>50.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>53.42</td>
<td>New Mexico</td>
<td>67.99</td>
</tr>
<tr>
<td>Connecticut</td>
<td>50.00</td>
<td>New York</td>
<td>50.00</td>
</tr>
<tr>
<td>Delaware</td>
<td>50.00</td>
<td>North Carolina</td>
<td>77.46</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>50.00</td>
<td>North Dakota</td>
<td>74.18</td>
</tr>
<tr>
<td>Florida</td>
<td>59.68</td>
<td>Ohio</td>
<td>50.00</td>
</tr>
<tr>
<td>Georgia</td>
<td>74.36</td>
<td>Oklahoma</td>
<td>67.54</td>
</tr>
<tr>
<td>Guam</td>
<td>50.00</td>
<td>Oregon</td>
<td>52.58</td>
</tr>
<tr>
<td>Hawaii</td>
<td>53.38</td>
<td>Pennsylvania</td>
<td>50.00</td>
</tr>
<tr>
<td>Idaho</td>
<td>67.04</td>
<td>Puerto Rico</td>
<td>50.00</td>
</tr>
<tr>
<td>Illinois</td>
<td>50.00</td>
<td>Rhode Island</td>
<td>50.00</td>
</tr>
<tr>
<td>Indiana</td>
<td>50.00</td>
<td>South Carolina</td>
<td>80.00</td>
</tr>
<tr>
<td>Iowa</td>
<td>63.23</td>
<td>South Dakota</td>
<td>75.42</td>
</tr>
<tr>
<td>Kansas</td>
<td>60.78</td>
<td>Tennessee</td>
<td>76.55</td>
</tr>
<tr>
<td>Kentucky</td>
<td>76.94</td>
<td>Utah</td>
<td>61.36</td>
</tr>
<tr>
<td>Louisiana</td>
<td>72.00</td>
<td>Vermont</td>
<td>65.00</td>
</tr>
<tr>
<td>Maine</td>
<td>65.23</td>
<td>Virgin Islands</td>
<td>65.82</td>
</tr>
<tr>
<td>Maryland</td>
<td>50.00</td>
<td>Virginia</td>
<td>50.00</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>50.00</td>
<td>Washington</td>
<td>65.44</td>
</tr>
<tr>
<td>Michigan</td>
<td>50.00</td>
<td>Wisconsin</td>
<td>50.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>58.37</td>
<td>West Virginia</td>
<td>72.69</td>
</tr>
<tr>
<td>Mississippi</td>
<td>80.00</td>
<td>Wyoming</td>
<td>54.60</td>
</tr>
<tr>
<td>Missouri</td>
<td>53.42</td>
<td></td>
<td>50.92</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
</table>

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.

- 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 (% 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:

<table>
<thead>
<tr>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>50.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>53.42</td>
</tr>
<tr>
<td>Connecticut</td>
<td>50.00</td>
</tr>
<tr>
<td>Idaho</td>
<td>67.04</td>
</tr>
<tr>
<td>Illinois</td>
<td>50.00</td>
</tr>
<tr>
<td>Iowa</td>
<td>63.23</td>
</tr>
<tr>
<td>Kansas</td>
<td>60.78</td>
</tr>
<tr>
<td>Louisiana</td>
<td>72.00</td>
</tr>
<tr>
<td>Maine</td>
<td>65.23</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>50.00</td>
</tr>
<tr>
<td>Michigan</td>
<td>50.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>58.57</td>
</tr>
<tr>
<td>Nebraska</td>
<td>63.41</td>
</tr>
<tr>
<td>Nevada</td>
<td>50.00</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>57.91</td>
</tr>
<tr>
<td>New Jersey</td>
<td>50.00</td>
</tr>
<tr>
<td>New Mexico</td>
<td>67.99</td>
</tr>
<tr>
<td>New York</td>
<td>50.00</td>
</tr>
<tr>
<td>North Dakota</td>
<td>74.18</td>
</tr>
<tr>
<td>Ohio</td>
<td>50.00</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>67.54</td>
</tr>
<tr>
<td>Oregon</td>
<td>52.58</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>50.00</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>50.00</td>
</tr>
<tr>
<td>Utah</td>
<td>65.00</td>
</tr>
<tr>
<td>Washington</td>
<td>50.00</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>54.60</td>
</tr>
<tr>
<td>Wyoming</td>
<td>50.92</td>
</tr>
</tbody>
</table>

1 Pursuant to Hawaii Omnibus Act.
II. Old-age assistance—Con.

B. Matching formula

<table>
<thead>
<tr>
<th>State—Continued</th>
<th>Federal percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland</td>
<td>50.00</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>50.00</td>
</tr>
<tr>
<td>Michigan</td>
<td>50.00</td>
</tr>
<tr>
<td>Minnesota</td>
<td>58.57</td>
</tr>
<tr>
<td>Mississippi</td>
<td>65.00</td>
</tr>
<tr>
<td>Missouri</td>
<td>53.42</td>
</tr>
<tr>
<td>Montana</td>
<td>54.07</td>
</tr>
<tr>
<td>Nebraska</td>
<td>63.41</td>
</tr>
<tr>
<td>Nevada</td>
<td>50.00</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>57.91</td>
</tr>
<tr>
<td>New Jersey</td>
<td>50.00</td>
</tr>
<tr>
<td>New Mexico</td>
<td>65.00</td>
</tr>
<tr>
<td>New York</td>
<td>50.00</td>
</tr>
<tr>
<td>North Carolina</td>
<td>65.00</td>
</tr>
<tr>
<td>North Dakota</td>
<td>65.00</td>
</tr>
<tr>
<td>Ohio</td>
<td>50.00</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>65.00</td>
</tr>
<tr>
<td>Oregon</td>
<td>52.58</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>50.00</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>50.00</td>
</tr>
<tr>
<td>South Carolina</td>
<td>65.00</td>
</tr>
<tr>
<td>South Dakota</td>
<td>65.00</td>
</tr>
<tr>
<td>Tennessee</td>
<td>65.00</td>
</tr>
<tr>
<td>Texas</td>
<td>61.36</td>
</tr>
<tr>
<td>Utah</td>
<td>65.00</td>
</tr>
<tr>
<td>Vermont</td>
<td>65.00</td>
</tr>
<tr>
<td>Virginia</td>
<td>65.00</td>
</tr>
<tr>
<td>Washington</td>
<td>50.00</td>
</tr>
<tr>
<td>West Virginia</td>
<td>65.00</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>54.60</td>
</tr>
<tr>
<td>Wyoming</td>
<td>50.92</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>State:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>80.00</td>
</tr>
<tr>
<td>Alaska</td>
<td>65.00</td>
</tr>
<tr>
<td>Arizona</td>
<td>78.23</td>
</tr>
<tr>
<td>Arkansas</td>
<td>80.00</td>
</tr>
<tr>
<td>Delaware</td>
<td>65.00</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>65.00</td>
</tr>
<tr>
<td>Florida</td>
<td>74.68</td>
</tr>
<tr>
<td>Georgia</td>
<td>80.00</td>
</tr>
<tr>
<td>Guam</td>
<td>65.00</td>
</tr>
<tr>
<td>Hawaii</td>
<td>68.38</td>
</tr>
<tr>
<td>Indiana</td>
<td>65.00</td>
</tr>
<tr>
<td>Kentucky</td>
<td>80.00</td>
</tr>
<tr>
<td>Maryland</td>
<td>65.00</td>
</tr>
<tr>
<td>Mississippi</td>
<td>80.00</td>
</tr>
<tr>
<td>Missouri</td>
<td>68.42</td>
</tr>
<tr>
<td>Montana</td>
<td>69.07</td>
</tr>
<tr>
<td>North Carolina</td>
<td>80.00</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>65.00</td>
</tr>
<tr>
<td>South Carolina</td>
<td>80.00</td>
</tr>
<tr>
<td>South Dakota</td>
<td>80.00</td>
</tr>
<tr>
<td>Tennessee</td>
<td>80.00</td>
</tr>
<tr>
<td>Texas</td>
<td>76.36</td>
</tr>
<tr>
<td>Vermont</td>
<td>80.00</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>65.00</td>
</tr>
<tr>
<td>Virginia</td>
<td>80.00</td>
</tr>
<tr>
<td>West Virginia</td>
<td>80.00</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. Old-age assistance—Con.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Exclusion of patients, in public, mental, and tuberculosis institutions.</td>
<td>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 psychosia and are patients in medical institutions as a result thereof, or who are inmates in a public institution (other than a medical institution).</td>
<td>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 psychosia for 42 days.</td>
</tr>
<tr>
<td>D. Special formula for Puerto Rico, Virgin Islands, and Guam:</td>
<td>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.</td>
<td>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. Increased Federal matching will be available with the quarter beginning Oct. 1, 1960.</td>
</tr>
<tr>
<td>1. Matching formula.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Dollar limitation.</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>E. Effective date.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. Medical care guides and reports.</td>
<td>No provision.</td>
<td>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.</td>
</tr>
</tbody>
</table>
# Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to Dependent Children

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Matching formulas</td>
<td>The following formulas are applicable for State expenditures which include both money payments and vendor payments for medical care.</td>
<td>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.)</td>
</tr>
<tr>
<td>A. Aid to the blind, and aid to the totally and permanently disabled.</td>
<td>Same as for old-age assistance. (See pp. 43-44.)</td>
<td>No change.</td>
</tr>
<tr>
<td>B. Aid to dependent children.</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>II. Eligibility requirements:</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>A. Aid to dependent children.</td>
<td>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.</td>
<td>No change.</td>
</tr>
<tr>
<td>B. Aid to the permanently and totally disabled.</td>
<td>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.</td>
<td>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. Postpones termination date until June 30, 1964.</td>
</tr>
<tr>
<td>C. Aid to the blind...</td>
<td>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 &quot;needs&quot; test. Expires June 30, 1961.</td>
<td></td>
</tr>
</tbody>
</table>
AID TO THE BLIND, AID TO THE PERMANENTLY AND TOTALLY DISABLED, AND AID TO DEPENDENT CHILDREN—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86–778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Exclusion of patients in public, mental, and tuberculosis institutions.</td>
<td>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.</td>
<td>No change.</td>
</tr>
</tbody>
</table>
### MATERNAL AND CHILD WELFARE SERVICES

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Maternal and child health services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Authorization of annual appropriation.</strong></td>
<td>Authorizes $21,500,000 per year</td>
<td>Authorizes $25 million per year. Effective date: Fiscal year 1961. 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.</td>
</tr>
<tr>
<td><strong>B. Allotment to States.</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>C. Special project grants.</strong></td>
<td>No specific provision in the law</td>
<td>Same as I-C above.</td>
</tr>
<tr>
<td><strong>II. Crippled children's services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Authorization of annual appropriation.</strong></td>
<td>Authorizes $20 million per year</td>
<td>Authorizes $25 million per year. Effective date: Fiscal year 1961. Same as I-B above.</td>
</tr>
<tr>
<td><strong>B. Allotment to States.</strong></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>C. Special project grants.</strong></td>
<td>No specific provision in the law</td>
<td>Same as I-C above.</td>
</tr>
</tbody>
</table>
### MATERNAL AND CHILD WELFARE SERVICES—Continued

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 13, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Child welfare services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Allotment to States.</td>
<td>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.</td>
<td>Changes the $60,000 to $70,000, but provides that the amount shall in no case be less than $50,000.</td>
</tr>
<tr>
<td>C. Research or demonstration projects.</td>
<td>No provision.</td>
<td>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.</td>
</tr>
</tbody>
</table>
### EMPLOYMENT SECURITY (UNEMPLOYMENT COMPENSATION)

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
<th>Law as amended by Social Security Amendments of 1960 (Public Law 86-778) (effective Sept. 12, 1960, unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Coverage</td>
<td>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)).</td>
<td>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 non-profit organization and employees of non-profit 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. 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.</td>
</tr>
<tr>
<td>II. Extension to Puerto Rico...</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>III. Administrative financing:</td>
<td>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.</td>
<td>No change in State accounts.</td>
</tr>
<tr>
<td>A. Federal unemployment tax rate.</td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>
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 $550,000,000 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior law</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Administrative financing—Continued</td>
<td></td>
</tr>
<tr>
<td>C. Advances to the States:</td>
<td></td>
</tr>
<tr>
<td>1. Eligibility for advances.</td>
<td>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.</td>
</tr>
<tr>
<td>2. Amount of advances.</td>
<td>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.</td>
</tr>
<tr>
<td>3. Repayment of advances.</td>
<td>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. 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.</td>
</tr>
</tbody>
</table>

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.
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
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.

# # #
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 services, 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

NO. 316

SSA-OASI
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

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.
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
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 to 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. 35-239, 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 teachers 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.

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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.

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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
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.
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.
Coverage - General (Continued)

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 $30 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 deliberations 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 deliberation 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 l-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 l-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 childhood 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.
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
Director

Attachments
## Effective Dates for PL 86-778

### Provisions Affecting Monthly Benefits

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**PROVISIONS AFFECTING LUMP-SUM DEATH PAYMENTS ONLY**

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<td>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.</td>
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<td>Coverage of NE in Guam and American Samoa. Summary 1500-B</td>
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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
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
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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 disability 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 DI8 based on an application filed after 1960, or

2. Dies after 1960 without having become entitled to DI8 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. Obsolete 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:

<table>
<thead>
<tr>
<th>PIA</th>
<th>MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>$66</td>
<td>$99.10</td>
</tr>
<tr>
<td>67</td>
<td>102.40</td>
</tr>
<tr>
<td>68</td>
<td>106.50</td>
</tr>
<tr>
<td>69</td>
<td>110.50</td>
</tr>
<tr>
<td>70</td>
<td>113.80</td>
</tr>
<tr>
<td>71</td>
<td>117.90</td>
</tr>
<tr>
<td>72</td>
<td>121.90</td>
</tr>
<tr>
<td>73</td>
<td>125.20</td>
</tr>
<tr>
<td>74</td>
<td>129.30</td>
</tr>
<tr>
<td>75</td>
<td>133.30</td>
</tr>
<tr>
<td>76</td>
<td>136.60</td>
</tr>
<tr>
<td>77</td>
<td>140.70</td>
</tr>
<tr>
<td>78</td>
<td>144.70</td>
</tr>
<tr>
<td>79</td>
<td>148.00</td>
</tr>
<tr>
<td>80</td>
<td>152.10</td>
</tr>
<tr>
<td>81</td>
<td>156.10</td>
</tr>
</tbody>
</table>

$82  $99.10 $160.20
83   102.40 163.40
84   106.50 167.50
85   110.50 171.60
86   113.80 174.80
87   117.90 178.90
88   121.90 183.00
89   125.20 186.20
90   129.30 190.30
91   133.30 194.40
92   136.60 197.60
93   140.70 201.70
94   144.70 205.80
95   148.00 206.60
96   152.10 206.60
97   156.10 206.60

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 C's where the PIA is $100 and
the maximum family benefit is $221.60; C4 entitled
under invalid marriage provisions.

<table>
<thead>
<tr>
<th>August 1960</th>
<th>September 1960</th>
<th>December 1960</th>
<th>C3 Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>E -</td>
<td>66.50</td>
<td>66.50</td>
<td>66.50</td>
</tr>
<tr>
<td>C1-</td>
<td>51.80</td>
<td>51.80</td>
<td>51.80</td>
</tr>
<tr>
<td>C2-</td>
<td>51.80</td>
<td>51.80</td>
<td>51.80</td>
</tr>
<tr>
<td>C3-</td>
<td>51.80</td>
<td>51.80</td>
<td>51.80</td>
</tr>
<tr>
<td>C4-</td>
<td>Not entitled</td>
<td>41.60</td>
<td>44.40</td>
</tr>
</tbody>
</table>

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.)
A. WIPE 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 wedding 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 was 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.
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.
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.
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 IS 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.
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 than 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 than 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, 1951, 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 SELF-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.
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

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Social Security Administration
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,
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 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 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. 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 States.

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 McNamarra 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 2% 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.)

**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. 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."

S. 3784, introduced by Senator Balstonstall 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 $80 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 33 1/3 percent (in the richest State) to 66 2/3 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 to consider 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 conference 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 $3,500,000 to $3,000,000 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 $50 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 including 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. 3794, 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. 12350 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 conference 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 conference 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, 1958, 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, 1963, 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 12 1/2 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 Fleming 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.¹

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

¹ 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 employment 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*
Old-Age, Survivors, and Disability Insurance: Financing Basis and Policy Under the 1960 Amendments

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, 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
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 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 earnings.
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:

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Employee rate (same for em-</th>
<th>Rate for self-employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-52</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>1953-55</td>
<td>3½%</td>
<td>3%</td>
</tr>
<tr>
<td>1956-58</td>
<td>4%</td>
<td>3½%</td>
</tr>
<tr>
<td>1959 and thereafter</td>
<td>4½%</td>
<td>8½%</td>
</tr>
</tbody>
</table>

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. 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

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*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 3 1/2 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, based on intermediate-cost estimate

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Date of estimate</th>
<th>Benefit costs</th>
<th>Contributions</th>
<th>Actuarial balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age, survivors, and disability insurance</td>
<td>1950</td>
<td>6.05</td>
<td>5.96</td>
<td>-0.10</td>
</tr>
<tr>
<td>1952 act</td>
<td>1952</td>
<td>5.85</td>
<td>5.76</td>
<td>-0.09</td>
</tr>
<tr>
<td>1954 act</td>
<td>1954</td>
<td>6.62</td>
<td>6.05</td>
<td>-0.57</td>
</tr>
<tr>
<td>1956 act</td>
<td>1956</td>
<td>7.50</td>
<td>7.12</td>
<td>-0.38</td>
</tr>
<tr>
<td>1958 act</td>
<td>1958</td>
<td>7.45</td>
<td>7.26</td>
<td>-0.19</td>
</tr>
<tr>
<td>1960 act</td>
<td>1960</td>
<td>8.25</td>
<td>7.93</td>
<td>-0.32</td>
</tr>
<tr>
<td>1962 act</td>
<td>1962</td>
<td>8.76</td>
<td>8.52</td>
<td>-0.24</td>
</tr>
<tr>
<td>1964 act</td>
<td>1964</td>
<td>8.73</td>
<td>8.68</td>
<td>-0.05</td>
</tr>
<tr>
<td>1966 act</td>
<td>1966</td>
<td>8.98</td>
<td>8.68</td>
<td>-0.30</td>
</tr>
</tbody>
</table>

| Old-age and survivors insurance | 1956 | 7.43 | 7.23 | -0.20 |
| 1958 | 7.90 | 7.83 | -0.07 |
| 1960 | 8.27 | 8.02 | -0.25 |
| 1962 | 8.38 | 8.18 | -0.20 |
| 1964 | 8.42 | 8.18 | -0.24 |

| Disability insurance | 1956 | 0.42 | 0.49 | +0.07 |
| 1958 | 0.85 | 0.50 | +0.35 |
| 1960 | 0.49 | 0.50 | +0.01 |
| 1962 | 0.54 | 0.50 | +0.04 |
| 1964 | 0.56 | 0.50 | -0.06 |

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 1950 act; data for earlier years are for the old-age and survivors insurance program only.
5 Elimination of second waiting period for recurrence of disability within 5 years and liberalization of trial work period.

### 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Change under 1960 act (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age and survivors insurance benefits:</td>
<td></td>
</tr>
<tr>
<td>Lack of balance (−) under 1958 act</td>
<td>−0.20</td>
</tr>
<tr>
<td>Increase in child survivor benefits</td>
<td>−0.02</td>
</tr>
<tr>
<td>Liberalization of retirement test</td>
<td>−0.02</td>
</tr>
<tr>
<td>Liberalization of fully insured status</td>
<td>−0.02</td>
</tr>
<tr>
<td>Improved yield of trust fund investments</td>
<td>+0.02</td>
</tr>
<tr>
<td>Effect of increased coverage</td>
<td>−0.15</td>
</tr>
<tr>
<td>Lack of balance (−)</td>
<td>−0.34</td>
</tr>
<tr>
<td>Disability insurance benefits:</td>
<td></td>
</tr>
<tr>
<td>Surplus (+) under 1958 act</td>
<td>+0.15</td>
</tr>
<tr>
<td>Elimination of age-50 requirement</td>
<td>−0.30</td>
</tr>
<tr>
<td>Other changes (−)</td>
<td>−0.01</td>
</tr>
<tr>
<td>Lack of balance (−)</td>
<td>−0.06</td>
</tr>
</tbody>
</table>

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 $1.5 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 $50 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, by type of benefit, based on intermediate-cost estimate at 3.02-percent interest

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Railroad-retirement-financial-interchange</th>
<th>Interest in fund</th>
<th>Balance in fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>3,819</td>
<td>3,849</td>
<td>1,257</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>4,963</td>
<td>5,134</td>
<td>1,482</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>5,682</td>
<td>5,865</td>
<td>1,656</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 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

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Railroad-retirement-financial-interchange</th>
<th>Interest in fund</th>
<th>Balance in fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>3,819</td>
<td>3,849</td>
<td>1,257</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>1,482</td>
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<td></td>
<td></td>
</tr>
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<td>1956</td>
<td>5,682</td>
<td>5,865</td>
<td>1,656</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

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.


5 Figures for 1964 and 1965 are artificial high and for 1966 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 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 $11 billion in 1970, $88 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 1986, 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 4.—Estimated progress of the disability insurance trust fund under the 1960 act, high-employment assumptions, based on intermediate-cost estimate at 3.02-percent interest**

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund</th>
<th>Balance in fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual data:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>$202</td>
<td>$57</td>
<td>$13</td>
<td>$7</td>
<td>$949</td>
</tr>
<tr>
<td>Estimated data (short-range estimate):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>998</td>
<td>249</td>
<td>12</td>
<td>23</td>
<td>1,579</td>
</tr>
<tr>
<td>1958</td>
<td>891</td>
<td>457</td>
<td>70</td>
<td>41</td>
<td>1,528</td>
</tr>
<tr>
<td>1960</td>
<td>691</td>
<td>284</td>
<td>41</td>
<td>18</td>
<td>1,532</td>
</tr>
<tr>
<td>1965</td>
<td>1,422</td>
<td>570</td>
<td>53</td>
<td>2,276</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>1,096</td>
<td>864</td>
<td>51</td>
<td>2,754</td>
<td></td>
</tr>
<tr>
<td>1967</td>
<td>1,002</td>
<td>724</td>
<td>43</td>
<td>2,957</td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td>1,226</td>
<td>978</td>
<td>85</td>
<td>3,148</td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td>1,154</td>
<td>1,029</td>
<td>77</td>
<td>3,333</td>
<td></td>
</tr>
</tbody>
</table>

**Table 5.—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**

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Contributions</th>
<th>Benefit payments</th>
<th>Administrative expenses</th>
<th>Interest on fund</th>
<th>Balance in fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-cost estimate:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>$35,069</td>
<td>$15,790</td>
<td>$220</td>
<td>$2,651</td>
<td>$54,529</td>
</tr>
<tr>
<td>1975</td>
<td>21,875</td>
<td>16,398</td>
<td>240</td>
<td>2,761</td>
<td>51,933</td>
</tr>
<tr>
<td>1980</td>
<td>21,521</td>
<td>21,018</td>
<td>250</td>
<td>1,812</td>
<td>50,494</td>
</tr>
<tr>
<td>1985</td>
<td>34,065</td>
<td>27,867</td>
<td>323</td>
<td>7,521</td>
<td>59,577</td>
</tr>
<tr>
<td>High-cost estimate:</td>
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<tr>
<td>1970</td>
<td>19,361</td>
<td>15,476</td>
<td>240</td>
<td>2,288</td>
<td>36,974</td>
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<tr>
<td>1975</td>
<td>21,478</td>
<td>19,593</td>
<td>250</td>
<td>1,913</td>
<td>44,999</td>
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<tr>
<td>1980</td>
<td>22,932</td>
<td>25,034</td>
<td>270</td>
<td>680</td>
<td>50,596</td>
</tr>
<tr>
<td>1985</td>
<td>28,888</td>
<td>30,355</td>
<td>300</td>
<td>800</td>
<td>52,933</td>
</tr>
</tbody>
</table>

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 income, which more than meet the administrative expenses disbursements and any financial interchange with the railroad retirement program.
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 1963.
5 Includes reimbursement for additional cost of noncontributory credit for military service.
6 A positive figure indicates payments to the trust fund from the railroad retirement account, and a negative figure indicates the reverse.
7 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

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Low-cost estimate</th>
<th>High-cost estimate</th>
<th>Intermediate-cost estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contributions</td>
<td>Benefit payments</td>
<td>Administrative expenses</td>
</tr>
<tr>
<td>Low-cost estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>1,180</td>
<td>804</td>
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<tr>
<td>1980</td>
<td>1,287</td>
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<td>55</td>
</tr>
<tr>
<td>1990</td>
<td>1,601</td>
<td>1,160</td>
<td>56</td>
</tr>
<tr>
<td>2000</td>
<td>2,004</td>
<td>1,373</td>
<td>78</td>
</tr>
</tbody>
</table>

High-cost estimate

| 1970          | 1,174   | 525   | 59   | 42   | 1,089  |
| 1980          | 1,283   | 1,702 | 62   | (1)  | (1)    |
| 1990          | 1,343   | 1,943 | 66   | (1)  | (1)    |
| 2000          | 1,699   | 2,222 | 82   | (1)  | (1)    |

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.


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
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.
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</tr>
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<td>Disability</td>
<td>44</td>
</tr>
</tbody>
</table>
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 disability 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 8 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. Obsolete Recomputations.--The amendments provide a cut-off date for the filing of applications for certain obsolete 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 OAI 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:

<table>
<thead>
<tr>
<th>PIA</th>
<th>MAXIMUM</th>
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<td>81</td>
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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 C's where the PIA is $100 and the maximum family benefit is $221.60; C4 entitled under invalid marriage provisions.

<table>
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<th></th>
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<td>41.60</td>
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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.)
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.
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.
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.
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.
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 Concurrent 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 than 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 than 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, 1951, 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 reporting 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 SELF-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.
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.
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. ROUNCING 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 G, 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
SOCIAL SECURITY AMENDMENTS OF 1960

$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.
SOCIAL SECURITY AMENDMENTS OF 1960

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.
SOCIAL SECURITY AMENDMENTS OF 1960

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-
Social Security Amendments of 1960

...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 \( \frac{33}{3} \) to \( \frac{66}{3} \) 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 make-ready 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 population 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

<table>
<thead>
<tr>
<th>State</th>
<th>Total aged 65 and over 1</th>
<th>Under Medicare program</th>
<th>Participants</th>
<th>Total</th>
<th>Now receiving old-age assistance</th>
<th>Others 4</th>
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<td></td>
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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.

<table>
<thead>
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<th>State</th>
<th>Total aged 65 and over</th>
<th>Eligible</th>
<th>Participants</th>
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<td>Under medicare program</td>
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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 75 percent of the non-old-age-assistance eligibles will participate.

3 Less than 500.

### Table 2.—Medicare program: Total estimated annual expenditures by State, if all States participate, as of Jan. 1, 1960

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<th>Enrollment fees paid by participants</th>
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<td></td>
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See footnotes at end of table.
### SOCIAL SECURITY AMENDMENTS OF 1960

#### Table 2.—Medicare program: Total estimated annual expenditures $^1$ by State, if all States participate, as of Jan. 1, 1960—Continued

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<th>Enrollment fees paid by participants</th>
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1. Cost of benefits—$9 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 33 1/3 percent to 66 2/3 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

(Tables in millions)

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<th>Total expenditures under medicare proposal</th>
<th>Present OAA expenditures—vendor and money payments for medical services</th>
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</table>

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, 1980

(In millions)

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<th>State</th>
<th>Total combined change resulting from medicare proposal (medicare and OAA program)</th>
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1 Less than $5,000.
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]

<table>
<thead>
<tr>
<th>State</th>
<th>Combined expenditures for persons aged 65 and over—Medicare and OAA programs</th>
<th>Resulting increase over present total assistance expenditures for OAA recipients</th>
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1 Data on 1958 expenditures from State-local funds not available.

2 Less than $50,000.
**SOCIAL SECURITY AMENDMENTS OF 1960**

**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**

(In millions)

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<th>State</th>
<th>Taxable earnings</th>
<th>1 percent of taxable wages plus 1/4 percent of self-employment income</th>
<th>1/4 percent of taxable wages plus 3/4 percent of self-employment income</th>
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1 Preliminary: State represents place where workers are employed (with the exception of Armed Forces and instrumentality shown separately).
2 Includes earnings of employees in the Canal Zone and outside the United States, not shown separately.
3 Represents instrumentality operated by 2 or more States, such as bridges, waterways, tunnels, oil conservation operations, etc.