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90th Congress  
1st Session

COMMITTEE PRINT

COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES

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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,  
SURVIVORS, DISABILITY, AND HEALTH INSUR-  
ANCE SYSTEM AS MODIFIED BY H.R. 12080 AS  
PASSED BY THE HOUSE OF REPRESENTATIVES,  
AS REPORTED TO THE SENATE, AND AS PASSED  
BY THE SENATE



NOVEMBER 27, 1967

Prepared for the use of the Committee on Ways and Means  
by Robert J. Myers, actuary to the committee

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**ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS,  
DISABILITY, AND HEALTH INSURANCE SYSTEM AS MODIFIED  
BY H.R. 12080 AS PASSED BY THE HOUSE OF REPRESENTA-  
TIVES, AS REPORTED TO THE SENATE AND AS PASSED BY THE  
SENATE**

**I. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS,  
AND DISABILITY INSURANCE SYSTEM**

**A. INTRODUCTION**

This actuarial report presents both short- and long-range cost estimates for the old-age, survivors, and disability insurance system as it would be under the three versions of H.R. 12080—namely, as passed by the House of Representatives on August 17, as reported by the Senate Committee on Finance on November 14, and as passed by the Senate on November 22.

From an actuarial cost standpoint, the major features of this bill as passed by the House are as follows (a complete analysis is contained in H. Rept. 544, 90th Cong.):

(1) Monthly benefits for all types of insured beneficiaries would be increased by 12½ percent, with a minimum primary insurance amount of \$50.

(2) The basic benefit for transitionally insured and noninsured persons (aged 72 and over) would be increased from \$35 to \$40 per month.

(3) A maximum of \$105 per month would be made applicable to wife's benefits (having effect generally only in the distant future).

(4) Liberalized benefit protection would be available for dependents and survivors of women workers (only the same insured-status requirements as for men would be applicable, instead of the stricter ones of present law).

(5) Monthly benefits would be provided for disabled widows and dependent widowers of insured workers when such survivors are aged 50 to 59. The benefit amount would be reduced from the full 82½ percent of the primary insurance amount payable to widows and widowers at age 62 and the reduced amount of 71½ percent at age 60, being scaled down from the latter amount, according to age at award, to 50 percent for age 50.

(6) Insured status for disability benefits for young workers (under age 31) would be liberalized, so as essentially to require coverage in half the time since age 21 (with a minimum of 6 quarters of coverage being required).

(7) The definition of disability would be made more detailed, so as to bring out better the concepts contained in present law.

(8) The earnings (or retirement) test would be liberalized so that the annual exempt amount would be increased from \$1,500 to \$1,680 (with a corresponding increase in the monthly test). The "band" for which there is a \$1 reduction in benefits for each \$2 in earnings (after earnings have exceeded the annual exempt amount) would be continued at \$1,200.

(9) Coverage would be extended to certain small categories of State and local government employees. The coverage basis of ministers would be revised so as to be compulsory unless the minister opts out on grounds of conscience.

(10) The maximum taxable and creditable earnings base would be increased from \$6,600 per year to \$7,600 for 1968 and after.

(11) The contribution schedule would be revised in the manner shown in table 1 for the old-age, survivors, and disability insurance system, and in table 2 for that system and the hospital insurance system combined.

(12) The allocation to the disability insurance trust fund would be increased from 0.70 percent of taxable payroll (with respect to the combined employer-employee rate) to 0.95 percent.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE SURVIVORS, AND DISABILITY INSURANCE UNDER VARIOUS VERSIONS OF H.R. 12080, AS COMPARED WITH THOSE UNDER PRESENT LAW

Calendar years	[In percent]		
	Present law	H.R. 12080	
		House bill	Senate-passed bill <sup>1</sup>
<b>Combined employer-employee rate</b>			
1967.....	7.8	7.8	7.8
1968.....	7.8	7.8	7.6
1969-70.....	8.8	8.4	8.4
1971-72.....	8.8	9.2	9.2
1973-75.....	9.7	10.0	10.0
1976 and after.....	9.7	10.0	10.1
<b>Self-employed rate</b>			
1967.....	5.9	5.9	5.9
1968.....	5.9	5.9	5.8
1969-70.....	6.6	6.3	6.3
1971-72.....	6.6	6.9	6.9
1973-75.....	7.0	7.0	7.0
1976 and after.....	7.0	7.0	7.0

<sup>1</sup> Same rates in Senate Finance Committee bill.

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND HOSPITAL INSURANCE UNDER VARIOUS VERSIONS OF H.R. 12080 AS COMPARED WITH THOSE UNDER PRESENT LAW  
[In percent]

Calendar years	Present law	H.R. 12080	
		House bill	Senate-passed bill <sup>1</sup>
Combined employer-employee rate			
1967.....	8.8	8.8	8.8
1968.....	8.8	8.8	8.8
1969-70.....	9.8	9.6	9.6
1971-72.....	9.8	10.4	10.4
1973-75.....	10.8	11.3	11.3
1976-79.....	10.9	11.4	11.4
1980-86.....	11.1	11.6	11.6
1987 and after.....	11.3	11.8	11.6
Self-employed rate			
1967.....	6.4	6.4	6.4
1968.....	6.4	6.4	6.4
1969-70.....	7.1	6.9	6.9
1971-72.....	7.1	7.5	7.5
1973-75.....	7.55	7.65	7.65
1976-79.....	7.6	7.7	7.65
1980-86.....	7.7	7.8	7.75
1987 and after.....	7.8	7.9	7.75

<sup>1</sup> Same rates in Senate Finance Committee bill.

(13) Certain additional limitations on payment of benefits to aliens outside of the United States would be introduced (primarily with respect to citizens of countries that do not provide reciprocity in regard to social security benefits for U.S. citizens and with respect to payments in countries in which the Treasury Department has suspended payments).

(14) The pay of persons in military service would be deemed to be \$100 per month higher than the amount of basic pay on which they contribute. The cost of the additional benefits arising therefrom would be paid from the general fund of the Treasury (when the benefits are paid).

(1) *Changes made in Senate Finance Committee bill*

The bill as reported by the Senate Committee on Finance differs from the House-approved bill in the following important matters, from a cost standpoint (a complete analysis is contained in S. Rept. 744, 90th Cong.):

(1) The maximum annual earnings base would be increased to \$8,000 in 1968, \$8,800 in 1969-71, and \$10,800 in 1972 and after, rather than the one-step approach in the House bill.

(2) Monthly benefits for all types of insured beneficiaries would be increased by 15 percent, with a minimum primary insurance amount of \$70. The basic benefit for transitionally insured and noninsured persons would be increased from \$35 to \$50 per month.

(3) The earnings test would be further liberalized after 1968 by increasing the annual exempt amount to \$2,000 (with a corresponding change in the monthly test); the \$1,200 band for which \$1 of benefits is withheld for each \$2 of earnings would be retained at the \$1,200 figure in the House-approved bill.

(4) The monthly benefits for disabled widows and dependent widowers would be available at all ages under 62 and in the full amount of 82½ percent of the primary insurance amount.

(5) Disability benefits would be available for blind persons (under an "industrially blind" definition) at any age, with six quarters of coverage being required, but only while not engaged in substantial employment.

(6) Marriage would not be a terminating event for child's benefits if the beneficiary is in full-time school attendance (in the case of a girl, the husband, too, must be in school).

(7) Children disabled at ages 18-21 would be eligible for child's benefits if they continue to be disabled.

(8) The contribution schedule for employers and employees for the combined old-age, survivors, disability, and hospital insurance system would be changed so that there would be the same rates as in the House-approved bill through 1986 and lower thereafter, see table 2. The contribution schedule for old-age, survivors, and disability insurance was slightly reduced for 1968 (by the same amount as the contribution rate for hospital insurance was increased) and was slightly increased for 1976 and after, see table 1. Thus, the major portion of the increased cost of the liberalizations of the old-age, survivors, and disability insurance system added by the Senate Finance Committee is met by the increased earnings base and only a small part is met by increased contribution rates.

(2) *Changes made in Senate-approved bill*

The bill as passed by the Senate differs from the version reported by the Senate Finance Committee in the following ways:

(1) Persons meeting the so-called occupational blindness conditions would be eligible for monthly disability benefits even though they engage in substantial gainful employment.

(2) The detailed definition of disability was eliminated (as was also the special definition of disability for widow's benefits), thus reverting to the definition in present law.

(3) The earnings test would be further liberalized (effective in 1968) by increasing the annual exempt amount to \$2,400 (with a corresponding change in the monthly test and with no change in the \$1,200 band).

(4) Mother's benefits and full wife's benefits for women under age 65 would be continued even though no eligible child under age 18 (or disabled) is present if there is a child under age 22 who is in high school (or a lower school).

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system as modified by the House and Senate Finance Committee versions of the bill has an estimated cost for benefit payments and administrative expenses that is in actuarial balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted. This situation, however, does not prevail for the Senate version of the bill, since significant benefit liberalizations were made without any change in the financing provisions.

The old-age and survivors insurance system as modified by the House and Senate Finance Committee versions of the bill, under the intermediate cost estimate, is in close actuarial balance, especially considering that a range of variation is necessarily present in the long-range actuarial cost estimates and, further, that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, as it would be changed by the House and Senate Finance Committee versions of the bill is actuarially sound. The same thing cannot be said about the Senate version of the bill.

The separate disability insurance trust fund, established under the 1956 act, shows either exact actuarial balance or a small negative actuarial balance under the provisions that would be in effect after enactment of the House or Senate Finance Committee versions of the bill. Under the Senate version of the bill, the contribution rate allocated to this fund is significantly lower than the cost of the disability benefits, based on the intermediate cost estimate. The disability insurance program, as it would be modified by the House version of the bill, is actuarially sound. The negative actuarial balance for the Senate version of the bill is larger than the acceptable limit—especially when considered in connection with the situation under the old-age and survivors insurance system.

#### C. FINANCING POLICY

##### (1) *Self-supporting nature of system*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. The Congress has very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and thus actuarially sound.

##### (2) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is frequently not the case for soundly financed private pension plans, which may not, as of the present time, have funded all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities.

Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group during the period considered in the valuation. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated trust fund investments will, over the long-range period considered in the valuation, support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The committee believes that it is a matter for concern if the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view has been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, when measured over perpetuity, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system is about 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Based on the recommendation of the 1963-64 Advisory Council on Social Security Financing (see app. V of the 25th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, H. Doc. No. 100, 89th Cong.), the cost estimates are now being made on a 75-year basis, rather than on a perpetuity basis. On this approach, the margin of variation from exact balance should be smaller—no more than 0.10 percent of taxable payroll for the combined old-age, survivors, and disability insurance program.

Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through raising the earnings base, and at the same time the actuarial status of the program was improved.

The changes provided in the House-approved bill and the Senate Finance Committee bill are in conformity with these financing principles, but this is not the case for the Senate-approved bill.

## D. BASIC ASSUMPTIONS FOR COST ESTIMATES

*(1) General basis for long-range cost estimates*

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1975 and thereafter) are developed on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on assumptions that are intended to represent close to full employment, with average annual earnings at about the level prevailing in 1966. The use of 1966 average earnings results in conservatism in the estimate since the trend is expected to be an increase in average earnings in future years (as will be discussed subsequently in item 5). In 1966 the aggregate amount of earnings taxable under the program was \$314 billion. Of course, for future years the total taxable earnings are estimated to be larger because of the higher earnings bases and are estimated to increase, because there will be larger numbers of covered workers. Intermediate estimates developed directly from the low- and high-cost estimates (by averaging their components) are shown so as to indicate the basis for the financing provisions.

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

*(2) Measurement of costs in relation to taxable payroll*

In general, the costs are shown as percentages of taxable payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease. As an illustration of the foregoing points, consider an individual who has covered earnings at a rate of \$300 per month. Under the Senate-approved bill such an individual would have a primary insurance amount of \$129.30. If his earnings rate should be 50 percent higher (i.e., \$450), his primary insurance amount would be \$167.90. Under these conditions, the contributions payable with respect to his earnings would increase by 50 percent, but his benefit rate would increase by only 30 percent. Or, to put it another way, when his earnings rate was \$300 per month, his primary insurance amount represented 43.1 percent of his earnings, whereas, when

his earnings increased to \$450 per month, his primary insurance amount relative to his earnings decreased to 37.3 percent.

(3) *General basis for short-range cost estimates*

The short-range cost estimates (shown for the individual years 1967-72) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved (such as mortality, fertility, retirement rates, and so forth.) can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earnings level in the future (about 3 percent per year), somewhat below that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the 1967 Annual Report of the Board of Trustees (H. Doc. No. 65, 90th Cong.).

(4) *Level-cost concept*

An important measure of long-range cost is the level-equivalent contribution rate required to support the system for the next 75 years (including not only meeting the benefit costs and administrative expenses, but also the maintenance of a reasonable contingency fund during the period, which at the end of the period amounts to 1 year's disbursements), based on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

(5) *Future earnings assumptions*

The long-range estimates for the old-age, survivors, and disability insurance program are based on level-earnings assumptions, under which earnings levels of covered workers by age and sex will continue over the next 75 years at the levels experienced in 1966. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they will rise steadily as the covered population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the old-age, survivors, and disability insurance program in relation to payroll is a very important safety

factor in the financial operations of this system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings. If experience follows the high-cost assumptions, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). However, the possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation of such increases.

If benefits are adjusted currently to keep pace fully with rising earnings as they occur, the year-by-year costs as a percentage of payroll would be unaffected. If benefits are increased in this manner, the level-cost of the program would be higher than now estimated, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings and benefit levels do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

*(6) Interrelationship with railroad retirement system*

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

*(7) Reimbursement for costs of pre-1957 military service wage credits*

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. These financing provisions were modified by the 1965 amendments. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in the future in accordance with the relevant provisions of the law. These reimbursements are intended to be made on the basis

of a constant annual amount (as determined by the Secretary of Health, Education, and Welfare) for each trust fund payable over the period up to the year 2015 (with such amount subject to adjustment every 5 years).

In actual practice, the Secretary of Health, Education, and Welfare determined initially that the annual amount for the three trust funds involved (old-age and survivors insurance, disability insurance, and hospital insurance) was \$120 million. However, the Budget Document of the United States has contained requests for appropriations for only \$105 million and, to date, the appropriations have been made by the Congress on that basis.

(8) *Reimbursement for costs of additional post-1967 military service wage credits*

Under all versions of the bill, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (e.g., quarters and meals). These additional credits are at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis, with reimbursement to the trust funds on as prompt a basis as possible (and with interest adjustments to make up for any delay due to the time needed to make the necessary actuarial calculations from sample data and for the necessary appropriations to be made).

In many instances, the availability of these additional wage credits will not result in additional benefits because the individual will have maximum credited earnings without them or because the year in which such credits are granted will be a drop-out year in the computation of his average monthly wage. In the immediate-future years, the cost of these additional credits to the general fund will be relatively small (only a few million dollars a year) since there will be relatively few cases arising, almost all due to death and disability. After several decades, this cost might rise to as much as \$100 million per year if the size of the uniformed services remains as large as at present—and, of course, a lower figure if such size is lower.

E. ACTUARIAL BALANCE OF PROGRAM IN PAST YEARS

(1) *Status after enactment of 1952 act*

The actuarial balance under the 1952 act<sup>1</sup> was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table 3. This was the case, because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

<sup>1</sup> The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE 3.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS

[Percent]

Legislation	Date of estimate	Level-equivalent <sup>1</sup>		
		Benefit costs <sup>2</sup>	Contributions	Actuarial balance <sup>3</sup>
Old-age, survivors, and disability insurance <sup>4</sup>				
1935 act.....	1935	5.36	5.36	0.00
1939 act.....	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) <sup>5</sup> .....	1950	4.45	3.98	- .47
1950 act.....	1950	6.20	6.10	- .10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 bill (House).....	1967	9.70	9.74	+ .04
1967 bill (Senate Finance Committee).....	1967	9.95	9.85	- .10
1967 bill (Senate).....	1967	10.27	9.85	- .42
Old-age and survivors insurance <sup>4</sup>				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 bill (House).....	1967	8.75	8.79	+ .04
1967 bill (Senate Finance Committee).....	1967	8.95	8.90	- .05
1967 bill (Senate).....	1967	9.16	8.90	- .26
Disability insurance <sup>4</sup>				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1965 act.....	1967	.95	.95	.00
1967 bill (House).....	1967	1.00	.95	- .05
1967 bill (Senate Finance Committee).....	1967	1.11	.95	- .16

<sup>1</sup> Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

<sup>2</sup> Including adjustments (a) to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, (c) for administrative expense costs, and (d) for the net cost of the financial interchange with the railroad retirement system.

<sup>3</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

<sup>4</sup> The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

<sup>5</sup> The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

*(2) Status after enactment of 1954 act*

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

*(3) Status after enactment of 1956 act*

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

*(4) Status after enactment of 1958 act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

*(5) Status after enactment of 1960 act*

At the beginning of 1960, the cost estimates for the old-age survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who meet the insured status

conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

*(6) Status after enactment of 1961 act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement-rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

*(7) Status after enactment of 1965 act*

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of  $3\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{1}{2}$  percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been

assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing disability prevalence rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

#### F. INTERMEDIATE-COST ESTIMATES

##### (1) *Purposes of intermediate-cost estimates*

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis and actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact balance cannot be obtained from a specific set of integral or rounded tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

##### (2) *Interest rate used in cost estimates*

The interest rate used for computing the level-costs for the committee-approved bill is  $3\frac{3}{4}$  percent for the intermediate-cost estimate. This is slightly below the average yield of the investments of the trust funds at the end of June 1967 (about 3.79 percent), and is considerably below the rate currently being obtained for new investments ( $5\frac{1}{4}$  percent for October 1967).

##### (3) *Actuarial balance of OASDI system*

Table 3 has shown that, according to the latest cost estimates made for the 1965 act, there is a very favorable actuarial balance for the combined old-age, survivors, and disability insurance system, but that there is a deficit of 0.15 percent of taxable payroll for the disability insurance portion, and a favorable balance of 0.89 percent of taxable payroll for the old-age and survivors insurance portion.

Under each of the three versions of the bill, the benefit changes proposed would be financed, in large part, by utilizing the existing favorable actuarial balance and by the increases in the contribution rates and the earnings base.

Table 4 traces through the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the House-approved bill, by type of major changes involved, while table 5a gives similar data for the Senate Finance Committee bill, and table 5b relates to the Senate-approved bill. Table 6 traces through the change in the actuarial balance of the system for the Senate-approved bill as compared with the House-approved bill.

TABLE 4.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND HOUSE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+.21	+.02	+.23
Earnings test liberalization.....	-.06	(1)	-.06
Disabled widow's benefits at age 50.....	-.03	(2)	-.03
Special disability insured status under age 31.....	(2)	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	(1)	-.07
Benefit increase of 12½ percent.....	-.89	-.10	-.99
Revised contribution schedule.....	-.01	+.25	+.24
Total effect of changes in bill.....	-.85	+.15	-.70
Actuarial balance under bill.....	+.04	.00	+.04

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable to this program.

TABLE 5a.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND SENATE FINANCE COMMITTEE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+.48	+.04	+.52
Earnings test liberalization.....	-.17	(1)	-.17
Disabled widow's benefits.....	-.06	(2)	-.06
Special disability insured status under age 31.....	(2)	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	(1)	-.07
Special benefits for blind persons.....	(2)	-.05	-.05
Childhood disability benefits for those disabled at ages 18 to 21.....	(1)	(1)	(1)
Reduction of minimum eligibility age from 62 to 60.....	(1)	(1)	(1)
Benefit formula change.....	-1.22	-.12	-1.34
Revised contribution schedule.....	+.10	+.25	+.35
Total effect of changes in bill.....	-.94	+.10	-.84
Actuarial balance under bill.....	-.05	-.05	-.10

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable to this program.

TABLE 5b.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND SENATE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .48	+ .04	+ .52
Earnings test liberalization.....	- .33	( <sup>1</sup> )	- .33
Disabled widow's benefits.....	- .09	( <sup>2</sup> )	- .09
Special disability insured status under age 31.....	( <sup>1</sup> )	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	( <sup>1</sup> )	- .07
Special benefits for blind persons.....	( <sup>1</sup> )	- .06	- .06
Childhood disability benefits for those disabled at ages 18-21.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Reduction of minimum eligibility age from 62 to 60.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Mother's and wife's benefits for children in high school.....	- .01	( <sup>1</sup> )	- .01
Benefit formula change.....	-1.23	- .12	-1.35
Elimination of new definition of disability.....	( <sup>3</sup> )	- .10	- .10
Revised contribution schedule.....	+ .10	+ .25	+ .35
Total effect of changes in bill.....	-1.15	- .01	-1.16
Actuarial balance under bill.....	- .26	- .16	- .42

<sup>1</sup> Less than 0.005 percent.<sup>2</sup> Not applicable to this program.<sup>3</sup> The cost of the elimination of the new special definition of disability for widow's (and widower's) benefits is included in the figure for disabled widow's benefits, above.

TABLE 6.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, MOVING FROM PRESENT LAW TO SENATE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	- .06	( <sup>1</sup> )	- .06
Disabled widow's benefits at age 50.....	- .03	( <sup>2</sup> )	- .03
Special disability insured status at age 31.....	( <sup>2</sup> )	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	( <sup>1</sup> )	- .07
Benefit formula change.....	- .89	- .10	- .99
Revised contribution schedule.....	- .01	+ .25	+ .24
Actuarial balance under House bill.....	+ .04	.00	+ .04
Further increase in earnings base.....	+ .27	+ .02	+ .29
Further liberalization of earnings test.....	- .11	( <sup>1</sup> )	- .11
Liberalization of disabled widow's benefits.....	- .03	( <sup>2</sup> )	- .03
Special benefits for blind persons.....	( <sup>2</sup> )	- .05	- .05
Reduction of minimum eligibility age from 62 to 60.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Liberalization of benefit formula change.....	- .33	- .02	- .35
Further revision of contribution schedule.....	+ .11	.00	+ .11
Actuarial balance under Senate Finance Committee bill.....	- .05	- .05	- .10
Further liberalization of earnings test.....	- .17	( <sup>1</sup> )	- .17
Liberalization of special benefits for blind persons.....	( <sup>2</sup> )	- .01	- .01
Mother's and wife's benefits for children in high school.....	- .01	( <sup>1</sup> )	- .01
Elimination of new definition of disability.....	- .03	- .10	- .13
Actuarial balance under Senate bill.....	- .26	- .16	- .42

<sup>1</sup> Less than 0.005 percent.<sup>2</sup> Not applicable in this program.

Several benefit-provision changes made by the several versions of the bill would have cost effects which are of a magnitude of less than 0.005 percent of taxable payroll when measured in terms of long-range level costs. Such changes involving small increases in cost are

the liberalization of eligibility conditions for certain adopted children, the elimination of marriage as a cause of termination for child's benefits payable to children attending school, the simplification of benefit computations based on 1937-50 wages, the reduction of the length-of-marriage requirement for survivor benefits, the liberalization of the offset provision for disability benefits when workmen's compensation benefits are also payable, the reduction in the penalties for failure to file timely reports of earnings and other events and the payment of childhood disability benefits to persons becoming disabled at ages 18-21. The reduction in the minimum eligibility age from 62 to 60 for primary, wife's, husband's, widower's, and parent's benefits has no significant cost effect, because the reduced benefits available are, for all practical purposes, on an actuarial-reduction basis (so that the increased outgo in the early years will be counterbalanced by reduced outgo later). Such changes involving small decreases in cost are the additional limitations on payment of benefits to certain aliens outside the United States.

Account has been taken of the elimination in the Senate bill of the detailed definition of disability—and thus the retention of only the more general definition in present law, for both the present disability beneficiaries and for the newly added category of disabled widows and widowers (in all three versions of the bill). Initially, I had believed that a return to the definition under present law would not necessitate any increase in the estimate of the cost of the program, although recognizing that there was a much greater likelihood that the costs actually developing would exceed the intermediate-cost estimate. It may be noted that the cost estimates made for the House bill and for the Senate Finance Committee bill did not include a reduction in cost to allow for the inclusion of the detailed definition; rather, this was considered to be a safeguard, or cost control, so that the existing definition would not be weakened by court decisions or otherwise.

After considering the Senate discussion on the amendment to eliminate the new detailed definition of disability, and after advice from legal experts, I now believe that it is quite likely that this legislative action will result in significantly higher costs for disability benefits. This will be so for disabled-worker benefits (because the legislative history developing from the Senate floor debate would support an interpretation of the definition reflected by a series of liberal court decisions finding disability under circumstances not originally contemplated by Congress and the Social Security Administration), for disabled-widow benefits (because of the elimination of the special stricter definition of disability for this category that was contained in the House bill and the Senate Finance Committee bill), and for disabled individuals who, despite impairments, return to work and regularly earn substantial wages or perform significant services in their own businesses. The increased cost will result from the fact that elimination of the new detailed definition of disability will not in fact return the situation to the present one, but rather will require a significant change in the current interpretation of the disability definition by the Social Security Administration (in the direction, for example, of paying disability benefits to persons who are capable of engaging in substantial gainful employment but for whom suitable work is not available in their immediate vicinity or whom employers prefer not to hire).

The changes made by the House bill and the Senate Finance Committee bill would maintain the sound actuarial position of the old-

age, survivors, and disability insurance system. The estimated actuarial balance for the House bill is a small positive amount, while that for the Senate Finance Committee bill is just at the established limit within which the system is considered substantially in actuarial balance. On the other hand, there is a very significant actuarial imbalance for the Senate bill (as a result of several liberalizations of benefits having been made without any corresponding changes in the financing provisions).

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the system be financed by a high level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than such a level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under an equivalent level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level contribution rate equivalent to the graded schedules in the law may be computed in the same manner as level-costs of benefits. These are shown in table 3, as are also figures for the net actuarial balances.

(4) *OASI income and outgo in near future*

Table 7 shows the progress of the old-age and survivors insurance trust fund under present law and under the three versions of the bill. Solely for purposes of comparability with the Senate Finance Committee bill and the Senate bill (which have an effective date of March 1968 for the general benefit increase), it has been assumed that under the House bill the general benefit increase (and certain other parallel benefit changes) would be effective for March 1968. The trust fund increases by significant amounts in all future years under present law and by somewhat lesser amounts under the House bill. On the other hand, under the Senate Finance Committee bill and the Senate bill, the trust fund remains virtually level (actually decreases under the latter) in 1968 and then increases by significant amounts (but less than under the House bill) in subsequent years. The 1968 situation occurs because the total contribution rate for old-age, survivors, disability, and hospital insurance remains the same as in present law (for all three versions of the bill), but the allocation to hospital insurance is larger under the Senate Finance Committee bill and the Senate bill than under the House bill. Also, under all three versions of the bill, the allocation to disability insurance is larger than under present law. Accordingly, the allocation to old-age and survivors insurance is lower than under present law, especially for the Senate Finance Committee bill and the Senate bill.

TABLE 7.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SHORT-RANGE ESTIMATE  
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year <sup>3</sup>
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-\$21	447	20,576
1955.....	5,713	4,968	119	-7	454	21,663
1956.....	6,172	5,715	132	-5	526	22,519
1957.....	6,825	7,347	162	-2	556	22,393
1958.....	7,566	8,327	194	124	552	21,864
1959.....	8,052	9,842	184	282	532	20,141
1960.....	10,866	10,677	203	318	516	20,324
1961.....	11,285	11,862	239	332	548	19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,689	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
Estimated data, House bill						
1968.....	\$24,251	\$22,472	\$409	\$477	\$913	\$25,836
1969.....	27,294	24,159	405	525	1,009	29,050
1970.....	28,497	25,123	415	616	1,150	32,543
1971.....	32,089	26,126	427	605	1,386	38,860
1972.....	33,469	27,158	440	587	1,720	45,864
Estimated data, Senate Finance Committee bill						
1968.....	\$23,920	\$23,496	\$438	\$477	\$882	\$24,425
1969.....	28,250	26,321	412	545	918	26,315
1970.....	29,955	27,498	419	697	1,005	28,661
1971.....	33,787	28,539	431	665	1,195	34,008
1972.....	36,540	29,608	444	646	1,515	41,365
Estimated data, Senate bill						
1968.....	\$23,920	\$24,178	\$453	\$477	\$866	\$23,712
1969.....	28,275	27,162	423	547	868	24,723
1970.....	29,955	28,191	428	741	917	26,235
1971.....	33,787	29,259	440	710	1,070	30,683
1972.....	36,540	30,351	453	690	1,349	37,078
Estimated data, present law						
1967.....	\$23,210	\$19,635	\$393	\$508	\$794	\$24,038
1968.....	24,085	20,247	378	477	960	27,981
1969.....	28,004	21,053	393	492	1,192	35,239
1970.....	29,270	21,901	404	483	1,522	43,243
1971.....	30,070	22,778	416	460	1,902	51,561
1972.....	30,884	23,676	429	459	2,315	60,196

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs, under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

<sup>4</sup> These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

(5) *DI income and outgo in near future*

Table 8 shows the progress of the disability insurance trust fund under present law and under the three versions of the bill. The trust fund increases by significant amounts in all future years under each of the three versions of the bill—especially as compared with present law. This trend is the result of the increased allocation to this trust fund from the combined old-age, survivors, and disability insurance contribution rate, which more than offsets the increased outgo due to the benefit changes. The higher taxable earnings base also has an increasing effect on the trust fund.

TABLE 8.—PROGRESS OF DISABILITY INSURANCE TRUST FUND, SHORT-RANGE COST ESTIMATE

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Actual data						
1957.....	\$702	\$57	<sup>3</sup> \$3	-----	\$7	\$649
1958.....	966	249	<sup>3</sup> 12	-----	25	1,379
1959.....	891	457	50	-\$22	40	1,825
1960.....	1,010	568	36	-5	53	2,289
1961.....	1,038	887	64	5	66	2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
Estimated data, House bill						
1968.....	\$3,215	\$2,278	\$128	\$21	\$100	\$2,951
1969.....	3,488	2,496	120	22	140	3,941
1970.....	3,607	2,611	122	23	184	4,976
1971.....	3,732	2,717	126	26	231	6,070
1972.....	3,849	2,821	132	30	279	7,215
Estimated data, Senate Finance Committee bill						
1968.....	\$3,254	\$2,334	\$157	\$21	\$99	\$2,905
1969.....	3,619	2,747	128	22	135	3,762
1970.....	3,777	2,888	126	26	174	4,673
1971.....	3,918	3,012	129	31	215	5,634
1972.....	4,191	3,133	135	36	260	6,781
Estimated data, Senate bill						
1968.....	\$3,254	\$2,412	\$166	\$21	\$96	\$2,815
1969.....	3,619	2,904	135	23	127	3,499
1970.....	3,777	3,121	133	29	156	4,149
1971.....	3,918	3,324	136	37	184	4,754
1972.....	4,191	3,461	142	43	213	5,512
Estimated data, present law						
1967.....	\$2,313	\$1,920	\$107	\$31	\$73	\$2,067
1968.....	2,359	2,039	114	21	86	2,338
1969.....	2,436	2,155	116	24	96	2,575
1970.....	2,512	2,260	119	26	106	2,788
1971.....	2,591	2,357	123	29	115	2,985
1972.....	2,665	2,449	129	32	122	3,162

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> These figures are artificially low because of the method of reimbursements between the trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service

*(6) Increases in benefit disbursements in 1968-72, by cause*

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in 1968 as a result of the changes that the House-approved bill would make are shown in table 9. The corresponding figures for the Senate Finance Committee bill and the Senate bill are shown in tables 10 and 11. In each instance, the major portion of the increase is due to the general benefit increase.

TABLE 9.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER HOUSE BILL

[In millions]

Item	1968	1969	1972
General benefit increase.....	\$2, 117	\$2, 948	\$3, 328
Benefit increase for transitional insured.....	5	7	5
Benefit increase for transitional noninsured.....	39	43	25
Liberalized benefits with respect to women workers.....	64	89	100
Special disability insured status under age 31.....	53	72	77
Disabled widow's benefits at age 50.....	45	63	72
Earnings test liberalization.....	140	221	244
<b>Total.....</b>	<b>2, 463</b>	<b>3, 443</b>	<b>3, 851</b>

Note: It is assumed that the general benefit increase and all other changes except the earnings test liberalization are effective for March 1968 (with 1st payment in next month).

TABLE 10.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER SENATE FINANCE COMMITTEE BILL

[In millions]

Item	1968	1969	1972
General benefit increase <sup>1</sup> .....	\$3, 057	\$4, 245	\$4, 789
Benefit increase for transitional insured <sup>1</sup> .....	16	20	15
Benefit increase for transitional noninsured <sup>1</sup> .....	140	156	89
Liberalized benefits with respect to women workers <sup>1</sup> .....	67	92	103
Special disability insured status under age 31 <sup>1</sup> .....	55	74	79
Disabled widow's benefits <sup>1</sup> .....	62	90	103
Earnings test liberalization.....	140	450	691
Reduction of minimum eligibility age from 62 to 60 <sup>2</sup> .....	-----	555	522
Special benefits for blind persons <sup>2</sup> .....	-----	165	210
Child disability benefits for those disabled at ages 18-21 <sup>1</sup> .....	6	8	10
<b>Total.....</b>	<b>3, 543</b>	<b>5, 855</b>	<b>6, 611</b>

<sup>1</sup> Effective for March 1968 (1st payment in next month).

<sup>2</sup> Effective for December 1968 (1st payment in next month).

TABLE 11.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972, UNDER SENATE BILL

[In millions]

Item	1968	1969	1972
General benefit increase <sup>1</sup> .....	\$3, 057	\$4, 245	\$4, 789
Benefit increase for transitional insured <sup>1</sup> .....	16	20	15
Benefit increase for transitional noninsured <sup>1</sup> .....	140	156	89
Liberalized benefits with respect to women workers <sup>1</sup> .....	67	92	103
Special disability insured status under age 31 <sup>1</sup> .....	55	74	79
Disabled widow's benefits <sup>1</sup> .....	93	135	155
Earnings test liberalization.....	770	1, 215	1, 341
Reduction of minimum eligibility age from 62 to 60 <sup>2</sup> .....	-----	555	522
Special benefits for blind persons <sup>2</sup> .....	-----	182	231
Child disability benefits for those disabled at ages 18-21 <sup>1</sup> .....	6	8	10
Mother's and wife's benefits for children in high school <sup>3</sup> .....	29	42	55
Elimination of new definition of disability <sup>4</sup> .....	70	129	291
<b>Total.....</b>	<b>4, 303</b>	<b>6, 853</b>	<b>7, 680</b>

<sup>1</sup> Effective for March 1968 (first payment in next month).

<sup>2</sup> Effective for December 1968 (first payment in next month).

<sup>3</sup> Effective for second month after month of enactment (first payment in next month).

<sup>4</sup> The cost of the elimination of the new special definition of disability for widow's (and widower's) benefits is included in the figure for disabled widow's benefits, above.

(7) *Long-range operations of OASI trust fund*

Table 12 gives the estimated operation of the old-age and survivors insurance trust fund under the program as it would be changed by each of the three versions of the bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 12.—ESTIMATED PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND UNDER SYSTEM AS MODIFIED BY BILL, LONG-RANGE COST ESTIMATES, INTERMEDIATE ESTIMATES

[In millions]

Calendar year	Contributions	Benefits payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
House bill						
1975.....	\$33,334	\$28,222	\$446	\$450	\$1,513	\$46,620
1980.....	36,199	32,505	490	300	2,521	74,399
1990.....	41,019	41,318	576	120	4,045	115,539
2000.....	47,837	46,523	631	10	5,526	157,884
2025.....	62,053	75,297	930	-90	10,984	304,366
Senate Finance Committee bill						
1975.....	\$36,068	\$30,994	\$452	\$435	\$1,224	\$38,880
1980.....	39,605	35,467	496	280	2,246	67,333
1990.....	44,871	44,947	583	90	3,825	109,957
2000.....	52,337	50,967	638	-20	5,279	151,557
2025.....	67,893	84,874	941	-120	9,292	256,778
Senate bill						
1975.....	\$36,060	\$31,744	\$452	\$450	\$1,008	\$32,615
1980.....	39,605	36,313	496	290	1,791	54,384
1990.....	44,875	46,000	582	95	2,743	79,584
2000.....	52,332	52,158	638	-15	3,213	93,885
2025.....	67,893	86,791	941	-115	1,980	53,239

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint. For the purposes of this table, it is assumed that the enactment date is in December 1967.

In every year after 1967 for the next 20 years, contribution income under the system as it would be modified by each of the three versions of the bill is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a

result, this trust fund is estimated to grow steadily under the intermediate long-range cost estimate (with a level-earnings assumption), reaching well over \$100 billion under each of the versions of the bill and continuing to grow for a number of years thereafter. However, under the Senate bill, the fund begins to decline after about 2015 and is exhausted 15 years later.

(8) *Long-range operations of DI trust fund*

The disability insurance trust fund, under the program as it would be changed by each of the three versions of the bill, grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 13. Under the Senate Finance Committee bill and under the Senate bill, the fund reaches a peak and then declines until it is exhausted after a few years. The maximum size under the Senate bill is \$2½ billion, and the exhaustion point is 1980.

TABLE 13.—ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND UNDER SYSTEM AS MODIFIED BY BILL, LONG-RANGE COST ESTIMATES, INTERMEDIATE ESTIMATES

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
House bill						
1975.....	\$3,525	\$3,130	\$131	—\$10	\$228	\$6,733
1980.....	3,827	3,551	133	—16	316	9,149
1990.....	4,335	4,074	138	—20	509	14,573
2000.....	5,054	4,991	162	—20	774	21,887
2025.....	6,542	7,260	233	—20	743	20,808
Senate Finance Committee bill						
1975.....	\$3,797	\$3,557	\$133	—\$6	\$175	\$5,251
1980.....	4,123	4,063	139	—10	213	6,250
1990.....	4,670	4,708	145	—15	239	6,994
2000.....	5,445	5,787	170	—15	225	6,555
2025.....	7,049	8,338	245	—15	( <sup>3</sup> )	( <sup>4</sup> )
Senate bill						
1975.....	\$3,796	\$3,956	\$149	-----	\$59	\$1,871
1980.....	4,123	4,518	155	—\$4	( <sup>3</sup> )	( <sup>4</sup> )
1990.....	4,670	5,238	161	—9	( <sup>3</sup> )	( <sup>4</sup> )
2000.....	5,445	6,433	189	—9	( <sup>3</sup> )	( <sup>4</sup> )
2025.....	7,049	9,273	273	—9	( <sup>3</sup> )	( <sup>4</sup> )

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent.

<sup>3</sup> Fund exhausted in 2008.

<sup>4</sup> Fund exhausted in 1980.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint. For the purposes of this table, it is assumed that the enactment date is in December 1967.

## II. ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE SYSTEM

### A. INTRODUCTION

This portion of the report presents actuarial cost estimates for the hospital insurance system as it would be amended by the bill. The three versions of the bill differ to some extent as to the benefit provisions (and, accordingly, also as to the financing provisions), although in general the structures of the program are similar.

The major changes in present law by the House bill—insofar as actuarial cost aspects are concerned—are as follows:

- (1) The outpatient diagnostic benefits would be moved to the supplementary medical insurance system.
- (2) The maximum duration of hospital benefits in a spell of illness would be increased from 90 days to 120 days, with the additional 30 days being subject to cost-sharing of \$20 per day (initially).
- (3) The maximum taxable earnings base would be increased to \$7,600 per year for 1968 and after.
- (4) The contribution rate would be increased for all years after 1968 by 0.1 percent for each party (employers, employees, and self-employed).

From an actuarial cost standpoint, the major changes made by the Senate Finance Committee bill as compared with the House bill are as follows:

- (1) In lieu of increasing the maximum duration of hospital benefits from 90 days to 120 days (with \$20 per day cost sharing), a "lifetime reserve" of 60 days, with \$10 per day cost sharing (initially), would be provided.
- (2) The maximum taxable earnings base would be increased to \$8,000 in 1968, \$8,800 in 1969-71, and \$10,800 in 1972 and after.
- (3) The contribution rate would be 0.1 percent higher for each party in 1968 than in the House bill, the same in 1969-75, and lower in 1976 and after (such decrease being 0.15 percent in 1987 and after). Such decrease would be possible because of the higher earnings bases than in the House bill.

The Senate bill made the following important change, from a cost standpoint, in the Senate Finance Committee bill:

- (1) The reimbursement basis for hospitals and extended care facilities would be increased so as to be, optionally, on the basis of the average daily cost for patients of all ages (instead of being based on such cost for medicare patients only), to be effective July 1, 1968.

### B. SUMMARY OF ACTUARIAL COST ESTIMATES

The hospital insurance system as it would be amended by each of the three versions of the bill has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established but also because of the greater number of variable factors involved

in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966-67 were not generally predicted by experts in the field. The current assumptions are based on the testimony of several experts, as will be discussed subsequently.

These cost estimates also contain revised assumptions as to the initial level of earnings in 1966 and as to future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system, described elsewhere in this report. Also, the new cost estimates for the hospital insurance system are based on the revised estimates of beneficiaries aged 65 and over under the old-age, survivors, and disability insurance program. The latter show somewhat fewer aged beneficiaries relative to the covered population with respect to whom contributions are payable; accordingly, the cost of the hospital insurance system is reduced on account of this factor (although only partly offsetting the effect of hospital-cost trend assumptions).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be  $3\frac{1}{2}$  percent of the benefit payments, which is the anticipated experience in 1967-78 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as in the intermediate-cost estimate.

The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended care facilities that are now in effect being somewhat higher than was assumed in the original cost estimates.

The cost estimates presented here are developed on the same bases as those that were used in the committee report for the bill that was approved by the House of Representatives (H. Rept. 544), with one exception. At the hearings before the Senate Finance Committee on August 24, 1967, in answer to a question put by Senator Williams of Delaware, it was brought out that the original estimate for the extended care facility benefit—\$25 to \$50 million for calendar 1967—was low since actual experience indicated that the figure would probably be of the magnitude of \$250 to \$300 million a year (Hearings, page 371).

Unlike the cost estimate presented in the House report, the estimates in this report (in the text and pertinent tables for present law and for the House bill) reflect the new cost assumptions based on the actual experience. The increased cost so included is about \$250 million in 1967 for insured persons, and increasing amounts in later years. There would also be a proportionate increased cost for the uninsured. More details on this change in actuarial cost assumption will be given later.

## C. FINANCING POLICY

(1) *Financing basis*

The contribution schedule contained in the Senate bill (and in the Senate Finance Committee bill) for the hospital insurance program, under an \$8,000 base in 1968, an \$8,800 taxable earnings base in 1969-71, and \$10,800 in 1972 and after, is as follows, as compared with that of present law (with an earnings base of \$6,600) and with that of the House bill (with an earnings base of \$7,600 in 1968 and after):

(In percent)

Calendar year	Combined employer-employee rate			Self-employed rate		
	Present law	House bill	Senate <sup>1</sup> bill	Present law	House bill	Senate <sup>1</sup> bill
1967.....	1.0	1.0	1.0	0.50	0.50	0.50
1968.....	1.0	1.0	1.2	.50	.50	.60
1969-72.....	1.0	1.2	1.2	.50	.60	.60
1973-75.....	1.1	1.3	1.3	.55	.65	.65
1976-79.....	1.2	1.4	1.3	.60	.70	.65
1980-86.....	1.4	1.6	1.5	.70	.80	.75
1987 and after.....	1.6	1.8	1.5	.80	.90	.75

<sup>1</sup> Same rates in Senate Finance Committee bill.

The combined employer-employee rate under the Senate bill would be 0.2 percent higher in 1968-75 than under present law, 0.1 percent higher in 1976-86, and 0.1 percent lower in 1987 and after. These increases, along with the additional income from the higher earnings bases, would finance the increased cost of the present program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965. The lower ultimate rate is possible because of the higher earnings bases under the Senate bill. Except in 1968, the Senate bill has the same or lower rates than the House bill; this is primarily due to the financing effect of the higher earnings bases under the Senate bill.

The hospital insurance program is completely separate from the old-age, survivors, and disability insurance system in several ways, although the earnings base is the same under both programs. *First*, the schedules of tax rates for old-age, survivors, and disability insurance and for hospital insurance are in separate subsections of the Internal Revenue Code (unlike the situation for old-age and survivors insurance as compared with disability insurance, where there is a single tax rate for both programs, but an allocation thereof into two portions). *Second*, the hospital insurance program has a separate trust fund (as is also the case for old-age and survivors insurance and for disability insurance) and, in addition, has a separate Board of Trustees from that of the old-age, survivors, and disability insurance system. *Third*, income tax withholding statements (forms W-2) show the proportion of the total contribution for old-age, survivors, and disability insurance and for hospital insurance that is with respect to the latter. *Fourth*, the hospital insurance program covers railroad employees directly in the same manner as other covered workers, and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by old-age, survivors,

and disability insurance (except indirectly through the financial interchange provisions). *Fifth*, the financing basis for the hospital insurance system is determined under a different approach than that used for the old-age, survivors, and disability insurance system, reflecting the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

(2) *Self-supporting nature of system*

Just as has always been the case in connection with the old-age, survivors, and disability insurance system, the Congress has very carefully considered the cost aspects of the present hospital insurance system and proposed changes therein. In the same manner, the Congress believes that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the Congress very strongly believes that the tax schedule in the law should make the hospital insurance system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

(3) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the hospital insurance system is somewhat similar to that concept as it applies to the old-age, survivors, and disability insurance system (see discussion of this topic in another section), but there are important differences.

One major difference in this concept as it applies between the two different systems is the greater difficulty in making forecast assumptions for a service benefit than for a cash benefit. Although there is reasonable likelihood that the number of beneficiaries aged 65 and over will tend to increase over the next 75 years when measured relative to covered population (so that a period of this length is both necessary and desirable for studying the cost of the cash benefits under the old-age, survivors, and disability insurance program), it is far more difficult to make reasonable assumptions as to the long-range trends of medical care costs and practices. For this reason, cost estimates for the hospital insurance program have been projected for only 25 years into the future, rather than 75 years as in the cost estimates for the old-age, survivors, and disability insurance system.

In a new program such as hospital insurance, it seems desirable that the program should be completely in actuarial balance. In order to accomplish this result, the contribution schedule has been revised to meet this requirement, according to the underlying cost estimates.

#### D. HOSPITALIZATION DATA AND ASSUMPTIONS

(1) *Past increases in hospital costs and in earnings*

Table 14 presents a summary comparison of the annual increases in hospital costs and the corresponding increases in wages that have occurred since 1954 and up through 1966.

The annual increases in earnings are based on those in covered employment under the old-age, survivors, and disability insurance system as indicated by first quarter taxable wages, which by and large are not affected by the maximum taxable earnings base. The

data on increases in hospital costs are based on a series of average daily expense per patient day (including not only room and board but also other inpatient charges and other expenditures of hospitals) prepared by the American Hospital Association.

TABLE 14.—COMPARISON OF ANNUAL INCREASE IN HOSPITAL COSTS AND IN EARNINGS  
[In percent]

Year	Increase over previous year	
	Average wages in covered employment <sup>1</sup>	Average daily hospitalization costs <sup>2</sup>
1955.....	3.8	6.3
1956.....	5.7	4.5
1957.....	5.5	7.7
1958.....	3.3	8.6
1959.....	3.3	6.8
1960.....	4.3	6.8
1961.....	3.1	8.5
1962.....	4.2	5.3
1963.....	2.4	5.6
Average for 1954-63 <sup>3</sup> .....	4.0	6.7
1964.....	3.1	6.9
1965.....	1.6	7.0
1966.....	4.4	8.3

<sup>1</sup> Data are for calendar years (based on experience in first quarter of year).

<sup>2</sup> Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 was determined to be 11.0 percent.

<sup>3</sup> Rate of increase compounded annually that is equivalent to total relative increase from 1954 to 1963.

The annual increases in earnings fluctuated somewhat over the 10-year period up through 1963, although there were not very large deviations from the average annual rate of 4 percent; no upward or downward trend over the period is discernible. The annual increases in hospital costs likewise fluctuated from year to year during this period, around the average annual rate of 6.7 percent.

During the period 1954-63, hospital costs increased at a faster rate than earnings. The differential between these two rates of increase fluctuated widely, being as high as somewhat more than 5 percent in some years and as low as a negative differential of about 1 percent in 1956 (with the next lowest differential being a positive one of about 1 percent in 1962). Over the entire 10-year period, the differential of the average annual rate of increase in hospital costs over the average annual rate of increase in earnings was 2.7 percent.

In 1964-66, the increases in hospital costs as compared to the increase in wages resulted in differentials that are in excess of the 2.7 percent applicable in 1954-63. The 1967 experience to date shows a slightly higher rate of increase in hospital costs than did 1966.

In the future, earnings are estimated to increase at a rate of about 3 percent per year. It is much more difficult to predict what the corresponding increase in hospital costs will be.

#### (2) *Effect on cost estimates of rising hospital costs*

A major consideration in making cost estimates for hospital benefits, then, is how long and to what extent the tendency of hospital costs to rise more rapidly than the general earnings level will continue in the future, and whether or not it may, in the long run, be counterbalanced by a trend in the opposite direction. Some factors to consider are the relatively low wages of hospital employees (which have been rapidly "catching up" with the general level of wages and obviously may be

expected to "catch up" completely at some future date, rather than to increase indefinitely at a more rapid rate than wages generally) and the development of new medical techniques and procedures, with resultant increased expense.

In connection with this factor, there are possible counterbalancing factors. The higher costs involved for more refined and extensive treatments may be offset by the development of out-of-hospital facilities, shorter durations of hospitalization, and less expense for subsequent curative treatments as a result of preventive measures. Also, it is possible that at some time in the future, the productivity of hospital personnel will increase significantly as the result of changes in the organization of hospital services or for other reasons, so that, as in other fields of economic activity, the general wage level might increase more rapidly than hospitalization prices in the long run.

Perhaps the major consideration in making actuarial cost estimates for hospital benefits is that—unlike the situation in regard to cost estimates for the monthly cash benefits, where the result is the opposite—an unfavorable cost result is shown when total earnings levels rise, unless the provisions of the system are kept up to date (insofar as the maximum taxable earnings base is concerned). The reason for this result is that hospital costs rise at least at the same rate over the long run as the total earnings level, whereas the contribution income rises less rapidly than the total earnings level, unless the earnings base is kept up to date.

For these reasons, the following cost estimates are based on the assumption that both hospital costs and wages will increase in the future for the entire 25-year period considered, while at the same time the earnings base will not change from the bases proposed in each of the versions of the bill. The fact that, under both present law and the bill, the cost-sharing provisions (the initial hospital deductible and coinsurance features) are on a dynamic basis, which automatically varies after 1968 in accordance with changes in hospital costs, results in lower estimated costs than if these provisions were on a static, unchanging basis.

(3) *Assumptions as to relative trends of hospital costs and earnings underlying cost estimates*

As indicated previously, the financing basis of the hospital insurance program should be developed on a conservative basis. For the reasons brought out, the cost estimates should not be developed on a level-earnings basis, but rather they should assume dynamic conditions as to both earnings levels and hospitalization costs. Accordingly, it seems appropriate to make cost projections for only 25 years in the future and to develop the financing necessary for only this period (but with a resulting trust fund balance at the end of the period equal to about 1 year's disbursements). Although the trend of beneficiaries aged 65 and over relative to the working population will undoubtedly move in an upward direction after 25 years from now, it seems impossible to predict what the trend of medical costs and of hospital-utilization and medical-practice experience will be in the distant future.

Several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The

American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates presented here. These are shown in table 15. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—namely, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, while the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the bill.

TABLE 15.—ASSUMPTIONS AS TO FUTURE RATES OF INCREASE IN HOSPITAL COSTS  
[In percent]

Calendar year	Low cost	Intermediate cost	High cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

(4) *Assumptions as to hospital utilization rates underlying cost estimates*

The hospital utilization assumptions for the cost estimates in this report are founded on the hypothesis that current practices in this field will not change relatively more in the future than past experience has indicated. In other words, no account is taken of the possibility that there will be a drastic change in philosophy as to the best medical practices, so as, for example, to utilize in-hospital care to a much greater extent than is now the case.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

(5) *Assumptions as to hospital per diem rates underlying cost estimates*

The average daily cost of hospitalization that is used in these cost estimates is computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under present law for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

(6) *Assumptions as to extended care facility benefits underlying cost estimates*

The limited experience that is available to date in regard to the extended care facility benefits indicates that their cost will be considerably in excess of the initial estimates. It now appears that these benefits will amount to about \$250 to \$300 million in the first year of operation (calendar year 1967) as against the estimate of \$25 to \$50 million. The apparent major reason for this difference is the much larger number of facilities that qualified than had been expected according to the estimate. It should also be recognized that the original estimate was made on the basis of relatively little data, since this type of benefit had not been widely provided previously.

Accordingly, the cost estimates have been modified by increasing the estimated benefit outgo in 1967, as presented in previous cost estimates, by \$250 million with respect to insured persons (and a proportionate amount for noninsured persons). This figure is increased each future year up through 1975 by the assumed increases in hospitalization costs. After 1975, the same assumption as to hospitalization-cost increases is continued, but the resulting figure is gradually scaled down until it is taken as zero for 1990 (since the estimate for that year already includes the ultimate costs for extended care facility benefits). Appropriate corresponding assumptions are made for the noninsured group, taking into account its decreasing size (as well as its greater relative use of the extended care facility benefits).

## E. RESULTS OF COST ESTIMATES

(1) *Level-costs of hospital and related benefits*

Table 16 shows the level-cost of the hospital and related benefits under the three versions of the bill as a percentage of taxable payroll. These figures are based on the assumptions that the earnings base as incorporated in the particular bill will not change in the future and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 16 are the level-equivalents of the contribution schedules and the net actuarial balances of the system.

TABLE 16. LEVEL-COST ANALYSIS FOR HOSPITAL INSURANCE TRUST FUND, UNDER VARIOUS VERSIONS OF BILL

Bill	Level-cost of benefits <sup>1</sup>	Level-equivalent of contributions	Actuarial balance
Present law, original estimate.....	1.23	1.23	0.00
Present law, revised estimate.....	1.54	1.23	-.31
House bill.....	1.41	1.41	.00
Senate Finance Committee bill.....	1.23	1.34	+.11
Senate bill.....	1.30	1.34	+.04

<sup>1</sup> Including administrative expenses.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended care facility benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems quite possible that there will be much greater use of posthospital extended care services and

posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done in one form or another in all three versions of the bill—is relatively small. On the other hand, the modified reimbursement basis in the Senate bill has a significant cost. Table 17 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedules and the resulting actuarial balances.

TABLE 17.—CHANGES IN ACTUARIAL BALANCE OF HOSPITAL INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND BILL, BASED ON 3.75 PERCENT INTEREST

[In percent]			
Item	House bill	Senate Finance Committee bill	Senate bill
Actuarial balance of present system.....	-0.31	-0.31	-0.31
Increase in taxable earnings base.....	+.12	+.31	+.31
Revised contribution schedule.....	+.18	+.11	+.11
Transfer of outpatient diagnostic benefits to SMI.....	+.01	+.01	+.01
Further hospital benefits beyond 90 days.....	(?)	-.01	-.01
Modified reimbursement basis.....	(?)	(?)	-.07
Total effect of changes in bill.....	+.31	+.42	+.35
Actuarial balance under bill.....	.00	+.11	+.04

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not contained in this version of bill.

The estimated level-cost of the system is increased by 0.07 percent of taxable payroll as a result of the new optional reimbursement basis for hospitals and extended care facilities, which would permit the use of average per diem costs for persons of all ages (rather than being on the basis of actual costs for beneficiaries aged 65 and over). The legislative history seemed to indicate that, when this new basis is used, the present 2-percent factor for otherwise unrecognized costs (1½ percent for proprietary institutions) would be discontinued. If this is not the case, then the increase in the level-cost for this change is estimated at 0.10 percent of taxable payroll, and the actuarial balance for the Senate bill (shown in table 17) would be +.01 percent instead of +.04 percent.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged after it has been increased as provided by the particular version of the bill, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the particular bill under consideration. In fact, if this were to occur, the

steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the hospital insurance trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the progress of the hospital insurance trust fund. A later portion of this section, however, discusses these costs for the blanketed-in group.

(2) *Future operations of hospital insurance trust fund*

Table 18 shows the estimated operation of the hospital insurance trust fund under the three versions of the bill and under present law under the intermediate-cost estimate.

Under the estimate for present law, the hospital insurance trust fund reaches a peak of \$1.3 billion in 1967; then, it decreases, being exhausted in 1970. This trend results from the assumption that hospital costs are now hypothesized to rise much more rapidly than in the initial cost estimates for the program that were made in 1965, which showed the system to be in exact actuarial balance.

Under each of the three versions of the bill, the balance in the trust fund increases steadily in the future. In 1990, under the House bill, the balance in the fund represents the disbursements for 1.0 years at that time; the corresponding figures for the Senate Finance Committee bill and the Senate bill are 3.3 years and 1.8 years, respectively.

F. COST ESTIMATE FOR HOSPITAL BENEFITS FOR NONINSURED PERSONS PAID FROM GENERAL FUNDS

Hospital and related benefits are provided not only for beneficiaries of the old-age, survivors, and disability insurance system and the railroad retirement system, but also for almost all other persons aged 65 and over in 1966 (and for many of those attaining this age in the next few years) who are not insured under either of these two social insurance systems. Such benefit protection is provided to any person aged 65 before 1967 who is not eligible as an old-age, survivors, and disability insurance or railroad retirement beneficiary, except for certain active and retired Federal employees who are eligible (or had the opportunity of being eligible) for similar protection under the Federal Employees Health Benefits Act of 1959 and except for certain short-residence aliens.

Under present law, persons meeting such conditions who attain age 65 before 1968 also qualify for the hospital benefits, while those attaining age 65 after 1967 must have some old-age, survivors, and disability insurance or railroad retirement coverage to qualify—namely, 3 quarters of coverage (which can be acquired at any time after 1936) for each year elapsing after 1965 and before the year of attainment of age 65 (e.g., 6 quarters of coverage for attainment of age 65 in 1968, 9 quarters for 1969, etc.) This transitional provision “washes out” under present law for men attaining age 65 in 1974 and for women attaining age 65 in 1972, since the fully insured status requirement for monthly benefits for such categories is then no greater than the special-insured status requirement.

TABLE 18.—ESTIMATED PROGRESS OF HOSPITAL INSURANCE TRUST FUND, INTERMEDIATE-COST ESTIMATE  
 [In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	<sup>1</sup> \$57	\$34	\$1,121
Estimated data, Senate bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	4,051	3,308	112	63	2,026
1969.....	4,396	3,874	128	86	2,506
1970.....	4,604	4,243	140	100	2,827
1971.....	4,790	4,573	151	107	3,000
1972.....	5,263	4,904	162	114	3,311
1973.....	5,993	5,233	173	132	4,030
1974.....	6,245	5,559	184	156	4,688
1975.....	6,497	5,884	194	176	5,283
1980.....	9,009	7,397	244	288	8,939
1985.....	10,458	9,262	306	586	16,635
1990.....	11,968	11,559	382	801	22,021
Estimated data, Senate Finance Committee bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	4,051	3,208	112	68	2,129
1969.....	4,396	3,655	128	103	2,839
1970.....	4,604	4,003	140	129	3,422
1971.....	4,790	4,314	151	148	3,888
1972.....	5,263	4,626	162	167	4,523
1973.....	5,993	4,937	173	189	5,598
1974.....	6,245	5,244	184	207	6,644
1975.....	6,497	5,551	194	221	7,660
1980.....	9,009	6,978	244	400	13,957
1985.....	10,458	8,738	306	684	25,404
1990.....	11,968	10,905	382	998	36,026
Estimated data, House bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,332	3,190	112	48	1,413
1969.....	4,120	3,636	127	56	1,823
1970.....	4,348	3,982	139	69	2,119
1971.....	4,518	4,292	150	76	2,271
1972.....	4,680	4,602	161	76	2,263
1973.....	5,216	4,912	172	78	2,474
1974.....	5,442	5,216	183	81	2,598
1975.....	5,627	5,522	193	81	2,591
1980.....	7,982	6,940	243	121	4,271
1985.....	9,103	8,690	304	246	7,376
1990.....	11,441	10,843	380	363	10,693
Estimated data, present law					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,150	3,208	112	43	1,205
1969.....	3,274	3,655	128	26	722
1970.....	3,394	4,003	140	( <sup>2</sup> )	( <sup>2</sup> )
1971.....	3,516	4,314	151	( <sup>2</sup> )	( <sup>2</sup> )
1972.....	3,637	4,626	162	( <sup>2</sup> )	( <sup>2</sup> )
1973.....	4,100	4,937	173	( <sup>2</sup> )	( <sup>2</sup> )
1974.....	4,270	5,244	184	( <sup>2</sup> )	( <sup>2</sup> )
1975.....	4,405	5,551	194	( <sup>2</sup> )	( <sup>2</sup> )
1980.....	6,379	6,978	244	( <sup>2</sup> )	( <sup>2</sup> )
1985.....	7,231	8,738	306	( <sup>2</sup> )	( <sup>2</sup> )
1990.....	9,172	10,905	382	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Including administrative expenses incurred in 1965.

<sup>2</sup> Fund exhausted in 1970.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,000,000 on this account.

Under each of the three versions of the bill, these requirements for noninsured persons would be liberalized. Such persons attaining age 65 in 1968 would need only 3 quarters of coverage, 1969 attainments would need only 6 quarters of coverage, etc. The "wash out" points would be for men attaining age 65 in 1975 and women attaining age 65 in 1974. This change would make an additional 5,000 persons who attain age 65 in 1968 eligible for hospital benefits.

The benefits for the noninsured group would be paid from the hospital insurance trust fund, but with simultaneous reimbursement therefor from the general fund of the Treasury on a current basis, or if not simultaneous, with appropriate interest adjustment.

The estimated cost to the general fund of the Treasury for the hospital and related benefits for the noninsured group (including the applicable additional administrative expenses) is as follows for the first 5 calendar years of operation (in millions):

Calendar year	Present law	House bill	Senate Finance Committee bill	Senate bill
1966 <sup>1</sup> .....	\$174	\$174	\$174	\$174
1967.....	439	439	439	439
1968.....	468	465	468	482
1969.....	474	471	474	501
1970.....	462	459	462	489
1971.....	434	432	434	459
1972.....	405	403	405	428

<sup>1</sup> Data are for last 6 months of year (estimate based on actual experience).

The estimated cost to the general fund of the Treasury decreases slowly after 1969 for the closed group involved. Offsetting, in large part, the decline in the number of eligibles blanketed-in are the increasing hospital utilization per capita as the average age of the group rises and the increasing hospital costs in future years. It may be noted that the cost is estimated to be about the same under each of the three versions of the bill as under present law, because the cost effect of the changes made by the bill is relatively negligible (see the previous discussion).

### III. ACTUARIAL COST ESTIMATES FOR COMBINED OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE SYSTEM FOR 1968 AND 1969

This section compares the benefit outgo and the contribution income in 1968 and 1969, under the three versions of the bill and under present law for the old-age, survivors, and disability insurance system and the hospital insurance system combined. Such a combination is meaningful since each of these two systems is financed by payroll taxes (unlike the supplementary medical insurance system). The hospital insurance benefit outgo for noninsured persons is not included, because it is reimbursed on a current basis by the general fund of the Treasury.

The pertinent data are as follows:

[In billions]			
Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
<b>Calendar year 1968:</b>			
Present law.....	\$29.6	\$25.5	\$4.1
House bill:			
If effective for all 12 months.....	30.8	28.7	2.1
If effective for last 9 months only <sup>1</sup> .....	30.8	27.9	2.9
Senate Finance Committee bill.....	31.2	29.0	2.2
Senate bill.....	31.2	29.9	1.3
<b>Calendar year 1969:</b>			
Present law.....	33.7	26.9	6.8
House bill.....	34.9	30.3	4.6
Senate Finance Committee bill.....	36.3	32.7	3.6
Senate bill.....	36.3	34.0	2.3

<sup>1</sup> So that benefit increase would be effective for March (as in the Senate Finance Committee bill and Senate bill).

#### IV. ACTUARIAL COST ESTIMATES FOR THE SUPPLEMENTARY MEDICAL INSURANCE SYSTEM

##### A. INTRODUCTION

This portion of this report presents the actuarial cost estimates for the voluntary supplementary medical insurance program as it would be modified by each of the three versions of the bill.

From a cost standpoint, the only significant changes that were made in the House bill were as follows:

(1) The transfer of the outpatient diagnostic benefits from the hospital insurance program to this program (except for the professional component thereof, which has always been included in the supplementary medical insurance program).

(2) Making the deductible and coinsurance provisions inapplicable to the professional component of pathology and radiology services furnished to inpatients in hospitals.

The Senate Finance Committee bill added the following provisions that are significant from a cost standpoint:

(1) Covering the services of chiropractors.

(2) Extending the coverage of physical therapy benefits furnished outside of hospitals.

The Senate bill added one provision that would have a small cost effect, as follows:

(1) Covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician—the latter services being now covered).

##### B. SUMMARY OF ACTUARIAL COST ESTIMATES

Each of the three versions of the bill have expanded somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, which would be effective after March 1968, will be recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968. Under the House bill, the future period to which the new rate would be applicable would be April 1968 through December 1969. Under the Senate bill (as also under

the Senate Finance Committee bill), the new rate would be for April 1968 through June 1969, which in accordance with the provisions of present law, as modified by the bill, will be promulgated before January 1, 1968, along with a statement of the actuarial assumptions and bases underlying the determined premium rate.

#### C. FINANCING POLICY

##### *(1) Self-supporting nature of system*

Coverage under supplementary medical insurance can be voluntarily elected, on an individual basis, by virtually all persons aged 65 and over in the United States. This program is intended to be completely self-supporting from the premiums of enrolled individuals and from the equal-matching contributions from the general fund of the Treasury. For the initial period, July 1966 through March 1968, the premium rate is established at \$3 per month, so that the total income of the system per participant per month is \$6. Persons who do not elect to come into the system at as early a time as possible will generally have to pay an additional charge on enrollment, under the provisions of the committee-approved bill. The standard monthly premium rate can be adjusted for periods after March 1968 so as to reflect the expected experience, including an allowance for a margin for contingencies. All financial operations for this program are handled through a separate fund, the supplementary medical insurance trust fund.

Under the present law and under the House bill, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be established for 2-year periods in the future—namely, for April 1968 through December 1969 and then for each following 2-calendar-year period. Under the Senate bill, this basis would be changed to an annual one on a permanent basis—namely, for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter. Thus, the premium periods will not correspond with the benefit periods, which are on a calendar-year basis. This will make the actuarial analysis underlying the promulgation of the premium rates more difficult. It will probably be necessary first to compute the estimated premium rates on calendar-year bases and then to prorate them for the applicable premium period. For example, under this procedure, the premium rate to be determined for the period July 1969 through June 1970 would be the average of the premium rates estimated to be suitable for calendar years 1969 and 1970 (if the premium period had been on that calendar-year basis).

The present law provides for the establishment of an advance appropriation from the general fund of the Treasury that will serve as an initial contingency reserve in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals who were estimated to be eligible for participation in July 1966. This amount, which is approximately \$345 million (of which \$100 million has actually been appropriated), has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966 through December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

Under each of the three versions of the bill, the availability of the contingency reserve would be extended for 2 years, through December 1969. It is anticipated that none of the authorized and appropriated funds will be needed, but the Congress believes that it is desirable to take this action so that the premium rate to be established for periods after March 1968 can be set at an intermediate level, rather than at a level that is certain to be adequate even if experience follows the high estimates. It may be noted that it has not yet been possible to make a full analysis, on an accrual basis, of the actual experience for the first year of operation (July 1966 through June 1967), so as to determine whether and to what extent a contingency reserve has been built up. In the event that the operations in the 21-month period when the initial \$3 premium rate is effective show a deficit on an accrual basis, this should be made up from the inclusion of a small amount in the premium rates in the next few years. It should be observed that the system may well have a considerable trust-fund balance on a cash basis—due to the lag in presenting and adjudicating claims—even though it may have a deficit on an accrual basis.

In any event, the Congress believes that there should be no need for any further extension of this contingency-reserve provision after 1969. By then, either sufficient contingency funds should be built up by the existing financing provisions, or else this will be able to be accomplished from the future premium rates being set at a proper level, based on adequate experience which will be available by that time.

(2) *Actuarial soundness of system*

The concept of actuarial soundness for the supplementary medical insurance system is somewhat different than that for the old-age, survivors, and disability insurance system and for the hospital insurance system. In essence, the first-mentioned system is on a "current cost" financing basis, rather than on a "long-range cost" financing basis. The situations are essentially different because the financial support of the supplementary medical insurance system comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the supplementary medical insurance program, therefore, depends only upon the "short-term" premium rates being adequate to meet, on an accrual basis, the benefit payments and administrative expenses over the period for which they are established (including the accumulation and maintenance of a contingency fund).

## D. RESULTS OF COST ESTIMATES

The bill makes a number of changes in the benefit provisions of the supplementary medical insurance program, some of which expand the scope of the program, whereas several limit it slightly. The only changes which have a significant cost effect are as follows, along with the cost per participant per month relative to the current \$6 monthly premium rate (for the participant and the Government combined):

<i>Item</i>	<i>Cost</i>
Changes made by House bill:	
Nonprofessional component of outpatient diagnostic services.....	\$0. 12
Elimination of cost-sharing for inpatient pathology and radiology.....	. 20
Total, House bill.....	. 32
Additional changes made by Senate Finance Committee bill:	
Chiropractor services.....	. 20
Extending coverage of physical-therapy services benefits.....	. 05
Total, Senate Finance Committee bill.....	. 57

The cost of covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician)—as added by the Senate bill—is estimated at \$0.01 per month per capita or less (taking into account that the same special cost-sharing and maximum-benefit provisions would be applicable as relate to services of psychiatrists). The cost of covering certain limited services furnished by podiatrists (as provided under all three versions of the bill) and by optometrists (as provided under the Senate Finance Committee and Senate versions) would similarly be very small.

The total cost of \$0.57 per month per capita relative to the current \$6 monthly premium rate will probably be increased to about \$0.71 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.71 per month per capita is equivalent to an annual cost of \$153 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).





United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 90<sup>th</sup> CONGRESS, FIRST SESSION

Vol. 113

WASHINGTON, MONDAY, NOVEMBER 27, 1967

No. 192

## *House of Representatives*

agreeing votes of the two Houses thereon, and appoints Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. GORE, Mr. TALMADGE, Mr. WILLIAMS of Delaware, Mr. CARLSON, and Mr. CURTIS to be the conferees on the part of the Senate.

### MESSAGE FROM THE SENATE

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12080. An act to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12080) entitled "An act to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes," requests a conference with the House on the dis-

MILLS, KING of California, BOGGS, KARS-  
TEN, HERLONG, BYRNES of Wisconsin,  
CURTIS, UTT, and BETTS.

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APPOINTMENT OF CONFEREES ON  
H.R. 12080, SOCIAL SECURITY  
AMENDMENTS OF 1967

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs.



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**MESSAGE FROM THE HOUSE**

The message also announced that the House disagreed to the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two House thereon, and that Mr. MILLS, Mr. KING of California, Mr. BOGGS, Mr. KARSTEN, Mr. HERLONG, Mr. BYRNES of Wisconsin, Mr. CURTIS, Mr. UTT, and Mr. BETTS were appointed managers on the part of the House at the conference.

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90th Congress }  
1st Session }

CONFERENCE COMMITTEE PRINT

H.R. 12080

SOCIAL SECURITY AMENDMENTS OF 1967

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BRIEF DESCRIPTION OF SENATE  
AMENDMENTS

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PREPARED FOR THE USE OF THE  
CONFEREES



DECEMBER 5, 1967

Printed for the use of the Senate Committee on Finance and  
the House Committee on Ways and Means

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**SENATE AMENDMENTS TO H. R. 12080**

Bill page	Amendment No.	Description
5	(1)	New table of contents.
<b>TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE</b>		
INCREASE IN BENEFITS		
11	(2)	Committee amendment—Increases social security benefits by 15 percent with minimum primary insurance amount of \$70. House bill provided 12½-percent increase with minimum primary insurance amount of \$50.
16-19	(3-5 and 7-15)	Committee amendment—Effective date for benefit increase. Under Senate amendment benefit increase would be effective for March 1968. House bill would make it effective for second month after month of enactment.
17	(6)	Conforming with amendment No. 2.
SPECIAL BENEFITS FOR PERSONS AGE 72 AND OVER		
20	(16, 18-20, and 23)	Committee amendment—Increases special benefits payable to uninsured people who attained age 72 prior to 1968 from \$35 a month to \$50 for an individual. House bill would have increased this amount to \$40.
20-21	(17, 21-22, and 24)	Committee amendment—Increases special benefits payable to uninsured people who attained age 72 prior to 1968 from \$17.50 a month to \$25 for a spouse. House bill would have increased this amount to \$20.
21	(25)	Committee amendment—Increase in special benefits for uninsured would be effective for March 1968. House bill would have been effective for second month after month of enactment.
MAXIMUM AMOUNT OF SPOUSE'S BENEFIT		
22	(26)	Conforming amendment—Effective date for limitation on maximum amount of husband's or wife's benefits, conforming with amendment No. 3.

Bill page	Amend- ment No.	Description
<b>DISABLED WIDOWS</b>		
22	(27)	Committee amendment—Provides full-rate (82½ percent of the deceased spouse's primary insurance amount) benefits to disabled widows and widowers regardless of age. Benefits would be first payable for March 1968. House bill provided reduced benefits (ranging from 50 to 82½ percent of the primary insurance amount) starting at age 50, effective for second month after month of enactment.
<b>REDUCED BENEFITS AT AGE 60</b>		
46	(28)	Committee amendment—Provides actuarially reduced benefits for both men and women at age 60, with benefits first payable for December 1968. No comparable provision in House bill.
<b>YOUNG DISABLED WORKERS</b>		
54	(29)	Technical—Renumbering.
54	(30)	Conforming amendment—Effective date for change in insured status for younger disabled workers, conforming with amendment No. 3.
<b>UNIFORMED SERVICES</b>		
55	(31)	Technical—Renumbering.
<b>EARNINGS TEST</b>		
56	(32)	Technical—Renumbering.
56	(33-35)	Floor amendment by Senator Bayh—Increases from \$1,500 a year to \$2,400 the amount a person may earn and still get full social security benefits. The House bill would have increased the amount to \$1,680 a year.
<b>WAGE BASE INCREASE</b>		
57	(36)	Committee amendment—Increases the amount of earnings subject to social security taxes and which can be used in benefit computations from \$6,600 a year to \$8,000 in 1968, to \$8,800 in 1969, and to \$10,800 in 1972 and thereafter. House bill would have increased amount to \$7,600 in 1968 and thereafter.

Bill  
page      Amend-  
            ment  
            No.

## Description

## TAX RATE CHANGES

- 66      (37)      Committee amendment—Provides new schedule of social security taxes. The schedules in present law, the House bill, and the Senate bill are shown in the following table:

## TAX SCHEDULE UNDER PRESENT LAW, THE HOUSE BILL AND THE SENATE BILL

[In percent]

Period	OASDI			HI			Total		
	Present law	House bill	Senate bill	Present law	House bill	Senate bill	Present law	House bill	Senate bill
Employer-employee, each									
1968.....	3.9	3.9	3.8	0.5	0.5	0.6	4.4	4.4	4.4
1969-70.....	4.4	4.2	4.2	.5	.6	.6	4.9	4.8	4.8
1971-72.....	4.4	4.6	4.6	.5	.6	.6	4.9	5.2	5.2
1973-75.....	4.85	5.0	5.0	.55	.65	.65	5.4	5.65	5.65
1976-79.....	4.85	5.0	5.05	.6	.7	.65	5.45	5.7	5.7
1980-86.....	4.85	5.0	5.05	.7	.8	.75	5.55	5.8	5.8
1987 and after.....	4.85	5.0	5.05	.8	.9	.75	5.65	5.9	5.8
Self-employed									
1968.....	5.9	5.9	5.8	0.5	0.5	0.6	6.4	6.4	6.4
1969-70.....	6.6	6.3	6.3	.5	.6	.6	7.1	6.9	6.9
1971-72.....	6.6	6.9	6.9	.5	.6	.6	7.1	7.5	7.5
1973-75.....	7.0	7.0	7.0	.55	.65	.65	7.55	7.65	7.65
1976-79.....	7.0	7.0	7.0	.6	.7	.65	7.6	7.7	7.65
1980-86.....	7.0	7.0	7.0	.7	.8	.75	7.7	7.8	7.75
1987 and after.....	7.0	7.0	7.0	.8	.9	.75	7.8	7.9	7.75

NOTE.—Maximum taxable earnings base under present law is \$6,600. Maximum taxable earnings base under House bill is \$7,600, beginning in 1968. Maximum taxable earnings base under Senate bill is \$8,000 in 1968, \$8,800 in 1969-71, and \$10,800 in 1972 and after.

## ALLOCATION TO DI TRUST FUND

- 76      (38)      Technical—Renumbering.

## DISABILITY FREEZE APPLICATIONS

- 77      (39)      Committee amendment—Extends the period of time in which a person may file an application for the disability freeze (but not for monthly disability benefits) if the person was prevented by a physical or mental condition from filing an application within the period specified in present law or the law in effect prior to the enactment of the 1965 amendments. No comparable provision in the House bill.

Bill page	Amendment No.	Description
MARRIED STUDENT		
79	(40)	Committee amendment—Provides that a child's benefits shall not terminate (as they generally do under present law) when the child marries if the child is a full-time student; in the case of a girl beneficiary, the amendment would apply only if her husband is also a full-time student. No comparable provision in the House bill.
ADOPTED CHILDREN		
81	(41)	Floor amendment by Senator Allott—Provides that a child adopted by a person who is getting disability insurance benefits can become entitled to child's benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of the adoption. No comparable provision in the House bill.
MOTHER'S BENEFIT		
82	(42)	Floor amendment by Senator Nelson—Provides that a child over age 18 shall be considered to be in his mother's care, for purposes of paying mother's benefits, if the child is a full-time student in an elementary or secondary school. No comparable provision in House bill.
DELAYED RETIREMENT STUDY		
82	(43)	Floor amendment by Senator Allott—Provides that the Social Security Administration shall make a study and report to Congress on increasing old-age insurance benefits on account of delayed retirement. No comparable provision in House bill.
COVERAGE OF RELIGIOUS		
83-84	(44-46)	Committee amendment—Retains provision of present law which excludes from coverage members of religious orders who have taken a vow of poverty. House bill would have provided a method of coverage for such members on the same basis as other clergymen, unless they elected not to be covered.
84	(47)	Committee amendment—Provides that a clergyman may also elect not to be covered under social security if he is opposed to such coverage

Bill page	Amend- ment No.	Description
85	(47)	on grounds of religious principle, or on conscientious grounds. House bill provided for objection only on conscientious grounds.
STATE AND LOCAL EMPLOYEES		
88	(48)	Committee amendment—Provides a 3-year extension, through 1969, for election of social security coverage by State and local employees who did not previously do so under the provisions which permit a State to cover only those employees who desire coverage.
RETIRED PARTNERS		
89	(49)	Technical—Editorial.
POLICEMEN AND FIREMEN		
91	(50)	Committee amendment—Provides for including Puerto Rico in the list of the States which may provide social security coverage for policemen and firemen—amendment includes provision to reflect floor amendment by Senator Curtis which provides for retroactive social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.
FIREMEN		
92	(51)	Committee amendment—Provides that social security coverage can be extended to firemen in States not specifically authorized to cover them if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result of such coverage. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen. No comparable provision in House bill.
VALIDATION OF EARNINGS OF PUBLIC EMPLOYEES		
93	(52)	Committee amendment—Provides that when a State makes a social security coverage agreement it may validate coverage of earnings of State and local employees which had been erroneously reported if no refund has been made of the taxes on the earnings reported. No comparable provision in House bill.

Bill page	Amendment No.	Description
<b>JUSTICES OF THE PEACE</b>		
94	(53)	Committee amendment—Provides social security coverage as self-employed individuals to State and local government employees who are compensated solely on a fee basis (e.g., constables and justices of the peace). People in fee-basis positions in 1968 could elect not to be covered, and States could modify their coverage agreements to exclude from coverage fee-basis employees who are now covered. No comparable provision in the House bill.
<b>FAMILY EMPLOYMENT</b>		
97	(54)	Committee amendment—Provides for extending social security coverage with respect to employment performed in the private home of the employer by a parent in the employ of his son or daughter where there is a bona fide employment relationship and where the son or daughter (a) is a widow or widower, (b) is divorced, or (c) has a disabled spouse, and has a child who is under age 18 or who is disabled. No comparable provision in the House bill.
<b>MASSACHUSETTS TURNPIKE AUTHORITY</b>		
99	(55)	Committee amendment—Provides that the State of Massachusetts may modify its social security coverage agreement so as to terminate the coverage now provided for employees of the Massachusetts Turnpike Authority. If coverage is terminated, it may not be reinstated at a later date. No comparable provision in the House bill.
<b>PHYSICIANS PAYMENT—MEDICARE</b>		
100	(56-59)	Committee amendment—Modifies the provision in the House bill which provides for physician payment under the medical insurance program. Under present law, payment may be made only to the physician upon assignment or to the patient upon presentation of a receipted bill. House bill provided for retention of present law provisions and added new alternatives for payment to the physician or patient on the basis of an unpaid bill. Under Senate amendment only two methods of payment would be provided: payment either directly to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or directly to the physician as under the present assignment method.

Bill page	Amend- ment No.	Description
101	(60)	Effective date—Claims pending on basis of nonreceipted bill as of date of enactment may be paid, instead of being returned to beneficiary (as under House bill).
PODIATRISTS		
103	(61)	Committee floor amendment—Would limit the purposes for which a podiatrist is considered a physician only for definition of covered physicians' services.
PROSTHETIC LENSES		
105	(62)	Committee amendment—Modifies House bill which prevented payment for the costs of procedures to determine refractive state of eyes so as to permit payment for services or procedures involved in fitting prosthetic lenses.
OUTPATIENT HOSPITAL SERVICES IN PART B		
107	(63)	Technical—Relettering.
107	(64)	Conforming with amendment No. 88.
108	(65)	Technical—Renumbering.
108	(66)	Conforming with amendment No. 88.
108	(67)	Technical—Editorial.
108	(68)	Conforming with amendment No. 88.
108	(69)	Technical—Editorial.
109	(70)	Conforming with amendment No. 88.
110	(71)	Effective date advanced to April 1, 1968 to reflect passage of time; except that date of termination of requirement of initial physician's certification for hospital care is date of enactment rather than December 31, 1967 as under House bill.
BILLING FOR HOSPITAL SERVICES		
111	(72)	Technical.
111	(73-74)	Conforming with amendment No. 90.
112	(75)	Effective date advanced to April 1968 to coincide with effective date of new part B premium.
RADIOLOGICAL AND PATHOLOGICAL CHARGES FOR INPATIENTS		
113	(76)	Effective date advanced to April 1968 to coincide with effective date of new part B premium.
PHYSICAL THERAPISTS		
114	(77)	Committee amendment—Expands the provisions of the House bill which added coverage of physical therapy when provided in a patient's

Bill page	Amend- ment No.	Description
114	(77)	home under the supervision of a hospital. Under present law, such services may be provided by or through home health agencies. The amendment would also cover outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of other providers of services, approved clinics, rehabilitation centers, or local public health agencies. Under the committee amendment the patient would not have to be homebound for the physical therapy services to be covered.
<b>BLOOD</b>		
121-122	(78-79)	Committee amendment—Modifies the provision in the House bill which requires that the patient replace 2 pints of blood for the first pint of blood received for purposes of the 3-pint deductible. (In effect, 4 pints would have to be replaced for the 3 pints used.) Under the Senate bill, replacement would be on a pint-for-pint basis, as under present law.
<b>ADDITIONAL HOSPITAL DAYS</b>		
123, 126	(80-83)	Committee amendment—Modifies the provision of the House bill which would extend the number of inpatient hospital days covered during a "spell of illness" from 90 to 120 days, with a \$20 coinsurance requirement from the 91st day through the 120th day. Instead, there would be provided a lifetime reserve of 60 additional days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$10 for each day would be applicable to such added days of coverage. Under both bills, the additional days would be available after December 31, 1967.
<b>ALTERNATIVE METHOD OF REIMBURSEMENT</b>		
130	(84)	Floor amendment by Senator Miller—Provides that the average per diem method of calculating reimbursement may be used, effective July 1, 1968, at option of provider of services, under medicare. Secretary shall take into account the per diem cost prevailing in the community for comparable quality and level of service. No comparable provision in House bill.

Bill page	Amendment No.	Description
PARTNERSHIP FOR HEALTH—DEPRECIATION ALLOWANCES		
131	(85)	Committee amendment—Provides that reimbursement under medicare or medicaid for depreciation or interest on debt would not be available for certain capital expenditures of hospitals or other health facilities where such expenditures have been specifically disapproved by a State's partnership for health agency (Public Law 89-749), effective with respect to expenditures made after June 30, 1970 (or earlier at the request of a State). The amendment does not compel any State to specifically disapprove capital expenditures—assumption of that function is at the option of the State. No comparable provision in House bill.
MEDICARE FOR PUBLIC EMPLOYEES		
138	(86)	Committee amendment—Adds a provision permitting States to contract with the Secretary of Health, Education, and Welfare for hospital insurance coverage for State and local governmental employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare. States would reimburse the medicare program for the costs of benefits paid and administrative expenses incurred with respect to such coverage. No comparable provision in House bill.
NONPARTICIPATING HOSPITALS		
144	(87)	Committee amendment—Adds a provision permitting payment for services received in certain nonparticipating hospitals. At present, payments may be made to participating hospitals, and in an emergency case, to a nonparticipating hospital which meets certain standards, but only if such nonparticipating hospital agrees to accept reasonable cost reimbursement as full payment. The Senate bill permits direct reimbursement to be made to an individual who was furnished hospital services in a nonparticipating hospital during the 18-month period ending December 31, 1967. This coverage would not apply to non-emergency admissions occurring after 1967. Payment would be limited to 60 percent of the room and board charges and 80 percent of the hospital ancillary charges for up to 20 days in each spell of illness (subject to the \$40 deductible

Bill page	Amendment No.	Description
144	(87)	and other statutory payment limitations in present law) if the hospital did not formally participate in medicare prior to January 1, 1969. If it did participate in medicare prior to that date and if it applied its utilization review plan to the services for which medicare benefits are being claimed (and which were provided before its regular participation started) up to the full 90 days of coverage could be reimbursable in behalf of or to the beneficiary. No comparable provision in House bill.
PAYMENTS FOR EMERGENCY HOSPITAL SERVICES		
148	(88)	Committee amendment—Provides for benefits on a basis essentially comparable to those described in the transitional benefit authorized under amendment 87. This would apply to emergency admissions occurring on or after January 1, 1968, as an alternative to the coverage of emergency care provided under present law. Hospitals could apply for payment on a reasonable cost basis, as under present law, or if the hospital did not apply, the patient could obtain payment directly, under the new provisions, on the basis of 60 percent of room and board and charges and 80 percent of ancillary services charges. With respect to both this and the preceding amendment, a new definition would be used for hospitals eligible under the transitional and emergency care provisions. A qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition is retroactive to July 1, 1966, so that some hospitals which today would be ineligible to receive payment for emergency services may receive such payments on behalf of beneficiaries back to the beginning of the program, provided they apply for such payments. If such payments are not applied for, the patient would be paid directly under the new payment provisions. No comparable provision in House bill.
MEDICARE IN CANADA AND MEXICO		
151	(89)	Committee amendment—Adds a provision which would permit direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished with respect to admissions

Bill page	Amend- ment No.	Description
151	(89)	<p>occurring after March 31, 1968, in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. In the case of non-emergency care, the hospital would have to be the one nearest to the patient's residence suitable to treat his illness. The amendment also provides that payment may be made for emergency inpatient hospital services furnished outside the United States in a hospital within 50 miles of the border if the hospital was the closest one suitable for treatment and the emergency occurred no more than 50 miles outside the United States (present law provides emergency coverage outside the United States only if the emergency occurs in the United States). Benefits would be payable for the services covered under this provision only on the basis of an application for reimbursement filed by the medicare beneficiary and only if the hospital met standards which are essentially comparable to those required of hospitals participating under the program in the United States. No comparable provision in House bill.</p>

CERTAIN INPATIENT ANCILLARY SERVICES

154	(90)	<p>Committee amendment—Adds a provision which would permit payment under the supplementary medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished after March 31, 1968, to a patient who has exhausted his eligibility for such services under part A of the program. Payment would be made for these services under the usual part B provisions applying to the \$50 deductible and 20-percent coinsurance. No comparable provision in House bill.</p>
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GENERAL ENROLLMENT PERIOD

155	(91)	<p>Committee amendment—Adds a provision effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program would be placed on an annual basis, rather than biennial. The enrollment period would run from January 1 through March 31, rather than October 1 through December 31, as under present law. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable</p>
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Bill page	Amendment No.	Description
155	(91)	<p>for a 12-month period to begin the following July 1. When the Secretary promulgates the rate for part B, he would also be required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.</p> <p>Additionally, persons wishing to cancel part B coverage could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice of withdrawal was filed.</p> <p>Presently, termination may be made only during a general enrollment period (every 2 years). The amendment would also substitute a flat one-time late enrollment penalty of up to 3 months' premium in lieu of the 10- or 20-percent additional monthly premium charge required under present law. This provision becomes effective within the present open enrollment period ending March 31, 1968. No comparable provision in House bill.</p>
TB HOSPITALS		
159	(92)	<p>Committee amendment—Effective January 1968, eliminates provision in present law under which days in a tuberculosis institution immediately before initial entitlement to hospital insurance are counted against the days of coverage for which an individual would otherwise be eligible. The amendment would make an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received such services in a general hospital. No comparable provision in House bill.</p>
OPTOMETRISTS		
160	(93)	<p>Committee amendment—Includes within the definition of physician a licensed doctor of optometry but only with respect to functions he is authorized to perform by the State in which he practices. No payment would be made for services involving the diagnosis or detection of eye diseases unless the optometrist is legally authorized to treat the disease, or for diagnostic services where the optometrist provides no treatment. Effective, under part B of medicare with respect to services provided after March 31, 1968. No comparable provision in House bill.</p>

Bill page	Amend- ment No.	Description
<b>CHIROPRACTORS</b>		
161	(94)	Committee amendment—Includes within the definition of physician a licensed chiropractor but only with respect to functions he is authorized to perform by the State in which he practices. Effective under part B of medicare with respect to services provided after March 31, 1968. No comparable provision in House bill.
<b>PSYCHOLOGISTS</b>		
162	(95)	Floor amendment by Senator Harris—Includes within the definition of physician a licensed or certified psychologist but only with respect to functions he is authorized to perform by the State in which he practices. Effective, under part B of medicare, with respect to services provided after March 31, 1968. No comparable provision in House bill.
<b>ELIGIBILITY OF ADOPTED CHILD</b>		
163	(96)	Committee amendment—Makes the more liberal eligibility provision for adopted children contained in the House bill effective March 1968 (instead of second month after enactment), conforming with amendment No. 3.
<b>CHILD'S DEPENDENCY ON MOTHER</b>		
164	(97)	Committee amendment—Makes the House provision conforming dependency requirement of female worker to those now provided for male workers effective March 1968 (instead of second month after enactment), conforming with amendment No. 3.
<b>RECOVERY OF OVERPAYMENTS</b>		
165	(98)	Committee amendment—Authorizes the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding future benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. Under present law, overpayments may be recovered from the overpaid person while he is getting benefits; recovery may not be made from any other person getting benefits on the same account; there is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
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ERRONEOUS DEATH REPORTS

166 (99) Committee amendment—Provides that all benefits paid on the basis of official reports of death issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive. No comparable provision in House bill.

UNDERPAYMENTS

167-178 (100-101) Committee amendment—Substitutes a uniform order of distribution of unpaid amounts in place of dual order of distribution in House bill, as follows:

House bill		Senate bill
Cash benefits	Medicare (pt. B)	
<p>(1) To his surviving spouse if she was entitled to benefits on the same earnings record as the deceased beneficiary.</p> <p>(2) To his child or children (in equal parts) if they were entitled to benefits on the same earnings record as the deceased beneficiary.</p> <p>(3) To his parent or parents if they were entitled to benefits on the same earnings record as the beneficiary.</p> <p>(4) To the legal representative of the deceased beneficiary's estate.</p> <p>(5) To his surviving spouse not entitled to benefits on the same earnings record.</p> <p>(6) To his child or children (in equal parts) not entitled to benefits on the same earnings record. If none of the persons mentioned in the bill exist, no payment would be made.</p>	<p>In cases where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid (but reimbursement under the medical insurance program has not been made) payment of the medical insurance benefits to the person who paid the bill would be authorized. If payment could not be made to the person who paid the bill, payment would be made to the legal representative of the deceased beneficiary's estate, if any. If there is no legal representative, payment would be made to relatives of the deceased individual in the following order of priority:</p> <p>(1) The surviving spouse living with the deceased beneficiary at the time of his death.</p> <p>(2) A surviving spouse entitled to a monthly social security benefit based on the earnings of the deceased beneficiary.</p> <p>(3) The child or children of the deceased beneficiary (in equal parts).</p> <p>If none of the persons mentioned in the bill exist, no payment would be made.</p>	<p>1. Spouse living with individual at time of his death or to spouse not living with individual but entitled to benefits on same earnings record.</p> <p>2. Child entitled to benefits on same earnings record.</p> <p>3. Parent entitled to benefits on same earnings record.</p> <p>4. Spouse who was neither entitled to benefits on same earnings record nor living with individual.</p> <p>5. Child not entitled to benefits on same earnings record.</p> <p>6. Parent not entitled to benefits on same earnings record.</p> <p>7. Legal representative of individual's estate, if any.</p> <p>8. Person related to individual by blood, marriage, or adoption determined by Secretary to be proper person to receive the payment due.</p>

The Senate amendment would provide that before applying the order of priority described above amounts due under supplementary medical insurance (pt. B) of medicare after the beneficiary's death be paid first to the person who paid for the services or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate, if there is one.)

Bill page	Amend- ment No.	Description
SIMPLIFICATION OF COMPUTATION		
178	(102)	Technical—Renumbering.
182	(103)	Conforming amendment—Makes simplification rules for survivors coming on rolls after enactment effective for March 1968, conforming with amendment No. 3.
DEFINITION OF WIDOW, ETC.		
184	(104)	Technical—Renumbering.
186	(105)	Conforming amendment—Makes more liberal definition of widows, etc., in House and Senate bills effective for March 1968, conforming with amendment No. 3.
HUSBANDS AND WIDOWERS		
187	(106)	Technical—Renumbering.
188	(107)	Conforming amendment—Makes more liberal eligibility rules for husbands and widowers in House and Senate bill effective for March 1968, conforming with amendment No. 3.
DEFINITION OF DISABILITY		
188	(108)	Technical—Renumbering.
189-192	(109-114)	Floor amendment by Senator Metcalf—Deletes the provision of the House bill providing (a) new guidelines emphasizing the importance of the medical factors in determining disability and (b) a special definition of disability for widows and widowers.
WORKMEN'S COMPENSATION		
193	(115)	Technical—Renumbering.
194	(116)	Conforming amendment—Makes more liberal disability workmen's compensation offset in House and Senate bill effective March 1968, conforming with amendment No. 3.
MISCELLANEOUS		
194-195	(117-118)	Technical—Renumbering.
INTERNATIONAL TREATIES		
197	(119)	Committee amendment—Provides that the present 5-year residence requirements that uninsured people must meet in order to qualify for (a) hospital insurance, or (b) for special age 72 payments, or (c) the supplementary medical insurance, would not apply where they would be

Bill page	Amend- ment No.	Description
197	(119)	contrary to treaty obligations of the United States under treaties in effect on the date of enactment. No comparable provision in House bill.

## ALIENS

198	(120)	Technical—Renumbering.
200	(121-123)	Committee amendment—Makes provision of House bill relating to limitation on payments to aliens outside the United States effective January 1969. Under House bill the provision relating to the change in the 40 quarters of coverage and 10-year resident requirement would have been effective 6 months after enactment, the provision relating to future benefits to people in Communist countries would have been effective for benefits payable after enactment, and the provision relating to past benefits due people in Communist countries would have applied to benefits for months before enactment.

## ILLEGITIMATE CHILDREN

201	(124)	Committee amendment—Provides that the benefits payable to a person on the effective date of the 1965 amendments which were reduced because an illegitimate child became entitled to benefits under the 1965 amendments will not be reduced in the future. For people who became entitled after the effective date of the 1965 amendments or become entitled in the future the provisions of present law will apply. House bill provided that benefits payable to illegitimate children who became entitled to benefits under the 1965 amendments could not exceed the difference between the total amounts payable to other persons and the family maximum amount. Benefits payable under Senate amendments will be payable March, 1965 instead of second month after date of enactment as in House bill.
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## ADVISORY COUNCILS

203	(125)	Technical—renumbering.
206	(126)	Committee amendment—Modifies the House-passed provision relating to the time at which Advisory Councils would be appointed and would issue reports to provide that the Advisory Councils be appointed in 1969 and every 4 years thereafter. The appointments could be made at any time after January 31 (rather than in February as in the House bill). As in present law,

Bill page	Amend- ment No.	Description
206	(126)	the Senate amendment provides that each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. Interim reports are also authorized. Under House bill, Council must report in year it is appointed.

## MISCELLANEOUS

207-208 (127-128) Technical—Renumbering.

## DISCLOSURE TO COURTS

209 (129-131) Committee amendment—Modifies provision in House bill relating to disclosure of address of deserting father to make information available to both courts in interstate support actions.

## REPORTS TO CONGRESS

210 (132) Technical—Renumbering.

## GENERAL SAVINGS PROVISIONS

211-212 (133-140) Committee amendment—Broadens savings clause in House bill to include Senate amendments. Under the provision, people on the benefit rolls will not have their benefits reduced because of the family maximum when new people are added to the rolls under the new benefit provisions.

## EXPEDITED PAYMENTS

213 (141) Committee amendment—Provides for the establishment of procedures to expedite the payment of cash benefits other than benefits based on disability. The provision would not apply where benefit checks have been cashed. No comparable provision in House bill.

## DRUG STUDY

215 (142) Committee amendment—Requires the Secretary to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare [S. 17, 90th Cong.], and (2) a proposal to estab-

Bill page	Amend- ment No.	Description
215	(142)	lish, through a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance part (pt. A) of the medicare program [S. 2299, 90th Cong.]. No comparable provision in House bill.

## BLIND PERSONS

217	(143)	Committee amendment—Changes the definition of disability for the blind so that a person who is “industrially blind” (i.e., visual acuity of 20/200 or less) can be entitled to disability insurance benefits if he has at least 6 quarters of coverage. A person who qualifies would be paid benefits regardless of whether he engages in substantial gainful work. No comparable provision in House bill.
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## DISABLED CHILD

219	(144)	Committee amendment—Provides child’s insurance benefits for an otherwise qualified disabled child if his disability began after age 18 but before age 22. Under present law, a person must have become disabled before age 18 to qualify for childhood disability benefits as the son or daughter of an insured disabled, retired, or deceased worker. No comparable provision in House bill.
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## ATTORNEY’S FEES

222	(145)	Floor amendment by Senator Ervin—Authorizes the Secretary of HEW to fix a reasonable fee for the services in administrative proceedings provided an applicant for social security benefits by an attorney and to pay such attorney’s fee out of past-due benefits. The fee could not exceed the smaller of (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) the amount agreed to by the applicant and the attorney. No comparable provision in House bill.
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## TITLE II—PUBLIC WELFARE AMENDMENTS

## FAMILY SERVICES PLAN

223–224	(146)	Committee amendment (line 4 on p. 224 through comma on line 16)—Requires that States provide a program of family services and child welfare services to AFDC family. Under existing law program has to be supplied to children only. Floor amendment by Senator Kennedy (N.Y.), page 224 (lines 16 through 19)—Provides that
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Bill page	Amend- ment No.	Description
		such a program is to assist AFDC recipients (1) attain or retain capability for self-support and care and (2) maintain and strengthen family life and child development.
225	(147)	Committee amendment—Changes words “illegitimate births” to “births out of wedlock”.
225-226	(148-149)	New subparagraph (B) added by the Senate amendment conforms to the work incentive program established by amendment 198, which provides that the evaluation of employment potential of participants will be carried out by the Labor Department rather than the welfare agency, as the House bill would require. Child care and family planning services would be provided by the welfare agency under both bills.
		New subparagraph (C) added by the Senate amendments provides a statutory rule that family planning services must be voluntary with the individual. The House committee report indicated a similar intent.
226	(150-152)	Technical—Relettering.
226-227	(153-155)	Conforming with amendment No. 146.
		Committee amendment—Modifies House provision so that local agencies administering State plan need not have a single organizational unit to administer child welfare and family services.
227	(156)	Committee amendment—Changes words “illegitimate child” to “a child born out of wedlock”.
224-231	(157)	Committee amendment—Makes 75 percent matching applicable to child and family services provided under family development plan described by amendment 146.
231-232	(158-165)	Technical—Relettering.
232	(166)	Technical—Drafting simplification.
234	(167)	Committee amendment—Plan of services for AFDC families must be in effect by July 1, 1968 (or earlier if State plan so provides). House bill requires compliance by July 1, 1969.
		Committee amendment also exempts from single State organizational unit requirement any State which on the enactment date has an agency administering child welfare services which is different from the single State agency under the (AFDC) program. The States affected by this amendment are Kentucky and Illinois.
235	(168-169)	Technical—Conforms to amendment 157 and makes 85 percent matching available for child care and family planning services from date of enactment (rather than from Oct. 1, 1967, as under House bill) to July 1, 1969. Also makes available 85 percent matching to services under family development plan.

Bill page	Amendment No.	Description
EARNINGS EXEMPTION		
235	(170-172)	Committee amendment—Broadens title of section to reflect extension of increased earnings exemption to OAA and APTD recipients under amendments 181, 182, and 183.
236	(173)	Committee amendment—Provides that 100-percent earnings exemption would be available to any child whether above or below age 16 only if he was attending school full time. House bill provided complete exemption for children under 16 regardless of school attendance.
236	(174)	Floor amendment by Senator Brooke—Also provides complete earnings exemption for a part-time student who is not a full-time employee.
237	(175-176)	Committee amendment—Enlarges the earnings exemption provision to \$50 a month plus one-half of family earnings over \$50. The House bill provided an exemption of \$30 plus one-third of family earnings above \$30.
238	(177-178)	Floor amendment by Senator Kennedy of New York—Extends \$50 earnings exemption to support contributions received by AFDC family from a parent who is under a court order for support payments. Such contributions would be combined with the earned income of the family in determining the exempt amount. No comparable provision in House bill.
239	(179)	Technical—Renumbering.
239	(180)	Technical—Date changed from September 30, 1967, to December 31, 1967, to reflect passage of time. States would not be out of compliance with Federal requirement if they chose to apply the more generous AFDC earnings exemption between December 31, 1967, and July 1, 1969.
239	(181)	Committee amendment—Extends \$50 and 50-percent earned income exemption to old-age assistance program. Would be optional until July 1, 1969, but mandatory thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous OAA earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
240	(182)	Committee amendment—Extends \$50 and 50-percent earned income exemption to aid to the permanently and totally disabled program. Would be optional until July 1, 1969, but mandatory

Bill page	Amend- ment No.	Description
		thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous APTD earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
241	(183)	Committee amendment—Extends \$50 and 50-percent earned income exemption to the combined OAA and APTD program under title XVI. Would be optional until July 1, 1969, but mandatory thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous OAA and APTD earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
242	(184)	Committee amendment—Makes Social Security Act the only act for determining earnings exemption of all welfare recipients. Overrules other provisions of law allowing public assistance earnings exemption (Economic Opportunity Act and Elementary and Secondary Education Act). The House provision made the earnings exemption in the Social Security Act paramount only with respect to AFDC program.

## UNEMPLOYED FATHERS

244	(185-186)	Committee amendment—Deletes House requirement that father must have six calendar quarters of work out of 13-quarter period ending in the year before application for assistance, or have received unemployment compensation to be eligible for aid under the AFDC-UF program; also provides for prompt referral of unemployed fathers to the work incentive program established under amendment 198. House bill provided work and training for these fathers under a UF program by welfare agencies.
245	(187-188)	Technical—Relettering.
246	(189)	Committee amendment—Requires employment registration of unemployed father as a condition to continuation of AFDC-UF aid. Similar provision in House bill deleted by amendment 190.

Bill page	Amend- ment No.	Description
246-247	(190-191)	Committee amendment—Conforming to work incentive program established under amendment 198. Also deletes House provision denying any aid to unemployed worker's family for so long as he is receiving unemployment compensation and provides a rule, same as present law, under which a State, at its option, may deny payments for any month or for any part of a month in which the father received unemployment compensation.
250	(192-196)	Technical—Date change to reflect passage of time. Amendment also conforms to work incentive program established under amendment 198.
251	(197)	Floor amendment by Senator Harris—Makes unemployed fathers program mandatory on the States beginning July 1, 1969.

#### WORK INCENTIVE PROGRAM

251	(198)	<p>Committee amendment—Establishes a new work incentive program in place of the community work and training program under the House bill. Under Senate amendment the Labor Department, rather than HEW, would administer the work and training aspects of the program. As under the House bill, welfare agencies would decide which individuals were appropriate for referral to the program and would have to furnish child care and other services. Committee amendment (p. 277, line 19) would define in more detail than House bill those for whom referral is not appropriate: (1) a sick person, (2) a person remote from a project, (3) child attending school full time, (4) a person needed to care for another member of the household, (5) a mother actually caring for a preschool child, and (6) a person with respect to whom the State agency finds referral would not be in his best interests and inconsistent with objectives of the program.</p>
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Floor amendment by Senator Kennedy of New York (p. 278, line 11-17)—Exempts a mother from working during hours a child under 16 is not in school. It also curtails the States' discretion described in clause (6) above (p. 278, line 20), by requiring the Secretary of Health, Education, and Welfare to issue criteria for States to follow.

The Labor Department would assign recipients to one of three "priorities" after developing an employability plan for each suitable person referred to him which shall describe the education,

Bill page	Amendment No.	Description
251	(198)	<p>training, and work experience needed to enable the person to become self supporting.</p> <p>Under priority I, welfare recipients who are qualified for regular employment or on-the-job training would be so employed.</p> <p>Under priority II, recipients found in need of institutional training or work experience would be given such training (possibly through MDTA) or placed with a public agency for work experience.</p> <p>Priority III would involve special work projects arranged by the Secretary of Labor with public agencies (including Indian tribes on a reservation) or private nonprofit agencies organized for a public purpose. The arrangements could involve the payment of a subsidy to the employing agency which would be used to help make up the wage payment to the individuals participating in the special work project. The subsidy would not exceed the amount of welfare benefit otherwise payable with respect to a participant's family. It might be less in which case a savings would accrue to the Federal and State governments.</p> <p>The wages received by participants in the special work projects would be made up of two parts: a portion of the subsidy paid to the employer and the compensation paid by the employer for services rendered to him. These wages would be subject to both income and employment taxes.</p> <p>The employment record of persons in priority III would be reviewed periodically by the Secretary of Labor for the purpose of determining whether these persons could be moved into other employment.</p> <p>Persons employed under priority I would qualify for the earnings exemption provided by the bill. Persons being trained under priority II would be entitled to receive a training allowance of up to \$20 per week, while they are undergoing training. Persons participating in special work projects under priority III would be guaranteed a return equal to the amount of their welfare grant plus 20 percent of their wage. If their wage failed to produce this full amount the Welfare Department would send them a check for the difference.</p> <p>The Secretary of Labor (rather than the Secretary of HEW as in the House bill) will determine whether an individual refused to take work or training without good cause.</p> <p>Where there was no good cause for a refusal, States would have to pay benefits on behalf of</p>

Bill page	Amendment No.	Description
251	(198)	<p>the children in the form of protective or vendor payments. (House bill would permit, but not require, the States to continue payments to the children in that form.) Amendment would also allow the needs of the relative who so refused to continue to be taken into account for a period of 60 days if during that period he accepts counseling designed to persuade him to accept the work or training. Payments for all members of the family would continue on protective or vendor basis during this period.</p> <p>Floor amendment by Senator Kennedy of New York—Would require that the payment on behalf of the children in the case where the relative refuses to accept work or training without good cause be paid to the relative (unless usual protective payment procedures were followed). However, the committee provision on protective or vendor payments would still apply to the relative during the 60-day counseling period. The combination of these provisions would mean that payments on behalf of the children would be made to the relative during that period but payments on behalf of the relative would have to be made to someone else. After the 60-day period under the Kennedy amendment payments on behalf of the children would continue to be made to the relative but the relative's needs would no longer be taken into account.</p> <p>Floor amendment by Senator Byrd of West Virginia (pp. 274-276)—Allows an assistance program financed out of Federal appropriations for the District of Columbia (but not under AFDC program) to participate in the work incentive program.</p>
AFDC FOSTER CARE		
284	(199)	Technical—Renumbering.
288	(200)	<p>Floor amendment by Senator Williams of New Jersey—Reduces matching maximum for AFDC child in foster care from an average of \$100 a month under House bill to \$50 a month. Related to amendment No. 293.</p>
285	(201)	<p>Technical—Date changes to reflect passage of time.</p>
EMERGENCY ASSISTANCE		
285	(202)	<p>Committee amendment strikes "dependent" out of section title.</p>
285-286	(203-206)	Technical—Renumbering.

Bill page	Amendment No.	Description
286	(207)	Committee amendment—Increases from 30 days (House bill) to 60 days in any 12-month period during which emergency assistance may be given.
286-287	(208)	Committee amendment—Provides that emergency assistance may not be used where need for assistance came about because of a child's or relative's refusal without good cause to accept employment or training for employment.
287	(209-211)	Technical—Renumbering.
287	(212)	Committee amendment—Authorizes emergency assistance to migrant workers with families in the State or in such part or parts thereof as the State shall designate.

PROTECTIVE AND VENDOR PAYMENTS

288	(213)	Floor amendment by Senator Kennedy of New York—Deletes House provision which would not apply detailed procedural requirements for protective payments in cases of refusal to work or train without good cause. Committee amendment—Deletes House amendment striking 5-percent limitation on protective or vendor payments and inserts a 10-percent limitation but does not count refusal cases. Floor amendment by Senator Kennedy of New York—Would include refusal cases in computing 10-percent limitation.
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AFDC FREEZE

289	(214)	Committee amendment—Removes the House bill limitation on Federal financial participation in the AFDC program related to the proportion of the child population that could be aided because of the absence from the home of a parent.
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HOME REPAIRS

290	(215-216)	Technical—Editorial and renumbering.
290-291	(217-219)	Committee amendment—Adds the AFDC program to the other public assistance programs for which Federal matching in payments for home repairs is authorized.
291	(220)	Technical—Date changes to reflect passage of time.

Bill page	Amendment No.	Description
SUBPROFESSIONAL STAFF		
292	(221)	Committee amendment—Requires the States to train and use subprofessional staff, especially welfare recipients and others of low income, for programs under the Social Security Act. It also directs the States to use volunteers for the provision of services to recipients and to assist advisory committees. No comparable provision in House bill.
SIMPLICITY OF ADMINISTRATION		
295	(222)	Committee amendment—Provides in all cash assistance titles, effective July 1, 1969 (as now in medicaid, title XIX), a State plan requirement that eligibility for assistance will be determined in a manner consistent with simplicity of administration and the best interest of recipients. No comparable provision in House bill.
RUNAWAY FATHERS		
297	(223)	Committee amendment—State agencies making payments to families with dependent children in which parents desert and fail to make support payments, will have the assistance of the Department of Health, Education, and Welfare, and the Treasury Department in locating the parents. If the runaway parents are located outside the States where their dependent children reside and if they refuse to comply with the court orders for their support, the tax collector is to collect by levy or distraint an amount equal to the court-ordered support payments Federal share of the welfare payments to their families, or whichever is lower. No comparable provision in House bill.
PURCHASE OF WELFARE SERVICES		
306	(224)	Committee amendment—Adds to the House bill provision (see page 232, line 7) for the purchase of welfare services from private agencies for AFDC recipients by permitting the purchase of such services—i.e., homemaker or rehabilitation services—in programs for the aged, blind, and disabled. No comparable provision in House bill.
PUBLIC ASSISTANCE PASS-ALONG		
306	(225)	Committee amendment—Requires States, effective July 1, 1968, to adjust standards of need and maximum payment provisions to

Bill page	Amend- ment No.	Description
		<p>guarantee that recipients of old-age assistance, aid to the blind and aid to the disabled will receive, on the average, an increase in total income equal to \$7.50 a month. Provides that the Federal Government will pay (during period July 1, 1968 through June 30, 1970) the extra cost for those States unable to finance the cost of the increase from the savings achieved through larger social security benefits.</p> <p>Also requires States, by July 1, 1969, to adjust AFDC standards and maximums to reflect changes in cost of living and to make such adjustments at least annually thereafter. No comparable provision in House bill.</p> <p>Floor amendment by Senator Kuchel—Would exempt States with an automatic cost-of-living provision in effect on June 30, 1966, from the requirement of making increases above the standards in effect on December 31, 1966.</p>

## TITLE XIX LIMITATION

- 310      (226)      Committee amendment—Under the House bill, States would be limited in setting maximum income eligibility levels for Federal matching purposes to the lower of (1) 133½ percent of the AFDC payments, or (2) 133½ percent of the per capita income in a State applied to a family of four.
- The Senate amendment would apply *both* of the following provisions:
- (1) Beginning July 1, 1968, the Federal Government would not participate in matching any of the cost of medical assistance to persons whose income exceeds 150 percent of the old-age assistance standards in a given State; *and*
  - (2) Beginning July 1, 1969, Federal participation will be at the rate of—
    - (a) The Federal medical assistance percentage (which varies according to State per capita income from 50 percent to 83 percent) with respect to all cash assistance recipients and persons in medical institutions who would be eligible for cash assistance if not in such institutions; and
    - (b) The square of the Federal medical assistance percentage (which gives a result which varies between 25 percent and 69 percent) with respect to the medically needy (subject to the limitation in (1) above).

Bill page	Amend- ment No.	Description
<b>MAINTENANCE OF STATE EFFORT</b>		
316-319	(227-230)	Committee amendment—Would advance the expiration date for the maintenance of State effort provision from July 1, 1969 to July 1, 1968, and change the effective date from January 1, 1966, to July 1, 1966.
<b>BUY-IN</b>		
321	(231)	Technical—Corrects technical defect in House bill.
321	(232)	Technical—Renumbering.
<b>REQUIRED SERVICES—MEDICAID</b>		
323	(233)	Committee amendment—Under current law, States must provide at least five basic services: inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items from an additional list in the law. House bill provided that a State, as an alternative to the basic five items of services, might select any seven of the first 14 services listed in the law. Senate amendment would apply only to the medically indigent and would allow States to select either the first five, or at least seven out of 14, services authorized under present law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. The effect of Senate amendment is to continue to provide the five basic services to cash assistance recipients. Subsequent to July 1, 1970, a State would be required to also provide home health services for its assistance recipients who are eligible for skilled nursing home care.
<b>REASONABLE COST FOR NURSING HOMES</b>		
Miller floor amendment—Provides that, effective July 1, 1970, States must reimburse for skilled nursing home care, intermediate care, and home health services on basis of reasonable costs. No comparable provision in House bill.		
<b>FREE CHOICE</b>		
328	(234-235)	Floor amendment by Senator Long of Louisiana—Specifies "community pharmacy" among the providers of services for whom "freedom of choice" is assured to recipients, relates to amendment No. 295.

Bill page	Amendment No.	Description
<b>DIRECT BILLING—MEDICAID</b>		
331	(236)	Committee amendment—House bill permits States to make payment directly to the recipient for physicians' services with respect to those medical assistance recipients who are not also receiving cash assistance. Senate amendment would broaden the provision to include dentists as well as physicians and to apply also to those recipients who are receiving cash assistance. The Secretary would establish safeguards to assure that charges by physicians to the recipients are reasonable and to assure the quality of the services.
<b>CHRISTIAN SCIENTISTS</b>		
332	(237)	Committee amendment—Provides under medical assistance (title XIX) and the child health programs (title V), that no provision in such titles would require an individual to undergo medical screening, diagnosis, or treatment where contrary to his religious belief, except in cases involving infection, contagious disease, or environmental health. No comparable provision in House bill.
<b>ESSENTIAL PERSONS</b>		
333	(238)	Committee amendment—Extends medical assistance to certain "essential persons." An "essential person" is defined as the spouse of an aged, blind, or disabled recipient who is living with him, who is essential or necessary to his welfare, and whose needs are taken into account in determining the amount of his cash payment. No comparable provision in House bill.
<b>GAO—HEW AUDIT AUTHORITY</b>		
334	(239)	Committee amendment—Makes clear that auditors of the General Accounting Office and Department of Health, Education, and Welfare are authorized, on a spot check basis or in cases where there is good cause to believe fraud may be present, to review records and examine the premises of providers of services who receive funds under medical assistance programs in which there is Federal financial participation. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
<b>SKILLED NURSING HOME STANDARDS</b>		
339	(240)	<p>Committee amendment—Requires the States to place public assistance recipients only in those nursing homes which are licensed as meeting certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as the fire and safety standards of the Life Safety Code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).</p> <p>The committee amendment also requires the States to have a professional medical audit program under which periodic medical evaluations of the appropriateness of the kind and level of care provided title XIX patients in nursing homes and in mental hospitals are made.</p> <p>Effective July 1, 1970, States which provide skilled nursing home care under medicaid will also have to provide home health care services. No comparable provision in House bill.</p>
<b>HOSPITAL DEDUCTIBLE—MEDICAID</b>		
345	(241)	<p>Committee amendment—Costs of hospital care received by the medically needy may be subject to deductibles or other cost sharing if a State so desires. No comparable provision in House bill.</p>
<b>LICENSING OF NURSING HOME ADMINISTRATORS</b>		
346	(242)	<p>Committee amendment—Requires States to license administrators of nursing homes. Those administrators currently operating homes who do not initially meet the standards for licensure established by a State would have until July 1, 1972, to qualify. States would be required to offer programs of training to assist such administrators to qualify. A nine-member advisory group, appointed by the Secretary prior to July 1, 1968, would study, develop, and advise the Secretary and the States on matters relating to the qualifications, training, and other areas related to a proper program of licensure. (The advisory group would terminate as of December 31, 1971.) No comparable provision in House bill.</p>

Bill page	Amendment No.	Description
MEDICAL SAFEGUARD		
353	(243)	Floor amendment by Senator Ribicoff—Requires States to establish and employ procedures designed to safeguard against unnecessary utilization of health services under medicaid. No comparable provision in House bill.
SHELTER COSTS—MEDICAID		
353	(244)	Floor amendment by Senator Kennedy of New York—Permits States to vary income standards to take into account variations between rural and urban shelter costs. No comparable provision in House bill.
CHILD WELFARE SERVICES		
355	(245-246)	Committee amendment—House bill increased child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million. Committee amendment would further increase these authorizations to \$125 million and \$160 million respectively.
356 and 358	(247-248)	Committee amendment—Adds a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents. Also, the day-care standards in the child welfare services programs will be made applicable to day care provided to AFDC children. No comparable provision in House bill.
359	(249)	Committee amendment—Provides for use of subprofessional staff people in child welfare programs, conforming with amendment No. 221. No comparable provision in House bill.
365	(250-251)	Committee amendment—Modifies House amendment so that local agencies administering State plan need not have a single organizational unit to administer child welfare and AFDC services, conforming with amendments 154 and 155.
366	(252-253)	Committee amendment—Would exempt from single State organizational unit requirement any State which on the enactment date has an agency administering child welfare services which is different from the single State agency administering AFDC (Kentucky and Illinois), conforming with amendment 167.

Bill page	Amendment No.	Description
<b>DEMONSTRATION PROJECTS</b>		
372	(254)	Committee amendment—Provides a specific authorization for cooperative research and demonstration grant programs for purposes related to the Social Security programs. (This amendment would not increase the funds available for these research programs.) No comparable provision in House bill.
373	(255)	Committee amendment—Provides for \$10 million a year to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. House-approved bill increased this amount to \$4 million annually. Two million dollars annually is currently available.
375	(256)	Technical—Renumbering and relettering, conforming to work incentive program established under amendment 198.

**WELFARE ASSISTANCE STUDY**

378	(257)	Committee amendment—Directs the Secretary to study and report to the Congress, by July 1, 1969, the extent to which staff of welfare agencies are serving the needs of assistance recipients in securing the full benefits and protection of local, State, and Federal laws relating to health, housing, and related laws and the degree to which assistance recipients are helped to take advantage of the public welfare and other related programs in the community. No comparable provision in House bill.
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**INTERMEDIATE CARE FACILITIES**

379	(258)	Committee amendment—Authorizes vendor payments for persons who qualify for OAA, AB, or APTD, who are living in facilities which provide more than room and board but less service than skilled nursing homes. Federal sharing for payments for care in those institutions would be at the same rate as for medical assistance under title XIX. Such homes would have to meet standards of safety and sanitation comparable to those required for nursing homes in a given State. No comparable provision in House bill.
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Bill  
page      Amend-  
            ment  
            No.

## Description

**TITLE III—CHILD HEALTH****APPROPRIATIONS**

382-384 (259-263)      Committee amendment—The House-approved bill combined existing authorizations for maternal and child health for totals of \$250,000,000 for fiscal year 1969, \$275,000,000 for fiscal year 1970, \$300,000,000 for fiscal year 1971, \$325,000,000 for fiscal year 1972, and \$350,000,000 for later years. These figures would be increased by \$30,000,000 in 1970 and \$60,000,000 for later years, with an eventual 20 percent of all maternal and child health funds earmarked for family planning purposes.

388      (264)      Floor amendment by Senator Miller—Conforming with amendment No. 233 with respect to reasonable costs for nursing homes.

**OPTOMETRISTS**

390      (264a,  
265-266)      Committee amendment—Assures persons receiving services under child health programs freedom to utilize the services of optometrists when appropriate.

**VOLUNTARY FAMILY PLANNING**

395      (267)      Floor amendment by Senator Tydings—Language added to clarify that the acceptance of family planning services would be voluntary and not a requisite for the receipt of assistance. Conforms with similar provision in the AFDC program.

**HEALTH PERSONNEL TRAINING**

399      (268)      Committee amendment—Amends child health training provisions so that "special attention" rather than "priority" shall be given to undergraduate training.

**CHRISTIAN SCIENTISTS**

401 (269-270)      Committee amendment—Conforms with amendment No. 237.

**SUBPROFESSIONAL STAFF**

403      (271)      Committee amendment—Conforms with amendment No. 221.

**CRIPPLED CHILDREN'S PROGRAM**

403      (272)      Committee amendment—Requires that the Children's Bureau administer the crippled children's program. Under a recent HEW reorganization this program would be administered by the rehabilitation administration. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
REPORT SUBMISSION DATE		
404	(273)	Floor amendment by Senator Ribicoff—Ex- tends for 1 year time for submitting report of Joint Commission on Mental Health of Children.
404	(274)	Technical—Renumbering.
<b>TITLE IV—GENERAL PROVISIONS</b>		
REIMBURSEMENT EXPERIMENTATION—HEALTH PROGRAMS		
406-407	(275-281)	Committee amendment—Modifies House pro- vision which authorizes the Secretary to experi- ment on a voluntary basis with various methods of reimbursement to organizations and institu- tions participating under medicare, medicaid, and the child health programs which would provide incentives for limiting costs of the program while maintaining quality care. Under the Senate bill, the authorization would also cover similar ex- periments with respect to physicians' services.
FAMILY AND CHILD ALLOWANCE STUDY		
412	(282)	Floor amendment by Senator Kennedy of Massachusetts—Requires Secretary of Labor to study and report to the President and the Congress on various proposals for family and child allow- ances. No comparable provision in House bill.
<b>TITLE V—MISCELLANEOUS PROVISIONS</b>		
413	(283)	Technical—Identifies new title.
MEDICAL EXPENSE DEDUCTION		
413	(284)	Floor amendment by Senator Smathers— Restores pre-1967 full deduction for medical expenses for persons aged 65 and over. Committee had provided the deduction but only if the persons aged 65 and over elected to forgo their rights to all medicare benefits. No comparable provision in House bill.
HOSPITAL JOINT ENTERPRISES		
415	(285)	Committee amendment—Extends tax-exempt status to a joint enterprise organized and operated on a cooperative basis by tax-exempt or govern- mentally owned hospitals to perform joint services

Bill page	Amendment No.	Description
415	(285)	solely for them. No comparable provision in House bill.
AMISH		
417	(286)	Committee amendment—Permits members of a religious sect opposed to social insurance additional time to file applications for exemption from the self-employment tax. No comparable provision in House bill.
FISHING BOATS AND TRUCKERS		
419	(287)	Committee amendment—Fixes rules under which a trucker or owner of a fishing vessel would usually be treated as the employer of truckloaders and unloaders and certain commercial fishermen for employment tax purposes. No comparable provision in House bill.
HOSPITAL INSURANCE TAX REFUNDS		
425	(288)	Committee amendment—Entitles persons employed under social security and railroad retirement programs who pay hospital insurance contributions under both programs on earnings in excess of the taxable wage base to a refund of the excess contributions. No comparable provision in House bill.
BLUE CROSS AND BLUE SHIELD		
427	(289)	Committee amendment—Authorizes the Treasury Department upon the request of two or more tax-exempt organizations each of which are provided with services by the employees of one, to designate which organization is to be considered the employer for purposes of employment taxes and pension plans. No comparable provision in House bill.
REPATRIATED AMERICANS		
428	(290)	Committee amendment—Extends to July 1, 1969, provision of present law providing aid to repatriated Americans. No comparable provision in House bill.
VETERANS		
428	(291)	Floor amendment by Senator Prouty—Provides that for purposes of determining entitlement to a benefit under veterans' law, any increase in social security benefits as a result of the 1967 amendments will not be counted as income. No comparable provision in House bill.

Bill page	Amendment No.	Description
INTEREST RATES—SAVINGS BONDS		
429	(292)	Floor amendment by Senator Williams of Delaware—Removes ceiling on interest paid on Series E Government savings bonds. No comparable provision in House bill.
FOSTER CARE		
430	(293)	Floor amendment by Senator Williams of New Jersey—Provides variable Federal matching for foster care up to \$50, for non-AFDC cases. No comparable provision in House bill.
EMPLOYMENT TAX—RETIREMENT PLANS		
442	(294)	Floor amendment by Senator Bennett—Excludes from definition of wages subject to employment taxes certain payments under plans established by the employer and made to the employee or his dependent upon retirement, death, or disability. No comparable provision in House bill.
DRUG QUALITY AND COSTS—WELFARE AND MEDICARE		
444	(295)	<p>Floor amendment by Senator Long of Louisiana—Provides, through use of a formulary committee, for determining those drugs appropriate for Federal payment or matching under the public assistance and medicare programs. The amendment includes provisions establishing mechanisms for assuring drug quality and determining reasonable reimbursement.</p> <p>Federal matching would be limited (effective July 1, 1970) to the range of wholesale prices charged for a representative and generally available selection of different manufacturer's products of a drug included in the formulary. The top of such range would be the amount allowable toward the cost of higher priced products of the same drug.</p> <p>The limitation would not apply with respect to (1) hospitals using approved formulary systems; (2) prescriptions hand written by a physician for a particular drug product prescribed by its generic name plus the name of the manufacturer; (3) sole source drugs (included in the formulary); and (4) drug products which have distinct demonstrated therapeutic advantages over other standard products of the same drug. No comparable provision in House bill.</p>

## COSTS

## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

*Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under House bill*

[In millions]

Item	1968	1969	1972
General benefit increase.....	\$2,117	\$2,948	\$3,328
Benefit increase for transitional insured.....	5	7	5
Benefit increase for transitional noninsured.....	39	43	25
Liberalized benefits with respect to women workers.....	64	89	100
Special disability insured status under age 31.....	53	72	77
Disabled widow's benefits at age 50.....	45	63	72
Earnings test liberalization.....	140	221	244
Total.....	2,463	3,443	3,851

NOTE.—It is assumed that the general benefit increase and all other changes except the earnings test liberalization are effective for March 1968 (with 1st payment in next month).

*Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Senate Finance Committee bill*

[In millions]

Item	1968	1969	1972
General benefit increase <sup>1</sup> .....	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured <sup>1</sup> .....	16	20	15
Benefit increase for transitional noninsured <sup>1</sup> .....	140	156	89
Liberalized benefits with respect to women workers <sup>1</sup> .....	67	92	103
Special disability insured status under age 31 <sup>1</sup> .....	55	74	79
Disabled widow's benefits <sup>1</sup> .....	62	90	103
Earnings test liberalization.....	140	450	691
Reduction of minimum eligibility age from 62 to 60 <sup>2</sup> .....		555	522
Special benefits for blind persons <sup>2</sup> .....		165	210
Child disability benefits for those disabled at ages 18 to 21 <sup>1</sup> .....	6	8	10
Total.....	3,543	5,855	6,611

<sup>1</sup> Effective for March 1968 (1st payment in next month).

<sup>2</sup> Effective for December 1968 (1st payment in next month).

*Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Senate bill*

[In millions]

Item	1968	1969	1972
General benefit increase <sup>1</sup> .....	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured <sup>1</sup> .....	16	20	15
Benefit increase for transitional noninsured <sup>1</sup> .....	140	156	89
Liberalized benefits with respect to women workers <sup>1</sup> .....	67	92	103
Special disability insured status under age 31 <sup>1</sup> .....	55	74	79
Disabled widow's benefits <sup>1</sup> .....	93	135	155
Earnings test liberalization.....	770	1,215	1,341
Reduction of minimum eligibility age from 62 to 60 <sup>2</sup> .....		555	522
Special benefits for blind persons <sup>2</sup> .....		182	231
Child disability benefits for those disabled at ages 18 to 21 <sup>1</sup> .....	6	8	10
Mother's and wife's benefits for children in high school <sup>3</sup> .....	29	42	55
Elimination of new definition of disability <sup>4</sup> .....	70	129	291
Total.....	4,303	6,853	7,680

<sup>1</sup> Effective for March 1968 (1st payment in next month).

<sup>2</sup> Effective for December 1968 (1st payment in next month).

<sup>3</sup> Effective for 2d month after month of enactment (1st payment in next month).

<sup>4</sup> The cost of the elimination of the new special definition of disability for widow's (and widower's) benefits is included in the figure for disabled widow's benefits, above.

*Changes in actuarial balance of old-age, survivors, and disability insurance system, expressed in terms of estimated level cost as percentage of taxable payroll, by type of change, moving from present law to Senate bill, based on 3.75 percent interest*

[In percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	-.06	( <sup>1</sup> )	-.06
Disabled widow's benefits at age 50.....	-.03	( <sup>2</sup> )	-.03
Special disability insured status at age 31.....	( <sup>2</sup> )	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	( <sup>1</sup> )	-.07
Benefit formula change.....	-.39	-.10	-.49
Revised contribution schedule.....	-.01	+ .25	+ .24
Actuarial balance under House bill.....	+ .04	.00	+ .04
Further increase in earnings base.....	+ .27	+ .02	+ .29
Further liberalization of earnings test.....	-.11	( <sup>1</sup> )	-.11
Liberalization of disabled widow's benefits.....	-.03	( <sup>2</sup> )	-.03
Special benefits for blind persons.....	( <sup>2</sup> )	-.05	-.05
Reduction of minimum eligibility age from 62 to 60.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Liberalization of benefit formula change.....	-.33	-.02	-.35
Further revision of contribution schedule.....	+ .11	.00	+ .11
Actuarial balance under Senate Finance Committee bill.....	-.05	-.05	-.10
Further liberalization of earnings test.....	-.17	( <sup>1</sup> )	-.17
Liberalization of special benefits for blind persons.....	( <sup>2</sup> )	-.01	-.01
Mother's and wife's benefits for children in high school.....	-.01	( <sup>1</sup> )	-.01
Elimination of new definition of disability.....	-.03	-.10	-.13
Actuarial balance under senate bill.....	-.26	-.16	-.42

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable in this program.

### HOSPITAL INSURANCE

*Level-cost analysis for hospital insurance trust fund under various versions of bill*

[In percent of taxable payroll]

Bill	Level cost of benefits <sup>1</sup>	Level equivalent of contributions	Actuarial balance
Present law, original estimate.....	1.23	1.23	0
Present law, revised estimate.....	1.54	1.23	-.31
House bill.....	1.41	1.41	0
Senate Finance Committee bill.....	1.23	1.34	+ .11
Senate bill.....	1.30	1.34	+ .04

<sup>1</sup> Including administrative expenses.

*Changes in actuarial balance of hospital insurance system, expressed in terms of estimated level cost as percent of taxable payroll, by type of change, intermediate-cost estimate, present law and bill, based on 3.75 percent interest*

[In percent]

Item	House bill	Senate Finance Committee bill	Senate bill
Actuarial balance of present system.....	-0.31	-0.31	-0.31
Increase in taxable earnings base.....	+ .12	+ .31	+ .31
Revised contribution schedule.....	+ .18	+ .11	+ .11
Transfer of outpatient diagnostic benefits to SMI.....	+ .01	+ .01	+ .01
Further hospital benefits beyond 90 days.....	( <sup>1</sup> )	-.01	-.01
Modified reimbursement basis.....	( <sup>2</sup> )	( <sup>2</sup> )	-.07
Total effect of changes in bill.....	+ .31	+ .42	+ .35
Actuarial balance under bill.....	0	+ .11	+ .04

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not contained in this version of bill.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—  
HOSPITAL INSURANCE BENEFIT OUTGO-CONTRIBUTION INCOME**

[In billions]

Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
<b>Calendar year 1968:</b>			
Present law.....	\$29.6	\$25.5	\$4.1
House bill:			
If effective for all 12 months.....	30.8	28.7	2.1
If effective for last 9 months only <sup>1</sup> .....	30.8	27.9	2.9
Senate Finance Committee bill.....	31.2	29.0	2.2
Senate bill.....	31.2	29.9	1.3
<b>Calendar year 1969:</b>			
Present law.....	33.7	28.9	6.8
House bill.....	34.9	30.3	4.6
Senate Finance Committee bill.....	36.3	32.7	3.6
Senate bill.....	36.3	34.0	2.3

<sup>1</sup> So that benefit increase would be effective for March (as in the Senate Finance Committee bill and Senate bill).

**SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

<i>Item</i>	<i>Cost</i>
<b>Changes made by House bill:</b>	
Nonprofessional component of outpatient diagnostic services.....	\$0.12
Elimination of cost-sharing for inpatient pathology and radiology.....	.20
<b>Total, House bill.....</b>	<b>.32</b>
<b>Additional changes made by Senate Finance Committee bill:</b>	
Chiropractor services.....	.20
Extending coverage of physical therapy services benefits.....	.05
<b>Total, Senate Finance Committee bill.....</b>	<b>.57</b>

The cost of covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician)—as added by the Senate bill—is estimated at \$0.01 per month per capita or less (taking into account that the same special cost-sharing and maximum-benefit provisions would be applicable as relate to services of psychiatrists). The cost of covering certain limited services furnished by podiatrists (as provided under all three versions of the bill) and by optometrists (as provided under the Senate Finance Committee and Senate versions) would similarly be very small.

The total cost of \$0.57 per month per capita relative to the current \$6 monthly premium rate will probably be increased to about \$0.71 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.71 per month per capita is equivalent to an annual cost of \$153 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).





**MEDICAL EXPENSE DEDUCTION**

The Medical expense deduction would decrease income tax collections by \$210 million in each of the next 5 years.

**VETERANS**

Excluding the social security benefit increases from veterans' incomes would increase veterans' benefit payments by \$90 million in 1968.

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## SOCIAL SECURITY AMENDMENTS OF 1967

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DECEMBER 11, 1967.—Ordered to be printed

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

### CONFERENCE REPORT

[To accompany H.R. 12080]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 31, 32, 33, 34, 36, 38, 40, 42, 43, 62, 84, 85, 86, 89, 93, 94, 95, 110, 111, 112, 113, 114, 119, 142, 144, 154, 155, 170, 171, 172, 175, 176, 177, 178, 179, 181, 182, 183, 185, 189, 192, 197, 200, 207, 216, 222, 239, 245, 246, 250, 251, 254, 255, 257, 259, 260, 261, 262, 264, 272, 284, 285, 287, 289, 291, 292, 293, and 295.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 44, 45, 46, 47, 48, 49, 56, 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 101, 102, 104, 106, 108, 115, 117, 118, 130, 131, 133, 147, 148, 149, 150, 151, 152, 153, 156, 159, 160, 161, 162, 163, 164, 165, 166, 168, 169, 173, 174, 187, 188, 193, 194, 195, 196, 199, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 212, 215, 217, 218, 219, 220, 227, 228, 229, 230, 232, 234, 235, 237, 238, 247, 248, 249, 252, 256, 264a, 265, 267, 268, 269, 270, 271, 274, 277, 278, 279, 280, 281, and 283, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

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

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#### TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

##### PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- Sec. 101. Increase in old-age, survivors, and disability insurance benefits.
- Sec. 102. Increase in benefits for certain individuals age 72 and over.
- Sec. 103. Maximum amount of a wife's or husband's insurance benefit.
- Sec. 104. Benefits to disabled widows and widowers.
- Sec. 105. Insured status for younger disabled workers.
- Sec. 106. Benefits in case of members of the uniformed services.
- Sec. 107. Liberalization of earnings test.
- Sec. 108. Increase of earnings counted for benefit and tax purposes.
- Sec. 109. Changes in tax schedules.
- Sec. 110. Allocation to disability insurance trust fund.
- Sec. 111. Extension of time for filing application for disability freeze where failure to make timely application is due to incompetency.
- Sec. 112. Benefits for certain adopted children.

##### PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- Sec. 115. Coverage of ministers.
- Sec. 116. Coverage of State and local employees.
- Sec. 117. Inclusion of Illinois among States permitted to divide their retirement systems.
- Sec. 118. Taxation of certain earnings of retired partner.
- Sec. 119. Inclusion of Puerto Rico among States permitted to include firemen and policemen; validation of certain past coverage in the State of Nebraska.
- Sec. 120. Coverage of firemen's positions pursuant to a State agreement.
- Sec. 121. Validation of coverage erroneously reported.
- Sec. 122. Coverage of fees of State and local government employees as self-employment income.
- Sec. 123. Family employment in a private home.
- Sec. 124. Termination of coverage of employees of the Massachusetts Turnpike Authority.

##### PART 3—HEALTH INSURANCE BENEFITS

- Sec. 125. Method of payment to physicians under supplementary medical insurance program.
- Sec. 126. Elimination of requirement of physician certification in case of certain hospital services.
- Sec. 127. Inclusion of podiatrists' services under supplementary medical insurance program.
- Sec. 128. Exclusion of certain services.
- Sec. 129. Transfer of all outpatient hospital services to supplementary medical insurance program.
- Sec. 130. Billing by hospital for services furnished to outpatients.
- Sec. 131. Payment of reasonable charges for radiological or pathological services furnished by certain physicians to hospital inpatients.
- Sec. 132. Payment for purchase of durable medical equipment.
- Sec. 133. Payment for physical therapy services furnished to outpatients.
- Sec. 134. Payment for certain portable X-ray services.
- Sec. 135. Blood deductibles.
- Sec. 136. Enrollment under supplementary medical insurance program based on alleged date of attaining age 65.
- Sec. 137. Extension by 60 days during individual's lifetime of maximum duration of benefits for inpatient hospital services.
- Sec. 138. Limitation on special reduction in allowable days of inpatient hospital services.

- Sec. 139. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.*
- Sec. 140. Advisory Council to study coverage of the disabled under title XVIII of the Social Security Act.*
- Sec. 141. Study to determine feasibility of inclusion of certain additional services under part B of title XVIII of the Social Security Act.*
- Sec. 142. Provisions for benefits under part A of title XVIII of the Social Security Act for services to patients admitted prior to 1968 to certain hospitals.*
- Sec. 143. Payments for emergency hospital services.*
- Sec. 144. Payment under supplementary medical insurance program for certain inpatient ancillary services.*
- Sec. 145. General enrollment period under title XVIII.*
- Sec. 146. Elimination of special reduction in allowable days of inpatient hospital services for patients in tuberculosis hospitals.*

#### *PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS*

- Sec. 150. Eligibility of adopted child for monthly benefits.*
- Sec. 151. Criteria for determining child's dependency on mother.*
- Sec. 152. Recovery of overpayments.*
- Sec. 153. Benefits paid on basis of erroneous reports of death in military service.*
- Sec. 154. Underpayments.*
- Sec. 155. Simplification of computation of primary insurance amount and quarters of coverage in case of 1937-1950 wages.*
- Sec. 156. Definitions of widow, widower, and stepchild.*
- Sec. 157. Husband's and widower's insurance benefits without requirement of wife's currently insured status.*
- Sec. 158. Definition of disability.*
- Sec. 159. Disability benefits affected by receipt of workmen's compensation.*
- Sec. 160. Extension of time for filing reports of earnings.*
- Sec. 161. Penalties for failure to file timely reports of earnings and other events.*
- Sec. 162. Limitation on payment of benefits to aliens outside the United States.*
- Sec. 163. Benefits for certain children.*
- Sec. 164. Transfer to Health Insurance Benefits Advisory Council of National Medical Review Committee functions; increase in Council's membership.*
- Sec. 165. Advisory Council on Social Security.*
- Sec. 166. Reimbursement of civil service retirement annuitants for certain premium payments under supplementary medical insurance program.*
- Sec. 167. Appropriations to supplementary medical insurance trust fund.*
- Sec. 168. Disclosure to courts of whereabouts of certain individuals.*
- Sec. 169. Reports of boards of trustees to Congress.*
- Sec. 170. General saving provision.*
- Sec. 171. Expedited benefit payments.*
- Sec. 172. Definition of blindness.*
- Sec. 173. Attorneys fees for claimants.*

### *TITLE II—PUBLIC WELFARE AMENDMENTS*

#### *PART 1—PUBLIC ASSISTANCE AMENDMENTS*

- Sec. 201. Programs of services furnished to families with dependent children.*
- Sec. 202. Earnings exemption for recipients of aid to families with dependent children.*
- Sec. 203. Dependent children of unemployed fathers.*
- Sec. 204. Work incentive program for recipients of aid under part A of title IV.*
- Sec. 205. Federal participation in payments for foster care of certain dependent children.*
- Sec. 206. Emergency assistance for certain needy families with children.*
- Sec. 207. Protective payments and vendor payments with respect to dependent children.*
- Sec. 208. Limitation on number of children with respect to whom Federal payments may be made.*
- Sec. 209. Federal participation in payments for repairs to home owned by recipient of aid or assistance.*
- Sec. 210. Use of subprofessional staff and volunteers in providing services to individuals applying for and receiving assistance.*
- Sec. 211. Location of certain parents who desert or abandon dependent children.*
- Sec. 212. Provision of services by others than a State.*
- Sec. 213. Authority to disregard additional income of recipients of public assistance.*

## PART 2—MEDICAL ASSISTANCE AMENDMENTS

- Sec. 220. *Limitation on Federal participation in medical assistance.*  
 Sec. 221. *Maintenance of State effort.*  
 Sec. 222. *Coordination of title XIX and the supplementary medical insurance program.*  
 Sec. 223. *Modification of comparability provisions.*  
 Sec. 224. *Required services under State medical assistance plan.*  
 Sec. 225. *Extent of Federal financial participation in certain administrative expenses.*  
 Sec. 226. *Advisory council on medical assistance.*  
 Sec. 227. *Free choice by individuals eligible for medical assistance.*  
 Sec. 228. *Utilization of State facilities to provide consultative services to institutions furnishing medical care.*  
 Sec. 229. *Payments for services and care by a third party.*  
 Sec. 230. *Direct payments to certain recipients of medical assistance.*  
 Sec. 231. *Date on which State plans under title XIX must meet certain financial participation requirements.*  
 Sec. 232. *Observance of religious beliefs.*  
 Sec. 233. *Coverage under title XIX of certain spouses of individuals receiving cash welfare aid or assistance.*  
 Sec. 234. *Standards for skilled nursing homes furnishing services under State plans approved under title XIX.*  
 Sec. 235. *Cost sharing and similar charges with respect to inpatient hospital services furnished under title XIX.*  
 Sec. 236. *State plan requirements regarding licensing of administrators of skilled nursing homes furnishing services under State plans approved under title XIX.*  
 Sec. 237. *Utilization of care and services furnished under title XIX.*  
 Sec. 238. *Differences in standards with respect to income eligibility under title XIX.*

## PART 3—CHILD-WELFARE SERVICES AMENDMENTS

- Sec. 240. *Inclusion of child-welfare services in title IV.*  
 Sec. 241. *Conforming amendments.*

## PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

- Sec. 245. *Partial payments to States.*  
 Sec. 246. *Contracts for cooperative research or demonstration projects.*  
 Sec. 247. *Permanent authority to support demonstration projects.*  
 Sec. 248. *Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.*  
 Sec. 249. *Approval of certain projects.*  
 Sec. 250. *Assistance in the form of institutional services in intermediate care facilities.*

## TITLE III—IMPROVEMENT OF CHILD HEALTH

- Sec. 301. *Consolidation of separate programs under title V of the Social Security Act.*  
 Sec. 302. *Conforming amendments.*  
 Sec. 303. *1968 authorization for maternity and infant care projects.*  
 Sec. 304. *Use of subprofessional staff and volunteers.*  
 Sec. 305. *Extension of due date for child mental health report.*  
 Sec. 306. *Short title.*

## TITLE IV—GENERAL PROVISIONS

- Sec. 401. *Social work manpower and training.*  
 Sec. 402. *Incentives for economy while maintaining or improving quality in the provision of health services.*  
 Sec. 403. *Changes to reflect codification of title 5, United States Code.*  
 Sec. 404. *Meaning of Secretary.*  
 Sec. 405. *Study of retirement test and of drug standards and coverage.*

## TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. *Extension of period for filing application for exemption by members of religious groups opposed to insurance.*  
 Sec. 502. *Refund of certain overpayments by employees of hospital insurance tax.*  
 Sec. 503. *Extension of time to provide assistance for United States citizens returned from foreign countries.*

*Sec. 504. Exclusion from definition of wages of certain retirement, etc., payments under employer-established plans.*

And the Senate agree to the same.

Amendment numbered 2:

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

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

**"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS**

"I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
-----	\$15.60	\$48.00 or less	----	\$74	\$55.00	\$32.50
\$15.61	16.20	49.00	\$75	76	55.40	33.10
16.21	16.84	50.00	77	78	56.60	34.80
16.86	17.60	51.00	79	80	57.70	36.60
17.61	18.40	52.00	81	81	58.80	38.20
18.41	19.24	53.00	82	83	59.90	39.90
19.26	20.00	54.00	84	85	61.10	41.70
20.01	20.64	55.00	86	87	62.20	43.50
20.66	21.28	56.00	88	89	63.30	45.00
21.29	21.88	57.00	90	90	64.50	46.80
21.89	22.28	58.00	91	92	65.60	48.40
22.29	22.68	59.00	93	94	66.70	100.10
22.69	23.08	60.00	95	96	67.80	101.70
23.09	23.44	61.00	97	97	69.00	103.60
23.46	23.76	62.10	98	99	70.20	105.90
23.77	24.20	63.20	100	101	71.60	107.90
24.21	24.60	64.20	102	102	72.60	108.90
24.61	25.00	65.30	103	104	73.80	110.70
25.01	25.48	66.40	105	106	75.10	112.70
25.49	25.82	67.50	107	107	76.30	114.60
25.93	26.40	68.60	108	109	77.60	116.90
26.41	26.94	69.60	110	113	78.70	118.10
26.96	27.46	70.70	114	118	79.90	119.90
27.47	28.00	71.70	119	122	81.10	121.70
28.01	28.68	72.80	123	127	82.30	123.60
28.69	29.25	73.90	128	132	83.60	125.40
29.26	29.68	74.90	133	136	84.70	127.10
29.69	30.36	76.00	137	141	85.90	128.90
30.37	30.82	77.10	142	146	87.20	130.80
30.93	31.56	78.20	147	150	88.40	132.60
31.37	32.00	79.20	151	155	89.60	134.90
32.01	32.60	80.30	156	160	90.80	136.20
32.61	33.20	81.40	161	164	92.00	138.00
33.21	33.88	82.40	165	169	93.20	139.80
33.89	34.60	83.50	170	174	94.40	141.60
34.61	35.00	84.60	175	178	95.60	143.40
35.01	35.80	85.60	179	183	96.80	146.40
35.81	36.40	86.70	184	188	98.00	150.40
36.41	37.08	87.80	189	193	99.20	154.40
37.09	37.60	88.90	194	197	100.50	157.60
37.61	38.20	89.90	198	202	101.60	161.60
38.21	39.12	91.00	203	207	102.90	165.60
39.13	39.68	92.10	208	211	104.10	168.90
39.69	40.33	93.10	212	216	105.20	172.90
40.34	41.12	94.20	217	221	106.50	176.90
41.13	41.76	95.30	222	225	107.70	180.00
41.77	42.44	96.30	226	230	108.90	184.00
42.46	43.20	97.40	231	235	110.10	188.00

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I <i>(Primary insurance benefit under 1939 Act, as modified)</i>		II <i>(Primary insurance amount under 1965 Act)</i>	III <i>(Average monthly wage)</i>		IV <i>(Primary insurance amount)</i>	V <i>(Maximum family benefits)</i>
<i>If an individual's primary insurance benefit (as determined under subsec. (d)) is—</i>		<i>Or his primary insurance amount (as determined under subsec. (c)) is—</i>	<i>Or his average monthly wage (as determined under subsec. (b)) is—</i>		<i>The amount referred to in the preceding paragraphs of this subsection shall be—</i>	<i>And the maximum amount of benefits payable (as provided in sec. 205(a)) on the basis of his wages and self-employment income shall be—</i>
<i>At least—</i>	<i>But not more than—</i>		<i>At least—</i>	<i>But not more than—</i>		
\$43.21	\$43.76	\$98.50	\$236	\$239	\$111.40	\$191.20
43.77	44.44	99.00	240	244	112.60	195.20
44.45	44.88	100.00	245	249	113.70	199.20
44.89	45.60	101.70	250	253	115.00	202.40
		102.80	254	258	116.20	206.40
		103.80	259	263	117.30	210.40
		104.90	264	267	118.60	213.60
		106.00	268	272	119.80	217.60
		107.00	273	277	121.00	221.60
		108.10	278	281	122.20	224.80
		109.20	282	286	123.40	228.80
		110.30	287	291	124.70	232.80
		111.30	292	295	125.80	236.00
		112.40	296	300	127.10	240.00
		113.60	301	305	128.30	244.00
		114.60	306	309	129.40	247.20
		115.60	310	314	130.70	251.20
		116.70	315	319	131.90	255.20
		117.70	320	323	133.00	258.40
		118.80	324	328	134.30	262.40
		119.90	329	333	135.50	266.40
		121.00	334	337	136.80	269.60
		122.00	338	342	137.90	273.60
		123.10	343	347	139.10	277.60
		124.20	348	351	140.40	280.80
		125.20	352	356	141.60	284.80
		126.30	357	361	142.80	288.80
		127.40	358	365	144.00	292.00
		128.40	359	370	145.10	296.00
		129.50	371	375	146.40	300.00
		130.60	376	379	147.60	303.20
		131.70	380	384	148.80	307.20
		132.70	385	389	150.00	311.20
		133.80	390	393	151.20	314.40
		134.90	394	398	152.50	318.40
		135.90	399	403	153.60	322.40
		137.00	404	407	154.90	325.60
		138.00	408	412	156.00	329.60
		139.00	413	417	157.10	333.60
		140.00	418	421	158.20	336.80
		141.00	422	426	159.40	340.80
		142.00	427	431	160.50	344.80
		143.00	432	436	161.60	348.80
		144.00	437	440	162.80	350.40
		145.00	441	445	163.90	352.40
		146.00	446	450	165.00	354.40
		147.00	451	454	166.20	356.00
		148.00	455	459	167.30	358.00
		149.00	460	464	168.40	360.00
		150.00	465	468	169.50	361.60
		151.00	469	473	170.70	363.60
		152.00	474	478	171.80	365.60
		153.00	479	482	172.90	367.20
		154.00	483	487	174.10	369.20
		155.00	488	492	175.20	371.20
		156.00	489	496	176.30	372.80
		157.00	497	501	177.50	374.80
		158.00	502	506	178.60	376.80
		159.00	507	510	179.70	378.40
		160.00	511	515	180.80	380.40
		161.00	516	520	182.00	382.40
		162.00	521	524	183.10	384.00
		163.00	525	529	184.20	386.00
		164.00	530	534	185.40	388.00
		165.00	535	538	186.50	389.60
		166.00	539	543	187.60	391.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1959 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$167.00	\$544	\$548	\$188.80	\$388.60
		168.00	549	553	189.90	395.60
			554	556	191.00	396.80
			557	560	192.00	398.40
			561	563	193.00	399.60
			564	567	194.00	401.20
			568	570	195.00	402.40
			571	574	196.00	404.00
			575	577	197.00	405.20
			578	581	198.00	406.80
			582	584	199.00	408.00
			585	588	200.00	409.60
			589	591	201.00	410.80
			592	595	202.00	412.40
			596	598	203.00	413.60
			599	602	204.00	415.20
			603	605	205.00	416.40
			606	609	206.00	418.00
			610	612	207.00	419.20
			613	616	208.00	420.80
			617	620	209.00	422.40
			621	623	210.00	423.60
			624	627	211.00	425.20
			628	630	212.00	426.40
			631	634	213.00	428.00
			635	637	214.00	429.20
			638	641	215.00	430.80
			642	644	216.00	432.00
			645	648	217.00	433.60
			649	650	218.00	434.40"

And the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, 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: *the month of February 1968*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, 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: *February 1968, for each such person for February 1968, ;* and the Senate agree to the same.

## Amendment numbered 6:

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

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *113*; 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 an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *the month of February 1968*; ; and the Senate agree to the same.

## Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, 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: *February 1968*; ; and the Senate agree to the same.

## Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, 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: *entitled, after January 1968*; ; 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: *after January 1968*; and the Senate agree to the same.

## Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, 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: *month of February 1968, or who died before such month*; 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 an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

## Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, 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: *after January 1968*; 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 an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *of January 1968*; 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: *month of February 1968, or who died in such month,*; and the Senate agree to the same.

## Amendment numbered 25:

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: *months after January 1968*; and the Senate agree to the same.

## Amendment numbered 26:

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

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; 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 follow:

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

On page 26, lines 8 and 9, of the House engrossed bill, strike out "the second month following the month in which this Act is enacted" and insert the following: *the month of February 1968*; and the Senate agree to the same.

## Amendment numbered 30:

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: *months after January 1968*;; and the Senate agree to the same.

## Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with amendments as follows:

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

On page 29, line 18, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 30, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 30, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 30, line 13, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 30, line 19, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 31, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 31, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 31, line 12, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 31, line 17, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 31, line 25, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 32, line 3, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

On page 32, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: *\$7,800*

And the Senate agree to the same.

## Amendment numbered 37:

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows:

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

On page 33, line 5, of the House engrossed bill, strike out "1966" and insert the following: *1967*

On page 33, line 6, of the House engrossed bill, strike out "5.9" and insert the following: *5.8*

On page 34, line 4, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: *year 1968, the rate shall be 3.8*

On page 34, line 19, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: *year 1968, the rate shall be 3.8*

On page 35 of the House engrossed bill, strike out lines 9 through 16 and insert the following:

(1) *in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;*

On page 35, line 17, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 35, line 21, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 36, line 1, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 36, line 5, of the House engrossed bill, strike out "(6)" and insert the following: (5)

On page 36 of the House engrossed bill, strike out lines 13 through 18 and insert the following:

(1) *with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;*

On page 36, line 19, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 36, line 22, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 36, line 25, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 37, line 3, of the House engrossed bill, strike out "(6)" and insert the following: (5)

On page 37 of the House engrossed bill, strike out lines 9 through 14 and insert the following:

(1) *with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;*

On page 37, line 15, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 37, line 18, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 37, line 21, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 37, line 24, of the House engrossed bill, strike out "(6)" and insert the following: (5)

And the Senate agree to the same.

Amendment numbered 39:

That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with amendments as follows:

On page 43, line 6, of the Senate engrossed amendments, strike out "112" and insert the following: *111*

On page 44, line 25, of the Senate engrossed amendments, strike out "time specified in subparagraph (E)" and insert the following: *then specified time period*

On page 45, line 10, of the Senate engrossed amendments, strike out "made." and insert the following: *made.*"

On page 45 of the Senate engrossed amendments, strike out lines 11 through 16 and insert the following:

(b) *No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a).*

And the Senate agree to the same

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with amendments as follows:

On page 47, line 3, of the Senate engrossed amendments, strike out "114" and insert the following: *112*

On page, 47 lines 3 and 4, of the Senate engrossed amendments, strike out "202(d)(9) of the Social Security Act" and insert the following: *202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act)*

On page 47, line 23, of the Senate engrossed amendments, strike out "February" and insert the following: *January*

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 amendments as follow:

On page 50, line 4, of the Senate engrossed amendments, after "POLICEMEN" insert the following: ; *VALIDATION OF CERTAIN PAST COVERAGE IN THE STATE OF NEBRASKA*; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows:

On page 51, line 21, of the Senate engrossed amendments, strike out "system." and insert the following: *system.*"; and the Senate agree to the same.

Amendment numbered 52:

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

On page 52, line 9, of the Senate engrossed amendments, strike out "such Act" and insert the following: *the Social Security Act*; and the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

On page 55, line 17, of the Senate engrossed amendments, strike out "such Act" and insert the following: *the Social Security Act*; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with amendments as follow:

On page 57, line 10, of the Senate engrossed amendments, strike out "(I)".

On page 57, line 11, of the Senate engrossed amendments, strike out "(II)".

On page 57, line 16, of the Senate engrossed amendments, after "1954" insert the following: (*relating to definition of employment*)

On page 58, line 5, of the Senate engrossed amendments, strike out "(I)".

On page 58, line 6, of the Senate engrossed amendments, strike out "(II)".

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:

On page 58, line 18, of the Senate engrossed amendments, after "Massachusetts" insert the following: *to modify its agreement entered into under section 218 of such Act so as*

On page 58, line 19, of the Senate engrossed amendments, strike out "to be".

On page 58, line 21, of the Senate engrossed amendments, strike out "filing with him of such notice" and insert the following: *date on which such agreement is so modified*

On page 58, line 23, of the Senate engrossed amendments, strike out "has been" and insert the following: *is*

And the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows:

Omit the matter proposed to be stricken out by the Senate amendment, and on page 57, line 11, of the House engrossed bill, immediately before the comma insert the following: *as an outpatient*

And the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows:

On page 63 of the Senate engrossed amendments, strike out lines 13 through 16 and insert the following:

*"(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—*

And the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

On page 68 of the Senate engrossed amendments, strike out lines 12 through 17 and insert the following:

(b) *The second sentence of section 1813(a)(1) of such Act is amended to read as follows: "Such amount shall be further reduced by a coinsurance amount equal to—*

*"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and*

*"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a)(1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;*

*except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed)."*

And the Senate agree to the same.

Amendment numbered 87:

That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows:

On page 84, line 6, of the Senate engrossed amendments, strike out "145" and insert the following: *142*

On page 84, line 17, of the Senate engrossed amendments, strike out "such part A" and insert the following: *part A of title XVIII of such Act*

On page 85, lines 7 and 8, of the Senate engrossed amendments, strike out "such part A" and insert the following: *part A of title XVIII of such Act*

On page 85, line 15, of the Senate engrossed amendments, strike out "defined" and insert the following: *described*

On page 86, line 15, of the Senate engrossed amendments, after "(4)" insert the following: *of the Social Security Act*

And the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with amendments as follows:

On page 88, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: *143*

On page 89, line 1, of the Senate engrossed amendments, after "1814(d)" insert the following: *of such Act*

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 an amendment as follows:

On page 94, line 16, of the Senate engrossed amendments, strike out "148" and insert the following: *144*; and the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with amendments as follows:

On page 95, line 22, of the Senate engrossed amendments, strike out "149" and insert the following: *145*

On page 97, line 16, of the Senate engrossed amendments, strike out "promulgated." and insert the following: *promulgated.*"

On page 97 of the Senate engrossed amendments, strike out line 17 and all that follows down through page 99, line 2.

On page 99, line 3, of the Senate engrossed amendments, strike out "(f)(1)" and insert the following: *(e)*

On page 99 of the Senate engrossed amendments, strike out lines 8 through 17.

And the Senate agree to the same.

Amendment numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows:

On page 99, line 22, of the Senate engrossed amendments, strike out "149a" and insert the following: *146*; 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 an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 97:

That the House recede from its disagreement to the amendment of the Senate numbered 97, 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: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment as follows:

On page 103, line 10, of the Senate engrossed amendments, strike out "SEC. 204."

And the Senate agree to the same.

Amendment numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows:

On page 105, line 3, of the Senate engrossed amendments, after "payment" insert the following: *for any month*

And the Senate agree to the same.

Amendment numbered 100:

That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows:

On page 105, line 22, of the Senate engrossed amendments, after "if any," insert the following: *who is*

On page 107, lines 2 and 3, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: *if each person who meets such requirements dies before the payment due him*

On page 107, line 18, of the Senate engrossed amendments, after "due" insert the following: *him*

On page 107, line 21, of the Senate engrossed amendments, after the semicolon insert the following: *or*

On page 108, line 2, of the Senate engrossed amendments, strike out "any;" and insert the following: *any.*"

On page 108 of the Senate engrossed amendments, strike out lines 3 through 10.

On page 108, lines 18 through 20, of the Senate engrossed amendments, strike out "or under section 144 of the Social Security Amendments of 1967".

On page 108, line 22, of the Senate engrossed amendments, after "due" insert the following: *him under this title*

On page 109, line 1, of the Senate engrossed amendments, strike out "before such individual's death" and insert the following: *(before or after such individual's death)*

On page 109, line 9, of the Senate engrossed amendments, after "if any," insert the following: *who is*

On page 110, lines 14 and 15, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: *if each person who meets such requirements dies before the payment due him*

On page 110, line 20, of the Senate engrossed amendments, strike out "paragraph" and insert the following: *paragraph*

On page 111, line 6, of the Senate engrossed amendments, after "due" insert the following: *him*

On page 111, line 9, of the Senate engrossed amendments, after the semicolon insert the following: *or*

On page 111, line 15, of the Senate engrossed amendments, strike out "any;" and insert the following: *any.*

On page 111 of the Senate engrossed amendments, strike out lines 16 through 23.

And the Senate agree to the same.

## Amendment numbered 103:

That the House recede from its disagreement to the amendment of the Senate numbered 103, 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: *February 1968*; and the Senate agree to the same.

## Amendment numbered 105:

That the House recede from its disagreement to the amendment of the Senate numbered 105, 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: *months after January 1968*; 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: *months after January 1968*; and the Senate agree to the same.

## Amendment numbered 109:

That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with amendments as follows:

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

On page 88, line 7, of the House engrossed bill, strike out "general" and insert the following: *immediate*

On page 88, line 9, of the House engrossed bill, after the period insert the following:

*For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.*

And the Senate agree to the same.

## Amendment numbered 116:

That the House recede from its disagreement to the amendment of the Senate numbered 116, 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: *January 1968*; and the Senate agree to the same.

## Amendment numbered 120:

That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment insert the following: *162*; and the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, 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: *months beginning after June 30, 1968*; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, 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: *after June 30, 1968*; and the Senate agree to the same.

Amendment numbered 123:

That the House recede from its disagreement to the amendment of the Senate numbered 123, 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: *are, on June 30, 1968, being*; and the Senate agree to the same.

Amendment numbered 124:

That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### BENEFITS FOR CERTAIN CHILDREN

*SEC. 163. (a)(1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: "Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h)(3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero)."*

*(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h)(3) of such Act in or after January 1968 (but without regard to section 202(j)(1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.*

*(b) 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 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and*

*(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h)(3) of such Act (but without regard to section 202(j)(1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and*

*(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),*

*then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2).*

And the Senate agree to the same.

Amendment numbered 125:

That the House recede from its disagreement to the amendment of the Senate numbered 125, 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: 164; and the Senate agree to the same.

Amendment numbered 126:

That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows:

On page 116, line 14, of the Senate engrossed amendments, strike out "166" and insert the following: 165; and the Senate agree to the same.

Amendment numbered 127:

That the House recede from its disagreement to the amendment of the Senate numbered 127, 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: 166; and the Senate agree to the same.

Amendment numbered 128:

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

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 167; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, 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: 168; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, 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: *169*; and the Senate agree to the same.

Amendment numbered 134:

That the House recede from its disagreement to the amendment of the Senate numbered 134, 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: *170*; and the Senate agree to the same.

Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, 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: *January 1968*; and the Senate agree to the same.

Amendment numbered 136:

That the House recede from its disagreement to the amendment of the Senate numbered 136, 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: *February 1968*; and the Senate agree to the same.

Amendment numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, 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: *104, 112, 150, 151, 156, and 157 of this Act, and*; and the Senate agree to the same.

Amendment numbered 138:

That the House recede from its disagreement to the amendment of the Senate numbered 138, 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: *February 1968*; and the Senate agree to the same.

Amendment numbered 139:

That the House recede from its disagreement to the amendment of the Senate numbered 139, 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: *January 1968*; and the Senate agree to the same.

Amendment numbered 140:

That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with amendments as follows:

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

On page 105, line 18, of the House engrossed bill, strike out "(a)". And the Senate agree to the same.

Amendment numbered 141:

That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with an amendment as follows:

On page 119, line 12, of the Senate engrossed amendments, strike out "172" and insert the following: 171; and the Senate agree to the same.

Amendment numbered 143:

That the House recede from its disagreement to the amendment of the Senate numbered 143, 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:

#### DEFINITION OF BLINDNESS

*SEC. 172. (a) The first sentence of section 216(i)(1) of the Social Security Act is amended by striking out "(B)" and all that follows and inserting in lieu thereof "(B) blindness; and the term 'blindness' means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens."*

*(b) The second sentence of section 216(i)(1) of such Act is amended to read as follows: "An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less."*

*(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(i) of the Social Security Act based on applications filed after the date of enactment of this Act.*

And the Senate agree to the same.

Amendment numbered 145:

That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows:

On page 129, line 5, of the Senate engrossed amendments, strike out "176" and insert the following: 173; and the Senate agree to the same.

## Amendment numbered 146:

That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows:

On page 130, lines 19 and 20, strike out "relative, child," and insert the following: *child, relative;*; and the Senate agree to the same.

## Amendment numbered 157:

That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows:

On page 132, line 21, and page 133, lines 1 and 2, of the Senate engrossed amendments, strike out "services which are furnished pursuant to clauses (14) and (15) of section 402(a) and which" and insert the following: *any of the services described in clauses (14) and (15) of section 402(a) which;* and the Senate agree to the same.

## Amendment numbered 158:

That the House recede from its disagreement to the amendment of the Senate numbered 158, 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:

*(1)(A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,*

*(B) by striking out "subparagraph (E)" in subparagraph (C) (as so redesignated) and inserting in lieu thereof "subparagraph (D)", and*

*(C) by striking out "subparagraph (D)" in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof "subparagraph (C)";*

And the Senate agree to the same.

## Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with amendments as follows:

On page 134, line 18, of the Senate engrossed amendments, after "that" insert the following: (A)

On page 135 of the Senate engrossed amendments, strike out lines 1 through 5 and insert the following:  
*services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a)(15)(F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a)(15)(F) shall not apply with respect to such agencies but only so long as such local agencies are different.*

And the Senate agree to the same.

## Amendment numbered 180:

That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows:

Insert the matter proposed to be inserted by the Senate amendment, and on page 118, line 25, of the House engrossed bill, strike out "section" and insert the following: *Act*; And the Senate agree to the same.

## Amendment number 184:

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

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

*(c) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan.*

And the Senate agree to the same.

## Amendment numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, 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:

*"(C)(i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and*

*"(2) provides—*

*"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in section 402(a)(19) within thirty days after receipt of aid with respect to such children;*

And the Senate agree to the same.

## Amendment numbered 190:

That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and on page 122 of the House engrossed bill, after line 2 insert the following:

*"(i) is not currently registered with the public employment offices in the State, or*

*“(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.*

And the Senate agree to the same.

Amendment numbered 191:

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

Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*“(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402 (a)(19).*

*“(d) For purposes of this section—*

*“(1) the term ‘quarter of work’ with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a ‘quarter of coverage’ as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;*

*“(2) the term ‘calendar quarter’ means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and*

*“(3) an individual shall be deemed qualified for unemployment compensation under the State’s unemployment compensation law if—*

*“(A) he would have been eligible to receive such unemployment compensation upon filing application, or*

*“(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application.”*

*(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407 (a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirements of subparagraph (C) of section 407 (b) (1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred*

*to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date.*

And the Senate agree to the same.

Amendment numbered 198:

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

On page 150, line 16, of the Senate engrossed amendments, strike out "\$20 per week" and insert the following: *\$30 per month, payable in such amounts and at such times as the Secretary prescribes*

On page 150, line 19, of the Senate engrossed amendments, strike out "90" and insert the following: *80*

On page 154, line 10, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 154, line 24, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 155, line 2, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 159, line 4, of the Senate engrossed amendments, before "ad-" insert the following: *or*

On page 159, line 5, of the Senate engrossed amendments, strike out "or".

On page 159, line 9, of the Senate engrossed amendments, strike out "or".

On page 159, line 14, of the Senate engrossed amendments, strike out ", or" and insert a semicolon.

On page 159 of the Senate engrossed amendments, strike out line 15 and all that follows down through page 160, line 5.

On page 160, line 14, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 162, line 4, of the Senate engrossed amendments, after "(ii)" insert the following: *and section 407(b)(2)*

On page 162 of the Senate engrossed amendments, strike out lines 16 through 20 and insert the following:

*"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;*

On page 164, line 5, of the Senate engrossed amendments, after "State)" insert the following: *, but not before April 1, 1968,*

On page 164 of the Senate engrossed amendments, strike out lines 10 through 12 and insert the following: *beginning after June 30, 1968.*

On page 165, line 1, of the Senate engrossed amendments, strike out "202(b)" and insert the following: *202(a)(2)*

And the Senate agree to the same.

## Amendment numbered 213:

That the House recede from its disagreement to the amendment of the Senate numbered 213, 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:

(b) *Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—*

(1) *striking out "5" in the sentence immediately following paragraph (5) and inserting in lieu thereof "10";*

(2) *adding at the end thereof the following new sentence "In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F)."*

And the Senate agree to the same.

## Amendment numbered 214:

That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 141 of the House engrossed bill strike out lines 1 through 13 and insert the following:

*"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."*

And the Senate agree to the same.

## Amendment numbered 221:

That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows:

On page 167, line 17, of the Senate engrossed amendments, strike out "209" and insert the following: 210; and the Senate agree to the same.

## Amendment numbered 223:

That the House recede from its disagreement to the amendment of the Senate numbered 223, and agree to the same with amendments as follows:

On page 173, lines 12 and 13, of the Senate engrossed amendments, strike out "; ESTABLISHMENT AND COLLECTION OF LIABILITY TO UNITED STATES".

On page 175, line 10, of the Senate engrossed amendments, strike out "State;" and insert the following: *State*".

On page 175 of the Senate engrossed amendments, strike out line 11 and all that follows through line 19 on page 181 and insert the following:

(b) *Title IV of such Act is amended by adding after section 409 the following new section:*

*"ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS*

*"SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a)(21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.*

*"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a)."*

And the Senate agree to the same.

Amendment numbered 224:

That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows:

On page 181, line 22, of the Senate engrossed amendments, strike out "section (3)(a)(4)" and insert the following: *section 3(a)(4)*; and the Senate agree to the same.

Amendment numbered 225:

That the House recede from its disagreement to the amendment of the Senate numbered 225, 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:

*AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE*

*SEC. 213. (a)(1) Section 2(a)(10)(A)(i) of the Social Security Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".*

*(2) Section 1002(a)(8)(C) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".*

*(3) Section 1402(a)(8)(A) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".*

*(4) Section 1604(a)(14)(D) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".*

*(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts*

were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted”.

And the Senate agree to the same.

Amendment numbered 226:

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

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

On page 143, line 7, of the House engrossed bill, strike out “Payment” and insert the following: *Except as provided in paragraph (4), payment*

On page 143, line 13, of the House engrossed bill, strike out “in subparagraph (C) and”.

On page 143, line 21, of the House engrossed bill, strike out “section 402” and insert the following: *part A of title IV*

On page 144 of the House engrossed bill, strike out lines 3 through 12.

On page 144, line 13, of the House engrossed bill, strike out “(D)” and insert the following: *(C)*

On page 144, line 14, of the House engrossed bill, strike out “or (C)”.

On page 144, line 16, of the House engrossed bill, strike out “by” and insert the following: *to*

On page 145, line 2, of the House engrossed bill, strike out “section 402” and insert the following: *part A of title IV*

On page 145 of the House engrossed bill, strike out lines 10 through 20 and insert the following:

“(4) *The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—*

“(A) *is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or*

“(B) *is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution.”*

And the Senate agree to the same.

Amendment numbered 231:

That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with amendments as follows:

Insert the matter proposed to be inserted by the Senate amendment.

On page 150 of the House engrossed bill, strike out lines 14 through 20 and insert the following:

“(2) *Section 1843(f) of such Act is amended—*

“(A) *by inserting after “or part A of title IV,” (as added by section 241(e)(2) of this Act) the following:*

“*or eligible to receive medical assistance under the plan of such State approved under title XIX,”; and*

“(B) *by inserting after “, and part A of title IV” (as added by section 241(e)(2) of this Act) the following:*

“*, and individuals eligible to receive medical assistance under the plan of the State approved under title XIX”.*

And the Senate agree to the same.

Amendment numbered 233:

That the House recede from its disagreement to the amendment of the Senate numbered 233, and agree to the same with an amendment as follows:

On page 191 of the Senate engrossed amendments, strike out lines 3 through 8 and insert the following:

*“(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;”*.

And the Senate agree to the same.

Amendment numbered 236:

That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment as follows:

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

*“or dentists’ services, at the option of the State, to individuals not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV;”*

And the Senate agree to the same.

Amendment numbered 240:

That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with amendments as follows:

On page 199, line 20, of the Senate engrossed amendments, strike out “234a” and insert the following: *234*

On page 200, line 3, of the Senate engrossed amendments, strike out “(26)” and insert the following: *“(26)”*

On page 200, line 10, of the Senate engrossed amendments, strike out “periodic” and insert the following: *for periodic*

And the Senate agree to the same.

Amendment numbered 241:

That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with amendments as follows:

On page 205, line 13, of the Senate engrossed amendments, strike out “234b” and insert the following: *235*

On page 205, line 18, of the Senate engrossed amendments, strike out “X,”.

On page 160, line 9, of the House engrossed bill, strike out “235” and insert the following: *240*

On page 172, line 10, of the House engrossed amendments, strike out “236” and insert the following: *241*

And the Senate agree to the same.

Amendment numbered 242:

That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with amendments as follows:

On page 206, line 20, of the Senate engrossed amendments, strike out “234c” and insert the following: *236*

On page 206, line 23, of the Senate engrossed amendments, strike out “; and’ ” and insert the following: *a semicolon*

On page 207, line 2, of the Senate engrossed amendments, strike out "1907" and insert the following: 1908

On page 207, line 5, of the Senate engrossed amendments, strike out "section 226" and insert the following: *the preceding sections*

On page 207, line 9, of the Senate engrossed amendments, strike out "1907" and insert the following: 1908

And the Senate agree to the same.

Amendment numbered 243:

That the House recede from its disagreement to the amendment of the Senate numbered 243, and agree to the same with amendments as follows:

On page 213, line 10, of the Senate engrossed amendments, strike out "234d" and insert the following: 237

On page 213, line 15, of the Senate engrossed amendments, strike out "(28)" and insert the following: (29)

On page 213, line 16, of the Senate engrossed amendments, strike out "234c" and insert the following: 236

On page 213 of the Senate engrossed amendments, strike out line 18 and all that follows through line 22 and insert the following:

"(30) *provide such methods and procedures relating to the utilization of, and the payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.*"

And the Senate agree to the same.

Amendment numbered 244:

That the House recede from its disagreement to the amendment of the Senate numbered 244, 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:

*DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY  
UNDER TITLE XIX*

*SEC. 238. Effective July 1, 1969, section 1902(a)(17) of the Social Security Act is amended by striking out "(which shall be comparable for all groups)" and inserting in lieu thereof the following: "(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)".*

And the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with amendments as follows:

On page 216, line 5, of the Senate engrossed amendments, after "that" insert the following: (A)

On page 216, line 7, of the Senate engrossed amendments, strike out "part 3 of title V" and insert the following: *part B of title IV*

On page 216 of the Senate engrossed amendments, strike out lines 12 and 13 and insert the following:

*not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (1) as precedes such subparagraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different.*

And the Senate agree to the same.

Amendment numbered 258:

That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with amendments as follows:

On page 221, line 2, of the Senate engrossed amendments, strike out "applicable under State law" and insert the following: *applicable to nursing homes under State law*

On page 221, line 5, of the Senate engrossed amendments, insert immediately before the quotation marks the following:

*The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State.*

And the Senate agree to the same.

Amendment numbered 263:

That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with amendments as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.*

On page 182, line 16, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 266:

That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

On page 222 of the Senate engrossed amendments, strike out lines 13 through 21 and insert the following:

*"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and*

And the Senate agree to the same.

Amendment numbered 273:

That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with amendments as follows:

On page 225, line 9, of the Senate engrossed amendments, strike out "CHILDREN'S EMOTIONAL ILLNESS" and insert the following: *EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT*

On page 225, line 10, of the Senate engrossed amendments, strike out "306" and insert the following: *305*.

And the Senate agree to the same.

Amendment numbered 275:

That the House recede from its disagreement to the amendment of the Senate numbered 275, and agree to the same with an amendment as follows:

On page 225, lines 15 and 16, of the Senate engrossed amendments, strike out "INCENTIVE FOR ECONOMY WHILE MAINTAINING QUALITY OR IMPROVING THE PROVISION OF HEALTH SERVICES" and insert the following: *INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY IN THE PROVISION OF HEALTH SERVICES*; and the Senate agree to the same.

Amendment numbered 276:

That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows:

Insert the matter proposed to be inserted by the Senate amendment, and on page 203, line 24, of the House engrossed bill, insert immediately after the period the following: *No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process.*

And the Senate agree to the same.

Amendment numbered 282:

That the House recede from its disagreement to the amendment of the Senate numbered 282, 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:

*STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE*

*SEC. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.*

*(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have.*

And the Senate agree to the same.

## Amendment numbered 286:

That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows:

On page 231, line 15, of the Senate engrossed amendments, strike out "503" and insert the following: 501; and the Senate agree to the same.

## Amendment numbered 288:

That the House recede from its disagreement to the amendment of the Senate numbered 288, and agree to the same with an amendment as follows:

On page 239, line 4, of the Senate engrossed amendments, strike out "505" and insert the following: 502; and the Senate agree to the same.

## Amendment numbered 290:

That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows:

On page 242, line 5, of the Senate engrossed amendments, strike out "507" and insert the following: 503; and the Senate agree to the same.

## Amendment numbered 294:

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

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

*EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC.,  
PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS*

*SEC. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out "or" at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:*

*"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—*

*"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and*

*"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),*

*other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."*

*(b) Section 3306 (b) of such Code (definition of wages) is amended by striking out "or" at the end of paragraph (8), by striking out the period*

at the end of paragraph (9) and inserting in lieu thereof “; or”, and by adding at the end thereof the following new paragraph:

“(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

“(A) upon or after the termination of an employee’s employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

“(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee’s employment relationship had not been so terminated.”

(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out “or” at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof “; or”, and by inserting after subsection (l) the following new subsection:

“(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

“(1) upon or after the termination of an employee’s employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

“(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee’s employment relationship had not been so terminated.”

(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act.

And the Senate agree to the same.

W. D. MILLS,  
 CECIL R. KING,  
 HALE BOGGS,  
 FRANK M. KARSTEN,  
 A. SYDNEY HERLONG, Jr.,  
 JOHN W. BYRNES,  
 THOS. B. CURTIS,  
 JAMES B. UTT,  
 JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL LONG,  
 GEORGE A. SMATHERS,  
 CLINTON P. ANDERSON,  
 ALBERT GORE,  
 HERMAN TALMADGE,  
 JOHN J. WILLIAMS,  
 FRANK CARLSON,  
 CARL T. CURTIS,

*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. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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, 25, 26, 29, 30, 31, 32, 38, 49, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 81, 82, 83, 96, 97, 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 125, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140, 148, 150, 151, 152, 156, 158, 159, 160, 161, 162, 163, 164, 165, 168, 169, 170, 171, 172, 177, 179, 180, 185, 187, 188, 192, 194, 196, 199, 202, 203, 204, 205, 206, 209, 210, 211, 215, 216, 218, 232, 252, 256, 264a, 265, 269, 274, 278, and 283. With respect to these amendments (1) the House either recedes or rededes 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.

### BENEFIT AMOUNTS

Amendments Nos. 2 through 15: Section 101 of the House bill amended section 215(a) of the Social Security Act to provide a 12½ percent increase in benefits with a \$50 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits (taking into account the \$7,600 contribution and benefit base scheduled by section 108 of the House bill to be effective for years after 1967). This provision was to be effective beginning with the second month following the month of enactment.

Senate amendment No. 2 substituted for the benefit table in section 101 of the House bill a new table to provide a 15 percent increase in benefits with a \$70 minimum primary insurance amount (taking into account the increases in the contribution and benefit base scheduled by Senate amendment No. 36—\$8,000 for the year 1968, \$8,800 for the years 1969 through 1971, and \$10,800 for years after 1971).

Senate amendments Nos. 3 through 15 modified the effective date contained in the House bill to make the benefit increases effective beginning with March 1968. (The same modification, in the effective date of other provisions of the House bill involving OASDI benefits

was made by Senate amendments 25, 26, 30, 96, 97, 103, 105, 107, 116, 135, 136, 138, 139.)

Under the conference agreement, section 215(a) of the Social Security Act is amended to provide a 13-percent increase in benefits with a \$55 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits, taking into account the \$7,800 contribution and benefit base scheduled under the conference agreement to be effective for years after 1967. The provision is effective for and after February 1968.

#### INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

Amendments Nos. 16 through 24: Section 102 of the House bill amended sections 227 and 228 of the Social Security Act to increase, from \$35 for a single person and \$17.50 for a spouse to \$40 for a single person and \$20 for a spouse, the amounts of the special payments provided for certain individuals age 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits.

The Senate amendments modified the House bill to provide for an increase in the amounts of the special payments to \$50 for a single person and \$25 for a spouse.

The Senate recedes.

#### BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

Amendment No. 27: Section 104 of the House bill amended title II of the Social Security Act to provide benefits for disabled widows and widowers age 50 or over, with benefits ranging from 50 percent to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin. No trial work period was provided. (A special test of disability for widows and widowers was set forth in section 156 of the bill.)

The Senate amendment modified section 104 of the House bill to provide benefits for disabled widows and widowers at any age. In addition, payment would be made at the full widow's and widower's benefit rate of 82½ percent of the spouse's primary insurance amount, and a trial work period would be provided. (The special test of disability was eliminated by amendment No. 109, so that the definition in present law would apply to widows and widowers as well as to others whose benefits depend upon disability.)

The Senate recedes with a technical amendment.

#### REDUCED BENEFITS AT AGE 60

Amendment No. 28: The Senate amendment added to the House bill a new section (105), amending section 202 of the Social Security Act to provide for payment of reduced old-age, wife's, husband's, widower's, and parent's insurance benefits beginning at age 60. The old-age benefit would be reduced by ⅓ths of one percent for each month for which the worker takes the benefit while under age 65, and the widower's or parent's benefit (like widow's benefits under existing law) would be reduced by the same percentage for each month for which the benefit is taken while under age 62; the wife's or husband's insurance benefit would be reduced by ⅔ths of one percent for each

month for which the benefit is taken before age 65. (Under existing law, old-age benefits are payable in full at age 65 or on the basis of a  $\frac{1}{4}$ ths reduction at age 62; wife's and husband's benefits are payable in full at age 65 or on the basis of a  $\frac{2}{3}$ ths reduction at age 62; and widower's and parent's benefits are payable in full at age 62 with no earlier entitlement provided.)

The Senate recedes.

#### LIBERALIZATION OF EARNINGS TEST

Amendments Nos. 33 and 34: Under the existing provisions of section 203 of the Social Security Act, if a beneficiary earns \$1,500 or less in a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 of earnings between \$1,500 and \$2,700, and \$1 in benefits will be withheld for each \$1 of earnings above \$2,700. Also, no benefit will be withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment.

Section 107 of the House bill amended section 203 of the Social Security Act to increase the annual \$1,500 and \$2,700 cut-off points to \$1,680 and \$2,880, respectively, and the \$125 monthly figure to \$140.

The Senate amendments modified section 107 of the House bill so that the annual cut-off points are increased to \$2,400 and \$3,600, and the monthly figure is increased to \$200.

The Senate recedes.

#### INCREASE IN CONTRIBUTION AND BENEFIT BASE

Amendments Nos. 35 and 36: Section 108 of the House bill amended title II of the Social Security Act and the Internal Revenue Code of 1954 to increase the earnings counted for benefit and tax purposes to \$7,600, beginning with 1968.

Under the Senate amendments, the earnings counted for benefit and tax purposes were increased to \$8,000 in 1968, \$8,800 in 1969 through 1971, and \$10,800 beginning with 1972.

Under the conference agreement, the amount of earnings counted for benefit and tax purposes is increased to \$7,800, beginning with 1968.

#### CHANGES IN TAX SCHEDULE

Amendment No. 37: The following table shows the tax schedule in the House bill and that in the Senate bill:

#### CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS, EACH

[In percent]

Year	House bill			Senate bill		
	OASDI	HI	Total	OASDI	HI	Total
1967.....	3.9	0.5	4.4	3.9	0.5	4.4
1968.....	3.9	.5	4.4	3.8	.6	4.4
1969-70.....	4.2	.6	4.8	4.2	.6	4.8
1971-72.....	4.6	.6	5.2	4.6	.6	5.2
1973-75.....	5.0	.65	5.65	5.0	.65	5.65
1976-79.....	5.0	.7	5.7	5.05	.65	5.7
1980-86.....	5.0	.8	5.8	5.05	.75	5.8
1987 and after.....	5.0	.9	5.9	5.05	.75	5.8

CONTRIBUTION RATES FOR THE SELF-EMPLOYED  
[In percent]

	House bill			Senate bill		
	OASDI	HI	Total	OASDI	HI	Total
1967.....	5.9	0.5	6.4	5.9	0.5	6.4
1968.....	5.9	.5	6.4	5.8	.6	6.4
1969-70.....	6.3	.6	6.9	6.3	.6	6.9
1971-72.....	6.9	.6	7.5	6.9	.6	7.5
1973-75.....	7.0	.65	7.65	7.0	.65	7.65
1976-79.....	7.0	.7	7.7	7.0	.65	7.65
1980-86.....	7.0	.8	7.8	7.0	.75	7.75
1987 and after.....	7.0	.9	7.9	7.0	.75	7.75

The conference agreement provides the following tax schedule:

[In percent]

	Employers and employees, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
1967.....	3.9	0.5	4.4	5.9	0.5	6.4
1968.....	3.8	.6	4.4	5.8	.6	6.4
1969-70.....	4.2	.6	4.8	6.3	.6	6.9
1971-72.....	4.6	.6	5.2	6.9	.6	7.5
1973-75.....	5.0	.65	5.65	7.0	.65	7.65
1976-79.....	5.0	.7	5.7	7.0	.7	7.7
1980-86.....	5.0	.8	5.8	7.0	.8	7.8
1987 and after.....	5.0	.9	5.9	7.0	.9	7.9

EXTENSION OF RETROACTIVITY OF DISABILITY APPLICATIONS FOR  
FREEZE PURPOSES WHERE FAILURE TO MAKE TIMELY APPLICATION IS  
DUE TO INCOMPETENCY

Amendment No. 39: Under existing law, an application to establish a period of disability must be filed no later than 12 months after the end of the period of disability. The Senate amendment added to the House bill a new section (112), amending section 216(i) of the Social Security Act to extend the time for filing an effective application to establish a closed period of disability (for disability freeze purposes only) for an additional 24 months—to a total of 36 months—in certain cases where it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that the disabled individual's failure to file within the prescribed period is due to his mental or physical incapacity to execute such an application.

The House recedes with a technical amendment.

MARRIAGE OF A CHILD WHO IS A FULL-TIME STUDENT

Amendment No. 40: The Senate amendment added to the House bill a new section (113), amending section 202(d) of the Social Security Act to provide that a child's benefits will not stop when the child marries if and for as long as the child is a full-time student (and is otherwise entitled to benefits) and, in the case of a girl, her husband is also a full-time student. A child whose benefits stop because of marriage may subsequently (if otherwise entitled, and upon making a new application) become reentitled to such benefits if he becomes a full-time student (or, in the case of a girl, if both she and her husband become full-time students).

The Senate recedes.

## BENEFITS FOR CERTAIN CHILDREN ADOPTED BY DISABLED WORKERS

Amendment No. 41: The Senate amendment added to the House bill a new section (114), amending section 202(d)(9) of the Social Security Act to provide that benefits can be paid to the legally adopted child of a worker entitled to disability benefits (or to old-age benefits after having been entitled to disability benefits) if the adoption took place under the supervision of a child-placing agency and was decreed by a court of competent jurisdiction in the United States, the worker had continuously resided in the United States for at least one year prior to the date of adoption, and the child was under the age of 18 on the date of the adoption, regardless of when the adoption occurred. (Under present law the adoption, even if other conditions are met, must have taken place within 2 years of the time the worker became entitled to disability benefits.)

The House recedes with technical amendments.

## BENEFITS FOR MOTHERS OF CERTAIN FULL-TIME STUDENTS

Amendment No. 42: The Senate amendment added to the House bill a new section (114a), amending section 202(s) of the Social Security Act to provide that a wife or mother otherwise qualified may receive benefits on the basis of having an entitled child in her care, where the child is between 18 and 22 and is only entitled to child's benefits because he is a full-time student, if the school at which the child is a student is an elementary or secondary school. (Under existing law, a wife or mother can be entitled to benefits on the basis of having a child in her care only if the child is entitled to child's benefits because he is under 18 or is disabled—she cannot qualify on the basis of a child who is entitled only because he is a student, regardless of the level of the school at which he is enrolled.)

The Senate recedes.

## STUDY OF DELAYED RETIREMENT INCREMENT

Amendment No. 43: The Senate amendment added to the House bill a new section (114b) to require the Social Security Administration to make a study with respect to the feasibility of providing increased old-age insurance benefit amounts for people who delay their retirement and may continue to work after age 65, and to report its findings to the Congress.

The Senate recedes (but the substance of the provision is included in section 405 of the bill—see Amendment No. 282).

## COVERAGE OF MINISTERS

Amendments Nos. 44, 45, 46, and 47: Under existing law, the services which a clergyman (including a Christian Science practitioner or a member of a religious order who has not taken a vow of poverty) performs in the exercise of his ministry are excluded from coverage unless the clergyman elects coverage by filing a waiver certificate within a prescribed period; if he makes the election his services in his ministry are covered under the provisions of law applicable to self-employed persons. A member of a religious order who has taken a vow of poverty may not make such an election; his services are compulsorily excluded from coverage.

Section 115 of the House bill amended section 211(c) of the Social Security Act and section 1402(c) and (e) of the Internal Revenue Code of 1954 to provide that the services performed in the exercise of his profession by a minister, a Christian Science practitioner, or any member of a religious order (including a member who has taken a vow of poverty) are to be covered under the provisions of law applicable to the self-employed unless he obtains an exemption from social security taxes (and coverage) by filing within a prescribed period (under the revised section 1402(e) of the Code) an application for exemption, together with a statement that he is conscientiously opposed to the acceptance (with respect to his professional service) of any public insurance such as social security; a clergyman who had elected coverage under existing law could not secure an exemption, and an exemption from coverage would be irrevocable.

Senate amendments Nos. 44, 45, and 46 added language providing that members of religious orders who have taken a vow of poverty are compulsorily excluded from coverage, as under present law, and need not file any application to secure the exemption. Senate amendment No. 47 provided an additional basis for the exemption from social security taxes (and coverage); clergymen opposed to the acceptance of public insurance on grounds of religious principle (in addition to those conscientiously opposed as provided in the House bill) may secure the exemption.

The House recesses.

#### STATE AND LOCAL DIVIDED RETIREMENT SYSTEMS

Amendment No. 48: The Senate amendment added to section 116 of the House bill a new subsection (d), amending section 218(d)(6)(F) of the Social Security Act so as to grant an additional opportunity, through 1969, for the election of social security coverage by members of State and local government retirement systems who did not elect coverage when they previously had the opportunity to do so under the divided retirement system procedure, which permits certain States to cover only those current members of a retirement system who desire coverage.

The House recesses.

#### COVERAGE OF POLICEMEN AND FIREMEN IN PUERTO RICO AND CERTAIN FIREMEN IN NEBRASKA

Amendment No. 50: The Senate amendment added to the House bill a new section (119), amending section 218(p) of the Social Security Act to add Puerto Rico to the list of States which may, if they so desire, provide social security coverage for policemen and firemen in positions under State or local retirement systems. The Senate amendment also included a provision validating amounts erroneously reported for past services performed by certain firemen employed by political subdivisions in Nebraska, if amounts representing social security taxes were erroneously paid in good faith and no refund has been obtained.

The House recesses with a technical amendment.

## COVERAGE OF FIREMEN IN STATES NOT SPECIFICALLY LISTED

Amendment No. 51: The Senate amendment added to the House bill a new section (120), amending section 218(p) of the Social Security Act to allow social security coverage to be extended to firemen under a State or local retirement system in a State not designated by name (in section 218(p)) as one which is permitted to cover policemen and firemen, if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of coverage to the group. Coverage could be extended under this provision only after a favorable referendum in which no person other than a fireman could vote.

The House recedes with a technical amendment.

## COVERAGE OF ERRONEOUSLY REPORTED WAGES FOR FORMER STATE OR LOCAL GOVERNMENT EMPLOYEES

Amendment No. 52: The Senate amendment added to the House bill a new section (121), amending section 218(f) of the Social Security Act to permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to specify that whatever retroactive coverage is provided for the current employees of the coverage group will also be provided for former employees with respect to whose earnings amounts representing social security taxes had been erroneously paid in good faith to the Secretary of the Treasury. The retroactive coverage would not apply to any former employee for whom a refund of taxes had been made.

The House recedes with a technical amendment.

## COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

Amendment No. 53: The Senate amendment added to the House bill a new section (122), amending section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 to provide that fees received after 1967 by employees of State or local governments in positions compensated solely on a fee basis and not covered under a State social security agreement will be covered under the self-employment provisions; however, any person in a fee-basis position in 1968 may elect irrevocably (before the due date of his tax return for 1968) not to have the amendment apply to him—i.e., not to have his fees covered under the self-employment provisions. The Senate amendment also added to section 218 of the Social Security Act a new subsection (u) under which any future modification of a State's agreement may cover services in positions compensated solely on a fee basis only if the modification specifically includes such services as covered, and under which a State may remove such services from coverage under the agreement.

The House recedes with a technical amendment.

## FAMILY EMPLOYMENT IN A PRIVATE HOME

Amendment No. 54: The Senate amendment added to the House bill a new section (123), amending section 210(a)(3)(B) of the Social Security Act and section 3121(b)(3)(B) of the Internal Revenue

Code of 1954 to extend social security coverage, beginning after 1967, to domestic service in a private home of the employer performed by an individual in the employ of his son or daughter, provided that certain conditions are met. The service in any calendar quarter would be covered only if the employer has living in his home a son, daughter, stepson, or stepdaughter who is under age 18 or whose mental or physical condition requires the personal care and supervision of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced (and has not remarried) or has a spouse living in the home who, because of a mental or physical condition, is incapable of caring for the employer's son, daughter, stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

The House recedes with technical amendments.

#### EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

Amendment No. 55: The Senate amendment added to the House bill a new section (124), giving the Secretary of Health, Education, and Welfare authority to permit the State of Massachusetts, under such conditions as he deems appropriate, to remove the employees of the Massachusetts Turnpike Authority from social security coverage before the expiration of 2 years after giving advance notice to the Secretary, with the provision that if the employees are thus removed from coverage the State cannot again extend coverage to employees of the Authority.

The House recedes with technical amendments.

#### METHOD OF PAYMENT TO PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendments Nos. 56, 57, 58, 59, and 60: The House bill amended section 1842(b)(3)(B) of the Social Security Act to provide, in addition to the present receipted bill and assignment methods of payment for physicians' services, an alternative method, effective with respect to bills received after December 31, 1967, under which a physician or other person providing the service could receive payment on the basis of an itemized bill if such bill is submitted in the form and manner and within the time specified by regulation and if the full charge does not exceed the reasonable charge for the service. Under the alternative method payment could be made to the patient if payment is not made to the person providing the service for the reason that the charge exceeds the reasonable charge, the person providing the service does not submit the bill as provided for by regulation, or such person directs that payment be made to the patient. The House bill also provided, with respect to bills received after December 31, 1967, that requests for payment under the supplementary medical insurance program for services reimbursable on a reasonable charge basis must be filed no later than the close of the calendar year after the year in which the service is furnished (service furnished in the last 3 months of a calendar year is deemed to have been furnished in the succeeding calendar year).

The Senate amendments changed present law, effective with respect to claims on which a final determination has not been made on or before the date of enactment, by eliminating the receipted bill method of payment (payment by the patient required before reimbursement)

and by providing that payment can be made either to the patient on the basis of an itemized bill (either receipted or unpaid) or to the physician under the assignment method. The Senate amendments retained the House bill provision which establishes the calendar year limitation for filing medical insurance claims, but made such limitation applicable to bills submitted and requests for payment made on or after April 1, 1968.

The House recesses.

#### PODIATRISTS

Amendment No. 61: The House bill amended section 1861(r) of the Social Security Act to include within the definition of "physician" a doctor of podiatry or surgical chiropody, but only with respect to functions which he is legally authorized to perform as such by the State in which he performs them. Under the House bill a doctor of podiatry would not be considered a "physician" for purposes of sections 1814(a) and 1835 (relating to certification and recertification of medical necessity under parts A and B of title XVIII) and section 1861(k) (relating to utilization review). Certain services performed by a podiatrist were also excluded for purposes of payment under the hospital and medical insurance programs.

The Senate amendment provided, in addition to those restrictions in the House provision, that a podiatrist would not be considered to be a "physician" for the purposes of subsection (j) (relating to extended care facilities), subsection (m) (relating to home health services), and subsection (o) (relating to home health agencies) of section 1861.

The House recesses.

#### EXCLUSION OF CERTAIN SERVICES EXCEPT WITH REGARD TO PROSTHETIC LENSES

Amendment No. 62: Section 128 of the House bill amended section 1862(a)(7) of the Social Security Act, which provides that no payment may be made under title XVIII for expenses incurred for routine physical checkups, eyeglasses, eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, or hearing aids or examinations therefor, by adding a provision that no payment may be made for expenses incurred for procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.

The Senate amendment provided that the exclusion added by the House bill is not to apply with respect to expenses incurred for procedures performed in connection with furnishing prosthetic lenses.

The Senate recesses.

#### TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 71: Section 129 of the House bill amended the appropriate sections in title XVIII of the Social Security Act to place coverage of all outpatient hospital services in the supplementary medical insurance program.

The Senate amendment made the provisions of the House bill applicable with respect to services furnished after March 31, 1968, rather than December 31, 1967, except that the elimination of the

physician certification requirement with respect to outpatient hospital diagnostic services would apply to services furnished after the date of the enactment of the bill.

The House recesses.

**PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS**

Amendment No. 77: Section 133 of the House bill amended section 1861(s)(2) of the Social Security Act to provide supplementary medical insurance coverage of physical therapy furnished to an outpatient, in a residence used as the patient's home, by a hospital or by others under arrangements with the hospital, if such therapy is under the supervision of such hospital. This provision would apply with respect to services furnished after December 31, 1967.

The Senate amendment provided coverage for outpatient physical therapy services furnished by physical therapists employed by or under an agreement with, and under the supervision of, hospitals and other providers of services as well as approved clinics or rehabilitation centers, and local public health agencies that meet standards established by the Secretary of Health, Education, and Welfare relating to health and safety. The patient would not have to be homebound for the physical therapy services to be covered. Payment would be made for such services only when furnished in accordance with a plan, established and periodically reviewed by a physician, that would prescribe the type of physical therapy services to be provided and the amount and duration of such services. The Senate amendment would apply with respect to services furnished after June 30, 1968.

The House recesses with a technical amendment.

**BLOOD DEDUCTIBLES**

Amendments Nos. 78 and 79: Section 135 of the House bill amended sections 1813(a)(2) (as redesignated by the bill) and 1866(a)(2)(c) of the Social Security Act to provide that equivalent quantities of packed red blood cells shall be treated as blood under the hospital insurance program, and that a patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible. The House bill also amended section 1833(b) by establishing a 3-pint deductible requirement with respect to blood (or equivalent quantities of packed cells) furnished to an individual during a calendar year under the supplementary medical insurance program.

The Senate amendments deleted the requirement in the House bill that the patient replace, for purposes of the 3-pint deductible, 2 pints of blood for the first pint of blood received.

The House recesses.

**EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES**

Amendment No. 80: Section 137 of the House bill amended section 1812(a)(1) and (b)(1) of the Social Security Act to provide a maximum of 120 days (rather than 90) of inpatient hospital services for an individual during any spell of illness, and amended section 1813(a)(1)

of the act to provide that the amount payable for such services for each day before the 121st day and after the 90th day of a spell of illness will be reduced by a coinsurance amount equal to one-half of the inpatient hospital deductible determined under section 1813(b). (The inpatient hospital deductible is currently established at \$40.)

The Senate amendments provided an individual with a lifetime reserve of 60 days of additional coverage for inpatient hospital care for use after he has exhausted the 90 days of hospital services to which he is entitled during any spell of illness. The coinsurance amount for each such additional day of coverage would equal one-fourth of the inpatient hospital deductible determined under section 1813(b).

The conference agreement contains the Senate provision for a lifetime reserve of 60 additional days, but applies the House provision for a coinsurance amount equal to one-half of the inpatient hospital deductible.

#### METHOD OF DETERMINING REASONABLE COST FOR PROVIDERS OF SERVICES

Amendment No. 84: The Senate amendment added to the House bill a new section (142), amending section 1861(v)(1) of the Social Security Act by providing that the regulations prescribed by the Secretary of Health, Education, and Welfare for determining the reasonable cost of services under title XVIII shall give a provider of services the option of having the cost of covered services determined on a per diem basis (per diem costs prevailing in a community for comparable quality and levels of services would be taken into account in determining such per diem basis). Cost of services would otherwise be determined on the basis of a per unit, per capita, or other basis insuring the provider reasonable cost reimbursement.

The Senate recedes with the understanding on the part of the conferees for both the Senate and the House that this action is not to be taken as a final decision or prejudgment respecting the issue of reimbursing providers of service under the medicare program by alternative methods to those now employed. Such decisions should not be made until such time as adequate data concerning the actual cost of benefits furnished to medicare beneficiaries have been obtained and made available to Congress. At the present time such data have not been compiled since the actual costs incurred by providers for services furnished to medicare recipients during the first fiscal year of operation of the program have not been finally determined. The Department of Health, Education, and Welfare has been directed to furnish such data to the Committee on Ways and Means and the Committee on Finance as soon as it is available.

#### ALLOWANCE FOR DEPRECIATION AND INTEREST IN DETERMINING REASONABLE COST UNDER TITLES V, XVIII, AND XIX

Amendment No. 85: The Senate amendment added to the House bill a new section (143), providing that the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures (made after June 30, 1970, or an earlier date at the request of a State) by hospitals or other health facilities for substantial capital items. Depreciation and interest attributable to substantial

capital items found not in accordance with a State's overall plan would not be includible as a part of the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX.

The Senate recesses.

STATE AGREEMENTS FOR COVERAGE UNDER THE HOSPITAL INSURANCE PROGRAM FOR THE AGED

Amendment No. 86: The Senate amendment added to the House bill a new section (144), adding a new section 1818 to the Social Security Act permitting a State to enter into an agreement with the Secretary of Health, Education, and Welfare for the provision of hospital insurance coverage beginning April 1, 1968, for State and local employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare hospital insurance protection. A State would reimburse the Federal Hospital Insurance Trust Fund for the actual costs of benefits paid and administrative expenses incurred with respect to these persons. An agreement (either in its entirety or with respect to any one or more coverage groups) could be terminated if the Secretary finds that the State concerned is no longer legally able to comply with the provisions of the agreement. A State may also, at its option, terminate such an agreement.

The Senate recesses.

PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

Amendment No. 87: The Senate amendment added to the House bill a new section (145), providing that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before January 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before January 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before January 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

The House recesses with technical amendments.

PAYMENT FOR EMERGENCY HOSPITAL SERVICES

Amendment No. 88: The Senate amendment added to the House bill a new section (146), amending section 1861(e) of the Social Security Act to redefine, effective July 1, 1966, the term "hospital" (for purposes of paying for emergency hospital services) to mean an institution which must be licensed as a hospital, have full-time

nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. The requirements under present law with respect to clinical records, medical staff bylaws, and care of patient by a physician are eliminated. The Senate amendment also provided that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (or, if the hospital does not make separate charges for routine and ancillary services, two-thirds of the hospital's reasonable charges), subject to deductible and other existing limitations, with respect to hospital admissions occurring after December 31, 1967.

The House recedes with technical amendments.

PAYMENT FOR CERTAIN SERVICES FURNISHED OUTSIDE THE  
UNITED STATES

Amendment No. 89: The Senate amendment added to the House bill a new section (147), amending section 1814(f) of the Social Security Act to permit, effective with admissions occurring after March 31, 1968, direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. For nonemergency care, the hospital would have to be the nearest suitable one to the patient's residence. Payment would also be made for emergency inpatient services furnished in a foreign hospital within 50 miles of the United States border if the hospital was the closest one suitable for treatment and the emergency necessitating such services occurred no more than 50 miles outside the United States. Benefits would be payable only on the basis of a request for payment by an individual entitled to hospital insurance benefits and only if the foreign hospital met standards that are essentially comparable to those required of hospitals participating under the program in the United States. Subject to appropriate deductibles and other limitations, the amount payable under this provision would be equal to 60 percent of the hospital's reasonable charges for routine services in the room occupied by the individual or in semiprivate accommodations, whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services, or, if separate charges for routine and ancillary services are not made by such hospital, reimbursement may be made to the patient on the basis of two-thirds of the hospital's reasonable charges but not to exceed the charges that would have been made if the patient had occupied semiprivate accommodations.

The Senate recedes with the understanding that the Departments of Health, Education, and Welfare and State will explore, and report to the Committees on Ways and Means and Finance, the feasibility of entering into reciprocal agreements and arrangements with neighboring nations designed to make medicare benefits available to U.S. citizens who receive necessary hospital care in such nations.

PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR  
CERTAIN INPATIENT ANCILLARY SERVICES

Amendment No. 90: The Senate amendment added to the House bill a new section (148), amending section 1861(s) of the Social Security

Act to permit, effective April 1, 1968, payment under the medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished to inpatients who cannot qualify for payments under the hospital insurance program—for example, in cases where hospital patients have exhausted their eligibility under the hospital insurance program, or when extended care facility patients have not met the 3-day hospitalization requirement.

The House recesses with a technical amendment.

**GENERAL ENROLLMENT PERIOD UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 91: The Senate amendment added to the House bill a new section (149), providing that the general enrollment periods for the supplementary medical insurance program would be placed (beginning with 1969) on an annual rather than a biennial basis, and run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary would determine and promulgate during December of each year the premium rate for the program which would be applicable for the 12-month period beginning on the following July 1 and would be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at such rate. Under the Senate amendment persons wishing to disenroll could do so at any time, but such disenrollment would not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment was filed. The amendment would also substitute a one-time late enrollment charge (up to 3 additional monthly premiums) for the 10 percent premium increase in section 1839(c) of the Social Security Act for those who delay their enrollment in the program, and would modify section 1837(b)(1) to provide that no individual may enroll for the first time under the program unless he does so in a general enrollment period which begins within 3 years after the close of the first enrollment period during which he could have so enrolled.

The House recesses with an amendment providing for the retention of the percentage premium increase provision in present law for those who delay enrollment, and the deletion of the late enrollment charge in the Senate bill.

**ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS**

Amendment No. 92: Section 138 of the House bill provided that the limitation in section 1812(c) of the Social Security Act on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he first becomes eligible for benefits under the hospital insurance program would not be applicable to benefits for services in a general hospital if such services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

The Senate amendment changed the provisions of the House bill by eliminating the provision in present law under which days spent in a tuberculosis hospital by an individual immediately before his initial entitlement to hospital insurance reduced the days of inpatient hospital

coverage for which he is eligible, after entitlement, during his first spell of illness. The Senate amendment would provide that no reduction would occur in such individual's hospital insurance coverage, after initial entitlement, during his first spell of illness, regardless of whether he receives inpatient services in a tuberculosis or general hospital. The Senate amendment retained the House provision with respect to inpatients of psychiatric hospitals.

The House recedes with a technical amendment.

INCLUSION OF OPTOMETRISTS' SERVICES UNDER SUPPLEMENTARY  
MEDICAL INSURANCE PROGRAM

Amendment No. 93: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a doctor of optometry but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is authorized to perform by the State in which he practices. The Senate provision also added to section 1862(a) of the Act (relating to items and services excluded from coverage under title XVIII) expenses for an optometrist's services in connection with the detection of eye diseases, or for his referral of an individual to a physician (as presently defined in the act) arising from such services.

The Senate recedes.

INCLUSION OF CHIROPRACTORS' SERVICES UNDER SUPPLEMENTARY  
MEDICAL INSURANCE PROGRAM

Amendment No. 94: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed chiropractor but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is legally authorized to perform by the State in which he practices.

The Senate recedes.

INCLUSION OF PSYCHOLOGISTS' SERVICES UNDER SUPPLEMENTARY  
MEDICAL INSURANCE PROGRAM

Amendment No. 95: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed or certified psychologist but only for the purpose of including his services as a medical and other health service covered under the supplementary medical insurance program and only with respect to functions which he is legally authorized to perform by the State in which he practices.

The Senate recedes.

OVERPAYMENTS

Amendment No. 98: The Senate amendment added to the House bill a new-section (152), amending section 204(a) of the Social Security Act to direct the Secretary of Health, Education, and Welfare to recover benefits overpaid to an individual by withholding benefits payable to him or his estate or to any other person entitled to benefits on the same earnings record, or by requiring a refund from him or his estate, or by any combination of these. A beneficiary who is liable

for repayment of an overpayment, whether the overpayment was made to him or to another person, would qualify for waiver of recovery of the overpaid amount if he is without fault and meets the other conditions prescribed in the law. (Underpayments would be paid to the underpaid beneficiary, or, if he has died, to other persons in accordance with section 204(d) of the Act as amended by the bill (see Senate amendment No. 100).)

The House recedes with a technical amendment.

BENEFITS PAID ON THE BASIS OF ERRONEOUS REPORTS OF DEATH IN  
MILITARY SERVICE

Amendment No. 99: The Senate amendment added to the House bill a new section (153), further amending section 204(a) of the Social Security Act to make benefits paid on the basis of an official report of the death of an active-duty serviceman in line of duty, issued by the Department of Defense, lawful payments even though it is later determined that the serviceman is still alive.

The House recedes with a technical amendment.

UNDERPAYMENTS

Amendment No. 100: Section 152 of the House bill amended section 204(d) of the Social Security Act to provide that cash benefits due a beneficiary at the time of his death are to be paid in the following order or priority:

- (1) To his surviving spouse entitled to benefits on the same earnings record as he was, or
- (2) to his child or children (in equal parts) entitled on that earnings record, or
- (3) to his parent or parents (in equal parts) entitled on that earnings record, or
- (4) to the legal representative or his estate, or
- (5) to his surviving spouse not entitled to benefits on the same earnings record as he was, or
- (6) to his child or children (in equal parts) not entitled on that earnings record.

If none of these persons exist, no payment would be made.

Section 152 of the House bill also amended section 1870 of the Act to provide that unpaid medical insurance benefits are to be settled as follows: Where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid but reimbursement under the medical insurance program has not been made, payment of the medical insurance benefits would be made to the person who paid the bill. If payment could not be made to that person, payment would be made to the legal representative of the deceased beneficiary's estate, if there is one—otherwise to relatives of the deceased individual in the following order of priority:

- (1) To his surviving spouse living with him at the time of his death, or
- (2) to his surviving spouse entitled to benefits on the same earnings record as he was, or
- (3) to his child or children (in equal parts).

If none of these persons exist, no payment would be made.

A further provision, not affected by the Senate amendment, authorized the Secretary to settle claims for unpaid medical insurance bene-

fits, in cases where the bill for covered services had not been paid, by making payment to the physician or other person who provided the services, but only if such physician (or other person) agrees to accept the reasonable charge for the services as his full charge.

The Senate amendment modified section 152 of the House bill to provide the following uniform order of priority for both cash benefits and medical insurance benefits due after the beneficiary's death (except that any medical insurance benefits would of course be paid first to the person who paid for the services involved, or, if that person is the deceased beneficiary himself, to the legal representative of his estate if there is one):

- (1) To the surviving spouse of the deceased individual if she was either living with him at the time of his death or entitled to benefits on the same earnings record as he was, or
- (2) to his child or children (in equal parts) entitled to benefits on that earnings record, or
- (3) to his parent or parents (in equal parts) entitled on that earnings record, or
- (4) to his surviving spouse if she was neither living with him nor entitled to benefits on that earnings record, or
- (5) to his child or children not entitled on that earnings record, or
- (6) to his parent or parents not entitled on that earnings record, or
- (7) to the legal representative of his estate, if any, or
- (8) to any person or persons related to him by blood, marriage, or adoption who may be determined by the Secretary to be the proper person or persons to receive the payment due.

The House recedes with amendments (1) directing payment of supplementary medical insurance benefits to the person who paid the bill for the services involved (ahead of all the other categories) even though the payment of such bill occurred after the beneficiary's death, and (2) eliminating the Senate provision which authorized payment of benefits to persons related to the beneficiary by blood, marriage, or adoption where there is no one to pay in any of the first seven categories.

#### DEFINITION OF DISABILITY

Amendment No. 109: Under existing law, the term "disability" is defined in general as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last at least 12 months.

Section 156 of the House bill amended section 223 (and related provisions) of the Social Security Act so as to clarify the definition by providing guidelines emphasizing the role of medical standards in determining disability so that an individual is not to be considered under a "disability" unless his impairment is of such severity that he is not only unable to do his previous work but cannot (considering his age, education, and work experience) engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or he would be hired if he applied for work. The Secretary of Health, Education, and

Welfare is directed to establish criteria which are to be conclusive for determining when work or earnings demonstrate ability to engage in substantial gainful activity. Section 156 also provided a more restrictive definition of disability for disabled widows and widowers than exists in present law for disabled workers; a widow or widower would not be found to be under a disability unless his or her impairments are of a level of severity deemed sufficient to preclude an individual from engaging in any gainful activity (see discussion of Senate amendment No. 27).

The Senate amendment struck out of the House bill the language clarifying the definition of disability, retaining only a technical change, and also eliminated the more restrictive definition applicable to widows and widowers.

The conference agreement contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy". This language puts into the statute the same meaning of the phrase that was expressed in the reports of both committees. Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. The purpose of so defining the phrase is to preclude from the disability determination consideration of a type or types of jobs that exist only in very limited number or in relatively few geographic locations in order to assure that an individual is not denied benefits on the basis of the presence in the economy of isolated jobs he could do.

#### AMENDMENT TO COMPLY WITH TREATY OBLIGATIONS

Amendment No. 119: The Senate amendment added to the House bill a new section (162), amending sections 228(a) and 1836 of the Social Security Act and section 103(a) of the Social Security Amendments of 1965. Under the Senate amendment, the present 5-year residence requirements that uninsured aliens must meet in order to qualify for hospital insurance benefits or special age-72 cash payments, or to be eligible to participate in the supplementary medical insurance program, will not apply to any individual when their application would be contrary to present treaty obligations of the United States.

The Senate recesses.

#### EFFECTIVE DATE OF LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE THE UNITED STATES

Amendment Nos. 121, 122, and 123: Section 160 of the House bill amended section 202(t) of the Social Security Act to provide that the present 40-quarters-of-coverage and 10-years-residence exceptions to the provision requiring the withholding of benefits from aliens outside the United States are not to apply to aliens who are citizens of a country that has a social insurance or pension system of general applicability under which benefits are denied to otherwise eligible Americans while they are outside of that country, or who are citizens of a country that does not have such a system if at any time during a specified 5-year period benefits to individuals in that country cannot be paid because of the Treasury ban on payments to Communist-controlled countries. This change was made applicable for and after the sixth month following enactment.

Section 160 of the House bill also prohibited payment of any benefits *for months after enactment* which are withheld on account of the Treasury ban, and provides that past benefits withheld (*through the month of enactment*) may not be paid, if and when the ban ends, in excess of the last 12 months' benefits or to anyone other than the beneficiary or a survivor entitled to benefits on the same earnings record.

The Senate amendment modified section 160 of the House bill to delay the effective dates of these provisions until December 31, 1968.

The conference agreement delays the effective dates of these provisions only until June 30, 1968.

#### SPECIAL PROVISION IN THE CASE OF CERTAIN CHILDREN

Amendment No. 124: Section 161 of the House bill amended section 203(a) of the Social Security Act to provide that benefits payable to illegitimate children whose entitlement to benefits derives from section 216(h)(3) of the Act as added by the 1965 Amendments may not exceed the difference between the total amount payable to other persons on the same wage record and the family maximum amount.

The Senate amendment modified section 161 of the House bill (1) to provide that where benefits payable on the effective date of the 1965 Amendments were reduced because such a child became entitled to benefits under the provision added by the 1965 Amendments, the benefits will no longer (after February 1968) be so reduced, and (2) to permit the provisions of present law to continue to apply in the case of children who became entitled under section 216(h)(3) after the effective date of the 1965 Amendments or become so entitled in the future.

The conference agreement incorporates in substance the Senate amendment with respect to those on the benefit rolls in the month of enactment and retains the House provision with respect to children becoming entitled to benefits in the future. It also makes appropriate adjustment in effective dates and qualifications to assure their proper coordination.

#### ADVISORY COUNCIL ON SOCIAL SECURITY

Amendment No. 126: Section 163 of the House bill amended section 706 of the Social Security Act to provide that an Advisory Council on Social Security is to be appointed in February 1969 and in February of every fourth year thereafter (instead of "during 1968 and every fifth year thereafter" as in existing law), and that each such Council is to report no later than January 1 of the year following the year of its appointment. (Section 163 also provided that the Chairman of each such Council is to be appointed by the Secretary; under existing law the Commissioner of Social Security serves as Chairman.)

The Senate amendment modified section 163 of the House bill to provide that the Advisory Council appointed in 1969 and every fourth year thereafter is to be appointed at any time after January 31 rather than "during February" as in the House bill, and will have until the first day of the *second* year following the year of its appointment (as in existing law) to make its report including any interim reports it might have issued.

The House recedes with a technical amendment.

## DISCLOSURE TO COURTS OF THE WHEREABOUTS OF CERTAIN INDIVIDUALS

Amendment Nos. 130 and 131: Section 166 of the House bill provided that, upon request, the Secretary of Health, Education, and Welfare is to furnish an appropriate court with the most recent address of a deserting father (or his employer) if the court requests the information in connection with a support or maintenance order for a child.

The Senate amendment modified section 166 of the House bill so as to assure that information regarding the runaway parent's whereabouts will also be available to courts in interstate support or maintenance proceedings.

The House recedes.

## EXPEDITED BENEFIT PAYMENTS

Amendment No. 141: The Senate amendment added to the House bill a new section (172), amending section 205 of the Social Security Act to provide for expedited payment of claims for monthly benefits on the basis of a written request filed under specified conditions in certain cases where an individual alleges that a benefit due him was not paid.

The House recedes with a technical amendment.

## STUDY OF PROPOSED LEGISLATION

Amendment No. 142: The Senate amendment added to the House bill a new section (173), directing the Secretary of Health, Education, and Welfare to study and report to the Congress, on or before January 1, 1969, the effects (including the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry) which might result from enactment of two proposals relating to drugs: (1) a proposal to cover qualified drugs under the supplementary medical insurance program, and (2) a proposal to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance program.

The Senate recedes (but a somewhat similar provision is included in section 405 of the bill—see amendment No. 282).

## DISABILITY INSURANCE BENEFITS FOR THE BLIND; DEFINITION OF BLINDNESS

Amendment No. 143: The Senate amendment added to the House bill a new section (174), amending section 223 (and related provisions) of the Social Security Act to provide that for purposes of both disability insurance benefits and the disability freeze the term "disability" includes blindness (as defined by the amendment) regardless of whether or not the individual involved can engage (or is engaging) in substantial gainful activity, and also to provide that an individual whose disability is blindness (as so defined) is insured for disability insurance benefits for any month if he had not less than 6 quarters of coverage before the quarter in which such month occurs; such an individual would continue to receive his disability insurance benefits after attaining age 65. (Existing law generally requires an individual to be fully insured and to have 20 quarters of coverage in the 40

quarters ending with the quarter in which the disability begins, with a limited relaxation of the latter requirement in certain cases involving blindness.) The term "blindness" is redefined to mean central visual acuity of 20/200 or less in the better eye, or visual acuity better than 20/200 if accompanied by a limitation of the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

The conference agreement contains the liberalized definition of blindness, but omits the other provisions of the Senate amendment.

CHILD'S INSURANCE BENEFITS WHERE DISABILITY BEGAN BETWEEN 18  
AND 22

Amendment No. 144: The Senate amendment added to the House bill a new section (175), amending section 202 of the Social Security Act to permit a child to become entitled to child's insurance benefits on the basis of a disability which began at any time before age 22 (rather than only on the basis of a disability which began before age 18, as required under present law).

The Senate recedes.

ATTORNEYS' FEES

Amendment No. 145: The Senate amendment added to the House bill a new section (176), amending section 206(a) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to certify payment of attorneys' fees for services rendered in administrative proceedings from past-due benefits of a successful claimant. The amount of the fee so certified in any case would be the smaller of: (A) 25 percent of the total past-due benefits, (B) the amount of the attorney's fee fixed by the Secretary, or (C) the amount agreed upon between the claimant and the attorney.

The House recedes with a technical amendment.

PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT  
CHILDREN

Amendments 146, 147, 149, 153, 157, and 166: Section 201 of the House bill amended title IV of the Social Security Act to require that services be provided under State AFDC plans to assure to the maximum extent possible that children and other family members will enter the labor force so that they will become self-sufficient and for the purpose of reducing the number of births out of wedlock including the offer of family planning services in all appropriate cases and otherwise strengthening family life. The House bill also strengthens services relating to the establishment of paternity, securing support and other specific services. (As under present law, States can secure Federal participation in other services if they choose to provide them.)

The Senate amendments generally accept the provisions of the House bill, appropriately adjusted to reflect the transfer of most of the responsibility for employability services to the Secretary of Labor. They also broaden the provision in existing law which requires a program of services for children so as to include other family members under the State plan. The program is to include any needed child-welfare services, and any other services needed for preserving, rehabilitating, reuniting, or strengthening the family and services that

will assist members of the family toward maximum self-support and personal independence.

The House recedes with amendments which are largely of a technical or conforming nature.

STATE AND LOCAL SINGLE ORGANIZATIONAL UNIT PROVIDING SERVICES  
UNDER FAMILY PROGRAMS

Amendments Nos. 154, 155, and 167: Section 402(a)(15) of the Social Security Act under section 201(a)(1) of the House bill, required that where the programs of services furnished to families with dependent children are developed and the services provided by the staff of the State or local agency administering the State AFDC plan, the provision of the services must be the responsibility of a single organizational unit in such State or local agency.

Senate amendments Nos. 154 and 155 modified the provisions of the House bill so as to eliminate the single-unit requirement in the case of a local agency while retaining the requirement in cases where it is the State agency that develops and implements the program of services. Senate amendment No. 167 modified section 201(g) of the House bill to provide that if on enactment the State agency responsible for the State AFDC plan is different from the State agency responsible for the State's child-welfare services plan, the requirement for a single organizational unit would not apply for so long as such agencies are different. (See also Senate amendments Nos. 250 through 253.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 167 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

EARNINGS EXEMPTIONS FOR PUBLIC ASSISTANCE RECIPIENTS

Amendments Nos. 173, 174, 175, and 176: Section 202(b) of the House bill amended section 402(a) of the Social Security Act to require each State under its AFDC plan to exempt all of the earnings of recipients who are under age 16, or who are age 16 to 21 if they are in full-time school attendance, and to exempt the first \$30 of the total of the monthly earnings of the family plus one-third of the remainder of the earnings of the family (including children age 16-21 not in school, the caretaker relative, and any other individual living in the home and taken into account in the determination of need).

Senate amendments Nos. 173 and 174 modified the House bill to provide that all of the earnings of any child receiving AFDC are to be exempted only if the child is a full-time student or a part-time student who is not a full-time employee. Senate amendments Nos. 175 and 176 increased the amount to be exempted from the first \$30 of total monthly earnings plus one-third of the remainder to the first \$50 of total monthly earnings plus one-half of the remainder. The amendments would become effective July 1, 1969, but a State could put them into effect at any time after December 31, 1967.

The House recedes on amendments Nos. 173 and 174, and the Senate recedes on amendments Nos. 175 and 176.

With respect to amendment No. 174, the House recedes with the understanding that in order to qualify for the earnings exemption a part-time student must have a school schedule that is equal to at least one-half of a full-time curriculum.

**EXEMPTION OF SUPPORT CONTRIBUTIONS AS EARNED  
INCOME OF RECIPIENTS OF AFDC**

Amendment No. 178: The Senate amendment added to section 402(a)(8) of the Social Security Act, as amended by section 202 of the House bill, a provision that contributions by an absent parent under a court order for the support of a dependent child receiving AFDC are to be considered as earned income for purposes of determining need and the amount of the assistance payment, subject to the earnings exemptions provided in the bill (see Senate amendments Nos. 173 through 176).

The Senate recedes.

**EXEMPTION OF EARNINGS UNDER OLD AGE ASSISTANCE AND AID  
TO THE PERMANENTLY AND TOTALLY DISABLED**

Amendments Nos. 181, 182, 183, and 184: Senate amendments Nos. 181, 182, and 183 added to section 202 of the House bill provisions amending sections 2(a), 1402(a), and 1602(a) of the Social Security Act to apply the same provisions for exemption of earned income that are incorporated in title IV—i.e., the first \$50 plus one-half of the remainder (under Senate amendments Nos. 175 and 176)—to persons receiving aid or assistance under titles I, XIV, and XVI of the Act. Senate amendment No. 184 modified section 202(d) of the House bill to apply to the determination of need under titles I, X, XIV, XVI, and XIX of the Act the requirement (applicable only to AFDC under the House bill) that States disregard any earned income exemptions which may be provided by other laws.

The Senate recedes on amendments Nos. 181, 182, and 183. The conference agreement contains the provision added by amendment No. 184, with amendments conforming to the Senate recession on the preceding amendments and making the provision effective July 1, 1968.

**UNEMPLOYED FATHERS UNDER AFDC**

Amendments Nos. 186, 189, 190, 191, 193, and 195: Section 407 of the Social Security Act, as amended by section 203(a) of the House bill, defined an unemployed father (for purposes of determining the eligibility of his children for AFDC) so as to exclude fathers who do not have 6 or more quarters of work in any 13-calendar-quarter period ending within one year prior to the application for aid, and fathers who receive (or are qualified to receive) any unemployment compensation under State law.

The Senate amendments removed these exclusions, and restored the provision of present law under which a State may at its option wholly or partly deny AFDC for any month where the father receives unemployment compensation during the month. (The Senate amendments also removed certain work or training requirements in order to conform with amendment No. 198, and modified the effective date provisions of the House bill.)

The Senate recedes (except on the conforming amendments and effective date provisions).

MANDATORY PROVISION OF AID TO CHILDREN IN NEED BECAUSE OF  
FATHER'S UNEMPLOYMENT

Amendment No. 197: The Senate amendment added to section 203 of the House bill a new subsection (c), amending section 402(a) of the Social Security Act to require an approved State plan for AFDC to provide, effective July 1, 1969, for assistance to children in need because of the unemployment of their father as provided in section 407 of the Act. (Section 407 itself, under both the House bill and Senate amendments Nos. 185 through 196, simply gives the States the option of extending their AFDC programs to include these children.)

The Senate recesses.

WORK INCENTIVE PROGRAMS FOR RECIPIENTS OF AFDC

Amendment No. 198: Section 204 of the House bill provided for a community work and training program for all appropriate adults and older children receiving AFDC, to be administered by the welfare agencies. Participation by an individual in the program would be a condition of that individual's eligibility for aid; and if a relative refused without good cause to participate, aid for the children would be denied or if provided would be limited to protective or vendor payments or payments for foster care.

The Senate amendment substituted for the House bill's community work and training program a new work incentive program to be administered by the Department of Labor for AFDC recipients referred by welfare agencies. Those referred would be assigned to regular employment, institutional or work-experience training, or subsidized special work projects, depending upon their experience and qualifications; certain classes of persons for whom any referral would be inappropriate are specifically enumerated. Persons assigned to regular employment would qualify for the earnings exemption provided by section 202 of the bill; and an incentive training allowance of up to \$20 a week would be provided for those assigned to training programs. If an individual refused without good cause (as determined by the Secretary of Labor) to accept work or training, AFDC payments on behalf of the dependent children to such individual would not terminate, and such individual's need could continue to be taken into account for 60 days if he received counseling during that period (but his grant would have to be paid in the form of protective or vendor payments). Mothers or other relatives could not be required to participate in a work program necessitating their absence from home during times when the children are not attending school. Recipients under the District of Columbia's special program of temporary assistance for unemployed parents would be treated the same as recipients of AFDC under a regular unemployed parents program.

The conference agreement contains the provisions of the Senate amendment, with amendments (1) changing the incentive training allowance from \$20 a week to \$30 a month, (2) decreasing the Federal share from 90 to 80 percent of the costs of carrying out the program, (3) eliminating mothers and other relatives who care for pre-school children or children under 16 attending school from the specified classes of persons for whom referral under the program is declared to be inappropriate, (4) removing the provision which would have

allowed the States, under criteria established by the Secretary, to set up other exclusions (the conferees believe that the language which allows the States to define the term "appropriate" gives sufficient flexibility to the States to determine who should be referred to the work incentive program), and (5) providing that if a relative refuses without good cause to accept work or training, AFDC payments on behalf of the dependent children must be made in the form of protective or vendor payments or payments for foster care.

It is the understanding and clear intent of the conferees that the Department of Labor functions in this program will be carried out through the system of State employment service offices.

The conferees noted that the agreed-upon bill contains provisions requiring the Secretary of Labor to make an annual report (the first one due July 1, 1970) on the program, and that the Secretary of Health, Education, and Welfare is to make similar reports (also beginning on July 1, 1970) on programs of the States furnishing services designed to make it possible for AFDC recipients to take work or training. The conferees intend to watch very closely the administration of this program and the emerging experience gained under it.

At the request of the conferees, the Department of Labor furnished its estimates, based upon the provisions of the bill agreed to by the conference committee, concerning expenditures for work and training activities under the program, the numbers of persons who could be trained and located in employment, and reductions in Federal expenditures under the AFDC program which will result from these activities. These estimates are shown in the following table furnished by the Department of Labor.

WORK-TRAINING IMPACT

Fiscal year	Work-training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	129	-\$11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	238

<sup>1</sup> Does not include recipients on priority III work projects.

<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Amendments Nos. 200 and 201: Section 205 of the House bill amended title IV of the Social Security Act to authorize Federal participation in payments for foster care of certain dependent children under the AFDC program to the extent that such payments do not exceed an average of \$100 per month, effective with respect to foster care provided after September 1967.

Senate amendment No. 200 reduced this figure to \$50, and Senate amendment No. 201 made the provision effective with respect to foster care provided after December 1967.

The Senate recedes on amendment No. 200, and the House recedes on amendment No. 201.

## EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

Amendments Nos. 207, 208, and 212: Section 206 of the House bill amended title IV of the Social Security Act to provide that the Federal Government will participate in State expenditures under a program for emergency assistance to certain needy families with children which is furnished for not more than 30 days in any 12-month period.

Senate amendment No. 207 extended to 60 days in any 12-month period the period for which Federal sharing as provided in the House bill may be available. Senate amendment No. 208 excluded from such Federal sharing expenditures for children whose destitution or need for living arrangements arose because the child or the caretaker relative refused without good cause to accept employment or training for employment. Senate amendment No. 212 added a provision making it clear that the emergency assistance so authorized may be provided to migrant workers with families in the State or in a part or parts of the State designated by the State.

The Senate recedes on amendment No. 207, and the House recedes on amendments Nos. 208 and 212.

## PROTECTIVE AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

Amendment No. 213: Section 207 of the House bill, which authorized Federal sharing under the AFDC program in vendor payments made directly to a person furnishing goods and services as well as in protective payments made to another individual who is interested in or concerned with the welfare of the child or caretaker relative, struck out the provision of present law limiting the number of individuals receiving protective payments who may be included as AFDC recipients for any month to 5 percent of the number of other AFDC recipients for the month.

The Senate amendment retained the limit (which would now apply to vendor payments as well as protective payments) but increased it from 5 to 10 percent. The Senate amendment also eliminated the House provision for the inclusion of protective and vendor payments as AFDC without regard to certain specified conditions in cases where the child or caretaker relative refuses without good cause to accept employment or training.

The conference agreement contains the Senate provision retaining the limit and increasing it from 5 to 10 percent, but excludes from the computation of the 10 percent any individuals with respect to whom protective or vendor payments are required because of refusal without good cause to accept work or training.

## LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population

of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOMES OWNED  
BY RECIPIENTS OF AID OR ASSISTANCE

Amendments Nos. 217, 219, and 220: Section 209 of the House bill added to title XI of the Social Security Act a new section 1119, authorizing 50-percent Federal financial participation under specified conditions in expenditures not in excess of \$500 for repairs to a home owned by an aged, blind, or permanently and totally disabled recipient of aid or assistance under title I, X, XIV, or XVI of the Act.

The Senate amendment extended this provision to include the same Federal financial participation in home repair expenditures for recipients of AFDC under title IV of the Act.

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING  
SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE

Amendment No. 221: The Senate amendment added to the House bill a new section (209), amending sections 2, 402, 1002, 1402, 1602, and 1902 of the Social Security Act to require each State plan for public assistance under title I, X, XIV, XVI, and XIX, and part A of title IV, to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially-paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 249 and 271.)

The House recedes with a technical amendment.

SIMPLICITY OF ADMINISTRATION

Amendment No. 222: The Senate amendment added to the House bill a new section (210), amending sections 2, 402, 1002, 1402, and 1602 of the Social Security Act to require that a State's methods of administering its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, be such as to assure that eligibility for and the extent of aid or assistance under the plans will be determined in a manner consistent with simplicity of administration and the best interests of the recipients.

The Senate recedes.

LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN; ESTABLISHMENT AND COLLECTION OF LIABILITY TO THE UNITED STATES

Amendment No. 223: The Senate amendment added to the House bill a new section (211), amending title IV of the Social Security Act and chapter 64 of the Internal Revenue Code of 1954 to require that State plans for AFDC provide for the use of certain procedures for obtaining information through the files of the Department of Health, Education, and Welfare and the Internal Revenue Service and for the use of such information in the location of a parent against whom a court order has been issued or a petition filed for an order for the support of his children receiving aid; to require inter-State cooperation in securing compliance with a court order issued against a deserting parent; and to establish a procedure under which a deserting parent could become liable to the United States for the Federal share of the AFDC payments made for his children, or, if lower, for any unpaid portion of such a support order, which would be subject to collection by the Secretary of the Treasury.

The conference agreement contains the provisions of the Senate amendment on obtaining information for use in locating parents and on securing compliance with court support orders, but omits the provisions relating to the establishment and collection of liability to the United States.

PROVISION OF SERVICES BY OTHERS THAN A STATE

Amendment No. 224: The Senate amendment added to the House bill a new section (212), amending sections 3(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act to permit the Secretary to make exceptions from the usual requirement that services (under a State plan approved under title I, X, XIV, or XVI of the Act) be obtained only from the State or local agency administering the plan or from certain other designated State agencies, in order to authorize the purchase of such services from other agencies and persons. (Section 201(d) of the House bill, which was not changed in substance by the Senate amendments, amended section 403(a) of the Act to provide that, except to the extent specified by the Secretary, child-welfare services, family planning services, and family services under a State plan for AFDC approved under title IV of the Act may be obtained from sources other than the designated State and local agencies.)

The House recedes with a technical amendment.

INCREASING INCOME OF RECIPIENTS OF ASSISTANCE

Amendment No. 225: The Senate amendment added to the House bill a new section (213), amending sections 2, 1002, 1402, and 1602 of the Social Security Act (effective July 1, 1968) to require each State to adjust its standards for determining need, the extent of its aid or assistance, and the maximum amount of the aid or assistance payable under its plans approved under titles I, X, XIV, and XVI so that the total aid or assistance and other income per recipient will be no less than \$7.50 per month above the total aid or assistance and other income per recipient under the standards and maximums applicable on December 31, 1966 (or on June 30, 1966, in the case of States with

statutory cost-of-living adjustments). The new section also amended section 402(a) of the Act to require that by July 1, 1969, and annually thereafter, each State (under its plan for AFDC approved under title IV) must adjust its standards so as to reflect current living costs and make proportionate adjustments in any maximums on the amount of aid.

Under the conference substitute, each State (under its plans approved under titles I, X, XIV, and XVI) would be authorized to disregard up to \$7.50 per month (instead of \$5 per month as under present law) of any income of a recipient, in addition to any amounts which the State agency is otherwise authorized to disregard. Under the agreement, the new section 402(a) provision (for adjustments to reflect living costs) would require States to make only one adjustment before July 1, 1969, after which date the provision would not apply.

#### LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

Amendment No. 226: Section 220 of the House bill amended section 1903 of the Social Security Act to limit Federal financial participation in medical assistance in any State to expenditures for families whose income does not exceed a level equal to 133½ percent of the AFDC title IV payment level, or in the alternative (if lower) 133½ percent of the State's per capita income applied to a family of four. (For the period July–December 1968, the percentages are 150, and for the calendar year 1969, 140, in the case of States whose plan was approved before July 26, 1967.)

The Senate amendment modified section 220 of the House bill to set the limiting income level at 150 percent of the old-age assistance (title I or XVI) standard, and reduced the Federal matching share in expenditures for the medically indigent to the square of the fraction equivalent to the Federal medical assistance percentage. (The income limit would be effective July 1, 1968, and the reduced Federal share on July 1, 1969, except in the case of Puerto Rico, Guam, and the Virgin Islands).

The Senate recedes with amendments (1) exempting needy persons receiving or eligible for aid or assistance from the limitation, and (2) eliminating the alternative limitation based on the State's per capita income.

#### MAINTENANCE OF STATE EFFORT

Amendments Nos. 227, 228, 229, and 230: Section 221 of the House bill amended section 1117 of the Social Security Act to give States additional alternatives for measuring State effort under the provisions designed to assure that States maintain their fiscal effort after new Federal funds become available during a period expiring July 1, 1969.

The Senate amendments modified section 221 of the House bill by advancing the expiration date of the section 1117 period to June 30, 1968. They also amended section 1117 so that its provisions are applicable to quarters beginning after June 30, 1966, rather than after December 31, 1965.

The House recedes.

EXTENSION OF TIME TO MODIFY SECTION 1843 AGREEMENTS TO COVER  
SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFICIARIES

Amendment No. 231: The Senate amendment modified section 222 of the House bill (relating to coordination of title XIX and the supplementary medical insurance program) to extend from January 1, 1968, to January 1, 1970, the period within which a State may request a modification of its agreement under section 1843 of the Social Security Act so as to cover under such agreement individuals (otherwise eligible) who are entitled to social security or railroad retirement benefits.

The House recesses.

REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN

Amendment No. 233: Section 224 of the House bill amended section 1902(a)(13) of the Social Security Act to permit a State, as an alternative to providing the basic 5 items of services required under present law, to provide any 7 of the first 14 services listed in the law (section 1905(a) of the Act).

The Senate amendment modified section 224 of the House bill to require the States to continue to provide the basic 5 services for all money payment recipients; for the medically indigent, States would be allowed to select either the basic 5 or any 7 out of the first 14 services listed, except that if nursing home or hospital care services are selected a State must also provide physician's services in these institutions. After July 1, 1970, home health services would have to be provided to assistance recipients eligible for skilled nursing home care. The Senate amendment also required a State medical assistance plan to provide for the payment of the reasonable cost (under section 1861(v)(i)) of inpatient hospital services, and, effective July 1, 1970, of extended care (skilled nursing home and intermediate care facility) services and home health care services provided under the plan. (Present law requires the payment of reasonable cost only in the case of inpatient hospital services.)

The conference agreement contains the Senate provisions except those requiring payment of reasonable costs for extended care and home health services. It is the judgment of the managers for the House that adequate information concerning actual costs in this area is not yet available and that the method of making payment for such costs should not be changed until such information has been obtained.

FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

Amendments Nos. 234 and 235: Section 227 of the House bill amended section 1902(a) of the Social Security Act to assure that any individual eligible for medical assistance will be free to obtain such assistance from the qualified institution, agency, or person of his choice.

The Senate amendments modified the House provision to include community pharmacies and drugs among the providers and services with respect to which free choice is assured. (See also Senate amendment No. 295.)

The House recesses.

## DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

Amendment No. 236: Section 230 of the House bill amended section 1905(a) of the Social Security Act to permit States to make direct payments to recipients of medical assistance to meet the cost of physicians' services to individuals not receiving cash assistance.

The Senate amendment modified section 230 of the House bill to permit States to include dentists' as well as physicians' services and to include cash assistance recipients as well as medically needy persons, under safeguards prescribed by the Secretary to assure quality and reasonableness of charge.

The conference substitute contains the Senate provision including dentists as well as physicians under the direct payment procedure, but omits the Senate provision extending the procedure to cash assistance recipients and providing for prescribed safeguards.

## OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 237: The Senate amendment added to the House bill a new section (232), providing (in a new section 1907 of the Social Security Act) that no individual will be compelled by reason of anything in title XIX to undergo medical screening, examination, diagnosis, treatment, or other care which is contrary to his religious beliefs (other than for the purpose of discovering or preventing the spread of infection or contagious disease or for the purpose of protecting environmental health).

The House recedes.

## COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

Amendment No. 238: The Senate amendment added to the House bill a new section (233), amending section 1905(a) of the Social Security Act to permit a State to make medical assistance available under title XIX to the spouse of a recipient of cash assistance under title I, X, XIV, or XVI if the State determines that the spouse is essential to the well-being of the cash recipient.

The House recedes.

## INSPECTION OF RECORDS AND PREMISES OF PROVIDERS OF CARE AND SERVICES UNDER PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE

Amendment No. 239: The Senate amendment added to the House bill a new section (234), amending sections 2(a), 402(a), 1002(a), 1402(a), 1602(a), and 1902(a) of the Social Security Act to require State plans (approved under titles, I, IV, X, XIV, XVI, and XIX) to provide for agreements with providers of medical care and services giving the General Accounting Office and the Department of Health, Education, and Welfare such access to the records and premises of the providers as may be necessary to assure that proper payments are being made under the plan and otherwise to carry out the purposes of the program involved.

The Senate recedes.

STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER  
STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 240: The Senate amendment added to the House bill a new section (234a), amending section 1902(a) of the Social Security Act to require State plans for medical assistance under title XIX to provide for a regular program of professional medical review and periodic inspection with respect to care furnished title XIX patients in skilled nursing homes and mental hospitals, and to provide that skilled nursing homes receiving payments under title XIX meet certain conditions including requirements pertaining to health care, environment, sanitation, and fire and safety. All persons and institutions providing services under the title XIX plan must agree to keep appropriate records and furnish the State agency with information. Assistance payments with Federal participation could not be made after June 30, 1968, to homes not meeting States' requirements for licensure.

The House recedes with a technical amendment.

COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT  
HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 241: Under existing law States may not impose any deductibles or cost-sharing with respect to inpatient hospital services provided under the medical assistance program. The Senate amendment added to the House bill a new section (234(b)), amending section 1902(a) of the Social Security Act to permit a State to impose deductibles or cost-sharing with respect to inpatient hospital services received by the medically needy (but, as under present law, not with respect to services received by money payment recipients). It also removed the requirement that the full cost of deductibles under the hospital insurance program (title XVIII(A)) be met under the title XIX medical assistance program.

The House recedes with technical amendments.

STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF SKILLED NURSING HOMES FURNISHING SERVICES UNDER  
STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 242: The Senate amendment added to the House bill a new section (234c), amending title XIX of the Social Security Act to require State plans for medical assistance to include a State program which meets specified conditions for the licensing of administrators of nursing homes. Administrators who did not qualify initially would have until July 1, 1972, to qualify, and the States would be required to offer programs of training to assist administrators to qualify.

The House recedes with technical amendments.

UTILIZATION AND COST OF CARE AND SERVICES FURNISHED UNDER  
TITLE XIX

Amendment No. 243: The Senate amendment added to the House bill a new section (234d), amending section 1902(a) of the Social Security Act to require an approved State plan for medical assistance

under title XIX to provide such methods and procedures relating to the utilization of and payment for care and services under the plan as may be necessary to safeguard against unnecessary utilization of such care and services.

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY  
UNDER TITLE XIX

Amendment No. 244: The Senate amendment added to the House bill a new section (234e), amending section 1902(a)(17) of the Act to require a State's plan for medical assistance under title XIX to provide for flexibility in the application of its standards for determining eligibility for and the extent of medical assistance in the case of medically needy individuals, by establishing differences in income levels which recognize variations in shelter costs between urban and rural areas.

The House recedes with an amendment to allow, rather than require, States to establish such differences.

CHILD-WELFARE SERVICES APPROPRIATION

Amendments Nos. 245 and 246: Section 420 of the Social Security Act, as added by section 235(c) of the House bill, authorized the appropriation for child-welfare services of \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

The Senate amendment increased these authorizations to \$125,000,000 for the fiscal year ending June 30, 1969, and \$160,000,000 for each fiscal year thereafter.

The Senate recedes.

DAY CARE STANDARDS APPLICABLE TO AFDC CHILDREN

Amendment No. 247: Section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, included certain requirements with respect to day care services provided under the State's plan for child-welfare services.

The Senate amendment modified the House bill to make these requirements applicable to all day care services provided under title IV of the Act—i.e., to services provided under the AFDC program as well as those provided under the child-welfare services program.

The House recedes.

PARENT INVOLVEMENT IN DAY CARE

Amendment No. 248: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to include a requirement that a plan for day care services

under title IV of the Social Security Act provide for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.

The House recesses.

#### USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 249: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to require that no later than July 1, 1969, a State plan for child-welfare services must provide for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community service aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 271.)

The House recesses.

#### MODIFICATION OF SINGLE STATE OR LOCAL AGENCY REQUIREMENTS UNDER CHILD-WELFARE SERVICES PROGRAM

Amendment Nos. 250, 251, and 253: Section 235(d) of the House bill amended section 422(a) of the Social Security Act (as added by section 235(c) of the bill) to require States to furnish child-welfare services to children receiving AFDC through a single organizational unit in the State and local agency; and section 235(e) of the House bill made this amendment effective July 1, 1968.

Senate amendments Nos. 250 and 251 modified section 235(d) of the House bill to maintain the single-unit requirement with respect to the State agency but eliminate it with respect to the local agency. Senate amendment No. 253 modified section 235(e) of the House bill to provide that where different State agencies are administering the plan for child-welfare services and the plan for AFDC as of the date of enactment of the bill, the requirement for administration by the same State agency will not be applicable. (See also discussion of Senate amendment No. 154 supra.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 253 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

#### SEPARATE AUTHORIZATION FOR SOCIAL SECURITY RESEARCH PROGRAM

Amendment No. 254: The Senate amendment modified section 246 of the House bill to provide specifically under section 1110 of the Social Security Act for grants for projects such as those relating to the causes of economic insecurity, risks to family income, costs of health care, and improvements in the social security program, so that there might be separate authorizations for cooperative research and

demonstration grant programs for the Social Security Administration and the Social and Rehabilitation Service.

The Senate recesses.

PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS

Amendment No. 255: Section 247 of the House bill (in addition to making the section 1115 program permanent) amended section 1115 of the Social Security Act to increase from \$2 million to \$4 million the annual amount authorized for payments to States to encourage them to develop demonstrations in improved methods of providing services to recipients of aid or assistance under titles I, X, XIV, XVI, and XIX and part A of title IV or in improved methods of administration.

The Senate amendment further increased the annual authorization for this purpose to \$10 million.

The Senate recesses.

STUDY TO DETERMINE WAYS OF ASSISTING RECIPIENTS OF AID OR ASSISTANCE IN SECURING PROTECTION OF CERTAIN LAWS

Amendment No. 257: The Senate amendment added to the House bill a new section (250), directing the Secretary of Health, Education, and Welfare to make a study of means for increasing the effectiveness of State welfare agency staffs in helping applicants and recipients secure the full benefit of health, housing, and related laws and make the most effective use of public assistance and other community programs, and to submit his recommendations in a report to the Congress by July 1, 1969. The study is to include the extent to which the various programs may be used to enforce health, housing, and related laws.

The Senate recesses.

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recesses with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanatoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

AUTHORIZATION OF APPROPRIATIONS FOR MATERNAL AND CHILD HEALTH  
AND CRIPPLED CHILDREN'S SERVICES

Amendments Nos. 259, 260, 261, and 262: The authorizations for appropriations for the maternal and child health and crippled children's services programs under title V of the Social Security Act, as set forth in section 301 of the House bill and under the Senate amendments, are as follows:

Fiscal year ending—	House bill	Senate amendment
June 30, 1970.....	\$275,000,000	\$305,000,000
June 30, 1971.....	300,000,000	360,000,000
June 30, 1972.....	325,000,000	385,000,000
June 30, 1973, and each fiscal year thereafter.....	350,000,000	410,000,000

The Senate recedes.

EARMARKING OF CHILD HEALTH APPROPRIATION FOR FAMILY PLANNING  
SERVICES

Amendment No. 263: The Senate amendment added to section 502 of the Social Security Act, as amended by section 301 of the House bill, a provision earmarking for family planning services the following percentages of appropriations made pursuant to section 501 of the act from allotments for maternal and child health services (sec. 503) and from project funds for maternity and infant care (sec. 508) and research (sec. 512):

For the fiscal year ending:	Not less than
June 30, 1969.....	6 percent.
June 30, 1970.....	15 percent.
June 30, 1971, and thereafter.....	20 percent.

The House recedes with an amendment providing simply that the percentage for any fiscal year shall not be less than 6 percent.

PAYMENT OF REASONABLE COST FOR EXTENDED CARE AND HOME HEALTH  
CARE SERVICES UNDER TITLE V PROGRAM

Amendment No. 264: Section 505(a) of the Social Security Act, as amended by section 301 of the House bill, provided for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under a State's plan for maternal and child health services and services for crippled children.

The Senate amendment provided for payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care services and home health care services provided under the plan.

The Senate recedes.

VOLUNTARY UTILIZATION OF OPTOMETRIC AND FAMILY PLANNING  
SERVICES

Amendments Nos. 266 and 267: Senate amendment No. 266 added to section 505(a) of the Social Security Act, as amended by section 301 of the House bill, a new paragraph (13) requiring any approved

State plan for maternal and child health and crippled children's services to provide that where payment is authorized for services which an optometrist is licensed to perform and such services are not rendered either in a clinic or another appropriate institution which has no arrangements with optometrists, the individual for whom such payment is authorized may obtain the services from any optometrist licensed to perform them. It also added to section 505(a) a new paragraph (14), requiring any such plan to provide that acceptance of family planning services provided under the plan will be voluntary and not a prerequisite to eligibility for or the receipt of any service under the plan. Senate amendment No. 267 added to section 508(a) of the Act a new sentence providing that, for purposes of special project grants for maternity and infant care under section 508 and research projects relating to maternal and child health services and crippled children's services under section 512, acceptance of family planning services provided under a project is to be voluntary and not a prerequisite to eligibility for or receipt of any service under the project.

The House recedes with a clarifying amendment.

#### GRANTS FOR TRAINING OF PERSONNEL FOR HEALTH CARE SERVICES FOR MOTHERS AND CHILDREN

Amendment No. 268: Section 511 of the Social Security Act, as amended by section 301 of the House bill, provided that in making grants for training of personnel for health care and related services for mothers and children the Secretary is to give priority to programs providing training at the undergraduate level. The Senate amendment substituted "special attention" for "priority".

The House recedes; with the understanding that in making future commitments for programs the emphasis shall be on undergraduate training.

#### OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 270: The Senate amendment added to title V of the Social Security Act (as amended by section 301 of the House bill) a new section 515, providing that nothing in title V is to require a State under such title to compel any person to undergo medical screening, examination, diagnosis, treatment, or other care (other than for the purpose of discovering or preventing spread of infection or contagious disease or for protecting environmental health) if such person, or, in the case of a child, his parent or guardian, objects on religious grounds. (See also Senate amendment No. 237.)

The House recedes.

#### USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 271: The Senate amendment added to the House bill a new section (304), amending section 505 of the Social Security Act to require an approved State plan for maternal and child health services and crippled children's services to include, no later than July 1, 1969, provision for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community services aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory com-

mittees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 249.)

The House recesses.

ADMINISTRATION OF THE PROGRAM FOR SERVICES FOR CRIPPLED  
CHILDREN

Amendment No. 272: The Senate amendment added to the House bill a new section (305), providing for the administration of the program of services for crippled children through the Children's Bureau (in the Department of Health, Education, and Welfare).

The Senate recesses upon the assurance of the Department that the objective of the amendment has been accomplished administratively.

EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

Amendment No. 273: The Senate amendment added to the House bill a new section (306), amending section 231(d) of the Social Security Amendments of 1965 to extend from 2 to 3 years after its inauguration the period allowed for completion of the health research and study of resources relating to children's emotional illnesses.

The House recesses with technical amendments.

INCENTIVE FOR IMPROVEMENTS IN THE PROVISION OF HEALTH SERVICES

Amendments Nos. 275, 276, 277, 279, 280, and 281: Section 402 of the House bill authorized the Secretary of Health, Education, and Welfare to experiment in reimbursing in a manner mutually agreed upon those organizations and institutions which furnish health services otherwise covered under titles V, XVIII, and XIX of the Social Security Act on a reasonable cost basis, with a view to developing incentives for economy while maintaining or improving quality in the provision of health services.

The Senate amendments modified section 402 of the House bill to include experiments with respect to reimbursement in a manner mutually agreed upon for physicians' services (which would otherwise be covered on a reasonable charge basis).

The House recesses with an amendment providing that the Secretary may not enter into such experiments before receiving the advice of competent specialists with respect to the soundness of such experiments and the adequacy of resources to carry them out; but it is understood that the Department under no circumstances will experiment on the basis of employment of physicians by the Government.

STUDIES BY SECRETARY

Amendment No. 282: The Senate amendment added to the House bill a new section (405), authorizing and directing the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare and with other government departments and agencies and appropriate organizations and individuals, to conduct a study and investigation of various proposals for family allowances and child allowances. Consideration would be given to the effect of such proposals on the various Federal-State assistance programs and any

savings which might accrue therefrom, and a report submitted to the President and the Congress by January 15, 1969.

The conference agreement omits the provision for a study by the Secretary of Labor of family and child allowances proposals, and provides instead for a study by the Secretary of Health, Education, and Welfare of (1) the existing retirement test and proposals for its modification (including proposals for increasing old-age insurance benefits on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Act, and (3) drug coverage under supplementary medical insurance (see amendments Nos. 43 and 142). The Secretary would report on this study by January 1, 1969.

INCOME TAX DEDUCTION OF EXPENSES FOR MEDICAL CARE OF  
INDIVIDUALS WHO HAVE ATTAINED AGE 65

Amendment No. 284: The Senate amendment added to the House bill a new section (501), amending section 213 of the Internal Revenue Code of 1954 to restore in substance the pre-1965-Amendments rule for computing the amount of the income tax deduction for medical and related expenses in the case of a taxpayer who has attained age 65 or whose spouse, parent, or spouse's parent has attained age 65. Under present law, a taxpayer's medical expenses are deductible only to the extent that they exceed 3 percent of his adjusted gross income, and the cost of medicine and drugs may be taken into account only to the extent that it exceeds 1 percent of his adjusted gross income, regardless of the age of the taxpayer or of any other member of his family; under the Senate amendment (effective for taxable years beginning after 1966) the 3-percent and 1-percent limitations will not apply to expenses paid for the care of the taxpayer and his spouse if either of them has attained age 65 by the end of the year, or to expenses paid for the care of a dependent age 65 or over who is the father or mother of either the taxpayer or his spouse. (The special \$150 allowance for insurance, added in 1965, is continued.)

The Senate recedes.

TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

Amendment No. 285: The Senate amendment added to the House bill a new section (502), amending section 501 of the Internal Revenue Code of 1954 to provide that an organization is to be treated as a tax-exempt hospital for all of the purposes of the Code if it is organized and operated on a cooperative basis (with all of its capital stock, if any, owned by its patrons) exclusively to perform services for tax-exempt private or public hospitals and such services are of a type which would constitute an integral part of the exempt activities of a tax-exempt hospital if they were performed by the hospital on its own behalf.

The Senate recedes.

EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY  
MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

Amendment No. 286: The Senate amendment added to the House bill a new section (503), amending section 1402(h) of the Internal Revenue Code of 1954 to provide additional time for persons who have conscientious objections to public and private insurance (including social security), by reason of their adherence to the established tenets or teachings of the religious sect of which they are members, to apply for and be granted exemption from the social security self-employment tax. Under the amendment, an individual may file application for exemption at any time on or before December 31, 1968, if he has self-employment income for any taxable year ending before December 31, 1967. (Under present law, the comparable filing date was April 15, 1966, for taxable years ending before December 31, 1965.) If an individual first receives self-employment income in a taxable year ending on or after December 31, 1967, the application would be timely (as under present law) if filed by the due date for the income tax return for that year; it would also be timely if filed within 3 months following the month in which the individual is first notified by the Internal Revenue Service that a timely application has not been filed.

The House recesses with a technical amendment.

COVERAGE STATUS OF FISHERMEN AND TRUCK LOADERS AND UNLOADERS

Amendment No. 287: The Senate amendment added to the House bill a new section (504), amending section 210 of the Social Security Act and sections 3121 and 3401 of the Internal Revenue Code of 1954 to clarify the employee status of fishermen and truck loaders and unloaders for purposes of social security coverage and income tax withholding. Generally the owner of a fishing boat is to be classified as the employer of the boat's crew members although in certain cases the person leasing or chartering the boat will be considered their employer. In the case of truck loaders and unloaders, the driver of the truck will generally be considered the employer, unless he is an employee of another person, in which event his employer will be considered the employer of the truck loaders and unloaders; an exception is provided where other persons are recognized as the employer. For benefit purposes these provisions were made retroactive so as to preserve the benefit rights of individuals who in the past have been considered by the Social Security Administration and the Internal Revenue Service to be performing services as employees; while for purposes of tax liability (in instances where this liability does not now exist) they would apply prospectively only.

The Senate recesses.

REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL  
INSURANCE TAX

Amendment No. 288: The Senate amendment added to the House bill a new section (505), amending various provisions of the Internal Revenue Code of 1954 so as to provide that a railroad employee who has wages or self-employment income under the social security pro-

gram as well as his compensation under the railroad retirement program, and who makes contributions for hospital insurance under the two programs on an aggregate amount (compensation, wages, and self-employment income) in excess of the current earnings base, may obtain a refund of his excess contributions (as he would under existing law if each of his jobs were under the social security program) by treating his railroad compensation as wages or self-employment income for hospital insurance tax purposes.

The House recedes with a technical amendment.

#### JOINT EMPLOYEES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

Amendment No. 289: The Senate amendment added to the House bill a new section (506) to deal with situations where an individual is an employee of two or more tax-exempt organizations providing hospital or medical insurance and where one of the organizations pays all of the wages to the employee for his work for both organizations. In such cases the organization which pays the wages would, with the consent of the other organization, be treated as the employer of the individual with respect to his joint employment.

The Senate recedes.

#### EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES

Amendment No. 290: The Senate amendment added to the House bill a new section (507), amending section 1113 of the Social Security Act to extend from June 30, 1968, to June 30, 1969, the authorization of temporary assistance to United States citizens returned from a foreign country because of destitution or illness or because of war, invasion, or similar crisis.

The House recedes with a technical amendment.

#### SOCIAL SECURITY BENEFIT INCREASE NOT TO BE CONSIDERED INCOME FOR VETERANS' PENSION PURPOSES

Amendment No. 291: The Senate amendment added to the House bill a new section (508), amending sections 415(g) and 503 of title 38 of the United States Code to provide that any increase in monthly social security benefits resulting from the enactment of the bill is not to be counted as income for purposes of determining eligibility for, or the amount of, certain veterans' benefits in the case of an individual who is entitled to monthly social security benefits for the month of the enactment of the bill.

The Senate recedes.

#### SECOND LIBERTY BOND ACT

Amendment No. 292: The Senate amendment added to the House bill a new section (509), amending the Second Liberty Bond Act to provide that the rates of interest or investment yield on U.S. savings bonds and U.S. savings and retirement bonds issued after 1967 are to be comparable to the going rate on other U.S. Government obligations of similar maturity.

The Senate recedes.

## FOSTER CARE FOR CHILDREN

Amendment No. 293: The Senate amendment added to the House bill a new section (510), amending title V of the Social Security Act to establish a new program of Federal grants to States for the provision of financial assistance and needed welfare services to children under foster care in foster family homes and institutions. The Secretary was authorized to make payments to any State with a plan containing specified provisions and approved by him in amounts equal to the State's Federal percentage of the total amount expended for foster care under the plan up to the product of \$50 per month times the number of children in foster care during the month, plus 75 percent for personnel providing services for children in foster care and training of such personnel, and 50 percent for administrative expense.

The Senate recesses.

EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT,  
ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

Amendment No. 294: The Senate amendment added to the House bill a new section (511) which amends section 3121(a) and 3306(b) of the Internal Revenue Code of 1954 and section 209 of the Social Security Act to provide, for purposes of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Social Security Act, that the term "wages" does not include any payment or series of payments by an employer to an employee or any of his dependents which is made or begins (1) upon the retirement, death, or disability of the employee, and (2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees, or for such employees or class or classes of employees and their dependents.

The House recesses with an amendment which eliminates from the exception to the definition of wages any payments which would have been made if the employee's employment relationship had not been terminated because of death, retirement for disability, or retirement for age, and which makes various technical and clarifying changes.

## DRUG QUALITY AND COST

Amendment No. 295: The Senate amendment added to the House bill a new title VI, consisting of sections 601, 602, and 603. Section 601 amended title XI of the Social Security Act to provide, through a Federally-established formulary committee, for the compilation and publication of a Formulary of the United States and for the determination of those drugs which are appropriate for Federal payment or matching under the various programs contained in the Act. Section 602 (effective July 1, 1970) amended section 1903 of the Act to limit Federal matching for drug costs under the medical assistance program to the "reasonable charge" for "qualified drugs" as determined under the formulary provisions (exempting these drugs furnished by hospitals using approved formulary systems, and drugs furnished by their generic names pursuant to physicians' handwritten prescriptions); it also amended section 1861(v) of the Act to limit Federal payments for drugs furnished to individuals under the health

insurance program in the same way. Section 603 amended the Federal Food, Drug, and Cosmetic Act to provide for the registration numbers assigned to drug manufacturers under existing law to appear on the drug labels of products of such manufacturers.

The Senate recesses.

W. D. MILLS,  
CECIL R. KING,  
HALE BOGGS,  
FRANK M. KARSTEN,  
A. SYDNEY HERLONG, Jr.,  
JOHN W. BYRNES,  
THOS. B. CURTIS,  
JAMES B. UTT,  
JACKSON E. BETTS,  
*Managers on the Part of the House.*

○

SOCIAL SECURITY AMENDMENTS OF  
1967—CONFERENCE REPORT

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 12080) to amend the Social Security Act, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1030)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 31, 32, 33, 34, 36, 38, 40, 42, 43, 62, 84, 85, 86, 89, 93, 94, 95, 110, 111, 112, 113, 114, 119, 142, 144, 154, 155, 170, 171, 172, 175, 176, 177, 178, 179, 181, 182, 183, 185, 189, 192, 197, 200, 207, 216, 222, 239, 245, 246, 250, 251, 254, 255, 257, 259, 260, 261, 262, 264, 272, 284, 285, 287, 289, 291, 292, 293, and 295.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 44, 45, 46, 47, 48, 49, 56, 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 101, 102, 104, 106, 108, 115, 117, 118, 130, 131, 133, 147, 148, 149, 150, 151, 152, 153, 156, 159, 160, 161, 162, 163, 164, 165, 166, 168, 169, 173, 174, 187, 188, 193, 194, 195, 196, 199, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 212, 215, 217, 218, 219, 220, 227, 228, 229, 230, 232, 234, 235, 237, 238, 247, 248, 249, 252, 256, 264a, 265, 267, 268, 269, 270, 271, 274, 277, 278, 279, 280, 281, and 283, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE OF CONTENTS

"TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

"PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- "Sec. 101. Increase in old-age, survivors, and disability insurance benefits.
- "Sec. 102. Increase in benefits for certain individuals age 72 and over.
- "Sec. 103. Maximum amount of a wife's or husband's insurance benefit.
- "Sec. 104. Benefits to disabled widows and widowers.
- "Sec. 105. Insured status for younger disabled workers.
- "Sec. 106. Benefits in case of members of the uniformed services.

- "Sec. 107. Liberalization of earnings test.
- "Sec. 108. Increase of earnings counted for benefit and tax purposes.
- "Sec. 109. Changes in tax schedules.
- "Sec. 110. Allocation to disability insurance trust fund.
- "Sec. 111. Extension of time for filing application for disability freeze where failure to make timely application is due to incompetency.
- "Sec. 112. Benefits for certain adopted children.
- "PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAMS
- "Sec. 115. Coverage of ministers.
- "Sec. 116. Coverage of State and local employees.
- "Sec. 117. Inclusion of Illinois among States permitted to divide their retirement systems.
- "Sec. 118. Taxation of certain earnings of retired partner.
- "Sec. 119. Inclusion of Puerto Rico among States permitted to include firemen and policemen; validation of certain past coverage in the State of Nebraska.
- "Sec. 120. Coverage of firemen's positions pursuant to a State agreement.
- "Sec. 121. Validation of coverage erroneously reported.
- "Sec. 122. Coverage of fees of State and local government employees as self-employment income.
- "Sec. 123. Family employment in a private home.
- "Sec. 124. Termination of coverage of employees of the Massachusetts Turnpike Authority.
- "PART 3—HEALTH INSURANCE BENEFITS
- "Sec. 125. Method of payment to physicians under supplementary medical insurance program.
- "Sec. 126. Elimination of requirement of physician certification in case of certain hospital services.
- "Sec. 127. Inclusion of podiatrists' services under supplementary medical insurance program.
- "Sec. 128. Exclusion of certain services.
- "Sec. 129. Transfer of all outpatient hospital services to supplementary medical insurance program.
- "Sec. 130. Billing by hospital for services furnished to outpatients.
- "Sec. 131. Payment of reasonable charges for radiological or pathological services furnished by certain physicians to hospital inpatients.
- "Sec. 132. Payment for purchase of durable medical equipment.
- "Sec. 133. Payment for physical therapy services furnished to outpatients.
- "Sec. 134. Payment for certain portable X-ray services.
- "Sec. 135. Blood deductibles.
- "Sec. 136. Enrollment under supplementary medical insurance program based on alleged date of attaining age 65.
- "Sec. 137. Extension by 60 days during individual's lifetime of maximum duration of benefits for inpatient hospital services.
- "Sec. 138. Limitation on special reduction in allowable days of inpatient hospital services.
- "Sec. 139. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.
- "Sec. 140. Advisory Council to study coverage of the disabled under title XVIII of the Social Security Act.
- "Sec. 141. Study to determine feasibility of inclusion of certain additional services under part B of title XVIII of the Social Security Act.

- "Sec. 142. Provisions for benefits under part A of title XVIII of the Social Security Act for services to patients admitted prior to 1968 to certain hospitals.
- "Sec. 143. Payments for emergency hospital services.
- "Sec. 144. Payment under supplementary medical insurance program for certain inpatient ancillary services.
- "Sec. 145. General enrollment period under title XVIII.
- "Sec. 146. Elimination of special reduction in allowable days of inpatient hospital services for patients in tuberculosis hospitals.
- "PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**
- "Sec. 150. Eligibility of adopted child for monthly benefits.
- "Sec. 151. Criteria for determining child's dependency on mother.
- "Sec. 152. Recovery of overpayments.
- "Sec. 153. Benefits paid on basis of erroneous reports of death in military service.
- "Sec. 154. Underpayments.
- "Sec. 155. Simplification of computation of primary insurance amount and quarters of coverage in case of 1937-1950 wages.
- "Sec. 156. Definitions of widow, widower, and stepchild.
- "Sec. 157. Husband's and widower's insurance benefits without requirement of wife's currently insured status.
- "Sec. 158. Definition of disability.
- "Sec. 159. Disability benefits affected by receipt of workmen's compensation.
- "Sec. 160. Extension of time for filing reports of earnings.
- "Sec. 161. Penalties for failure to file timely reports of earnings and other events.
- "Sec. 162. Limitation on payment of benefits to aliens outside the United States.
- "Sec. 163. Benefits for certain children.
- "Sec. 164. Transfer to Health Insurance Benefits Advisory Council of National Medical Review Committee functions; increase in Council's membership.
- "Sec. 165. Advisory Council on Social Security.
- "Sec. 166. Reimbursement of civil service retirement annuitants for certain premium payments under supplementary medical insurance program.
- "Sec. 167. Appropriations to supplementary medical insurance trust fund.
- "Sec. 168. Disclosure to courts of whereabouts of certain individuals.
- "Sec. 169. Reports of boards of trustees to Congress.
- "Sec. 170. General saving provision.
- "Sec. 171. Expedited benefit payments.
- "Sec. 172. Definition of blindness.
- "Sec. 173. Attorneys fees for claimants.
- "TITLE II—PUBLIC WELFARE AMENDMENTS**
- "PART 1—PUBLIC ASSISTANCE AMENDMENTS**
- "Sec. 201. Programs of services furnished to families with dependent children.
- "Sec. 202. Earnings exemption for recipients of aid to families with dependent children.
- "Sec. 203. Dependent children of unemployed fathers.
- "Sec. 204. Work incentive program for recipients of aid under part A of title IV.
- "Sec. 205. Federal participation in payments for foster care of certain dependent children.
- "Sec. 206. Emergency assistance for certain needy families with children.
- "Sec. 207. Protective payments and vendor payments with respect to dependent children.
- "Sec. 208. Limitation on number of children with respect to whom Federal payments may be made.
- "Sec. 209. Federal participation in payments for repairs to home owned by recipient of aid or assistance.
- "Sec. 210. Use of subprofessional staff and volunteers in providing services to individuals applying for and receiving assistance.
- "Sec. 211. Location of certain parents who desert or abandon dependent children.
- "Sec. 212. Provision of services by others than a State.
- "Sec. 212. Authority to disregard additional income of recipients of public assistance.
- "PART 2—MEDICAL ASSISTANCE AMENDMENTS**
- "Sec. 220. Limitation on Federal participation in medical assistance.
- "Sec. 221. Maintenance of State efforts.
- "Sec. 222. Coordination of title XIX and the supplementary medical insurance program.
- "Sec. 223. Modification of comparability provisions.
- "Sec. 224. Required services under State medical assistance plan.
- "Sec. 225. Extent of Federal financial participation in certain administrative expenses.
- "Sec. 226. Advisory council on medical assistance.
- "Sec. 227. Free choice by individuals eligible for medical assistance.
- "Sec. 228. Utilization of State facilities to provide consultative services to institutions furnishing medical care.
- "Sec. 229. Payments for services and care by a third party.
- "Sec. 230. Direct payments to certain recipients of medical assistance.
- "Sec. 231. Date on which State plans under title XIX must meet certain financial participation requirements.
- "Sec. 232. Observance of religious beliefs.
- "Sec. 233. Coverage under title XIX of certain spouses of individuals receiving cash welfare aid or assistance.
- "Sec. 234. Standards for skilled nursing homes furnishing services under State plans approved under title XIX.
- "Sec. 235. Cost sharing and similar charges with respect to inpatient hospital services furnished under title XIX.
- "Sec. 236. State plan requirements regarding licensing of administrators of skilled nursing homes furnishing services under State plans approved under title XIX.
- "Sec. 237. Utilization of care and services furnished under title XIX.
- "Sec. 238. Differences in standards with respect to income eligibility under title XIX.
- "PART 3—CHILD-WELFARE SERVICES AMENDMENTS**
- "Sec. 240. Inclusion of child-welfare services in title IV.
- "Sec. 241. Conforming amendments.
- "PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**
- "Sec. 245. Partial payments to States.
- "Sec. 246. Contracts for cooperative research or demonstration projects.
- "Sec. 247. Permanent authority to support demonstration projects.
- "Sec. 248. Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.
- "Sec. 249. Approval of certain projects.
- "Sec. 250. Assistance in the form of institutional services in intermediate care facilities.
- "TITLE III—IMPROVEMENT OF CHILD HEALTH**
- "Sec. 301. Consolidation of separate programs under title V of the Social Security Act.
- "Sec. 302. Conforming amendments.
- "Sec. 303. 1968 authorization for maternity and infant care projects.
- "Sec. 304. Use of subprofessional staff and volunteers.
- "Sec. 305. Extension of due date for child mental health report.
- "Sec. 306. Short title.
- "TITLE IV—GENERAL PROVISIONS**
- "Sec. 401. Social work manpower and training.
- "Sec. 402. Incentives for economy while maintaining or improving quality in the provision of health services.
- "Sec. 403. Changes to reflect codification of title 5, United States Code.
- "Sec. 404. Meaning of Secretary.
- "Sec. 405. Study of retirement test and of drug standards and coverage.
- "TITLE V—MISCELLANEOUS PROVISIONS**
- "Sec. 501. Extension of period for filing application for exemption by members of religious groups opposed to insurance.
- "Sec. 502. Refund of certain overpayments by employees of hospital insurance tax.
- "Sec. 503. Extension of time to provide assistance for United States citizens returned from foreign countries.
- "Sec. 504. Exclusion from definition of wages of certain retirement, etc., payments under employer-established plans."
- And the Senate agree to the same.
- Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage as determined under subsec. (b) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—			At least—	But not more than—		At least—	But not more than—		
	\$15.60	\$48.00 or less		\$74	\$55.00	\$82.50		\$124.20	\$348	\$351	\$140.40	\$280.80	
\$15.61	16.20	49.00	\$75	76	55.40	83.10	125.20	352	356	356	141.50	284.80	336.80
16.21	16.84	50.00	77	78	56.50	84.80	126.80	357	361	361	142.80	288.80	340.80
16.85	17.50	51.00	79	80	57.70	86.60	127.40	362	366	366	144.00	292.00	344.80
17.61	18.40	52.00	81	81	58.80	88.20	128.60	371	375	375	146.40	300.00	350.00
18.41	19.24	53.00	82	83	59.90	89.90	130.60	376	379	379	147.80	303.20	354.00
19.25	20.00	54.00	84	85	61.10	91.70	131.70	380	384	384	148.90	307.20	358.00
20.01	20.64	55.00	86	87	62.20	93.30	132.80	385	389	389	150.00	311.20	362.00
20.65	21.28	56.00	88	89	63.30	95.00	134.80	390	393	393	151.20	314.40	366.00
21.29	21.88	57.00	90	90	64.50	96.80	134.90	394	398	398	152.50	318.40	370.00
21.89	22.28	58.00	91	92	65.60	98.40	135.90	399	403	403	153.60	322.40	374.00
22.29	22.68	59.00	93	94	66.70	100.10	137.00	404	407	407	154.90	326.40	378.00
22.69	23.08	60.00	95	96	67.80	101.70	138.00	408	412	412	156.00	329.60	382.00
23.09	23.44	61.00	97	97	69.00	103.50	139.00	413	417	417	157.10	333.60	386.00
23.45	23.76	62.10	98	99	70.20	105.30	140.00	418	421	421	158.20	336.80	390.00
23.77	24.20	63.20	100	101	71.50	107.30	141.00	422	426	426	159.40	340.80	394.00
24.21	24.60	64.20	102	102	72.60	108.90	142.00	427	431	431	160.50	344.80	398.00
24.61	25.00	65.30	103	104	73.80	110.70	143.00	432	436	436	161.60	348.80	402.00
25.01	25.48	66.40	105	106	75.10	112.70	144.00	437	440	440	162.80	352.00	406.00
25.49	25.92	67.50	107	107	76.30	114.50	145.00	441	445	445	163.90	356.00	410.00
25.93	26.40	68.50	108	109	77.50	116.30	146.00	446	450	450	165.00	359.60	414.00
26.41	26.94	69.60	110	113	78.70	118.10	147.00	451	454	454	166.20	363.60	418.00
26.95	27.46	70.70	114	118	79.90	119.90	148.00	455	459	459	167.30	367.60	422.00
27.47	28.00	71.70	119	122	81.10	121.70	149.00	460	464	464	168.40	371.60	426.00
28.01	28.68	72.80	123	127	82.30	123.50	150.00	465	468	468	169.50	375.60	430.00
28.69	29.25	73.90	128	132	83.60	125.40	151.00	469	473	473	170.70	379.60	434.00
29.26	29.68	74.90	133	136	84.70	127.10	152.00	474	478	478	171.80	383.60	438.00
29.69	30.36	76.00	137	141	85.90	128.90	153.00	479	482	482	172.90	387.60	442.00
30.37	30.92	77.10	142	146	87.20	130.80	154.00	483	487	487	174.10	391.60	446.00
30.93	31.36	78.20	147	150	88.40	132.60	155.00	488	492	492	175.20	395.60	450.00
31.37	32.00	79.20	151	155	89.50	134.30	156.00	493	496	496	176.30	399.60	454.00
32.01	32.60	80.30	156	160	90.80	136.20	157.00	497	501	501	177.50	403.60	458.00
32.61	33.20	81.40	161	164	92.00	138.00	158.00	502	506	506	178.60	407.60	462.00
33.21	33.88	82.40	165	169	93.20	139.80	159.00	507	510	510	179.70	411.60	466.00
33.89	34.60	83.50	170	174	94.40	141.60	160.00	511	515	515	180.80	415.60	470.00
34.51	35.00	84.60	175	178	95.60	143.40	161.00	516	520	520	181.90	419.60	474.00
35.01	35.80	85.60	179	183	96.80	146.40	162.00	521	524	524	183.10	423.60	478.00
35.81	36.40	86.70	184	188	98.00	150.40	163.00	525	529	529	184.20	427.60	482.00
36.41	37.08	87.80	189	193	99.30	154.40	164.00	530	534	534	185.40	431.60	486.00
37.09	37.60	88.90	194	197	100.50	157.40	165.00	535	538	538	186.50	435.60	490.00
37.61	38.20	89.90	198	202	101.60	161.60	166.00	539	543	543	187.60	439.60	494.00
38.21	39.12	91.00	203	207	102.90	165.60	167.00	544	548	548	188.80	443.60	498.00
39.13	39.68	92.10	208	211	104.10	168.80	168.00	549	553	553	189.90	447.60	502.00
39.69	40.33	93.10	212	216	105.20	172.80	169.00	554	556	556	191.00	451.60	506.00
40.34	41.12	94.20	217	221	106.50	176.80	170.00	557	560	560	192.00	455.60	510.00
41.13	41.76	95.30	222	225	107.70	180.00	171.00	561	563	563	193.00	459.60	514.00
41.77	42.44	96.30	226	230	108.90	184.00	172.00	564	567	567	194.00	463.60	518.00
42.45	43.20	97.40	231	235	110.10	188.00	173.00	568	570	570	195.00	467.60	522.00
43.21	43.76	98.50	236	239	111.40	191.20	174.00	571	574	574	196.00	471.60	526.00
43.77	44.44	99.60	240	244	112.60	195.20	175.00	575	577	577	197.00	475.60	530.00
44.45	44.98	100.60	245	249	113.70	199.20	176.00	578	581	581	198.00	479.60	534.00
44.89	45.60	101.70	250	253	115.00	202.40	177.00	582	584	584	199.00	483.60	538.00
		102.80	254	258	116.20	206.40	178.00	585	588	588	200.00	487.60	542.00
		103.80	259	263	117.30	210.40	179.00	589	591	591	201.00	491.60	546.00
		104.90	264	267	118.60	213.60	180.00	592	595	595	202.00	495.60	550.00
		106.00	268	272	119.80	217.60	181.00	596	598	598	203.00	499.60	554.00
		107.00	273	277	121.00	221.60	182.00	599	602	602	204.00	503.60	558.00
		108.10	278	281	122.20	224.80	183.00	603	605	605	205.00	507.60	562.00
		109.20	282	286	123.40	228.80	184.00	606	609	609	206.00	511.60	566.00
		110.30	287	291	124.70	232.80	185.00	610	612	612	207.00	515.60	570.00
		111.30	292	295	125.80	236.00	186.00	613	616	616	208.00	519.60	574.00
		112.40	296	300	127.10	240.00	187.00	617	620	620	209.00	523.60	578.00
		113.50	301	305	128.30	244.00	188.00	621	623	623	210.00	527.60	582.00
		114.50	306	309	129.40	247.20	189.00	624	627	627	211.00	531.60	586.00
		115.60	310	314	130.70	251.20	190.00	628	630	630	212.00	535.60	590.00
		116.70	315	319	131.90	255.20	191.00	631	634	634	213.00	539.60	594.00
		117.70	320	323	133.00	258.40	192.00	635	637	637	214.00	543.60	598.00
		118.80	324	328	134.30	262.40	193.00	638	641	641	215.00	547.60	602.00
		119.90	329	333	135.50	266.40	194.00	642	644	644	216.00	551.60	606.00
		121.00	334	337	136.80	269.60	195.00	645	648	648	217.00	555.60	610.00
		122.00	338	342	137.90	273.60	196.00	649	650	650	218.00	559.60	614.00
		123.10	343	347	139.10	277.60	197.00				219.00	563.60	618.00

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, 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: "the month of February 1968"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, 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: "February 1968, for each such person for February 1968,"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "113"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amend-

ment of the Senate numbered 7, 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: "the month of February 1968,"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, 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: "February 1968,"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, 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: "entitled, after January 1968,"; 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: "after January 1968,"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, 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: "month of February 1968, or who died before such month,"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "month after January 1968,"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, 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: "after January 1968,"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "of January 1968,"; 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: "month of February 1968, or who died in such month,"; and the Senate agree to the same.

Amendment numbered 25: 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: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968,"; 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 follow:

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

On page 26, lines 8 and 9, of the House engrossed bill, strike out "the second month following the month in which this Act is enacted" and insert the following: "the month of February 1968"; and the Senate agree to the same.

Amendment numbered 30: 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: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 29, line 18, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 5, of the House engrossed bill, strike out "\$7,800" and insert the following: "\$7,600".

On page 30, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 13, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 19, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 12, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 17, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 25, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 3, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 33, line 5, of the House engrossed bill, strike out "1966" and insert the following: "1967".

On page 33, line 6, of the House engrossed bill, strike out "5.9" and insert the following: "5.8".

On page 34, line 4, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 34, line 19, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 35 of the House engrossed bill, strike out lines 9 through 16 and insert the following:

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;"

On page 35, line 17, of the House engrossed

bill, strike out "(3)" and insert the following: "(2)".

On page 35, line 21, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 1, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 36, line 5, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 36 of the House engrossed bill, strike out lines 13 through 18 and insert the following:

"(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;"

On page 36, line 19, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 36, line 22, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 25 of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 3, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 37 of the House engrossed bill, strike out lines 9 through 14 and insert the following:

"(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;"

On page 37, line 15, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 37, line 18, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 37, line 21, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 24, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

And the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with amendments as follows:

On page 43, line 6, of the Senate engrossed amendments, strike out "112" and insert the following: "111".

On page 44, line 25, of the Senate engrossed amendments, strike out "time specified in subparagraph (E)" and insert the following: "then specified time period".

On page 45, line 10, of the Senate engrossed amendments, strike out "made." and insert the following: "made.".

On page 45 of the Senate engrossed amendments, strike out lines 11 through 16 and insert the following:

"(b) No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a)."

And the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with amendments as follows: On page 47, line 3, of the Senate engrossed amendments, strike out "114" and insert the following: "112".

On page 47, lines 3 and 4, of the Senate engrossed amendments, strike out "202(d)(9) of the Social Security Act" and insert the following: "202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act)".

On page 47, line 23, of the Senate engrossed amendments, strike out "February" and insert the following: "January".

And the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amend-

ment of the Senate numbered 50, and agree to the same with amendments as follow: On page 50, line 4, of the Senate engrossed amendments, after "policemen" insert the following: "; validation of certain past coverage in the State of Nebraska"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: On page 51, line 21, of the Senate engrossed amendments, strike out "system." and insert the following: "system."; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: On page 52, line 9, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: On page 55, line 17, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with amendments as follow: On page 57, line 10, of the Senate engrossed amendments, strike out "(I)".

On page 57, line 11, of the Senate engrossed amendments, strike out "(II)".

On page 57, line 16, of the Senate engrossed amendments, after "1954" insert the following: "(relating to definition of employment)".

On page 58, line 5, of the Senate engrossed amendments, strike out "(I)".

On page 58, line 6, of the Senate engrossed amendments, strike out "(II)".

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: On page 58, line 18, of the Senate engrossed amendments, after "Massachusetts" insert the following: "to modify its agreement entered into under section 218 of such Act so as".

On page 58, line 19, of the Senate engrossed amendments, strike out "to be".

On page 58, line 21, of the Senate engrossed amendments, strike out "filing with him of such notice" and insert the following: "date on which such agreement is so modified".

On page 58, line 23, of the Senate engrossed amendments, strike out "has been" and insert the following: "is".

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: Omit the matter proposed to be stricken out by the Senate amendment, and on page 57, line 11, of the House engrossed bill, immediately before the comma insert the following: "as an outpatient"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with amendments as follows: On page 63 of the Senate engrossed amendments, strike out lines 13 through 16 and insert the following:

"(A) If furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—"

And the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amend-

ment of the Senate numbered 80, and agree to the same with an amendment as follows: On page 68 of the Senate engrossed amendments, strike out lines 12 through 17 and insert the following:

"(b) The second sentence of section 1813(a) (1) of such Act is amended to read as follows: 'Such amount shall be further reduced by a coinsurance amount equal to—"

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a) (1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charge so imposed).'"

And the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows: On page 84, line 6, of the Senate engrossed amendments, strike out "145" and insert the following: "142". On page 84, line 17, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, lines 7 and 8, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, line 15, of the Senate engrossed amendments, strike out "defined" and insert the following: "described".

On page 86, line 15, of the Senate engrossed amendments, after "(4)" insert the following: "of the Social Security Act".

And the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with amendments as follows: On page 88, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: "143".

On page 89, line 1, of the Senate engrossed amendments, after "1814(d)" insert the following: "of such Act".

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 an amendment as follows: On page 94, line 16, of the Senate engrossed amendments, strike out "148" and insert the following: "144"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with amendments as follows: On page 95, line 22, of the Senate engrossed amendments, strike out "149" and insert the following: "145".

On page 97, line 16, of the Senate engrossed amendments, strike out "promulgated." and insert the following: "promulgated".

On page 97 of the Senate engrossed amendments, strike out line 17 and all that follows down through page 99, line 2.

On page 99, line 3, of the Senate engrossed amendments, strike out "(f) (1)" and insert the following: "(e)".

On page 99 of the Senate engrossed amendments, strike out lines 8 through 17.

And the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows:

On page 99, line 22, of the Senate engrossed amendments, strike out "149a" and insert the following: "146"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968."; and the Senate agree to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, 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: "months after January 1968."; and the Senate agree to the same.

Amendment numbered 98: That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment as follows: On page 103, line 10, of the Senate engrossed amendment, strike out "Sec. 204."

And the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: One page 105, line 3, of the Senate engrossed amendments, after "payment" insert the following: "for any month".

And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows: On page 105, line 22, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 107, lines 2 and 3, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 107, line 18, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 107, line 21, of the Senate engrossed amendments, after the semicolon insert the following: "or".

On page 108, line 2, of the Senate engrossed amendments, strike out "any," and insert the following: "any.".

On page 108 of the Senate engrossed amendments, strike out lines 3 through 10.

On page 108, lines 18 through 20, of the Senate engrossed amendments, strike out "or under section 144 of the Social Security Amendments of 1967".

On page 108, line 22, of the Senate engrossed amendments, after "due" insert the following: "him under this title".

On page 109, line 1, of the Senate engrossed amendments, strike out "before such individual's death" and insert the following: "(before or after such individual's death)".

On page 109, line 9, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 110, lines 14 and 15, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 110, line 20, of the Senate engrossed amendments, strike out "paragraph" and insert the following: "paragraph".

On page 111, line 6, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 111, line 9, of the Senate engrossed

amendments, after the semicolon insert the following: "or".

On page 111, line 15, of the Senate engrossed amendments, strike out "any;" and insert the following: "any."

On page 111 of the Senate engrossed amendments, strike out lines 16 through 23.

And the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, 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: "months after January 1968"; 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: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 88, line 7, of the House engrossed bill, strike out "general" and insert the following: "immediate".

On page 88, line 9, of the House engrossed bill, after the period insert the following: "For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country."

And the Senate agree to the same.

Amendment numbered 116: That the House recede from its disagreement to the amendment of the Senate numbered 116, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment insert the following: "162"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, 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: "months beginning after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, 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: "after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, 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: "are, on June 30, 1968 being"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"BENEFITS FOR CERTAIN CHILDREN

"SEC. 163. (a) (1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: 'Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h) (3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero).'

"(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h) (3) of such Act in or after January 1968 (but without regard to section 202(j) (1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

"(b) 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 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

"(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h) (3) of such Act (but without regard to section 202(j) (1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

"(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2)".

And the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, 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: "164"; and the Senate agree to the same.

Amendment numbered 126: That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows: On page 116, line 14, of the Senate engrossed amendments, strike out "166" and insert the following: "165"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, 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: "166"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "167"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, 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: "168"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, 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: "169"; and the Senate agree to the same.

Amendment numbered 134: That the House recede from its disagreement to the amendment of the Senate numbered 134, 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: "170"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 136: That the House recede from its disagreement to the amendment of the Senate numbered 136, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, 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: "104, 112, 150, 151, 156, and 157 of this Act, and"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 139: That the House recede from its disagreement to the amendment of the Senate numbered 139, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with amendments as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 105, line 18, of the House engrossed bill, strike out "(a)"; and the Senate agree to the same.

Amendment numbered 141: That the House recede from its disagreement to the amendment of the Senate numbered 141, and

agree to the same with an amendment as follows: On page 119, line 12, of the Senate engrossed amendments, strike out "172" and insert the following: "171"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, 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:

**"DEFINITION OF BLINDNESS**

"SEC. 172. (a) The first sentence of section 216(1)(1) of the Social Security Act is amended by striking out '(B)' and all that follows and inserting in lieu thereof '(B) blindness; and the term "blindness" means central visual acuity of 20/200 or less in the better eye with the use of correcting lens.'

"(b) the second sentence of section 216(1)(1) of such Act is amended to read as follows: 'An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less.'

"(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(1) of the Social Security Act based on applications filed after the date of enactment of this Act."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: On page 129, line 5, of the Senate engrossed amendments, strike out "176" and insert the following: "173"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: On page 130, lines 19 and 20, strike out "relative, child," and insert the following: "child, relative,," and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows: On page 132, line 21, and page 133, lines 1 and 2, of the Senate engrossed amendments, strike out "services which are furnished pursuant to clauses (14) and (15) of section 402(a) and which" and insert the following: "any of the services described in clauses (14) and (15) of section 402(a) which"; and the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, 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:

"(1)(A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,

"(B) by striking out 'subparagraph (E)' in subparagraph (C) (as so redesignated) and inserting in lieu thereof 'subparagraph (D)', and

"(C) by striking out 'subparagraph (D)' in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof 'subparagraph (C)';"

And the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with amendments as follows: On page 134, line 18, of the Senate

engrossed amendments, after "that" insert the following: "(A)".

On page 135 of the Senate engrossed amendments, strike out lines 1 through 5 and insert the following: "services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a) (15) (F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a) (15) (F) shall not apply with respect to such agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 180: That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 118, line 25, of the House engrossed bill, strike out "section" and insert the following: "Act"; and the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan."

And the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, 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:

"(C) (1) such father has 6 or more quarters of work (as defined in subsection (d) (1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (1) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d) (3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in section 402(a) (19) within thirty days after receipt of aid with respect to such children;"

And the Senate agree to the same.

Amendment numbered 190: That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and on page 122 of the House engrossed bill, after line 2 insert the following:

"(1) is not currently registered with the public employment offices in the State, or

"(1) receives unemployment compensation under an unemployment compensation law of a State or of the United States."

And the Senate agree to the same.

Amendment numbered 191: That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (1) for any part of the 30-day period referred to in subparagraph (B) of such subsection (A) of subsection (b) (1), or (1) for any period prior to the time when the father tion, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b) (2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402(a) (19).

"(d) For purposes of this section—

"(1) the term "quarter of work" with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a "quarter of coverage" as defined in section 213(a) (2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

"(2) the term "calendar quarter" means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(A) he would have been eligible to receive such unemployment compensation upon filing application, or

"(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application."

"(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirement of subparagraph (C) of section 407(b) (1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date."

And the Senate agree to the same.

Amendment numbered 198: That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with amendments as follows: On page 150, line 16, of the Senate engrossed amendments, strike out "\$20 per week" and insert the following: "\$30 per month, payable in such amounts and at such times as the Secretary prescribes".

On page 150, line 19, of the Senate en-

grossed amendments, strike out "90" and insert the following: "80".

On page 154, line 10, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 154, line 24, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 155, line 2, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 159, line 4, of the Senate engrossed amendments, before "ad-" insert the following: "or".

On page 159, line 5, of the Senate engrossed amendments, strike out "or".

On page 159, line 9, of the Senate engrossed amendments, strike out "or".

On page 159, line 14, of the Senate engrossed amendments, strike out ", or" and insert a semicolon.

On page 159 of the Senate engrossed amendments, strike out line 15 and all that follows down through page 160, line 5.

On page 160, line 14, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 162, line 4, of the Senate engrossed amendments, after "(i)" insert the following: "and section 407(b) (2)".

On page 162 of the Senate engrossed amendments, strike out lines 16 through 20 and insert the following:

"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 408(b) (2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;"

On page 164, line 5, of the Senate engrossed amendments, after "State" insert the following: ", but not before April 1, 1968."

On page 164 of the Senate engrossed amendments, strike out lines 10 through 12 and insert the following: "beginning after June 30, 1968."

On page 165, line 1, of the Senate engrossed amendments, strike out "202(b)" and insert the following: "202(a) (2)".

And the Senate agree to the same.

Amendment numbered 213: That the House recede from its disagreement to the amendment of the Senate numbered 213, 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:

"(b) Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—

"(1) striking out '5' in the sentence immediately following paragraph (5) and inserting in lieu thereof '10';

"(2) adding at the end thereof the following new sentence 'In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a) (19) (F)';"

And the Senate agree to the same.

Amendment numbered 214: That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 141 of the House engrossed bill strike out lines 1 through 13 and insert the following:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the

number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

And the Senate agree to the same.

Amendment numbered 221: That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows: On page 167, line 17, of the Senate engrossed amendments, strike out "209" and insert the following: "210"; and the Senate agree to the same.

Amendment numbered 223: That the House recede from its disagreement to the amendment of the Senate numbered 223, and agree to the same with amendments as follows: On page 173, lines 12 and 13, of the Senate engrossed amendments, strike out "ESTABLISHMENT AND COLLECTION OF LIABILITY TO UNITED STATES".

On page 175, line 10, of the Senate engrossed amendments, strike out "State;" and insert the following: "State."

On page 175, of the Senate engrossed amendments, strike out line 11 and all that follows through line 19 on page 181 and insert the following:

"(b) Title IV of such Act is amended by adding after section 409 the following new section:

"ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

"SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a) (21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a)."

And the Senate agree to the same.

Amendment numbered 224: That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows: On page 181, line 22, of the Senate engrossed amendments, strike out "section (3) (a) (4)" and insert the following: "section 3(a) (4)"; and the Senate agree to the same.

Amendment numbered 225: That the House recede from its disagreement to the amendment of the Senate numbered 225, 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:

"AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

"SEC. 213. (a) (1) Section 2(a) (10) (A) (1) of the Social Security Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(2) Section 1002(a) (8) (C) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(3) Section 1402(a) (8) (A) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(4) Section 1604(a) (14) (D) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted."

And the Senate agree to the same.

Amendment numbered 226: That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 143, line 7, of the House engrossed bill, strike out "Payment" and insert the following: "Except as provided in paragraph (4), payment".

On page 143, line 13, of the House engrossed bill, strike out "in subparagraph (C) and".

On page 143, line 21, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 144 of the House engrossed bill, strike out lines 3 through 12.

On page 144, line 13, of the House engrossed bill, strike out "(D)" and insert the following: "(C)".

On page 144, line 14, of the House engrossed bill, strike out "or (C)".

On page 144, line 16, of the House engrossed bill, strike out "by" and insert the following "to".

On page 145, line 2, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 145 of the House engrossed bill, strike out lines 10 through 20 and insert the following:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

"(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

"(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution."

And the Senate agree to the same.

Amendment numbered 231: That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with amendments as follows: Insert the matter proposed to be inserted by the Senate amendment.

On page 150 of the House engrossed bill, strike out lines 14 through 20 and insert the following:

"(2) Section 1843(f) of such Act is amended—

"(A) by inserting after or part A of title IV, (as added by section 241(e) (2) of this Act) the following: 'or eligible to receive medical assistance under the plan of such State approved under title XIX'; and

"(B) by inserting after ', and part A of title IV' (as added by section 241(e) (2) of this Act) the following: ', and individuals eligible to receive medical assistance under the plan of the State approved under title XIX'."

And the Senate agree to the same.

Amendment numbered 233: That the House recede from its disagreement to the

amendment of the Senate numbered 233, and agree to the same with an amendment as follows: On page 191 of the Senate engrossed amendments, strike out lines 3 through 8 and insert the following:

"(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;"

And the Senate agree to the same.

Amendment numbered 236: That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV."

And the Senate agree to the same.

Amendment numbered 240: That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows:

On page 199, line 20, of the Senate engrossed amendments, strike out "234a" and insert the following: "234".

On page 200, line 3, of the Senate engrossed amendments, strike out "(26)" and insert the following: "(26)".

On page 200, line 10, of the Senate engrossed amendments, strike out "periodic" and insert the following: "for periodic".

And the Senate agree to the same.

Amendment numbered 241: That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with amendments as follows: On page 205, line 13, of the Senate engrossed amendments, strike out "234b" and insert the following: "235".

On page 205, line 18, of the Senate engrossed amendments, strike out "X".

On page 160, line 9, of the House engrossed bill, strike out "235" and insert the following: "240".

On page 172, line 10, of the House engrossed amendments, strike out "236" and insert the following: "241".

And the Senate agree to the same.

Amendment numbered 242: That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with amendments, as follows: On page 206, line 20, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 206, line 23, of the Senate engrossed amendments, strike out "; and" and insert the following: "a semicolon".

On page 207, line 2, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

On page 207, line 5, of the Senate engrossed amendments, strike out "section 226" and insert the following: "the preceding sections".

On page 207, line 9, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

And the Senate agree to the same.

Amendment numbered 243: That the House recede from its disagreement to the amendment of the Senate numbered 243, and agree to the same with amendments as follows: On page 213, line 10, of the Senate engrossed amendments; strike out "234d" and insert the following: "237".

On page 213, line 15, of the Senate engrossed amendments, strike out "(28)" and insert the following: "(29)".

On page 213, line 16, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 213 of the Senate engrossed amendments, strike out line 18 and all that follows through line 22 and insert the following:

"(30) provide such methods and procedures relating to the utilization of, and the

payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care."

And the Senate agree to the same.

Amendment numbered 244: That the House recede from its disagreement to the amendment of the Senate numbered 244, 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:

"DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

"Sec. 238. Effective July 1, 1969, section 1902(a) (17) of the Social Security Act is amended by striking out '(which shall be comparable for all groups)' and inserting in lieu thereof the following: '(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)'."

And the Senate agree to the same.

Amendment numbered 253: That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with amendments as follows: On page 216, line 5, of the Senate engrossed amendments, after "that" insert the following: "(A)".

On page 216, line 7, of the Senate engrossed amendments, strike out "part 3 of title V" and insert the following: "part B of title IV".

On page 216 of the Senate engrossed amendments, strike out lines 12 and 13 and insert the following: "not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 258: That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with amendments as follows: On page 221, line 2, of the Senate engrossed amendments, strike out "applicable under State law" and insert the following: "applicable to nursing homes under State law".

On page 221, line 5, of the Senate engrossed amendments, insert immediately before the quotation marks the following: "The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State."

And the Senate agree to the same.

Amendment numbered 263: That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with amendments as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year

pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512."

On page 182, line 16, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 266: That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

On page 222 of the Senate engrossed amendments, strike out lines 13 through 21 and insert the following:

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and"

And the Senate agree to the same.

Amendment numbered 273: That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with amendments as follows: On page 225, line 9, of the Senate engrossed amendments, strike out "CHILDREN'S EMOTIONAL ILLNESS" and insert the following: "EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT".

On page 225, line 10, of the Senate engrossed amendments, strike out "306" and insert the following: "305".

And the Senate agree to the same.

Amendment numbered 275: That the House recede from its disagreement to the amendment of the Senate numbered 275, and agree to the same with an amendment as follows: On page 225, lines 15 and 16, of the Senate engrossed amendments, strike out "INCENTIVE FOR ECONOMY WHILE MAINTAINING QUALITY OR IMPROVING THE PROVISION OF HEALTH SERVICES" and insert the following: "INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY IN THE PROVISION OF HEALTH SERVICES"; and the Senate agree to the same.

Amendment numbered 276: That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 203, line 24, of the House engrossed bill, insert immediately after the period the following: "No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process."

And the Senate agree to the same.

Amendment numbered 282: That the House recede from its disagreement to the amendment of the Senate numbered 282, 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:

"STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

"Sec. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2)

quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

"(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have."

And the Senate agree to the same.

Amendment numbered 286: That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows: On page 231, line 15, of the Senate engrossed amendments, strike out "503" and insert the following: "501"; and the Senate agree to the same.

Amendment numbered 288: That the House recede from its disagreement to the amendment of the Senate numbered 288, and agree to the same with an amendment as follows: On page 239, line 4, of the Senate engrossed amendments, strike out "505" and insert the following: "502"; and the Senate agree to the same.

Amendment numbered 290: That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows: On page 242, line 5, of the Senate engrossed amendments, strike out "507" and insert the following: "503"; and the Senate agree to the same.

Amendment numbered 294: That the House recede from its disagreement to the amendment of the Senate numbered 294, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

"SEC. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out 'or' at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(b) Section 3306 (b) of such Code (definition of wages) is amended by striking out 'or' at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class

or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out 'or' at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof '; or', and by inserting after subsection (l) the following new subsection:

"(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(1) upon or after the termination of an employee's employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

"(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act."

And the Senate agree to the same.

W. D. MILLS,  
CECIL R. KING,  
HALE BOGGS,  
FRANK M. KARSTEN,  
A. SYDNEY HERLONG, Jr.,  
JOHN W. BYRNES,  
THOS. B. CURTIS,  
JAMES B. UTTI,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL LONG,  
GEORGE A. SMATHERS,  
CLINTON P. ANDERSON,  
ALBERT GORE,  
HERMAN TALMADGE,  
JOHN J. WILLIAMS,  
FRANK CARLSON,  
CARL T. CURTIS,

*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. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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, 25, 26, 29, 30, 31, 32, 38, 49, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 81, 82, 83, 96, 97, 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 125, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140, 148, 150, 151, 152, 156, 158, 159, 160, 161, 162, 163, 164, 165, 168, 169, 170, 171, 172, 177, 179, 180, 185, 187, 188, 192, 194, 196, 199, 202, 203, 204, 205, 206, 209, 210, 211, 215, 216, 218, 232, 252, 256, 264a, 265, 269, 274, 278, and 283.

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.

#### BENEFIT AMOUNTS

Amendments Nos. 2 through 15: Section 101 of the House bill amended section 215(a) of the Social Security Act to provide a 12½ percent increase in benefits with a \$50 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits (taking into account the \$7,600 contribution and benefit base scheduled by section 108 of the House bill to be effective for years after 1967). This provision was to be effective beginning with the second month following the month of enactment.

Senate amendment No. 2 substituted for the benefit table in section 101 of the House bill a new table to provide a 15 percent increase in benefits with a \$70 minimum primary insurance amount (taking into account the increases in the contribution and benefit base scheduled by Senate amendment No. 36—\$8,000 for the year 1968, \$8,800 for the years 1969 through 1971, and \$10,800 for years after 1971).

Senate amendments Nos. 3 through 15 modified the effective date contained in the House bill to make the benefit increases effective beginning with March 1968. (The same modification, in the effective date of other provisions of the House bill involving OASDI benefits was made by Senate amendments 25, 26, 30, 96, 97, 103, 105, 107, 116, 135, 136, 138, 139.)

Under the conference agreement, section 215 (a) of the Social Security Act is amended to provide a 13-percent increase in benefits with a \$55 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits, taking into account the \$7,800 contribution and benefit base scheduled under the conference agreement to be effective for years after 1967. The provision is effective for and after February 1968.

#### INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

Amendments Nos. 16 through 24: Section 102 of the House bill amended sections 227 and 228 of the Social Security Act to increase, from \$35 for a single person and \$17.50 for a spouse to \$40 for a single person and \$20 for a spouse, the amounts of the special payments provided for certain individuals age 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits.

The Senate amendments modified the House bill to provide for an increase in the amounts of the special payments to \$50 for a single person and \$25 for a spouse.

The Senate recedes.

#### BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

Amendment No. 27: Section 104 of the House bill amended title II of the Social Security Act to provide benefits for disabled widows and widowers age 50 or over, with benefits ranging from 50 percent to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin. No trial work period was provided. (A special test of disability for widows and widowers was set forth in section 156 of the bill.)

The Senate amendment modified section 104 of the House bill to provide benefits for disabled widows and widowers at any age. In addition, payment would be made at the full widow's and widower's benefit rate of 82½ percent of the spouse's primary insurance amount, and a trial work period would be provided. (The special test of disability was eliminated by amendment No. 109, so that the definition in present law would apply to widows and widowers as well as to others whose benefits depend upon disability.)

The Senate recedes with a technical amendment.

REDUCED BENEFITS AT AGE 60

Amendment No. 28: The Senate amendment added to the House bill a new section (105), amending section 202 of the Social Security Act to provide for payment of reduced old-age, wife's, husband's, widower's, and parent's insurance benefits beginning at age 60. The old-age benefit would be reduced by 5/10ths of one percent for each month for which the worker takes the benefit while under age 65, and the widower's or parent's benefit (like widow's benefits under existing law) would be reduced by the same percentage for each month for which the benefit is taken while under age 62; the wife's or husband's insurance benefit would be reduced by 25/100ths of one percent for each month for which the benefit is taken before age 65. (Under existing law, old-age benefits are payable in full at age 65 or on the basis of a 1/10ths reduction at age 62; wife's and husband's benefits are payable in full at age 65 or on the basis of a 25/100ths reduction at age 62; and widower's and parent's benefits are payable in full at age 62 with no earlier entitlement provided.)

The Senate recedes.

LIBERALIZATION OF EARNINGS TEST

Amendments Nos. 33 and 34: Under the existing provisions of section 203 of the Social Security Act, if a beneficiary earns \$1,500 or less in a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 of earnings between \$1,500 and \$2,700, and \$1 in benefits will be withheld for each \$1

of earnings above \$2,700. Also, no benefit will be withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment.

Section 107 of the House bill amended section 203 of the Social Security Act to increase the annual \$1,500 and \$2,700 cut-off points to \$1,680 and \$2,880, respectively, and the \$125 monthly figure to \$140.

The Senate amendments modified section 107 of the House bill so that the annual cut-off points are increased to \$2,400 and \$3,600, and the monthly figure is increased to \$200. The Senate recedes.

INCREASE IN CONTRIBUTION AND BENEFIT BASE

Amendments Nos. 35 and 36: Section 108 of the House bill amended title II of the Social Security Act and the Internal Revenue Code of 1954 to increase the earnings counted for benefit and tax purposes to \$7,600, beginning with 1968.

Under the Senate amendments, the earnings counted for benefit and tax purposes were increased to \$8,000 in 1968, \$8,800 in 1969 through 1971, and \$10,800 beginning with 1972.

Under the conference agreement, the amount of earnings counted for benefit and tax purposes is increased to \$7,800, beginning with 1968.

CHANGES IN TAX SCHEDULE

Amendment No. 37: The following table shows the tax schedule in the House bill and that in the Senate bill:

CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS, EACH

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967	3.9	0.5	4.4	3.9	0.5	4.4
1968	3.9	.5	4.4	3.8	.6	4.4
1969-70	4.2	.6	4.8	4.2	.6	4.8
1971-72	4.6	.6	5.2	4.6	.6	5.2
1973-75	5.0	.65	5.65	5.0	.65	5.65
1976-79	5.0	.7	5.7	5.05	.65	5.7
1980-86	5.0	.8	5.8	5.05	.75	5.8
1987 and after	5.0	.9	5.9	5.05	.75	5.8

CONTRIBUTION RATES FOR THE SELF-EMPLOYED

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967	5.9	0.5	6.4	5.9	0.5	6.4
1968	5.9	.5	6.4	5.8	.6	6.4
1969-70	6.3	.6	6.9	6.3	.6	6.9
1971-72	6.9	.6	7.5	6.9	.6	7.5
1973-75	7.0	.65	7.65	7.0	.65	7.65
1976-79	7.0	.7	7.7	7.0	.65	7.65
1980-86	7.0	.8	7.8	7.0	.75	7.75
1987 and after	7.0	.9	7.9	7.0	.75	7.75

The conference agreement provides the following tax schedule:

[In percent]

	Employers and employees, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
1967	3.9	0.5	4.4	5.9	0.5	6.4
1968	3.8	.5	4.4	5.8	.6	6.4
1969-70	4.2	.6	4.8	6.3	.6	6.9
1971-72	4.6	.6	5.2	6.9	.6	7.5
1973-75	5.0	.65	5.65	7.0	.65	7.65
1976-79	5.0	.7	5.7	7.0	.7	7.7
1980-86	5.0	.8	5.8	7.0	.8	7.8
1987 and after	5.0	.9	5.9	7.0	.9	7.9

EXTENSION OF RETROACTIVITY OF DISABILITY APPLICATIONS FOR FREEZE PURPOSES WHERE FAILURE TO MAKE TIMELY APPLICATION IS DUE TO INCOMPETENCY

Amendment No. 39: Under existing law, an application to establish a period of disability must be filed no later than 12 months

after the end of the period of disability. The Senate amendment added to the House bill a new section (112), amending section 216(1) of the Social Security Act to extend the time for filing an effective application to establish a closed period of disability (for disability freeze purposes only) for an addi-

tional 24 months—to a total of 36 months—in certain cases where it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that the disabled individual's failure to file within the prescribed period is due to his mental or physical incapacity to execute such an application.

The House recedes with a technical amendment.

MARRIAGE OF A CHILD WHO IS A FULL-TIME STUDENT

Amendment No. 40: The Senate amendment added to the House bill a new section (113), amending section 202(d) of the Social Security Act to provide that a child's benefits will not stop when the child marries if and for as long as the child is a full-time student (and is otherwise entitled to benefits) and, in the case of a girl, her husband is also a full-time student. A child whose benefits stop because of marriage may subsequently (if otherwise entitled, and upon making a new application) become reentitled to such benefits if he becomes a full-time student (or, in the case of a girl, if both she and her husband become full-time students).

The Senate recedes.

BENEFITS FOR CERTAIN CHILDREN ADOPTED BY DISABLED WORKERS

Amendment No. 41: The Senate amendment added to the House bill a new section (114), amending section 202(d)(9) of the Social Security Act to provide that benefits can be paid to the legally adopted child of a worker entitled to disability benefits (or to old-age benefits after having been entitled to disability benefits) if the adoption took place under the supervision of a child-placing agency and was decreed by a court of competent jurisdiction in the United States, the worker had continuously resided in the United States for at least one year prior to the date of adoption, and the child was under the age of 18 on the date of the adoption, regardless of when the adoption occurred. (Under present law the adoption, even if other conditions are met, must have taken place within 2 years of the time the worker became entitled to disability benefits.)

The House recedes with technical amendments.

BENEFITS FOR MOTHERS OF CERTAIN FULL-TIME STUDENTS

Amendment No. 42: The Senate amendment added to the House bill a new section (114a), amending section 202(s) of the Social Security Act to provide that a wife or mother otherwise qualified may receive benefits on the basis of having an entitled child in her care, where the child is between 18 and 22 and is only entitled to child's benefits because he is a full-time student, if the school at which the child is a student is an elementary or secondary school. (Under existing law, a wife or mother can be entitled to benefits on the basis of having a child in her care only if the child is entitled to child's benefits because he is under 18 or is disabled—she cannot qualify on the basis of a child who is entitled only because he is a student, regardless of the level of the school at which he is enrolled.)

The Senate recedes.

STUDY OF DELAYED RETIREMENT INCREMENT

Amendment No. 43: The Senate amendment added to the House bill a new section (114b) to require the Social Security Administration to make a study with respect to the feasibility of providing increased old-age insurance benefit amounts for people who delay their retirement and may continue to work after age 65, and to report its findings to the Congress.

The Senate recedes (but the substance of the provision is included in section 405 of the bill—see Amendment No. 282).

COVERAGE OF MINISTERS

Amendments Nos. 44, 45, 46, and 47: Under existing law, the services which a clergyman

(including a Christian Science practitioner or a member of a religious order who has not taken a vow of poverty) performs in the exercise of his ministry are excluded from coverage unless the clergyman elects coverage by filing a waiver certificate within a prescribed period; if he makes the election his services in his ministry are covered under the provisions of law applicable to self-employed persons. A member of a religious order who has taken a vow of poverty may not make such an election; his services are compulsorily excluded from coverage.

Section 115 of the House bill amended section 211(c) of the Social Security Act and section 1402 (c) and (e) of the Internal Revenue Code of 1954 to provide that the services performed in the exercise of his profession by a minister, a Christian Science practitioner, or any member of a religious order (including a member who has taken a vow of poverty) are to be covered under the provisions of law applicable to the self-employed unless he obtains an exemption from social security taxes (and coverage) by filing within a prescribed period (under the revised section 1402(e) of the Code) an application for exemption, together with a statement that he is conscientiously opposed to the acceptance (with respect to his professional service) of any public insurance such as social security; a clergyman who had elected coverage under existing law could not secure an exemption, and an exemption from coverage would be irrevocable.

Senate amendments Nos. 44, 45, and 46 added language providing that members of religious orders who have taken a vow of poverty are compulsorily excluded from coverage, as under present law, and need not file any application to secure the exemption. Senate amendment No. 47 provided an additional basis for the exemption from social security taxes (and coverage); clergymen opposed to the acceptance of public insurance on grounds of religious principle (in addition to those conscientiously opposed as provided in the House bill) may secure the exemption. The House recedes.

#### STATE AND LOCAL DIVIDED RETIREMENT SYSTEMS

Amendment No. 48: The Senate amendment added to section 116 of the House bill a new subsection (d), amending section 218(d)(6)(F) of the Social Security Act so as to grant an additional opportunity, through 1969, for the election of social security coverage by members of State and local government retirement systems who did not elect coverage when they previously had the opportunity to do so under the divided retirement system procedure, which permits certain States to cover only those current members of a retirement system who desire coverage.

The House recedes.

#### COVERAGE OF POLICEMEN AND FIREMEN IN PUERTO RICO AND CERTAIN FIREMEN IN NEBRASKA

Amendment No. 50: The Senate amendment added to the House bill a new section (119), amending section 218(p) of the Social Security Act to add Puerto Rico to the list of States which may, if they so desire, provide social security coverage for policemen and firemen in positions under State or local retirement systems. The Senate amendment also included a provision validating amounts erroneously reported for past services performed by certain firemen employed by political subdivisions in Nebraska, if amounts representing social security taxes were erroneously paid in good faith and no refund has been obtained.

The House recedes with a technical amendment.

#### COVERAGE OF FIREMEN IN STATES NOT SPECIFICALLY LISTED

Amendment No. 51: The Senate amendment added to the House bill a new section (120), amending section 218(p) of the So-

cial Security Act to allow social security coverage to be extended to firemen under a State or local retirement system in a State not designated by name (in section 218(p)) as one which is permitted to cover policemen and firemen, if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of coverage to the group. Coverage could be extended under this provision only after a favorable referendum in which no person other than a fireman could vote.

The House recedes with a technical amendment.

#### COVERAGE OF ERRONEOUSLY REPORTED WAGES FOR FORMER STATE OR LOCAL GOVERNMENT EMPLOYEES

Amendment No. 52: The Senate amendment added to the House bill a new section (121), amending section 218(f) of the Social Security Act to permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to specify that whatever retroactive coverage is provided for the current employees of the coverage group will also be provided for former employees with respect to whose earnings amounts representing social security taxes had been erroneously paid in good faith to the Secretary of the Treasury. The retroactive coverage would not apply to any former employee for whom a refund of taxes had been made.

The House recedes with a technical amendment.

#### COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

Amendment No. 53: The Senate amendment added to the House bill a new section (122), amending section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 to provide that fees received after 1967 by employees of State or local governments in positions compensated solely on a fee basis and not covered under a State social security agreement will be covered under the self-employment provisions; however, any person in a fee-basis position in 1968 may elect irrevocably (before the due date of his tax return for 1968) not to have the amendment apply to him—i.e., not to have his fees covered under the self-employment provisions. The Senate amendment also added to section 218 of the Social Security Act a new subsection (u) under which any future modification of a State's agreement may cover services in positions compensated solely on a fee basis only if the modification specifically includes such services as covered, and under which a State may remove such services from coverage under the agreement.

The House recedes with a technical amendment.

#### FAMILY EMPLOYMENT IN A PRIVATE HOME

Amendment No. 54: The Senate amendment added to the House bill a new section (123), amending section 210(a)(3)(B) of the Social Security Act and section 3121(b)(3)(B) of the Internal Revenue Code of 1954 to extend social security coverage, beginning after 1967, to domestic service in a private home of the employer performed by an individual in the employ of his son or daughter, provided that certain conditions are met. The service in any calendar quarter would be covered only if the employer has living in his home a son, daughter, stepson, or stepdaughter who is under age 18 or whose mental or physical condition requires the personal care and supervision of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced (and has not remarried) or has a spouse living in the home who, because of a mental or physical condition, is incapable of caring for the employer's son, daughter,

stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

The House recedes with technical amendments.

#### EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

Amendment No. 55: The Senate amendment added to the House bill a new section (124), giving the Secretary of Health, Education, and Welfare authority to permit the State of Massachusetts, under such conditions as he deems appropriate, to remove the employees of the Massachusetts Turnpike Authority from social security coverage before the expiration of 2 years after giving advance notice to the Secretary, with the provision that if the employees are thus removed from coverage the State cannot again extend coverage to employees of the Authority.

The House recedes with technical amendments.

#### METHOD OF PAYMENT TO PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendments Nos. 56, 57, 58, 59, and 60: The House bill amended section 1842(b)(3)(B) of the Social Security Act to provide, in addition to the present receipted bill and assignment methods of payment for physicians' services, an alternative method, effective with respect to bills received after December 31, 1967, under which a physician or other person providing the service could receive payment on the basis of an itemized bill if such bill is submitted in the form and manner and within the time specified by regulation and if the full charge does not exceed the reasonable charge for the service. Under the alternative method payment could be made to the patient if payment is not made to the person providing the service for the reason that the charge exceeds the reasonable charge, the person providing the service does not submit the bill as provided for by regulation, or such person directs that payment be made to the patient. The House bill also provided, with respect to bills received after December 31, 1967, that requests for payment under the supplementary medical insurance program for services reimbursable on a reasonable charge basis must be filed no later than the close of the calendar year after the year in which the service is furnished (service furnished in the last 3 months of a calendar year is deemed to have been furnished in the succeeding calendar year).

The Senate amendments changed present law, effective with respect to claims on which a final determination has not been made on or before the date of enactment, by eliminating the receipted bill method of payment (payment by the patient required before reimbursement) and by providing that payment can be made either to the patient on the basis of an itemized bill (either receipted or unpaid) or to the physician under the assignment method. The Senate amendments retained the House bill provision which establishes the calendar year limitation for filing medical insurance claims, but made such limitation applicable to bills submitted and requests for payment made on or after April 1, 1968.

The House recedes.

#### PODIATRISTS

Amendment No. 61: The House bill amended section 1861(r) of the Social Security Act to include within the definition of "physician" a doctor of podiatry or surgical chiropody, but only with respect to functions which he is legally authorized to perform as such by the State in which he performs them. Under the House bill a doctor of podiatry would not be considered a "physician" for purposes of sections 1814(a) and 1835 (relating to certification and recertification of medical necessity under parts A and B of title XVIII) and section 1861(k) (relating to utilization review). Certain services performed by a podiatrist were also excluded for

purposes of payment under the hospital and medical insurance programs.

The Senate amendment provided, in addition to those restrictions in the House provision, that a podiatrist would not be considered to be a "physician" for the purposes of subsection (j) (relating to extended care facilities), subsection (m) (relating to home health services), and subsection (o) (relating to home health agencies) of section 1861. The House recedes.

#### EXCLUSION OF CERTAIN SERVICES EXCEPT WITH REGARD TO PROSTHETIC LENSES

Amendment No. 62: Section 128 of the House bill amended section 1862(a)(7) of the Social Security Act, which provides that no payment may be made under title XVIII for expenses incurred for routine physical checkups, eyeglasses, eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, or hearing aids or examinations therefor, by adding a provision that no payment may be made for expenses incurred for procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.

The Senate amendment provided that the exclusion added by the House bill is not to apply with respect to expenses incurred for procedures performed in connection with furnishing prosthetic lenses.

The Senate recedes.

#### TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 71: Section 129 of the House bill amended the appropriate sections in title XVIII of the Social Security Act to place coverage of all outpatient hospital services in the supplementary medical insurance program.

The Senate amendment made the provisions of the House bill applicable with respect to services furnished after March 31, 1968, rather than December 31, 1967, except that the elimination of the physician certification requirement with respect to outpatient hospital diagnostic services would apply to services furnished after the date of the enactment of the bill.

The House recedes.

#### PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Amendment No. 77: Section 133 of the House bill amended section 1861(s)(2) of the Social Security Act to provide supplementary medical insurance coverage of physical therapy furnished to an outpatient, in a residence used as the patient's home, by a hospital or by others under arrangements with the hospital, if such therapy is under the supervision of such hospital. This provision would apply with respect to services furnished after December 31, 1967.

The Senate amendment provided coverage for outpatient physical therapy services furnished by physical therapists employed by or under an agreement with, and under the supervision of, hospitals and other providers of services as well as approved clinics or rehabilitation centers, and local public health agencies that meet standards established by the Secretary of Health, Education, and Welfare relating to health and safety. The patient would not have to be homebound for the physical therapy services to be covered. Payment would be made for such services only when furnished in accordance with a plan, established and periodically reviewed by a physician, that would prescribe the type of physical therapy services to be provided and the amount and duration of such services. The Senate amendment would apply with respect to services furnished after June 30, 1968.

The House recedes with a technical amendment.

#### BLOOD DEDUCTIBLES

Amendments Nos. 78 and 79: Section 135 of the House bill amended sections 1813(a)

(2) (as redesignated by the bill) and 1866 (a)(2)(c) of the Social Security Act to provide that equivalent quantities of packed red blood cells shall be treated as blood under the hospital insurance program, and that a patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible. The House bill also amended section 1833(b) by establishing a 3-pint deductible requirement with respect to blood (or equivalent quantities of packed cells) furnished to an individual during a calendar year under the supplementary medical insurance program.

The Senate amendments deleted the requirement in the House bill that the patient replace, for purposes of the 3-pint deductible, 2 pints of blood for the first pint of blood received.

The House recedes.

#### EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

Amendment No. 80: Section 137 of the House bill amended section 1812 (a)(1) and (b)(1) of the Social Security Act to provide a maximum of 120 days (rather than 90) of inpatient hospital services for an individual during any spell of illness, and amended section 1813(a)(1) of the act to provide that the amount payable for such services for each day before the 121st day and after the 90th day of a spell of illness will be reduced by a coinsurance amount equal to one-half of the inpatient hospital deductible determined under section 1813(b). (The inpatient hospital deductible is currently established at \$40.)

The Senate amendments provided an individual with a lifetime reserve of 60 days of additional coverage for inpatient hospital care for use after he has exhausted the 90 days of hospital services to which he is entitled during any spell of illness. The coinsurance amount for each such additional day of coverage would equal one-fourth of the inpatient hospital deductible determined under section 1813(b).

The conference agreement contains the Senate provision for a lifetime reserve of 80 additional days, but applies the House provision for a coinsurance amount equal to one-half of the inpatient hospital deductible.

#### METHOD OF DETERMINING REASONABLE COST FOR PROVIDERS OF SERVICES

Amendment No. 84: The Senate amendment added to the House bill a new section (142) amending section 1861(v)(1) of the Social Security Act by providing that the regulations prescribed by the Secretary of Health, Education, and Welfare for determining the reasonable cost of services under title XVIII shall give a provider of services the option of having the cost of covered services determined on a per diem basis (per diem costs prevailing in a community for comparable quality and levels of services would be taken into account in determining such per diem basis). Cost of services would otherwise be determined on the basis of a per unit, per capita, or other basis insuring the provider reasonable cost reimbursement.

The Senate recedes with the understanding on the part of the conferees for both the Senate and the House that this action is not to be taken as a final decision or prejudgment respecting the issue of reimbursing providers of service under the medicare program by alternative methods to those now employed. Such decisions should not be made until such time as adequate data concerning the actual cost of benefits furnished to medicare beneficiaries have been obtained and made available to Congress. At the present time such data have not been compiled since the actual costs incurred by providers for services furnished to medicare recipients during the first fiscal year of operation of the program have not been finally determined. The Department of Health, Educa-

tion, and Welfare has been directed to furnish such data to the Committee on Ways and Means and the Committee on Finance as soon as it is available.

#### ALLOWANCE FOR DEPRECIATION AND INTEREST IN DETERMINING REASONABLE COST UNDER TITLES V, XVIII, AND XIX

Amendment No. 85: The Senate amendment added to the House bill a new section (143) providing that the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures (made after June 30, 1970, or an earlier date at the request of a State) by hospitals or other health facilities for substantial capital items. Depreciation and interest attributable to substantial capital items found not in accordance with a State's overall plan would not be includable as a part of the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX.

The Senate recedes.

#### STATE AGREEMENTS FOR COVERAGE UNDER THE HOSPITAL INSURANCE PROGRAM FOR THE AGED

Amendment No. 86: The Senate amendment added to the House bill a new section (144), adding a new section 1818 to the Social Security Act permitting a State to enter into an agreement with the Secretary of Health, Education, and Welfare for the provision of hospital insurance coverage beginning April 1, 1968, for State and local employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare hospital insurance protection. A State would reimburse the Federal Hospital Insurance Trust Fund for the actual costs of benefits paid and administrative expenses incurred with respect to these persons. An agreement (either in its entirety or with respect to any one or more coverage groups) could be terminated if the Secretary finds that the State concerned is no longer legally able to comply with the provisions of the agreement. A State may also, at its option, terminate such an agreement.

The Senate recedes.

#### PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

Amendment No. 87: The Senate amendment added to the House bill a new section (145), providing that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before January 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before January 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before January 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

The House recedes with technical amendments.

#### PAYMENT FOR EMERGENCY HOSPITAL SERVICES

Amendment No. 88: The Senate amendment added to the House bill a new section (146), amending section 1861(a) of the Social

Security Act to redefine, effective July 1, 1966, the term "hospital" (for purposes of paying for emergency hospital services) to mean an institution which must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. The requirements under present law with respect to clinical records, medical staff bylaws, and care of patient by a physician are eliminated. The Senate amendment also provided that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (or, if the hospital does not make separate charges for routine and ancillary services, two-thirds of the hospital's reasonable charges), subject to deductible and other existing limitations, with respect to hospital admissions occurring after December 31, 1967.

The House recedes with technical amendments.

**PAYMENT FOR CERTAIN SERVICES FURNISHED OUTSIDE THE UNITED STATES**

Amendment No. 89: The Senate amendment added to the House bill a new section (147), amending section 1814(f) of the Social Security Act to permit, effective with admissions occurring after March 31, 1968, direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. For nonemergency care, the hospital would have to be the nearest suitable one to the patient's residence. Payment would also be made for emergency inpatient services furnished in a foreign hospital within 50 miles of the United States border if the hospital was the closest one suitable for treatment and the emergency necessitating such services occurred no more than 50 miles outside the United States. Benefits would be payable only on the basis of a request for payment by an individual entitled to hospital insurance benefits and only if the foreign hospital met standards that are essentially comparable to those required of hospitals participating under the program in the United States. Subject to appropriate deductibles and other limitations, the amount payable under this provision would be equal to 60 percent of the hospital's reasonable charges for routine services in the room occupied by the individual or in semiprivate accommodations, whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services, or, if separate charges for routine and ancillary services are not made by such hospital, reimbursement may be made to the patient on the basis of two-thirds of the hospital's reasonable charges but not to exceed the charges that would have been made if the patient had occupied semiprivate accommodations.

The Senate recedes with the understanding that the Departments of Health, Education, and Welfare and State will explore, and report to the Committees on Ways and Means and Finance, the feasibility of entering into reciprocal agreements and arrangements with neighboring nations designed to make medicare benefits available to U.S. citizens who receive necessary hospital care in such nations.

**PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR CERTAIN INPATIENT ANCILLARY SERVICES**

Amendment No. 90: The Senate amendment added to the House bill a new section (148), amending section 1861(s) of the Social Security Act to permit, effective April 1, 1968, payment under the medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished to inpatients who cannot qualify for payments

under the hospital insurance program—for example, in cases where hospital patients have exhausted their eligibility under the hospital insurance program, or when extended care facility patients have not met the 3-day hospitalization requirement.

The House recedes with a technical amendment.

**GENERAL ENROLLMENT PERIOD UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 91: The Senate amendment added to the House bill a new section (149), providing that the general enrollment periods for the supplementary medical insurance program would be placed (beginning with 1969) on an annual rather than a biennial basis, and run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary would determine and promulgate during December of each year the premium rate for the program which would be applicable for the 12-month period beginning on the following July 1 and would be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at such rate. Under the Senate amendment persons wishing to disenroll could do so at any time, but such disenrollment would not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment was filed. The amendment would also substitute a one-time late enrollment charge (up to 3 additional monthly premiums) for the 10 percent premium increase in section 1839(c) of the Social Security Act for those who delay their enrollment in the program, and would modify section 1837(b) (1) to provide that no individual may enroll for the first time under the program unless he does so in a general enrollment period which begins within 3 years after the close of the first enrollment period during which he could have so enrolled.

The House recedes with an amendment providing for the retention of the percentage premium increase provision in present law for those who delay enrollment, and the deletion of the late enrollment charge in the Senate bill.

**ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS**

Amendment No. 92: Section 138 of the House bill provided that the limitation in section 1812(c) of the Social Security Act on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he first becomes eligible for benefits under the hospital insurance program would not be applicable to benefits for services in a general hospital if such services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

The Senate amendment changed the provisions of the House bill by eliminating the provision in present law under which days spent in a tuberculosis hospital by an individual immediately before his initial entitlement to hospital insurance reduced the days of inpatient hospital coverage for which he is eligible, after entitlement, during his first spell of illness. The Senate amendment would provide that no reduction would occur in such individual's hospital insurance coverage, after initial entitlement, during his first spell of illness, regardless of whether he receives inpatient services in a tuberculosis or general hospital. The Senate amendment retained the House provision with respect to inpatients of psychiatric hospitals.

The House recedes with a technical amendment.

**INCLUSION OF OPTOMETRISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 93: The Senate amendment added to the definition of "physician"

in section 1861(r) of the Social Security Act a doctor of optometry but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is authorized to perform by the State in which he practices. The Senate provision also added to section 1862(a) of the Act (relating to items and services excluded from coverage under title XVIII) expenses for an optometrist's services in connection with the detection of eye diseases, or for his referral of an individual to a physician (as presently defined in the act) arising from such services.

The Senate recedes.

**INCLUSION OF CHIROPRACTORS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 94: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed chiropractor but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is legally authorized to perform by the State in which he practices.

The Senate recedes.

**INCLUSION OF PSYCHOLOGISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 95: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed or certified psychologist but only for the purpose of including his services as a medical and other health service covered under the supplementary medical insurance program and only with respect to functions which he is legally authorized to perform by the State in which he practices.

The Senate recedes.

**OVERPAYMENTS**

Amendment No. 98: The Senate amendment added to the House bill a new section (152), amending section 204(a) of the Social Security Act to direct the Secretary of Health, Education, and Welfare to recover benefits overpaid to an individual by withholding benefits payable to him or his estate or to any other person entitled to benefits on the same earnings record, or by requiring a refund from him or his estate, or by any combination of these. A beneficiary who is liable for repayment of an overpayment, whether the overpayment was made to him or to another person, would qualify for waiver of recovery of the overpaid amount if he is without fault and meets the other conditions prescribed in the law. (Underpayments would be paid to the underpaid beneficiary, or, if he has died, to other persons in accordance with section 204(d) of the Act as amended by the bill (see Senate amendment No. 100).) The House recedes with a technical amendment.

**BENEFITS PAID ON THE BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE**

Amendment No. 99: The Senate amendment added to the House bill a new section (153), further amending section 204(a) of the Social Security Act to make benefits paid on the basis of an official report of the death of an active-duty serviceman in line of duty, issued by the Department of Defense, lawful payments even though it is later determined that the serviceman is still alive.

The House recedes with a technical amendment.

**UNDERPAYMENTS**

Amendment No. 100: Section 152 of the House bill amended section 204(d) of the Social Security Act to provide that cash benefits due a beneficiary at the time of his death are to be paid in the following order or priority:

(1) To his surviving spouse entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled on that earnings record, or

(3) to his parent or parents (in equal parts) entitled on that earnings record, or

(4) to the legal representative or his estate, or

(5) to his surviving spouse not entitled to benefits on the same earnings record as he was, or

(6) to his child or children (in equal parts) not entitled on that earnings record.

If none of these persons exist, no payment would be made.

Section 152 of the House bill also amended section 1870 of the Act to provide that unpaid medical insurance benefits are to be settled as follows: Where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid but reimbursement under the medical insurance program has not been made, payment of the medical insurance benefits would be made to the person who paid the bill. If payment could not be made to that person, payment would be made to the legal representative of the deceased beneficiary's estate, if there is one—otherwise to relatives of the deceased individual in the following order of priority:

(1) To his surviving spouse living with him at the time of his death, or

(2) to his surviving spouse entitled to benefits on the same earnings records as he was, or

(3) to his child or children (in equal parts).

If none of these persons exist, no payment would be made.

A further provision, not affected by the Senate amendment, authorized the Secretary to settle claims for unpaid medical insurance benefits, in cases where the bill for covered services had not been paid, by making payment to the physician or other person who provided the services, but only if such physician (or other person) agrees to accept the reasonable charge for the services as his full charge.

The Senate amendment modified section 152 of the House bill to provide the following uniform order of priority for both cash benefits and medical insurance benefits due after the beneficiary's death (except that any medical insurance benefits would of course be paid first to the person who paid for the services involved, or, if that person is the deceased beneficiary himself, to the legal representative of his estate if there is one):

(1) To the surviving spouse of the deceased individual if she was either living with him at the time of his death or entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled to benefits on that earnings record, or

(3) to his parent or parents (in equal parts) entitled on that earnings record, or

(4) to his surviving spouse if she was neither living with him nor entitled to benefits on that earnings record, or

(5) to his child or children not entitled on that earnings record, or

(6) to his parent or parents not entitled on that earnings record, or

(7) to the legal representative of his estate, if any, or

(8) to any person or persons related to him by blood, marriage, or adoption who may be determined by the Secretary to be the proper person or persons to receive the payment due.

The House recedes with amendments (1) directing payment of supplementary medical insurance benefits to the person who paid the bill for the services involved (ahead of all the other categories) even though the payment of such bill occurred after the beneficiary's death, and (2) eliminating the Senate provision which authorized payment

of benefits to persons related to the beneficiary by blood, marriage, or adoption where there is no one to pay in any of the first seven categories.

#### DEFINITION OF DISABILITY

Amendment No. 109: Under existing law, the term "disability" is defined in general as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last at least 12 months.

Section 156 of the House bill amended section 223 (and related provisions) of the Social Security Act so as to clarify the definition by providing guidelines emphasizing the role of medical standards in determining disability so that an individual is not to be considered under a "disability" unless his impairment is of such severity that he is not only unable to do his previous work but cannot (considering his age, education, and work experience) engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or he would be hired if he applied for work. The Secretary of Health, Education, and Welfare is directed to establish criteria which are to be conclusive for determining when work or earnings demonstrate ability to engage in substantial gainful activity. Section 156 also provided a more restrictive definition of disability for disabled widows and widowers than exists in present law for disabled workers; a widow or widower would not be found to be under a disability unless his or her impairments are of a level of severity deemed sufficient to preclude an individual from engaging in any gainful activity (see discussion of Senate amendment No. 27).

The Senate amendment struck out of the House bill the language clarifying the definition of disability, retaining only a technical change, and also eliminated the more restrictive definition applicable to widows and widowers.

The conference agreement contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy". This language puts into the statute the same meaning of the phrase that was expressed in the reports of both committees. Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. The purpose of so defining the phrase is to preclude from the disability determination consideration of a type or types of jobs that exist only in very limited number or in relatively few geographic locations in order to assure that an individual is not denied benefits on the basis of the presence in the economy of isolated jobs he could do.

#### AMENDMENT TO COMPLY WITH TREATY OBLIGATIONS

Amendment No. 119: The Senate amendment added to the House bill a new section (162), amending sections 228(a) and 1836 of the Social Security Act and section 103(a) of the Social Security Amendments of 1965. Under the Senate amendment, the present 5-year residence requirements that uninsured aliens must meet in order to qualify for hospital insurance benefits or special age-72 cash payments, or to be eligible to participate in the supplementary medical insurance program, will not apply to any individual when their application would be contrary to present treaty obligations of the United States.

The Senate recedes.

#### EFFECTIVE DATE OF LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE THE UNITED STATES

Amendment Nos. 121, 122, and 123: Section 160 of the House bill amended section 202(t) of the Social Security Act to provide that the present 40-quarters-of-coverage and 10-years-residence exceptions to the provision requiring the withholding of benefits from aliens outside the United States are not to apply to aliens who are citizens of a country that has a social insurance or pension system of general applicability under which benefits are denied to otherwise eligible Americans while they are outside of that country, or who are citizens of a country that does not have such a system if at any time during a specified 5-year period benefits to individuals in that country cannot be paid because of the Treasury ban on payments to Communist-controlled countries. This change was made applicable for and after the sixth month following enactment.

Section 160 of the House bill also prohibited payment of any benefits for months after enactment which are withheld on account of the Treasury ban, and provides that past benefits withheld (through the month of enactment) may not be paid, if and when the ban ends, in excess of the last 12 months' benefits or to anyone other than the beneficiary or a survivor entitled to benefits on the same earnings record.

The Senate amendment modified section 160 of the House bill to delay the effective dates of these provisions until December 31, 1968.

The conference agreement delays the effective dates of these provisions only until June 30, 1968.

#### SPECIAL PROVISION IN THE CASE OF CERTAIN CHILDREN

Amendment No. 124: Section 161 of the House bill amended section 203(a) of the Social Security Act to provide that benefits payable to illegitimate children whose entitlement to benefits derives from section 216(h)(3) of the Act as added by the 1965 Amendments may not exceed the difference between the total amount payable to other persons on the same wage record and the family maximum amount.

The Senate amendment modified section 161 of the House bill (1) to provide that where benefits payable on the effective date of the 1965 Amendments were reduced because such a child became entitled to benefits under the provision added by the 1965 Amendments, the benefits will no longer (after February 1968) be so reduced, and (2) to permit the provisions of present law to continue to apply in the case of children who became entitled under section 216(h)(3) after the effective date of the 1965 Amendments or become so entitled in the future.

The conference agreement incorporates in substance the Senate amendment with respect to those on the benefit rolls in the month of enactment and retains the House provision with respect to children becoming entitled to benefits in the future. It also makes appropriate adjustment in effective dates and qualifications to assure their proper coordination.

#### ADVISORY COUNCIL ON SOCIAL SECURITY

Amendment No. 126: Section 163 of the House bill amended section 706 of the Social Security Act to provide that an Advisory Council on Social Security is to be appointed in February 1969 and in February of every fourth year thereafter (instead of "during 1968 and every fifth year thereafter" as in existing law), and that each such Council is to report no later than January 1 of the year following the year of its appointment. (Section 163 also provided that the Chairman of each such Council is to be appointed by the Secretary; under existing law the Com-

missioner of Social Security serves as Chairman.)

The Senate amendment modified section 163 of the House bill to provide that the Advisory Council appointed in 1969 and every fourth year thereafter is to be appointed at any time after January 31 rather than "during February" as in the House bill, and will have until the first day of the second year following the year of its appointment (as in existing law) to make its report including any interim reports it might have issued.

The House recedes with a technical amendment.

#### DISCLOSURE TO COURTS OF THE WHEREABOUTS OF CERTAIN INDIVIDUALS

Amendment Nos. 130 and 131: Section 166 of the House bill provided that, upon request, the Secretary of Health, Education, and Welfare is to furnish an appropriate court with the most recent address of a deserting father (or his employer) if the court requests the information in connection with a support or maintenance order for a child.

The Senate amendment modified section 166 of the House bill so as to assure that information regarding the runaway parent's whereabouts will also be available to courts in interstate support or maintenance proceedings.

The House recedes.

#### EXPEDITED BENEFIT PAYMENTS

Amendment No. 141: The Senate amendment added to the House bill a new section (172), amending section 205 of the Social Security Act to provide for expedited payment of claims for monthly benefits on the basis of a written request filed under specified conditions in certain cases where an individual alleges that a benefit due him was not paid.

The House recedes with a technical amendment.

#### STUDY OF PROPOSED LEGISLATION

Amendment No. 142: The Senate amendment added to the House bill a new section (173), directing the Secretary of Health, Education, and Welfare to study and report to the Congress, on or before January 1, 1969, the effects (including the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry) which might result from enactment of two proposals relating to drugs: (1) a proposal to cover qualified drugs under the supplementary medical insurance program, and (2) a proposal to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance program.

The Senate recedes (but a somewhat similar provision is included in section 405 of the bill—see amendment No. 282).

#### DISABILITY INSURANCE BENEFITS FOR THE BLIND; DEFINITION OF BLINDNESS

Amendment No. 143: The Senate amendment added to the House bill a new section (174), amending section 223 (and related provisions) of the Social Security Act to provide that for purposes of both disability insurance benefits and the disability freeze the term "disability" includes blindness (as defined by the amendment) regardless of whether or not the individual involved can engage (or is engaging) in substantial gainful activity, and also to provide that an individual whose disability is blindness (as so defined) is insured for disability insurance benefits for any month if he had not less than 6 quarters of coverage before the quarter in which such month occurs; such an individual would continue to receive his disability insurance benefits after attaining age 65. (Existing law generally requires an individual to be fully insured and to have 20 quarters of coverage in the 40 quarters ending with the quarter in which the dis-

ability begins, with a limited relaxation of the latter requirement in certain cases involving blindness.) The term "blindness" is redefined to mean central visual acuity of 20/200 or less in the better eye, or visual acuity better than 20/200 if accompanied by a limitation of the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

The conference agreement contains the liberalized definition of blindness, but omits the other provisions of the Senate amendment.

#### CHILD'S INSURANCE BENEFITS WHERE DISABILITY BEGAN BETWEEN 18 AND 22

Amendment No. 144: The Senate amendment added to the House bill a new section (175), amending section 202 of the Social Security Act to permit a child to become entitled to child's insurance benefits on the basis of a disability which began at any time before age 22 (rather than only on the basis of a disability which began before age 18, as required under present law).

The Senate recedes.

#### ATTORNEYS' FEES

Amendment No. 145: The Senate amendment added to the House bill a new section (176), amending section 206(a) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to certify payment of attorneys' fees for services rendered in administrative proceedings from past-due benefits of a successful claimant. The amount of the fee so certified in any case would be the smaller of: (A) 25 percent of the total past-due benefits, (B) the amount of the attorney's fee fixed by the Secretary, or (C) the amount agreed upon between the claimant and the attorney.

The House recedes with a technical amendment.

#### PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

Amendments 146, 147, 149, 153, 157, and 166: Section 201 of the House bill amended title IV of the Social Security Act to require that services be provided under State AFDC plans to assure to the maximum extent possible that children and other family members will enter the labor force so that they will become self-sufficient and for the purpose of reducing the number of births out of wedlock including the offer of family planning services in all appropriate cases and otherwise strengthening family life. The House bill also strengthens services relating to the establishment of paternity, securing support and other specific services. (As under present law, States can secure Federal participation in other services if they choose to provide them.)

The Senate amendments generally accept the provisions of the House bill, appropriately adjusted to reflect the transfer of most of the responsibility for employability services to the Secretary of Labor. They also broaden the provision in existing law which requires a program of services for children so as to include other family members under the State plan. The program is to include any needed child-welfare services, and any other services needed for preserving, rehabilitating, reuniting, or strengthening the family and services that will assist members of the family toward maximum self-support and personal independence.

The House recedes with amendments which are largely of a technical or conforming nature.

#### STATE AND LOCAL SINGLE ORGANIZATIONAL UNIT PROVIDING SERVICES UNDER FAMILY PROGRAMS

Amendments Nos. 154, 155, and 167: Section 402(a)(15) of the Social Security Act under section 201(a)(1) of the House bill, required that where the programs of services furnished to families with dependent children are developed and the services provided by the staff of the State or local agency

administering the State AFDC plan, the provision of the services must be the responsibility of a single organizational unit in such State or local agency.

Senate amendments Nos. 154 and 155 modified the provisions of the House bill so as to eliminate the single-unit requirement in the case of a local agency while retaining the requirement in cases where it is the State agency that develops and implements the program of services. Senate amendment No. 167 modified section 201(g) of the House bill to provide that if on enactment the State agency responsible for the State AFDC plan is different from the State agency responsible for the State's child-welfare services plan, the requirement for a single organizational unit would not apply for so long as such agencies are different. (See also Senate amendments Nos. 250 through 253.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 167 waiving the single organizational unit requirement in cases where at time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at time of enactment the two local agencies involved in a political subdivision are different.

#### EARNINGS EXEMPTIONS FOR PUBLIC ASSISTANCE RECIPIENTS

Amendments Nos. 173, 174, 175, and 176: Section 202(b) of the House bill amended section 402(a) of the Social Security Act to require each State under its AFDC plan to exempt all of the earnings of recipients who are under age 16, or who are age 16 to 21 if they are in full-time school attendance, and to exempt the first \$30 of the total of the monthly earnings of the family plus one-third of the remainder of the earnings of the family (including children age 16-21 not in school, the caretaker relative, and any other individual living in the home and taken into account in the determination of need).

Senate amendments Nos. 173 and 174 modified the House bill to provide that all of the earnings of any child receiving AFDC are to be exempted only if the child is a full-time student or a part-time student who is not a full-time employee. Senate amendments Nos. 175 and 176 increased the amount to be exempted from the first \$30 of total monthly earnings plus one-third of the remainder to the first \$50 of total monthly earnings plus one-half of the remainder. The amendments would become effective July 1, 1969, but a State could put them into effect at any time after December 31, 1967.

The House recedes on amendments Nos. 173 and 174, and the Senate recedes on amendments Nos. 175 and 176.

With respect to amendment No. 174, the House recedes with the understanding that in order to qualify for the earnings exemption a part-time student must have a school schedule that is equal to at least one-half of a full-time curriculum.

#### EXEMPTION OF SUPPORT CONTRIBUTIONS AS EARNED INCOME OF RECIPIENTS OF AFDC

Amendment No. 178: The Senate amendment added to section 402(a)(8) of the Social Security Act, as amended by section 202 of the House bill, a provision that contributions by an absent parent under a court order for the support of a dependent child receiving AFDC are to be considered as earned income for purposes of determining need and the amount of the assistance payment, subject to the earnings exemptions provided in the bill (see Senate amendments Nos. 173 through 178).

The Senate recedes.

#### EXEMPTION OF EARNINGS UNDER OLD AGE ASSISTANCE AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

Amendments Nos. 181, 182, 183, and 184: Senate amendments Nos. 181, 182, and 183

added to section 202 of the House bill provisions amending sections 2(a), 1402(a), and 1602(a) of the Social Security Act to apply the same provisions for exemption of earned income that are incorporated in title IV—i.e., the first \$50 plus one-half of the remainder (under Senate amendments Nos. 175 and 176)—to persons receiving aid or assistance under titles I, XIV, and XVI of the Act. Senate amendment No. 184 modified section 202(d) of the House bill to apply to the determination of need under titles I, X, XIV, XVI, and XIX of the Act the requirement (applicable only to AFDC under the House bill) that States disregard any earned income exemptions which may be provided by other laws.

The Senate recedes on amendments Nos. 181, 182, and 183. The conference agreement contains the provision added by amendment No. 184, with amendments conforming to the Senate recession on the preceding amendments and making the provision effective July 1, 1968.

#### UNEMPLOYED FATHERS UNDER AFDC

Amendments Nos. 186, 189, 190, 191, 193, and 195: Section 407 of the Social Security Act, as amended by section 203(a) of the House bill, defined an unemployed father (for purposes of determining the eligibility of his children for AFDC) so as to exclude fathers who do not have 6 or more quarters of work in any 13-calendar-quarter period ending within one year prior to the application for aid, and fathers who receive (or are qualified to receive) any unemployment compensation under State law.

The Senate amendments removed these exclusions, and restored the provision of present law under which a State may at its option wholly or partly deny AFDC for any month where the father receives unemployment compensation during the month. (The Senate amendments also removed certain work or training requirements in order to conform with amendments No. 198, and modified the effective date provisions of the House bill.)

The Senate recedes (except on the conforming amendments and effective date provisions).

#### MANDATORY PROVISION OF AID TO CHILDREN IN NEED BECAUSE OF FATHER'S UNEMPLOYMENT

Amendment No. 197: The Senate amendment added to section 203 of the House bill a new subsection (c), amending section 402 (a) of the Social Security Act to require an approved State plan for AFDC to provide, effective July 1, 1969, for assistance to children in need because of the unemployment of their father as provided in section 407 of the Act. (Section 407 itself, under both the House bill and Senate amendments Nos. 186 through 196, simply gives the States the option of extending their AFDC programs to include these children.)

The Senate recedes.

#### WORK INCENTIVE PROGRAMS FOR RECIPIENTS OF AFDC

Amendment No. 198: Section 204 of the House bill provided for a community work and training program for all appropriate adults and older children receiving AFDC, to be administered by the welfare agencies. Participation by an individual in the program would be a condition of that individual's eligibility for aid; and if a relative refused without good cause to participate, aid for the children would be denied or if provided would be limited to protective or vendor payments or payments for foster care.

The Senate amendment substituted for the House bill's community work and training program a new work incentive program to be administered by the Department of Labor for AFDC recipients referred by wel-

fare agencies. Those referred would be assigned to regular employment, institutional or work-experience training, or subsidized special work projects, depending upon their experience and qualifications; certain classes of persons for whom any referral would be inappropriate are specifically enumerated. Persons assigned to regular employment would qualify for the earnings exemption provided by section 202 of the bill; and an incentive training allowance of up to \$20 a week would be provided for those assigned to training programs. If an individual refused without good cause (as determined by the Secretary of Labor) to accept work or training, AFDC payments on behalf of the dependent children to such individual would not terminate, and such individual's needs could continue to be taken into account for 60 days if he received counseling during that period (but his grant would have to be paid in the form of protective or vendor payments). Mothers or other relatives could not be required to participate in a work program necessitating their absence from home during times when the children are not attending school. Recipients under the District of Columbia's special program of temporary assistance for unemployed parents would be treated the same as recipients of AFDC under a regular unemployed parents program.

The conference agreement contains the provisions of the Senate amendment, with amendments (1) changing the incentive training allowance from \$20 a week to \$30 a month, (2) decreasing the Federal share from 90 to 80 percent of the costs of carrying out the program, (3) eliminating mothers and other relatives who care for pre-school children or children under 16 attending school from the specified classes of persons for whom referral under the program is declared to be inappropriate, (4) removing the provision which would have allowed the States, under criteria established by the Secretary, to set up other exclusions (the conferees believe that the language which allows the States to define the term "appropriate" gives sufficient flexibility to the States to determine who should be referred to the work incentive program), and (5) providing that if a relative refuses without good cause to accept work or training, AFDC payments on behalf of the dependent children must be made in the form of protective or vendor payments or payments for foster care.

It is the understanding and clear intent of the conferees that the Department of Labor functions in this program will be carried out through the system of State employment service offices.

The conferees noted that the agreed-upon bill contains provisions requiring the Secretary of Labor to make an annual report (the first one due July 1, 1970) on the program, and that the Secretary of Health, Education, and Welfare is to make similar reports (also beginning on July 1, 1970) on programs of the States furnishing services designed to make it possible for AFDC recipients to take work or training. The conferees intend to watch very closely the administration of this program and the emerging experience gained under it.

At the request of the conferees, the Department of Labor furnished its estimates, based upon the provisions of the bill agreed to by the conference committee, concerning expenditures for work and training activities under the program, the numbers of persons who could be trained and located in employment, and reductions in Federal expenditures under the AFDC program which will result from these activities. These estimates are shown in the following table furnished by the Department of Labor.

#### WORK-TRAINING IMPACT

Fiscal year	Work-training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements (thousands) after training
1968...	\$30	-----	27	-----
1969...	* 129	-\$11	110	13
1970...	165	-63	150	55
1971...	209	-145	190	75
1972...	308	-257	280	95
Total.	841	-476	757	238

<sup>1</sup> Does not include recipients on priority III work projects.  
<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

#### FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Amendments Nos. 200 and 201: Section 205 of the House bill amended title IV of the Social Security Act to authorize Federal participation in payments for foster care of certain dependent children under the AFDC program to the extent that such payments do not exceed an average of \$100 per month, effective with respect to foster care provided after September 1967.

Senate amendment No. 200 reduced this figure to \$50, and Senate amendment No. 201 made the provision effective with respect to foster care provided after December 1967.

The Senate recedes on amendment No. 200, and the House recedes on amendment No. 201.

#### EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

Amendments Nos. 207, 208, and 212: Section 206 of the House bill amended title IV of the Social Security Act to provide that the Federal Government will participate in State expenditures under a program for emergency assistance to certain needy families with children which is furnished for not more than 30 days in any 12-month period.

Senate amendment No. 207 extended to 60 days in any 12-month period the period for which Federal sharing as provided in the House bill may be available. Senate amendment No. 208 excluded from such Federal sharing expenditures for children whose destitution or need for living arrangements arose because the child or the caretaker relative refused without good cause to accept employment or training for employment. Senate amendment No. 212 added a provision making it clear that the emergency assistance so authorized may be provided to migrant workers with families in the State or in a part or parts of the State designated by the State.

The Senate recedes on amendment No. 207, and the House recedes on amendments Nos. 208 and 212.

#### PROTECTIVE AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

Amendment No. 213: Section 207 of the House bill, which authorized Federal sharing under the AFDC program in vendor payments made directly to a person furnishing goods and services as well as in protective payments made to another individual who is interested in or concerned with the welfare of the child or caretaker relative, struck out the provision of present law limiting the number of individuals receiving protective payments who may be included as AFDC recipients for any month to 5 percent of the number of other AFDC recipients for the month.

The Senate amendment retained the limit (which would now apply to vendor payments as well as protective payments) but increased it from 5 to 10 percent. The Senate amendment also eliminated the House provision for the inclusion of protective and vendor payments as AFDC without regard to certain

specified conditions in cases where the child or caretaker relative refuses without good cause to accept employment or training.

The conference agreement contains the Senate provision retaining the limit and increasing it from 5 to 10 percent, but excludes from the computation of the 10 percent any individuals with respect to whom protective or vendor payments are required because of refusal without good cause to accept work or training.

**LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE**

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

**FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOMES OWNED BY RECIPIENTS OF AID OR ASSISTANCE**

Amendments Nos. 217, 219, and 220: Section 209 of the House bill added to title XI of the Social Security Act a new section 1119, authorizing 50-percent Federal financial participation under specified conditions in expenditures not in excess of \$500 for repairs to a home owned by an aged, blind, or permanently and totally disabled recipient of aid or assistance under title I, X, XIV, or XVI of the Act.

The Senate amendment extended this provision to include the same Federal financial participation in home repair expenditures for recipients of AFDC under title IV of the Act.

The House recedes.

**USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE**

Amendment No. 221: The Senate amendment added to the House bill a new section (209), amending sections 2, 402, 1002, 1402, 1602, and 1902 of the Social Security Act to require each State plan for public assistance under title I, X, XIV, XVI, and XIX, and part A of title IV, to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially-paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 249 and 271.)

The House recedes with a technical amendment.

**SIMPLICITY OF ADMINISTRATION**

Amendment No. 222: The Senate amendment added to the House bill a new section (210), amending sections 2, 402, 1002, 1402, and 1602 of the Social Security Act to require that a State's methods of administering its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, be such as to assure that eligibility for and the extent of aid or assistance under the plans will be determined in a manner consistent with sim-

licity of administration and the best interests of the recipients.

The Senate recedes.

**LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN; ESTABLISHMENT AND COLLECTION OF LIABILITY TO THE UNITED STATES**

Amendment No. 223: The Senate amendment added to the House bill a new section (211), amending title IV of the Social Security Act and chapter 64 of the Internal Revenue Code of 1954 to require that State plans for AFDC provide for the use of certain procedures for obtaining information through the files of the Department of Health, Education, and Welfare and the Internal Revenue Service and for the use of such information in the location of a parent against whom a court order has been issued or a petition filed for an order for the support of his children receiving aid; to require inter-State cooperation in securing compliance with a court order issued against a deserting parent; and to establish a procedure under which a deserting parent could become liable to the United States for the Federal share of the AFDC payments made for his children, or, if lower (for any unpaid portion of such a support order) which would be subject to collection by the Secretary of the Treasury.

The conference agreement contains the provisions of the Senate amendment on obtaining information for use in locating parents and on securing compliance with court support orders, but omits the provisions relating to the establishment and collection of liability to the United States.

**PROVISION OF SERVICES BY OTHERS THAN A STATE**

Amendment No. 224: The Senate amendment added to the House bill a new section (212), amending sections 3(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act to permit the Secretary to make exceptions from the usual requirement that services (under a State plan approved under title I, X, XIV, or XVI of the Act) be obtained only from the State or local agency administering the plan or from certain other designated State agencies, in order to authorize the purchase of such services from other agencies and persons. (Section 201(d) of the House bill, which was not changed in substance by the Senate amendments, amended section 403(a) of the Act to provide that, except to the extent specified by the Secretary, child-welfare services, family planning services, and family services under a State plan for AFDC approved under title IV of the Act may be obtained from sources other than the designated State and local agencies.)

The House recedes with a technical amendment.

**INCREASING INCOME OF RECIPIENTS OF ASSISTANCE**

Amendment No. 225: The Senate amendment added to the House bill a new section (213), amending sections 2, 1002, 1402, and 1602 of the Social Security Act (effective July 1, 1968) to require each State to adjust its standards for determining need, the extent of its aid or assistance, and the maximum amount of the aid or assistance payable under its plans approved under titles I, X, XIV, and XVI so that the total aid or assistance and other income per recipient will be no less than \$7.50 per month above the total aid or assistance and other income per recipient under the standards and maximums applicable on December 31, 1966 (or on June 30, 1966, in the case of States with statutory cost-of-living adjustments). The new section also amended section 402(a) of the Act to require that by July 1, 1969, and annually thereafter, each State (under its plan for AFDC approved under title IV) must adjust its standards so as to reflect current living costs and make proportionate

adjustments in any maximums on the amount of aid.

Under the conference substitute, each State (under its plans approved under titles I, X, XIV, and XVI) would be authorized to disregard up to \$7.50 per month (instead of \$5 as under present law) of any income of a recipient, in addition to any amounts which the State agency is otherwise authorized to disregard. Under the agreement, the new section 402(a) provision (for adjustments to reflect living costs) would require State to make only one adjustment before July 1, 1969, after which date the provision would not apply.

**LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE**

Amendment No. 226: Section 220 of the House bill amended section 1903 of the Social Security Act to limit Federal financial participation in medical assistance in any State to expenditures for families whose income does not exceed a level equal to 133 $\frac{1}{3}$  percent of the AFDC title IV payment level, or in the alternative (if lower) 133 $\frac{1}{3}$  percent of the State's per capita income applied to a family of four. (For the period July-December 1968, the percentages are 150, and for the calendar year 1969, 140 in the case of States whose plan was approved before July 26, 1967.)

The Senate amendment modified section 220 of the House bill to set the limiting income level at 150 percent of the old-age assistance (title I or XVI) standard, and reduced the Federal matching share in expenditures for the medically indigent to the square of the fraction equivalent to the Federal medical assistance percentage. (The income limit would be effective July 1, 1968, and the reduced Federal share on July 1, 1969, except in the case of Puerto Rico, Guam, and the Virgin Islands.)

The Senate recedes with amendments (1) exempting needy persons receiving or eligible for cash aid or assistance from the limitation, and (2) eliminating the alternative limitation based on the State's per capita income.

**MAINTENANCE OF STATE EFFORT**

Amendments Nos. 227, 228, 229, and 230: Section 221 of the House bill amended section 1117 of the Social Security Act to give States additional alternatives for measuring State effort under the provisions designed to assure that States maintain their fiscal effort after new Federal funds become available during a period expiring July 1, 1969.

The Senate amendments modified section 221 of the House bill by advancing the expiration date of the section 1117 period to June 30, 1968. They also amended section 1117 so that its provisions are applicable to quarters beginning after June 30, 1966, rather than after December 31, 1965.

The House recedes.

**EXTENSION OF TIME TO MODIFY SECTION 1843 AGREEMENTS TO COVER SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFICIARIES**

Amendment No. 231: The Senate amendment modified section 222 of the House bill (relating to coordination of title XIX and the supplementary medical insurance program) to extend from January 1, 1968, to January 1, 1970, the period within which a State may request a modification of its agreement under section 1843 of the Social Security Act so as to cover under such agreement individuals (otherwise eligible) who are entitled to social security or railroad retirement benefits.

The House recedes.

**REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN**

Amendment No. 233: Section 224 of the House bill amended section 1902(a)(13) of the Social Security Act to permit a State, as an alternative to providing the basic 5 items of services required under present law, to

provide any 7 of the first 14 services listed in the law (section 1905(a) of the Act).

The Senate amendment modified section 224 of the House bill to require the States to continue to provide the basic 5 services for all money payment recipients; for the medically indigent, States would be allowed to select either the basic 5 or any 7 out of the first 14 services listed, except that if nursing home or hospital care services are selected a State must also provide physician's services in these institutions. After July 1, 1970, home health services would have to be provided to assistance recipients eligible for skilled nursing home care. The Senate amendment also required a State medical assistance plan to provide for the payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care (skilled nursing home and intermediate care facility) services and home health care services provided under the plan. (Present law requires the payment of reasonable cost only in the case of inpatient hospital services.)

The conference agreement contains the Senate provisions except those requiring payment of reasonable costs for extended care and home health services. It is the judgment of the managers for the House that adequate information concerning actual costs in this area is not yet available and that the method of making payment for such costs should not be changed until such information has been obtained.

#### FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

Amendments Nos. 234 and 235: Section 227 of the House bill amended section 1902(a) of the Social Security Act to assure that any individual eligible for medical assistance will be free to obtain such assistance from the qualified institution, agency, or person of his choice.

The Senate amendments modified the House provision to include community pharmacies and drugs among the providers and services with respect to which free choice is assured. (See also Senate amendment No. 295.)

The House recedes.

#### DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

Amendment No. 236: Section 230 of the House bill amended section 1905(a) of the Social Security Act to permit States to make direct payments to recipients of medical assistance to meet the cost of physicians' services to individuals not receiving cash assistance.

The Senate amendment modified section 230 of the House bill to permit States to include dentists' as well as physicians' services and to include cash assistance recipients as well as medically needy persons, under safeguards prescribed by the Secretary to assure quality and reasonableness of charge.

The conference substitute contains the Senate provision including dentists as well as physicians under the direct payment procedure, but omits the Senate provision extending the procedure to cash assistance recipients and providing for prescribed safeguards.

#### OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 237: The Senate amendment added to the House bill a new section (232), providing (in a new section 1907 of the Social Security Act) that no individual will be compelled by reason of anything in title XIX to undergo medical screening, examination, diagnosis, treatment, or other care which is contrary to his religious beliefs (other than for the purpose of discovering or preventing the spread of infection or contagious disease or for the purpose of protecting environmental health).

The House recedes.

#### COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

Amendment No. 238: The Senate amendment added to the House bill a new section (233), amending section 1905(a) of the Social Security Act to permit a State to make medical assistance available under title XIX to the spouse of a recipient of cash assistance under title I, X, XIV, or XVI if the State determines that the spouse is essential to the well-being of the cash recipient.

The House recedes.

#### INSPECTION OF RECORDS AND PREMISES OF PROVIDERS OF CARE AND SERVICES UNDER PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE

Amendment No. 239: The Senate amendment added to the House bill a new section (234), amending sections 2(a), 402(a), 1002(a), 1402(a), 1602(a), and 1902(a) of the Social Security Act to require State plans (approved under titles I, IV, X, XIV, XVI, and XIX) to provide for agreements with providers of medical care and services giving the General Accounting Office and the Department of Health, Education, and Welfare such access to the records and premises of the providers as may be necessary to assure that proper payments are being made under the plan and otherwise to carry out the purposes of the program involved.

The Senate recedes.

#### STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 240: The Senate amendment added to the House bill a new section (234a), amending section 1902(a) of the Social Security Act to require State plans for medical assistance under title XIX to provide for a regular program of professional medical review and periodic inspection with respect to care furnished title XIX patients in skilled nursing homes and mental hospitals, and to provide that skilled nursing homes receiving payments under title XIX meet certain conditions including requirements pertaining to health care, environment, sanitation, and fire and safety. All persons and institutions providing services under the title XIX plan must agree to keep appropriate records and furnish the State agency with information. Assistance payments with Federal participation could not be made after June 30, 1968, to homes not meeting States' requirements for licensure.

The House recedes with a technical amendment.

#### COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 241: Under existing law States may not impose any deductibles or cost-sharing with respect to inpatient hospital services provided under the medical assistance program. The Senate amendment added to the House bill a new section (234(b)), amending section 1902(a) of the Social Security Act to permit a State to impose deductibles or cost-sharing with respect to inpatient hospital services received by the medically needy (but, as under present law, not with respect to services received by money payment recipients). It also removed the requirement that the full cost of deductibles under the hospital insurance program (title XVIII(A)) be met under the title XIX medical assistance program.

The House recedes with technical amendments.

#### STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 242: The Senate amendment added to the House bill a new section (234c), amending title XIX of the Social

Security Act to require State plans for medical assistance to include a State program which meets specified conditions for the licensing of administrators of nursing homes. Administrators who did not qualify initially would have until July 1, 1972, to qualify, and the States would be required to offer programs of training to assist administrators to qualify.

The House recedes with technical amendments.

#### UTILIZATION AND COST OF CARE AND SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 243: The Senate amendment added to the House bill a new section (234d), amending section 1902(a) of the Social Security Act to require an approved State plan for medical assistance under title XIX to provide such methods and procedures relating to the utilization of and payment for care and services under the plan as may be necessary to safeguard against unnecessary utilization of such care and services.

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

#### DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

Amendment No. 244: The Senate amendment added to the House bill a new section (234e), amending section 1902(a)(17) of the Act to require a State's plan for medical assistance under title XIX to provide for flexibility in the application of its standards for determining eligibility for and the extent of medical assistance in the case of medically needy individuals, by establishing differences in income levels which recognize variations in shelter costs between urban and rural areas.

The House recedes with an amendment to allow, rather than require, States to establish such differences.

#### CHILD-WELFARE SERVICES APPROPRIATION

Amendments Nos. 245 and 246: Section 420 of the Social Security Act, as added by section 235(c) of the House bill, authorized the appropriation for child-welfare services of \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

The Senate amendment increased these authorizations to \$125,000,000 for the fiscal year ending June 30, 1969, and \$160,000,000 for each fiscal year thereafter.

The Senate recedes.

#### DAY CARE STANDARDS APPLICABLE TO AFDC CHILDREN

Amendment No. 247: Section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, included certain requirements with respect to day care services provided under the State's plan for child-welfare services.

The Senate amendment modified the House bill to make these requirements applicable to all day care services provided under title IV of the Act—i.e., to services provided under the AFDC program as well as those provided under the child-welfare services program.

The House recedes.

#### PARENT INVOLVEMENT IN DAY CARE

Amendment No. 248: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to include a requirement that a plan for day care services under title IV

of the Social Security Act provide for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.

The House recesses.

**USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS**

Amendment No. 249: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to require that no later than July 1, 1969, a State plan for child-welfare services must provide for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community service aides, in the administration of the plan, and for the use of non-paid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 271.)

The House recesses.

**MODIFICATION OF SINGLE STATE OR LOCAL AGENCY REQUIREMENTS UNDER CHILD-WELFARE SERVICES PROGRAM**

Amendments Nos. 250, 251, and 253: Section 235(d) of the House bill amended section 422(a) of the Social Security Act (as added by section 235(c) of the bill) to require States to furnish child-welfare services to children receiving AFDC through a single organizational unit in the State and local agency; and section 235(e) of the House bill made this amendment effective July 1, 1968.

Senate amendments Nos. 250 and 251 modified section 235(d) of the House bill to maintain the single-unit requirement with respect to the State agency but eliminate it with respect to the local agency. Senate amendment No. 253 modified section 235(e) of the House bill to provide that where different State agencies are administering the plan for child-welfare services and the plan for AFDC as of the date of enactment of the bill, the requirement for administration by the same State agency will not be applicable. (See also discussion of Senate amendment No. 154 supra.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 253 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

**SEPARATE AUTHORIZATION FOR SOCIAL SECURITY RESEARCH PROGRAM**

Amendment No. 254: The Senate amendment modified section 246 of the House bill to provide specifically under section 1110 of the Social Security Act for grants for projects such as those relating to the causes of economic insecurity, risks to family income, costs of health care, and improvements in the social security program, so that there might be separate authorizations for cooperative research and demonstration grant programs for the Social Security Administration and the Social and Rehabilitation Service.

The Senate recesses.

**PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS**

Amendment No. 255: Section 247 of the House bill (in addition to making the section 1115 program permanent) amended section 1115 of the Social Security Act to increase from \$2 million to \$4 million the annual amount authorized for payments to States to encourage them to develop demonstrations in improved methods of providing serv-

ices to recipients of aid or assistance under titles I, X, XIV, XVI, and XIX and part A of title IV or in improved methods of administration.

The Senate amendment further increased the annual authorization for this purpose to \$10 million.

The Senate recesses.

**STUDY TO DETERMINE WAYS OF ASSISTING RECIPIENTS OF AID OR ASSISTANCE IN SECURING PROTECTION OF CERTAIN LAWS**

Amendment No. 257: The Senate amendment added to the House bill a new section (250), directing the Secretary of Health, Education, and Welfare to make a study of means for increasing the effectiveness of State welfare agency staffs in helping applicants and recipients secure the full benefit of health, housing, and related laws and make the most effective use of public assistance and other community programs, and to submit his recommendations in a report to the Congress by July 1, 1969. The study is to include the extent to which the various programs may be used to enforce health, housing, and related laws.

The Senate recesses.

**ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES**

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recesses with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanitoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

**AUTHORIZATION OF APPROPRIATIONS FOR MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES**

Amendments Nos. 259, 260, 261, and 262: The authorizations for appropriations for the maternal and child health and crippled children's services programs under title V of the Social Security Act, as set forth in section 301 of the House bill and under the Senate amendments, are as follows:

Fiscal year ending—	House bill	Senate amendment
June 30, 1970.....	\$275,000,000	\$305,000,000
June 30, 1971.....	300,000,000	360,000,000
June 30, 1972.....	325,000,000	385,000,000
June 30, 1973, and each fiscal year thereafter.....	350,000,000	410,000,000

The Senate recesses.

**earmarking OF CHILD HEALTH APPROPRIATION FOR FAMILY PLANNING SERVICES**

Amendment No. 263: The Senate amendment added to section 502 of the Social Security Act, as amended by section 301 of the House bill, a provision earmarking for family planning services the following percentages of appropriations made pursuant to section 501 of the act from allotments for

maternal and child health services (sec. 503) and from project funds for maternity and infant care (sec. 508) and research (sec. 512):

For the fiscal year ending:	Not less than
June 30, 1969.....	6 percent
June 30, 1970.....	15 percent
June 30, 1971, and thereafter.....	20 percent

The House recesses with an amendment providing simply that the percentage for any fiscal year shall not be less than 6 percent.

**PAYMENT OF REASONABLE COST FOR EXTENDED CARE AND HOME HEALTH CARE SERVICES UNDER TITLE V PROGRAM**

Amendment No. 264: Section 505(a) of the Social Security Act, as amended by section 301 of the House bill, provided for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under a State's plan for maternal and child health services and services for crippled children.

The Senate amendment provided for payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care services and home health care services provided under the plan.

The Senate recesses.

**VOLUNTARY UTILIZATION OF OPTOMETRIC AND FAMILY PLANNING SERVICES**

Amendments Nos. 266 and 267: Senate amendment No. 266 added to section 505(a) of the Social Security Act, as amended by section 301 of the House bill, a new paragraph (13) requiring any approved State plan for maternal and child health and crippled children's services to provide that where payment is authorized for services which an optometrist is licensed to perform and such services are not rendered either in a clinic or another appropriate institution which has no arrangements with optometrists, the individual for whom such payment is authorized may obtain the services from any optometrist licensed to perform them. It also added to section 505(a) a new paragraph (14), requiring any such plan to provide that acceptance of family planning services provided under the plan will be voluntary and not a prerequisite to eligibility for or the receipt of any service under the plan. Senate amendment No. 267 added to section 508(a) of the Act a new sentence providing that, for purposes of special project grants for maternity and infant care under section 508 and research projects relating to maternal and child health services and crippled children's services under section 512, acceptance of family planning services provided under a project is to be voluntary and not a prerequisite to eligibility for or receipt of any service under the project.

The House recesses with a clarifying amendment.

**GRANTS FOR TRAINING OF PERSONNEL FOR HEALTH CARE SERVICES FOR MOTHERS AND CHILDREN**

Amendment No. 268: Section 511 of the Social Security Act, as amended by section 301 of the House bill, provided that in making grants for training of personnel for health care and related services for mothers and children the Secretary is to give priority to programs providing training at the undergraduate level. The Senate amendment substituted "special attention" for "priority".

The House recesses, with the understanding that in making future commitments for programs the emphasis shall be on undergraduate training.

**OBSERVANCE OF RELIGIOUS BELIEFS**

Amendment No. 270: The Senate amendment added to title V of the Social Security Act (as amended by section 301 of the House bill) a new section 515, providing that nothing in title V is to require a State under

such title to compel any person to undergo medical screening, examination, diagnosis, treatment, or other care (other than for the purpose of discovering or preventing spread of infection or contagious disease or for protecting environmental health) if such person; or, in the case of a child, his parent or guardian, objects on religious grounds. (See also Senate amendment No. 237.)

The House recedes.

#### USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 271: The Senate amendment added to the House bill a new section (304), amending section 505 of the Social Security Act to require an approved State plan for maternal and child health services and crippled children's services to include, no later than July 1, 1969, provision for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community services aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 249.)

The House recedes.

#### ADMINISTRATION OF THE PROGRAM FOR SERVICES FOR CRIPPLED CHILDREN

Amendment No. 272: The Senate amendment added to the House bill a new section (305), providing for the administration of the program of services for crippled children through the Children's Bureau (in the Department of Health, Education, and Welfare).

The Senate recedes upon the assurance of the Department that the objective of the amendment has been accomplished administratively.

#### EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

Amendment No. 273: The Senate amendment added to the House bill a new section (306), amending section 231(d) of the Social Security Amendments of 1965 to extend from 2 to 3 years after its inauguration the period allowed for completion of the health research and study of resources relating to children's emotional illnesses.

The House recedes with technical amendments.

#### INCENTIVE FOR IMPROVEMENTS IN THE PROVISION OF HEALTH SERVICES

Amendments Nos. 275, 276, 277, 279, 280, and 281: Section 402 of the House bill authorized the Secretary of Health, Education, and Welfare to experiment in reimbursing in a manner mutually agreed upon those organizations and institutions which furnish health services otherwise covered under titles V, XVIII, and XIX of the Social Security Act on a reasonable cost basis, with a view to developing incentives for economy while maintaining or improving quality in the provision of health services.

The Senate amendments modified section 402 of the House bill to include experiments with respect to reimbursement in a manner mutually agreed upon for physicians' services (which would otherwise be covered on a reasonable charge basis).

The House recedes with an amendment providing that the Secretary may not enter into such experiments before receiving the advice of competent specialists with respect to the soundness of such experiments and the adequacy of resources to carry them out; but it is understood that the Department under no circumstances will experiment on the basis of employment of physicians by the Government.

#### STUDIES BY SECRETARY

Amendment No. 282: The Senate amendment added to the House bill a new section (405), authorizing and directing the Secre-

tary of Labor, in consultation with the Secretary of Health, Education, and Welfare, and with other government departments and agencies and appropriate organizations and individuals, to conduct a study and investigation of various proposals for family allowances and child allowances. Consideration would be given to the effect of such proposals on the various Federal-State assistance programs and any savings which might accrue therefrom, and a report submitted to the President and the Congress by January 15, 1969.

The conference agreement omits the provision for a study by the Secretary of Labor of family and child allowances proposals, and provides instead for a study by the Secretary of Health, Education, and Welfare of (1) the existing retirement test and proposals for its modification (including proposals for increasing old-age insurance benefits on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Act, and (3) drug coverage under supplementary medical insurance (see amendments Nos. 43 and 142). The Secretary would report on this study by January 1, 1969.

#### INCOME TAX DEDUCTION OF EXPENSES FOR MEDICAL CARE OF INDIVIDUALS WHO HAVE ATTAINED AGE 65

Amendment No. 284: The Senate amendment added to the House bill a new section (501), amending section 213 of the Internal Revenue Code of 1954 to restore in substance the pre-1965-Amendments rule for computing the amount of the income tax deduction for medical and related expenses in the case of a taxpayer who has attained age 65 or whose spouse, parent, or spouse's parent has attained age 65. Under present law, a taxpayer's medical expenses are deductible only to the extent that they exceed 3 percent of his adjusted gross income, and the cost of medicine and drugs may be taken into account only to the extent that it exceeds 1 percent of his adjusted gross income, regardless of the age of the taxpayer or of any other member of his family; under the Senate amendment (effective for taxable years beginning after 1966) the 3-percent and 1-percent limitations will not apply to expenses paid for the care of the taxpayer and his spouse if either of them has attained age 65 by the end of the year, or to expenses paid for the care of a dependent age 65 or over who is the father or mother of either the taxpayer or his spouse. (The special \$150 allowance for insurance, added in 1965, is continued.)

The Senate recedes.

#### TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

Amendment No. 285: The Senate amendment added to the House bill a new section (502), amending section 501 of the Internal Revenue Code of 1954 to provide that an organization is to be treated as a tax-exempt hospital for all of the purposes of the Code if it is organized and operated on a cooperative basis (with all of its capital stock, if any, owned by its patrons) exclusively to perform services for tax-exempt private or public hospitals and such services are of a type which would constitute an integral part of the exempt activities of a tax-exempt hospital if they were performed by the hospital on its own behalf.

The Senate recedes.

#### EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

Amendment No. 286: The Senate amendment added to the House bill a new section (503), amending section 1402(h) of the Internal Revenue Code of 1954 to provide additional time for persons who have conscientious objections to public and private insurance (including social security), by reason of their adherence to the established tenets or teachings of the religious sect of which they are members, to apply for and be granted

exemption from the social security self-employment tax. Under the amendment, an individual may file application for exemption at any time on or before December 31, 1968, if he has self-employment income for any taxable year ending before December 31, 1967. (Under present law, the comparable filing date was April 15, 1966, for taxable years ending before December 31, 1965.) If an individual first receives self-employment income in a taxable year ending on or after December 31, 1967, the application would be timely (as under present law) if filed by the due date for the income tax return for that year; it would also be timely if filed within 3 months following the month in which the individual is first notified by the Internal Revenue Service that a timely application has not been filed.

The House recedes with a technical amendment.

#### COVERAGE STATUS OF FISHERMEN AND TRUCK LOADERS AND UNLOADERS

Amendment No. 287: The Senate amendment added to the House bill a new section (504), amending section 210 of the Social Security Act and sections 3121 and 3401 of the Internal Revenue Code of 1954 to clarify the employee status of fishermen and truck loaders and unloaders for purposes of social security coverage and income tax withholding. Generally the owner of a fishing boat is to be classified as the employer of the boat's crew members although in certain cases the person leasing or chartering the boat will be considered their employer. In the case of truck loaders and unloaders, the driver of the truck will generally be considered the employer, unless he is an employee of another person, in which event his employer will be considered the employer of the truck loaders and unloaders; an exception is provided where other persons are recognized as the employer. For benefit purposes these provisions were made retroactive so as to preserve the benefit rights of individuals who in the past have been considered by the Social Security Administration and the Internal Revenue Service to be performing services as employees; while for purposes of tax liability (in instances where this liability does not now exist) they would apply prospectively only.

The Senate recedes.

#### REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL INSURANCE TAX

Amendment No. 288: The Senate amendment added to the House bill a new section (505), amending various provisions of the Internal Revenue Code of 1954 so as to provide that a railroad employee who has wages or self-employment income under the social security program as well as his compensation under the railroad retirement program, and who makes contributions for hospital insurance under the two programs on an aggregate amount (compensation, wages, and self-employment income) in excess of the current earnings base, may obtain a refund of his excess contributions (as he would under existing law if each of his jobs were under the social security program) by treating his railroad compensation as wages or self-employment income for hospital insurance tax purposes.

The House recedes with a technical amendment.

#### JOINT EMPLOYEES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

Amendment No. 289: The Senate amendment added to the House bill a new section (506) to deal with situations where an individual is an employee of two or more tax-exempt organizations providing hospital or medical insurance and where one of the organizations pays all of the wages to the employee for his work for both organizations. In such cases the organization which pays the wages would, with the consent of the other organization, be treated as the em-

ployer of the individual with respect to his joint employment.

The Senate recedes.

**EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES**

Amendment No. 290: The Senate amendment added to the House bill a new section (507), amending section 1113 of the Social Security Act to extend from June 30, 1968, to June 30, 1969, the authorization of temporary assistance to United States citizens returned from a foreign country because of destitution or illness or because of war, invasion, or similar crisis.\*

The House recedes with a technical amendment.

**SOCIAL SECURITY BENEFIT INCREASE NOT TO BE CONSIDERED INCOME FOR VETERANS' PENSION PURPOSES**

Amendment No. 291: The Senate amendment added to the House bill a new section (508), amending sections 415(g) and 503 of title 38 of the United States Code to provide that any increase in monthly social security benefits resulting from the enactment of the bill is not to be counted as income for purposes of determining eligibility for, or the amount of, certain veterans' benefits in the case of an individual who is entitled to monthly social security benefits for the month of the enactment of the bill.

The Senate recedes.

**SECOND LIBERTY BOND ACT**

Amendment No. 292: The Senate amendment added to the House bill a new section (509), amending the Second Liberty Bond Act to provide that the rates of interest or investment yield on U.S. savings bonds and U.S. savings and retirement bonds issued after 1967 are to be comparable to the going rate on other U.S. Government obligations of similar maturity.

The Senate recedes.

**FOSTER CARE FOR CHILDREN**

Amendment No. 293: The Senate amendment added to the House bill a new section (510), amending title V of the Social Security Act to establish a new program of Federal grants to States for the provision of financial assistance and needed welfare services to children under foster care in foster family homes and institutions. The Secretary was authorized to make payments to any State with a plan containing specified provisions and approved by him in amounts equal to the State's Federal percentage of the total amount expended for foster care under the plan up to the product of \$50 per month times the number of children in foster care during the month, plus 75 percent for personnel providing services for children in foster care and training of such personnel, and 50 percent for administrative expense.

The Senate recedes.

**EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS**

Amendment No. 294: The Senate amendment added to the House bill a new section (511) which amends section 3121(a) and 3306(b) of the Internal Revenue Code of 1954 and section 209 of the Social Security Act to provide, for purposes of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Social Security Act, that the term "wages" does not include any payment or series of payments by an employer to an employee or any of his dependents which is made or begins (1) upon the retirement, death, or disability of the employee, and (2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees, or for such employees or class or classes of employees and their dependents.

The House recedes with an amendment which eliminates from the exception to the definition of wages any payments which would have been made if the employee's employment relationship had not been terminated because of death, retirement for disability, or retirement for age, and which makes various technical and clarifying changes.

**DRUG QUALITY AND COST**

Amendment No. 295: The Senate amendment added to the House bill a new title VI, consisting of sections 601, 602, and 603. Section 601 amended title XI of the Social Security Act to provide, through a Federally-established formulary committee, for the compilation and publication of a Formulary of the United States and for the determination of those drugs which are appropriate for Federal payment or matching under the various programs contained in the Act. Section 602 (effective July 1, 1970) amended section 1903 of the Act to limit Federal matching for drug costs under the medical assistance program to the "reasonable charge" for "qualified drugs" as determined under the formulary provisions (exempting these drugs furnished by hospitals using approved formulary systems, and drugs furnished by their generic names pursuant to physicians' handwritten prescriptions); it also amended section 1861(v) of the Act to limit Federal payments for drugs furnished to individuals under the health insurance program in the same way. Section 603 amended the Federal Food, Drug, and Cosmetic Act to provide for the registration numbers assigned to drug manufacturers under existing law to appear on the drug labels of products of such manufacturers.

The Senate recedes.

W. D. MILLS,  
CECIL R. KING,  
HALE BOGGS,  
FRANK M. KARSTEN,  
A. SYDNEY HERLONG, Jr.,  
JOHN W. BYRNES,  
THOS. B. CURTIS,  
JAMES B. UTT,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

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**SOCIAL SECURITY AMENDMENTS OF  
1967—CONFERENCE REPORT**

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 11, 1967.)

Mr. MILLS (during the reading). Mr. Speaker, in view of the fact that the statement itself is some 42 pages in length and we will take special time to discuss the conference report, I ask unanimous consent that the statement may be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The gentleman from Arkansas is recognized for 1 hour.

Mr. MILLS. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, we are about to take, insofar as the House of Representatives is concerned, final legislative action on one of the major bills of the 90th Congress.

Mr. Speaker, we have a conference report today involving the social security bill which passed the House of Representatives on August 17 last by a vote of 415 to 3. We are bringing it back today for approval of the House, I must say, in substantially the form it was in concerning its most major aspects when it en-

joyed that overwhelming vote on August 17. There are many significant respects, however, in which the bill, in the opinion of your conferees, is a better bill since it incorporates numerous improvements that were made when the matter was in the Finance Committee of the Senate. The measure on which we are asking you to take final action today meets the requirements of actuarial soundness, and of fiscal responsibility, as have all of the amendments which we passed improving the social security programs over the years.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield?

Mr. MILLS. Yes, I am glad to yield to the distinguished gentleman from Georgia [Mr. LANDRUM].

(Mr. LANDRUM asked and was given permission to revise and extend his remarks.)

Mr. LANDRUM. Is it the judgment of the distinguished chairman of the Committee on Ways and Means now speaking that the social security fund is actuarially sound?

Mr. MILLS. It is actuarially sound under the existing law. It was actuarially sound under the bill which passed the House. It is also actuarially sound under the conference report.

Mr. Speaker, as the bill passed the House, we had an overall actuarial balance in all of the funds involved of plus 0.10 percent of payroll. As the gentleman from Georgia knows, that is the situation which exists.

As we bring the bill back to the House, the OASDI fund has a plus of 0.01 percent and the hospital fund is actuarially sound to the extent of 0.03 percent, or a combined balance of 0.04 percent of payroll.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield further?

Mr. MILLS. I yield further to the gentleman from Georgia. However, the actuary for the Department tells us that even if we had a minus—not an excess—of 0.10 percent of payroll, we could still assure the House that the funds were in an actuarial balance.

Mr. LANDRUM. Mr. Speaker, if the gentleman will yield further, I would point out to the distinguished gentleman from Arkansas [Mr. MILLS] the fact that there seems to be developing a concern in the minds of some of our older citizens, those who are approved for the receipt of the benefits from these funds. Should they be concerned at all about the actuarial soundness of this trust fund?

Mr. MILLS. I will respond to the gentleman by saying that so long as my friend, the distinguished gentleman from Georgia [Mr. LANDRUM] and my many other friends who serve on the Committee on Ways and Means are concerned, I think I can assure the public that we shall always keep this in a state of actuarial soundness.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS. I think it would be well if we pointed out the fact that the actuarial assumption which the gentleman from Arkansas accurately states, will considerably differ from the actuarial assumption with reference to the soundness, for example, of the private pensions plans and so forth.

I believe that is where the confusion might lie.

Mr. MILLS. This is not what might be called a funded system in the sense that private insurance systems are funded. Of course, I believe my friend from Missouri would admit with me that it is not necessary for a social security system supported by a tax which is compulsory to be on a fully funded basis so as to have in the fund in excess of \$300 billion or \$350 billion at this time.

Mr. CURTIS. I would say not only is it not necessary. I believe that would create other serious problems if we had a fund like that, in a different way. But on the other hand I would observe this, and I believe the gentleman would bear with me, that some of the assumptions in a pay-as-you-go social security system I believe need looking at, and I believe that we have not been doing that. And here we might enter an area where there might be some disagreement.

Mr. MILLS. I do not want to take up too much time of the House, but the gentleman is right. Some of these assumptions that are made sometimes disturb all of us. For instance, we were told last year that the balance was plus 0.74 percent of payroll. When we passed the program in 1965, we were told we had no such surplus left. But then the actuaries without disagreement, upon further review, decided that in the year 2000 the average woman would not have 2.5 children, but would have two children, and that the average retiree would not live 15 years beyond 65, he would live 14 years beyond 65 in the year 2000.

As a result of those and other changed assumptions, we found this favorable balance in the social security fund of about three-quarters of 1 percent of payroll. These changes of assumptions do have a disturbing influence on us on the committee who feel this responsibility to the House and to the country as a whole to keep this system actuarially sound.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. The bill does not contain the amendment that was added in the other body regarding amending the Internal Revenue Code?

Mr. MILLS. Yes, that was an amendment in which I had a great deal of interest myself, but it finally developed in the House that we felt it was best to leave out of the bill those amendments to the Internal Revenue Code other than those which relate to the social security tax rate or wage base. And I believe we come back to the House with only those matters which pertain exclusively to social security.

Mr. CEDERBERG. Could the gentleman state—

Mr. MILLS. I might state that we did not prejudice it, nor are we opposed to it. There developed some questions that we thought required us to look a little further into.

Mr. CEDERBERG. Does the gentleman's committee intend to look into this matter at some time in the future?

Mr. MILLS. I do not want to make a definite commitment, but certainly it will be my hope we could look further into this, maybe even next year.

Mr. CEDERBERG. I thank the gentleman for yielding.

Mr. MILLS. Mr. Speaker, this bill involves far too many matters to be discussed even within the 1 hour that we have. There were 295 amendments adopted in the Committee on Finance and on the floor of the Senate. We have brought back, as I say, a bill that incorporates many of those amendments. Let me point out some of the more significant changes that we made in conference over the bill that passed the House.

It will be recalled that the across-the-board increase in the House passed bill was 12.5 percent. It will be recalled the minimum benefit was raised from \$44 to \$50 in that bill. It will be recalled that the so-called earnings base for tax purposes and for benefit determinations was raised from \$6,600 under the existing law to \$7,600 in order to enable us to finance those benefit increases and that minimum. The bill we bring back from the conference increases the benefits from 12.5 percent to 13 percent.

The Senate passed a benefit increase of 15 percent.

The conference agreement provides for a \$55 minimum benefit, versus a \$50 minimum passed by the House and a \$70 minimum passed by the Senate.

The bill establishes a contribution and benefit wage base of \$7,800 versus \$7,600 in the House passed bill and a maximum in the Senate passed bill of \$10,800.

Let us look at this just a minute, Mr. Speaker. For this additional 2-percent benefit increase—and let us take the case of an individual today who has a \$100 monthly benefit—in order to give that individual \$15 in lieu of the \$13 increase per month, we would have to increase the wage base subject to the tax by \$3,000.

To do us, this did not seem like a very good bargain when we had it in committee. It did not seem like a very good bargain to us when we had it in conference. Why add \$2 a month to a person's benefit when it is going to cost somebody else, the submission of additional wages of \$3,000 a year to the combined rate of 10 percent for OASDI in order to do it.

We do not think the \$2 justified that additional tax. Very frankly, that is why we did not go to the 15 percent in conference.

That is why we did not go to the \$70 minimum in the conference because the \$70 minimum required something better than 0.20 percent of payroll in order to sustain it.

It departs very, very widely from the philosophy that is involved in the social security program that benefits are wage related—and have to be.

If you want to make a welfare program out of the social security program itself, you are going to incur very high costs as reflected in percent of payroll.

There must be some better way to take care of the needs of people who have not been attached to the work force for a sufficient length of time or in a sufficient amount of dollars to add this minimum.

If we do go to \$70 in the minimum now, it is going to be \$100 in a very short period of time. When it gets to be \$100, then later it is going to be a little higher. The first thing you know you will have a flat benefit rate. Whenever you get to that point, you will never increase your wage base. Because what is the point of a fellow subjecting himself to an additional tax if that additional tax is not reflected in higher benefit payments to him?

Under the bill we have and under the bill as it passed the House, the benefit for a man and his wife, both aged 65 or over when he retires, will be at least 50 percent of what his average wage was.

You can justify increasing the wage base over a period of time, only if you continue to maintain the relation of benefits to wages. Then, the individual can always be told that this is cheaper for him than any type of insurance that he can buy—taking into consideration the fact that he is not only buying retirement benefits, but he is also buying disability insurance and he is buying life insurance for the benefit of his family.

If we keep this system wage-related, then I think that social security can go on down into the future as a great program enacted by the American Congress for the benefit of a great American people.

If we are going to make out of it a welfare program, then I doubt very frankly that the American people will submit to this periodic increase in taxes and this periodic increase in the wage base.

I say again that there must be a better way found, if we want to find it, to take care of people who are not entitled to more than the minimum benefit under social security when they get into retirement.

I am not going to say anything more about that; I have said too much.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. GROSS. I would like to commend the gentleman for the excellent statement he has made particularly with respect to the welfare provision.

I would like also to take this opportunity to commend the gentleman from Arkansas for the courageous position that he has taken with respect to a tax increase unless accompanied by drastic reductions in expenditures by the Federal Government.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. I should like to ask the distinguished chairman of the House Committee on Ways and Means about the many messages we have received during the past few days expressing the concern on the part of many

of the private welfare groups and public welfare departments about restrictive parts of the bill.

Mr. MILLS. If the gentleman will permit me, I am coming to that point right now.

Mr. BURKE of Massachusetts. I merely wish to ask the gentleman this question. Mr. MILLS. All right.

Mr. BURKE of Massachusetts. If the conference report is not accepted, how long does the gentleman believe it would take to pass a social security bill to provide the increases that are in this bill, and how long does he believe it would take to obtain results from that action?

Mr. MILLS. The benefits under the conference report will become effective with respect to February and would be paid on the third day of March. That is as quick as the Social Security Administration can do it. If it is passed over until January, that would mean that if we agree to a conference report in January, these benefits could not then be received by the recipients until about the third day of April of next year. The Senate was going to delay it under their proposal until the first of April.

We said that we wanted these benefits to go into effect earlier than that.

Since the gentleman has asked me, I cannot conceive of anyone standing in the way of these benefits becoming available at the earliest possible date, because the President of the United States in the fall of 1966 in a speech recommended a benefit increase of at least 10 percent. At that time we had a surplus under the existing financing that would have been enough to let these people have an 8-percent across-the-board increase without any tax increase. That was in the fall of 1966. They did not get the increase in 1967 even.

Now, are we going to hold it up until April, May, or June of next year bickering about what I want next to talk about, and deprive the beneficiaries of another few months of benefits, or do we want to get this job over with now?

I hope I do not read in the newspapers before Christmas adjournment that the older people of this country have been denied a 13-percent across-the-board increase in social security benefits because of some action in the other body that also has to consider this matter. I would not want to take that responsibility, and I do not think anyone in the House of Representatives wants to take it.

Now let us take a look at some of the other amendments to the social security program:

#### AGED 72 AND OVER

Benefits for persons age 72 and over who are not insured under the social security system are also increased. The House provided an increase in these benefits from the present \$35 a month to \$40 for a single person and from \$52.50 to \$60 for a couple. The Senate increased these amounts to \$50 for a single person and \$75 for a couple. The conference report adopts the House provision.

#### RETIREMENT TEST

The House provided an increase in the annual test of retirement from the present \$1,500 of earnings in a year to \$1,680, together with a proportionate increase in

the monthly amount a person may earn and still receive benefits. These provisions were exactly in line with the recommendation of the administration. The Senate increased the annual test to \$2,400 with a proportionate increase in the monthly test. The conference report adopts the House version.

#### DISABILITY DEFINITION

The House bill contained a provision which clarified the definition of the term "disability." This provision was also contained in the bill as it was reported out of the Senate Committee on Finance, but it was struck out on the floor of the Senate. The conference report restores this provision with a further clarifying amendment.

The outcome of this action is to adopt in substance the position of both the House Committee on Ways and Means and the Senate Committee on Finance concerning an issue that has serious cost implications for the disability insurance program. The purpose of the language in the bill is to spell out in the law an intention which has always existed although not explicitly stated. That is that an individual is not to be considered under a disability for the purposes of this program unless he has a medically determinable impairment of such severity that he is not only unable to perform in his previous job but also that he cannot—considering his age, education and work experience—engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or whether he would be hired if he applied for work.

The conference report contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy." Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. This language puts into the statute the same meaning of the phrase "work which exists in the national economy" that was expressed in the reports of both the House and Senate Committees. In this regard both reports contain the following statement:

It is not intended, however, that a type of job which exists only in very limited numbers or in relatively few geographic locations would be considered as existing in the national economy.

When the term "significant numbers" is used it is not intended that a great many jobs must exist in the region in which an individual lives or in several regions of the country. What is intended is that the number of such jobs must be more than just a few; that is, more than insignificant.

I beg the indulgence of the House for going into such a seemingly obscure matter in such great detail. I do it solely for the purpose of spelling out the legislative history of an amendment which is intended to hold down costs in the disability program which has already suf-

fered deficits resulting from interpretations of the disability provisions of the law which Congress never intended when it wrote them.

I shall mention the other more important decisions in the OASDI area and move on to the other social security programs. I shall ask to have inserted at the conclusion of my remarks a summary of the legislation which describes the bill completely, including the provisions that were not in conference.

#### DISABLED WIDOWS

The House bill provided actuarially reduced benefits for disabled widows and widowers beginning at age 50, with a more limited definition of disability than applies to workers. The Senate provided unreduced benefits at any age, and eliminated the special definition. The conference report adopted the House version.

#### DISABILITY FREEZE APPLICATIONS

The Senate added a provision, which the conference report adopted, allowing persons who were prevented by their physical or mental condition from filing a timely disability freeze application a further opportunity to file such application.

#### COVERAGE PROVISIONS

The Senate added a number of provisions that were adopted in conference regarding coverage of workers. These include several provisions relating to coverage of State and local employees and a very precisely drawn amendment covering employment of a parent in certain family situations in which such parent is needed to care for children of a worker.

#### UNDERPAYMENTS

There was a provision in the House bill designed to eliminate the necessity in some States to have a deceased beneficiary's estate probated just to collect social security benefits which had not been paid at the time he died. The Senate improved on this provision and the conference report adopted the Senate version.

#### MEDICARE PROGRAM

Mr. Speaker, a number of provisions were in conference relating to the medicare program.

#### PHYSICIAN PAYMENT

The House provided a rather complicated provision, which reflected the suggestions of the administration, to allow alternative methods of paying physicians' bills under the supplementary medical insurance program. The Senate adopted a greatly simplified provision which allows a patient to receive reimbursement of a physician's bill on the basis of an unreceipted bill. The conference report adopts the Senate provision.

#### ADDITIONAL DAYS OF HOSPITAL CARE

The House provided that a person who has utilized his 90 days of hospital care may receive an additional 30 days in any spell of illness subject to a deductible which would be currently set at \$20 per day. The Senate provided that in place of an additional 30 days for each spell of illness, a recipient be granted a lifetime reserve of 60 additional days for use after the recipient has received 90 days in a spell of illness, subject to a deductible that would be currently set at \$10 a day.

The conference agreed to the Senate provision regarding the 60-day lifetime reserve, and the House provision concerning the \$20 daily deductible.

#### DEPRECIATION AND INTEREST

The Senate added a provision under which the Secretary of Health, Education, and Welfare would not count as an item of reasonable cost, depreciation, and interest on substantial capital items that were acquired by a hospital or other provider of services after being disapproved by a State health planning agency. The conference report eliminated this provision from the bill.

#### NONPARTICIPATING HOSPITALS

The Senate added provisions authorizing payments to be made under certain circumstances for services furnished in a hospital that is not participating in the medicare program. These provisions were accepted in conference.

#### BLOOD DEDUCTIBLE

The House increased the existing deductible for blood to require a 2-pint deductible for the first pint used and also broadened the deductible to include equivalent quantities of packed cells. The Senate deleted the requirement of 2 pints for the first pint received but retained the House provision allowing for the use of packed cells. The conference report accepted the Senate version.

#### OTHER HEALTH PROFESSIONS

The Senate added several provisions including the services of additional medical practitioners among those for which reimbursement may be made under the supplementary medical insurance program. These provisions were deleted in conference. There remains in the bill, however, a provision that was not in conference, directing the Secretary of Health, Education, and Welfare to study the need for, and make recommendations concerning, the extension of the medical insurance program to cover the services of additional types of health practitioners.

#### GENERAL ENROLLMENT PERIOD

The Senate added a provision, which was accepted in conference, modifying the provisions of law relating to the general enrollment period, during which eligible individuals who had not enrolled in part B of the medicare program are given an opportunity to elect coverage under it. This provision will shift the general enrollment period from the last 3 months of every second year to the first 3 months of every year, thus making it annual rather than biennial. The premium rate would also be determined and promulgated annually rather than every 2 years. In addition, under the amendment, persons wishing to disenroll may do so at any time and their disenrollment will take effect at the close of the next following calendar quarter. Under present law, disenrollment may be effected only during a general enrollment period.

#### PUBLIC WELFARE PROGRAMS

Mr. Speaker, in the area of the public welfare programs I believe the conference committee was able to achieve noteworthy improvements in the provisions of the bill.

Let us look at what they fuss about. My goodness alive. You would think that the American way of life was built on a dole system, to hear some people talk. We should take care of people in need, yes. That is the American way of life, but when you confine the matter of taking care of people in need to the mere handout of the dollar, you have not done one thing to help that person in need, because the minute the dollar is gone, he is still in that same position.

Let me tell you what it takes. If a man or a woman has no training, has no capacity to work, how do you help them? How do you help them? You spend enough, whatever is required, to see to it that that fellow gets training, that that woman gets training, that they get jobs. Is that not the way we do things in this country?

That is what we have in this bill. There has been more misinformation spread across this country, I think, by people who do not want to do a darned thing except to hand out a dollar so long as it comes from the Federal Government. We are saying the States must change that. Oh, yes, they are going to change it. But they are not going to be cruel in the process. They are not going to take advantage of anyone who should not be subjected to training or to work.

Yes, it is coercive—but only when the State decides that a person is an appropriate candidate for training and work. There is nothing in here that says a State has to take a mother away from a month-old child—and, of course, they would not—and send her off to be trained.

But let me ask, Mr. Speaker, when is the best time for a person to be trained for a job and to be given employment or offered employment? Is it while the child is under 18 years old and the mother may be 25 or 30 or 35 years of age? Or is it after that poor soul has gotten to be 45 or 50 years of age, after being on welfare all those years and after the minor child, the last in her household, gets to be 18, and she is no longer eligible for AFDC payments? What chance does a woman have at that age of being trained and accepted in employment, when she has never had any training or connection with the work force?

These measures are not just for economy, because they do not bring economy in the short run. We are asking the American Congress to go along with us and spend more money on these people, and I will tell how we are going to do it. We cannot train them and find jobs through the employment security people at the State level without a cost in money. We cannot let a mother take training without providing a way to care for the child.

So what do we do? We require States to provide day care. What else do we do? We say to this woman, "While you are being trained, we will pay you more than your welfare payments, and when the State puts you to work, we will not penalize you dollar for dollar in what you may make and take that out of your welfare check." What do we say? We say we are going to completely disregard the first \$30 they make and we will disregard

all they make above that \$30 until they get to be self-sustaining.

Do not for 1 minute think that these States will not use many, many of these mothers on AFDC to actually work in connection with these day care centers, taking care of their own children and the children of the neighbors who know them. There is nothing wrong with this, I say.

I have been in this House of Representatives for almost 29 years. I have never felt any stronger about any proposition in my life. If there is any Member of this House who can be criticized or praised—and I am never praised for it in my country, I am always criticized—for having brought, as the author, because I am chairman of a committee, more legislation to help in the field of welfare, more legislation to help with the problems of medical expenses, more legislation to provide benefit increases than I, I do not know who it would be.

Maybe so. I am not doing this out of any feeling against anybody. I am doing it as an individual member of the Ways and Means Committee, and I think the committee is doing it because the committee feels that in the overall, in the long run, if 100,000, or 150,000 of these people in the course of a year can be made self-supporting, we are doing for them and for the American people that which should be done. We are not striking at anybody, but there is a desire to help.

They say, "But we have got a freeze in here." Yes, we have got a freeze. We had it in the House bill when the House voted for it and passed it in August. We have brought it up to date. We have made it with respect to January 1968, instead of January 1967. We have eliminated all consideration of those on AFDC above the age of 18, who might be going to school. We do not want them to be taken into it.

We have said to the States that on January each year they will make an estimate of the total child population within that State and they may not receive Federal funds for a higher percentage of that child population that they have in January of 1968. Bear in mind that this relationship recognizes increases in child population. As the child population in a State goes up, this goes up.

We tried in 1962 to get the States to provide this training and to put it into effect. They refused to do it. If we do not put some degree of coercion upon the States, in my opinion they are going to be perfectly willing to do as they have done in the past, to hand out a welfare check and not do anything more for these poor people who need everything man can do to improve their condition to be done for them.

Yes, this freeze provision is for the purpose of putting pressure on the States, to make the rest of the program work, and only for that purpose.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I am glad to yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to say to the gentleman and to the House that

the Senate made 295 amendments of one kind or another, which were not included in the House bill. I would say, on behalf of the conferees on both sides of the aisle, that each one of these amendments was considered in detail by the conferees.

The SPEAKER pro tempore (Mr. BOLLAND). The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

Mr. BOGGS. I should like to commend the gentleman in the well, who sat as chairman of that conference, for having done one of the most conscientious jobs I have seen since I have been in the Congress.

Mr. MILLS. I thank my colleague from Louisiana, who stood shoulder to shoulder with all the other conferees.

This conference report was signed by all of the House Members. It was signed by all the Senate Members of that conference. I believe we have brought back a bill the Members can go along with, if they voted for the bill that passed the House in August.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from California.

Mr. BURTON of California. May I establish a stipulated set of facts before propounding the question.

Mr. MILLS. I cannot yield additional time, because I have commitments.

Mr. BURTON of California. I want to make sure the question is in context.

There are some 2.8 million adult Americans whose need is such that they receive monthly public assistance payments.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Very well. I yield myself 1 additional minute.

Mr. BURTON of California. There are some 2.8 million Americans whose need is such that they receive monthly public assistance payments in this country.

Under this bill, I charge, under no circumstances at all, will about 1½ million of those people be able to get one nickel of grant increase if this bill becomes law and any permitted or authorized action by all States takes place.

Mr. MILLS. Is the gentleman asking me a question?

Mr. BURTON of California. I want to complete the question, and the chairman can respond.

Mr. MILLS. All right.

Mr. BURTON of California. There are 1½ million adults in this country who receive public assistance and have no other outside income at all who will not receive a nickel under this bill; right or wrong?

Mr. MILLS. The bill provides for the gentleman's Governor in California and for my Governor in Arkansas to disregard any type of income up to \$7.50 a month of those who receive public assistance, but they are not required to do it.

Mr. BURTON of California. I am not talking about the 1.3 million with outside income. I am talking about the 1½ million who do not have social security.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

If I understand what the gentleman is talking about, he wants to know why we did not put additional money in here for people on welfare. Is that what he is talking about?

Mr. BURTON of California. For the aged and the crippled.

Mr. MILLS. That was not in the bill as passed by the House. I believe the gentleman voted for it. The Senate did not put it in. How could we bring it back from conference?

Mr. BURTON of California. The Senate did put in a provision.

Mr. MILLS. I understand that was a mandatory provision for the same people who get social security.

Mr. BURTON of California. The chairman is not correct, and the record will so reflect.

Mr. MILLS. What the conference did was to say everybody getting social security who also gets welfare will have \$7.50 of his social security increase passed through without any reduction in welfare. However, the gentleman's question is very specific, so permit me to respond in more detail later.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I appreciate the gentleman's yielding.

May I say to the Chair and to the House:

I cannot imagine this House going home and not giving this 13-percent increase to 24 million Americans who need it. As far as I am concerned, if we cannot meet this week's adjournment deadline without adopting this conference report, we will stay here until we do adopt it. I cannot understand why anyone—on the grounds that there are certain provisions that he does not like—would try to block this help for these people. I would like to make changes in the bill myself, but I am not going to vote against it because I may not agree with every provision in it.

As I understand it—and the chairman can correct me if I am wrong—it takes about 2 months to get these checks out.

Mr. MILLS. That is right.

Mr. ALBERT. If we fool around here and do not get this bill passed, it may be April or May before these checks start getting out. Winter will be over and some of these people will be dead and gone.

Mr. MILLS. If we pass it in December, they will not receive \$1 of it until the third day of April because of the delay in getting the computers adjusted and the checks sent out.

Mr. ALBERT. So I hope at this stage of the game we will pass the bill. The House passed the bill originally and the conferees have agreed to it. The administration can send up a recommendation it deems advisable for corrective action or additional action next year. But let us pass this bill and give these 24 million Americans this 13 percent.

Mr. MILLS. Mr. Speaker, let me discuss these welfare amendments by category.

#### WORK INCENTIVE PROGRAM

One area of the bill on which I believe the Senate Finance Committee spent a great deal of its time, in considering this legislation in executive session, relates to the proposals to provide employment and training to appropriate recipients under the aid to families with dependent children program. The House Committee on Ways and Means also labored long and hard over these provisions in the House version of the bill. I believe that the provisions agreed upon, which generally speaking follow the Senate Finance Committee bill, reflect the work of both committees.

These provisions are lengthy and involve a number of technicalities which time does not permit me to discuss in detail. I want to mention, however, one or two of the actions taken by the conference committee with respect to some of these provisions.

One of the improvements made by the Senate was to spell out certain classes of individuals who could not be required to participate in employment or training at the expense of having his welfare payment discontinued—a sick person, for example, or a person remote from a project. Included among these categories of persons, as the bill passed the Senate, were mothers of preschool children and mothers of schoolchildren under 16 during hours when such children are not attending school. Both of these exclusions were eliminated by the conference report. The conferees were in agreement that other provisions of the bill stating that only appropriate individuals could be required to participate afford adequate protection for mothers of these children where circumstances dictate that they should not have to participate in a program.

Another provision relating to the work-incentive program altered in conference relates to the amount of training allowance a person undergoing institutionalized training will receive. The Senate provided a \$20-a-week allowance. The conference report provides an allowance of \$30 a month.

The Department of Labor will utilize the services of State employment agencies in carrying out its functions under these provisions of the bill.

The Committee on Ways and Means will be looking very carefully at the administration of this new program. I am confident that both the Department of Health, Education, and Welfare and the Department of Labor will make every effort to see that this bold new program is successful in reducing the dependency of many who would otherwise be required to rely on the aid to families with dependent children program for family support.

#### AFDC FREEZE

The House provided a limitation on Federal matching with respect to payments under the AFDC program involving families on the rolls due to the absence of a parent. The Senate eliminated this provision. The conference report restores this provision with amendments designed to avoid unintentional results

which possibly could have arisen under the House bill. The conference report bases the limitation on population figures for January 1968 rather than January 1967, makes the limitation effective after June 30, 1968, rather than December 31, 1967, and eliminates children age 13 or over from consideration in applying the limitation. With these modifications, I am sure that the States will be able to implement the bill's provisions designed to reduce dependency of AFDC recipients with the result that this limitation provision will not necessitate that any person be denied benefits under the program. This conclusion is substantiated by the cost estimates relating to the welfare provisions of the bill furnished to the conference committee by the Department of Health, Education, and Welfare. The Department's figures indicate that there will be no savings in Federal funds resulting from the enactment of the limitation provision. If the Department believed that this provision would limit Federal participation in any way, then its cost estimates would have to show a savings as a result of the enactment of the provision.

If the limitation provision is not expected to cut down on Federal participation, then why is it in the bill?

It is there to get the States to act on the other provisions of the bill requiring them to do something to reduce dependency and to take people off welfare who should not be there. It is as simple as that. We passed legislation in 1962 designed to take persons off the welfare rolls but the results obtained within the States have been less than startling. Now we are furnishing a prod to obtain some results from the State welfare agencies.

#### EARNINGS EXEMPTION

The House provided AFDC recipients with additional incentives to increase their family income through earnings, by exempting a portion of such earnings in determining need under the program. The House exempted all earnings of recipients who are under age 16 or who are age 16 to 21 if in full-time school attendance, and the first \$30 of other family earnings plus one-third of the remainder of family earnings.

The Senate increased the family earnings figures to \$50 and 50 percent and exempted all earnings of a child who is a part-time student not employed full time.

The conference report adopted the House version with respect to the exemption of family earnings and the Senate provision relating to part-time students.

#### HOME REPAIRS

The House bill authorized Federal participation in payments of up to \$500 for repairs of a home owned by recipients of assistance under the aged, blind, or permanently and totally disabled programs. The Senate added homeowner recipients under the AFDC program to this provision. The conference report accepted the Senate amendment.

#### LOCATION OF DESERTING PARENTS

The Senate provided that State AFDC plans provide procedures for locating certain deserting parents by obtaining information on the location of such par-

ents from the files of the Department of Health, Education, and Welfare and the Internal Revenue Service, and that such deserting parents could become liable to the United States for unpaid portions of a court support order which would be subject to collection by the Secretary of the Treasury. The conference report accepted the Senate provisions on obtaining information on the location of deserting parents but omitted the provisions relating to establishment of liability to the United States and collection by the Secretary of the Treasury.

#### TITLE XIX—MEDICAID PROGRAM

##### TITLE XIX LIMITATION

The House provided a limitation on Federal matching under the medical assistance program of title XIX. Under this limitation States would be limited in setting maximum income eligibility levels for Federal matching purposes to the lower of, first, 133 $\frac{1}{3}$  percent of AFDC payments, or second, 133 $\frac{1}{3}$  percent of State per capita income applied to a family of four. The Senate modified this test by eliminating the test based on per capita income and by providing that eligibility be limited to persons whose income does not exceed 150 percent of State old-age assistance standards. In addition, the Senate provided reduced Federal matching with respect to title XIX recipients who are not cash assistance recipients. The conference report accepted the House bill but eliminated the limitation based on State per capita income and provided that persons eligible to receive cash assistance will be exempt from the limitation.

##### DIRECT BILLING

The House permitted the States to make direct payments to title XIX recipients to meet the cost of physicians' services but limited this authority to application to individuals who are not receiving cash assistance. The Senate permitted this to apply to dentists' services as well as those of physicians, and extended its application to cash assistance recipients, under safeguards to assure quality and reasonableness of charges. The conference report adopted the Senate provisions including dentists' services but omitted the Senate provision extending the provision to cash assistance recipients.

#### SKILLED NURSING HOME STANDARDS AND LICENSING OF NURSING HOME ADMINISTRATORS

The Senate added State plan requirements relating to standards to be met by skilled nursing homes participating in the medicare program and licensing of skilled nursing home administrators. These provisions were accepted in conference.

##### INTERMEDIATE CARE

The Senate provided Federal participation in vendor payments to intermediate care facilities under the aged, blind, and permanently and totally disabled programs for care of recipients whose condition does not require skilled nursing home care. These provisions were accepted in the conference report with amendments relating to safety and sanitation standards and the inclusion of Christian Science sanatoriums.

#### SHELTER COSTS

The Senate provided that a State may establish different income eligibility levels under its title XIX plan, which recognize variations in shelter costs between urban and rural areas. The provision was accepted in conference.

#### OTHER PROVISIONS

Mr. Speaker, there were numerous other provisions in conference which Members will find described in the conference report and in the summary of the bill's provisions which I will have included at the conclusion of my remarks.

#### DRUGS

One group of these provisions deserves comment at this time. These were the provisions in the Senate bill providing for controls over cost and quality of drugs prescribed under the various programs of the Social Security Act. These provisions were deleted in the conference report, but a compromise provision was adopted requiring the States to adopt methods and procedures under their title XIX plans to assure that payments—including payments for drugs provided under the plans—are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.

Mr. Speaker, an enormous amount of time has been devoted by both the House and the Senate in developing this legislation. I hope the conference report will be voted up.

Mr. Speaker, I include at this point a summary of the provisions of the bill and various tables concerning the effects of the legislation on the social security and public welfare programs:

#### SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

##### OLD-AGE SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

##### *Old-age, survivors, and disability insurance* Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$55—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

*Effective date.*—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

**Special Benefits for People Age 72 and Over**

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

**Effective date.**—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

**Limitation on Wife's Benefit**

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

**The Retirement Test**

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

**Effective date.**—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

**Benefits for Disabled Widows and Widowers**

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

**Effective date.**—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

**Dependency of a Child on the Mother**

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

**Effective date.**—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

**Insured Status for Workers Disabled While Young**

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively if he works in six quarters out of the last 12. This requirement would be an alternative to the present requirement that the

worker must have had a total of 5 years out of the last 10 years in covered employment.

**Effective date.**—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

**Additional Wage Credits for Servicemen**

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

**Disability Insurance Trust Fund**

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

**Extension of Retroactivity of Disability Applications**

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

**Children Adopted by Disability Beneficiaries**

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

**Effective date.**—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

**Coverage of Ministers**

The amendments permit a clergyman (other than members of the religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

**Coverage of State and Local Employees Ineligible for Membership in a State Retirement System**

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

**State and Local Coverage in Illinois**

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

**Firemen in Puerto Rico**

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

**Firemen in Nebraska**

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

**Coverage of Firemen**

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

**Coverage for Erroneously Reported Former State or Local Government Employees**

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

**State and Local Employees Receiving Fees**

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

**Family Employment**

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

**Employees of the Massachusetts Turnpike Authority**

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

**Children Adopted by Surviving Spouse**

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

**Effective date.**—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

#### Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

#### Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead it still alive.

*Effective date.*—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

#### Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

#### Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

#### Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in the case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

#### Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

#### Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

#### Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

#### Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

#### Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

*Effective date.*—The provisions will be effective after June 30, 1968.

#### Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

#### Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

#### Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

#### Report of Board of Trustees

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

#### Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

#### Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

#### Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

#### Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

#### Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established by employers and made to the employee or his dependents upon retirement, death, or disability.

#### Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

#### Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

#### Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

#### Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

#### Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

#### General Savings Provision

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

#### Health insurance benefits

##### Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

##### Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of their beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under medicare.

##### Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

##### Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

##### Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

#### Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

#### Physical Therapy

The amendments extend the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

#### Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

#### Additional Days of Hospital Care

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

#### Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

#### Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

#### Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

#### Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital

insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

**Hospital Billing for Outpatient Services**

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

**Radiologists' and Pathologists' Services**

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

**Payment for Portable X-ray Services**

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

**Payment for Purchase of Durable Medical Equipment**

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

**Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program**

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

**Date of Attainment of Age 65 of Persons Enrolling in SMI Program**

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

**Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act**

States will be able to receive 75-percent Federal matching for the services which State

health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

**Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program**

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

**Appropriation to Supplementary Medical Insurance Trust Fund**

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

**Health Insurance Benefits Advisory Council**  
The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

**Study of Coverage of Services of Health Practitioners**

The Secretary of Health, Education, and Welfare will study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

**Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries**

The Secretary of Health, Education, and Welfare will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

**Financing the Social Security and Hospital Insurance Programs**

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS

EMPLOYER-EMPLOYEE, EACH

[In percent]

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED

1968.....	5.9	5.8	0.5	0.6	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

**PUBLIC WELFARE AND HEALTH AMENDMENTS**  
**Work Incentive Program for AFDC Families**

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency

to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing

wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work: projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

#### Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 income from any

source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus  $\frac{1}{3}$  of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

#### Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good cause to accept employment, or if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

#### Limitation on Federal Matching in AFDC Program

The amendments set a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

#### Federal Payments for Foster Home Care of Dependent Children

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

#### Emergency Assistance

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family,

but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

#### Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from the overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

#### Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC should be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

#### Pass Along

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

#### Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

#### Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

#### Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

#### Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

#### Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

#### Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved

methods of administration. The amendments increase this amount to \$4 million annually.

#### Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

#### Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

#### Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

#### Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

#### Limitation on Federal Participation in Medicaid Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133½ percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

#### Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for Medicaid. Also, people who are eligible for Medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the Medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

#### Modification of Comparability Provisions—Medicaid

States do not have to include in Medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

#### Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the

Medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

#### Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the Medicaid program.

#### Free Choice for Persons Eligible for Medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the Medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

#### Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including Medicare, Medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the Medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

#### Payments for Services and Care by a Third Party—Medicaid

States are required to take steps to assure that the medical expenses of a person covered under the Medicaid program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

#### Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

#### Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the Medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under Medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under Medicaid will also be expected to provide home health care services.

#### Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor payment matching for people who need institutional care in the intermediate range between that which is provided in a

boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

#### Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments add to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

#### Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

#### Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

#### Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

#### Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed

with respect to money payment recipients, as under existing law.

**Essential Person—Medicaid**

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential person." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

**Licensing of Nursing Home Administrators Under Medicaid**

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

**Optometric Services Under Child Health Programs**

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

**Family Planning**

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under

title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

**Training of Personnel for Health Care and Related Services for Mothers and Children**

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

**Consolidation and Increase of Child Health Authorizations**

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

**Additional Requirements on the States Under the Formula Grant Program—Child Health**

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

**Project Grants—Child Health**

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

**Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands<sup>1</sup>**

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under Medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 — H.R. 12080
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	<sup>2</sup> 105.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00
6. Widow, 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00
8. Disabled widow at age 50.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
11. 1 Surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

<sup>1</sup> Maximum AME under H.R. 12080.

<sup>2</sup> Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total		Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments		Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						Self-employed							
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40	1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20	1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40	1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60	1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70	1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20	1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

[In millions of dollars]

Item	1968	1969	1972	Item	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604	Disabled widow's benefits at age 50.....	50	63	73
Benefit increase for transitional insured.....	6	7	5	Earnings test liberalization.....	140	221	244
Benefit increase for transitional noninsured.....	43	43	25	Total.....	2,901	3,686	4,129
Liberalized benefits with respect to women workers.....	73	90	101				
Special disability insured status under age 31.....	60	72	77				

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits	Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law				Amendments			
1967.....	28.5	24.2	4.3	1968.....	31.0	28.3	2.7
1968.....	29.6	25.5	4.1	1969.....	35.2	30.4	4.8
1969.....	33.7	26.9	6.8	1970.....	36.8	31.8	5.0
1970.....	35.2	28.2	7.0	1971.....	40.8	33.3	7.5
1971.....	36.2	29.4	6.8	1972.....	42.5	34.7	7.8
1972.....	37.2	30.8	6.4				

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
<b>Public assistance:</b>										
AFDC costs if there is no change in present law <sup>1</sup> .....	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0					
Title XIX costs if there is no change in present law <sup>2</sup> .....	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0					
All other public assistance costs if there is no change in present law <sup>3</sup> .....	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0					
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0					
<b>Increases in the bill:</b>										
Day care.....	( <sup>4</sup> )	35.0	80.0	160.0	350.0					
Other social services.....	( <sup>4</sup> )	35.0	70.0	100.0	125.0					
Earnings exemptions.....	( <sup>4</sup> )	20.0	25.0	30.0	35.0					
Work training.....	30	129.0	165.0	209.0	308.0					
Foster care.....	( <sup>4</sup> )	10.0	20.0	33.0	40.0					
Emergency assistance.....	( <sup>4</sup> )	10.0	20.0	35.0	35.0					
Puerto Rico, et al.....	( <sup>4</sup> )	7.8	11.0	14.2	17.5					
Demonstration projects.....	( <sup>4</sup> )	2.0	2.0	2.0	2.0					
Additional child health requirements in title XIX.....			30.0	40.0	50.0					
OAA, AB, APTD spouses under Medicaid.....	( <sup>4</sup> )	14.0	15.0	16.0	17.0					
Medical review program for nursing homes.....		2.5	5.0	7.5	10.0					
Subtotal, increases.....	450	265.3	443.0	646.7	989.5					
<b>Decreases in the bill:</b>										
AFDC limitation.....										
AFDC reductions for persons trained.....										
Restrictions on title XIX.....										
Decreases in public assistance due to social security benefit increase.....										
Federal participation in cost on care in "intermediate care facilities".....										
Subtotal decreases.....										
Net cost of savings due to public assistance amendments.....										
Total public assistance as amended by bill.....	4,535	5,018.3	5,237.0	5,541.7	5,954.5					
<b>Child welfare:</b>										
Present law.....	55	55.0	60.0	60.0	60.0					
Increase for child welfare services.....										
Increase for child welfare research.....										
Subtotal, increases.....										
Social work manpower.....										
Net public welfare cost or savings in bill.....	36	-94.7	-323.0	-569.3	-706.5					
<b>Child Health:</b>										
Authorizations in bill.....	203	250.0	275.0	300.0	325.0					
Authorization in present law.....	198	210.5	225.5	225.5	225.5					
Increase in bill.....	5	39.5	49.5	74.5	99.5					

<sup>1</sup> Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

<sup>2</sup> Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

<sup>3</sup> Assumes continued decline in number of old-age assistance and aid to the blind recipients, and

continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

<sup>4</sup> 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements after training (thousands)
1968.....	\$30	---	27	---
1969.....	129	-\$11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	250

<sup>1</sup> Does not include recipients on priority III work projects.

<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

Mr. GROSS. Mr. Speaker, H.R. 12080, the Social Security Amendments of 1967, was the product of long and exhaustive deliberations on the part of the Committee on Ways and Means. It was the subject of 8 hours of debate in this body.

As originally passed by the House, by the overwhelming margin of 415 to 3, it was a good bill and I am pleased that the conference committee adopted most of the welfare provisions in the original House version.

It was a bill I supported, and I have been shocked to learn that Federal tax dollars, through the so-called war on poverty, apparently have been used to misinform welfare recipients regarding the contents of the measure.

I have at hand a letter which was mailed to ADC-mothers in Black Hawk County, Iowa, bearing the names of the president, vice president, secretary, and treasurer of a group called Mothers for Adequate Welfare. This group was formed with the staff assistance of the legal services program, Black Hawk County Legal Aid Society, Waterloo, Iowa, and the legal services program is operating with a grant from the Office of Economic Opportunity of more than \$66,000.

Although, as I say, the letter bears the names of the officers of the Mothers for Adequate Welfare, I have reason to believe that it was prepared by Robert C. Oberbillig, director of the legal services program, or by a member of his staff.

It is interesting to note that the Black Hawk County group has affiliated with an outfit in Washington known as the Poverty Rights Action Group. Operating from the Poverty Rights Action Center, 1713 R. Street NW., Washington, D.C., this is the organization which reportedly mobilized ADC mothers to disrupt hearings before the Senate Finance Committee when that committee was considering H.R. 12080. Referring to the demonstration, the lead paragraph of a Washington Post article on September 20, 1967, reads as follows:

A bitter band of welfare mothers staged a "wait-in" for the entire Senate Finance Committee yesterday after testifying that there would be a "holocaust in every city" if restrictive House-passed welfare changes become law.

Also interesting to note is the fact that a member of the board of directors of the Poverty Rights Action Group is one Richard Cloward, a professor in the School of Social Work, Columbia University, New York City. Let me read the following from an article written by Cloward and a Frances Fox Piven which appeared in the May 2, 1966, issue of the Nation magazine:

The right to income must be guaranteed or the oppression of the welfare poor will not be eliminated . . . . In order to generate a crisis, the poor must obtain benefits which they have forfeited . . . .

By crisis, we mean a publicly visible disruption in some institutional sphere. Crisis can occur spontaneously (e.g. riots) or as the intended result of tactics of demonstration and protest which either generate institutional disruption or bring unrecognized disruption to public attention. Public trouble is political liability; it calls for action by political leaders to stabilize the situation. Because crisis usually creates or exposes conflict it threatens to produce cleavages in a political consensus which politicians will ordinarily act to avert.

What the authors of this article propose is the destruction of established systems unless the demands of welfare recipients, no matter how unreasonable, are met. I have no intention of submitting to their intimidation and political blackmail.

And I am confident the vast majority of citizens of the district I have the honor of representing would not want me to yield. I am also confident they do not approve of the use of Federal tax revenue to support the activities of the Mothers for Adequate Welfare when that group has affiliated with a radical national organization which apparently advocates revolution and threatens a "holocaust in every city."

Getting back to the letter which was distributed by the Mothers for Adequate Welfare, let me read excerpts from it with reference to the welfare provisions of H.R. 12080:

If the Senate should pass this bill in its present form, you (ADC Mothers) would be required to work in jobs that would be assigned to you by the County regardless of how much money they would pay you. If you had any children 16 years or older in your family, they too would be required to work.

What this law basically means if it is passed is that you are of no value to your children and that it would be better that you be taken out of the home to work or they be taken from you than to have you care for your children as you are presently.

I am confident that the distinguished gentleman from Arkansas [Mr. MILLS] and other members of the Committee on Ways and Means resent, as I do, this attempt to misinform welfare recipients regarding the purpose of the public assistance provisions of the bill on which they worked so long and hard.

It is my understanding, Mr. Speaker, that there is nothing in H.R. 12080 which would require any adult or child, who is suffering from a physical or other handicap, to take a job. And it is not intended, as I understand the bill, to take a mother away from the home where her presence is needed. Neither would any child be made to quit school and take a job.

It does not seem to occur to those individuals who would misinform these ADC mothers that what they are doing is jeopardizing the entire aid to dependent children program, for make no mistake about it, unless we can slow down the tremendous rate of growth in the number of those receiving aid, the ADC program could be abandoned because of the inability of hard-pressed taxpayers to pay the costs.

Under the circumstances, it is indeed strange that anyone who purports to be interested in the welfare of ADC mothers would raise objections when this body attempts to obtain adoption of constructive measures to bring about long overdue improvements in the program.

Mr. BURKE of Massachusetts. Mr. Speaker, at this time, I wish to call the attention of the Members to a few of the many messages I have received throughout the country in opposition to that part of the conference report on H.R. 12080 which refers to the aid for dependent children caseload freeze. They come from some of the outstanding authorities in the Nation and I ask leave to enter some of them in the RECORD at this time. I also include an editorial that appeared in the Boston Globe on Tuesday, December 12, 1967, which expresses the concern of that newspaper, which will appear after the messages:

AFL-CIO urges you vote against conference report on Social Security. OASDI recipients deserve much more than meager increases it contains. We deplore punitive Welfare provisions in report which unfairly and unjustly penalize Naiton's poor just because they are poor. Your vote for rejection of Conference Report would enable a new conference to write an adequate Social Security Bill.

GEORGE MEANY,  
President, AFL-CIO.

We urge your leadership to persuade the House to reject Conference Report on H.R. 12080. Title II is most harmful legislation affecting children to be proposed during last 32 years. Please use strongest efforts to adopt Senate version or eliminate Title II of Bill.

JOSEPH H. REID,  
Executive Director, Child Welfare League of America.

United Community Services of Metropolitan Boston strongly opposes punitive Welfare provisions of Social Security Amendment Bill particularly AFDC Case Load Freeze. Respectfully urge Massachusetts delegation stand together to defeat these restrictions.

JOHN O. RHOME,  
President.

Appalled at Congressional Conference Committee recommendation for Social Security Amendments. Please do not vote to limit

the AFDC Case Load. For Congress to deny food to needy children, some yet unborn is an atrocity.

Rt. Rev. JOSEPH T. ALVES.  
REV. FRANCIS G. O'SULLIVAN.  
REV. EUGENE P. McNAMARA.

Conference Committee Report Social Security Bill appalling Title II provisions freezing AFDC Case Load and forcing work morally and financially unsound. Plead with you not to accept Conference Committee Report or any Bill with these regressive features. Would be tremendous set back for the Nation.

Rt. Rev. JOSEPH T. ALVES,  
Chairman, Social Policy and Action Division, National Association of Social Workers, Massachusetts Council of Chapter.

[From the Boston Globe, Dec. 12, 1967]

LET 'EM EAT CAKE

With Congress racing to get away from Washington for a month's Christmas vacation, there is probably little to be done about the Conference Committee's agreement on amendments to the Social Security law except to deplore the committee's niggardliness.

Deplored, then, it is. And to the hilt. It comes on the heels of another such committee's cutting of the antipoverty authorization a few days earlier, the slashing of foreign aid funds and the pittance distributed with such fanfare for the Model Cities program. It comes at a time when billions are still pouring uninterruptedly into government financed research for supersonic aircraft, safe automobiles, nuclear produced gas and oil and other such private industry projects, including virtually unsupervised spending by the arms and munitions industry.

It confirms fears that any cuts which Washington is about to make in spending will be at the expense of those least able to pay and least able to defend their interests. It justifies the outrage of progressive senators who will demand (forlornly at this late date) that the Senate reject it and return it to a new and rectifying conference.

Its most regressive feature is the proposed revision of welfare laws curtailing benefits to welfare mothers and dependent children. A government once called humanitarian has decided to save a few dollars at the expense of children whose crime is that they unwisely chose to be born into welfare families after a legislatively prescribed cutoff date.

Children and welfare mothers are hit at one end of the bill and the aged ill at the other. Typical is the provision limiting the sum which the aged infirm may deduct from their income taxes for medicines and drugs. This is not only unfair but an instance of borrowing from Peter to pay Paul, for plainly the aged poor will have to get the money for essential medication from one quarter or another—if not out of deductions from taxes, then from welfare or private charity and with all of the humiliation forced on such recipients.

Great to-do has been made of an increase of \$1680 from the current limitation of \$1500 in the wages which may be earned without losing Social Security benefits. But this is merely to continue a gross inequity, for the premiums already have been paid and there is no such limitation at all on unearned income.

The crowning bit of nonsense is in the meager increase in benefits, an increase which underscores the fact that the Social Security law is not a security law at all, but an insecurity law. There can be no objection to the proposed increase in premiums. But \$1680 a year (the maximum now permitted in wages) plus \$55 a month (the new minimum in Social Security monthly benefits) figures out at \$45 a week, which is scarcely enough to maintain a man without other as-

stance—other assistance which the law, in theory, is intended to obviate.

The compromise, says the A.F.L.—C.I.O., is inhumane. It may not be that. But it comes close.

Mr. Speaker, I strongly endorse the sentiments expressed in these messages pertaining to AFDC and child welfare. I opposed these restrictive amendments as a member of the House Ways and Means Committee.

I am particularly distressed with the recommendations accepted by the conferees in the field of aid to dependent children. This program was originally initiated to provide funds which could meet the financial needs of families with children, and would encourage a strengthening of the family unit by keeping children and parents together.

Under this program, the conferees have asked us to withhold support from those children who represent an increase in the proportionate number receiving AFDC in each State. It has placed an emphasis on insuring that adults and older children in AFDC families enter the labor market and accept employment so they may become self-sufficient. I believe we too often forget that in most AFDC families there is only one percent—a mother—and if she be required to work, the care of preschool children would necessarily be left to others, usually older children who are forced to drop out of school in order to help at home.

And, too, there is the appalling suggestion that we abandon the concept of comparability in medical services as originally mandated under title XIX. This would have the effect of downgrading standards of medical care for children in AFDC families, their caretakers, as well as the disabled and the blind. It hardly seems possible that a Nation as wealthy as ours cannot provide adequate medical care for the most dependent and vulnerable of its members.

Many of our States, including the Commonwealth of Massachusetts, are moving forward by placing control of welfare programs at a statewide level; however, the AFDC restrictions contained in this bill would reemphasize the role of the local agencies by requiring that they be responsible for such moral judgments as the limiting of illegitimate births, provision for family planning and the determining of what constitutes a "suitable" family homelife.

Once again the Federal Government is pointing the finger of moral justice at one class of our population. I do not believe we in the Federal Government are qualified to make moral judgments of this nature, and should exert every effort to remove, rather than encourage, the stigma which has long been attached to those families receiving AFDC and other public assistance funds.

The most tragic fact about these regressive proposals is that they are all to be at the expense of children. It is understandable that some of us should be perplexed and frustrated over the growing number of families requiring public support and services. But the problems which these families face, and which we are attempting to solve are extremely complex and have been generations in

the making. There can be no immediate and simple solution. If we believe otherwise, and pursue easy answers, then 5 years from now we shall find ourselves lamenting our failures as we today complain about those of the past 5 years. We must, therefore, reconcile ourselves to a long and sustained, and no doubt, costly effort and meanwhile refrain from imposing upon defenseless children the cost of society's or their parent's failures and inadequacies.

It is my intention to continue efforts toward the expansion of social services, as well as a removal of the restrictions imposed on the AFDC program, in an attempt to meet the needs of our homeless, neglected, and deprived children.

For the future of child welfare, I hope to see adequate Federal laws which will protect both the child and our society; a sufficient number of trained personnel and the necessary facilities to provide social services which will be equally available to all children in all political subdivisions; adequate health services to insure the physical, emotional, and mental well-being of children; extensive research in child behavior; and the opportunity for the highest quality of education.

I know of the worthwhile assistance the many private charitable and religious groups have given needy children, and I am aware of the millions of dollars they have contributed, along with affiliated organizations. I have seen the outstanding results achieved by volunteer workers in providing not only financial assistance to our children, but also the guidance and understanding which is so often absent in broken or disrupted homes. I know they will continue their services and dedication in making this a better world for underprivileged children.

Because they have shown an impressive interest along these lines, I am confident that by joining efforts we can reduce the burdens weighing heavily upon this, our most vulnerable minority group.

Mr. Speaker, in closing may I say that I am not satisfied with the 13-percent increase for social security recipients. The 89th Congress promised to the aged of this country an increase that would be effective January 1, 1967—this promise was not kept. It took a full year to bring this bill back to the floor of the House. When this bill was first reported to the House by the Ways and Means Committee, I voted for it because of the parliamentary situation. I voted for the bill then in order to keep the bill alive hoping and praying that when it reached the other body increases would be made in the amounts for all Social Security recipients and that the minimum payment would be raised to a realistic figure in order that the aged of this country could survive in the face of rising prices and the rising cost of living. This bill is inadequate, this bill should go back to the conference committee even if it means that we stay here in session. The distinguished chairman of the House Ways and Means Committee in answer to my question about returning this bill to conference indicated that it would mean a delay of 1 month. In my opin-

ion it would be far better for the social security recipients to receive a higher increase in benefits and have the minimum amounts raised to the version adopted by the Senate than to accept this conference report. I know it means a little inconvenience for the membership. However in view of the harsh restrictions in the AFDC amendments and the lack of adequate increases for the aged I am compelled in good conscience to vote against the conference committee report. If this takes place I would then move that the House conferees go back into conference with the other body and take steps to increase social security and remove the restrictions placed on innocent children under the AFDC provisions.

#### GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have permission to revise and extend their remarks at this point in the RECORD.

The SPEAKER pro tempore (Mr. BOLAND). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, House Republicans applaud final passage of the Social Security Amendments of 1967 as legislation badly needed to relieve the plight of millions of older Americans whose lives have been ravaged by Johnson-Humphrey administration inflation.

Republicans pressed for quick passage of social security benefit increases before the end of the last session. The ranking Republican on the House Ways and Means Committee, the gentleman from Wisconsin, Representative JOHN W. BYRNES, stressed the urgency of action then and contributed significantly to the drafting of the 1967 amendments when earlier action was prevented by the majority.

Great credit should go to Mr. BYRNES and other Republicans among the House conferees on the social security legislation for giving such strong support to the distinguished chairman of the Ways and Means Committee, the gentleman from Arkansas, Representative WILBUR MILLS.

I commend the House conferees for bringing back to our Chamber a final proposal which is constructive and will be beneficial to our senior citizens. Republicans are happy to join with their Democratic friends in endorsing that product, a measure they had no small part in shaping.

Mr. BURTON of California. Mr. Speaker, I reluctantly have decided to vote in favor of the pending social security conference report.

I had hoped to have the opportunity to offer a motion to recommit the bill with instructions to the House conferees to accept the more liberal Senate version. However, under the rules of the House, the prior right to exercise this motion was exercised by the gentleman from California [Mr. UTT]. As we know, the rules of the House provide for only one motion to recommit; thus the motion of the gentleman from California [Mr. UTT] precluded any additional efforts along this line.

In voting for the conference report, I would like to state for the record that at no time has any Member of this House, except those who served on the Ways and Means Committee, had any opportunity to amend and improve this legislation.

I am disappointed that this legislation does not contain an extension of medical care, as the President recommended, to the disabled beneficiaries under OASDI. The failure to provide a \$100 social security minimum payment for those who have worked 25 years or longer in covered employment, the cutback from the Senate version of \$70 per month minimum, the reduced taxable wage base, as well as failure to provide fair treatment for the blind all represent lamentable deficiencies in this bill.

Further, the failure to guarantee to each of the Nation's aged, blind, and disabled public assistance recipients the modest \$7.50 per month increase borders on the inexcusable. As a matter of fact, about one-half of the 2.8 million recipients in the adult categories of aged, blind, and disabled will not, and cannot under any circumstances, receive any increase of any kind as a result of the passage of this bill because they do not receive any income outside the public assistance grant. This is the case because the only provision of the bill permitting these public assistance recipients to receive any benefit under the bill requires, in the first instance, that said recipients have some outside income—for example, from social security, railroad retirement, relatives' contributions, or other sources.

For the balance of the adult public assistance recipients—who do have some outside income, primarily social security—this legislation will not of itself provide even these persons with any increase in their small monthly grant. It will first require that the State legislatures must enact into law special provision permitting the recipients to retain up to a \$7.50 per month ceiling from any social security or other income that they may receive. In the event a State fails to so act, all of the aged, blind, and disabled recipients in that State will be denied any benefit increases under this bill and there will be a corresponding decrease—dollar for dollar—in the public assistance grant, for every dollar increase provided on the Social Security side of this bill.

The cruel and unnecessary "freeze" as of January 1, 1968, in the AFDC program where parental support is denied by virtue of the desertion of the family by the father will result in either the denial of assistance to untold thousands of dependent children or an increase in the already overburdened budgets of the industrial and growing States of the Nation.

The cutbacks and severe limitation on the income permitted persons entitled to medical care under title XIX will result in hundreds of thousands of the Nation's medically indigent being denied needed medical care or in the further shifting of the financial burden to sustain this program from the Federal Treasury to the State and local taxpayers.

There is one further concern that I should like to express. The increased so-

cial security benefits could well result in a net decrease in the monthly income of those drawing veterans' or widows' of veterans pensions. I understand from the distinguished chairman of the House Veterans' Affairs Committee that we will have an opportunity to vote on a bill before the adjournment of this session that will correct this unthinkable result, but I think it important to emphasize that in the absence of such corrective legislation, this bill—standing on its own—would result in thousands of veterans or widows of veterans receiving a net reduction in their veterans' pensions.

As it may be gathered, the decision whether to vote for or against this conference committee report is a most difficult one. The social security benefits, although too small, are better than none at all. Millions upon millions of low-income Americans rely primarily, if not exclusively, on social security to maintain themselves and their families.

On balance, I resolved that it is probably wiser to guarantee this increase in benefits—inadequate although it may be—that millions will receive. This must outweigh my grave concern for the smaller but still very significant number of people in similar economic circumstances who will receive nothing at all as a result of the unnecessary gaps in this legislation and some hundreds of thousands of others who will receive an unnecessary cutback in the level of their Government's commitment to bring them a better life.

Mr. MINISH. Mr. Speaker, I would like to take this opportunity to comment on the conference report on H.R. 12080, the Social Security Amendments of 1967.

The legislation represents a constructive enlargement and improvement of the social security system in many respects, including an expanded authorization for child health and day care programs, a 13-percent rise in social security payments, an increase in the minimum monthly benefit from \$44 to \$55, and a clarification and strengthening of many of the soft spots in the medicare program.

However, the serious defects in the measure before us are most distressing to those of us who are deeply interested in making social security more responsive to the felt needs of our people. The meager increase in benefits will do little to ease the grim plight of most of our retired people. Social security is the chief, and for the great majority of our older people, the only source of retirement income. In view of the fact that a fully adequate level of social security payments would require a much greater boost in present payments, the approved increase of 13 percent is clearly inadequate.

The conference report also represents a step backward from more enlightened welfare practices and forbodes enormous additional welfare costs for our already hardpressed State and local governments. I was opposed to the punitive public welfare amendments contained in the bill reported by the Ways and Means Committee and which, of course, were not subject to floor amendment under the closed rule prevailing in the House.

I was gratified at the more liberal and realistic changes made by the Senate, and it is most disheartening that these did not prevail in conference.

The welfare benefit freeze contained in H.R. 12080 will impose heavy tax burdens on local communities. It is strongly opposed by State and local authorities and by the overwhelming majority of experts from sociological and psychological disciplines. Dr. Lloyd W. McCorkle, the commissioner of the Department of Institutions and Agencies of the State of New Jersey, has wired me:

New Social Security legislation, HR 12080 as reported out of Senate-House conference contains provision freezing federal participation in aid to families of dependent children program if adopted this can be catastrophic for New Jersey, particularly our urban centers New Jersey will suffer because 1—it is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey and 2—New Jersey has the third highest rate of in-migration in the nation. Freeze on Federal participation would place the entire cost of increased loads on State, county and municipal governments.

The cities in the 11th Congressional District and Essex County, in which they are located, are already assuming a disproportionate share of public welfare costs caused chiefly by immigration from rural areas. A real fiscal crisis confronts these communities which will be further aggravated by the restrictions on Federal participation contained in this legislation.

The conference report before this House today falls far short of what we owe to the retired and to the poor in our affluent society. I, for one, will continue to fight for achieving a social security system that will more fully achieve its noble purpose of insuring the security and dignity of its beneficiaries.

Mr. DONOHUE. Mr. Speaker, everyone is aware that there are a substantial number of us here who have serious misgivings about the potential hardships and inequities that may be inherent in several of the conference report recommendations such as, among others, the proposed freeze on aid to dependent children, the unrealistic features of the mandatory work training programs for welfare recipients, the restrictive costs ceiling on medicare, the very meager increase in the outside earnings limitations and failure to include the workers reduced benefit retirement age to 60.

However, we are reluctantly impelled, at this moment, to accept this report because we all know that under the present Chamber proceedings, we are afforded no opportunity to offer and appeal for support of remedial amendments; it is either this conference report or no social security bill this year or very likely next year.

Of course, we have no question of the sincerity and diligence of the members of the conference committee of both sides of Congress in their dedicated efforts to work out a compromise to resolve more than 295 differences between the House and Senate versions of the original legislation.

There is no doubt that the 13-percent general increase in benefits, one of the

largest raises in history affecting some 23 million of our elderly citizens who have lived in anticipation over these past several months, will help them in financially adjusting to the expected price rises immediately ahead.

Although the amount that retired persons can earn and still collect benefits was by no means raised enough, it must, however, be considered a further step in the right direction. The provisions extending hospital care under medicare to 120 days and the simplifying of paper work in that program are additional and welcome changes for the better.

The many other improvements affecting all of those enrolled under our social security system have already and extensively been explained by the able managers of this report and we have no intention, at this day and hour, to indulge in unnecessary repetition.

Because the report contains certain necessary improvements in the overall social security structure and because it has been indicated that an opportunity will be granted to us early next session to review the questionable provisions of this conference agreement, we are constrained to accept it for the real benefits it does project for those who are in urgent need of them while we resolve to remove the inequities as soon as it is legislatively possible to do so.

Mr. TUNNEY. Mr. Speaker, I would like to express my support for the conference report on the Social Security Amendments Act of 1967. Although this bill is not entirely adequate in providing for the rapidly increasing needs of senior citizens, it does represent an important improvement in the social security program.

However, much more must be done. An increasing number of our population joins the ranks of the senior citizen each year. One in every 11 persons in the United States is aged 65 or over—a total of 18½ million. This number exceeds the total population of 20 of our States. In this century, the percentage of the U.S. population aged 65 and over more than doubled—from 4.5 percent in 1900 to 9.4 percent in 1965—while the number increased sixfold—from 3 million to more than 18 million. By the year 2000 we expect to have 28 million senior citizens, about a 40-percent increase. California is expected to have over 2½ million senior citizens by 1985, an increase of over 1 million. An American born in 1900 could expect only to reach his 40th birthday; an American born today can expect to reach his 70th.

Yet, 85 percent of older people have annual incomes of less than \$2,500, and 66 percent of them earn less than \$1,500 annually.

These figures represent a national challenge—one that we must meet by passing this social security legislation and by recognizing that a great deal more must be done to update and improve our social security system so that it will meet the ever-increasing and constantly changing needs of our senior citizens.

Our gross national product—the value of total output of goods and services—increased from \$285 billion in 1950 to

\$790 billion in 1967 to date. The rate of increase was nearly 7 times the increase in the total population over the same period. Average per capita disposable income increased from \$1,384 to \$2,747 an increase of \$1,363 or 98.5 percent.

These statistics make it clear that we have not done enough to help our senior citizens and that we must make a greater effort to improve the income for retired citizens, provide better housing, medical care, social services, education, and recreation.

Under the Social Security Amendments Act of 1967 now before the House there is a 13 percent increase in benefits for more than 24 million Americans. Average monthly benefits paid to retired workers and their wives are increased from \$145 to \$165 and minimum monthly benefits for a retired worker are increased from \$44 to \$55. Monthly benefits would range from \$55 to \$160.50 for retired workers now on the social security rolls. The special benefits paid to certain uninsured individuals age 72 and over would be increased from \$35 to \$40 a month for a single person from \$52.50 to \$60 for a couple.

The bill increases from \$1,500 to \$1,680 the amount of annual outside earnings a person may earn without the loss of social security benefits. Although this is far from adequate it does represent a step in the right direction. I introduced a bill to raise the amount to \$3,600 which I feel is a more realistic figure.

The Social Security Amendments Act of 1967 also improves the medicare program by increasing hospitalization coverage. Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. It also allows a patient to submit an itemized bill for payment under medicare rather than having to pay the bill first and then submit a paid receipt for reimbursement. Senior citizens, with a low income to begin with, cannot afford to divert precious resources to pay for high medicare costs and then wait for reimbursement under medicare.

I am particularly pleased that this bill also requires the Secretary of Health, Education, and Welfare's Advisory Council to submit by January of 1969 a report outlining the problems encountered thus far by the implementation and operation of medicare and make recommendations for improvements. I know that many senior citizens in my district of Riverside and Imperial Counties in California have expressed concern over the initial delays and problems of medicare. Although medicare has been greatly improved, I feel that further streamlining is needed.

Millions of older American have received much needed hospital and doctor care under medicare. The Social Security Amendments Act of 1967 provides for the largest increase in benefits since 1952. This legislation should be enacted to continue to help our senior citizens maintain a sense of dignity, self-respect, and financial independence.

In many ways however, this bill does not go as far as it should. To meet the

cost of living increase, there is a need for a larger increase in benefits. What would be better yet is an automatic increase in benefits tied to the cost of living. This would obviate the necessity of periodic legislative action.

Senior citizens also face great difficulty in paying for the cost of prescription drugs. The Secretary of Health, Education, and Welfare has been directed to undertake a comprehensive study of the problems involved in covering the cost of prescription drugs under the medicare program. This study is presently underway and I hope that the expensive burden of high cost medicine can be lifted from our elderly.

At the present time in California, property taxes are extremely high and fall hardest on senior citizens. I believe that a comprehensive State, local, and Federal study should be made to find a way of reducing this burden. Tax sharing legislation could be one way of allowing the States to hold the line on increasing property taxes. Another alternative that should be studied is to allow an appropriate Federal income reduction for property taxes which senior citizens must pay.

These are just some of the areas of concern to our senior citizens and indicate the necessity for continuing efforts to insure them a better life.

Mr. GILBERT. Mr. Speaker, I am disappointed with some of the provisions of the bill that comes before us today as the conference report on the Social Security Amendments of 1967.

As a member of the committee that drew up this measure, I had the opportunity to make my views on some of the provisions amply known in a separate dissent. I supported the bill, however, both in committee and on the floor. I was hopeful that the provisions which I regarded as objectionable would be deleted in conference. Unfortunately, they were not. I now revert to my original decision—to support this legislation with reluctance, feeling that more good emerges from it than harm.

I object to the presence in this legislation of two provisions particularly, provisions which are directed at the poor and will cost money to the States which are most responsible in performing their social duties.

The first provision sets a freeze at the present levels of Federal assistance to the States for AFDC—aid for dependent children. This means that the States to which the poor and underprivileged flock in search of opportunity will be penalized. New York, for example, would like to have jobs available for every migrant into the State but, when there are no jobs, it cannot let people starve. This bill will deny New York—and similar responsible States—all further grants of funds for this kind of welfare assistance. This measure is obviously directed against the industrial, urban States, while leaving unaffected those States with normal outmigration.

I also object to the provision which cuts back on Federal aid for the program of medical assistance to the poor, known as medicaid. Once again, New York is being penalized for being re-

sponsible. My State has sought to make sure the poor have good medical care, irrespective of means. This bill snatches away from New York the funds that were promised to it under the law passed several years ago. I object to Congress' renegeing on this commitment.

I commend the conferees, Mr. Speaker, for bringing back a bill which enlarges benefits somewhat beyond the 12½ percent which the House voted. I note also that there have been other improvements. I am particularly pleased that the provisions remain for the child welfare program proposed by myself and the gentleman from Massachusetts [Mr. BURKE]. On the whole, this bill has more advantages than defects and, as a consequence, I will vote to support it. But I cannot, in good conscience, say that I am satisfied with its retrogressive provisions and I must announce that I will seek in committee and on the floor to have them repealed in the next session of Congress.

Mr. RHODES of Pennsylvania. Mr. Speaker, I support the conference report on the Social Security Amendments of 1967.

I wish to commend the distinguished gentleman from Arkansas for his leadership in bringing this legislation to the floor before adjournment of this session. Those of us who have the privilege of serving with him on the Ways and Means Committee know of his sympathy for the aged and disabled citizens and his understanding of their problems. We also know of his outstanding ability and fairness, which have won him the admiration and respect of all members of the committee and other Members of Congress.

I would like to have seen a higher benefit increase and other social security improvements such as a voluntary retirement age of 60 years, and a higher minimum than the \$55 provided in the conference report. However, in my judgment, we should act now to give our 23 million elderly citizens the extended benefits provided in this bill. In my congressional district some 67,000 people now receive close to \$4 million in monthly social security checks. The 13-percent increase will bring over \$600,000 of additional spending power into our local communities.

Future increases in monthly cash benefits will be needed if we are to provide our elderly citizens their fair share of our Nation's abundance.

Mr. Speaker, I agree with the remarks of our distinguished chairman that new methods of financing our social security system must be found if we are to provide more adequate benefits which our elderly so richly deserve. One answer is partial financing of the system out of general revenue. I have introduced legislation which would provide for this type of financing and I hope our committee will consider it during the next session of Congress.

Mr. ROSTENKOWSKI. Mr. Speaker, I rise in support of this conference report to amend the Social Security Act to increase benefits for recipients under this act. This Congress has devoted as much, if not more, time considering this legis-

lation than any other piece of legislation before us. The conference report which is now being considered is the result of many months of extensive hearings and review by the Ways and Means Committee, the Senate Finance Committee, and the House-Senate conference committee. It is, in my opinion, the best bill we could put together considering the complexity of its provisions and the strong arguments that were made both pro and con on the original proposal that was offered to Congress by the administration.

This bill will, undoubtedly, be disappointing to certain individuals and groups of individuals because it does not meet the standards of the proposal suggested to Congress, and that certain limitations have been set on aid for dependent children. However, the overall provisions of the bill are helpful to the 22.9 million people receiving benefits under the Social Security Act. By approving this conference report we are not closing the door on the possibility of considering further amendments to the Social Security Act, to increase benefits as they are needed and can be supported. I should think that this would hold true for the so-called "freeze" on the AFDC rolls which goes into effect July 1, 1968.

The intent of this "freeze" has a meaningful purpose, but the provision, at this time, causes me considerable concern because it fails to take into account the effect of the migration from southern rural areas to urban centers such as Chicago. I am concerned because of recent Federal district court rulings in the States of Delaware and Connecticut and the District of Columbia, when they ruled that the residency requirement for eligibility to receive welfare benefits was unconstitutional.

In Illinois the Federal district court in Chicago is considering a suit filed against the State concerning the 1-year residency requirement for eligibility to receive welfare benefits. If this Illinois law is ruled unconstitutional it will open up a Pandora's box for an estimated 5,000 families in Illinois, who have recently moved to Illinois from other States, to apply for welfare benefits and thereby increasing Illinois' cost for public assistance by \$15 million. It could also attract a greater number of migrants to move to Illinois in order to obtain better welfare benefits than they are receiving in their own States. This same condition could be applied to other States who have established meaningful welfare programs, should the U.S. Supreme Court uphold the Federal court ruling in Connecticut concerning the constitutionality of the residency requirement in Connecticut.

With the "freeze" and the constitutionality ruling of a State's residency requirement, those States with meaningful welfare programs could face a huge deficit in their budget for public assistance because the newcomers may well bring them above the level of the freeze, and there is no way to send these people back. Thus, these northern industrial States attracting the southern rural migrants would be taxed to support the welfare cases coming from the southern rural areas, and thereby relieving

those southern States of their responsibilities in this area. It would be a most inequitable arrangement.

It could well be that special allowances may have to be made for the effect of migration. Therefore, I would hope that the door is not closed in this area, and that Congress would reconsider this "freeze" when the States affected by migration present their problem to us.

Mr. RODINO. Mr. Speaker, I view the conference report on the Social Security Amendments bill with very mixed feelings.

On the one hand, I wholeheartedly support the majority of the provisions of this final version. Of particular importance are: the 13-percent increase in benefits, the raise in the minimum benefit from \$44 to \$55 a month, the increase in the earnings limitation, and the provisions liberalizing and improving the medicare program. These major changes are urgently needed.

I am, however, greatly concerned by two major changes made in the aid for families with dependent children—AFDC—program.

First, and of great concern to me, is the provision which establishes an enrollment freeze, effective June 30, 1968, which will preclude Federal aid for any more children than are receiving assistance under the AFDC program as of January 1, 1968.

The intent is that the individual States will provide for the additional children who will need financial aid. But we all know that the States are already facing financial problems in meeting these needs, and I fear this action will create situations of desperate need and suffering for children guilty of nothing but the fact of their existence.

The second very drastic change is that which would set up a mandatory employment-job training program for families receiving AFDC payments. Under these provisions, mothers of schoolchildren would be forced to work or participate in job training projects, with welfare agencies charged with the responsibility of assuring proper child care arrangements.

Mr. Speaker, the employment referral system with its three priorities outlined in this bill appears to me to be a vast, cumbersome administrative mechanism which the States will find both difficult and expensive to establish and operate. I cannot see how the individual States will be able in the time required to provide the employment possibilities, training programs and special work projects envisioned by the bill. In addition, I cannot see how we can immediately provide the facilities and personnel, already in short supply, to assure the child care necessary when mothers are forced to leave home for work or training.

I should make it clear that I heartily endorse the objective which these changes seek to achieve. Spiraling welfare costs are an increasingly serious burden, particularly for areas such as my own county of Essex in New Jersey. It is eminently desirable to establish programs to help move people from the welfare rolls into productive employment. It is a public benefit, and of immeasurable importance to the individual

who can establish self-reliance and dignity through his own employment.

I believe the intent of these changes is in the right direction. However, I believe they are premature and unwise at this time. I am hopeful that early in the next session they can receive thorough review and consideration.

Despite my doubts on these aspects, I will vote for the Social Security Amendments, for the urgent need for increased benefits overrides the flaws in the bill which can be rectified. I urge passage of this legislation, but I also urge an objective, careful review of the welfare changes early in the next session.

Mr. REINECKE. Mr. Speaker, I wish to congratulate the conferees on H.R. 12080, the Social Security Amendments of 1967, for a job well done.

The House, and hopefully, the Senate, will adopt the report so that the 23 million American beneficiaries will receive their increased payments on schedule. This is money well spent to improve the living conditions of our older-retired people, the disabled who can no longer work and the widows and their children whose breadwinner died before his family was grown up enough to be self-supporting.

The amendments provide a greater chance for the older person to continue to perform useful work rather than retiring completely by permitting people to earn a little more each month without losing their social security benefits.

The cost of the amendments is provided in a responsible way. Social security taxes will go up gradually as they do in present law, but at a slightly faster rate to assure that the social security program continues to be financially sound into the future.

We have heard a great deal of comment about some of the welfare provisions of the bill and while these changes may not be what everyone would like them to be, they are an honest attempt to break the cycle of poverty that has developed over the years. The amendments do not attempt to preclude welfare payments to anyone. The main thrust of the amendments is to provide people with the tools they need to become self-supporting. The aim is a better life, and a freer life that can be provided under our welfare programs. The rights of the poor are not being denied, rather the poor are to be encouraged to seek the full rights of free Americans. They will be encouraged and helped to a life free from the restrictions and investigations of the welfare program. Thus, what some have called restrictions on the States are not restrictions. The States are free to do what they will, as they are under present law. The bill, however, provides incentives so that more States will take a more active part in raising the poor from welfare to self-support.

I believe the conferees have been diligent in their duty, that they have discharged a difficult task in a most commendable manner and they have presented the House with a bill worthy of our support. If any of the provisions in the bill do not work out as well as we anticipate, the experience will show us how to improve them. The bill is a bold start in an ongoing battle to remove poverty from this land of plenty.

Mr. EILBERG. Mr. Speaker, I rise today reluctantly, in support of the Social Security Amendments of 1967. There are some features in the bill as reported which trouble me. I had hoped that we could get a more substantial increase in benefits. I had hoped that some of the restrictive features as to the new welfare program could be ironed out in the conference between the Senate and the House conferees. I hoped, for example, that the so-called welfare "freeze," which was removed from the House bill by the Senate, would not survive the conference.

But I believe we owe it to the some 23.5 million Americans now receiving benefits to make some increase before this session ends and if some features of the entire omnibus bill prove to be inadequate or too arbitrary, we can change them next year. It is always true, in a bill of the proportions of this legislation that we must make changes on the basis of experience. Meanwhile, while we deliberate on improvement, people will be receiving the higher benefits provided by the bill before us—requiring only our action, and action on the Senate side, to send it to the President for his signature. I am, of course, most immediately concerned with the 70,000 people in the Fourth District of Pennsylvania who will get the 13-percent increase in their benefits provided in the bill.

You will remember, a few days before the last Congress was scheduled to adjourn, we got the announcement that a revision of future cost assumptions, bringing them up to date, brought about savings in the trust fund which, without any increase in the existing tax rate, would finance a benefit increase of 8 percent. This was tempting to some people in an election year, and there was much pressure, I know, on the Committee on Ways and Means to act hastily.

We asked the American people to wait then for the more mature consideration, which has traditionally and appropriately been our course of action in connection with legislation which so vitally affects the lives of all Americans. We felt then that hasty action might not be wise or prudent because of the fiscal responsibility incumbent upon all of us. It would have been easy, in an election year to have acted too fast.

The bill before us today has had that mature consideration. It represents an end product which, I know, has called for concerned consideration and compromise. But it contains an increase of 13 percent—and that is a lot better than the 8 percent proposed for hasty action in the last days of the last Congress.

I think there are some other improvements over existing law in the bill. It would increase the amount people receiving benefits can earn without penalty, from \$1,500 to the \$1,650 proposed by the administration. It will require training for jobs for people on the welfare rolls who are there because they lack the skills required in our modern economy. Sometimes just training in how to read or in basic arithmetic can provide the first step up the ladder of responsibility which can lead to better things for the entire family. I, for one, believe that most of the people now receiving relief want that opportunity. I do not accept the too-com-

mon assumption, on the one hand, that they are lazy and good-for-nothing, and on the other that they are getting too much. Most of them, in my experience, are living on much too little and are looking for a chance to better themselves. Most of them, in particular, are concerned with making it possible for their children to live a better life than they have had. I do not agree with some of the means toward that end provided in the bill. These, I think, however, can be remedied in the next session. Meanwhile, I think we can no longer delay action, growing out of lengthy consideration, which will make better provision for those people now receiving the pitifully inadequate benefits in existing law.

Mr. DANIELS. Mr. Speaker, I rise in support of the conference report of H.R. 12080, the Social Security Amendments of 1967. I do so not because I think this is a perfect bill, far from it, but because we are now in the take-it-or-leave-it stage of the legislative process. Because we are now in the 11th hour of the first session of the 90th Congress, it becomes vital to pass this bill or in fact we may pass no bill at all.

Mr. Speaker, millions of our senior citizens are looking toward Washington for justice, and I think that if we cannot do something for them now, this Congress will have earned the contempt of all persons who think that America's senior citizens are owed top priority during our deliberations.

Earlier this year, I introduced H.R. 2784, a bill which contained a provision setting a monthly minimum of \$100 for all persons receiving social security assistance. To me this seemed a reasonable figure and a long step forward from the present monthly minimum of \$44. However, it was considered not possible to raise the payments to this level this year. As inadequate as the \$55 minimum accepted by the conferees is, it nonetheless is a step forward. Certainly, anyone who is attempting to get by on a tiny sum such as \$44 needs any aid he can get, and for this reason we must do something for those whose need is so desperate.

Mr. Speaker, again I reiterate that this bill is not perfect but, because it is a small step forward, it ought to be supported. As one Member vitally concerned with the well-being of all Americans I pledge that when the Congress reconvenes in January, I shall again continue my fight for our senior citizens by introducing a new bill more closely related to today's high cost of living.

Mr. HAWKINS. Mr. Speaker, H.R. 12080 contains many very desirable, although limited, improvements in the social security provisions of the Social Security Act. It is almost diabolical, however, that such a vehicle is being used to pass regressive public welfare provisions that cannot stand alone.

If adopted, these welfare provisions would change the program for families with young children from one of protection to those children into primitive "work programs" for mothers.

Under favorable conditions it may be some women can both manage their home and work outside. But to deprive a mother of this judgment is to further undermine the family and to force her

into slave labor at low wages and little prospect of improvement. Even more serious, such a practice produces more dropouts and delinquent children.

Also, H.R. 12080 fails to require States to meet in full their own level of budgeted need in public welfare with updating. Thus, a State of higher budgetary standards, such as California, is penalized as compared with those States that provide even less than their own already low standards of assistance.

The myth that all people in poverty are lazy and do not want to work is completely disproved by the facts but lies continue to circulate freely.

First of all, about half of those classified as poor are in families in which the head does work, but at wages too low to provide a decent living. Instead of condemning these individuals, we should attack the conditions that keep people working as submarginal laborers.

Also, while all of us have reason to be concerned about rising welfare costs, the best way to attack the problem is to prevent the conditions that require people to go to welfare offices in the first place. Only about 20 percent of the poor who are legally entitled to welfare are actually receiving it. The 80 percent who are managing somehow to stay off relief rolls receive even less help and commendation from us than those on welfare.

Currently about 7½ million Americans are on welfare rolls. Among these: 211 million are 65 or over; 700,000 are either blind or otherwise severely handicapped; 3.5 million are children in poor families; and 1 million are the parents of these children, mostly mothers and incapacitated fathers.

It is estimated less than 50,000 fathers are capable of gainfully employment and grave questions can be raised as to whether we should insist that the mothers be taken away from their minor children in order to work in low-paying jobs that soon disappear.

Invariably discussion of welfare ends up in dragging in the old issue of mothers on aid who mismanage and who have illegitimate children. These are only a small number of relief recipients hardly enough to explain high welfare costs.

Actually, we are addressing ourselves to only a fraction of 1 percent of the illegitimate pregnancies that occur in American society and we are concluding that these few instances are so shocking to our morality that the majesty of the law must punish the children for the sins of the parents. If this is logical then we should more strongly condemn the higher income groups that annually account for almost 1 million abortions.

The immediate answer to this problem is improved casework, social service, family planning, and home management training.

In the long run, however, our enlightened society must recognize that if we are not willing to make a direct commitment to achieve full employment, we must develop a vast array of tools to achieve what we have committed ourselves to seek—maximum employment. And this involves a lot more educational and training programs, and a much better social insurance system than we have thus far provided.

Mr. HELSTOSKI. Mr. Speaker, as we proceed to close this session of Congress we still have several items of business on the calendar which must be considered before we depart for our home districts.

One of them, the Social Security Act Amendments of 1967, will be disposed of today and will be accepted by an overwhelming vote, even though it presents inequities, which I hope will be corrected through future legislation.

One of these inequities is the provisions which "freezes" the Federal participation in aid to families with dependent children. It appears to me that we are taking a two-faced approach to the welfare of children—throughout the world and those at home.

On the world front we provided assistance to feed the millions of hungry children, yet, at the same time, we are today denying assistance to our own American children the necessities of life. We are doing this through this so-called "freeze" which will deny welfare assistance financed by Federal funds to the many families who cannot provide for themselves. True, we are not cutting them off completely, but we are shunting the financial burden from the Federal level to the States—a proposal which could create havoc with the financial structure of many States.

In my State of New Jersey this program could be catastrophic, particularly on the urban centers. These will suffer grave hardships because it has been nationally recognized that the number of welfare has been maintained at a low level. However, statistics show that an in-migration of such cases into New Jersey is the third highest in the Nation. Under these circumstances, this "freeze" places the entire cost of the increased loads upon New Jersey's State, county, and municipal governments.

Although I shall vote to accept the conference report, because of its otherwise acceptable provisions, I hope that the inequity I spoke of will be corrected by subsequent legislation. I do not feel that we should delay in putting into effect the good provisions of this legislation, just because a part of it has objectionable features. These should be corrected and acted upon with dispatch after the Congress returns to work in January.

Mr. VANIK. Mr. Speaker, as a member of the Ways and Means Committee, I vigorously opposed the effort that was made in committee to freeze entitlement of aid-for-dependent-children rolls. While I shared the concern of my colleagues regarding the mounting cost involved in the welfare program, I never felt that a limitation on expenditure would constitute a satisfactory approach to the problem. In my judgment, it was preposterous to suppose that we could meet our obligation to the dependent children of America simply by saying that there could be no "new" dependent children or that dependent children greater in numbers than those already on the rolls could not receive the benefit of the program.

The need of the dependent child has no relationship to population, census, or percentage-of-increase factors. One dependent child stands equally entitled as any other regardless of where he is born

or where he lives. His needs are not lessened in any way because the State of residence may be suffering an increment in the welfare problem that is not covered by the statute.

I therefore oppose the freeze in aid for dependent children which is incorporated in this conference report. It is impossible for me to understand how we meet our obligation to the dependent and needy children of America by imposing a ceiling on what the fortunate people of America are willing to spend on the unfortunate. It seems to me that other alternative approaches must be made to the problem of rising welfare costs such as family life education, improved home environment, and on-the-job training.

There is considerable reason for believing that the increased cost of the aid-for-dependent-children program may not continue to rise at the same percentage level as it has in recent years. Perhaps a little more time and study on the problem might be more helpful than an outright mandatory dollar ceiling on what the American people are willing to spend to support the needy children of others.

The current freeze on aid-for-dependent-children rolls will cost Ohio \$1½ million annually in Federal reimbursement. The State has no financial means of developing resources to meet the added burden this will impose on State and local authorities.

Following is a telegram that I have just received from James A. Rhodes, Governor of Ohio, protesting the freeze on aid-for-dependent-children rolls:

Strongly urge that freeze on AFDC rolls be removed from H.R. 12080. It would cost Ohio \$1,500,000 in federal reimbursement.

JAMES A. RHODES,  
Governor.

I concur and support the plea which is made by Governor Rhodes. While the parliamentary situation and the approaching adjournment of this session of Congress make extensive deliberation difficult at this time, I hope that we can review this entire matter in the next session of Congress to determine whether a freeze on aid-for-dependent-children rolls is truly a prudent and necessary course.

Mr. QUILLEN. Mr. Speaker, a much-needed social security increase has been long overdue, and thousands of our elderly and disabled citizens have had to bear the burden of the political shenanigans of a few in the White House.

Back in 1966 and again in early 1967, I predicted that the Johnson administration would continue to drag its feet on a badly needed social security increase, using the program as a political football. Unfortunately, my prediction proved correct.

I protested to the President before the end of the 1966 session about the unnecessary delay and said that an across-the-board increase could be made then, rather than later, with no increase in social security taxes either to the employee or to the employer.

I have always fought for the maximum increase in social security benefits without an increase in taxes, and I said

on the floor of the House when the measure was being debated earlier this year:

Mr. Speaker, I have long been a champion of the social security program, feeling that it means so much to our people.

Let us pass this conference report today without any further delay.

Mr. JOELSON. Mr. Speaker, I am very much concerned about the fact that the Senate-House conference has retained the provision freezing Federal participation in the aid-to-dependent-children program. When the bill was originally considered by the House, it came up under a closed rule which meant that no amendments could be offered, but that the bill had to either be accepted or rejected as a package.

I voted for the bill because most of its provisions were desirable and necessary. Social security benefits are inadequate to meet the high cost of living and must be adjusted upwards. However, I hope that we can still send H.R. 12080 back to conference so the freezing of Federal participation in the aid-to-dependent-children program can be eliminated, and I will support efforts to do so.

I have received a telegram from the commissioner of the department of institutions and agencies of the State of New Jersey, Lloyd W. McCorkle. He has stated that the freezing provision "can be catastrophic for New Jersey." He has warned that cities in New Jersey will suffer because the migration of underprivileged to the State would place the entire cost of the increased burden on State, county and municipal governments. He is knowledgeable in this field, and I for one respect his judgment in this matter.

Mr. PELLY. Mr. Speaker, I have heard that if the conference report on H.R. 12080 to amend the Social Security Act is rejected by the House today, any action to increase benefits is dead for this session. Not only is it dead for this session, but it will spell the death of such legislation in the next session. In other words I have heard if Congress does not accept the measure in the form it comes to us today, there will be no legislation to amend the Social Security Act until 1969.

In this connection, it seems to me the good in this bill far outweighs the bad. So I intend to vote for it in spite of the fact that my State of Washington will suffer substantially under certain of its provisions having to do with public assistance. For the record, however, I wish to read into the RECORD a telegram I received this morning from Gov. Dan Evans, of my State of Washington, as follows:

OLYMPIA, WASH.,  
December 13, 1967.

HON. THOMAS M. PELLY,  
House Office Building,  
Washington, D.C.:

Conference version H.R. 12080 has many excellent provisions but we strongly object to certain provisions which will seriously impair the public assistance program in this State.

1. Limitation on Federal participation in AFDC for children deprived by absence to proportion existing in 1st quarter 1968. This State is under threat of a restraining order which could remove residence requirements and increase the proportion of population technically eligible for AFDC. A maximum related to proportions prior to removal of residence is inappropriate. Population estimates

neither sufficiently refined nor timely to be effective or equitable as caseload controls. Although we share with Congress its concern with the AFDC program, States such as Washington which have rehabilitated AFDC mothers and kept caseloads down are penalized.

2. Requirements for substantial attachment to labor force to be eligible for AFDC penalizes an unemployed family which stays together, since if the father were to leave home his family would be then eligible for AFDC.

3. We oppose transfer of the community work and training program currently administered by local public offices to the Department of Labor with its concentration of authority at the Federal level. Local public assistance agencies have greater knowledge of work and training needs of recipients and could affect more timely assignments. The State of Washington has current assistance standards, provides a broad medical care program, rehabilitative services, and is interested in a good welfare program. We urge the H.R. 12080 be returned to conference for further consideration and appropriate changes in these three critical areas.

DANIEL J. EVANS,  
Governor, State of Washington.

Mrs. MAY. Mr. Speaker, this morning I received a telegram from the Governor of my State of Washington, the Honorable Daniel J. Evans.

The Governor is deeply concerned over three provisions in the conference report on H.R. 12080. I believe this concern on the part of the State of Washington is justified and I therefore would like to discuss these areas of the conference report.

First, this bill provides that Federal matching funds for the AFDC program will be limited by a percentage determined in which the numerator is the number of children currently on the AFDC rolls as of January 1, 1968, and the denominator is the population of the State. As long as an individual State's population and AFDC recipients increase in direct proportion to one another, then the amount of the Federal matching money for the program will also increase. However, if the number of AFDC recipients increase at a faster rate, the percentage determined under this formula will be exceeded and there will therefore be no increase in the Federal matching money for the excess.

Now, what makes this a particularly acute problem in the State of Washington, and I know there are a number of States in which this same problem exists, my State is under the threat of a court restraining order which could remove the existing residency requirements for eligibility of recipients under the AFDC program. If such a restraining order becomes fact, the proportion of the State population technically eligible for AFDC payments would be increased. The burden which would be placed on the State of Washington, and all other States in which residency requirements are under the threat of being eliminated by court action, is obvious.

For this reason, Mr. Speaker, the Governor of my State feels, with ample justification, that a maximum related to proportions prior to the removal of residency requirements is inappropriate. States such as Washington, which have rehabilitated AFDC mothers and have kept the caseloads down are penalized.

The second area of concern on the part of the State of Washington relates to the requirements for substantial attachment to the labor force to be eligible for AFDC. This, the Governor feels, penalizes an unemployed family which stays together. If the father of the family leaves home, his family would then be eligible for AFDC payments. I feel the Governor's point is valid.

The third area of concern is the provision transferring the community work and training program currently administered by local public offices to the Department of Labor, with its concentration of authority at the Federal level. Governor Evans, with justification, can point with pride to the work of the local public assistance agencies in the State of Washington, which have demonstrated their greater knowledge of the work and training needs of recipients and which can and do affect more timely work assignments. The State of Washington has current assistance standards, provides a broad medical care program and rehabilitative services, and is definitely interested in a good welfare program.

May I add this comment, Mr. Speaker: I think we have in charge of the Washington State Department of Public Assistance a fine and able administrator in the person of Sidney Smith. He has, since taking over these duties under Governor Evans' administration, given new direction and new esprit de corps to the entire department, to use the Governor's words. He has instituted fine programs that have helped to put recipients back in jobs and these have been highly successful programs that have saved the State several millions of dollars.

In view of this, Mr. Speaker, I believe you can understand and appreciate the concern of my Governor over these three specific provisions in the conference report which could seriously impair the public assistance program in the State of Washington.

Mr. REID of New York. Mr. Speaker, although I intend to vote for the conference report here before us, I must confess to very serious reservations about certain of its provisions. Specifically, I refer to the welfare and medicaid provisions which, by substantially reducing the levels of Federal contributions to States like New York, will cast into jeopardy the lives and well-being of our poor and disadvantaged.

The welfare of our needy citizens is a national problem—in scope and solution. We should not abdicate our responsibilities here in Washington by casting upon the States an inordinate share of this problem. Nor can we blithely ignore the critical problems before us with a sweeping statement that the States, of course, are free to fund welfare and medicaid programs at such levels as they may choose.

Let me but note in brief the impact which these provisions would have upon the State of New York and its largest metropolis, New York City. Mayor John Lindsay has estimated that the total burden to be cast upon both the State and city under the conference report's welfare and medicaid provisions could reach some \$150 million. Whereas the

Federal contribution to New York State under the medicaid program for fiscal year 1970 would have been some \$491 million under the present provisions, under the conference report this figure will be slashed some \$62 million to approximately \$429 million. The ceiling of \$6,000 for a family of four—in terms of eligibility for medicaid—will be reduced to \$3,900 under the formula contained in the conference report.

This is not a minor matter. In a joint telegram to President Johnson, Governor Rockefeller, and Mayor Lindsay stated that the reduction in Federal aid "would create a grave fiscal situation in the State and would precipitate a fiscal crisis in the city. They added:

The net result is certain to be major hardship and suffering for Americans most in need—poor families and especially their children.

The provision of this bill which would put a freeze on the ratio of children from fatherless homes who can qualify for welfare is archaic in its conception and inhuman in its treatment of the poor. It would affect adversely some 126,000 children in New York City alone over the next 18 months. Mayor Lindsay estimates that to care for them without Federal assistance would cost the city about \$30 million. As the New York Times has so aptly put it:

This provision faces the states with the option of sterilizing mothers or letting children starve.

The bill passed by the other body originally offered a true incentive to welfare recipients to earn additional income by permitting them to retain the first \$50 of monthly outside earnings and 50 percent of additional amounts. These figures have been pared to \$30 and 30 percent, respectively. A proposed job-training allowance has been sliced from \$20 per week to \$30 per month.

I have praised those provisions of the bill which reflect a more forward-looking understanding of the critical problems of welfare in our Nation. The day care, child health, and family planning programs—although reduced in scope in the conference report—will help to alter the character of welfare and encourage greater initiative on the part of its recipients.

But this is not a time for half measures which raise the hopes of the poor in one breadth and dash them in the next. I regret that I shall not have the opportunity to vote to recommit this conference report with instructions to the managers on the part of the House either to alter the provisions I have referred to or to accede, where appropriate, to more progressive Senate provisions. I do hope that in succeeding sessions of the Congress we shall place high priority on rectifying some of the injustice being done today if the Senate fails to take action in this regard on this conference report.

Mr. **BUTTON**. Mr. Speaker, some of the provisions in the social security amendments bill we are considering today shall probably go down as the most restrictive, regressive ever to pass this House. Had the measure not been subject to a closed rule earlier in the year with

no opportunity for amendment on the floor, I am sure these provisions would have been deleted. I had hoped that the more enlightened provisions of the Senate bill would have been adopted, but the bill's "niggardly spirit" remains.

The opportunity to break from the closed rule tradition of such a measure availed itself this summer, when a number of my colleagues suggested to the Rules Committee that this year's consideration of the bill be under a modified closed rule which would allow amendments, at least, to those sections of the bill which dealt with payments to States for public assistance and payments to individuals for old-age and social security benefits. But this effort failed, and as a result, the rule under which the bill came to the floor did not permit an opportunity to strike the more objectionable features of the bill. For those who are opposed to the provisions of today's conference report, the only alternative, under these circumstances, would be to scuttle the entire social security package, which would only further delay the help needed for thousands of worthy citizens.

My State of New York will be drastically affected by the provision of this bill which will reduce the number of persons on local welfare who would qualify for Federal aid. This, of course, is a coercive provision, intended to trim the welfare rolls through forced training and employment of recipients. Punishing family members—including mothers, when deemed "appropriate" by the State—who refuse to take available jobs or participate in work and training programs, is in my opinion a despicable and punitive device that can do nothing but encourage unemployed fathers in welfare families to quit their homes and force mothers to work who should be in the home caring for their children.

Another punitive provision, which I disagree with deeply, is the State-by-State freeze beginning January 1, 1968, on the proportion of children eligible for federally subsidized aid under the aid-to-families-with-dependent-children program. This provision alone will cost New York State millions of dollars, if we are to continue to meet our responsibilities.

These provisions, in effect, punish the poor for being poor, abruptly altering the direction and vision of this country's social responsibility that was born in 19th-century America and which has grown into remarkable national programs of care for our indigent and needy.

Many of my New York colleagues will agree, I am sure, that certain provisions of this bill tend to discourage the liberal assistance programs our State has instituted. The objectionable features of this bill will only place an additional burden on already financially overburdened States to assume the portion of the costs which no longer will be available from the Federal Government or force these States to cut back their programs. I do not think this is just or financially sound.

Also, Mr. Speaker, our elder Americans, those who have contributed so much to the growth and prosperity of our Nation, were first promised benefit increases effective July 1 of this year. This date

passed and finally we are about to agree here today to make these benefits payable for the month of February 1968, not to be reflected in benefit checks received until March. There is no sound financial or other reason why these payments could not have been made retroactive, effective, at least, back to October 1, 1967. This would have given our senior citizens a lump-sum payment from the existing surplus in the social security fund. Our failure to include such a retroactive clause in this bill is especially trite and niggardly in view of action taken by this body earlier in the week giving Government employees a retroactive pay increase effective October 1 of this year.

Mr. Speaker, I had hoped that the changes in the existing law would have truly compensated for the rising prices and hardships now facing families living on fixed incomes, but I am not sure this bill will serve the purpose of increasing their buying power or catching up with rising costs of living, and especially not if the administration's tax-increase proposal is enacted next year.

If we seriously wanted to significantly improve the lot of those in the lower benefit categories, we should have raised the ceiling on outside earnings by social security beneficiaries. We could have also made medical payments 100 percent tax deductible for our elder citizens, as the law provided before 1965. But as the bill stands, there is only a token increase in the earning ceiling—\$1,680. Realistically we should have adopted the Senate version calling for a \$2,400 ceiling. The bill should have also established an automatic cost-of-living increase applicable to the benefit schedule. This would have kept the beneficiaries' purchasing power stable during inflationary periods, and would enable senior citizens to maintain their well-earned dignity instead of periodically begging Congress for increases to offset inflationary trends. Certainly much remains to be done.

Mr. Speaker, I regret that it was impossible to make the changes I have suggested, and I equally regret not being able to register my dissent in the form of a vote against the aforementioned undesirable provisions in this legislation, which I fear will worsen the conditions of poverty that far too many Americans find themselves in today.

Mr. **MILLER** of Ohio. Mr. Speaker, I wish to add my support to the social security amendments now being considered by the House.

We cannot ignore the plight of many elderly citizens for whom social security payments are the only source of income. These citizens' with their income fixed by law are helpless in the whirlwinds of inflation which now erodes their pension and forces them to lower their standards of living. Since the prime cause of inflation has been ever increasing spending by the Federal Government, it is that same Government's responsibility to do what it can to correct this injustice. In this case, the only course of action is to increase their social security benefits, while also broadening the base by which the Government collects social security revenues. For these reasons, I urge the passage of the social security amendments now before us, and I also urge a

halt to other unnecessary spending programs that serve to nullify these increases by contributing to the continued devaluation of our dollar.

I would also like to urge at this time Mr. Speaker, that a more equitable adjustment be made in the outside earnings provision of this bill. The bill before us will increase the outside earnings capability of individual social security recipients from \$1,500 to \$1,660. This I feel is insufficient. I strongly recommend that this section of the bill be changed and that a raise be made which would permit social security recipients to earn up to \$3,000 a year.

There is no limit on the amount a retired person can presently receive from such sources as interest, rents, royalties, and dividends without losing any portion of his social security payments. Many retired persons who need and would like to earn additional income from wages or salaries are discouraged from taking part-time jobs because they would have to forfeit much or even all of their social security payments. They need and deserve better incentives to improve their income position.

Mr. COHELAN. Mr. Speaker, I will today cast my vote for the social security bill. However, I do so with deep regret over the many regressive and inadequate provisions of this legislation.

The bill raises the social insurance payments from a minimum of \$44 to \$55. But do we all not know that it just is not possible to live decently on \$55 a month today? The bill raises the social insurance payments by 13 percent. But the payments were not sufficient before, and prices are rising. The bill raises the allowable earned income ceiling to \$1,680. But is this realistic?

But as inadequate as are the social insurance provisions, they are not the worst villains in the bill. The real malevolence is in the welfare provisions. Some of these are shameful. In the apt words of the New York Times, these provisions "strip those on the relief rolls of what dignity has been left to them."

What are these malevolent provisions?

One limits the amounts of Federal assistance available for children from homes with only one parent to the level which exists on January 1, 1968. Thus the States, whose resources are already stretched drum tight, will face the prospect of allowing children to go hungry. The avowed intent of this provision is to discourage fatherless homes. But how can starving the children of these unhappy homes solve this problem?

Another odious provision of the bill is one of omission. The bill reported by the conference dropped the Senate provision which would have required all States to provide aid for dependent children even if there was an unemployed male in the household. This provision would have done away with the stealth and family disruption which has so often been fostered by the so-called man-in-the-house rules.

Other provisions of the bill provide so-called incentives to employment for the recipients of welfare. Do we really believe that the problem is that those on relief do not want jobs and a better life?

Is the problem not one of inadequate physical ability, insufficient skills and education, discrimination, and the simple lack of job opportunities? And is the exclusion of \$30 a month in earned income together with one-third of all other income a real incentive in any event?

Mr. Speaker, I will vote for this bill because of the important benefits it provides, but I deplore the shortsightedness and neglect inherent in several of its provisions—especially those concerning social welfare—and I will in future sessions work to see these provisions corrected.

Mr. BOLAND. Mr. Speaker, the 13-percent increase in social security benefits provided for the elderly in this bill is vitally needed by more than 23 million Americans under the program, so I am going to vote for the conference report, although I am opposed to certain provisions with respect to aid for families with dependent children and the medicated programs.

Wages have increased and the cost of living has gone up. Our older people receiving social security benefits need this 13-percent increase to bring their monthly checks up to a level commensurate with increased living costs.

The bill also provides for an increase in the amount of payments for the special group of people 72 and over who, because the work they were doing in their younger years was not covered by social security, cannot qualify for full benefits. It increases the amount of special payments they can receive from \$35 a month for an elderly man or widow to \$40.

Another desirable feature of this legislation increases the annual earnings exemption from \$1,500 to \$1,680 that an older person can receive without having any social security benefits withheld. I have long supported and sponsored legislation to accomplish this end.

Mr. Speaker, I am opposed to the regressive provisions written into the House bill, and now agreed to in this conference report. They are: The January 1, 1968, ceiling on the percent of children with respect to whom Federal aid to dependent children payments may be made to a State; and the mandatory provision on the States, beginning January 1, 1969, to encourage State and local welfare agencies to put pressure on mothers of dependent children to leave home and go to work.

I reiterate again what I said on the floor of the House when this bill was before us on August 17, these provisions would have an adverse effect upon the welfare of children and will not contribute to the strength and integrity of families. In his telegram to me expressing opposition to this conference report, George Meany, president of the AFL-CIO, said of these provisions on behalf of his labor organization:

We deplore punitive welfare provisions in report which unfairly and unjustly penalize nation's poor just because they are poor.

I also received a telegram in opposition to these provisions from Msgr. Joseph A. Russell, Rev. Vincent M. O'Connor, and Rev. George Jacoby of the Catholic Charities Organization for the Roman

Catholic diocese of Springfield, Mass., which embraces my Second Congressional District, as follows:

We strongly oppose the proposed limitation of AFDC caseloads in H.R. 12080. We urge you to vote against this proposal.

The American Jewish Congress, in a telegram to me signed by its president, Laurence Locke, took a similar position, and I read:

Horrified Conference Committee recommends case load freeze January, 1968. Action ignores normal population growth. Children must not hunger. States cannot bear additional financial responsibility. Urge you oppose conference report with restrictive provisions.

Mr. Speaker, I hope that these restrictive and regressive provisions will be stricken from the Social Security Act by legislation in the next session of the Congress. I think we have to get this bill out before we adjourn because there are 23 million people waiting for increases in benefit payments on which they depend for a living, and they cannot wait another year because living costs are going up every month. Therefore, I am going to vote in favor of the conference report because of its many good provisions, but reluctantly so because I am opposed to the restrictive welfare provisions.

Mr. RYAN. Mr. Speaker, the conference report on H.R. 12080 can hardly be described as a compromise between the House and the Senate bills. It is the House bill with slight modifications which makes it hardly more palatable than the bill which passed the House on August 17, under a closed rule, against which I spoke and voted and which made it impossible to separate benefits under the old-age, survivors, and disability insurance program from the public welfare amendments.

The rules of the House have again been used to deprive us of any opportunity to change the conference report or to separate the social security benefits from the public welfare provisions. The motion to recommit, proposed by the gentleman from California [Mr. UTT], would reduce the already inadequate benefit increases. So it is unacceptable and would not serve as a vehicle to improve the bill. I am opposed to ordering the previous question because, if it were defeated, then a motion to instruct the conferees to amend the restrictive medicare and welfare provisions, and to increase benefits, would be in order. Since the previous question was ordered, we are confronted with the alternative of either accepting the conference report with all of its deficiencies or of denying to 23 million senior citizens the benefit increases—adequate as they are—which they desperately need.

The administration requested an increase in social security benefits to a minimum of \$70 a month, with across-the-board increases of 15 percent, which was incorporated in the Senate bill. On the other hand, the House approved a much lower minimum figure of \$50 a month, with an across-the-board increase of 12.5 percent. The conference report figure before us today is closer to the House bill. Fifty-five dollars a month,

which the conference report establishes as a minimum, coupled with an outside earnings limitation of \$1,690 annually, continues a living standard below the poverty line. It is totally inadequate.

The actions of both the House and the Senate with respect to title XIX were devastating to a program which for the first time made hospital and medical care available to people who are medically needy but not welfare recipients.

The Senate bill provided an income eligibility ceiling for medicaid which was 150 percent of the income limitation for old-age assistance. The House established an income eligibility limit at 150 percent of the actual AFDC payment level. This will be 133 $\frac{1}{3}$  percent as of January 1, 1970. The conferees accepted the House formula which is more restrictive than the Senate formula.

The effect of the new medicaid formula is to discriminate against the more progressive States which have chosen to provide medicaid not just to indigent persons, but to moderate-income families. For example, in New York State the income limit for a family of four is \$6,000. That will have to be reduced to \$5,292. New York City and New York State together will lose \$40 million annually in Federal funds for the New York City medicaid program.

The most discriminatory feature is the welfare-freeze provision which limits AFDC payments to a State to a ratio based on the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

The freeze will adversely affect the large industrial States like New York, California, Illinois, which are the recipients of the migration from the rural South which will lose nothing in Federal payments through this amendment. These States will be forced to pay welfare benefits themselves or to abandon these families.

It is argued that the work training feature will reduce the AFDC rolls. But this is coercive and will contribute to the breakup of families.

Under the Senate bill, there were work incentive for welfare recipients which exempted the first \$50 per month and one-half of the remainder of outside income from consideration in determining the need for assistance. Mothers of children could not be forced to report for work training, while the children were home from school. Under the Conference report, the incentives have been cut back to the first \$30 per month and one-third of the remainder of outside income. Mothers of children at home are not excluded from work training.

The Senate bill required States to provide AFDC assistance when an unemployed father is in the home. This constructive provision was omitted from the conference report.

A requirement adopted by the Senate that drugs under Federal medical programs be prescribed under their generic names was eliminated.

Major administration proposals including disabled social security recipients under 65 in medicare, raising State welfare payments to the minimum subsist-

ence level, and extending social security benefits to farmworkers were not incorporated in either the Senate or House bill.

The restrictive and coercive welfare provisions of the conference report, the imposition of unreasonable requirements for medicaid, the meager increases in social security benefits, the fact that social security beneficiaries who also receive public assistance will not get any actual increase in total income absent State action—all are undesirable features of a piece of legislation which is a bitter disappointment to the poor and the elderly.

Efforts to help our citizens who are in the most desperate need are attacked as "welfare statism."

Why is it that the welfare state is perfectly acceptable when the recipients are the well-to-do? We have a welfare state for farmers in price supports; we have a welfare state for the auto and construction industries in the highway program; we have a welfare state for oilmen in depletion allowance loopholes. But let the cities and the involuntary indigent cry out for a minimum standard of decency, and the response of the Congress is repression and coercion.

When will justice be done?

Mr. BOLAND. Mr. Speaker, I rise to express my disappointment that this conference report on the Social Security Amendments of 1967 does not include the Senate-passed provision to allow schoolteachers in States where they are not covered by social security to elect to participate in the hospital insurance program as long as they are willing to pay their own way.

It is my understanding that there are more than 689,000 public school teachers across the Nation in various States covered by retirement systems of their own, but they do not have programs similar to medicare's hospital insurance coverage available to them.

The provision deleted in conference was sponsored by Senator RIBICOFF last February 24 as S. 1071, and was incorporated in the Senate-passed bill. It is my understanding that the Department of Health, Education, and Welfare gave its approval to the amendment, but it was deleted in conference because of opposition by the National Conference of State Social Security Administrators who want more time to study the provision.

Mr. Speaker, I regret that in voting for this conference report it does not contain the provision which the schoolteachers in my congressional district favor as vital and necessary to their future welfare.

During the last few days I have received telegrams asking my support for reconsideration of this provision from the East Longmeadow Teachers Association; Henry J. North, president of the Longmeadow Education Association; Robert V. Dooley, executive secretary of the Springfield Education Association; and Stephen R. Jendrysik, corresponding secretary of the Chicopee Teachers Association.

We have no opportunity here to vote for reconsideration of this one provision, of course, because the vote will be to accept or reject the entire conference re-

port on a bill which provides for a 13-percent increase in benefits to some 23 million elderly Americans receiving monthly social security checks, and other beneficial and desirable provisions.

Therefore, I regret that this provision to allow schoolteachers in certain States to elect to be covered by the medicare hospital insurance coverage of the social security program is not in the final bill, and I hope that the members of the Ways and Means Committee will hold hearings and take action on this proposal in the next session.

Mr. MILLS. I now yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES]

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, this bill before us, the Social Security Act of 1967, is a bench mark in the history of the social security system. It is an important piece of legislation. The bill was worked out by the Committee on Ways and Means—all 25 members of that committee—after lengthy hearings and lengthy executive sessions. At the conclusion of that work it was jointly introduced by the chairman of the committee and by myself.

The committee in working on this legislation attempted to do a constructive job in a bipartisan manner.

In my opinion, Mr. Speaker, we were successful. This bill represents a reasonable balance between the needs of the millions who are currently dependent upon social security benefits on the one hand and the millions of workers and employers on the other hand whose social security taxes will rise in order to finance these benefits.

Also, Mr. Speaker, the bill represents in my opinion a recognition of the problems of the poor whom society must assist—the depressed, the aged, the dependent children on the one hand, yes, and the general taxpayer on the other hand.

But, Mr. Speaker, if the aged and the poor are to be really served, it is time that the demagogery stop. It is time that we call a halt to some of the loose and careless statements that are being made with reference to this bill.

Mr. Speaker, I am amazed at some of the careless statements that have been made about this legislation. Our action has been labeled as regressive.

However, Mr. Speaker, the bill which is now pending before us is a sound and basic bill and is one which will not inflict injustice or other penalties upon the Nation's poor.

To those who say that the benefit increases in this bill are inadequate and meager, let me say this is pure demagogery. This represents the largest increase in benefits in the history of this program. It comes only 2 years after an increase, passed in 1965, which amounted to 7 percent. Admittedly, it would be nice if we could forget about any ceiling on benefits. But anyone who states that we have not given considerable concern and support to increasing benefits, just does not know what he is talking about, and either has not read

the bill or does not understand its provisions.

Let us look at it in dollars and cents. For a full calendar year the benefit increases in dollars that will be added to the social security checks will be \$3.7 billion. This is not a niggardly amount. In just 10 months of 1968, the amount of money going to these people will be increased by \$2.9 billion, or almost \$3 billion.

Mr. Speaker, one wonders what one has to do in order to satisfy some of these people who are making these outlandish statements today.

Then, Mr. Speaker, we also have to face up to the problem of how we are going to pay for these benefits. Therefore, let us take a look at that other side.

Mr. Speaker, on a regressive tax base, we are asking the taxpayers of this country—we are asking every wage earner, every person, no matter what his dependency or financial condition may be—to pay a tax upon the first dollar he earns.

Mr. Speaker, in 1968 the bill produces \$1.5 billion of additional taxes in order to pay for these benefits. The following year, the bill produces \$5.6 billion in increased taxes in order to pay for these increased benefits.

Permit me to suggest to some of the critics that if they are concerned about the maintenance of this system, its actuarial soundness, and its capacity to meet the needs of the older people, they had better be careful that they do not so load down the system with benefits that it collapses of its own weight.

There are occasions when we must try to save the social security system—and the benefits that it provides for our older people—from those so-called friends who would wreck it by so weighting it down that the taxpayers no longer will be willing to support it.

Mr. Speaker, in my opinion this represents a reasonable compromise. I believe our people will be willing to pay the increased taxes provided for in the bill. But mark me, a day can come when if you look only at the benefit side, you will have a situation where the current workers who must pay the tax, refuse the burden such benefits impose upon them. Then the whole system is in danger. Then the older people who have become dependent upon the system will really need to worry, and then we will be doing them a disservice.

To those who would claim that we were absolutely unconcerned for our poor, and those in need of assistance, let me point out that today we are paying out \$4.5 billion under public assistance programs that are encompassed in this bill in addition to the old-age and survivors and disability and health insurance programs. On straight public assistance, the Federal Government spends \$4.5 billion—and that amount is growing.

When they talk about the plight of our dependent children—and certainly we have to do what is right by those children—let me point out that we are also doing much today, and yet some of the statements that are made would make it appear that we have just turned our backs on them.

Ten years ago in 1956 we had 646,000 families under aid to families with dependent children program involving 2.4 million recipients of aid. Today we have 1.2 million families and 5 million recipients. This program alone is costing \$2 billion.

This bill does not turn its back on these recipients of aid. What it does do in many cases is to show that we want to try to do something about their problem, and not be content merely to send them a check from Uncle Sam, or a relief check.

We insist that there be programs of rehabilitation.

We insist that there be programs so that the people who are capable of learning a trade and forming work habits, have available the training to get a job. Those people who are able to work should be given a chance to work for their self respect. That is the American system. And that is all that this bill seeks to accomplish. It does not strike one child off of the relief rolls.

When the critics talk about the bill cutting back it is just a bunch of malarkey. There are some restraints that will require the States to make the effort to get off assistance, and onto jobs. That is sound.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MILLS. Mr. Speaker, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. The whole tenor of my remarks, Mr. Speaker, is: Let us look at what the bill really does, and ignore the labels that have been cast about by people who I am fearful have not even read the bill.

Mr. JOELSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. No, I do not have the time to yield.

As I said, these critics have not even read the bill carefully enough to understand what is being attempted and the improvements that are made. I would suggest that these people, who call this a shameful bill and talk about unjust penalties and virtual slavery, read the bill, and they will find that this is not a case where we suggest that a person be trained, and take a job, regardless of circumstances. We say that if an individual is found to be capable of taking training and working, and, if the situation makes this possible, then that individual should try to move into a situation where he can be dependent upon himself rather than on welfare checks.

Is that not what we should all be looking for, and is that not really what these people should want? I can think of very few people who would prefer to be looking to some governmental agency for a check if they could be working.

All true Americans want to stand on their own feet and this bill looks toward making that possible.

Those who call this "slavery" have not even read the language of the bill.

In my judgment, Mr. Speaker, this is a good bill. It is a bill that will go down in history as a benchmark in the social security system.

Mr. Speaker, I hope that this Congress will support it.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. UTT], a member of the conference committee.

Mr. UTT. Mr. Speaker, I would like at this time to pay my respects and regards to the chairman of our committee. I share his hopes for the future and over the future of the system. But I have a greater fear than he has that this clamor that we hear on the outside about more social security, and more welfare is going to take over and destroy the entire social security system.

We have heard a great deal about the benefits being paid under this bill. But not too much attention has been given to the cost; who pays this cost and how much it is going to cost.

Under social security next year, the additional cost will be about \$2.9 billion and \$3.6 billion in 1969.

When I came to the Congress this year I promised that I would not vote for any increase in taxes, but that I would vote for a decrease in spending and try and stop in some way the cost-push inflation that is taking place in the country today.

This tax bill of \$3.6 billion is going to fall on the employer, the employee and the self-employed.

It amounts to about a 16-percent increase in his taxes and to me that is a substantial tax.

There has been much moaning and gnashing teeth about the cost-push inflation. I will say that the bill before us today will add to that cost-push inflation. It adds to the high cost of employment.

For example, in California it costs more than \$3,000 a year of payroll tax in order to employ a \$10,000 a year man.

That is broken down as follows:

	Percent
Social security tax .....	4.4
Unemployment insurance.....	3.7
California disability insurance.....	1.0
Federal employers' excise tax.....	1.0
Group insurance.....	3.87
Pension plan for employees.....	4.91
Employees' vacation fund.....	3.23
Apprentice fund.....	1.0
Workman's compensation.....	8.46
Public comprehensive insurance.....	1.7
Total payroll.....	31.84

So when he employs a man at \$10,000 a year, he has to not only have that \$10,000 a year, but he has to have \$3,000 to pay the payroll taxes—and social security is a part of this and will add to it again.

Mr. Speaker, at this point I ask unanimous consent to have a letter from Walter Dewhurst setting out the payroll deductions which he has to make, printed in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The letter is as follows:

DEWHURST & ASSOCIATES,  
La Jolla, Calif., February 1, 1967.

HON. JAMES B. UTT,  
House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN: It will be your duty to study, debate, and vote on many issues of national importance during the coming year. One of them will no doubt be the proposal to further increase social security—both as to benefits and costs.

The very responsible publication—U.S. News and World Report asks—is social secu-

rity to get out of hand? I have enclosed a copy of their article for you use.

Unfortunately, the article clearly implies that our social security costs are considerably less than other countries listed—in fact it states that we are only beginners in the field. Nothing can be farther from the truth. Let me give you an example.

As a general contractor in California the following items of social security must by law be paid to the respective agencies.

	Percent
Federal Insurance Contributions Act.....	4.4
California unemployment insurance.....	3.7
California disability insurance.....	1.0
Federal employers excise tax.....	1.0
Employees group insurance—Health, 18¢ per hour.....	3.87
Employees pension trust 25¢ per hour.....	4.91
Employees vacation trust 15¢ per hour.....	3.23
Employees apprentice fund trust ½¢ per hour.....	.10
Workmans compensation.....	8.46
Comp public.....	1.17
<b>Total (does not include tax on employees).....</b>	<b>31.84</b>

Obviously these figures will vary from industry to industry and state to state but when social security costs are considered please keep the entire picture in mind.

Best regards.

WALTER DEWHURST.

Mr. UTT. Mr. Speaker, I signed the conference report because I think we did the very best we could between the House bill and the Senate bill. About 90 percent of the conference report is the House bill. I think that we improved it considerably, with one exception. We added about \$200 million a year more in cost to it. While I signed the report, I am going to offer a motion to recommit to the conference committee in order to bring the bill back in compliance completely with the House-passed bill.

I know the bill will be passed, but I just feel that we are looking down the road to complete socialization, to the complete nationalization of medicine. I predict that within 30 years from today medicare, medicaid, hospitalization, doctors, nurses, and the pharmaceutical industry will be nationalized 100 percent and will be under the control of the Government. That will be because of the pressure we are seeing on the outside today by those people who want more than they are getting under social security. It will come from the people under 65—and I do not blame them—who do not get medicare from the Government, who do not get the benefits that older people get. Yet they have to put up their own money to pay their bills. They will demand more and more and more. The result will be that we will nationalize the medical business, the hospitals, and the doctors. This will result in a decrease in the quality and quantity of medicine, now so available under the free enterprise system.

Mr. BUSH. Mr. Speaker, I would like to compliment the members of the conference committee on the excellent job they did under extremely difficult conditions.

Most of the criticism of this bill fails to take into account the overwhelming statistics regarding the AFDC recipients. There are communities in my own State of Texas with families on their third generation of welfare. This cycle of pov-

erty has to be stopped without placing undue burdens on the working man. This program does this through the use of job training incentives. If the States, and I am sure they will, will utilize the training provisions of this report, they will be able to drastically reduce the size of the AFDC rolls.

Somebody has to stand up for the man who is working for a living, trying to educate his children and trying to feed them as costs rise out of sight. The Ways and Means Committee kept this problem in mind and tried to put meaningful ceilings on some of the welfare programs—tried to reduce in the next generation the size of the AFDC rolls. And yet it was done without wantonly or cruelly slicing people from the rolls.

This report contains the largest benefits increase in history. It provides many built in incentives to encourage people to go out and get jobs. This is not cruel legislation, it is meaningful legislation designed to protect the unrepresented American who is out working for a living from a continuing increase in his social security taxes. It helps the poor, yet it protects the integrity of the system itself.

And lastly, this bill at least tries to recognize the plight of the forgotten man—the young man with a family. Some day this young man will rebel against a system which makes the benefits unrelated to wages. At least he has some hope from this bill. At least it does not raid the treasury for extensive general revenue financing—and the benefits are more wage related than under the administration bill.

I strongly support this report. All of us would like to do more, but legislation like this must be considered with reference to the overall tax burden.

Mr. MILLS. Mr. Speaker, I yield the remainder of the time to the distinguished gentleman from Louisiana [Mr. Boggs].

The SPEAKER pro tempore. The gentleman from Louisiana is recognized for 14 minutes.

Mr. BOGGS. Mr. Speaker, in my judgment this bill represents probably the most diligent effort that Congress has made since the inception of the social security program to bring the program up to date and to provide for our people who are dependent upon that system.

Let me first tell you some of the things that this bill does, some of the benefits that are provided in the bill, and let me spell them out so that everyone can understand them.

In the first place, the additional monthly benefits for a man and his wife are increased from \$145 to \$165. The minimum benefit is raised from \$44 to \$55 a month. The maximum benefit is increased for a single worker from \$168 to \$189.90 a month. In terms of dollars, as the distinguished gentleman from Wisconsin, the ranking minority member, pointed out, in a full year of operation it means \$3,700,000,000 to the social security beneficiaries of this country. That is an enormous increase in benefits.

Let me spell out to you what the previous dollar increases in cash benefits have been. The 1950 amendments amounted to \$1 billion per annum.

In 1954, it was \$1.1 billion per annum; in 1958, it was the same amount; in 1965, it was \$1.6 billion per annum; in this bill, it is \$3.7 billion in a full year of operation.

At the same time we have kept this system, as the distinguished chairman of the Ways and Means Committee pointed out, actuarially sound, which I think every thoughtful American understands and appreciates.

That is not all. Let me tell about some of the other new provisions in the bill that have not been discussed here today.

The retirement test, by which many people have their benefits reduced after they reach age 65, has been liberalized to such an extent that 760,000 people not now participating will be able to participate at a total cost of about \$175 million a year.

We have established a new category for disabled widows. Heretofore a disabled widow would not qualify as a result of her disability. Today she can qualify under this bill at age 50.

We have increased credits for people serving in the armed services. So this is brand new in this act. A serviceman will get credit for service pay as payment which can be calculated in establishing his benefits when he reaches retirement age.

In the case of hospital insurance, or medicare, we have tremendously improved this legislation. For instance, we have given a 60-day lifetime reserve for those who have exhausted their hospital care under the basic 90-day period. We have made it easier to process doctors' bills. We have provided a system to expedite payment of hospital bills without unnecessary redtape, and we have provided for payment in the case of non-participating hospitals, under certain conditions.

Finally, let me point out that in the welfare provisions that have been subjected to a certain amount of criticism here, nevertheless in fiscal year 1968, we provide \$265 million in new benefits that are not now provided for in the law.

Let me also point out that in the matter of the work-training program mentioned heretofore by the chairman, it is estimated that 750,000 people not now employed will be trained by 1972. They are 750,000 people who are not now gainfully employed and who, in the terms used by the President some years ago, are tax eaters and not taxpayers. In my opinion these people want the chance to earn their own way in jobs of their own choosing.

Mrs. GRIFFITHS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Michigan.

Mrs. GRIFFITHS. Mr. Speaker, I would like to say to the distinguished gentleman, as the only woman who ever had a right on the floor to offer an amendment to the welfare provisions of the social security bill, I wholeheartedly support the welfare amendments in the House. I congratulate the conferees for retaining the House version.

I would like to point out that we are doing no woman a favor if we say to her, "You have to stay home. You can never be delivered." This is not a favor to any-

one, and it is an immoral thing to say to her, "You can leave the father of your children and the rest of us will support them." Or that she can stay home without working and the rest of us will support her. We do her a favor when we permit her to support herself or her children and give her a chance at a job and some training.

Mr. BOGGS. Mr. Speaker, I thank the gentlewoman. I am sure all Members of this body realize what a dedicated Congresswoman the gentlewoman from Michigan is, and she is expressing the sentiment of all our citizens. I just do not believe that anyone who is able wants to do nothing all of his or her life. I think most people want an opportunity for gainful employment.

That is what this bill seeks to do.

Let me point out one or two other things I think are very important about the ceiling which has been the subject of a considerable amount of criticism. That ceiling applies only in one category of children. That is only where the father or the man in the home is absent. It does not apply where the father is dead—which covers a great many children. It does not apply where the father is disabled. Nor does it apply when the children are still in school, all the way through age 22.

In addition to that, and equally important, it is a flexible ceiling. It does not mean that, come January 1, 1968, a given number will be arrived at, and that number will be permanent from then on. Quite the contrary. It grows as the child population grows.

It is used as a base for a flexible ceiling.

Finally, let me say this on this subject: We have amended this law whenever it has been required. The idea that anyone could say, in light of the benefits I have spelled out—\$3½ billion in social security benefits, \$258 million in new welfare benefits in 1968 alone, new hospital programs and so on—the idea that anyone could say this legislation is regressive merely means that he has not studied the legislation.

I sat through this conference from beginning to end. I sat there because I felt there was no bill any more important. I participated in the conference discussions on these amendments.

In my judgment, this is the best bill that we can possibly get.

If we have made mistakes—to err is human—but if we have made mistakes we will come back and to the best of our ability we will correct them. Everyone knows that.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I am happy to yield.

Mr. BURTON of California. Is it the gentleman's understanding that the aged, the blind, the disabled who draw public assistance can receive up to \$7.50 if their States act, whether or not they have outside income?

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Yes; if they are on welfare and receive a social security payment, the

State may elect to let \$7.50 of the increase pass through.

Mr. BURTON of California. If they do not have outside income—and about half of those adults do not have outside income—what situation will they be in under this bill?

Mr. MILLS. If the gentleman will yield further, that is determined entirely on the basis of whether they have income. The State has to adjust. That is not in all cases only social security but it could be some other type of income. The State has to adjust the needs upward for this payment, if it makes this election, so that they would have this \$7.50.

Mr. BURTON of California. What about the million and a half or so aged, blind, and disabled with no social security or railroad retirement, and no other kind of outside income at all? My question is: Does this bill provide any mechanism, directly or indirectly, for any benefit increase to those million and a half Americans who by definition are in economic need?

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. There is nothing in this bill to directly help in that situation because there is nothing in the bill that increases in any way the amount of the Federal contribution directly to people on welfare. Let me comment further.

I think I may have misunderstood one of the gentleman's earlier questions. The Senate amendment had been explained by the Department as a "pass-along" provision, which would indicate that it would have been applicable only to social security recipients and we were informed that no additional Federal funds would have been involved under the Senate provision. I must agree with the gentleman in his interpretation that the Senate provision literally would have applied to welfare recipients without regard to whether they are social security recipients. In this matter he is correct. I would like for my previous statement to stand corrected in that regard. I know the gentleman has studied this provision of the bill in great detail.

Mr. BURTON of California. I thank the gentleman, because that is the point I tried awkwardly to make earlier. Apparently now the record is correct in that respect.

There will be one and a half million aged, blind and disabled needy people under public assistance laws that under no circumstances can get 1 cent as a result of passage of this bill.

Mr. BOGGS. Mr. Speaker, I yield further to the chairman of the committee.

Mr. MILLS. However, this does not present the whole picture, since under the bill there are significant savings in the welfare programs which the States can use to increase the payments to these very people, if they so choose. Also, we must remember the entire context of this bill.

Mr. BOGGS. It was not in conference, was it?

Mr. BURTON of California. The matter was in conference.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I believe the gentleman is losing sight of the fact that there is nothing to prevent the States from giving these increases. This all goes to the States, and the Federal Government matches on a State-matching formula. Some of the States, where the Federal Government matches by 83 percent, might provide for this, and the Federal Government will have to match any dollar increase by 83 cents on every dollar.

Mr. BURTON of California. As I understood it, the Senate version required passing on to social security beneficiaries, and required that non-social-security beneficiaries would also receive certain benefits.

Mr. BOGGS. I will yield to the gentleman from New Jersey.

Mr. JOELSON. I would like to ask what about the institutions and agencies in New Jersey who said the freeze will be catastrophic?

Mr. BOGGS. I just answered that question. I said that the so-called freeze applies to only one category of children. I further said that if problems arise in its application the committee will resolve them as soon as possible.

Now, Mr. Speaker, I yield to the gentleman from Florida [Mr. PEPPER].

Mr. PEPPER. On page 284 it says "provide for aid to families with dependent children in the form of foster care." The States are required to provide it?

Mr. BOGGS. Yes.

Mr. PEPPER. What assurance have we that the States may be induced to do so?

Mr. BOGGS. If they do not do it, they lose whatever funds they are entitled to under that program.

Mr. PEPPER. I thank the gentleman.

Mr. BOGGS. This has been a well-considered and well-thought-out bill. It has taken the combined efforts of the two committees, and the conferees worked long, hard, and diligently. As all of us know, we are driving toward adjournment of this first session of the 90th Congress. In my judgment, this will be the last vote we have on this bill. I just want to emphasize—and I think I can say this without fear of contradiction—that if we do not adopt this conference report now and if the other body insists on disagreeing to it, it simply means that the 25 million Americans entitled to an increase will not get it. That is what is involved in this vote today.

I hope that rather than try to build up threats that do not exist, we will recognize that this is the most comprehensive social security bill we have ever had before Congress and will vote it up, and we will understand that if any other course of action is taken, these benefits will not be made available to the American people as called for in this legislation.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

MOTION TO RECOMMIT

Mr. UTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. UTT. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. UTT moves to recommit the conference report on the bill (H.R. 12080) to the committee of conference with instructions to the managers on the part of the House to insist on the language of sections 101 and 108 of the House-passed bill which provides a 12½-percent benefit increase, a minimum primary insurance amount of \$50, and an annual contribution and benefit base of \$7,600.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. BURKE of Massachusetts. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BURKE of Massachusetts. Does the motion of the gentleman from California include the restrictive amendments applied to the AFDC?

The SPEAKER pro tempore. The Chair cannot answer that.

Mr. BURKE of Massachusetts. May I ask the gentleman from California to explain his motion?

The SPEAKER pro tempore. Without objection, the Clerk will reread the motion to recommit.

There was no objection.

The Clerk reread the motion to recommit.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the conference report.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 390, nays 3, answered "present" 1, not voting 38, as follows:

[Roll No. 439]

YEAS—390

Abernethy	Bojard	Cederberg
Adair	Boiton	Chamberlain
Adams	Bow	Clancy
Addabbo	Brademas	Clark
Albert	Brasco	Clausen,
Anderson, Ill.	Bray	Don H.
Anderson, Tenn.	Brinkley	Clawson, Del
Andrews, Ala.	Brock	Cleveland
Andrews, N. Dak.	Brooks	Cohelan
Arends	Brotzman	Colmer
Ashbrook	Brown, Calif.	Conable
Ashley	Brown, Mich.	Conte
Ashmore	Brown, Ohio	Conyers
Aspinall	Broyhill, N.C.	Corbett
Ayres	Broyhill, Va.	Corman
Baring	Buchanan	Cowger
Barrett	Burke, Fla.	Cramer
Battin	Burleson	Culver
Beicher	Burton, Calif.	Cunningham
Bell	Burton, Utah	Curtis
Berry	Bush	Daddario
Betts	Button	Daniels
Bevill	Byrne, Pa.	Davis, Ga.
Blester	Byrnes, Wis.	Davis, Wis.
Bingham	Cabell	de la Garza
Blackburn	Cahill	Delaney
Blanton	Carey	Dellenback
Blatnik	Carter	Denney
	Casey	Dent
		Derwinski

Devine	Kazen	Reid, Ill.
Dingell	Kee	Reid, N.Y.
Dole	Keith	Reifel
Donohue	Kelly	Reuss
Dorn	King, Calif.	Rhodes, Ariz.
Dow	Kirwan	Rhodes, Pa.
Dowdy	Kleppe	Riegle
Downing	Kluczynski	Rivers
Dulski	Kornegay	Roberts
Duncan	Kupferman	Robison
Dwyer	Kyl	Rodino
Eckhardt	Kyros	Rogers, Colo.
Edmondson	Laird	Rogers, Fla.
Edwards, Ala.	Landrum	Ronan
Edwards, Calif.	Langen	Rooney, N.Y.
Edwards, La.	Latta	Rooney, Pa.
Elberg	Leggett	Rosenthal
Erlenborn	Lennon	Rostenkowski
Esch	Lipscomb	Roth
Eshleman	Lloyd	Roudsbush
Evans, Colo.	Long, La.	Rouse
Everett	Long, Md.	Roybal
Evins, Tenn.	McCarthy	Rumsfeld
Fallon	McClary	Ruppe
Farbstein	McClure	Ryan
Fascell	McCulloch	St Germain
Feighan	McDade	Sandman
Findley	McDonald,	Satterfield
Fino	Mich.	Saylor
Fisher	McEwen	Schadeberg
Flood	McFall	Scherle
Flynt	McMillan	Scheuer
Foley	MacGregor	Schneebell
Ford, Gerald R.	Machen	Schweiker
Ford,	Madden	Schwengel
William D.	Mahon	Selden
Fraser	Mailliard	Shibley
Frelinghuysen	Marsh	Shriver
Friedel	Mathias, Calif.	Skubitz
Fulton, Pa.	Matsunaga	Slack
Fulton, Tenn.	May	Smith, Calif.
Fuqua	Mayne	Smith, Iowa
Galifianakis	Meeds	Smith, N.Y.
Gallagher	Meskill	Smith, Okla.
Gardner	Michel	Snyder
Garmatz	Miller, Calif.	Springer
Gathings	Miller, Ohio	Stafford
Gettys	Mills	Staggers
Gialimo	Minish	Stanton
Gibbons	Mink	Steed
Gilbert	Minshall	Steiger, Ariz.
Goodell	Mize	Steiger, Wis.
Goodling	Monagan	Stevens
Gray	Montgomery	Stubblefield
Green, Pa.	Moore	Stuckey
Grimiths	Moorhead	Sullivan
Gross	Morgan	Taft
Grover	Morris, N. Mex.	Taylor
Gubser	Morse, Mass.	Teague, Calif.
Gude	Morton	Teague, Tex.
Gurney	Mosher	Tenzer
Hagan	Moss	Thompson, Ga.
Haley	Multer	Thompson, N.J.
Hall	Murphy, Ill.	Thomson, Wis.
Halpern	Murphy, N.Y.	Tiernan
Hamilton	Myers	Tuck
Hammer-	Natcher	Tunney
schmidt	Nedzi	Udall
Hanley	Nelsen	Ullman
Hanna	Nichols	Van Deerlin
Hansen, Wash.	Nix	Vander Jagt
Harvey	O'Hara, Ill.	Vanik
Hathaway	O'Hara, Mich.	Vigorito
Hawkins	O'Konski	Waggonner
Hays	Olsen	Waldie
Hechler, W. Va.	O'Neal, Ga.	Walker
Heckler, Mass.	O'Neill, Mass.	Wampler
Heistowski	Ottinger	Watkins
Henderson	Passman	Watts
Herlong	Patman	Whalen
Hicks	Patten	Whalley
Holifield	Pelly	White
Holland	Pepper	Whitener
Horton	Perkins	Whitten
Howard	Pettis	Widnall
Hull	Philbin	Wiggins
Hungate	Pickle	Williams, Pa.
Hunt	Pike	Wilson, Bob
Hutchinson	Pirnie	Wilson,
Ichord	Poage	Charles H.
Irwin	Poff	Winn
Jacobs	Pollock	Wolf
Jarman	Pool	Wright
Joelson	Price, Ill.	Wyatt
Johnson, Calif.	Price, Tex.	Wydler
Johnson, Pa.	Pryor	Wylie
Jonas	Pucinski	Wyman
Jones, Ala.	Quile	Yates
Jones, Mo.	Quillen	Zablocki
Jones, N.C.	Railsback	Zion
Karsten	Randall	Zwach
Karth	Rarick	
Kastenmeier	Rees	

NAYS—3

Bennett Burke, Mass. Utt

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—38

Abbitt	Hansen, Idaho	Purcell
Annunzio	Hardy	Reinecke
Bates	Harrison	Resnick
Bolling	Harsha	St. Onge
Broomfield	Hébert	Scott
Celler	Hosmer	Sikes
Collier	King, N.Y.	Sisk
Dawson	Kuykendall	Stratton
Dickinson	Lukens	Talcott
Diggs	Macdonald,	Watson
Fountain	Mass.	Willis
Green, Oreg.	Martin	Williams, Miss.
Halleck	Mathias, Md.	Young

So the conference report was agreed to.

The Clerk announced the following

Mr. Hébert with Mr. Halleck.  
 Mr. Annunzio with Mr. Bates.  
 Mr. St. Onge with Mr. King of New York.  
 Mr. Celler with Mr. Mathias of Maryland.  
 Mr. Fountain with Mr. Broomfield.  
 Mr. Stratton with Mr. Hosmer.  
 Mr. Resnick with Mr. Diggs.  
 Mr. Hardy with Mr. Martin.  
 Mr. Willis with Mr. Lukens.  
 Mr. Abbitt with Mr. Collier.  
 Mr. Young with Mr. Talcott.  
 Mr. Macdonald of Massachusetts with Mr. Reinecke.

Mr. Sikes with Mr. Harrison.  
 Mr. Purcell with Mr. Dickinson.  
 Mr. Charles H. Wilson with Mr. Hansen of Idaho.  
 Mr. Sisk with Mr. Scott.  
 Mrs. Green of Oregon with Mr. Kuykendall.  
 Mr. Sandman with Mr. Watson.  
 Mr. Dawson with Mr. Harsha.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members who participated in the debate on the conference report may be permitted to revise and extend their remarks and include extraneous matter.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members desiring to do so may have 5 legislative days within which to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

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PERSONAL ANNOUNCEMENT

Mr. HANSEN of Idaho. Mr. Speaker, I was unavoidably absent when the vote was taken on the conference report on H.R. 12080, the Social Security Amendments of 1967. Had I been present, I would have voted "yea."

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## THE SOCIAL SECURITY BILL

(Mr. FEIGHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, when the conference report on the social security bill was adopted by a rollcall vote of 390 to 3 on Wednesday, I voted for its adoption because I felt that it is imperative that the benefit increase it contains must be made available to the 24 million Americans on the social security rolls without further delay.

I must confess that I cast my vote in support of the conference report although I was dissatisfied with a number of the bill's provisions. At this stage of the legislation, however, I felt that I could do nothing more than support the conference report because to vote against it might well have jeopardized the possibility of any benefit increase being enacted during this Congress.

Mr. Speaker, I was dissatisfied with a number of features of the bill, not the least of those is the benefit increase. The Senate had adopted a 15-percent across-the-board increase in benefits and raised the minimum benefit from the present \$44 a month to \$70 a month. The conference report provides only a 13-percent increase and increases the minimum to \$55, much more in line with the provisions of the House bill which raised benefits 12½ percent and increased the minimum to \$50.

In addition to the benefit increase, I am also troubled by some of the bill's provisions amending the public assistance programs.

I am concerned over the way the bill's provision freezing the proportion of AFDC children on the rolls in a State will work. The Department of Health, Education, and Welfare furnished estimates indicating that this provision will not result in reducing Federal expenditures in the years ahead, thus indicating that it will not require any reductions in the number of recipients on the rolls. I do not believe that the Department's estimates take into account the problems which could arise in many urban areas which are experiencing an in-migration of people from rural areas, a higher than average proportion of whom apply for welfare assistance.

I am also concerned over the bill's provisions shifting the administration of work and training programs for AFDC recipients from welfare agencies to employment security agencies. The latter agencies have little or no experience in handling the special problems of welfare recipients. Experience gained under community work and training programs previously established under title IV of the Social Security Act demonstrates that the local welfare agencies are capable of conducting such programs when given the proper tools to carry them out.

I am sure that the Congress will keep a watchful eye on the results obtained under these provisions of the bill and that at the first sign of something going wrong with their operation, which I sincerely hope will not occur, the necessary legislative steps to correct what may be present errors will be taken.

Mr. Speaker, I have introduced a number of bills to extend social security benefits in the present Congress. These include proposals to provide a minimum benefit of \$100 a month to workers with 25 years of social security credits; an increase in the earnings limitation to \$2400 a year; full benefits at age 62 for men and 60 for women; and providing disability benefits for blind persons who have at least six quarters of coverage. It is my hope that the Committee on Ways and Means will give serious consideration to these proposals when it next turns its attention to social security matters.

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OPPOSITION TO CONFERENCE  
REPORT ON H.R. 12080

(Mr. THOMPSON of New Jersey (at the request of Mr. CONYERS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. THOMPSON of New Jersey. Mr. Speaker, I rise in opposition to the conference report on H.R. 12080. I voted for H.R. 12080 when it was before this House. I did so because I strongly believe that increased social security benefits are necessary to provide older Americans with the means to live in dignity. I voted for H.R. 12080 even though I strongly opposed the public welfare provisions. I assumed the conference committee would eliminate or ease these objectionable provisions. But I was wrong. The conference report before us incorporates an approach to public welfare which bespeaks the Middle Ages rather than our own day. As a result, I cannot in conscience support the conference report.

I am mindful that those receiving social security are counting on the increased benefits which this bill provides. But as the Members know, the increased benefits are not scheduled to appear in social security checks until March of next year. That being the case, we have ample time to rectify the mischief contained in this bill. I would urge the House to reject this conference report and to enact a bill which will insure that increased benefits begin in March. We can then reconsider the welfare provisions.

As the Members know, the language of the conference report freezes the percentage of children eligible for Federal assistance under the aid-to-dependent-children program at the level of January 1968. Such action would have a devastating effect upon New Jersey and many other States. New Jersey has the third highest immigration rate in the Nation. The freeze contemplated in the conference report would mean that our State, county, and municipal governments would have to raise additional revenue to compensate for loss of Federal funds.

This morning I received a telegram from Commissioner McCorkle of our State department of institutions and agencies. He opposes the conference report because of the adverse effect it will have upon New Jersey.

Mr. Speaker, I would be the last person to minimize the beneficial effects of gainful work. I wholeheartedly support any effort designed to get people off welfare rolls and on payrolls. But the conference report in requiring that all recipients of ADC assistance work makes no exception for mothers with young children. There is no language to mitigate their situation. If we drive these mothers from their homes to enter other homes as domestics, who will care for their children? This conference report as it now stands can have no other effect than that of contributing to disintegration of family life among the poor with all the evils that this brings in its train.

Mr. Speaker, our elderly citizens are anxiously awaiting the increased benefits that we have promised them. But I cannot believe that they wish to receive them at the expense of misery inflicted on others. I urge my colleagues to reject this conference report.

The telegram referred to follows:

TRENTON, N.J.,  
December 12, 1967.

HON. FRANK THOMPSON, JR.,  
House of Representatives,  
Washington, D.C.:

New social security legislation, H.R. 12080, as reported out of Senate-House conference contains provision freezing Federal participation in aid to families of dependent children program. If adopted this can be catastrophic for New Jersey, particularly our urban centers. New Jersey will suffer because: (1) It is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey, and (2) New Jersey has the third highest rate of immigration in the Nation. Freeze on Federal participation would place the entire cost of increased loads on State, county, and municipal governments.

LLOYD W. McCORKLE,  
Commissioner, Department of Institutions and Agencies, State of New Jersey.

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to in conference and which was adopted by this body yesterday.

I look upon this legislation as not being adequate to meet the needs of our citizens. When originally voting in favor of this legislation, it was anticipated that it would subsequently be improved upon—that the House bill would be considered as a base upon which to build. Though some improvement was realized in the Senate version, the conferees failed to come forth with the necessary legislation.

Of particular note is the amendment pertaining to welfare programs aiding families with dependent children. As reported by the conferees and adopted yesterday, aid to dependent children is to be frozen at levels of January 1, that is, the Federal Government will pay its share of the Federal-State welfare program only at the level of recipients set as of January 1, 1968. Persons going on the aid for families with dependent children rolls above that level will only receive State and local assistance. In other words, the Federal Government is turning its back on all those families and children who would become eligible for assistance after January 1, 1968, under existing eligibility regulations.

I would like to remind my colleagues that this Nation, which is the wealthiest in the world, uses less of its national wealth for the social welfare of its citizens than other advanced industrial nations and frequently less than many poor and developing nations. While West Germany and Luxembourg use approximately 17 percent of their gross national product for social welfare measures, the United States uses only 7 percent.

We have little to rejoice about concerning the legislation passed by this body yesterday. Yes, it is an improvement in some areas—which prompted my “yea” vote—but it still leaves much to be desired. Let us now address ourselves to the legislative task that remains ahead if we are to fulfill our obligation to the senior and less fortunate citizens of this Nation.

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### Social Security Amendments of 1967

SPEECH

OF

**HON. FERNAND J. ST GERMAIN**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, December 13, 1967*

Mr. ST GERMAIN. Mr. Speaker, one of the disgraceful paradoxes of this Nation is its unparalleled ability to care for its senior and less fortunate citizens, yet its failure to do so.

Perhaps the most vivid manifestation of this is the social security bill agreed

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**Social Security Amendments of 1967  
(H.R. 12080)**

**SPEECH  
OF**

**HON. LEONARD FARBSTEIN**

**OF NEW YORK**

**IN THE HOUSE OF REPRESENTATIVES**

*Wednesday, December 13, 1967*

Mr. FARBSTEIN. Mr. Speaker, I was among those who voted in favor of the Social Security Amendments of 1967 when it appeared on the floor some months ago. At that time, however, I expressed my severe reservations about several of the provisions of that legislation. At the time, I was particularly aggrieved that the rule under which the bill was considered did not permit a separate vote on each of its many provisions. My colleagues and I did not have the opportunity to pass in detail on the work that the committee, in this measure, submitted to us. Nonetheless, I supported the bill. I reasoned that the objectionable provisions might very well be eliminated in conference, since it was well known at the time that the majority of the Senate was opposed to them. I judged that, on the whole, the bill would be beneficial to the American people.

We now have the conference report before us and I regret to say that the objectionable provisions are still present in the bill. We did not have a chance to vote on them then. We are not getting a chance to vote on them now. Mr. Speaker, I would like to protest vigorously a procedure which allows major policy to pass this House without its Members ever getting a chance to express their judgment on it. I will not say that this bill was railroaded into law. I recognize that the Committee on Ways and Means gave it careful consideration.

But the committee is not the House and has no authority to legislate for the House. Certainly the Senate had no less right to have these provisions eliminated, yet the committee, speaking for itself rather than for the House as a body, insisted that they be retained. With all due respect for the leadership of the committee, Mr. Speaker, I do not feel that the presence of this bill, in the form that it is before us today, represents a victory for parliamentary democracy.

The two provisions to which I take most vigorous exception are those which would penalize my State and my city chiefly, but would also handicap industrial areas generally. In other words, these provisions are highly biased in their intent. They represent anti-urban discrimination.

The first of these provisions would put a ceiling on the amount of AFDC assistance a State can receive. It would limit the number of eligible applicants for which a State can receive Federal backing to the number currently on the rolls. In other words, if one more eligible recipient comes into New York, by birth or migration, no funds will be granted for this recipient's care. We all know, Mr. Speaker, that New York and other progressive States have become and will continue to serve as a magnet for the dispossessed, the underprivileged, the unfortunate of what, if I may be candid, can only be called the "backward" States. These States send their surplus bodies, in effect, to New York and the other great industrial cities. We in New York try to offer these people opportunity. Sometimes we are not successful, but we try. When we cannot give them jobs, we sometimes have to offer them welfare, to keep them—and by "them" I mean little children more often than able-bodied men—alive. This provision will have no impact whatever on State that have a net out-migration of poor people. It will only hurt the States to which people migrate, States which are doing their best to deal with the Nation's economic problems. It is a cruel provision, because it tells us in New York, in arbitrary and peremptory fashion, that we cannot receive any more help in keeping these children alive.

The other provision puts new limitations on the administration of the so-called medicaid program, which New York has put into effect to assure adequate medical treatment to the poor. Authorized by Federal law, New York has sought to make a reality of our society's promise that no one will be sick for lack of medical care. This bill forces New York, the most conscientious of States, to back away from this commitment. New York must do so because the Federal Government, under this legislation, is reneging on the bargain it made when the law was originally passed. Ironically, the wording of this provision penalizes most severely those persons who are trying hardest to support themselves but remain on the margin of the subsistence point in their incomes. I consider this provision reprehensible, both in practice and principle.

I would like to add further that I disapprove of the provision that will force

some mothers to accept job training in return for welfare assistance for their children. On the face of it, I approve of a provision to make constructive workers out of welfare recipients. But a moment's reflection reveals that this provision can force mothers to leave their children—often at the cost of furnishing a babysitter or leaving them inadequately tended—to take their training. This provision is unrealistic. Of course, job training is important. But I object to any plan which will drag mothers away from their children, when they are the only ones who should be caring for them. I protest a bill which will break up the mother-child relationship the way this one does.

I will vote to support the bill, because I continue to think that the general improvements in social security benefits to the 25 million social security recipients justify my vote. But, Mr. Speaker, I think the principle of "two steps forward—one step backward" is a poor one for legislation. I do not think this is one of the better days of this great body.

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## Social Security Amendments of 1967

SPEECH

OF

**HON. SIDNEY R. YATES**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 13, 1967

Mr. YATES. Mr. Speaker, I shall vote for this conference report with mixed feelings. I strongly favor the increase in social security benefits. Our older citizens desperately need the additional money this bill makes available to make ends meet in this time of rising prices. Inflation lays its cruel weight most heavily upon those who must live on fixed incomes, the pensioners who have only their retirement income to depend upon to sustain themselves. I have always voted for increases in benefits, for I believe social security benefits must be maintained at an adequate level to provide a decent standard of living for the millions of people who must depend upon it during their later years. The amount recommended in this bill is only a minimum amount at best. I would have preferred to accept the amount recommended in the Senate bill.

I wish that a separate vote were possible on the new restrictions in the bill, but here as was the case when the bill first came to the floor, Members must vote "yea" or "nay" on the whole bill. No amendments are possible. The

"freeze" on funds accepted in the conference report represents a very harsh measure to achieve economy. It is beyond the control of the States to reduce the number of broken families or the number of dependent children. The number of these homes has been on the increase for several years, yet, despite this fact, it is now proposed to limit the number of one-parent children on AFDC to their proportion of a State's child population on January 1, 1968.

Such action surely will create havoc in poverty stricken areas. What will happen when applications are made? What will happen to the newborn child? Is he to be disqualified because of his birth? What will happen to newcomers who enter a State during the year. Do they qualify? Must sudden increases in population wait for the next years formula date before equitable adjustments are made? Where will States get funds in the meantime to care for these people?

The answers are that the burdens will be shifted to the States. Yet it was because the States were unable to meet the earlier burdens of assisting these children that the Federal Government offered its help. Now the States and localities who can least afford it will be asked to bear these burdens. States with well-developed programs will be penalized for their efforts. The poorer States will be forced to reduce their payments and develop more restrictive attitudes toward applicants.

Equally onerous are those provisions which would force a mother to leave her children and to participate in community work or training. As if their plight and hopelessness were not sufficient, the tenuous base necessary to their survival may be withdrawn should mothers fail to meet the standards of the strong, the healthy, and the educated. Many mothers so situated want to work if they can, and many do. But many cannot, and in most cases it is not because they are lazy or unwilling.

They are untrained and unskilled. They must take care of their children. I favor work training programs which will offer them the opportunity to be self-supporting, which most of them want, but they should be voluntary, not compulsory. Requiring them to participate in training or work programs, as this bill does no matter how worthy the purposes—can only spark their anger and resentment. It is no way to nurture self-respect. The costs of welfare will not be reduced since the expense of institutional care for the children may very well exceed the costs of present welfare payments.

Nor will the withdrawal of assistance to those children whose mothers refuse to participate reduce costs for the community. It only means that someone else must accept responsibility and pay the bill if these children are not to go hungry.

Using the language of "rehabilitation" and "training," this legislation may very well be sacrificing the best interests of the mother, the child, and the community. I hope the effects of the experiment will not be as disastrous as many predict.

As I pointed out last August, I have always been a strong supporter of the extension and improvement of our social security program in order to provide financial security and medical care for our older citizens.

I voted for the conference report on the social security amendments because I feel an increase in benefits is essential and long overdue. I regret the increase was not larger, particularly for those receiving the smallest payments, since it is obvious no one can live on \$55 a month. However, I do believe this legislation will provide a chance for many of our senior citizens to more than catch up with increases in the cost-of-living which have taken place since the last social security increase in 1965 and I will continue to work for further liberalization of our social security system in the future.

I am greatly disturbed that the restrictive welfare provisions approved by the House last summer have been only slightly modified by the conference committee. I was quite disappointed that the conferees recommended a freeze on the proportion of children in each State who could qualify for federally supported aid-to-dependent children payments. This and the section encouraging State and local welfare agencies to pressure mothers of dependent children to leave home and to go work are really antiwelfare provisions.

Although these provisions constitute a misguided effort to reduce illegitimacy and cut welfare costs, their real effect will be to penalize innocent children and contribute to a further breakdown in the family life of those on welfare.

Unfortunately, this conference report came before the House and Senate so late in this session of Congress that it is impossible to seek a change in the anti-welfare provision without jeopardizing the social security benefits increase and, consequently, I felt it necessary to support this measure.

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**Social Security Amendments of 1967—  
Conference Report**

**EXTENSION OF REMARKS  
OF**

**HON. ROBERT W. KASTENMEIER**

**OF WISCONSIN**

**IN THE HOUSE OF REPRESENTATIVES**

*Friday, December 15, 1967*

Mr. KASTENMEIER. Mr. Speaker, I would like to take this opportunity to comment on the conference report on the Social Security Amendments of 1967, H.R. 12080.

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**SOCIAL SECURITY AMENDMENTS OF  
1967—CONFERENCE REPORT**

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 12080) to amend the Social Security Act, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1030)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 31, 32, 33, 34, 36, 38, 40, 42, 43, 62, 84, 85, 86, 89, 93, 94, 95, 110, 111, 112, 113, 114, 119, 142, 144, 154, 155, 170, 171, 172, 175, 176, 177, 178, 179, 181, 182, 183, 185, 189, 192, 197, 200, 207, 216, 222, 239, 245, 246, 250, 251, 254, 255, 257, 259, 260, 261, 262, 264, 272, 284, 285, 287, 289, 291, 292, 293, and 295.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 44, 45, 46, 47, 48, 49, 56, 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 101, 102, 104, 106, 108, 115, 117, 118, 130, 131, 133, 147, 148, 149, 150, 151, 152, 153, 156, 159, 160, 161, 162, 163, 164, 165, 166, 168, 169, 173, 174, 187, 188, 193, 194, 195, 196, 199, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 212, 215, 217, 218, 219, 220, 227, 228, 229, 230, 232, 234, 235, 237, 238, 247, 248, 249, 252, 256, 264a, 265, 267, 268, 269, 270, 271, 274, 277, 278, 279, 280, 281, and 283, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE OF CONTENTS

"TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

"PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- "Sec. 101. Increase in old-age, survivors, and disability insurance benefits.
- "Sec. 102. Increase in benefits for certain individuals age 72 and over.
- "Sec. 103. Maximum amount of a wife's or husband's insurance benefit.
- "Sec. 104. Benefits to disabled widows and widowers.
- "Sec. 105. Insured status for younger disabled workers.
- "Sec. 106. Benefits in case of members of the uniformed services.

- "Sec. 107. Liberalization of earnings test.
- "Sec. 108. Increase of earnings counted for benefit and tax purposes.
- "Sec. 109. Changes in tax schedules.
- "Sec. 110. Allocation to disability insurance trust fund.
- "Sec. 111. Extension of time for filing application for disability freeze where failure to make timely application is due to incompetency.
- "Sec. 112. Benefits for certain adopted children.
- "PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAMS
- "Sec. 115. Coverage of ministers.
- "Sec. 116. Coverage of State and local employees.
- "Sec. 117. Inclusion of Illinois among States permitted to divide their retirement systems.
- "Sec. 118. Taxation of certain earnings of retired partner.
- "Sec. 119. Inclusion of Puerto Rico among States permitted to include firemen and policemen; validation of certain past coverage in the State of Nebraska.
- "Sec. 120. Coverage of firemen's positions pursuant to a State agreement.
- "Sec. 121. Validation of coverage erroneously reported.
- "Sec. 122. Coverage of fees of State and local government employees as self-employment income.
- "Sec. 123. Family employment in a private home.
- "Sec. 124. Termination of coverage of employees of the Massachusetts Turnpike Authority.
- "PART 3—HEALTH INSURANCE BENEFITS
- "Sec. 125. Method of payment to physicians under supplementary medical insurance program.
- "Sec. 126. Elimination of requirement of physician certification in case of certain hospital services.
- "Sec. 127. Inclusion of podiatrists' services under supplementary medical insurance program.
- "Sec. 128. Exclusion of certain services.
- "Sec. 129. Transfer of all outpatient hospital services to supplementary medical insurance program.
- "Sec. 130. Billing by hospital for services furnished to outpatients.
- "Sec. 131. Payment of reasonable charges for radiological or pathological services furnished by certain physicians to hospital inpatients.
- "Sec. 132. Payment for purchase of durable medical equipment.
- "Sec. 133. Payment for physical therapy services furnished to outpatients.
- "Sec. 134. Payment for certain portable X-ray services.
- "Sec. 135. Blood deductibles.
- "Sec. 136. Enrollment under supplementary medical insurance program based on alleged date of attaining age 65.
- "Sec. 137. Extension by 60 days during individual's lifetime of maximum duration of benefits for inpatient hospital services.
- "Sec. 138. Limitation on special reduction in allowable days of inpatient hospital services.
- "Sec. 139. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.
- "Sec. 140. Advisory Council to study coverage of the disabled under title XVIII of the Social Security Act.
- "Sec. 141. Study to determine feasibility of inclusion of certain additional services under part B of title XVIII of the Social Security Act.

- "Sec. 142. Provisions for benefits under part A of title XVIII of the Social Security Act for services to patients admitted prior to 1968 to certain hospitals.
- "Sec. 143. Payments for emergency hospital services.
- "Sec. 144. Payment under supplementary medical insurance program for certain inpatient ancillary services.
- "Sec. 145. General enrollment period under title XVIII.
- "Sec. 146. Elimination of special reduction in allowable days of inpatient hospital services for patients in tuberculosis hospitals.
- "PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**
- "Sec. 150. Eligibility of adopted child for monthly benefits.
- "Sec. 151. Criteria for determining child's dependency on mother.
- "Sec. 152. Recovery of overpayments.
- "Sec. 153. Benefits paid on basis of erroneous reports of death in military service.
- "Sec. 154. Underpayments.
- "Sec. 155. Simplification of computation of primary insurance amount and quarters of coverage in case of 1937-1950 wages.
- "Sec. 156. Definitions of widow, widower, and stepchild.
- "Sec. 157. Husband's and widower's insurance benefits without requirement of wife's currently insured status.
- "Sec. 158. Definition of disability.
- "Sec. 159. Disability benefits affected by receipt of workmen's compensation.
- "Sec. 160. Extension of time for filing reports of earnings.
- "Sec. 161. Penalties for failure to file timely reports of earnings and other events.
- "Sec. 162. Limitation on payment of benefits to aliens outside the United States.
- "Sec. 163. Benefits for certain children.
- "Sec. 164. Transfer to Health Insurance Benefits Advisory Council of National Medical Review Committee functions; increase in Council's membership.
- "Sec. 165. Advisory Council on Social Security.
- "Sec. 166. Reimbursement of civil service retirement annuitants for certain premium payments under supplementary medical insurance program.
- "Sec. 167. Appropriations to supplementary medical insurance trust fund.
- "Sec. 168. Disclosure to courts of whereabouts of certain individuals.
- "Sec. 169. Reports of boards of trustees to Congress.
- "Sec. 170. General saving provision.
- "Sec. 171. Expedited benefit payments.
- "Sec. 172. Definition of blindness.
- "Sec. 173. Attorneys fees for claimants.
- "TITLE II—PUBLIC WELFARE AMENDMENTS**
- "PART 1—PUBLIC ASSISTANCE AMENDMENTS**
- "Sec. 201. Programs of services furnished to families with dependent children.
- "Sec. 202. Earnings exemption for recipients of aid to families with dependent children.
- "Sec. 203. Dependent children of unemployed fathers.
- "Sec. 204. Work incentive program for recipients of aid under part A of title IV.
- "Sec. 205. Federal participation in payments for foster care of certain dependent children.
- "Sec. 206. Emergency assistance for certain needy families with children.
- "Sec. 207. Protective payments and vendor payments with respect to dependent children.
- "Sec. 208. Limitation on number of children with respect to whom Federal payments may be made.
- "Sec. 209. Federal participation in payments for repairs to home owned by recipient of aid or assistance.
- "Sec. 210. Use of subprofessional staff and volunteers in providing services to individuals applying for and receiving assistance.
- "Sec. 211. Location of certain parents who desert or abandon dependent children.
- "Sec. 212. Provision of services by others than a State.
- "Sec. 212. Authority to disregard additional income of recipients of public assistance.
- "PART 2—MEDICAL ASSISTANCE AMENDMENTS**
- "Sec. 220. Limitation on Federal participation in medical assistance.
- "Sec. 221. Maintenance of State efforts.
- "Sec. 222. Coordination of title XIX and the supplementary medical insurance program.
- "Sec. 223. Modification of comparability provisions.
- "Sec. 224. Required services under State medical assistance plan.
- "Sec. 225. Extent of Federal financial participation in certain administrative expenses.
- "Sec. 226. Advisory council on medical assistance.
- "Sec. 227. Free choice by individuals eligible for medical assistance.
- "Sec. 228. Utilization of State facilities to provide consultative services to institutions furnishing medical care.
- "Sec. 229. Payments for services and care by a third party.
- "Sec. 230. Direct payments to certain recipients of medical assistance.
- "Sec. 231. Date on which State plans under title XIX must meet certain financial participation requirements.
- "Sec. 232. Observance of religious beliefs.
- "Sec. 233. Coverage under title XIX of certain spouses of individuals receiving cash welfare aid or assistance.
- "Sec. 234. Standards for skilled nursing homes furnishing services under State plans approved under title XIX.
- "Sec. 235. Cost sharing and similar charges with respect to inpatient hospital services furnished under title XIX.
- "Sec. 236. State plan requirements regarding licensing of administrators of skilled nursing homes furnishing services under State plans approved under title XIX.
- "Sec. 237. Utilization of care and services furnished under title XIX.
- "Sec. 238. Differences in standards with respect to income eligibility under title XIX.
- "PART 3—CHILD-WELFARE SERVICES AMENDMENTS**
- "Sec. 240. Inclusion of child-welfare services in title IV.
- "Sec. 241. Conforming amendments.
- "PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS**
- "Sec. 245. Partial payments to States.
- "Sec. 246. Contracts for cooperative research or demonstration projects.
- "Sec. 247. Permanent authority to support demonstration projects.
- "Sec. 248. Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.
- "Sec. 249. Approval of certain projects.
- "Sec. 250. Assistance in the form of institutional services in intermediate care facilities.
- "TITLE III—IMPROVEMENT OF CHILD HEALTH**
- "Sec. 301. Consolidation of separate programs under title V of the Social Security Act.
- "Sec. 302. Conforming amendments.
- "Sec. 303. 1968 authorization for maternity and infant care projects.
- "Sec. 304. Use of subprofessional staff and volunteers.
- "Sec. 305. Extension of due date for child mental health report.
- "Sec. 306. Short title.
- "TITLE IV—GENERAL PROVISIONS**
- "Sec. 401. Social work manpower and training.
- "Sec. 402. Incentives for economy while maintaining or improving quality in the provision of health services.
- "Sec. 403. Changes to reflect codification of title 5, United States Code.
- "Sec. 404. Meaning of Secretary.
- "Sec. 405. Study of retirement test and of drug standards and coverage.
- "TITLE V—MISCELLANEOUS PROVISIONS**
- "Sec. 501. Extension of period for filing application for exemption by members of religious groups opposed to insurance.
- "Sec. 502. Refund of certain overpayments by employees of hospital insurance tax.
- "Sec. 503. Extension of time to provide assistance for United States citizens returned from foreign countries.
- "Sec. 504. Exclusion from definition of wages of certain retirement, etc., payments under employer-established plans.
- And the Senate agree to the same.
- Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage as determined under subsec. (b) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—			At least—	But not more than—		At least—	But not more than—		
	\$15.60	\$48.00 or less		\$74	\$55.00	\$82.50		\$124.20	\$348	\$351	\$140.40	\$280.80	
\$15.61	16.20	49.00	\$75	76	55.40	83.10	125.20	352	356	356	141.50	284.80	
16.21	16.84	50.00	77	78	56.50	84.80	126.80	357	361	361	142.80	288.80	
16.85	17.50	51.00	79	80	57.70	86.60	127.40	362	366	366	144.00	292.00	
17.61	18.40	52.00	81	81	58.80	88.20	128.60	371	375	375	146.40	300.00	
18.41	19.24	53.00	82	83	59.90	89.90	130.60	376	379	379	147.80	303.20	
19.25	20.00	54.00	84	85	61.10	91.70	131.70	380	384	384	148.90	307.20	
20.01	20.64	55.00	86	87	62.20	93.30	132.80	385	389	389	150.00	311.20	
20.65	21.28	56.00	88	89	63.30	95.00	134.80	390	393	393	151.20	314.40	
21.29	21.88	57.00	90	90	64.50	96.80	134.90	394	398	398	152.50	318.00	
21.89	22.28	58.00	91	92	65.60	98.40	135.90	399	403	403	153.60	322.40	
22.29	22.68	59.00	93	94	66.70	100.10	137.00	404	407	407	154.90	326.00	
22.69	23.08	60.00	95	96	67.80	101.70	138.00	408	412	412	156.00	329.60	
23.09	23.44	61.00	97	97	69.00	103.50	139.00	413	417	417	157.10	333.60	
23.45	23.76	62.10	98	99	70.20	105.30	140.00	418	421	421	158.20	336.80	
23.77	24.20	63.20	100	101	71.50	107.30	141.00	422	426	426	159.40	340.80	
24.21	24.60	64.20	102	102	72.60	108.90	142.00	427	431	431	160.50	344.80	
24.61	25.00	65.30	103	104	73.80	110.70	143.00	432	436	436	161.60	348.80	
25.01	25.48	66.40	105	106	75.10	112.70	144.00	437	440	440	162.80	350.40	
25.49	25.92	67.50	107	107	76.30	114.50	145.00	441	445	445	163.90	352.40	
25.93	26.40	68.50	108	109	77.50	116.30	146.00	446	450	450	165.00	354.40	
26.41	26.94	69.60	110	113	78.70	118.10	147.00	451	454	454	166.20	356.00	
26.95	27.46	70.70	114	118	79.90	119.90	148.00	455	459	459	167.30	358.00	
27.47	28.00	71.70	119	122	81.10	121.70	149.00	460	464	464	168.40	360.00	
28.01	28.68	72.80	123	127	82.30	123.50	150.00	465	468	468	169.50	361.60	
28.69	29.25	73.90	128	132	83.60	125.40	151.00	469	473	473	170.70	363.60	
29.26	29.68	74.90	133	136	84.70	127.10	152.00	474	478	478	171.80	365.60	
29.69	30.36	76.00	137	141	85.90	128.90	153.00	479	482	482	172.90	367.20	
30.37	30.92	77.10	142	146	87.20	130.80	154.00	483	487	487	174.10	369.20	
30.93	31.36	78.20	147	150	88.40	132.60	155.00	488	492	492	175.20	371.20	
31.37	32.00	79.20	151	155	89.50	134.30	156.00	493	496	496	176.30	372.80	
32.01	32.60	80.30	156	160	90.80	136.20	157.00	497	501	501	177.50	374.80	
32.61	33.20	81.40	161	164	92.00	138.00	158.00	502	506	506	178.60	376.80	
33.21	33.88	82.40	165	169	93.20	139.80	159.00	507	510	510	179.70	378.40	
33.89	34.60	83.50	170	174	94.40	141.60	160.00	511	515	515	180.80	380.40	
34.51	35.00	84.60	175	178	95.60	143.40	161.00	516	520	520	182.00	382.40	
35.01	35.80	85.60	179	183	96.80	146.40	162.00	521	524	524	183.10	384.00	
35.81	36.40	86.70	184	188	98.00	150.40	163.00	525	529	529	184.20	386.00	
36.41	37.08	87.80	189	193	99.30	154.40	164.00	530	534	534	185.40	388.00	
37.09	37.60	88.90	194	197	100.50	157.40	165.00	535	538	538	186.50	389.60	
37.61	38.20	89.90	198	202	101.60	161.60	166.00	539	543	543	187.60	391.60	
38.21	39.12	91.00	203	207	102.90	165.60	167.00	544	548	548	188.80	393.60	
39.13	39.68	92.10	208	211	104.10	168.80	168.00	549	553	553	189.90	395.60	
39.69	40.33	93.10	212	216	105.20	172.80	169.00	554	556	556	191.00	396.80	
40.34	41.12	94.20	217	221	106.50	176.80	170.00	557	560	560	192.00	398.40	
41.13	41.76	95.30	222	225	107.70	180.00	171.00	561	563	563	193.00	399.60	
41.77	42.44	96.30	226	230	108.90	184.00	172.00	564	567	567	194.00	401.20	
42.45	43.20	97.40	231	235	110.10	188.00	173.00	568	570	570	195.00	402.40	
43.21	43.76	98.50	236	239	111.40	191.20	174.00	571	574	574	196.00	404.00	
43.77	44.44	99.60	240	244	112.60	195.20	175.00	575	577	577	197.00	405.20	
44.45	44.98	100.60	245	249	113.70	199.20	176.00	578	581	581	198.00	406.80	
44.89	45.60	101.70	250	253	115.00	202.40	177.00	582	584	584	199.00	408.00	
		102.80	254	258	116.20	206.40	178.00	585	588	588	200.00	409.60	
		103.80	259	263	117.30	210.40	179.00	589	591	591	201.00	410.80	
		104.90	264	267	118.60	213.60	180.00	592	595	595	202.00	412.40	
		106.00	268	272	119.80	217.60	181.00	596	598	598	203.00	413.60	
		107.00	273	277	121.00	221.60	182.00	599	602	602	204.00	415.20	
		108.10	278	281	122.20	224.80	183.00	603	605	605	205.00	416.40	
		109.20	282	286	123.40	228.80	184.00	606	609	609	206.00	418.00	
		110.30	287	291	124.70	232.80	185.00	610	612	612	207.00	419.20	
		111.30	292	295	125.80	236.00	186.00	613	616	616	208.00	420.80	
		112.40	296	300	127.10	240.00	187.00	617	620	620	209.00	422.40	
		113.50	301	305	128.30	244.00	188.00	621	623	623	210.00	423.60	
		114.50	306	309	129.40	247.20	189.00	624	627	627	211.00	425.20	
		115.60	310	314	130.70	251.20	190.00	628	630	630	212.00	426.40	
		116.70	315	319	131.90	255.20	191.00	631	634	634	213.00	428.00	
		117.70	320	323	133.00	258.40	192.00	635	637	637	214.00	429.20	
		118.80	324	328	134.30	262.40	193.00	638	641	641	215.00	430.80	
		119.90	329	333	135.50	266.40	194.00	642	644	644	216.00	432.00	
		121.00	334	337	136.80	269.60	195.00	645	648	648	217.00	433.60	
		122.00	338	342	137.90	273.60	196.00	649	650	650	218.00	434.40	
		123.10	343	347	139.10	277.60							

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, 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: "the month of February 1968"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, 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: "February 1968, for each such person for February 1968,"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "113"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amend-

ment of the Senate numbered 7, 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: "the month of February 1968,"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, 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: "February 1968,"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, 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: "entitled, after January 1968,"; 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: "after January 1968,"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, 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: "month of February 1968, or who died before such month,"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "month after January 1968,"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, 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: "after January 1968,"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "of January 1968,"; 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: "month of February 1968, or who died in such month,"; and the Senate agree to the same.

Amendment numbered 25: 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: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968,"; 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 follow:

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

On page 26, lines 8 and 9, of the House engrossed bill, strike out "the second month following the month in which this Act is enacted" and insert the following: "the month of February 1968"; and the Senate agree to the same.

Amendment numbered 30: 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: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 29, line 18, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 5, of the House engrossed bill, strike out "\$7,800" and insert the following: "\$7,600".

On page 30, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 13, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 19, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 12, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 17, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 25, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 3, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 33, line 5, of the House engrossed bill, strike out "1966" and insert the following: "1967".

On page 33, line 6, of the House engrossed bill, strike out "5.9" and insert the following: "5.8".

On page 34, line 4, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 34, line 19, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 35 of the House engrossed bill, strike out lines 9 through 16 and insert the following:

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;"

On page 35, line 17, of the House engrossed

bill, strike out "(3)" and insert the following: "(2)".

On page 35, line 21, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 1, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 36, line 5, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 36 of the House engrossed bill, strike out lines 13 through 18 and insert the following:

"(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;"

On page 36, line 19, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 36, line 22, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 25 of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 3, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 37 of the House engrossed bill, strike out lines 9 through 14 and insert the following:

"(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;"

On page 37, line 15, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 37, line 18, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 37, line 21, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 24, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

And the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with amendments as follows:

On page 43, line 6, of the Senate engrossed amendments, strike out "112" and insert the following: "111".

On page 44, line 25, of the Senate engrossed amendments, strike out "time specified in subparagraph (E)" and insert the following: "then specified time period".

On page 45, line 10, of the Senate engrossed amendments, strike out "made." and insert the following: "made.".

On page 45 of the Senate engrossed amendments, strike out lines 11 through 16 and insert the following:

"(b) No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a)."

And the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with amendments as follows: On page 47, line 3, of the Senate engrossed amendments, strike out "114" and insert the following: "112".

On page 47, lines 3 and 4, of the Senate engrossed amendments, strike out "202(d)(9) of the Social Security Act" and insert the following: "202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act)".

On page 47, line 23, of the Senate engrossed amendments, strike out "February" and insert the following: "January".

And the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amend-

ment of the Senate numbered 50, and agree to the same with amendments as follow: On page 50, line 4, of the Senate engrossed amendments, after "policemen" insert the following: "; validation of certain past coverage in the State of Nebraska"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: On page 51, line 21, of the Senate engrossed amendments, strike out "system." and insert the following: "system."; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: On page 52, line 9, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: On page 55, line 17, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with amendments as follow: On page 57, line 10, of the Senate engrossed amendments, strike out "(I)".

On page 57, line 11, of the Senate engrossed amendments, strike out "(II)".

On page 57, line 16, of the Senate engrossed amendments, after "1954" insert the following: "(relating to definition of employment)".

On page 58, line 5, of the Senate engrossed amendments, strike out "(I)".

On page 58, line 6, of the Senate engrossed amendments, strike out "(II)".

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: On page 58, line 18, of the Senate engrossed amendments, after "Massachusetts" insert the following: "to modify its agreement entered into under section 218 of such Act so as".

On page 58, line 19, of the Senate engrossed amendments, strike out "to be".

On page 58, line 21, of the Senate engrossed amendments, strike out "filing with him of such notice" and insert the following: "date on which such agreement is so modified".

On page 58, line 23, of the Senate engrossed amendments, strike out "has been" and insert the following: "is".

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: Omit the matter proposed to be stricken out by the Senate amendment, and on page 57, line 11, of the House engrossed bill, immediately before the comma insert the following: "as an outpatient"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with amendments as follows: On page 83 of the Senate engrossed amendments, strike out lines 13 through 16 and insert the following:

"(A) If furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—"

And the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amend-

ment of the Senate numbered 80, and agree to the same with an amendment as follows: On page 68 of the Senate engrossed amendments, strike out lines 12 through 17 and insert the following:

"(b) The second sentence of section 1813(a) (1) of such Act is amended to read as follows: 'Such amount shall be further reduced by a coinsurance amount equal to—"

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a) (1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charge so imposed)."

And the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows: On page 84, line 6, of the Senate engrossed amendments, strike out "145" and insert the following: "142". On page 84, line 17, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, lines 7 and 8, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, line 15, of the Senate engrossed amendments, strike out "defined" and insert the following: "described".

On page 86, line 15, of the Senate engrossed amendments, after "(4)" insert the following: "of the Social Security Act".

And the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with amendments as follows: On page 88, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: "143".

On page 89, line 1, of the Senate engrossed amendments, after "1814(d)" insert the following: "of such Act".

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 an amendment as follows: On page 94, line 16, of the Senate engrossed amendments, strike out "148" and insert the following: "144"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with amendments as follows: On page 95, line 22, of the Senate engrossed amendments, strike out "149" and insert the following: "145".

On page 97, line 16, of the Senate engrossed amendments, strike out "promulgated." and insert the following: "promulgated".

On page 97 of the Senate engrossed amendments, strike out line 17 and all that follows down through page 99, line 2.

On page 99, line 3, of the Senate engrossed amendments, strike out "(f) (1)" and insert the following: "(e)".

On page 99 of the Senate engrossed amendments, strike out lines 8 through 17.

And the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows:

On page 99, line 22, of the Senate engrossed amendments, strike out "149a" and insert the following: "146"; 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 an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968."; and the Senate agree to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, 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: "months after January 1968."; and the Senate agree to the same.

Amendment numbered 98: That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment as follows: On page 103, line 10, of the Senate engrossed amendment, strike out "Sec. 204."

And the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: One page 105, line 3, of the Senate engrossed amendments, after "payment" insert the following: "for any month".

And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows: On page 105, line 22, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 107, lines 2 and 3, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 107, line 18, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 107, line 21, of the Senate engrossed amendments, after the semicolon insert the following: "or".

On page 108, line 2, of the Senate engrossed amendments, strike out "any," and insert the following: "any.".

On page 108 of the Senate engrossed amendments, strike out lines 3 through 10.

On page 108, lines 18 through 20, of the Senate engrossed amendments, strike out "or under section 144 of the Social Security Amendments of 1967".

On page 108, line 22, of the Senate engrossed amendments, after "due" insert the following: "him under this title".

On page 109, line 1, of the Senate engrossed amendments, strike out "before such individual's death" and insert the following: "(before or after such individual's death)".

On page 109, line 9, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 110, lines 14 and 15, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 110, line 20, of the Senate engrossed amendments, strike out "paragraph" and insert the following: "paragraph".

On page 111, line 6, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 111, line 9, of the Senate engrossed

amendments, after the semicolon insert the following: "or".

On page 111, line 15, of the Senate engrossed amendments, strike out "any;" and insert the following: "any."

On page 111 of the Senate engrossed amendments, strike out lines 16 through 23.

And the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, 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: "months after January 1968"; 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: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 88, line 7, of the House engrossed bill, strike out "general" and insert the following: "immediate".

On page 88, line 9, of the House engrossed bill, after the period insert the following: "For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country."

And the Senate agree to the same.

Amendment numbered 116: That the House recede from its disagreement to the amendment of the Senate numbered 116, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment insert the following: "162"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, 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: "months beginning after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, 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: "after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, 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: "are, on June 30, 1968 being"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"BENEFITS FOR CERTAIN CHILDREN

"SEC. 163. (a) (1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: 'Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h) (3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero).'

"(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h) (3) of such Act in or after January 1968 (but without regard to section 202(j) (1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

"(b) 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 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

"(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h) (3) of such Act (but without regard to section 202(j) (1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

"(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2)".

And the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, 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: "164"; and the Senate agree to the same.

Amendment numbered 126: That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows: On page 116, line 14, of the Senate engrossed amendments, strike out "166" and insert the following: "165"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, 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: "166"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "167"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, 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: "168"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, 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: "169"; and the Senate agree to the same.

Amendment numbered 134: That the House recede from its disagreement to the amendment of the Senate numbered 134, 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: "170"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 136: That the House recede from its disagreement to the amendment of the Senate numbered 136, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, 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: "104, 112, 150, 151, 156, and 157 of this Act, and"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, 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: "February 1968"; and the Senate agree to the same.

Amendment numbered 139: That the House recede from its disagreement to the amendment of the Senate numbered 139, 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: "January 1968"; and the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with amendments as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 105, line 18, of the House engrossed bill, strike out "(a)"; and the Senate agree to the same.

Amendment numbered 141: That the House recede from its disagreement to the amendment of the Senate numbered 141, and

agree to the same with an amendment as follows: On page 119, line 12, of the Senate engrossed amendments, strike out "172" and insert the following: "171"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, 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:

**"DEFINITION OF BLINDNESS**

"SEC. 172. (a) The first sentence of section 216(1)(1) of the Social Security Act is amended by striking out '(B)' and all that follows and inserting in lieu thereof '(B) blindness; and the term "blindness" means central visual acuity of 20/200 or less in the better eye with the use of correcting lens.'

"(b) the second sentence of section 216(1)(1) of such Act is amended to read as follows: 'An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less.'

"(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(1) of the Social Security Act based on applications filed after the date of enactment of this Act."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: On page 129, line 5, of the Senate engrossed amendments, strike out "176" and insert the following: "173"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: On page 130, lines 19 and 20, strike out "relative, child," and insert the following: "child, relative,," and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows: On page 132, line 21, and page 133, lines 1 and 2, of the Senate engrossed amendments, strike out "services which are furnished pursuant to clauses (14) and (15) of section 402(a) and which" and insert the following: "any of the services described in clauses (14) and (15) of section 402(a) which"; and the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, 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:

"(1)(A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,

"(B) by striking out 'subparagraph (E)' in subparagraph (C) (as so redesignated) and inserting in lieu thereof 'subparagraph (D)', and

"(C) by striking out 'subparagraph (D)' in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof 'subparagraph (C)';"

And the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with amendments as follows: On page 134, line 18, of the Senate

engrossed amendments, after "that" insert the following: "(A)".

On page 135 of the Senate engrossed amendments, strike out lines 1 through 5 and insert the following: "services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a) (15) (F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a) (15) (F) shall not apply with respect to such agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 180: That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 118, line 25, of the House engrossed bill, strike out "section" and insert the following: "Act"; and the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan."

And the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, 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:

"(C) (1) such father has 6 or more quarters of work (as defined in subsection (d) (1) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (1) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d) (3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in section 402(a) (19) within thirty days after receipt of aid with respect to such children;"

And the Senate agree to the same.

Amendment numbered 190: That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and on page 122 of the House engrossed bill, after line 2 insert the following:

"(1) is not currently registered with the public employment offices in the State, or

"(1) receives unemployment compensation under an unemployment compensation law of a State or of the United States."

And the Senate agree to the same.

Amendment numbered 191: That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (1) for any part of the 30-day period referred to in subparagraph (B) of such subsection (A) of subsection (b) (1), or (1) for any period prior to the time when the father tion, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b) (2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402(a) (19).

"(d) For purposes of this section—

"(1) the term "quarter of work" with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a "quarter of coverage" as defined in section 213(a) (2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

"(2) the term "calendar quarter" means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(A) he would have been eligible to receive such unemployment compensation upon filing application, or

"(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application."

"(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirement of subparagraph (C) of section 407(b) (1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date."

And the Senate agree to the same.

Amendment numbered 198: That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with amendments as follows: On page 150, line 16, of the Senate engrossed amendments, strike out "\$20 per week" and insert the following: "\$30 per month, payable in such amounts and at such times as the Secretary prescribes".

On page 150, line 19, of the Senate en-

grossed amendments, strike out "90" and insert the following: "80".

On page 154, line 10, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 154, line 24, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 155, line 2, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 159, line 4, of the Senate engrossed amendments, before "ad-" insert the following: "or".

On page 159, line 5, of the Senate engrossed amendments, strike out "or".

On page 159, line 9, of the Senate engrossed amendments, strike out "or".

On page 159, line 14, of the Senate engrossed amendments, strike out ", or" and insert a semicolon.

On page 159 of the Senate engrossed amendments, strike out line 15 and all that follows down through page 160, line 5.

On page 160, line 14, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 162, line 4, of the Senate engrossed amendments, after "(i)" insert the following: "and section 407(b) (2)".

On page 162 of the Senate engrossed amendments, strike out lines 16 through 20 and insert the following:

"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 408(b) (2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;"

On page 164, line 5, of the Senate engrossed amendments, after "State" insert the following: ", but not before April 1, 1968."

On page 164 of the Senate engrossed amendments, strike out lines 10 through 12 and insert the following: "beginning after June 30, 1968."

On page 165, line 1, of the Senate engrossed amendments, strike out "202(b)" and insert the following: "202(a) (2)".

And the Senate agree to the same.

Amendment numbered 213: That the House recede from its disagreement to the amendment of the Senate numbered 213, 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:

"(b) Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—

"(1) striking out '5' in the sentence immediately following paragraph (5) and inserting in lieu thereof '10';

"(2) adding at the end thereof the following new sentence 'In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a) (19) (F)';"

And the Senate agree to the same.

Amendment numbered 214: That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 141 of the House engrossed bill strike out lines 1 through 13 and insert the following:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the

number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

And the Senate agree to the same.

Amendment numbered 221: That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows: On page 167, line 17, of the Senate engrossed amendments, strike out "209" and insert the following: "210"; and the Senate agree to the same.

Amendment numbered 223: That the House recede from its disagreement to the amendment of the Senate numbered 223, and agree to the same with amendments as follows: On page 173, lines 12 and 13, of the Senate engrossed amendments, strike out "ESTABLISHMENT AND COLLECTION OF LIABILITY TO UNITED STATES".

On page 175, line 10, of the Senate engrossed amendments, strike out "State;" and insert the following: "State."

On page 175, of the Senate engrossed amendments, strike out line 11 and all that follows through line 19 on page 181 and insert the following:

"(b) Title IV of such Act is amended by adding after section 409 the following new section:

"ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

"SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a) (21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a)."

And the Senate agree to the same.

Amendment numbered 224: That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows: On page 181, line 22, of the Senate engrossed amendments, strike out "section (3) (a) (4)" and insert the following: "section 3(a) (4)"; and the Senate agree to the same.

Amendment numbered 225: That the House recede from its disagreement to the amendment of the Senate numbered 225, 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:

"AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

"SEC. 213. (a) (1) Section 2(a) (10) (A) (1) of the Social Security Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(2) Section 1002(a) (8) (C) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(3) Section 1402(a) (8) (A) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(4) Section 1604(a) (14) (D) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted."

And the Senate agree to the same.

Amendment numbered 226: That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 143, line 7, of the House engrossed bill, strike out "Payment" and insert the following: "Except as provided in paragraph (4), payment".

On page 143, line 13, of the House engrossed bill, strike out "in subparagraph (C) and".

On page 143, line 21, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 144 of the House engrossed bill, strike out lines 3 through 12.

On page 144, line 13, of the House engrossed bill, strike out "(D)" and insert the following: "(C)".

On page 144, line 14, of the House engrossed bill, strike out "or (C)".

On page 144, line 16, of the House engrossed bill, strike out "by" and insert the following "to".

On page 145, line 2, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 145 of the House engrossed bill, strike out lines 10 through 20 and insert the following:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

"(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

"(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution."

And the Senate agree to the same.

Amendment numbered 231: That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with amendments as follows: Insert the matter proposed to be inserted by the Senate amendment.

On page 150 of the House engrossed bill, strike out lines 14 through 20 and insert the following:

"(2) Section 1843(f) of such Act is amended—

"(A) by inserting after or part A of title IV, (as added by section 241(e) (2) of this Act) the following: 'or eligible to receive medical assistance under the plan of such State approved under title XIX'; and

"(B) by inserting after ', and part A of title IV' (as added by section 241(e) (2) of this Act) the following: ', and individuals eligible to receive medical assistance under the plan of the State approved under title XIX'."

And the Senate agree to the same.

Amendment numbered 233: That the House recede from its disagreement to the

amendment of the Senate numbered 233, and agree to the same with an amendment as follows: On page 191 of the Senate engrossed amendments, strike out lines 3 through 8 and insert the following:

"(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;"

And the Senate agree to the same.

Amendment numbered 236: That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV."

And the Senate agree to the same.

Amendment numbered 240: That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows:

On page 199, line 20, of the Senate engrossed amendments, strike out "234a" and insert the following: "234".

On page 200, line 3, of the Senate engrossed amendments, strike out "(26)" and insert the following: "(26)".

On page 200, line 10, of the Senate engrossed amendments, strike out "periodic" and insert the following: "for periodic".

And the Senate agree to the same.

Amendment numbered 241: That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with amendments as follows: On page 205, line 13, of the Senate engrossed amendments, strike out "234b" and insert the following: "235".

On page 205, line 18, of the Senate engrossed amendments, strike out "X".

On page 160, line 9, of the House engrossed bill, strike out "235" and insert the following: "240".

On page 172, line 10, of the House engrossed amendments, strike out "236" and insert the following: "241".

And the Senate agree to the same.

Amendment numbered 242: That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with amendments, as follows: On page 206, line 20, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 206, line 23, of the Senate engrossed amendments, strike out "; and" and insert the following: "a semicolon".

On page 207, line 2, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

On page 207, line 5, of the Senate engrossed amendments, strike out "section 226" and insert the following: "the preceding sections".

On page 207, line 9, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

And the Senate agree to the same.

Amendment numbered 243: That the House recede from its disagreement to the amendment of the Senate numbered 243, and agree to the same with amendments as follows: On page 213, line 10, of the Senate engrossed amendments; strike out "234d" and insert the following: "237".

On page 213, line 15, of the Senate engrossed amendments, strike out "(28)" and insert the following: "(29)".

On page 213, line 16, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 213 of the Senate engrossed amendments, strike out line 18 and all that follows through line 22 and insert the following:

"(30) provide such methods and procedures relating to the utilization of, and the

payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care."

And the Senate agree to the same.

Amendment numbered 244: That the House recede from its disagreement to the amendment of the Senate numbered 244, 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:

"DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

"Sec. 238. Effective July 1, 1969, section 1902(a) (17) of the Social Security Act is amended by striking out '(which shall be comparable for all groups)' and inserting in lieu thereof the following: '(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)'."

And the Senate agree to the same.

Amendment numbered 253: That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with amendments as follows: On page 216, line 5, of the Senate engrossed amendments, after "that" insert the following: "(A)".

On page 216, line 7, of the Senate engrossed amendments, strike out "part 3 of title V" and insert the following: "part B of title IV".

On page 216 of the Senate engrossed amendments, strike out lines 12 and 13 and insert the following: "not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 258: That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with amendments as follows: On page 221, line 2, of the Senate engrossed amendments, strike out "applicable under State law" and insert the following: "applicable to nursing homes under State law".

On page 221, line 5, of the Senate engrossed amendments, insert immediately before the quotation marks the following: "The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State."

And the Senate agree to the same.

Amendment numbered 263: That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with amendments as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year

pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512."

On page 182, line 16, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 266: That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

On page 222 of the Senate engrossed amendments, strike out lines 13 through 21 and insert the following:

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and"

And the Senate agree to the same.

Amendment numbered 273: That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with amendments as follows: On page 225, line 9, of the Senate engrossed amendments, strike out "CHILDREN'S EMOTIONAL ILLNESS" and insert the following: "EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT".

On page 225, line 10, of the Senate engrossed amendments, strike out "306" and insert the following: "305".

And the Senate agree to the same.

Amendment numbered 275: That the House recede from its disagreement to the amendment of the Senate numbered 275, and agree to the same with an amendment as follows: On page 225, lines 15 and 16, of the Senate engrossed amendments, strike out "INCENTIVE FOR ECONOMY WHILE MAINTAINING QUALITY OR IMPROVING THE PROVISION OF HEALTH SERVICES" and insert the following: "INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY IN THE PROVISION OF HEALTH SERVICES"; and the Senate agree to the same.

Amendment numbered 276: That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 203, line 24, of the House engrossed bill, insert immediately after the period the following: "No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process."

And the Senate agree to the same.

Amendment numbered 282: That the House recede from its disagreement to the amendment of the Senate numbered 282, 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:

"STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

"Sec. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2)

quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

"(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have."

And the Senate agree to the same.

Amendment numbered 286: That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows: On page 231, line 15, of the Senate engrossed amendments, strike out "503" and insert the following: "501"; and the Senate agree to the same.

Amendment numbered 288: That the House recede from its disagreement to the amendment of the Senate numbered 288, and agree to the same with an amendment as follows: On page 239, line 4, of the Senate engrossed amendments, strike out "505" and insert the following: "502"; and the Senate agree to the same.

Amendment numbered 290: That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows: On page 242, line 5, of the Senate engrossed amendments, strike out "507" and insert the following: "503"; and the Senate agree to the same.

Amendment numbered 294: That the House recede from its disagreement to the amendment of the Senate numbered 294, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

"SEC. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out 'or' at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(b) Section 3306 (b) of such Code (definition of wages) is amended by striking out 'or' at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class

or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out 'or' at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof '; or', and by inserting after subsection (l) the following new subsection:

"(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(1) upon or after the termination of an employee's employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

"(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act."

And the Senate agree to the same.

W. D. MILLS,  
CECIL R. KING,  
HALE BOGGS,  
FRANK M. KARSTEN,  
A. SYDNEY HERLONG, Jr.,  
JOHN W. BYRNES,  
THOS. B. CURTIS,  
JAMES B. UTTI,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

RUSSELL LONG,  
GEORGE A. SMATHERS,  
CLINTON P. ANDERSON,  
ALBERT GORE,  
HERMAN TALMADGE,  
JOHN J. WILLIAMS,  
FRANK CARLSON,  
CARL T. CURTIS,

*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. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, 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, 25, 26, 29, 30, 31, 32, 38, 49, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 81, 82, 83, 96, 97, 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 125, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140, 148, 150, 151, 152, 156, 158, 159, 160, 161, 162, 163, 164, 165, 168, 169, 170, 171, 172, 177, 179, 180, 185, 187, 188, 192, 194, 196, 199, 202, 203, 204, 205, 206, 209, 210, 211, 215, 216, 218, 232, 252, 256, 264a, 265, 269, 274, 278, and 283.

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.

#### BENEFIT AMOUNTS

Amendments Nos. 2 through 15: Section 101 of the House bill amended section 215(a) of the Social Security Act to provide a 12½ percent increase in benefits with a \$50 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits (taking into account the \$7,600 contribution and benefit base scheduled by section 108 of the House bill to be effective for years after 1967). This provision was to be effective beginning with the second month following the month of enactment.

Senate amendment No. 2 substituted for the benefit table in section 101 of the House bill a new table to provide a 15 percent increase in benefits with a \$70 minimum primary insurance amount (taking into account the increases in the contribution and benefit base scheduled by Senate amendment No. 36—\$8,000 for the year 1968, \$8,800 for the years 1969 through 1971, and \$10,800 for years after 1971).

Senate amendments Nos. 3 through 15 modified the effective date contained in the House bill to make the benefit increases effective beginning with March 1968. (The same modification, in the effective date of other provisions of the House bill involving OASDI benefits was made by Senate amendments 25, 26, 30, 96, 97, 103, 105, 107, 116, 135, 136, 138, 139.)

Under the conference agreement, section 215 (a) of the Social Security Act is amended to provide a 13-percent increase in benefits with a \$55 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits, taking into account the \$7,800 contribution and benefit base scheduled under the conference agreement to be effective for years after 1967. The provision is effective for and after February 1968.

#### INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

Amendments Nos. 16 through 24: Section 102 of the House bill amended sections 227 and 228 of the Social Security Act to increase, from \$35 for a single person and \$17.50 for a spouse to \$40 for a single person and \$20 for a spouse, the amounts of the special payments provided for certain individuals age 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits.

The Senate amendments modified the House bill to provide for an increase in the amounts of the special payments to \$50 for a single person and \$25 for a spouse.

The Senate recedes.

#### BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

Amendment No. 27: Section 104 of the House bill amended title II of the Social Security Act to provide benefits for disabled widows and widowers age 50 or over, with benefits ranging from 50 percent to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin. No trial work period was provided. (A special test of disability for widows and widowers was set forth in section 156 of the bill.)

The Senate amendment modified section 104 of the House bill to provide benefits for disabled widows and widowers at any age. In addition, payment would be made at the full widow's and widower's benefit rate of 82½ percent of the spouse's primary insurance amount, and a trial work period would be provided. (The special test of disability was eliminated by amendment No. 109, so that the definition in present law would apply to widows and widowers as well as to others whose benefits depend upon disability.)

The Senate recedes with a technical amendment.

REDUCED BENEFITS AT AGE 60

Amendment No. 28: The Senate amendment added to the House bill a new section (105), amending section 202 of the Social Security Act to provide for payment of reduced old-age, wife's, husband's, widower's, and parent's insurance benefits beginning at age 60. The old-age benefit would be reduced by 5/10ths of one percent for each month for which the worker takes the benefit while under age 65, and the widower's or parent's benefit (like widow's benefits under existing law) would be reduced by the same percentage for each month for which the benefit is taken while under age 62; the wife's or husband's insurance benefit would be reduced by 25/100ths of one percent for each month for which the benefit is taken before age 65. (Under existing law, old-age benefits are payable in full at age 65 or on the basis of a 1/10ths reduction at age 62; wife's and husband's benefits are payable in full at age 65 or on the basis of a 25/100ths reduction at age 62; and widower's and parent's benefits are payable in full at age 62 with no earlier entitlement provided.)

The Senate recedes.

LIBERALIZATION OF EARNINGS TEST

Amendments Nos. 33 and 34: Under the existing provisions of section 203 of the Social Security Act, if a beneficiary earns \$1,500 or less in a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 of earnings between \$1,500 and \$2,700, and \$1 in benefits will be withheld for each \$1

of earnings above \$2,700. Also, no benefit will be withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment.

Section 107 of the House bill amended section 203 of the Social Security Act to increase the annual \$1,500 and \$2,700 cut-off points to \$1,680 and \$2,880, respectively, and the \$125 monthly figure to \$140.

The Senate amendments modified section 107 of the House bill so that the annual cut-off points are increased to \$2,400 and \$3,600, and the monthly figure is increased to \$200. The Senate recedes.

INCREASE IN CONTRIBUTION AND BENEFIT BASE

Amendments Nos. 35 and 36: Section 108 of the House bill amended title II of the Social Security Act and the Internal Revenue Code of 1954 to increase the earnings counted for benefit and tax purposes to \$7,600, beginning with 1968.

Under the Senate amendments, the earnings counted for benefit and tax purposes were increased to \$8,000 in 1968, \$8,800 in 1969 through 1971, and \$10,800 beginning with 1972.

Under the conference agreement, the amount of earnings counted for benefit and tax purposes is increased to \$7,800, beginning with 1968.

CHANGES IN TAX SCHEDULE

Amendment No. 37: The following table shows the tax schedule in the House bill and that in the Senate bill:

CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS, EACH

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967	3.9	0.5	4.4	3.9	0.5	4.4
1968	3.9	.5	4.4	3.8	.6	4.4
1969-70	4.2	.6	4.8	4.2	.6	4.8
1971-72	4.6	.6	5.2	4.6	.6	5.2
1973-75	5.0	.65	5.65	5.0	.65	5.65
1976-79	5.0	.7	5.7	5.05	.65	5.7
1980-86	5.0	.8	5.8	5.05	.75	5.8
1987 and after	5.0	.9	5.9	5.05	.75	5.8

CONTRIBUTION RATES FOR THE SELF-EMPLOYED

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967	5.9	0.5	6.4	5.9	0.5	6.4
1968	5.9	.5	6.4	5.8	.6	6.4
1969-70	6.3	.6	6.9	6.3	.6	6.9
1971-72	6.9	.6	7.5	6.9	.6	7.5
1973-75	7.0	.65	7.65	7.0	.65	7.65
1976-79	7.0	.7	7.7	7.0	.65	7.65
1980-86	7.0	.8	7.8	7.0	.75	7.75
1987 and after	7.0	.9	7.9	7.0	.75	7.75

The conference agreement provides the following tax schedule:

[In percent]

	Employers and employees, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
1967	3.9	0.5	4.4	5.9	0.5	6.4
1968	3.8	.5	4.4	5.8	.6	6.4
1969-70	4.2	.6	4.8	6.3	.6	6.9
1971-72	4.6	.6	5.2	6.9	.6	7.5
1973-75	5.0	.65	5.65	7.0	.65	7.65
1976-79	5.0	.7	5.7	7.0	.7	7.7
1980-86	5.0	.8	5.8	7.0	.8	7.8
1987 and after	5.0	.9	5.9	7.0	.9	7.9

EXTENSION OF RETROACTIVITY OF DISABILITY APPLICATIONS FOR FREEZE PURPOSES WHERE FAILURE TO MAKE TIMELY APPLICATION IS DUE TO INCOMPETENCY

Amendment No. 39: Under existing law, an application to establish a period of disability must be filed no later than 12 months

after the end of the period of disability. The Senate amendment added to the House bill a new section (112), amending section 216(1) of the Social Security Act to extend the time for filing an effective application to establish a closed period of disability (for disability freeze purposes only) for an addi-

tional 24 months—to a total of 36 months—in certain cases where it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that the disabled individual's failure to file within the prescribed period is due to his mental or physical incapacity to execute such an application.

The House recedes with a technical amendment.

MARRIAGE OF A CHILD WHO IS A FULL-TIME STUDENT

Amendment No. 40: The Senate amendment added to the House bill a new section (113), amending section 202(d) of the Social Security Act to provide that a child's benefits will not stop when the child marries if and for as long as the child is a full-time student (and is otherwise entitled to benefits) and, in the case of a girl, her husband is also a full-time student. A child whose benefits stop because of marriage may subsequently (if otherwise entitled, and upon making a new application) become reentitled to such benefits if he becomes a full-time student (or, in the case of a girl, if both she and her husband become full-time students).

The Senate recedes.

BENEFITS FOR CERTAIN CHILDREN ADOPTED BY DISABLED WORKERS

Amendment No. 41: The Senate amendment added to the House bill a new section (114), amending section 202(d)(9) of the Social Security Act to provide that benefits can be paid to the legally adopted child of a worker entitled to disability benefits (or to old-age benefits after having been entitled to disability benefits) if the adoption took place under the supervision of a child-placing agency and was decreed by a court of competent jurisdiction in the United States, the worker had continuously resided in the United States for at least one year prior to the date of adoption, and the child was under the age of 18 on the date of the adoption, regardless of when the adoption occurred. (Under present law the adoption, even if other conditions are met, must have taken place within 2 years of the time the worker became entitled to disability benefits.)

The House recedes with technical amendments.

BENEFITS FOR MOTHERS OF CERTAIN FULL-TIME STUDENTS

Amendment No. 42: The Senate amendment added to the House bill a new section (114a), amending section 202(s) of the Social Security Act to provide that a wife or mother otherwise qualified may receive benefits on the basis of having an entitled child in her care, where the child is between 18 and 22 and is only entitled to child's benefits because he is a full-time student, if the school at which the child is a student is an elementary or secondary school. (Under existing law, a wife or mother can be entitled to benefits on the basis of having a child in her care only if the child is entitled to child's benefits because he is under 18 or is disabled—she cannot qualify on the basis of a child who is entitled only because he is a student, regardless of the level of the school at which he is enrolled.)

The Senate recedes.

STUDY OF DELAYED RETIREMENT INCREMENT

Amendment No. 43: The Senate amendment added to the House bill a new section (114b) to require the Social Security Administration to make a study with respect to the feasibility of providing increased old-age insurance benefit amounts for people who delay their retirement and may continue to work after age 65, and to report its findings to the Congress.

The Senate recedes (but the substance of the provision is included in section 405 of the bill—see Amendment No. 282).

COVERAGE OF MINISTERS

Amendments Nos. 44, 45, 46, and 47: Under existing law, the services which a clergyman

(including a Christian Science practitioner or a member of a religious order who has not taken a vow of poverty) performs in the exercise of his ministry are excluded from coverage unless the clergyman elects coverage by filing a waiver certificate within a prescribed period; if he makes the election his services in his ministry are covered under the provisions of law applicable to self-employed persons. A member of a religious order who has taken a vow of poverty may not make such an election; his services are compulsorily excluded from coverage.

Section 115 of the House bill amended section 211(c) of the Social Security Act and section 1402 (c) and (e) of the Internal Revenue Code of 1954 to provide that the services performed in the exercise of his profession by a minister, a Christian Science practitioner, or any member of a religious order (including a member who has taken a vow of poverty) are to be covered under the provisions of law applicable to the self-employed unless he obtains an exemption from social security taxes (and coverage) by filing within a prescribed period (under the revised section 1402(e) of the Code) an application for exemption, together with a statement that he is conscientiously opposed to the acceptance (with respect to his professional service) of any public insurance such as social security; a clergyman who had elected coverage under existing law could not secure an exemption, and an exemption from coverage would be irrevocable.

Senate amendments Nos. 44, 45, and 46 added language providing that members of religious orders who have taken a vow of poverty are compulsorily excluded from coverage, as under present law, and need not file any application to secure the exemption. Senate amendment No. 47 provided an additional basis for the exemption from social security taxes (and coverage); clergymen opposed to the acceptance of public insurance on grounds of religious principle (in addition to those conscientiously opposed as provided in the House bill) may secure the exemption. The House recedes.

#### STATE AND LOCAL DIVIDED RETIREMENT SYSTEMS

Amendment No. 48: The Senate amendment added to section 116 of the House bill a new subsection (d), amending section 218(d)(6)(F) of the Social Security Act so as to grant an additional opportunity, through 1969, for the election of social security coverage by members of State and local government retirement systems who did not elect coverage when they previously had the opportunity to do so under the divided retirement system procedure, which permits certain States to cover only those current members of a retirement system who desire coverage.

The House recedes.

#### COVERAGE OF POLICEMEN AND FIREMEN IN PUERTO RICO AND CERTAIN FIREMEN IN NEBRASKA

Amendment No. 50: The Senate amendment added to the House bill a new section (119), amending section 218(p) of the Social Security Act to add Puerto Rico to the list of States which may, if they so desire, provide social security coverage for policemen and firemen in positions under State or local retirement systems. The Senate amendment also included a provision validating amounts erroneously reported for past services performed by certain firemen employed by political subdivisions in Nebraska, if amounts representing social security taxes were erroneously paid in good faith and no refund has been obtained.

The House recedes with a technical amendment.

#### COVERAGE OF FIREMEN IN STATES NOT SPECIFICALLY LISTED

Amendment No. 51: The Senate amendment added to the House bill a new section (120), amending section 218(p) of the So-

cial Security Act to allow social security coverage to be extended to firemen under a State or local retirement system in a State not designated by name (in section 218(p)) as one which is permitted to cover policemen and firemen, if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of coverage to the group. Coverage could be extended under this provision only after a favorable referendum in which no person other than a fireman could vote.

The House recedes with a technical amendment.

#### COVERAGE OF ERRONEOUSLY REPORTED WAGES FOR FORMER STATE OR LOCAL GOVERNMENT EMPLOYEES

Amendment No. 52: The Senate amendment added to the House bill a new section (121), amending section 218(f) of the Social Security Act to permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to specify that whatever retroactive coverage is provided for the current employees of the coverage group will also be provided for former employees with respect to whose earnings amounts representing social security taxes had been erroneously paid in good faith to the Secretary of the Treasury. The retroactive coverage would not apply to any former employee for whom a refund of taxes had been made.

The House recedes with a technical amendment.

#### COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

Amendment No. 53: The Senate amendment added to the House bill a new section (122), amending section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 to provide that fees received after 1967 by employees of State or local governments in positions compensated solely on a fee basis and not covered under a State social security agreement will be covered under the self-employment provisions; however, any person in a fee-basis position in 1968 may elect irrevocably (before the due date of his tax return for 1968) not to have the amendment apply to him—i.e., not to have his fees covered under the self-employment provisions. The Senate amendment also added to section 218 of the Social Security Act a new subsection (u) under which any future modification of a State's agreement may cover services in positions compensated solely on a fee basis only if the modification specifically includes such services as covered, and under which a State may remove such services from coverage under the agreement.

The House recedes with a technical amendment.

#### FAMILY EMPLOYMENT IN A PRIVATE HOME

Amendment No. 54: The Senate amendment added to the House bill a new section (123), amending section 210(a)(3)(B) of the Social Security Act and section 3121(b)(3)(B) of the Internal Revenue Code of 1954 to extend social security coverage, beginning after 1967, to domestic service in a private home of the employer performed by an individual in the employ of his son or daughter, provided that certain conditions are met. The service in any calendar quarter would be covered only if the employer has living in his home a son, daughter, stepson, or stepdaughter who is under age 18 or whose mental or physical condition requires the personal care and supervision of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced (and has not remarried) or has a spouse living in the home who, because of a mental or physical condition, is incapable of caring for the employer's son, daughter,

stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

The House recedes with technical amendments.

#### EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

Amendment No. 55: The Senate amendment added to the House bill a new section (124), giving the Secretary of Health, Education, and Welfare authority to permit the State of Massachusetts, under such conditions as he deems appropriate, to remove the employees of the Massachusetts Turnpike Authority from social security coverage before the expiration of 2 years after giving advance notice to the Secretary, with the provision that if the employees are thus removed from coverage the State cannot again extend coverage to employees of the Authority.

The House recedes with technical amendments.

#### METHOD OF PAYMENT TO PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendments Nos. 56, 57, 58, 59, and 60: The House bill amended section 1842(b)(3)(B) of the Social Security Act to provide, in addition to the present receipted bill and assignment methods of payment for physicians' services, an alternative method, effective with respect to bills received after December 31, 1967, under which a physician or other person providing the service could receive payment on the basis of an itemized bill if such bill is submitted in the form and manner and within the time specified by regulation and if the full charge does not exceed the reasonable charge for the service. Under the alternative method payment could be made to the patient if payment is not made to the person providing the service for the reason that the charge exceeds the reasonable charge, the person providing the service does not submit the bill as provided for by regulation, or such person directs that payment be made to the patient. The House bill also provided, with respect to bills received after December 31, 1967, that requests for payment under the supplementary medical insurance program for services reimbursable on a reasonable charge basis must be filed no later than the close of the calendar year after the year in which the service is furnished (service furnished in the last 3 months of a calendar year is deemed to have been furnished in the succeeding calendar year).

The Senate amendments changed present law, effective with respect to claims on which a final determination has not been made on or before the date of enactment, by eliminating the receipted bill method of payment (payment by the patient required before reimbursement) and by providing that payment can be made either to the patient on the basis of an itemized bill (either receipted or unpaid) or to the physician under the assignment method. The Senate amendments retained the House bill provision which establishes the calendar year limitation for filing medical insurance claims, but made such limitation applicable to bills submitted and requests for payment made on or after April 1, 1968.

The House recedes.

#### PODIATRISTS

Amendment No. 61: The House bill amended section 1861(r) of the Social Security Act to include within the definition of "physician" a doctor of podiatry or surgical chiropody, but only with respect to functions which he is legally authorized to perform as such by the State in which he performs them. Under the House bill a doctor of podiatry would not be considered a "physician" for purposes of sections 1814(a) and 1835 (relating to certification and recertification of medical necessity under parts A and B of title XVIII) and section 1861(k) (relating to utilization review). Certain services performed by a podiatrist were also excluded for

purposes of payment under the hospital and medical insurance programs.

The Senate amendment provided, in addition to those restrictions in the House provision, that a podiatrist would not be considered to be a "physician" for the purposes of subsection (j) (relating to extended care facilities), subsection (m) (relating to home health services), and subsection (o) (relating to home health agencies) of section 1861. The House recedes.

#### EXCLUSION OF CERTAIN SERVICES EXCEPT WITH REGARD TO PROSTHETIC LENSES

Amendment No. 62: Section 128 of the House bill amended section 1862(a)(7) of the Social Security Act, which provides that no payment may be made under title XVIII for expenses incurred for routine physical checkups, eyeglasses, eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, or hearing aids or examinations therefor, by adding a provision that no payment may be made for expenses incurred for procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.

The Senate amendment provided that the exclusion added by the House bill is not to apply with respect to expenses incurred for procedures performed in connection with furnishing prosthetic lenses.

The Senate recedes.

#### TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 71: Section 129 of the House bill amended the appropriate sections in title XVIII of the Social Security Act to place coverage of all outpatient hospital services in the supplementary medical insurance program.

The Senate amendment made the provisions of the House bill applicable with respect to services furnished after March 31, 1968, rather than December 31, 1967, except that the elimination of the physician certification requirement with respect to outpatient hospital diagnostic services would apply to services furnished after the date of the enactment of the bill.

The House recedes.

#### PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Amendment No. 77: Section 133 of the House bill amended section 1861(s)(2) of the Social Security Act to provide supplementary medical insurance coverage of physical therapy furnished to an outpatient, in a residence used as the patient's home, by a hospital or by others under arrangements with the hospital, if such therapy is under the supervision of such hospital. This provision would apply with respect to services furnished after December 31, 1967.

The Senate amendment provided coverage for outpatient physical therapy services furnished by physical therapists employed by or under an agreement with, and under the supervision of, hospitals and other providers of services as well as approved clinics or rehabilitation centers, and local public health agencies that meet standards established by the Secretary of Health, Education, and Welfare relating to health and safety. The patient would not have to be homebound for the physical therapy services to be covered. Payment would be made for such services only when furnished in accordance with a plan, established and periodically reviewed by a physician, that would prescribe the type of physical therapy services to be provided and the amount and duration of such services. The Senate amendment would apply with respect to services furnished after June 30, 1968.

The House recedes with a technical amendment.

#### BLOOD DEDUCTIBLES

Amendments Nos. 78 and 79: Section 135 of the House bill amended sections 1813(a)

(2) (as redesignated by the bill) and 1866 (a)(2)(c) of the Social Security Act to provide that equivalent quantities of packed red blood cells shall be treated as blood under the hospital insurance program, and that a patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible. The House bill also amended section 1833(b) by establishing a 3-pint deductible requirement with respect to blood (or equivalent quantities of packed cells) furnished to an individual during a calendar year under the supplementary medical insurance program.

The Senate amendments deleted the requirement in the House bill that the patient replace, for purposes of the 3-pint deductible, 2 pints of blood for the first pint of blood received.

The House recedes.

#### EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

Amendment No. 80: Section 137 of the House bill amended section 1812 (a)(1) and (b)(1) of the Social Security Act to provide a maximum of 120 days (rather than 90) of inpatient hospital services for an individual during any spell of illness, and amended section 1813(a)(1) of the act to provide that the amount payable for such services for each day before the 121st day and after the 90th day of a spell of illness will be reduced by a coinsurance amount equal to one-half of the inpatient hospital deductible determined under section 1813(b). (The inpatient hospital deductible is currently established at \$40.)

The Senate amendments provided an individual with a lifetime reserve of 60 days of additional coverage for inpatient hospital care for use after he has exhausted the 90 days of hospital services to which he is entitled during any spell of illness. The coinsurance amount for each such additional day of coverage would equal one-fourth of the inpatient hospital deductible determined under section 1813(b).

The conference agreement contains the Senate provision for a lifetime reserve of 80 additional days, but applies the House provision for a coinsurance amount equal to one-half of the inpatient hospital deductible.

#### METHOD OF DETERMINING REASONABLE COST FOR PROVIDERS OF SERVICES

Amendment No. 84: The Senate amendment added to the House bill a new section (142) amending section 1861(v)(1) of the Social Security Act by providing that the regulations prescribed by the Secretary of Health, Education, and Welfare for determining the reasonable cost of services under title XVIII shall give a provider of services the option of having the cost of covered services determined on a per diem basis (per diem costs prevailing in a community for comparable quality and levels of services would be taken into account in determining such per diem basis). Cost of services would otherwise be determined on the basis of a per unit, per capita, or other basis insuring the provider reasonable cost reimbursement.

The Senate recedes with the understanding on the part of the conferees for both the Senate and the House that this action is not to be taken as a final decision or prejudgment respecting the issue of reimbursing providers of service under the medicare program by alternative methods to those now employed. Such decisions should not be made until such time as adequate data concerning the actual cost of benefits furnished to medicare beneficiaries have been obtained and made available to Congress. At the present time such data have not been compiled since the actual costs incurred by providers for services furnished to medicare recipients during the first fiscal year of operation of the program have not been finally determined. The Department of Health, Educa-

tion, and Welfare has been directed to furnish such data to the Committee on Ways and Means and the Committee on Finance as soon as it is available.

#### ALLOWANCE FOR DEPRECIATION AND INTEREST IN DETERMINING REASONABLE COST UNDER TITLES V, XVIII, AND XIX

Amendment No. 85: The Senate amendment added to the House bill a new section (143) providing that the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures (made after June 30, 1970, or an earlier date at the request of a State) by hospitals or other health facilities for substantial capital items. Depreciation and interest attributable to substantial capital items found not in accordance with a State's overall plan would not be includable as a part of the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX.

The Senate recedes.

#### STATE AGREEMENTS FOR COVERAGE UNDER THE HOSPITAL INSURANCE PROGRAM FOR THE AGED

Amendment No. 86: The Senate amendment added to the House bill a new section (144), adding a new section 1818 to the Social Security Act permitting a State to enter into an agreement with the Secretary of Health, Education, and Welfare for the provision of hospital insurance coverage beginning April 1, 1968, for State and local employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare hospital insurance protection. A State would reimburse the Federal Hospital Insurance Trust Fund for the actual costs of benefits paid and administrative expenses incurred with respect to these persons. An agreement (either in its entirety or with respect to any one or more coverage groups) could be terminated if the Secretary finds that the State concerned is no longer legally able to comply with the provisions of the agreement. A State may also, at its option, terminate such an agreement.

The Senate recedes.

#### PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

Amendment No. 87: The Senate amendment added to the House bill a new section (145), providing that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before January 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before January 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before January 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

The House recedes with technical amendments.

#### PAYMENT FOR EMERGENCY HOSPITAL SERVICES

Amendment No. 88: The Senate amendment added to the House bill a new section (146), amending section 1861(a) of the Social

Security Act to redefine, effective July 1, 1966, the term "hospital" (for purposes of paying for emergency hospital services) to mean an institution which must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. The requirements under present law with respect to clinical records, medical staff bylaws, and care of patient by a physician are eliminated. The Senate amendment also provided that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (or, if the hospital does not make separate charges for routine and ancillary services, two-thirds of the hospital's reasonable charges), subject to deductible and other existing limitations, with respect to hospital admissions occurring after December 31, 1967.

The House recedes with technical amendments.

**PAYMENT FOR CERTAIN SERVICES FURNISHED OUTSIDE THE UNITED STATES**

Amendment No. 89: The Senate amendment added to the House bill a new section (147), amending section 1814(f) of the Social Security Act to permit, effective with admissions occurring after March 31, 1968, direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. For nonemergency care, the hospital would have to be the nearest suitable one to the patient's residence. Payment would also be made for emergency inpatient services furnished in a foreign hospital within 50 miles of the United States border if the hospital was the closest one suitable for treatment and the emergency necessitating such services occurred no more than 50 miles outside the United States. Benefits would be payable only on the basis of a request for payment by an individual entitled to hospital insurance benefits and only if the foreign hospital met standards that are essentially comparable to those required of hospitals participating under the program in the United States. Subject to appropriate deductibles and other limitations, the amount payable under this provision would be equal to 60 percent of the hospital's reasonable charges for routine services in the room occupied by the individual or in semiprivate accommodations, whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services, or, if separate charges for routine and ancillary services are not made by such hospital, reimbursement may be made to the patient on the basis of two-thirds of the hospital's reasonable charges but not to exceed the charges that would have been made if the patient had occupied semiprivate accommodations.

The Senate recedes with the understanding that the Departments of Health, Education, and Welfare and State will explore, and report to the Committees on Ways and Means and Finance, the feasibility of entering into reciprocal agreements and arrangements with neighboring nations designed to make medicare benefits available to U.S. citizens who receive necessary hospital care in such nations.

**PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR CERTAIN INPATIENT ANCILLARY SERVICES**

Amendment No. 90: The Senate amendment added to the House bill a new section (148), amending section 1861(s) of the Social Security Act to permit, effective April 1, 1968, payment under the medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished to inpatients who cannot qualify for payments

under the hospital insurance program—for example, in cases where hospital patients have exhausted their eligibility under the hospital insurance program, or when extended care facility patients have not met the 3-day hospitalization requirement.

The House recedes with a technical amendment.

**GENERAL ENROLLMENT PERIOD UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 91: The Senate amendment added to the House bill a new section (149), providing that the general enrollment periods for the supplementary medical insurance program would be placed (beginning with 1969) on an annual rather than a biennial basis, and run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary would determine and promulgate during December of each year the premium rate for the program which would be applicable for the 12-month period beginning on the following July 1 and would be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at such rate. Under the Senate amendment persons wishing to disenroll could do so at any time, but such disenrollment would not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment was filed. The amendment would also substitute a one-time late enrollment charge (up to 3 additional monthly premiums) for the 10 percent premium increase in section 1839(c) of the Social Security Act for those who delay their enrollment in the program, and would modify section 1837(b) (1) to provide that no individual may enroll for the first time under the program unless he does so in a general enrollment period which begins within 3 years after the close of the first enrollment period during which he could have so enrolled.

The House recedes with an amendment providing for the retention of the percentage premium increase provision in present law for those who delay enrollment, and the deletion of the late enrollment charge in the Senate bill.

**ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS**

Amendment No. 92: Section 138 of the House bill provided that the limitation in section 1812(c) of the Social Security Act on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he first becomes eligible for benefits under the hospital insurance program would not be applicable to benefits for services in a general hospital if such services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

The Senate amendment changed the provisions of the House bill by eliminating the provision in present law under which days spent in a tuberculosis hospital by an individual immediately before his initial entitlement to hospital insurance reduced the days of inpatient hospital coverage for which he is eligible, after entitlement, during his first spell of illness. The Senate amendment would provide that no reduction would occur in such individual's hospital insurance coverage, after initial entitlement, during his first spell of illness, regardless of whether he receives inpatient services in a tuberculosis or general hospital. The Senate amendment retained the House provision with respect to inpatients of psychiatric hospitals.

The House recedes with a technical amendment.

**INCLUSION OF OPTOMETRISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 93: The Senate amendment added to the definition of "physician"

in section 1861(r) of the Social Security Act a doctor of optometry but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is authorized to perform by the State in which he practices. The Senate provision also added to section 1862(a) of the Act (relating to items and services excluded from coverage under title XVIII) expenses for an optometrist's services in connection with the detection of eye diseases, or for his referral of an individual to a physician (as presently defined in the act) arising from such services.

The Senate recedes.

**INCLUSION OF CHIROPRACTORS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 94: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed chiropractor but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is legally authorized to perform by the State in which he practices.

The Senate recedes.

**INCLUSION OF PSYCHOLOGISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM**

Amendment No. 95: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed or certified psychologist but only for the purpose of including his services as a medical and other health service covered under the supplementary medical insurance program and only with respect to functions which he is legally authorized to perform by the State in which he practices.

The Senate recedes.

**OVERPAYMENTS**

Amendment No. 98: The Senate amendment added to the House bill a new section (152), amending section 204(a) of the Social Security Act to direct the Secretary of Health, Education, and Welfare to recover benefits overpaid to an individual by withholding benefits payable to him or his estate or to any other person entitled to benefits on the same earnings record, or by requiring a refund from him or his estate, or by any combination of these. A beneficiary who is liable for repayment of an overpayment, whether the overpayment was made to him or to another person, would qualify for waiver of recovery of the overpaid amount if he is without fault and meets the other conditions prescribed in the law. (Underpayments would be paid to the underpaid beneficiary, or, if he has died, to other persons in accordance with section 204(d) of the Act as amended by the bill (see Senate amendment No. 100).) The House recedes with a technical amendment.

**BENEFITS PAID ON THE BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE**

Amendment No. 99: The Senate amendment added to the House bill a new section (153), further amending section 204(a) of the Social Security Act to make benefits paid on the basis of an official report of the death of an active-duty serviceman in line of duty, issued by the Department of Defense, lawful payments even though it is later determined that the serviceman is still alive.

The House recedes with a technical amendment.

**UNDERPAYMENTS**

Amendment No. 100: Section 152 of the House bill amended section 204(d) of the Social Security Act to provide that cash benefits due a beneficiary at the time of his death are to be paid in the following order or priority:

(1) To his surviving spouse entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled on that earnings record, or

(3) to his parent or parents (in equal parts) entitled on that earnings record, or

(4) to the legal representative or his estate,

or

(5) to his surviving spouse not entitled to benefits on the same earnings record as he was, or

(6) to his child or children (in equal parts) not entitled on that earnings record.

If none of these persons exist, no payment would be made.

Section 152 of the House bill also amended section 1870 of the Act to provide that unpaid medical insurance benefits are to be settled as follows: Where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid but reimbursement under the medical insurance program has not been made, payment of the medical insurance benefits would be made to the person who paid the bill. If payment could not be made to that person, payment would be made to the legal representative of the deceased beneficiary's estate, if there is one—otherwise to relatives of the deceased individual in the following order of priority:

(1) To his surviving spouse living with him at the time of his death, or

(2) to his surviving spouse entitled to benefits on the same earnings records as he was, or

(3) to his child or children (in equal parts).

If none of these persons exist, no payment would be made.

A further provision, not affected by the Senate amendment, authorized the Secretary to settle claims for unpaid medical insurance benefits, in cases where the bill for covered services had not been paid, by making payment to the physician or other person who provided the services, but only if such physician (or other person) agrees to accept the reasonable charge for the services as his full charge.

The Senate amendment modified section 152 of the House bill to provide the following uniform order of priority for both cash benefits and medical insurance benefits due after the beneficiary's death (except that any medical insurance benefits would of course be paid first to the person who paid for the services involved, or, if that person is the deceased beneficiary himself, to the legal representative of his estate if there is one):

(1) To the surviving spouse of the deceased individual if she was either living with him at the time of his death or entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled to benefits on that earnings record, or

(3) to his parent or parents (in equal parts) entitled on that earnings record, or

(4) to his surviving spouse if she was neither living with him nor entitled to benefits on that earnings record, or

(5) to his child or children not entitled on that earnings record, or

(6) to his parent or parents not entitled on that earnings record, or

(7) to the legal representative of his estate, if any, or

(8) to any person or persons related to him by blood, marriage, or adoption who may be determined by the Secretary to be the proper person or persons to receive the payment due.

The House recedes with amendments (1) directing payment of supplementary medical insurance benefits to the person who paid the bill for the services involved (ahead of all the other categories) even though the payment of such bill occurred after the beneficiary's death, and (2) eliminating the Senate provision which authorized payment

of benefits to persons related to the beneficiary by blood, marriage, or adoption where there is no one to pay in any of the first seven categories.

#### DEFINITION OF DISABILITY

Amendment No. 109: Under existing law, the term "disability" is defined in general as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last at least 12 months.

Section 156 of the House bill amended section 223 (and related provisions) of the Social Security Act so as to clarify the definition by providing guidelines emphasizing the role of medical standards in determining disability so that an individual is not to be considered under a "disability" unless his impairment is of such severity that he is not only unable to do his previous work but cannot (considering his age, education, and work experience) engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or he would be hired if he applied for work. The Secretary of Health, Education, and Welfare is directed to establish criteria which are to be conclusive for determining when work or earnings demonstrate ability to engage in substantial gainful activity. Section 156 also provided a more restrictive definition of disability for disabled widows and widowers than exists in present law for disabled workers; a widow or widower would not be found to be under a disability unless his or her impairments are of a level of severity deemed sufficient to preclude an individual from engaging in any gainful activity (see discussion of Senate amendment No. 27).

The Senate amendment struck out of the House bill the language clarifying the definition of disability, retaining only a technical change, and also eliminated the more restrictive definition applicable to widows and widowers.

The conference agreement contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy". This language puts into the statute the same meaning of the phrase that was expressed in the reports of both committees. Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. The purpose of so defining the phrase is to preclude from the disability determination consideration of a type or types of jobs that exist only in very limited number or in relatively few geographic locations in order to assure that an individual is not denied benefits on the basis of the presence in the economy of isolated jobs he could do.

#### AMENDMENT TO COMPLY WITH TREATY OBLIGATIONS

Amendment No. 119: The Senate amendment added to the House bill a new section (162), amending sections 228(a) and 1836 of the Social Security Act and section 103(a) of the Social Security Amendments of 1965. Under the Senate amendment, the present 5-year residence requirements that uninsured aliens must meet in order to qualify for hospital insurance benefits or special age-72 cash payments, or to be eligible to participate in the supplementary medical insurance program, will not apply to any individual when their application would be contrary to present treaty obligations of the United States.

The Senate recedes.

#### EFFECTIVE DATE OF LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE THE UNITED STATES

Amendment Nos. 121, 122, and 123: Section 160 of the House bill amended section 202(t) of the Social Security Act to provide that the present 40-quarters-of-coverage and 10-years-residence exceptions to the provision requiring the withholding of benefits from aliens outside the United States are not to apply to aliens who are citizens of a country that has a social insurance or pension system of general applicability under which benefits are denied to otherwise eligible Americans while they are outside of that country, or who are citizens of a country that does not have such a system if at any time during a specified 5-year period benefits to individuals in that country cannot be paid because of the Treasury ban on payments to Communist-controlled countries. This change was made applicable for and after the sixth month following enactment.

Section 160 of the House bill also prohibited payment of any benefits for months after enactment which are withheld on account of the Treasury ban, and provides that past benefits withheld (through the month of enactment) may not be paid, if and when the ban ends, in excess of the last 12 months' benefits or to anyone other than the beneficiary or a survivor entitled to benefits on the same earnings record.

The Senate amendment modified section 160 of the House bill to delay the effective dates of these provisions until December 31, 1968.

The conference agreement delays the effective dates of these provisions only until June 30, 1968.

#### SPECIAL PROVISION IN THE CASE OF CERTAIN CHILDREN

Amendment No. 124: Section 161 of the House bill amended section 203(a) of the Social Security Act to provide that benefits payable to illegitimate children whose entitlement to benefits derives from section 216(h)(3) of the Act as added by the 1965 Amendments may not exceed the difference between the total amount payable to other persons on the same wage record and the family maximum amount.

The Senate amendment modified section 161 of the House bill (1) to provide that where benefits payable on the effective date of the 1965 Amendments were reduced because such a child became entitled to benefits under the provision added by the 1965 Amendments, the benefits will no longer (after February 1968) be so reduced, and (2) to permit the provisions of present law to continue to apply in the case of children who became entitled under section 216(h)(3) after the effective date of the 1965 Amendments or become so entitled in the future.

The conference agreement incorporates in substance the Senate amendment with respect to those on the benefit rolls in the month of enactment and retains the House provision with respect to children becoming entitled to benefits in the future. It also makes appropriate adjustment in effective dates and qualifications to assure their proper coordination.

#### ADVISORY COUNCIL ON SOCIAL SECURITY

Amendment No. 126: Section 163 of the House bill amended section 706 of the Social Security Act to provide that an Advisory Council on Social Security is to be appointed in February 1969 and in February of every fourth year thereafter (instead of "during 1968 and every fifth year thereafter" as in existing law), and that each such Council is to report no later than January 1 of the year following the year of its appointment. (Section 163 also provided that the Chairman of each such Council is to be appointed by the Secretary; under existing law the Com-

missioner of Social Security serves as Chairman.)

The Senate amendment modified section 163 of the House bill to provide that the Advisory Council appointed in 1969 and every fourth year thereafter is to be appointed at any time after January 31 rather than "during February" as in the House bill, and will have until the first day of the second year following the year of its appointment (as in existing law) to make its report including any interim reports it might have issued.

The House recedes with a technical amendment.

#### DISCLOSURE TO COURTS OF THE WHEREABOUTS OF CERTAIN INDIVIDUALS

Amendment Nos. 130 and 131: Section 166 of the House bill provided that, upon request, the Secretary of Health, Education, and Welfare is to furnish an appropriate court with the most recent address of a deserting father (or his employer) if the court requests the information in connection with a support or maintenance order for a child.

The Senate amendment modified section 166 of the House bill so as to assure that information regarding the runaway parent's whereabouts will also be available to courts in interstate support or maintenance proceedings.

The House recedes.

#### EXPEDITED BENEFIT PAYMENTS

Amendment No. 141: The Senate amendment added to the House bill a new section (172), amending section 205 of the Social Security Act to provide for expedited payment of claims for monthly benefits on the basis of a written request filed under specified conditions in certain cases where an individual alleges that a benefit due him was not paid.

The House recedes with a technical amendment.

#### STUDY OF PROPOSED LEGISLATION

Amendment No. 142: The Senate amendment added to the House bill a new section (173), directing the Secretary of Health, Education, and Welfare to study and report to the Congress, on or before January 1, 1969, the effects (including the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry) which might result from enactment of two proposals relating to drugs: (1) a proposal to cover qualified drugs under the supplementary medical insurance program, and (2) a proposal to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance program.

The Senate recedes (but a somewhat similar provision is included in section 405 of the bill—see amendment No. 282).

#### DISABILITY INSURANCE BENEFITS FOR THE BLIND; DEFINITION OF BLINDNESS

Amendment No. 143: The Senate amendment added to the House bill a new section (174), amending section 223 (and related provisions) of the Social Security Act to provide that for purposes of both disability insurance benefits and the disability freeze the term "disability" includes blindness (as defined by the amendment) regardless of whether or not the individual involved can engage (or is engaging) in substantial gainful activity, and also to provide that an individual whose disability is blindness (as so defined) is insured for disability insurance benefits for any month if he had not less than 6 quarters of coverage before the quarter in which such month occurs; such an individual would continue to receive his disability insurance benefits after attaining age 65. (Existing law generally requires an individual to be fully insured and to have 20 quarters of coverage in the 40 quarters ending with the quarter in which the dis-

ability begins, with a limited relaxation of the latter requirement in certain cases involving blindness.) The term "blindness" is redefined to mean central visual acuity of 20/200 or less in the better eye, or visual acuity better than 20/200 if accompanied by a limitation of the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

The conference agreement contains the liberalized definition of blindness, but omits the other provisions of the Senate amendment.

#### CHILD'S INSURANCE BENEFITS WHERE DISABILITY BEGAN BETWEEN 18 AND 22

Amendment No. 144: The Senate amendment added to the House bill a new section (175), amending section 202 of the Social Security Act to permit a child to become entitled to child's insurance benefits on the basis of a disability which began at any time before age 22 (rather than only on the basis of a disability which began before age 18, as required under present law).

The Senate recedes.

#### ATTORNEYS' FEES

Amendment No. 145: The Senate amendment added to the House bill a new section (176), amending section 206(a) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to certify payment of attorneys' fees for services rendered in administrative proceedings from past-due benefits of a successful claimant. The amount of the fee so certified in any case would be the smaller of: (A) 25 percent of the total past-due benefits, (B) the amount of the attorney's fee fixed by the Secretary, or (C) the amount agreed upon between the claimant and the attorney.

The House recedes with a technical amendment.

#### PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

Amendments 146, 147, 149, 153, 157, and 166: Section 201 of the House bill amended title IV of the Social Security Act to require that services be provided under State AFDC plans to assure to the maximum extent possible that children and other family members will enter the labor force so that they will become self-sufficient and for the purpose of reducing the number of births out of wedlock including the offer of family planning services in all appropriate cases and otherwise strengthening family life. The House bill also strengthens services relating to the establishment of paternity, securing support and other specific services. (As under present law, States can secure Federal participation in other services if they choose to provide them.)

The Senate amendments generally accept the provisions of the House bill, appropriately adjusted to reflect the transfer of most of the responsibility for employability services to the Secretary of Labor. They also broaden the provision in existing law which requires a program of services for children so as to include other family members under the State plan. The program is to include any needed child-welfare services, and any other services needed for preserving, rehabilitating, reuniting, or strengthening the family and services that will assist members of the family toward maximum self-support and personal independence.

The House recedes with amendments which are largely of a technical or conforming nature.

#### STATE AND LOCAL SINGLE ORGANIZATIONAL UNIT PROVIDING SERVICES UNDER FAMILY PROGRAMS

Amendments Nos. 154, 155, and 167: Section 402(a)(15) of the Social Security Act under section 201(a)(1) of the House bill, required that where the programs of services furnished to families with dependent children are developed and the services provided by the staff of the State or local agency

administering the State AFDC plan, the provision of the services must be the responsibility of a single organizational unit in such State or local agency.

Senate amendments Nos. 154 and 155 modified the provisions of the House bill so as to eliminate the single-unit requirement in the case of a local agency while retaining the requirement in cases where it is the State agency that develops and implements the program of services. Senate amendment No. 167 modified section 201(g) of the House bill to provide that if on enactment the State agency responsible for the State AFDC plan is different from the State agency responsible for the State's child-welfare services plan, the requirement for a single organizational unit would not apply for so long as such agencies are different. (See also Senate amendments Nos. 250 through 253.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 167 waiving the single organizational unit requirement in cases where at time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at time of enactment the two local agencies involved in a political subdivision are different.

#### EARNINGS EXEMPTIONS FOR PUBLIC ASSISTANCE RECIPIENTS

Amendments Nos. 173, 174, 175, and 176: Section 202(b) of the House bill amended section 402(a) of the Social Security Act to require each State under its AFDC plan to exempt all of the earnings of recipients who are under age 16, or who are age 16 to 21 if they are in full-time school attendance, and to exempt the first \$30 of the total of the monthly earnings of the family plus one-third of the remainder of the earnings of the family (including children age 16-21 not in school, the caretaker relative, and any other individual living in the home and taken into account in the determination of need).

Senate amendments Nos. 173 and 174 modified the House bill to provide that all of the earnings of any child receiving AFDC are to be exempted only if the child is a full-time student or a part-time student who is not a full-time employee. Senate amendments Nos. 175 and 176 increased the amount to be exempted from the first \$30 of total monthly earnings plus one-third of the remainder to the first \$50 of total monthly earnings plus one-half of the remainder. The amendments would become effective July 1, 1969, but a State could put them into effect at any time after December 31, 1967.

The House recedes on amendments Nos. 173 and 174, and the Senate recedes on amendments Nos. 175 and 176.

With respect to amendment No. 174, the House recedes with the understanding that in order to qualify for the earnings exemption a part-time student must have a school schedule that is equal to at least one-half of a full-time curriculum.

#### EXEMPTION OF SUPPORT CONTRIBUTIONS AS EARNED INCOME OF RECIPIENTS OF AFDC

Amendment No. 178: The Senate amendment added to section 402(a)(8) of the Social Security Act, as amended by section 202 of the House bill, a provision that contributions by an absent parent under a court order for the support of a dependent child receiving AFDC are to be considered as earned income for purposes of determining need and the amount of the assistance payment, subject to the earnings exemptions provided in the bill (see Senate amendments Nos. 173 through 178).

The Senate recedes.

#### EXEMPTION OF EARNINGS UNDER OLD AGE ASSISTANCE AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

Amendments Nos. 181, 182, 183, and 184: Senate amendments Nos. 181, 182, and 183

added to section 202 of the House bill provisions amending sections 2(a), 1402(a), and 1602(a) of the Social Security Act to apply the same provisions for exemption of earned income that are incorporated in title IV—i.e., the first \$50 plus one-half of the remainder (under Senate amendments Nos. 175 and 176)—to persons receiving aid or assistance under titles I, XIV, and XVI of the Act. Senate amendment No. 184 modified section 202(d) of the House bill to apply to the determination of need under titles I, X, XIV, XVI, and XIX of the Act the requirement (applicable only to AFDC under the House bill) that States disregard any earned income exemptions which may be provided by other laws.

The Senate recedes on amendments Nos. 181, 182, and 183. The conference agreement contains the provision added by amendment No. 184, with amendments conforming to the Senate recession on the preceding amendments and making the provision effective July 1, 1968.

#### UNEMPLOYED FATHERS UNDER AFDC

Amendments Nos. 186, 189, 190, 191, 193, and 195: Section 407 of the Social Security Act, as amended by section 203(a) of the House bill, defined an unemployed father (for purposes of determining the eligibility of his children for AFDC) so as to exclude fathers who do not have 6 or more quarters of work in any 13-calendar-quarter period ending within one year prior to the application for aid, and fathers who receive (or are qualified to receive) any unemployment compensation under State law.

The Senate amendments removed these exclusions, and restored the provision of present law under which a State may at its option wholly or partly deny AFDC for any month where the father receives unemployment compensation during the month. (The Senate amendments also removed certain work or training requirements in order to conform with amendments No. 198, and modified the effective date provisions of the House bill.)

The Senate recedes (except on the conforming amendments and effective date provisions).

#### MANDATORY PROVISION OF AID TO CHILDREN IN NEED BECAUSE OF FATHER'S UNEMPLOYMENT

Amendment No. 197: The Senate amendment added to section 203 of the House bill a new subsection (c), amending section 402 (a) of the Social Security Act to require an approved State plan for AFDC to provide, effective July 1, 1969, for assistance to children in need because of the unemployment of their father as provided in section 407 of the Act. (Section 407 itself, under both the House bill and Senate amendments Nos. 186 through 196, simply gives the States the option of extending their AFDC programs to include these children.)

The Senate recedes.

#### WORK INCENTIVE PROGRAMS FOR RECIPIENTS OF AFDC

Amendment No. 198: Section 204 of the House bill provided for a community work and training program for all appropriate adults and older children receiving AFDC, to be administered by the welfare agencies. Participation by an individual in the program would be a condition of that individual's eligibility for aid; and if a relative refused without good cause to participate, aid for the children would be denied or if provided would be limited to protective or vendor payments or payments for foster care.

The Senate amendment substituted for the House bill's community work and training program a new work incentive program to be administered by the Department of Labor for AFDC recipients referred by wel-

fare agencies. Those referred would be assigned to regular employment, institutional or work-experience training, or subsidized special work projects, depending upon their experience and qualifications; certain classes of persons for whom any referral would be inappropriate are specifically enumerated. Persons assigned to regular employment would qualify for the earnings exemption provided by section 202 of the bill; and an incentive training allowance of up to \$20 a week would be provided for those assigned to training programs. If an individual refused without good cause (as determined by the Secretary of Labor) to accept work or training, AFDC payments on behalf of the dependent children to such individual would not terminate, and such individual's needs could continue to be taken into account for 60 days if he received counseling during that period (but his grant would have to be paid in the form of protective or vendor payments). Mothers or other relatives could not be required to participate in a work program necessitating their absence from home during times when the children are not attending school. Recipients under the District of Columbia's special program of temporary assistance for unemployed parents would be treated the same as recipients of AFDC under a regular unemployed parents program.

The conference agreement contains the provisions of the Senate amendment, with amendments (1) changing the incentive training allowance from \$20 a week to \$30 a month, (2) decreasing the Federal share from 90 to 80 percent of the costs of carrying out the program, (3) eliminating mothers and other relatives who care for pre-school children or children under 16 attending school from the specified classes of persons for whom referral under the program is declared to be inappropriate, (4) removing the provision which would have allowed the States, under criteria established by the Secretary, to set up other exclusions (the conferees believe that the language which allows the States to define the term "appropriate" gives sufficient flexibility to the States to determine who should be referred to the work incentive program), and (5) providing that if a relative refuses without good cause to accept work or training, AFDC payments on behalf of the dependent children must be made in the form of protective or vendor payments or payments for foster care.

It is the understanding and clear intent of the conferees that the Department of Labor functions in this program will be carried out through the system of State employment service offices.

The conferees noted that the agreed-upon bill contains provisions requiring the Secretary of Labor to make an annual report (the first one due July 1, 1970) on the program, and that the Secretary of Health, Education, and Welfare is to make similar reports (also beginning on July 1, 1970) on programs of the States furnishing services designed to make it possible for AFDC recipients to take work or training. The conferees intend to watch very closely the administration of this program and the emerging experience gained under it.

At the request of the conferees, the Department of Labor furnished its estimates, based upon the provisions of the bill agreed to by the conference committee, concerning expenditures for work and training activities under the program, the numbers of persons who could be trained and located in employment, and reductions in Federal expenditures under the AFDC program which will result from these activities. These estimates are shown in the following table furnished by the Department of Labor.

#### WORK-TRAINING IMPACT

Fiscal year	Work-training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements (thousands) after training
1968...	\$30	-----	27	-----
1969...	* 129	-\$11	110	13
1970...	165	-63	150	55
1971...	209	-145	190	75
1972...	308	-257	280	95
Total.	841	-476	757	238

<sup>1</sup> Does not include recipients on priority III work projects.  
<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

#### FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Amendments Nos. 200 and 201: Section 205 of the House bill amended title IV of the Social Security Act to authorize Federal participation in payments for foster care of certain dependent children under the AFDC program to the extent that such payments do not exceed an average of \$100 per month, effective with respect to foster care provided after September 1967.

Senate amendment No. 200 reduced this figure to \$50, and Senate amendment No. 201 made the provision effective with respect to foster care provided after December 1967.

The Senate recedes on amendment No. 200, and the House recedes on amendment No. 201.

#### EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

Amendments Nos. 207, 208, and 212: Section 206 of the House bill amended title IV of the Social Security Act to provide that the Federal Government will participate in State expenditures under a program for emergency assistance to certain needy families with children which is furnished for not more than 30 days in any 12-month period.

Senate amendment No. 207 extended to 60 days in any 12-month period the period for which Federal sharing as provided in the House bill may be available. Senate amendment No. 208 excluded from such Federal sharing expenditures for children whose destitution or need for living arrangements arose because the child or the caretaker relative refused without good cause to accept employment or training for employment. Senate amendment No. 212 added a provision making it clear that the emergency assistance so authorized may be provided to migrant workers with families in the State or in a part or parts of the State designated by the State.

The Senate recedes on amendment No. 207, and the House recedes on amendments Nos. 208 and 212.

#### PROTECTIVE AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

Amendment No. 213: Section 207 of the House bill, which authorized Federal sharing under the AFDC program in vendor payments made directly to a person furnishing goods and services as well as in protective payments made to another individual who is interested in or concerned with the welfare of the child or caretaker relative, struck out the provision of present law limiting the number of individuals receiving protective payments who may be included as AFDC recipients for any month to 5 percent of the number of other AFDC recipients for the month.

The Senate amendment retained the limit (which would now apply to vendor payments as well as protective payments) but increased it from 5 to 10 percent. The Senate amendment also eliminated the House provision for the inclusion of protective and vendor payments as AFDC without regard to certain

specified conditions in cases where the child or caretaker relative refuses without good cause to accept employment or training.

The conference agreement contains the Senate provision retaining the limit and increasing it from 5 to 10 percent, but excludes from the computation of the 10 percent any individuals with respect to whom protective or vendor payments are required because of refusal without good cause to accept work or training.

**LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE**

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

**FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOMES OWNED BY RECIPIENTS OF AID OR ASSISTANCE**

Amendments Nos. 217, 219, and 220: Section 209 of the House bill added to title XI of the Social Security Act a new section 1119, authorizing 50-percent Federal financial participation under specified conditions in expenditures not in excess of \$500 for repairs to a home owned by an aged, blind, or permanently and totally disabled recipient of aid or assistance under title I, X, XIV, or XVI of the Act.

The Senate amendment extended this provision to include the same Federal financial participation in home repair expenditures for recipients of AFDC under title IV of the Act.

The House recedes.

**USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE**

Amendment No. 221: The Senate amendment added to the House bill a new section (209), amending sections 2, 402, 1002, 1402, 1602, and 1902 of the Social Security Act to require each State plan for public assistance under title I, X, XIV, XVI, and XIX, and part A of title IV, to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially-paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 249 and 271.)

The House recedes with a technical amendment.

**SIMPLICITY OF ADMINISTRATION**

Amendment No. 222: The Senate amendment added to the House bill a new section (210), amending sections 2, 402, 1002, 1402, and 1602 of the Social Security Act to require that a State's methods of administering its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, be such as to assure that eligibility for and the extent of aid or assistance under the plans will be determined in a manner consistent with sim-

licity of administration and the best interests of the recipients.

The Senate recedes.

**LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN; ESTABLISHMENT AND COLLECTION OF LIABILITY TO THE UNITED STATES**

Amendment No. 223: The Senate amendment added to the House bill a new section (211), amending title IV of the Social Security Act and chapter 64 of the Internal Revenue Code of 1954 to require that State plans for AFDC provide for the use of certain procedures for obtaining information through the files of the Department of Health, Education, and Welfare and the Internal Revenue Service and for the use of such information in the location of a parent against whom a court order has been issued or a petition filed for an order for the support of his children receiving aid; to require inter-State cooperation in securing compliance with a court order issued against a deserting parent; and to establish a procedure under which a deserting parent could become liable to the United States for the Federal share of the AFDC payments made for his children, or, if lower (for any unpaid portion of such a support order) which would be subject to collection by the Secretary of the Treasury.

The conference agreement contains the provisions of the Senate amendment on obtaining information for use in locating parents and on securing compliance with court support orders, but omits the provisions relating to the establishment and collection of liability to the United States.

**PROVISION OF SERVICES BY OTHERS THAN A STATE**

Amendment No. 224: The Senate amendment added to the House bill a new section (212), amending sections 3(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act to permit the Secretary to make exceptions from the usual requirement that services (under a State plan approved under title I, X, XIV, or XVI of the Act) be obtained only from the State or local agency administering the plan or from certain other designated State agencies, in order to authorize the purchase of such services from other agencies and persons. (Section 201(d) of the House bill, which was not changed in substance by the Senate amendments, amended section 403(a) of the Act to provide that, except to the extent specified by the Secretary, child-welfare services, family planning services, and family services under a State plan for AFDC approved under title IV of the Act may be obtained from sources other than the designated State and local agencies.)

The House recedes with a technical amendment.

**INCREASING INCOME OF RECIPIENTS OF ASSISTANCE**

Amendment No. 225: The Senate amendment added to the House bill a new section (213), amending sections 2, 1002, 1402, and 1602 of the Social Security Act (effective July 1, 1968) to require each State to adjust its standards for determining need, the extent of its aid or assistance, and the maximum amount of the aid or assistance payable under its plans approved under titles I, X, XIV, and XVI so that the total aid or assistance and other income per recipient will be no less than \$7.50 per month above the total aid or assistance and other income per recipient under the standards and maximums applicable on December 31, 1966 (or on June 30, 1966, in the case of States with statutory cost-of-living adjustments). The new section also amended section 402(a) of the Act to require that by July 1, 1969, and annually thereafter, each State (under its plan for AFDC approved under title IV) must adjust its standards so as to reflect current living costs and make proportionate

adjustments in any maximums on the amount of aid.

Under the conference substitute, each State (under its plans approved under titles I, X, XIV, and XVI) would be authorized to disregard up to \$7.50 per month (instead of \$5 as under present law) of any income of a recipient, in addition to any amounts which the State agency is otherwise authorized to disregard. Under the agreement, the new section 402(a) provision (for adjustments to reflect living costs) would require State to make only one adjustment before July 1, 1969, after which date the provision would not apply.

**LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE**

Amendment No. 226: Section 220 of the House bill amended section 1903 of the Social Security Act to limit Federal financial participation in medical assistance in any State to expenditures for families whose income does not exceed a level equal to 133 1/3 percent of the AFDC title IV payment level, or in the alternative (if lower) 133 1/2 percent of the State's per capita income applied to a family of four. (For the period July-December 1968, the percentages are 150, and for the calendar year 1969, 140 in the case of States whose plan was approved before July 26, 1967.)

The Senate amendment modified section 220 of the House bill to set the limiting income level at 150 percent of the old-age assistance (title I or XVI) standard, and reduced the Federal matching share in expenditures for the medically indigent to the square of the fraction equivalent to the Federal medical assistance percentage. (The income limit would be effective July 1, 1968, and the reduced Federal share on July 1, 1969, except in the case of Puerto Rico, Guam, and the Virgin Islands.)

The Senate recedes with amendments (1) exempting needy persons receiving or eligible for cash aid or assistance from the limitation, and (2) eliminating the alternative limitation based on the State's per capita income.

**MAINTENANCE OF STATE EFFORT**

Amendments Nos. 227, 228, 229, and 230: Section 221 of the House bill amended section 1117 of the Social Security Act to give States additional alternatives for measuring State effort under the provisions designed to assure that States maintain their fiscal effort after new Federal funds become available during a period expiring July 1, 1969.

The Senate amendments modified section 221 of the House bill by advancing the expiration date of the section 1117 period to June 30, 1968. They also amended section 1117 so that its provisions are applicable to quarters beginning after June 30, 1966, rather than after December 31, 1965.

The House recedes.

**EXTENSION OF TIME TO MODIFY SECTION 1843 AGREEMENTS TO COVER SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFICIARIES**

Amendment No. 231: The Senate amendment modified section 222 of the House bill (relating to coordination of title XIX and the supplementary medical insurance program) to extend from January 1, 1968, to January 1, 1970, the period within which a State may request a modification of its agreement under section 1843 of the Social Security Act so as to cover under such agreement individuals (otherwise eligible) who are entitled to social security or railroad retirement benefits.

The House recedes.

**REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN**

Amendment No. 233: Section 224 of the House bill amended section 1902(a)(13) of the Social Security Act to permit a State, as an alternative to providing the basic 5 items of services required under present law, to

provide any 7 of the first 14 services listed in the law (section 1905(a) of the Act).

The Senate amendment modified section 224 of the House bill to require the States to continue to provide the basic 5 services for all money payment recipients; for the medically indigent, States would be allowed to select either the basic 5 or any 7 out of the first 14 services listed, except that if nursing home or hospital care services are selected a State must also provide physician's services in these institutions. After July 1, 1970, home health services would have to be provided to assistance recipients eligible for skilled nursing home care. The Senate amendment also required a State medical assistance plan to provide for the payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care (skilled nursing home and intermediate care facility) services and home health care services provided under the plan. (Present law requires the payment of reasonable cost only in the case of inpatient hospital services.)

The conference agreement contains the Senate provisions except those requiring payment of reasonable costs for extended care and home health services. It is the judgment of the managers for the House that adequate information concerning actual costs in this area is not yet available and that the method of making payment for such costs should not be changed until such information has been obtained.

#### FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

Amendments Nos. 234 and 235: Section 227 of the House bill amended section 1902(a) of the Social Security Act to assure that any individual eligible for medical assistance will be free to obtain such assistance from the qualified institution, agency, or person of his choice.

The Senate amendments modified the House provision to include community pharmacies and drugs among the providers and services with respect to which free choice is assured. (See also Senate amendment No. 295.)

The House recedes.

#### DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

Amendment No. 236: Section 230 of the House bill amended section 1905(a) of the Social Security Act to permit States to make direct payments to recipients of medical assistance to meet the cost of physicians' services to individuals not receiving cash assistance.

The Senate amendment modified section 230 of the House bill to permit States to include dentists' as well as physicians' services and to include cash assistance recipients as well as medically needy persons, under safeguards prescribed by the Secretary to assure quality and reasonableness of charge.

The conference substitute contains the Senate provision including dentists as well as physicians under the direct payment procedure, but omits the Senate provision extending the procedure to cash assistance recipients and providing for prescribed safeguards.

#### OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 237: The Senate amendment added to the House bill a new section (232), providing (in a new section 1907 of the Social Security Act) that no individual will be compelled by reason of anything in title XIX to undergo medical screening, examination, diagnosis, treatment, or other care which is contrary to his religious beliefs (other than for the purpose of discovering or preventing the spread of infection or contagious disease or for the purpose of protecting environmental health).

The House recedes.

#### COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

Amendment No. 238: The Senate amendment added to the House bill a new section (233), amending section 1905(a) of the Social Security Act to permit a State to make medical assistance available under title XIX to the spouse of a recipient of cash assistance under title I, X, XIV, or XVI if the State determines that the spouse is essential to the well-being of the cash recipient.

The House recedes.

#### INSPECTION OF RECORDS AND PREMISES OF PROVIDERS OF CARE AND SERVICES UNDER PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE

Amendment No. 239: The Senate amendment added to the House bill a new section (234), amending sections 2(a), 402(a), 1002(a), 1402(a), 1602(a), and 1902(a) of the Social Security Act to require State plans (approved under titles I, IV, X, XIV, XVI, and XIX) to provide for agreements with providers of medical care and services giving the General Accounting Office and the Department of Health, Education, and Welfare such access to the records and premises of the providers as may be necessary to assure that proper payments are being made under the plan and otherwise to carry out the purposes of the program involved.

The Senate recedes.

#### STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 240: The Senate amendment added to the House bill a new section (234a), amending section 1902(a) of the Social Security Act to require State plans for medical assistance under title XIX to provide for a regular program of professional medical review and periodic inspection with respect to care furnished title XIX patients in skilled nursing homes and mental hospitals, and to provide that skilled nursing homes receiving payments under title XIX meet certain conditions including requirements pertaining to health care, environment, sanitation, and fire and safety. All persons and institutions providing services under the title XIX plan must agree to keep appropriate records and furnish the State agency with information. Assistance payments with Federal participation could not be made after June 30, 1968, to homes not meeting States' requirements for licensure.

The House recedes with a technical amendment.

#### COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 241: Under existing law States may not impose any deductibles or cost-sharing with respect to inpatient hospital services provided under the medical assistance program. The Senate amendment added to the House bill a new section (234(b)), amending section 1902(a) of the Social Security Act to permit a State to impose deductibles or cost-sharing with respect to inpatient hospital services received by the medically needy (but, as under present law, not with respect to services received by money payment recipients). It also removed the requirement that the full cost of deductibles under the hospital insurance program (title XVIII(A)) be met under the title XIX medical assistance program.

The House recedes with technical amendments.

#### STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 242: The Senate amendment added to the House bill a new section (234c), amending title XIX of the Social

Security Act to require State plans for medical assistance to include a State program which meets specified conditions for the licensing of administrators of nursing homes. Administrators who did not qualify initially would have until July 1, 1972, to qualify, and the States would be required to offer programs of training to assist administrators to qualify.

The House recedes with technical amendments.

#### UTILIZATION AND COST OF CARE AND SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 243: The Senate amendment added to the House bill a new section (234d), amending section 1902(a) of the Social Security Act to require an approved State plan for medical assistance under title XIX to provide such methods and procedures relating to the utilization of and payment for care and services under the plan as may be necessary to safeguard against unnecessary utilization of such care and services.

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

#### DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

Amendment No. 244: The Senate amendment added to the House bill a new section (234e), amending section 1902(a)(17) of the Act to require a State's plan for medical assistance under title XIX to provide for flexibility in the application of its standards for determining eligibility for and the extent of medical assistance in the case of medically needy individuals, by establishing differences in income levels which recognize variations in shelter costs between urban and rural areas.

The House recedes with an amendment to allow, rather than require, States to establish such differences.

#### CHILD-WELFARE SERVICES APPROPRIATION

Amendments Nos. 245 and 246: Section 420 of the Social Security Act, as added by section 235(c) of the House bill, authorized the appropriation for child-welfare services of \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

The Senate amendment increased these authorizations to \$125,000,000 for the fiscal year ending June 30, 1969, and \$160,000,000 for each fiscal year thereafter.

The Senate recedes.

#### DAY CARE STANDARDS APPLICABLE TO AFDC CHILDREN

Amendment No. 247: Section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, included certain requirements with respect to day care services provided under the State's plan for child-welfare services.

The Senate amendment modified the House bill to make these requirements applicable to all day care services provided under title IV of the Act—i.e., to services provided under the AFDC program as well as those provided under the child-welfare services program.

The House recedes.

#### PARENT INVOLVEMENT IN DAY CARE

Amendment No. 248: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to include a requirement that a plan for day care services under title IV

of the Social Security Act provide for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.

The House recesses.

**USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS**

Amendment No. 249: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to require that no later than July 1, 1969, a State plan for child-welfare services must provide for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community service aides, in the administration of the plan, and for the use of non-paid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 271.)

The House recesses.

**MODIFICATION OF SINGLE STATE OR LOCAL AGENCY REQUIREMENTS UNDER CHILD-WELFARE SERVICES PROGRAM**

Amendments Nos. 250, 251, and 253: Section 235(d) of the House bill amended section 422(a) of the Social Security Act (as added by section 235(c) of the bill) to require States to furnish child-welfare services to children receiving AFDC through a single organizational unit in the State and local agency; and section 235(e) of the House bill made this amendment effective July 1, 1968.

Senate amendments Nos. 250 and 251 modified section 235(d) of the House bill to maintain the single-unit requirement with respect to the State agency but eliminate it with respect to the local agency. Senate amendment No. 253 modified section 235(e) of the House bill to provide that where different State agencies are administering the plan for child-welfare services and the plan for AFDC as of the date of enactment of the bill, the requirement for administration by the same State agency will not be applicable. (See also discussion of Senate amendment No. 154 supra.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 253 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

**SEPARATE AUTHORIZATION FOR SOCIAL SECURITY RESEARCH PROGRAM**

Amendment No. 254: The Senate amendment modified section 246 of the House bill to provide specifically under section 1110 of the Social Security Act for grants for projects such as those relating to the causes of economic insecurity, risks to family income, costs of health care, and improvements in the social security program, so that there might be separate authorizations for cooperative research and demonstration grant programs for the Social Security Administration and the Social and Rehabilitation Service.

The Senate recesses.

**PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS**

Amendment No. 255: Section 247 of the House bill (in addition to making the section 1115 program permanent) amended section 1115 of the Social Security Act to increase from \$2 million to \$4 million the annual amount authorized for payments to States to encourage them to develop demonstrations in improved methods of providing serv-

ices to recipients of aid or assistance under titles I, X, XIV, XVI, and XIX and part A of title IV or in improved methods of administration.

The Senate amendment further increased the annual authorization for this purpose to \$10 million.

The Senate recesses.

**STUDY TO DETERMINE WAYS OF ASSISTING RECIPIENTS OF AID OR ASSISTANCE IN SECURING PROTECTION OF CERTAIN LAWS**

Amendment No. 257: The Senate amendment added to the House bill a new section (250), directing the Secretary of Health, Education, and Welfare to make a study of means for increasing the effectiveness of State welfare agency staffs in helping applicants and recipients secure the full benefit of health, housing, and related laws and make the most effective use of public assistance and other community programs, and to submit his recommendations in a report to the Congress by July 1, 1969. The study is to include the extent to which the various programs may be used to enforce health, housing, and related laws.

The Senate recesses.

**ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES**

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recesses with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanitoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

**AUTHORIZATION OF APPROPRIATIONS FOR MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES**

Amendments Nos. 259, 260, 261, and 262: The authorizations for appropriations for the maternal and child health and crippled children's services programs under title V of the Social Security Act, as set forth in section 301 of the House bill and under the Senate amendments, are as follows:

Fiscal year ending—	House bill	Senate amendment
June 30, 1970.....	\$275,000,000	\$305,000,000
June 30, 1971.....	300,000,000	360,000,000
June 30, 1972.....	325,000,000	385,000,000
June 30, 1973, and each fiscal year thereafter.....	350,000,000	410,000,000

The Senate recesses.

**earmarking of CHILD HEALTH APPROPRIATION FOR FAMILY PLANNING SERVICES**

Amendment No. 263: The Senate amendment added to section 502 of the Social Security Act, as amended by section 301 of the House bill, a provision earmarking for family planning services the following percentages of appropriations made pursuant to section 501 of the act from allotments for

maternal and child health services (sec. 503) and from project funds for maternity and infant care (sec. 508) and research (sec. 512):

For the fiscal year ending:	Not less than
June 30, 1969.....	6 percent
June 30, 1970.....	15 percent
June 30, 1971, and thereafter.....	20 percent

The House recesses with an amendment providing simply that the percentage for any fiscal year shall not be less than 6 percent.

**PAYMENT OF REASONABLE COST FOR EXTENDED CARE AND HOME HEALTH CARE SERVICES UNDER TITLE V PROGRAM**

Amendment No. 264: Section 505(a) of the Social Security Act, as amended by section 301 of the House bill, provided for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under a State's plan for maternal and child health services and services for crippled children.

The Senate amendment provided for payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care services and home health care services provided under the plan.

The Senate recesses.

**VOLUNTARY UTILIZATION OF OPTOMETRIC AND FAMILY PLANNING SERVICES**

Amendments Nos. 266 and 267: Senate amendment No. 266 added to section 505(a) of the Social Security Act, as amended by section 301 of the House bill, a new paragraph (13) requiring any approved State plan for maternal and child health and crippled children's services to provide that where payment is authorized for services which an optometrist is licensed to perform and such services are not rendered either in a clinic or another appropriate institution which has no arrangements with optometrists, the individual for whom such payment is authorized may obtain the services from any optometrist licensed to perform them. It also added to section 505(a) a new paragraph (14), requiring any such plan to provide that acceptance of family planning services provided under the plan will be voluntary and not a prerequisite to eligibility for or the receipt of any service under the plan. Senate amendment No. 267 added to section 508(a) of the Act a new sentence providing that, for purposes of special project grants for maternity and infant care under section 508 and research projects relating to maternal and child health services and crippled children's services under section 512, acceptance of family planning services provided under a project is to be voluntary and not a prerequisite to eligibility for or receipt of any service under the project.

The House recesses with a clarifying amendment.

**GRANTS FOR TRAINING OF PERSONNEL FOR HEALTH CARE SERVICES FOR MOTHERS AND CHILDREN**

Amendment No. 268: Section 511 of the Social Security Act, as amended by section 301 of the House bill, provided that in making grants for training of personnel for health care and related services for mothers and children the Secretary is to give priority to programs providing training at the undergraduate level. The Senate amendment substituted "special attention" for "priority".

The House recesses, with the understanding that in making future commitments for programs the emphasis shall be on undergraduate training.

**OBSERVANCE OF RELIGIOUS BELIEFS**

Amendment No. 270: The Senate amendment added to title V of the Social Security Act (as amended by section 301 of the House bill) a new section 515, providing that nothing in title V is to require a State under

such title to compel any person to undergo medical screening, examination, diagnosis, treatment, or other care (other than for the purpose of discovering or preventing spread of infection or contagious disease or for protecting environmental health) if such person; or, in the case of a child, his parent or guardian, objects on religious grounds. (See also Senate amendment No. 237.)

The House recedes.

#### USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 271: The Senate amendment added to the House bill a new section (304), amending section 505 of the Social Security Act to require an approved State plan for maternal and child health services and crippled children's services to include, no later than July 1, 1969, provision for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community services aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 249.)

The House recedes.

#### ADMINISTRATION OF THE PROGRAM FOR SERVICES FOR CRIPPLED CHILDREN

Amendment No. 272: The Senate amendment added to the House bill a new section (305), providing for the administration of the program of services for crippled children through the Children's Bureau (in the Department of Health, Education, and Welfare).

The Senate recedes upon the assurance of the Department that the objective of the amendment has been accomplished administratively.

#### EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

Amendment No. 273: The Senate amendment added to the House bill a new section (306), amending section 231(d) of the Social Security Amendments of 1965 to extend from 2 to 3 years after its inauguration the period allowed for completion of the health research and study of resources relating to children's emotional illnesses.

The House recedes with technical amendments.

#### INCENTIVE FOR IMPROVEMENTS IN THE PROVISION OF HEALTH SERVICES

Amendments Nos. 275, 276, 277, 279, 280, and 281: Section 402 of the House bill authorized the Secretary of Health, Education, and Welfare to experiment in reimbursing in a manner mutually agreed upon those organizations and institutions which furnish health services otherwise covered under titles V, XVIII, and XIX of the Social Security Act on a reasonable cost basis, with a view to developing incentives for economy while maintaining or improving quality in the provision of health services.

The Senate amendments modified section 402 of the House bill to include experiments with respect to reimbursement in a manner mutually agreed upon for physicians' services (which would otherwise be covered on a reasonable charge basis).

The House recedes with an amendment providing that the Secretary may not enter into such experiments before receiving the advice of competent specialists with respect to the soundness of such experiments and the adequacy of resources to carry them out; but it is understood that the Department under no circumstances will experiment on the basis of employment of physicians by the Government.

#### STUDIES BY SECRETARY

Amendment No. 282: The Senate amendment added to the House bill a new section (405), authorizing and directing the Secre-

tary of Labor, in consultation with the Secretary of Health, Education, and Welfare, and with other government departments and agencies and appropriate organizations and individuals, to conduct a study and investigation of various proposals for family allowances and child allowances. Consideration would be given to the effect of such proposals on the various Federal-State assistance programs and any savings which might accrue therefrom, and a report submitted to the President and the Congress by January 15, 1969.

The conference agreement omits the provision for a study by the Secretary of Labor of family and child allowances proposals, and provides instead for a study by the Secretary of Health, Education, and Welfare of (1) the existing retirement test and proposals for its modification (including proposals for increasing old-age insurance benefits on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Act, and (3) drug coverage under supplementary medical insurance (see amendments Nos. 43 and 142). The Secretary would report on this study by January 1, 1969.

#### INCOME TAX DEDUCTION OF EXPENSES FOR MEDICAL CARE OF INDIVIDUALS WHO HAVE ATTAINED AGE 65

Amendment No. 284: The Senate amendment added to the House bill a new section (501), amending section 213 of the Internal Revenue Code of 1954 to restore in substance the pre-1965-Amendments rule for computing the amount of the income tax deduction for medical and related expenses in the case of a taxpayer who has attained age 65 or whose spouse, parent, or spouse's parent has attained age 65. Under present law, a taxpayer's medical expenses are deductible only to the extent that they exceed 3 percent of his adjusted gross income, and the cost of medicine and drugs may be taken into account only to the extent that it exceeds 1 percent of his adjusted gross income, regardless of the age of the taxpayer or of any other member of his family; under the Senate amendment (effective for taxable years beginning after 1966) the 3-percent and 1-percent limitations will not apply to expenses paid for the care of the taxpayer and his spouse if either of them has attained age 65 by the end of the year, or to expenses paid for the care of a dependent age 65 or over who is the father or mother of either the taxpayer or his spouse. (The special \$150 allowance for insurance, added in 1965, is continued.)

The Senate recedes.

#### TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

Amendment No. 285: The Senate amendment added to the House bill a new section (502), amending section 501 of the Internal Revenue Code of 1954 to provide that an organization is to be treated as a tax-exempt hospital for all of the purposes of the Code if it is organized and operated on a cooperative basis (with all of its capital stock, if any, owned by its patrons) exclusively to perform services for tax-exempt private or public hospitals and such services are of a type which would constitute an integral part of the exempt activities of a tax-exempt hospital if they were performed by the hospital on its own behalf.

The Senate recedes.

#### EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

Amendment No. 286: The Senate amendment added to the House bill a new section (503), amending section 1402(h) of the Internal Revenue Code of 1954 to provide additional time for persons who have conscientious objections to public and private insurance (including social security), by reason of their adherence to the established tenets or teachings of the religious sect of which they are members, to apply for and be granted

exemption from the social security self-employment tax. Under the amendment, an individual may file application for exemption at any time on or before December 31, 1968, if he has self-employment income for any taxable year ending before December 31, 1967. (Under present law, the comparable filing date was April 15, 1966, for taxable years ending before December 31, 1965.) If an individual first receives self-employment income in a taxable year ending on or after December 31, 1967, the application would be timely (as under present law) if filed by the due date for the income tax return for that year; it would also be timely if filed within 3 months following the month in which the individual is first notified by the Internal Revenue Service that a timely application has not been filed.

The House recedes with a technical amendment.

#### COVERAGE STATUS OF FISHERMEN AND TRUCK LOADERS AND UNLOADERS

Amendment No. 287: The Senate amendment added to the House bill a new section (504), amending section 210 of the Social Security Act and sections 3121 and 3401 of the Internal Revenue Code of 1954 to clarify the employee status of fishermen and truck loaders and unloaders for purposes of social security coverage and income tax withholding. Generally the owner of a fishing boat is to be classified as the employer of the boat's crew members although in certain cases the person leasing or chartering the boat will be considered their employer. In the case of truck loaders and unloaders, the driver of the truck will generally be considered the employer, unless he is an employee of another person, in which event his employer will be considered the employer of the truck loaders and unloaders; an exception is provided where other persons are recognized as the employer. For benefit purposes these provisions were made retroactive so as to preserve the benefit rights of individuals who in the past have been considered by the Social Security Administration and the Internal Revenue Service to be performing services as employees; while for purposes of tax liability (in instances where this liability does not now exist) they would apply prospectively only.

The Senate recedes.

#### REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL INSURANCE TAX

Amendment No. 288: The Senate amendment added to the House bill a new section (505), amending various provisions of the Internal Revenue Code of 1954 so as to provide that a railroad employee who has wages or self-employment income under the social security program as well as his compensation under the railroad retirement program, and who makes contributions for hospital insurance under the two programs on an aggregate amount (compensation, wages, and self-employment income) in excess of the current earnings base, may obtain a refund of his excess contributions (as he would under existing law if each of his jobs were under the social security program) by treating his railroad compensation as wages or self-employment income for hospital insurance tax purposes.

The House recedes with a technical amendment.

#### JOINT EMPLOYEES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

Amendment No. 289: The Senate amendment added to the House bill a new section (506) to deal with situations where an individual is an employee of two or more tax-exempt organizations providing hospital or medical insurance and where one of the organizations pays all of the wages to the employee for his work for both organizations. In such cases the organization which pays the wages would, with the consent of the other organization, be treated as the em-

ployer of the individual with respect to his joint employment.

The Senate recedes.

**EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES**

Amendment No. 290: The Senate amendment added to the House bill a new section (507), amending section 1113 of the Social Security Act to extend from June 30, 1968, to June 30, 1969, the authorization of temporary assistance to United States citizens returned from a foreign country because of destitution or illness or because of war, invasion, or similar crisis.\*

The House recedes with a technical amendment.

**SOCIAL SECURITY BENEFIT INCREASE NOT TO BE CONSIDERED INCOME FOR VETERANS' PENSION PURPOSES**

Amendment No. 291: The Senate amendment added to the House bill a new section (508), amending sections 415(g) and 503 of title 38 of the United States Code to provide that any increase in monthly social security benefits resulting from the enactment of the bill is not to be counted as income for purposes of determining eligibility for, or the amount of, certain veterans' benefits in the case of an individual who is entitled to monthly social security benefits for the month of the enactment of the bill.

The Senate recedes.

**SECOND LIBERTY BOND ACT**

Amendment No. 292: The Senate amendment added to the House bill a new section (509), amending the Second Liberty Bond Act to provide that the rates of interest or investment yield on U.S. savings bonds and U.S. savings and retirement bonds issued after 1967 are to be comparable to the going rate on other U.S. Government obligations of similar maturity.

The Senate recedes.

**FOSTER CARE FOR CHILDREN**

Amendment No. 293: The Senate amendment added to the House bill a new section (510), amending title V of the Social Security Act to establish a new program of Federal grants to States for the provision of financial assistance and needed welfare services to children under foster care in foster family homes and institutions. The Secretary was authorized to make payments to any State with a plan containing specified provisions and approved by him in amounts equal to the State's Federal percentage of the total amount expended for foster care under the plan up to the product of \$50 per month times the number of children in foster care during the month, plus 75 percent for personnel providing services for children in foster care and training of such personnel, and 50 percent for administrative expense.

The Senate recedes.

**EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS**

Amendment No. 294: The Senate amendment added to the House bill a new section (511) which amends section 3121(a) and 3306(b) of the Internal Revenue Code of 1954 and section 209 of the Social Security Act to provide, for purposes of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Social Security Act, that the term "wages" does not include any payment or series of payments by an employer to an employee or any of his dependents which is made or begins (1) upon the retirement, death, or disability of the employee, and (2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees, or for such employees or class or classes of employees and their dependents.

The House recedes with an amendment which eliminates from the exception to the definition of wages any payments which would have been made if the employee's employment relationship had not been terminated because of death, retirement for disability, or retirement for age, and which makes various technical and clarifying changes.

**DRUG QUALITY AND COST**

Amendment No. 295: The Senate amendment added to the House bill a new title VI, consisting of sections 601, 602, and 603. Section 601 amended title XI of the Social Security Act to provide, through a Federally-established formulary committee, for the compilation and publication of a Formulary of the United States and for the determination of those drugs which are appropriate for Federal payment or matching under the various programs contained in the Act. Section 602 (effective July 1, 1970) amended section 1903 of the Act to limit Federal matching for drug costs under the medical assistance program to the "reasonable charge" for "qualified drugs" as determined under the formulary provisions (exempting these drugs furnished by hospitals using approved formulary systems, and drugs furnished by their generic names pursuant to physicians' handwritten prescriptions); it also amended section 1861(v) of the Act to limit Federal payments for drugs furnished to individuals under the health insurance program in the same way. Section 603 amended the Federal Food, Drug, and Cosmetic Act to provide for the registration numbers assigned to drug manufacturers under existing law to appear on the drug labels of products of such manufacturers.

The Senate recedes.

W. D. MILLS,  
CECIL R. KING,  
HALE BOGGS,  
FRANK M. KARSTEN,  
A. SYDNEY HERLONG, Jr.,  
JOHN W. BYRNES,  
THOS. B. CURTIS,  
JAMES B. UTT,  
JACKSON E. BETTS,

*Managers on the Part of the House.*

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**SOCIAL SECURITY AMENDMENTS OF  
1967—CONFERENCE REPORT**

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 11, 1967.)

Mr. MILLS (during the reading). Mr. Speaker, in view of the fact that the statement itself is some 42 pages in length and we will take special time to discuss the conference report, I ask unanimous consent that the statement may be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The gentleman from Arkansas is recognized for 1 hour.

Mr. MILLS. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, we are about to take, insofar as the House of Representatives is concerned, final legislative action on one of the major bills of the 90th Congress.

Mr. Speaker, we have a conference report today involving the social security bill which passed the House of Representatives on August 17 last by a vote of 415 to 3. We are bringing it back today for approval of the House, I must say, in substantially the form it was in concerning its most major aspects when it en-

joyed that overwhelming vote on August 17. There are many significant respects, however, in which the bill, in the opinion of your conferees, is a better bill since it incorporates numerous improvements that were made when the matter was in the Finance Committee of the Senate. The measure on which we are asking you to take final action today meets the requirements of actuarial soundness, and of fiscal responsibility, as have all of the amendments which we passed improving the social security programs over the years.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield?

Mr. MILLS. Yes, I am glad to yield to the distinguished gentleman from Georgia [Mr. LANDRUM].

(Mr. LANDRUM asked and was given permission to revise and extend his remarks.)

Mr. LANDRUM. Is it the judgment of the distinguished chairman of the Committee on Ways and Means now speaking that the social security fund is actuarially sound?

Mr. MILLS. It is actuarially sound under the existing law. It was actuarially sound under the bill which passed the House. It is also actuarially sound under the conference report.

Mr. Speaker, as the bill passed the House, we had an overall actuarial balance in all of the funds involved of plus 0.10 percent of payroll. As the gentleman from Georgia knows, that is the situation which exists.

As we bring the bill back to the House, the OASDI fund has a plus of 0.01 percent and the hospital fund is actuarially sound to the extent of 0.03 percent, or a combined balance of 0.04 percent of payroll.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield further?

Mr. MILLS. I yield further to the gentleman from Georgia. However, the actuary for the Department tells us that even if we had a minus—not an excess—of 0.10 percent of payroll, we could still assure the House that the funds were in an actuarial balance.

Mr. LANDRUM. Mr. Speaker, if the gentleman will yield further, I would point out to the distinguished gentleman from Arkansas [Mr. MILLS] the fact that there seems to be developing a concern in the minds of some of our older citizens, those who are approved for the receipt of the benefits from these funds. Should they be concerned at all about the actuarial soundness of this trust fund?

Mr. MILLS. I will respond to the gentleman by saying that so long as my friend, the distinguished gentleman from Georgia [Mr. LANDRUM] and my many other friends who serve on the Committee on Ways and Means are concerned, I think I can assure the public that we shall always keep this in a state of actuarial soundness.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS. I think it would be well if we pointed out the fact that the actuarial assumption which the gentleman from Arkansas accurately states, will considerably differ from the actuarial assumption with reference to the soundness, for example, of the private pensions plans and so forth.

I believe that is where the confusion might lie.

Mr. MILLS. This is not what might be called a funded system in the sense that private insurance systems are funded. Of course, I believe my friend from Missouri would admit with me that it is not necessary for a social security system supported by a tax which is compulsory to be on a fully funded basis so as to have in the fund in excess of \$300 billion or \$350 billion at this time.

Mr. CURTIS. I would say not only is it not necessary. I believe that would create other serious problems if we had a fund like that, in a different way. But on the other hand I would observe this, and I believe the gentleman would bear with me, that some of the assumptions in a pay-as-you-go social security system I believe need looking at, and I believe that we have not been doing that. And here we might enter an area where there might be some disagreement.

Mr. MILLS. I do not want to take up too much time of the House, but the gentleman is right. Some of these assumptions that are made sometimes disturb all of us. For instance, we were told last year that the balance was plus 0.74 percent of payroll. When we passed the program in 1965, we were told we had no such surplus left. But then the actuaries without disagreement, upon further review, decided that in the year 2000 the average woman would not have 2.5 children, but would have two children, and that the average retiree would not live 15 years beyond 65, he would live 14 years beyond 65 in the year 2000.

As a result of those and other changed assumptions, we found this favorable balance in the social security fund of about three-quarters of 1 percent of payroll. These changes of assumptions do have a disturbing influence on us on the committee who feel this responsibility to the House and to the country as a whole to keep this system actuarially sound.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. The bill does not contain the amendment that was added in the other body regarding amending the Internal Revenue Code?

Mr. MILLS. Yes, that was an amendment in which I had a great deal of interest myself, but it finally developed in the House that we felt it was best to leave out of the bill those amendments to the Internal Revenue Code other than those which relate to the social security tax rate or wage base. And I believe we come back to the House with only those matters which pertain exclusively to social security.

Mr. CEDERBERG. Could the gentleman state—

Mr. MILLS. I might state that we did not prejudice it, nor are we opposed to it. There developed some questions that we thought required us to look a little further into.

Mr. CEDERBERG. Does the gentleman's committee intend to look into this matter at some time in the future?

Mr. MILLS. I do not want to make a definite commitment, but certainly it will be my hope we could look further into this, maybe even next year.

Mr. CEDERBERG. I thank the gentleman for yielding.

Mr. MILLS. Mr. Speaker, this bill involves far too many matters to be discussed even within the 1 hour that we have. There were 295 amendments adopted in the Committee on Finance and on the floor of the Senate. We have brought back, as I say, a bill that incorporates many of those amendments. Let me point out some of the more significant changes that we made in conference over the bill that passed the House.

It will be recalled that the across-the-board increase in the House passed bill was 12.5 percent. It will be recalled the minimum benefit was raised from \$44 to \$50 in that bill. It will be recalled that the so-called earnings base for tax purposes and for benefit determinations was raised from \$6,600 under the existing law to \$7,600 in order to enable us to finance those benefit increases and that minimum. The bill we bring back from the conference increases the benefits from 12.5 percent to 13 percent.

The Senate passed a benefit increase of 15 percent.

The conference agreement provides for a \$55 minimum benefit, versus a \$50 minimum passed by the House and a \$70 minimum passed by the Senate.

The bill establishes a contribution and benefit wage base of \$7,800 versus \$7,600 in the House passed bill and a maximum in the Senate passed bill of \$10,800.

Let us look at this just a minute, Mr. Speaker. For this additional 2-percent benefit increase—and let us take the case of an individual today who has a \$100 monthly benefit—in order to give that individual \$15 in lieu of the \$13 increase per month, we would have to increase the wage base subject to the tax by \$3,000.

To us, this did not seem like a very good bargain when we had it in committee. It did not seem like a very good bargain to us when we had it in conference. Why add \$2 a month to a person's benefit when it is going to cost somebody else, the submission of additional wages of \$3,000 a year to the combined rate of 10 percent for OASDI in order to do it.

We do not think the \$2 justified that additional tax. Very frankly, that is why we did not go to the 15 percent in conference.

That is why we did not go to the \$70 minimum in the conference because the \$70 minimum required something better than 0.20 percent of payroll in order to sustain it.

It departs very, very widely from the philosophy that is involved in the social security program that benefits are wage related—and have to be.

If you want to make a welfare program out of the social security program itself, you are going to incur very high costs as reflected in percent of payroll.

There must be some better way to take care of the needs of people who have not been attached to the work force for a sufficient length of time or in a sufficient amount of dollars to add this minimum.

If we do go to \$70 in the minimum now, it is going to be \$100 in a very short period of time. When it gets to be \$100, then later it is going to be a little higher. The first thing you know you will have a flat benefit rate. Whenever you get to that point, you will never increase your wage base. Because what is the point of a fellow subjecting himself to an additional tax if that additional tax is not reflected in higher benefit payments to him?

Under the bill we have and under the bill as it passed the House, the benefit for a man and his wife, both aged 65 or over when he retires, will be at least 50 percent of what his average wage was.

You can justify increasing the wage base over a period of time, only if you continue to maintain the relation of benefits to wages. Then, the individual can always be told that this is cheaper for him than any type of insurance that he can buy—taking into consideration the fact that he is not only buying retirement benefits, but he is also buying disability insurance and he is buying life insurance for the benefit of his family.

If we keep this system wage-related, then I think that social security can go on down into the future as a great program enacted by the American Congress for the benefit of a great American people.

If we are going to make out of it a welfare program, then I doubt very frankly that the American people will submit to this periodic increase in taxes and this periodic increase in the wage base.

I say again that there must be a better way found, if we want to find it, to take care of people who are not entitled to more than the minimum benefit under social security when they get into retirement.

I am not going to say anything more about that; I have said too much.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. GROSS. I would like to commend the gentleman for the excellent statement he has made particularly with respect to the welfare provision.

I would like also to take this opportunity to commend the gentleman from Arkansas for the courageous position that he has taken with respect to a tax increase unless accompanied by drastic reductions in expenditures by the Federal Government.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. I should like to ask the distinguished chairman of the House Committee on Ways and Means about the many messages we have received during the past few days expressing the concern on the part of many

of the private welfare groups and public welfare departments about restrictive parts of the bill.

Mr. MILLS. If the gentleman will permit me, I am coming to that point right now.

Mr. BURKE of Massachusetts. I merely wish to ask the gentleman this question. Mr. MILLS. All right.

Mr. BURKE of Massachusetts. If the conference report is not accepted, how long does the gentleman believe it would take to pass a social security bill to provide the increases that are in this bill, and how long does he believe it would take to obtain results from that action?

Mr. MILLS. The benefits under the conference report will become effective with respect to February and would be paid on the third day of March. That is as quick as the Social Security Administration can do it. If it is passed over until January, that would mean that if we agree to a conference report in January, these benefits could not then be received by the recipients until about the third day of April of next year. The Senate was going to delay it under their proposal until the first of April.

We said that we wanted these benefits to go into effect earlier than that.

Since the gentleman has asked me, I cannot conceive of anyone standing in the way of these benefits becoming available at the earliest possible date, because the President of the United States in the fall of 1966 in a speech recommended a benefit increase of at least 10 percent. At that time we had a surplus under the existing financing that would have been enough to let these people have an 8-percent across-the-board increase without any tax increase. That was in the fall of 1966. They did not get the increase in 1967 even.

Now, are we going to hold it up until April, May, or June of next year bickering about what I want next to talk about, and deprive the beneficiaries of another few months of benefits, or do we want to get this job over with now?

I hope I do not read in the newspapers before Christmas adjournment that the older people of this country have been denied a 13-percent across-the-board increase in social security benefits because of some action in the other body that also has to consider this matter. I would not want to take that responsibility, and I do not think anyone in the House of Representatives wants to take it.

Now let us take a look at some of the other amendments to the social security program:

#### AGED 72 AND OVER

Benefits for persons age 72 and over who are not insured under the social security system are also increased. The House provided an increase in these benefits from the present \$35 a month to \$40 for a single person and from \$52.50 to \$60 for a couple. The Senate increased these amounts to \$50 for a single person and \$75 for a couple. The conference report adopts the House provision.

#### RETIREMENT TEST

The House provided an increase in the annual test of retirement from the present \$1,500 of earnings in a year to \$1,680, together with a proportionate increase in

the monthly amount a person may earn and still receive benefits. These provisions were exactly in line with the recommendation of the administration. The Senate increased the annual test to \$2,400 with a proportionate increase in the monthly test. The conference report adopts the House version.

#### DISABILITY DEFINITION

The House bill contained a provision which clarified the definition of the term "disability." This provision was also contained in the bill as it was reported out of the Senate Committee on Finance, but it was struck out on the floor of the Senate. The conference report restores this provision with a further clarifying amendment.

The outcome of this action is to adopt in substance the position of both the House Committee on Ways and Means and the Senate Committee on Finance concerning an issue that has serious cost implications for the disability insurance program. The purpose of the language in the bill is to spell out in the law an intention which has always existed although not explicitly stated. That is that an individual is not to be considered under a disability for the purposes of this program unless he has a medically determinable impairment of such severity that he is not only unable to perform in his previous job but also that he cannot—considering his age, education and work experience—engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or whether he would be hired if he applied for work.

The conference report contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy." Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. This language puts into the statute the same meaning of the phrase "work which exists in the national economy" that was expressed in the reports of both the House and Senate Committees. In this regard both reports contain the following statement:

It is not intended, however, that a type of job which exists only in very limited numbers or in relatively few geographic locations would be considered as existing in the national economy.

When the term "significant numbers" is used it is not intended that a great many jobs must exist in the region in which an individual lives or in several regions of the country. What is intended is that the number of such jobs must be more than just a few; that is, more than insignificant.

I beg the indulgence of the House for going into such a seemingly obscure matter in such great detail. I do it solely for the purpose of spelling out the legislative history of an amendment which is intended to hold down costs in the disability program which has already suf-

fered deficits resulting from interpretations of the disability provisions of the law which Congress never intended when it wrote them.

I shall mention the other more important decisions in the OASDI area and move on to the other social security programs. I shall ask to have inserted at the conclusion of my remarks a summary of the legislation which describes the bill completely, including the provisions that were not in conference.

#### DISABLED WIDOWS

The House bill provided actuarially reduced benefits for disabled widows and widowers beginning at age 50, with a more limited definition of disability than applies to workers. The Senate provided unreduced benefits at any age, and eliminated the special definition. The conference report adopted the House version.

#### DISABILITY FREEZE APPLICATIONS

The Senate added a provision, which the conference report adopted, allowing persons who were prevented by their physical or mental condition from filing a timely disability freeze application a further opportunity to file such application.

#### COVERAGE PROVISIONS

The Senate added a number of provisions that were adopted in conference regarding coverage of workers. These include several provisions relating to coverage of State and local employees and a very precisely drawn amendment covering employment of a parent in certain family situations in which such parent is needed to care for children of a worker.

#### UNDERPAYMENTS

There was a provision in the House bill designed to eliminate the necessity in some States to have a deceased beneficiary's estate probated just to collect social security benefits which had not been paid at the time he died. The Senate improved on this provision and the conference report adopted the Senate version.

#### MEDICARE PROGRAM

Mr. Speaker, a number of provisions were in conference relating to the medicare program.

#### PHYSICIAN PAYMENT

The House provided a rather complicated provision, which reflected the suggestions of the administration, to allow alternative methods of paying physicians' bills under the supplementary medical insurance program. The Senate adopted a greatly simplified provision which allows a patient to receive reimbursement of a physician's bill on the basis of an unreceipted bill. The conference report adopts the Senate provision.

#### ADDITIONAL DAYS OF HOSPITAL CARE

The House provided that a person who has utilized his 90 days of hospital care may receive an additional 30 days in any spell of illness subject to a deductible which would be currently set at \$20 per day. The Senate provided that in place of an additional 30 days for each spell of illness, a recipient be granted a lifetime reserve of 60 additional days for use after the recipient has received 90 days in a spell of illness, subject to a deductible that would be currently set at \$10 a day.

The conference agreed to the Senate provision regarding the 60-day lifetime reserve, and the House provision concerning the \$20 daily deductible.

#### DEPRECIATION AND INTEREST

The Senate added a provision under which the Secretary of Health, Education, and Welfare would not count as an item of reasonable cost, depreciation, and interest on substantial capital items that were acquired by a hospital or other provider of services after being disapproved by a State health planning agency. The conference report eliminated this provision from the bill.

#### NONPARTICIPATING HOSPITALS

The Senate added provisions authorizing payments to be made under certain circumstances for services furnished in a hospital that is not participating in the medicare program. These provisions were accepted in conference.

#### BLOOD DEDUCTIBLE

The House increased the existing deductible for blood to require a 2-pint deductible for the first pint used and also broadened the deductible to include equivalent quantities of packed cells. The Senate deleted the requirement of 2 pints for the first pint received but retained the House provision allowing for the use of packed cells. The conference report accepted the Senate version.

#### OTHER HEALTH PROFESSIONS

The Senate added several provisions including the services of additional medical practitioners among those for which reimbursement may be made under the supplementary medical insurance program. These provisions were deleted in conference. There remains in the bill, however, a provision that was not in conference, directing the Secretary of Health, Education, and Welfare to study the need for, and make recommendations concerning, the extension of the medical insurance program to cover the services of additional types of health practitioners.

#### GENERAL ENROLLMENT PERIOD

The Senate added a provision, which was accepted in conference, modifying the provisions of law relating to the general enrollment period, during which eligible individuals who had not enrolled in part B of the medicare program are given an opportunity to elect coverage under it. This provision will shift the general enrollment period from the last 3 months of every second year to the first 3 months of every year, thus making it annual rather than biennial. The premium rate would also be determined and promulgated annually rather than every 2 years. In addition, under the amendment, persons wishing to disenroll may do so at any time and their disenrollment will take effect at the close of the next following calendar quarter. Under present law, disenrollment may be effected only during a general enrollment period.

#### PUBLIC WELFARE PROGRAMS

Mr. Speaker, in the area of the public welfare programs I believe the conference committee was able to achieve noteworthy improvements in the provisions of the bill.

Let us look at what they fuss about. My goodness alive. You would think that the American way of life was built on a dole system, to hear some people talk. We should take care of people in need, yes. That is the American way of life, but when you confine the matter of taking care of people in need to the mere handout of the dollar, you have not done one thing to help that person in need, because the minute the dollar is gone, he is still in that same position.

Let me tell you what it takes. If a man or a woman has no training, has no capacity to work, how do you help them? How do you help them? You spend enough, whatever is required, to see to it that that fellow gets training, that that woman gets training, that they get jobs. Is that not the way we do things in this country?

That is what we have in this bill. There has been more misinformation spread across this country, I think, by people who do not want to do a darned thing except to hand out a dollar so long as it comes from the Federal Government. We are saying the States must change that. Oh, yes, they are going to change it. But they are not going to be cruel in the process. They are not going to take advantage of anyone who should not be subjected to training or to work.

Yes, it is coercive—but only when the State decides that a person is an appropriate candidate for training and work. There is nothing in here that says a State has to take a mother away from a month-old child—and, of course, they would not—and send her off to be trained.

But let me ask, Mr. Speaker, when is the best time for a person to be trained for a job and to be given employment or offered employment? Is it while the child is under 18 years old and the mother may be 25 or 30 or 35 years of age? Or is it after that poor soul has gotten to be 45 or 50 years of age, after being on welfare all those years and after the minor child, the last in her household, gets to be 18, and she is no longer eligible for AFDC payments? What chance does a woman have at that age of being trained and accepted in employment, when she has never had any training or connection with the work force?

These measures are not just for economy, because they do not bring economy in the short run. We are asking the American Congress to go along with us and spend more money on these people, and I will tell how we are going to do it. We cannot train them and find jobs through the employment security people at the State level without a cost in money. We cannot let a mother take training without providing a way to care for the child.

So what do we do? We require States to provide day care. What else do we do? We say to this woman, "While you are being trained, we will pay you more than your welfare payments, and when the State puts you to work, we will not penalize you dollar for dollar in what you may make and take that out of your welfare check." What do we say? We say we are going to completely disregard the first \$30 they make and we will disregard

all they make above that \$30 until they get to be self-sustaining.

Do not for 1 minute think that these States will not use many, many of these mothers on AFDC to actually work in connection with these day care centers, taking care of their own children and the children of the neighbors who know them. There is nothing wrong with this, I say.

I have been in this House of Representatives for almost 29 years. I have never felt any stronger about any proposition in my life. If there is any Member of this House who can be criticized or praised—and I am never praised for it in my country, I am always criticized—for having brought, as the author, because I am chairman of a committee, more legislation to help in the field of welfare, more legislation to help with the problems of medical expenses, more legislation to provide benefit increases than I, I do not know who it would be.

Maybe so. I am not doing this out of any feeling against anybody. I am doing it as an individual member of the Ways and Means Committee, and I think the committee is doing it because the committee feels that in the overall, in the long run, if 100,000, or 150,000 of these people in the course of a year can be made self-supporting, we are doing for them and for the American people that which should be done. We are not striking at anybody, but there is a desire to help.

They say, "But we have got a freeze in here." Yes, we have got a freeze. We had it in the House bill when the House voted for it and passed it in August. We have brought it up to date. We have made it with respect to January 1968, instead of January 1967. We have eliminated all consideration of those on AFDC above the age of 18, who might be going to school. We do not want them to be taken into it.

We have said to the States that on January each year they will make an estimate of the total child population within that State and they may not receive Federal funds for a higher percentage of that child population that they have in January of 1968. Bear in mind that this relationship recognizes increases in child population. As the child population in a State goes up, this goes up.

We tried in 1962 to get the States to provide this training and to put it into effect. They refused to do it. If we do not put some degree of coercion upon the States, in my opinion they are going to be perfectly willing to do as they have done in the past, to hand out a welfare check and not do anything more for these poor people who need everything man can do to improve their condition to be done for them.

Yes, this freeze provision is for the purpose of putting pressure on the States, to make the rest of the program work, and only for that purpose.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I am glad to yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to say to the gentleman and to the House that

the Senate made 295 amendments of one kind or another, which were not included in the House bill. I would say, on behalf of the conferees on both sides of the aisle, that each one of these amendments was considered in detail by the conferees.

The SPEAKER pro tempore (Mr. BOLAND). The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

Mr. BOGGS. I should like to commend the gentleman in the well, who sat as chairman of that conference, for having done one of the most conscientious jobs I have seen since I have been in the Congress.

Mr. MILLS. I thank my colleague from Louisiana, who stood shoulder to shoulder with all the other conferees.

This conference report was signed by all of the House Members. It was signed by all the Senate Members of that conference. I believe we have brought back a bill the Members can go along with, if they voted for the bill that passed the House in August.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from California.

Mr. BURTON of California. May I establish a stipulated set of facts before propounding the question.

Mr. MILLS. I cannot yield additional time, because I have commitments.

Mr. BURTON of California. I want to make sure the question is in context.

There are some 2.8 million adult Americans whose need is such that they receive monthly public assistance payments.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Very well. I yield myself 1 additional minute.

Mr. BURTON of California. There are some 2.8 million Americans whose need is such that they receive monthly public assistance payments in this country.

Under this bill, I charge, under no circumstances at all, will about 1½ million of those people be able to get one nickel of grant increase if this bill becomes law and any permitted or authorized action by all States takes place.

Mr. MILLS. Is the gentleman asking me a question?

Mr. BURTON of California. I want to complete the question, and the chairman can respond.

Mr. MILLS. All right.

Mr. BURTON of California. There are 1½ million adults in this country who receive public assistance and have no other outside income at all who will not receive a nickel under this bill; right or wrong?

Mr. MILLS. The bill provides for the gentleman's Governor in California and for my Governor in Arkansas to disregard any type of income up to \$7.50 a month of those who receive public assistance, but they are not required to do it.

Mr. BURTON of California. I am not talking about the 1.3 million with outside income. I am talking about the 1½ million who do not have social security.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

If I understand what the gentleman is talking about, he wants to know why we did not put additional money in here for people on welfare. Is that what he is talking about?

Mr. BURTON of California. For the aged and the crippled.

Mr. MILLS. That was not in the bill as passed by the House. I believe the gentleman voted for it. The Senate did not put it in. How could we bring it back from conference?

Mr. BURTON of California. The Senate did put in a provision.

Mr. MILLS. I understand that was a mandatory provision for the same people who get social security.

Mr. BURTON of California. The chairman is not correct, and the record will so reflect.

Mr. MILLS. What the conference did was to say everybody getting social security who also gets welfare will have \$7.50 of his social security increase passed through without any reduction in welfare. However, the gentleman's question is very specific, so permit me to respond in more detail later.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I appreciate the gentleman's yielding.

May I say to the Chair and to the House:

I cannot imagine this House going home and not giving this 13-percent increase to 24 million Americans who need it. As far as I am concerned, if we cannot meet this week's adjournment deadline without adopting this conference report, we will stay here until we do adopt it. I cannot understand why anyone—on the grounds that there are certain provisions that he does not like—would try to block this help for these people. I would like to make changes in the bill myself, but I am not going to vote against it because I may not agree with every provision in it.

As I understand it—and the chairman can correct me if I am wrong—it takes about 2 months to get these checks out.

Mr. MILLS. That is right.

Mr. ALBERT. If we fool around here and do not get this bill passed, it may be April or May before these checks start getting out. Winter will be over and some of these people will be dead and gone.

Mr. MILLS. If we pass it in December, they will not receive \$1 of it until the third day of April because of the delay in getting the computers adjusted and the checks sent out.

Mr. ALBERT. So I hope at this stage of the game we will pass the bill. The House passed the bill originally and the conferees have agreed to it. The administration can send up a recommendation it deems advisable for corrective action or additional action next year. But let us pass this bill and give these 24 million Americans this 13 percent.

Mr. MILLS. Mr. Speaker, let me discuss these welfare amendments by category.

#### WORK INCENTIVE PROGRAM

One area of the bill on which I believe the Senate Finance Committee spent a great deal of its time, in considering this legislation in executive session, relates to the proposals to provide employment and training to appropriate recipients under the aid to families with dependent children program. The House Committee on Ways and Means also labored long and hard over these provisions in the House version of the bill. I believe that the provisions agreed upon, which generally speaking follow the Senate Finance Committee bill, reflect the work of both committees.

These provisions are lengthy and involve a number of technicalities which time does not permit me to discuss in detail. I want to mention, however, one or two of the actions taken by the conference committee with respect to some of these provisions.

One of the improvements made by the Senate was to spell out certain classes of individuals who could not be required to participate in employment or training at the expense of having his welfare payment discontinued—a sick person, for example, or a person remote from a project. Included among these categories of persons, as the bill passed the Senate, were mothers of preschool children and mothers of schoolchildren under 16 during hours when such children are not attending school. Both of these exclusions were eliminated by the conference report. The conferees were in agreement that other provisions of the bill stating that only appropriate individuals could be required to participate afford adequate protection for mothers of these children where circumstances dictate that they should not have to participate in a program.

Another provision relating to the work-incentive program altered in conference relates to the amount of training allowance a person undergoing institutionalized training will receive. The Senate provided a \$20-a-week allowance. The conference report provides an allowance of \$30 a month.

The Department of Labor will utilize the services of State employment agencies in carrying out its functions under these provisions of the bill.

The Committee on Ways and Means will be looking very carefully at the administration of this new program. I am confident that both the Department of Health, Education, and Welfare and the Department of Labor will make every effort to see that this bold new program is successful in reducing the dependency of many who would otherwise be required to rely on the aid to families with dependent children program for family support.

#### AFDC FREEZE

The House provided a limitation on Federal matching with respect to payments under the AFDC program involving families on the rolls due to the absence of a parent. The Senate eliminated this provision. The conference report restores this provision with amendments designed to avoid unintentional results

which possibly could have arisen under the House bill. The conference report bases the limitation on population figures for January 1968 rather than January 1967, makes the limitation effective after June 30, 1968, rather than December 31, 1967, and eliminates children age 13 or over from consideration in applying the limitation. With these modifications, I am sure that the States will be able to implement the bill's provisions designed to reduce dependency of AFDC recipients with the result that this limitation provision will not necessitate that any person be denied benefits under the program. This conclusion is substantiated by the cost estimates relating to the welfare provisions of the bill furnished to the conference committee by the Department of Health, Education, and Welfare. The Department's figures indicate that there will be no savings in Federal funds resulting from the enactment of the limitation provision. If the Department believed that this provision would limit Federal participation in any way, then its cost estimates would have to show a savings as a result of the enactment of the provision.

If the limitation provision is not expected to cut down on Federal participation, then why is it in the bill?

It is there to get the States to act on the other provisions of the bill requiring them to do something to reduce dependency and to take people off welfare who should not be there. It is as simple as that. We passed legislation in 1962 designed to take persons off the welfare rolls but the results obtained within the States have been less than startling. Now we are furnishing a prod to obtain some results from the State welfare agencies.

#### EARNINGS EXEMPTION

The House provided AFDC recipients with additional incentives to increase their family income through earnings, by exempting a portion of such earnings in determining need under the program. The House exempted all earnings of recipients who are under age 16 or who are age 16 to 21 if in full-time school attendance, and the first \$30 of other family earnings plus one-third of the remainder of family earnings.

The Senate increased the family earnings figures to \$50 and 50 percent and exempted all earnings of a child who is a part-time student not employed full time.

The conference report adopted the House version with respect to the exemption of family earnings and the Senate provision relating to part-time students.

#### HOME REPAIRS

The House bill authorized Federal participation in payments of up to \$500 for repairs of a home owned by recipients of assistance under the aged, blind, or permanently and totally disabled programs. The Senate added homeowner recipients under the AFDC program to this provision. The conference report accepted the Senate amendment.

#### LOCATION OF DESERTING PARENTS

The Senate provided that State AFDC plans provide procedures for locating certain deserting parents by obtaining information on the location of such par-

ents from the files of the Department of Health, Education, and Welfare and the Internal Revenue Service, and that such deserting parents could become liable to the United States for unpaid portions of a court support order which would be subject to collection by the Secretary of the Treasury. The conference report accepted the Senate provisions on obtaining information on the location of deserting parents but omitted the provisions relating to establishment of liability to the United States and collection by the Secretary of the Treasury.

#### TITLE XIX—MEDICAID PROGRAM

##### TITLE XIX LIMITATION

The House provided a limitation on Federal matching under the medical assistance program of title XIX. Under this limitation States would be limited in setting maximum income eligibility levels for Federal matching purposes to the lower of, first, 133 $\frac{1}{3}$  percent of AFDC payments, or second, 133 $\frac{1}{3}$  percent of State per capita income applied to a family of four. The Senate modified this test by eliminating the test based on per capita income and by providing that eligibility be limited to persons whose income does not exceed 150 percent of State old-age assistance standards. In addition, the Senate provided reduced Federal matching with respect to title XIX recipients who are not cash assistance recipients. The conference report accepted the House bill but eliminated the limitation based on State per capita income and provided that persons eligible to receive cash assistance will be exempt from the limitation.

##### DIRECT BILLING

The House permitted the States to make direct payments to title XIX recipients to meet the cost of physicians' services but limited this authority to application to individuals who are not receiving cash assistance. The Senate permitted this to apply to dentists' services as well as those of physicians, and extended its application to cash assistance recipients, under safeguards to assure quality and reasonableness of charges. The conference report adopted the Senate provisions including dentists' services but omitted the Senate provision extending the provision to cash assistance recipients.

#### SKILLED NURSING HOME STANDARDS AND LICENSING OF NURSING HOME ADMINISTRATORS

The Senate added State plan requirements relating to standards to be met by skilled nursing homes participating in the medicare program and licensing of skilled nursing home administrators. These provisions were accepted in conference.

##### INTERMEDIATE CARE

The Senate provided Federal participation in vendor payments to intermediate care facilities under the aged, blind, and permanently and totally disabled programs for care of recipients whose condition does not require skilled nursing home care. These provisions were accepted in the conference report with amendments relating to safety and sanitation standards and the inclusion of Christian Science sanatoriums.

#### SHELTER COSTS

The Senate provided that a State may establish different income eligibility levels under its title XIX plan, which recognize variations in shelter costs between urban and rural areas. The provision was accepted in conference.

#### OTHER PROVISIONS

Mr. Speaker, there were numerous other provisions in conference which Members will find described in the conference report and in the summary of the bill's provisions which I will have included at the conclusion of my remarks.

#### DRUGS

One group of these provisions deserves comment at this time. These were the provisions in the Senate bill providing for controls over cost and quality of drugs prescribed under the various programs of the Social Security Act. These provisions were deleted in the conference report, but a compromise provision was adopted requiring the States to adopt methods and procedures under their title XIX plans to assure that payments—including payments for drugs provided under the plans—are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.

Mr. Speaker, an enormous amount of time has been devoted by both the House and the Senate in developing this legislation. I hope the conference report will be voted up.

Mr. Speaker, I include at this point a summary of the provisions of the bill and various tables concerning the effects of the legislation on the social security and public welfare programs:

#### SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

##### OLD-AGE SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

##### *Old-age, survivors, and disability insurance* Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$55—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

*Effective date.*—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

**Special Benefits for People Age 72 and Over**

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

**Effective date.**—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

**Limitation on Wife's Benefit**

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

**The Retirement Test**

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

**Effective date.**—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

**Benefits for Disabled Widows and Widowers**

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

**Effective date.**—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

**Dependency of a Child on the Mother**

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

**Effective date.**—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

**Insured Status for Workers Disabled While Young**

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively if he works in six quarters out of the last 12. This requirement would be an alternative to the present requirement that the

worker must have had a total of 5 years out of the last 10 years in covered employment.

**Effective date.**—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

**Additional Wage Credits for Servicemen**

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

**Disability Insurance Trust Fund**

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

**Extension of Retroactivity of Disability Applications**

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

**Children Adopted by Disability Beneficiaries**

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

**Effective date.**—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

**Coverage of Ministers**

The amendments permit a clergyman (other than members of the religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

**Coverage of State and Local Employees Ineligible for Membership in a State Retirement System**

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

**State and Local Coverage in Illinois**

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

**Firemen in Puerto Rico**

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

**Firemen in Nebraska**

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

**Coverage of Firemen**

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

**Coverage for Erroneously Reported Former State or Local Government Employees**

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

**State and Local Employees Receiving Fees**

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

**Family Employment**

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

**Employees of the Massachusetts Turnpike Authority**

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

**Children Adopted by Surviving Spouse**

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

**Effective date.**—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

#### Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

#### Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead it still alive.

*Effective date.*—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

#### Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

#### Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

#### Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in the case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

#### Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

#### Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

#### Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

#### Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

#### Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

*Effective date.*—The provisions will be effective after June 30, 1968.

#### Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

#### Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

#### Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

#### Report of Board of Trustees

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

#### Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

#### Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

#### Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

#### Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

#### Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established by employers and made to the employee or his dependents upon retirement, death, or disability.

#### Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

#### Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

#### Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

#### Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

#### Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

#### General Savings Provision

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

#### Health insurance benefits

##### Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

##### Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of their beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under medicare.

##### Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

##### Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

##### Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

#### Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

#### Physical Therapy

The amendments extend the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

#### Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

#### Additional Days of Hospital Care

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

#### Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

#### Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

#### Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

#### Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital

insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

**Hospital Billing for Outpatient Services**

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

**Radiologists' and Pathologists' Services**

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

**Payment for Portable X-ray Services**

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

**Payment for Purchase of Durable Medical Equipment**

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

**Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program**

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

**Date of Attainment of Age 65 of Persons Enrolling in SMI Program**

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

**Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act**

States will be able to receive 75-percent Federal matching for the services which State

health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

**Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program**

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

**Appropriation to Supplementary Medical Insurance Trust Fund**

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

**Health Insurance Benefits Advisory Council**  
The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

**Study of Coverage of Services of Health Practitioners**

The Secretary of Health, Education, and Welfare will study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

**Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries**

The Secretary of Health, Education, and Welfare will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

**Financing the Social Security and Hospital Insurance Programs**

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS

EMPLOYER-EMPLOYEE, EACH

[In percent]

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED

1968.....	5.9	5.8	0.5	0.6	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

**PUBLIC WELFARE AND HEALTH AMENDMENTS**  
**Work Incentive Program for AFDC Families**

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency

to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing

wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

#### Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 income from any

source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus  $\frac{1}{3}$  of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

#### Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good cause to accept employment, or if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

#### Limitation on Federal Matching in AFDC Program

The amendments set a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

#### Federal Payments for Foster Home Care of Dependent Children

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

#### Emergency Assistance

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family,

but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

#### Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from the overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

#### Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC should be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

#### Pass Along

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

#### Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

#### Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

#### Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

#### Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

#### Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

#### Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved

methods of administration. The amendments increase this amount to \$4 million annually.

#### Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

#### Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

#### Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

#### Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

#### Limitation on Federal Participation in Medicaid Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133 1/2 percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

#### Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for Medicaid. Also, people who are eligible for Medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the Medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

#### Modification of Comparability Provisions—Medicaid

States do not have to include in Medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

#### Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the

Medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

#### Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the Medicaid program.

#### Free Choice for Persons Eligible for Medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the Medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

#### Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including Medicare, Medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the Medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

#### Payments for Services and Care by a Third Party—Medicaid

States are required to take steps to assure that the medical expenses of a person covered under the Medicaid program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

#### Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

#### Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the Medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under Medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under Medicaid will also be expected to provide home health care services.

#### Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor payment matching for people who need institutional care in the intermediate range between that which is provided in a

boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

#### Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments add to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

#### Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

#### Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

#### Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

#### Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed

with respect to money payment recipients, as under existing law.

**Essential Person—Medicaid**

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential person." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

**Licensing of Nursing Home Administrators Under Medicaid**

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

**Optometric Services Under Child Health Programs**

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

**Family Planning**

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under

title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

**Training of Personnel for Health Care and Related Services for Mothers and Children**

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

**Consolidation and Increase of Child Health Authorizations**

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

**Additional Requirements on the States Under the Formula Grant Program—Child Health**

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

**Project Grants—Child Health**

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

**Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands<sup>1</sup>**

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under Medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 — H.R. 12080
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	<sup>2</sup> 105.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00
6. Widow, 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00
8. Disabled widow at age 50.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
11. 1 Surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

<sup>1</sup> Maximum AME under H.R. 12080.

<sup>2</sup> Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total		Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments		Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						Self-employed							
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40	1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20	1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40	1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60	1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70	1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20	1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

[In millions of dollars]

Item	1968	1969	1972	Item	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604	Disabled widow's benefits at age 50.....	50	63	73
Benefit increase for transitional insured.....	6	7	5	Earnings test liberalization.....	140	221	244
Benefit increase for transitional noninsured.....	43	43	25	Total.....	2,901	3,686	4,129
Liberalized benefits with respect to women workers.....	73	90	101				
Special disability insured status under age 31.....	60	72	77				

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits	Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law				Amendments			
1967.....	28.5	24.2	4.3	1968.....	31.0	28.3	2.7
1968.....	29.6	25.5	4.1	1969.....	35.2	30.4	4.8
1969.....	33.7	26.9	6.8	1970.....	36.8	31.8	5.0
1970.....	35.2	28.2	7.0	1971.....	40.8	33.3	7.5
1971.....	36.2	29.4	6.8	1972.....	42.5	34.7	7.8
1972.....	37.2	30.8	6.4				

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
<b>Public assistance:</b>										
AFDC costs if there is no change in present law <sup>1</sup> .....	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0					
Title XIX costs if there is no change in present law <sup>2</sup> .....	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0					
All other public assistance costs if there is no change in present law <sup>3</sup> .....	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0					
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0					
<b>Increases in the bill:</b>										
Day care.....	( <sup>4</sup> )	35.0	80.0	160.0	350.0					
Other social services.....	( <sup>4</sup> )	35.0	70.0	100.0	125.0					
Earnings exemptions.....	( <sup>4</sup> )	20.0	25.0	30.0	35.0					
Work training.....	30	129.0	165.0	209.0	308.0					
Foster care.....	( <sup>4</sup> )	10.0	20.0	33.0	40.0					
Emergency assistance.....	( <sup>4</sup> )	10.0	20.0	35.0	35.0					
Puerto Rico, et al.....	( <sup>4</sup> )	7.8	11.0	14.2	17.5					
Demonstration projects.....	( <sup>4</sup> )	2.0	2.0	2.0	2.0					
Additional child health requirements in title XIX.....			30.0	40.0	50.0					
OAA, AB, APTD spouses under Medicaid.....	( <sup>4</sup> )	14.0	15.0	16.0	17.0					
Medical review program for nursing homes.....		2.5	5.0	7.5	10.0					
Subtotal, increases.....	450	265.3	443.0	646.7	989.5					
<b>Decreases in the bill:</b>										
AFDC limitation.....										
AFDC reductions for persons trained.....										
Restrictions on title XIX.....										
Decreases in public assistance due to social security benefit increase.....										
Federal participation in cost on care in "intermediate care facilities".....										
Subtotal decreases.....										
Net cost of savings due to public assistance amendments.....										
Total public assistance as amended by bill.....	4,535	5,018.3	5,237.0	5,541.7	5,954.5					
<b>Child welfare:</b>										
Present law.....	55	55.0	60.0	60.0	60.0					
Increase for child welfare services.....										
Increase for child welfare research.....										
Subtotal, increases.....										
Social work manpower.....										
Net public welfare cost or savings in bill.....	36	-94.7	-323.0	-569.3	-706.5					
<b>Child Health:</b>										
Authorizations in bill.....	203	250.0	275.0	300.0	325.0					
Authorization in present law.....	198	210.5	225.5	225.5	225.5					
Increase in bill.....	5	39.5	49.5	74.5	99.5					

<sup>1</sup> Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

<sup>2</sup> Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

<sup>3</sup> Assumes continued decline in number of old-age assistance and aid to the blind recipients, and

continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

<sup>4</sup> 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements after training (thousands)
1968.....	\$30	---	27	---
1969.....	129	-\$11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	250

<sup>1</sup> Does not include recipients on priority III work projects.

<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

Mr. GROSS. Mr. Speaker, H.R. 12080, the Social Security Amendments of 1967, was the product of long and exhaustive deliberations on the part of the Committee on Ways and Means. It was the subject of 8 hours of debate in this body.

As originally passed by the House, by the overwhelming margin of 415 to 3, it was a good bill and I am pleased that the conference committee adopted most of the welfare provisions in the original House version.

It was a bill I supported, and I have been shocked to learn that Federal tax dollars, through the so-called war on poverty, apparently have been used to misinform welfare recipients regarding the contents of the measure.

I have at hand a letter which was mailed to ADC-mothers in Black Hawk County, Iowa, bearing the names of the president, vice president, secretary, and treasurer of a group called Mothers for Adequate Welfare. This group was formed with the staff assistance of the legal services program, Black Hawk County Legal Aid Society, Waterloo, Iowa, and the legal services program is operating with a grant from the Office of Economic Opportunity of more than \$66,000.

Although, as I say, the letter bears the names of the officers of the Mothers for Adequate Welfare, I have reason to believe that it was prepared by Robert C. Oberbillig, director of the legal services program, or by a member of his staff.

It is interesting to note that the Black Hawk County group has affiliated with an outfit in Washington known as the Poverty Rights Action Group. Operating from the Poverty Rights Action Center, 1713 R. Street NW., Washington, D.C., this is the organization which reportedly mobilized ADC mothers to disrupt hearings before the Senate Finance Committee when that committee was considering H.R. 12080. Referring to the demonstration, the lead paragraph of a Washington Post article on September 20, 1967, reads as follows:

A bitter band of welfare mothers staged a "wait-in" for the entire Senate Finance Committee yesterday after testifying that there would be a "holocaust in every city" if restrictive House-passed welfare changes become law.

Also interesting to note is the fact that a member of the board of directors of the Poverty Rights Action Group is one Richard Cloward, a professor in the School of Social Work, Columbia University, New York City. Let me read the following from an article written by Cloward and a Frances Fox Piven which appeared in the May 2, 1966, issue of the Nation magazine:

The right to income must be guaranteed or the oppression of the welfare poor will not be eliminated . . . . In order to generate a crisis, the poor must obtain benefits which they have forfeited . . . .

By crisis, we mean a publicly visible disruption in some institutional sphere. Crisis can occur spontaneously (e.g. riots) or as the intended result of tactics of demonstration and protest which either generate institutional disruption or bring unrecognized disruption to public attention. Public trouble is political liability; it calls for action by political leaders to stabilize the situation. Because crisis usually creates or exposes conflict it threatens to produce cleavages in a political consensus which politicians will ordinarily act to avert.

What the authors of this article propose is the destruction of established systems unless the demands of welfare recipients, no matter how unreasonable, are met. I have no intention of submitting to their intimidation and political blackmail.

And I am confident the vast majority of citizens of the district I have the honor of representing would not want me to yield. I am also confident they do not approve of the use of Federal tax revenue to support the activities of the Mothers for Adequate Welfare when that group has affiliated with a radical national organization which apparently advocates revolution and threatens a "holocaust in every city."

Getting back to the letter which was distributed by the Mothers for Adequate Welfare, let me read excerpts from it with reference to the welfare provisions of H.R. 12080:

If the Senate should pass this bill in its present form, you (ADC Mothers) would be required to work in jobs that would be assigned to you by the County regardless of how much money they would pay you. If you had any children 16 years or older in your family, they too would be required to work.

What this law basically means if it is passed is that you are of no value to your children and that it would be better that you be taken out of the home to work or they be taken from you than to have you care for your children as you are presently.

I am confident that the distinguished gentleman from Arkansas [Mr. MILLS] and other members of the Committee on Ways and Means resent, as I do, this attempt to misinform welfare recipients regarding the purpose of the public assistance provisions of the bill on which they worked so long and hard.

It is my understanding, Mr. Speaker, that there is nothing in H.R. 12080 which would require any adult or child, who is suffering from a physical or other handicap, to take a job. And it is not intended, as I understand the bill, to take a mother away from the home where her presence is needed. Neither would any child be made to quit school and take a job.

It does not seem to occur to those individuals who would misinform these ADC mothers that what they are doing is jeopardizing the entire aid to dependent children program, for make no mistake about it, unless we can slow down the tremendous rate of growth in the number of those receiving aid, the ADC program could be abandoned because of the inability of hard-pressed taxpayers to pay the costs.

Under the circumstances, it is indeed strange that anyone who purports to be interested in the welfare of ADC mothers would raise objections when this body attempts to obtain adoption of constructive measures to bring about long overdue improvements in the program.

Mr. BURKE of Massachusetts. Mr. Speaker, at this time, I wish to call the attention of the Members to a few of the many messages I have received throughout the country in opposition to that part of the conference report on H.R. 12080 which refers to the aid for dependent children caseload freeze. They come from some of the outstanding authorities in the Nation and I ask leave to enter some of them in the RECORD at this time. I also include an editorial that appeared in the Boston Globe on Tuesday, December 12, 1967, which expresses the concern of that newspaper, which will appear after the messages:

AFL-CIO urges you vote against conference report on Social Security. OASDI recipients deserve much more than meager increases it contains. We deplore punitive Welfare provisions in report which unfairly and unjustly penalize Naiton's poor just because they are poor. Your vote for rejection of Conference Report would enable a new conference to write an adequate Social Security Bill.

GEORGE MEANY,  
President, AFL-CIO.

We urge your leadership to persuade the House to reject Conference Report on H.R. 12080. Title II is most harmful legislation affecting children to be proposed during last 32 years. Please use strongest efforts to adopt Senate version or eliminate Title II of Bill.

JOSEPH H. REID,  
Executive Director, Child Welfare League of America.

United Community Services of Metropolitan Boston strongly opposes punitive Welfare provisions of Social Security Amendment Bill particularly AFDC Case Load Freeze. Respectfully urge Massachusetts delegation stand together to defeat these restrictions.

JOHN O. RHOME,  
President.

Appalled at Congressional Conference Committee recommendation for Social Security Amendments. Please do not vote to limit

the AFDC Case Load. For Congress to deny food to needy children, some yet unborn is an atrocity.

Rt. Rev. JOSEPH T. ALVES.  
REV. FRANCIS G. O'SULLIVAN.  
REV. EUGENE P. McNAMARA.

Conference Committee Report Social Security Bill appalling Title II provisions freezing AFDC Case Load and forcing work morally and financially unsound. Plead with you not to accept Conference Committee Report or any Bill with these regressive features. Would be tremendous set back for the Nation.

Rt. Rev. JOSEPH T. ALVES,  
Chairman, Social Policy and Action Division, National Association of Social Workers, Massachusetts Council of Chapter.

[From the Boston Globe, Dec. 12, 1967]

LET 'EM EAT CAKE

With Congress racing to get away from Washington for a month's Christmas vacation, there is probably little to be done about the Conference Committee's agreement on amendments to the Social Security law except to deplore the committee's niggardliness.

Deplored, then, it is. And to the hilt. It comes on the heels of another such committee's cutting of the antipoverty authorization a few days earlier, the slashing of foreign aid funds and the pittance distributed with such fanfare for the Model Cities program. It comes at a time when billions are still pouring uninterruptedly into government financed research for supersonic aircraft, safe automobiles, nuclear produced gas and oil and other such private industry projects, including virtually unsupervised spending by the arms and munitions industry.

It confirms fears that any cuts which Washington is about to make in spending will be at the expense of those least able to pay and least able to defend their interests. It justifies the outrage of progressive senators who will demand (forlornly at this late date) that the Senate reject it and return it to a new and rectifying conference.

Its most regressive feature is the proposed revision of welfare laws curtailing benefits to welfare mothers and dependent children. A government once called humanitarian has decided to save a few dollars at the expense of children whose crime is that they unwisely chose to be born into welfare families after a legislatively prescribed cutoff date.

Children and welfare mothers are hit at one end of the bill and the aged ill at the other. Typical is the provision limiting the sum which the aged infirm may deduct from their income taxes for medicines and drugs. This is not only unfair but an instance of borrowing from Peter to pay Paul, for plainly the aged poor will have to get the money for essential medication from one quarter or another—if not out of deductions from taxes, then from welfare or private charity and with all of the humiliation forced on such recipients.

Great to-do has been made of an increase of \$1680 from the current limitation of \$1500 in the wages which may be earned without losing Social Security benefits. But this is merely to continue a gross inequity, for the premiums already have been paid and there is no such limitation at all on unearned income.

The crowning bit of nonsense is in the meager increase in benefits, an increase which underscores the fact that the Social Security law is not a security law at all, but an insecurity law. There can be no objection to the proposed increase in premiums. But \$1680 a year (the maximum now permitted in wages) plus \$55 a month (the new minimum in Social Security monthly benefits) figures out at \$45 a week, which is scarcely enough to maintain a man without other as-

stance—other assistance which the law, in theory, is intended to obviate.

The compromise, says the A.F.L.—C.I.O., is inhumane. It may not be that. But it comes close.

Mr. Speaker, I strongly endorse the sentiments expressed in these messages pertaining to AFDC and child welfare. I opposed these restrictive amendments as a member of the House Ways and Means Committee.

I am particularly distressed with the recommendations accepted by the conferees in the field of aid to dependent children. This program was originally initiated to provide funds which could meet the financial needs of families with children, and would encourage a strengthening of the family unit by keeping children and parents together.

Under this program, the conferees have asked us to withhold support from those children who represent an increase in the proportionate number receiving AFDC in each State. It has placed an emphasis on insuring that adults and older children in AFDC families enter the labor market and accept employment so they may become self-sufficient. I believe we too often forget that in most AFDC families there is only one percent—a mother—and if she be required to work, the care of preschool children would necessarily be left to others, usually older children who are forced to drop out of school in order to help at home.

And, too, there is the appalling suggestion that we abandon the concept of comparability in medical services as originally mandated under title XIX. This would have the effect of downgrading standards of medical care for children in AFDC families, their caretakers, as well as the disabled and the blind. It hardly seems possible that a Nation as wealthy as ours cannot provide adequate medical care for the most dependent and vulnerable of its members.

Many of our States, including the Commonwealth of Massachusetts, are moving forward by placing control of welfare programs at a statewide level; however, the AFDC restrictions contained in this bill would reemphasize the role of the local agencies by requiring that they be responsible for such moral judgments as the limiting of illegitimate births, provision for family planning and the determining of what constitutes a "suitable" family homelife.

Once again the Federal Government is pointing the finger of moral justice at one class of our population. I do not believe we in the Federal Government are qualified to make moral judgments of this nature, and should exert every effort to remove, rather than encourage, the stigma which has long been attached to those families receiving AFDC and other public assistance funds.

The most tragic fact about these regressive proposals is that they are all to be at the expense of children. It is understandable that some of us should be perplexed and frustrated over the growing number of families requiring public support and services. But the problems which these families face, and which we are attempting to solve are extremely complex and have been generations in

the making. There can be no immediate and simple solution. If we believe otherwise, and pursue easy answers, then 5 years from now we shall find ourselves lamenting our failures as we today complain about those of the past 5 years. We must, therefore, reconcile ourselves to a long and sustained, and no doubt, costly effort and meanwhile refrain from imposing upon defenseless children the cost of society's or their parent's failures and inadequacies.

It is my intention to continue efforts toward the expansion of social services, as well as a removal of the restrictions imposed on the AFDC program, in an attempt to meet the needs of our homeless, neglected, and deprived children.

For the future of child welfare, I hope to see adequate Federal laws which will protect both the child and our society; a sufficient number of trained personnel and the necessary facilities to provide social services which will be equally available to all children in all political subdivisions; adequate health services to insure the physical, emotional, and mental well-being of children; extensive research in child behavior; and the opportunity for the highest quality of education.

I know of the worthwhile assistance the many private charitable and religious groups have given needy children, and I am aware of the millions of dollars they have contributed, along with affiliated organizations. I have seen the outstanding results achieved by volunteer workers in providing not only financial assistance to our children, but also the guidance and understanding which is so often absent in broken or disrupted homes. I know they will continue their services and dedication in making this a better world for underprivileged children.

Because they have shown an impressive interest along these lines, I am confident that by joining efforts we can reduce the burdens weighing heavily upon this, our most vulnerable minority group.

Mr. Speaker, in closing may I say that I am not satisfied with the 13-percent increase for social security recipients. The 89th Congress promised to the aged of this country an increase that would be effective January 1, 1967—this promise was not kept. It took a full year to bring this bill back to the floor of the House. When this bill was first reported to the House by the Ways and Means Committee, I voted for it because of the parliamentary situation. I voted for the bill then in order to keep the bill alive hoping and praying that when it reached the other body increases would be made in the amounts for all Social Security recipients and that the minimum payment would be raised to a realistic figure in order that the aged of this country could survive in the face of rising prices and the rising cost of living. This bill is inadequate, this bill should go back to the conference committee even if it means that we stay here in session. The distinguished chairman of the House Ways and Means Committee in answer to my question about returning this bill to conference indicated that it would mean a delay of 1 month. In my opin-

ion it would be far better for the social security recipients to receive a higher increase in benefits and have the minimum amounts raised to the version adopted by the Senate than to accept this conference report. I know it means a little inconvenience for the membership. However in view of the harsh restrictions in the AFDC amendments and the lack of adequate increases for the aged I am compelled in good conscience to vote against the conference committee report. If this takes place I would then move that the House conferees go back into conference with the other body and take steps to increase social security and remove the restrictions placed on innocent children under the AFDC provisions.

#### GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have permission to revise and extend their remarks at this point in the RECORD.

The SPEAKER pro tempore (Mr. BOLAND). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, House Republicans applaud final passage of the Social Security Amendments of 1967 as legislation badly needed to relieve the plight of millions of older Americans whose lives have been ravaged by Johnson-Humphrey administration inflation.

Republicans pressed for quick passage of social security benefit increases before the end of the last session. The ranking Republican on the House Ways and Means Committee, the gentleman from Wisconsin, Representative JOHN W. BYRNES, stressed the urgency of action then and contributed significantly to the drafting of the 1967 amendments when earlier action was prevented by the majority.

Great credit should go to Mr. BYRNES and other Republicans among the House conferees on the social security legislation for giving such strong support to the distinguished chairman of the Ways and Means Committee, the gentleman from Arkansas, Representative WILBUR MILLS.

I commend the House conferees for bringing back to our Chamber a final proposal which is constructive and will be beneficial to our senior citizens. Republicans are happy to join with their Democratic friends in endorsing that product, a measure they had no small part in shaping.

Mr. BURTON of California. Mr. Speaker, I reluctantly have decided to vote in favor of the pending social security conference report.

I had hoped to have the opportunity to offer a motion to recommit the bill with instructions to the House conferees to accept the more liberal Senate version. However, under the rules of the House, the prior right to exercise this motion was exercised by the gentleman from California [Mr. UTT]. As we know, the rules of the House provide for only one motion to recommit; thus the motion of the gentleman from California [Mr. UTT] precluded any additional efforts along this line.

In voting for the conference report, I would like to state for the record that at no time has any Member of this House, except those who served on the Ways and Means Committee, had any opportunity to amend and improve this legislation.

I am disappointed that this legislation does not contain an extension of medical care, as the President recommended, to the disabled beneficiaries under OASDI. The failure to provide a \$100 social security minimum payment for those who have worked 25 years or longer in covered employment, the cutback from the Senate version of \$70 per month minimum, the reduced taxable wage base, as well as failure to provide fair treatment for the blind all represent lamentable deficiencies in this bill.

Further, the failure to guarantee to each of the Nation's aged, blind, and disabled public assistance recipients the modest \$7.50 per month increase borders on the inexcusable. As a matter of fact, about one-half of the 2.8 million recipients in the adult categories of aged, blind, and disabled will not, and cannot under any circumstances, receive any increase of any kind as a result of the passage of this bill because they do not receive any income outside the public assistance grant. This is the case because the only provision of the bill permitting these public assistance recipients to receive any benefit under the bill requires, in the first instance, that said recipients have some outside income—for example, from social security, railroad retirement, relatives' contributions, or other sources.

For the balance of the adult public assistance recipients—who do have some outside income, primarily social security—this legislation will not of itself provide even these persons with any increase in their small monthly grant. It will first require that the State legislatures must enact into law special provision permitting the recipients to retain up to a \$7.50 per month ceiling from any social security or other income that they may receive. In the event a State fails to so act, all of the aged, blind, and disabled recipients in that State will be denied any benefit increases under this bill and there will be a corresponding decrease—dollar for dollar—in the public assistance grant, for every dollar increase provided on the Social Security side of this bill.

The cruel and unnecessary "freeze" as of January 1, 1968, in the AFDC program where parental support is denied by virtue of the desertion of the family by the father will result in either the denial of assistance to untold thousands of dependent children or an increase in the already overburdened budgets of the industrial and growing States of the Nation.

The cutbacks and severe limitation on the income permitted persons entitled to medical care under title XIX will result in hundreds of thousands of the Nation's medically indigent being denied needed medical care or in the further shifting of the financial burden to sustain this program from the Federal Treasury to the State and local taxpayers.

There is one further concern that I should like to express. The increased so-

cial security benefits could well result in a net decrease in the monthly income of those drawing veterans' or widows' of veterans pensions. I understand from the distinguished chairman of the House Veterans' Affairs Committee that we will have an opportunity to vote on a bill before the adjournment of this session that will correct this unthinkable result, but I think it important to emphasize that in the absence of such corrective legislation, this bill—standing on its own—would result in thousands of veterans or widows of veterans receiving a net reduction in their veterans' pensions.

As it may be gathered, the decision whether to vote for or against this conference committee report is a most difficult one. The social security benefits, although too small, are better than none at all. Millions upon millions of low-income Americans rely primarily, if not exclusively, on social security to maintain themselves and their families.

On balance, I resolved that it is probably wiser to guarantee this increase in benefits—inadequate although it may be—that millions will receive. This must outweigh my grave concern for the smaller but still very significant number of people in similar economic circumstances who will receive nothing at all as a result of the unnecessary gaps in this legislation and some hundreds of thousands of others who will receive an unnecessary cutback in the level of their Government's commitment to bring them a better life.

Mr. MINISH. Mr. Speaker, I would like to take this opportunity to comment on the conference report on H.R. 12080, the Social Security Amendments of 1967.

The legislation represents a constructive enlargement and improvement of the social security system in many respects, including an expanded authorization for child health and day care programs, a 13-percent rise in social security payments, an increase in the minimum monthly benefit from \$44 to \$55, and a clarification and strengthening of many of the soft spots in the medicare program.

However, the serious defects in the measure before us are most distressing to those of us who are deeply interested in making social security more responsive to the felt needs of our people. The meager increase in benefits will do little to ease the grim plight of most of our retired people. Social security is the chief, and for the great majority of our older people, the only source of retirement income. In view of the fact that a fully adequate level of social security payments would require a much greater boost in present payments, the approved increase of 13 percent is clearly inadequate.

The conference report also represents a step backward from more enlightened welfare practices and forbodes enormous additional welfare costs for our already hardpressed State and local governments. I was opposed to the punitive public welfare amendments contained in the bill reported by the Ways and Means Committee and which, of course, were not subject to floor amendment under the closed rule prevailing in the House.

I was gratified at the more liberal and realistic changes made by the Senate, and it is most disheartening that these did not prevail in conference.

The welfare benefit freeze contained in H.R. 12080 will impose heavy tax burdens on local communities. It is strongly opposed by State and local authorities and by the overwhelming majority of experts from sociological and psychological disciplines. Dr. Lloyd W. McCorkle, the commissioner of the Department of Institutions and Agencies of the State of New Jersey, has wired me:

New Social Security legislation, HR 12080 as reported out of Senate-House conference contains provision freezing federal participation in aid to families of dependent children program if adopted this can be catastrophic for New Jersey, particularly our urban centers New Jersey will suffer because 1—it is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey and 2—New Jersey has the third highest rate of in-migration in the nation. Freeze on Federal participation would place the entire cost of increased loads on State, county and municipal governments.

The cities in the 11th Congressional District and Essex County, in which they are located, are already assuming a disproportionate share of public welfare costs caused chiefly by immigration from rural areas. A real fiscal crisis confronts these communities which will be further aggravated by the restrictions on Federal participation contained in this legislation.

The conference report before this House today falls far short of what we owe to the retired and to the poor in our affluent society. I, for one, will continue to fight for achieving a social security system that will more fully achieve its noble purpose of insuring the security and dignity of its beneficiaries.

Mr. DONOHUE. Mr. Speaker, everyone is aware that there are a substantial number of us here who have serious misgivings about the potential hardships and inequities that may be inherent in several of the conference report recommendations such as, among others, the proposed freeze on aid to dependent children, the unrealistic features of the mandatory work training programs for welfare recipients, the restrictive costs ceiling on medicare, the very meager increase in the outside earnings limitations and failure to include the workers reduced benefit retirement age to 60.

However, we are reluctantly impelled, at this moment, to accept this report because we all know that under the present Chamber proceedings, we are afforded no opportunity to offer and appeal for support of remedial amendments; it is either this conference report or no social security bill this year or very likely next year.

Of course, we have no question of the sincerity and diligence of the members of the conference committee of both sides of Congress in their dedicated efforts to work out a compromise to resolve more than 295 differences between the House and Senate versions of the original legislation.

There is no doubt that the 13-percent general increase in benefits, one of the

largest raises in history affecting some 23 million of our elderly citizens who have lived in anticipation over these past several months, will help them in financially adjusting to the expected price rises immediately ahead.

Although the amount that retired persons can earn and still collect benefits was by no means raised enough, it must, however, be considered a further step in the right direction. The provisions extending hospital care under medicare to 120 days and the simplifying of paper work in that program are additional and welcome changes for the better.

The many other improvements affecting all of those enrolled under our social security system have already and extensively been explained by the able managers of this report and we have no intention, at this day and hour, to indulge in unnecessary repetition.

Because the report contains certain necessary improvements in the overall social security structure and because it has been indicated that an opportunity will be granted to us early next session to review the questionable provisions of this conference agreement, we are constrained to accept it for the real benefits it does project for those who are in urgent need of them while we resolve to remove the inequities as soon as it is legislatively possible to do so.

Mr. TUNNEY. Mr. Speaker, I would like to express my support for the conference report on the Social Security Amendments Act of 1967. Although this bill is not entirely adequate in providing for the rapidly increasing needs of senior citizens, it does represent an important improvement in the social security program.

However, much more must be done. An increasing number of our population joins the ranks of the senior citizen each year. One in every 11 persons in the United States is aged 65 or over—a total of 18½ million. This number exceeds the total population of 20 of our States. In this century, the percentage of the U.S. population aged 65 and over more than doubled—from 4.5 percent in 1900 to 9.4 percent in 1965—while the number increased sixfold—from 3 million to more than 18 million. By the year 2000 we expect to have 28 million senior citizens, about a 40-percent increase. California is expected to have over 2½ million senior citizens by 1985, an increase of over 1 million. An American born in 1900 could expect only to reach his 40th birthday; an American born today can expect to reach his 70th.

Yet, 85 percent of older people have annual incomes of less than \$2,500, and 66 percent of them earn less than \$1,500 annually.

These figures represent a national challenge—one that we must meet by passing this social security legislation and by recognizing that a great deal more must be done to update and improve our social security system so that it will meet the ever-increasing and constantly changing needs of our senior citizens.

Our gross national product—the value of total output of goods and services—increased from \$285 billion in 1950 to

\$790 billion in 1967 to date. The rate of increase was nearly 7 times the increase in the total population over the same period. Average per capita disposable income increased from \$1,384 to \$2,747 an increase of \$1,363 or 98.5 percent.

These statistics make it clear that we have not done enough to help our senior citizens and that we must make a greater effort to improve the income for retired citizens, provide better housing, medical care, social services, education, and recreation.

Under the Social Security Amendments Act of 1967 now before the House there is a 13 percent increase in benefits for more than 24 million Americans. Average monthly benefits paid to retired workers and their wives are increased from \$145 to \$165 and minimum monthly benefits for a retired worker are increased from \$44 to \$55. Monthly benefits would range from \$55 to \$160.50 for retired workers now on the social security rolls. The special benefits paid to certain uninsured individuals age 72 and over would be increased from \$35 to \$40 a month for a single person from \$52.50 to \$60 for a couple.

The bill increases from \$1,500 to \$1,680 the amount of annual outside earnings a person may earn without the loss of social security benefits. Although this is far from adequate it does represent a step in the right direction. I introduced a bill to raise the amount to \$3,600 which I feel is a more realistic figure.

The Social Security Amendments Act of 1967 also improves the medicare program by increasing hospitalization coverage. Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. It also allows a patient to submit an itemized bill for payment under medicare rather than having to pay the bill first and then submit a paid receipt for reimbursement. Senior citizens, with a low income to begin with, cannot afford to divert precious resources to pay for high medicare costs and then wait for reimbursement under medicare.

I am particularly pleased that this bill also requires the Secretary of Health, Education, and Welfare's Advisory Council to submit by January of 1969 a report outlining the problems encountered thus far by the implementation and operation of medicare and make recommendations for improvements. I know that many senior citizens in my district of Riverside and Imperial Counties in California have expressed concern over the initial delays and problems of medicare. Although medicare has been greatly improved, I feel that further streamlining is needed.

Millions of older American have received much needed hospital and doctor care under medicare. The Social Security Amendments Act of 1967 provides for the largest increase in benefits since 1952. This legislation should be enacted to continue to help our senior citizens maintain a sense of dignity, self-respect, and financial independence.

In many ways however, this bill does not go as far as it should. To meet the

cost of living increase, there is a need for a larger increase in benefits. What would be better yet is an automatic increase in benefits tied to the cost of living. This would obviate the necessity of periodic legislative action.

Senior citizens also face great difficulty in paying for the cost of prescription drugs. The Secretary of Health, Education, and Welfare has been directed to undertake a comprehensive study of the problems involved in covering the cost of prescription drugs under the medicare program. This study is presently underway and I hope that the expensive burden of high cost medicine can be lifted from our elderly.

At the present time in California, property taxes are extremely high and fall hardest on senior citizens. I believe that a comprehensive State, local, and Federal study should be made to find a way of reducing this burden. Tax sharing legislation could be one way of allowing the States to hold the line on increasing property taxes. Another alternative that should be studied is to allow an appropriate Federal income reduction for property taxes which senior citizens must pay.

These are just some of the areas of concern to our senior citizens and indicate the necessity for continuing efforts to insure them a better life.

Mr. GILBERT. Mr. Speaker, I am disappointed with some of the provisions of the bill that comes before us today as the conference report on the Social Security Amendments of 1967.

As a member of the committee that drew up this measure, I had the opportunity to make my views on some of the provisions amply known in a separate dissent. I supported the bill, however, both in committee and on the floor. I was hopeful that the provisions which I regarded as objectionable would be deleted in conference. Unfortunately, they were not. I now revert to my original decision—to support this legislation with reluctance, feeling that more good emerges from it than harm.

I object to the presence in this legislation of two provisions particularly, provisions which are directed at the poor and will cost money to the States which are most responsible in performing their social duties.

The first provision sets a freeze at the present levels of Federal assistance to the States for AFDC—aid for dependent children. This means that the States to which the poor and underprivileged flock in search of opportunity will be penalized. New York, for example, would like to have jobs available for every migrant into the State but, when there are no jobs, it cannot let people starve. This bill will deny New York—and similar responsible States—all further grants of funds for this kind of welfare assistance. This measure is obviously directed against the industrial, urban States, while leaving unaffected those States with normal outmigration.

I also object to the provision which cuts back on Federal aid for the program of medical assistance to the poor, known as medicaid. Once again, New York is being penalized for being re-

sponsible. My State has sought to make sure the poor have good medical care, irrespective of means. This bill snatches away from New York the funds that were promised to it under the law passed several years ago. I object to Congress' renegeing on this commitment.

I commend the conferees, Mr. Speaker, for bringing back a bill which enlarges benefits somewhat beyond the 12½ percent which the House voted. I note also that there have been other improvements. I am particularly pleased that the provisions remain for the child welfare program proposed by myself and the gentleman from Massachusetts [Mr. BURKE]. On the whole, this bill has more advantages than defects and, as a consequence, I will vote to support it. But I cannot, in good conscience, say that I am satisfied with its retrogressive provisions and I must announce that I will seek in committee and on the floor to have them repealed in the next session of Congress.

Mr. RHODES of Pennsylvania. Mr. Speaker, I support the conference report on the Social Security Amendments of 1967.

I wish to commend the distinguished gentleman from Arkansas for his leadership in bringing this legislation to the floor before adjournment of this session. Those of us who have the privilege of serving with him on the Ways and Means Committee know of his sympathy for the aged and disabled citizens and his understanding of their problems. We also know of his outstanding ability and fairness, which have won him the admiration and respect of all members of the committee and other Members of Congress.

I would like to have seen a higher benefit increase and other social security improvements such as a voluntary retirement age of 60 years, and a higher minimum than the \$55 provided in the conference report. However, in my judgment, we should act now to give our 23 million elderly citizens the extended benefits provided in this bill. In my congressional district some 67,000 people now receive close to \$4 million in monthly social security checks. The 13-percent increase will bring over \$600,000 of additional spending power into our local communities.

Future increases in monthly cash benefits will be needed if we are to provide our elderly citizens their fair share of our Nation's abundance.

Mr. Speaker, I agree with the remarks of our distinguished chairman that new methods of financing our social security system must be found if we are to provide more adequate benefits which our elderly so richly deserve. One answer is partial financing of the system out of general revenue. I have introduced legislation which would provide for this type of financing and I hope our committee will consider it during the next session of Congress.

Mr. ROSTENKOWSKI. Mr. Speaker, I rise in support of this conference report to amend the Social Security Act to increase benefits for recipients under this act. This Congress has devoted as much, if not more, time considering this legis-

lation than any other piece of legislation before us. The conference report which is now being considered is the result of many months of extensive hearings and review by the Ways and Means Committee, the Senate Finance Committee, and the House-Senate conference committee. It is, in my opinion, the best bill we could put together considering the complexity of its provisions and the strong arguments that were made both pro and con on the original proposal that was offered to Congress by the administration.

This bill will, undoubtedly, be disappointing to certain individuals and groups of individuals because it does not meet the standards of the proposal suggested to Congress, and that certain limitations have been set on aid for dependent children. However, the overall provisions of the bill are helpful to the 22.9 million people receiving benefits under the Social Security Act. By approving this conference report we are not closing the door on the possibility of considering further amendments to the Social Security Act, to increase benefits as they are needed and can be supported. I should think that this would hold true for the so-called "freeze" on the AFDC rolls which goes into effect July 1, 1968.

The intent of this "freeze" has a meaningful purpose, but the provision, at this time, causes me considerable concern because it fails to take into account the effect of the migration from southern rural areas to urban centers such as Chicago. I am concerned because of recent Federal district court rulings in the States of Delaware and Connecticut and the District of Columbia, when they ruled that the residency requirement for eligibility to receive welfare benefits was unconstitutional.

In Illinois the Federal district court in Chicago is considering a suit filed against the State concerning the 1-year residency requirement for eligibility to receive welfare benefits. If this Illinois law is ruled unconstitutional it will open up a Pandora's box for an estimated 5,000 families in Illinois, who have recently moved to Illinois from other States, to apply for welfare benefits and thereby increasing Illinois' cost for public assistance by \$15 million. It could also attract a greater number of migrants to move to Illinois in order to obtain better welfare benefits than they are receiving in their own States. This same condition could be applied to other States who have established meaningful welfare programs, should the U.S. Supreme Court uphold the Federal court ruling in Connecticut concerning the constitutionality of the residency requirement in Connecticut.

With the "freeze" and the constitutionality ruling of a State's residency requirement, those States with meaningful welfare programs could face a huge deficit in their budget for public assistance because the newcomers may well bring them above the level of the freeze, and there is no way to send these people back. Thus, these northern industrial States attracting the southern rural migrants would be taxed to support the welfare cases coming from the southern rural areas, and thereby relieving

those southern States of their responsibilities in this area. It would be a most inequitable arrangement.

It could well be that special allowances may have to be made for the effect of migration. Therefore, I would hope that the door is not closed in this area, and that Congress would reconsider this "freeze" when the States affected by migration present their problem to us.

Mr. RODINO. Mr. Speaker, I view the conference report on the Social Security Amendments bill with very mixed feelings.

On the one hand, I wholeheartedly support the majority of the provisions of this final version. Of particular importance are: the 13-percent increase in benefits, the raise in the minimum benefit from \$44 to \$55 a month, the increase in the earnings limitation, and the provisions liberalizing and improving the medicare program. These major changes are urgently needed.

I am, however, greatly concerned by two major changes made in the aid for families with dependent children—AFDC—program.

First, and of great concern to me, is the provision which establishes an enrollment freeze, effective June 30, 1968, which will preclude Federal aid for any more children than are receiving assistance under the AFDC program as of January 1, 1968.

The intent is that the individual States will provide for the additional children who will need financial aid. But we all know that the States are already facing financial problems in meeting these needs, and I fear this action will create situations of desperate need and suffering for children guilty of nothing but the fact of their existence.

The second very drastic change is that which would set up a mandatory employment-job training program for families receiving AFDC payments. Under these provisions, mothers of schoolchildren would be forced to work or participate in job training projects, with welfare agencies charged with the responsibility of assuring proper child care arrangements.

Mr. Speaker, the employment referral system with its three priorities outlined in this bill appears to me to be a vast, cumbersome administrative mechanism which the States will find both difficult and expensive to establish and operate. I cannot see how the individual States will be able in the time required to provide the employment possibilities, training programs and special work projects envisioned by the bill. In addition, I cannot see how we can immediately provide the facilities and personnel, already in short supply, to assure the child care necessary when mothers are forced to leave home for work or training.

I should make it clear that I heartily endorse the objective which these changes seek to achieve. Spiraling welfare costs are an increasingly serious burden, particularly for areas such as my own county of Essex in New Jersey. It is eminently desirable to establish programs to help move people from the welfare rolls into productive employment. It is a public benefit, and of immeasurable importance to the individual

who can establish self-reliance and dignity through his own employment.

I believe the intent of these changes is in the right direction. However, I believe they are premature and unwise at this time. I am hopeful that early in the next session they can receive thorough review and consideration.

Despite my doubts on these aspects, I will vote for the Social Security Amendments, for the urgent need for increased benefits overrides the flaws in the bill which can be rectified. I urge passage of this legislation, but I also urge an objective, careful review of the welfare changes early in the next session.

Mr. REINECKE. Mr. Speaker, I wish to congratulate the conferees on H.R. 12080, the Social Security Amendments of 1967, for a job well done.

The House, and hopefully, the Senate, will adopt the report so that the 23 million American beneficiaries will receive their increased payments on schedule. This is money well spent to improve the living conditions of our older-retired people, the disabled who can no longer work and the widows and their children whose breadwinner died before his family was grown up enough to be self-supporting.

The amendments provide a greater chance for the older person to continue to perform useful work rather than retiring completely by permitting people to earn a little more each month without losing their social security benefits.

The cost of the amendments is provided in a responsible way. Social security taxes will go up gradually as they do in present law, but at a slightly faster rate to assure that the social security program continues to be financially sound into the future.

We have heard a great deal of comment about some of the welfare provisions of the bill and while these changes may not be what everyone would like them to be, they are an honest attempt to break the cycle of poverty that has developed over the years. The amendments do not attempt to preclude welfare payments to anyone. The main thrust of the amendments is to provide people with the tools they need to become self-supporting. The aim is a better life, and a freer life that can be provided under our welfare programs. The rights of the poor are not being denied, rather the poor are to be encouraged to seek the full rights of free Americans. They will be encouraged and helped to a life free from the restrictions and investigations of the welfare program. Thus, what some have called restrictions on the States are not restrictions. The States are free to do what they will, as they are under present law. The bill, however, provides incentives so that more States will take a more active part in raising the poor from welfare to self-support.

I believe the conferees have been diligent in their duty, that they have discharged a difficult task in a most commendable manner and they have presented the House with a bill worthy of our support. If any of the provisions in the bill do not work out as well as we anticipate, the experience will show us how to improve them. The bill is a bold start in an ongoing battle to remove poverty from this land of plenty.

Mr. EILBERG. Mr. Speaker, I rise today reluctantly, in support of the Social Security Amendments of 1967. There are some features in the bill as reported which trouble me. I had hoped that we could get a more substantial increase in benefits. I had hoped that some of the restrictive features as to the new welfare program could be ironed out in the conference between the Senate and the House conferees. I hoped, for example, that the so-called welfare "freeze," which was removed from the House bill by the Senate, would not survive the conference.

But I believe we owe it to the some 23.5 million Americans now receiving benefits to make some increase before this session ends and if some features of the entire omnibus bill prove to be inadequate or too arbitrary, we can change them next year. It is always true, in a bill of the proportions of this legislation that we must make changes on the basis of experience. Meanwhile, while we deliberate on improvement, people will be receiving the higher benefits provided by the bill before us—requiring only our action, and action on the Senate side, to send it to the President for his signature. I am, of course, most immediately concerned with the 70,000 people in the Fourth District of Pennsylvania who will get the 13-percent increase in their benefits provided in the bill.

You will remember, a few days before the last Congress was scheduled to adjourn, we got the announcement that a revision of future cost assumptions, bringing them up to date, brought about savings in the trust fund which, without any increase in the existing tax rate, would finance a benefit increase of 8 percent. This was tempting to some people in an election year, and there was much pressure, I know, on the Committee on Ways and Means to act hastily.

We asked the American people to wait then for the more mature consideration, which has traditionally and appropriately been our course of action in connection with legislation which so vitally affects the lives of all Americans. We felt then that hasty action might not be wise or prudent because of the fiscal responsibility incumbent upon all of us. It would have been easy, in an election year to have acted too fast.

The bill before us today has had that mature consideration. It represents an end product which, I know, has called for concerned consideration and compromise. But it contains an increase of 13 percent—and that is a lot better than the 8 percent proposed for hasty action in the last days of the last Congress.

I think there are some other improvements over existing law in the bill. It would increase the amount people receiving benefits can earn without penalty, from \$1,500 to the \$1,650 proposed by the administration. It will require training for jobs for people on the welfare rolls who are there because they lack the skills required in our modern economy. Sometimes just training in how to read or in basic arithmetic can provide the first step up the ladder of responsibility which can lead to better things for the entire family. I, for one, believe that most of the people now receiving relief want that opportunity. I do not accept the too-com-

mon assumption, on the one hand, that they are lazy and good-for-nothing, and on the other that they are getting too much. Most of them, in my experience, are living on much too little and are looking for a chance to better themselves. Most of them, in particular, are concerned with making it possible for their children to live a better life than they have had. I do not agree with some of the means toward that end provided in the bill. These, I think, however, can be remedied in the next session. Meanwhile, I think we can no longer delay action, growing out of lengthy consideration, which will make better provision for those people now receiving the pitifully inadequate benefits in existing law.

Mr. DANIELS. Mr. Speaker, I rise in support of the conference report of H.R. 12080, the Social Security Amendments of 1967. I do so not because I think this is a perfect bill, far from it, but because we are now in the take-it-or-leave-it stage of the legislative process. Because we are now in the 11th hour of the first session of the 90th Congress, it becomes vital to pass this bill or in fact we may pass no bill at all.

Mr. Speaker, millions of our senior citizens are looking toward Washington for justice, and I think that if we cannot do something for them now, this Congress will have earned the contempt of all persons who think that America's senior citizens are owed top priority during our deliberations.

Earlier this year, I introduced H.R. 2784, a bill which contained a provision setting a monthly minimum of \$100 for all persons receiving social security assistance. To me this seemed a reasonable figure and a long step forward from the present monthly minimum of \$44. However, it was considered not possible to raise the payments to this level this year. As inadequate as the \$55 minimum accepted by the conferees is, it nonetheless is a step forward. Certainly, anyone who is attempting to get by on a tiny sum such as \$44 needs any aid he can get, and for this reason we must do something for those whose need is so desperate.

Mr. Speaker, again I reiterate that this bill is not perfect but, because it is a small step forward, it ought to be supported. As one Member vitally concerned with the well-being of all Americans I pledge that when the Congress reconvenes in January, I shall again continue my fight for our senior citizens by introducing a new bill more closely related to today's high cost of living.

Mr. HAWKINS. Mr. Speaker, H.R. 12080 contains many very desirable, although limited, improvements in the social security provisions of the Social Security Act. It is almost diabolical, however, that such a vehicle is being used to pass regressive public welfare provisions that cannot stand alone.

If adopted, these welfare provisions would change the program for families with young children from one of protection to those children into primitive "work programs" for mothers.

Under favorable conditions it may be some women can both manage their home and work outside. But to deprive a mother of this judgment is to further undermine the family and to force her

into slave labor at low wages and little prospect of improvement. Even more serious, such a practice produces more dropouts and delinquent children.

Also, H.R. 12080 fails to require States to meet in full their own level of budgeted need in public welfare with updating. Thus, a State of higher budgetary standards, such as California, is penalized as compared with those States that provide even less than their own already low standards of assistance.

The myth that all people in poverty are lazy and do not want to work is completely disproved by the facts but lies continue to circulate freely.

First of all, about half of those classified as poor are in families in which the head does work, but at wages too low to provide a decent living. Instead of condemning these individuals, we should attack the conditions that keep people working as submarginal laborers.

Also, while all of us have reason to be concerned about rising welfare costs, the best way to attack the problem is to prevent the conditions that require people to go to welfare offices in the first place. Only about 20 percent of the poor who are legally entitled to welfare are actually receiving it. The 80 percent who are managing somehow to stay off relief rolls receive even less help and commendation from us than those on welfare.

Currently about 7½ million Americans are on welfare rolls. Among these: 211 million are 65 or over; 700,000 are either blind or otherwise severely handicapped; 3.5 million are children in poor families; and 1 million are the parents of these children, mostly mothers and incapacitated fathers.

It is estimated less than 50,000 fathers are capable of gainfully employment and grave questions can be raised as to whether we should insist that the mothers be taken away from their minor children in order to work in low-paying jobs that soon disappear.

Invariably discussion of welfare ends up in dragging in the old issue of mothers on aid who mismanage and who have illegitimate children. These are only a small number of relief recipients hardly enough to explain high welfare costs.

Actually, we are addressing ourselves to only a fraction of 1 percent of the illegitimate pregnancies that occur in American society and we are concluding that these few instances are so shocking to our morality that the majesty of the law must punish the children for the sins of the parents. If this is logical then we should more strongly condemn the higher income groups that annually account for almost 1 million abortions.

The immediate answer to this problem is improved casework, social service, family planning, and home management training.

In the long run, however, our enlightened society must recognize that if we are not willing to make a direct commitment to achieve full employment, we must develop a vast array of tools to achieve what we have committed ourselves to seek—maximum employment. And this involves a lot more educational and training programs, and a much better social insurance system than we have thus far provided.

Mr. HELSTOSKI. Mr. Speaker, as we proceed to close this session of Congress we still have several items of business on the calendar which must be considered before we depart for our home districts.

One of them, the Social Security Act Amendments of 1967, will be disposed of today and will be accepted by an overwhelming vote, even though it presents inequities, which I hope will be corrected through future legislation.

One of these inequities is the provisions which "freezes" the Federal participation in aid to families with dependent children. It appears to me that we are taking a two-faced approach to the welfare of children—throughout the world and those at home.

On the world front we provided assistance to feed the millions of hungry children, yet, at the same time, we are today denying assistance to our own American children the necessities of life. We are doing this through this so-called "freeze" which will deny welfare assistance financed by Federal funds to the many families who cannot provide for themselves. True, we are not cutting them off completely, but we are shunting the financial burden from the Federal level to the States—a proposal which could create havoc with the financial structure of many States.

In my State of New Jersey this program could be catastrophic, particularly on the urban centers. These will suffer grave hardships because it has been nationally recognized that the number of welfare has been maintained at a low level. However, statistics show that an in-migration of such cases into New Jersey is the third highest in the Nation. Under these circumstances, this "freeze" places the entire cost of the increased loads upon New Jersey's State, county, and municipal governments.

Although I shall vote to accept the conference report, because of its otherwise acceptable provisions, I hope that the inequity I spoke of will be corrected by subsequent legislation. I do not feel that we should delay in putting into effect the good provisions of this legislation, just because a part of it has objectionable features. These should be corrected and acted upon with dispatch after the Congress returns to work in January.

Mr. VANIK. Mr. Speaker, as a member of the Ways and Means Committee, I vigorously opposed the effort that was made in committee to freeze entitlement of aid-for-dependent-children rolls. While I shared the concern of my colleagues regarding the mounting cost involved in the welfare program, I never felt that a limitation on expenditure would constitute a satisfactory approach to the problem. In my judgment, it was preposterous to suppose that we could meet our obligation to the dependent children of America simply by saying that there could be no "new" dependent children or that dependent children greater in numbers than those already on the rolls could not receive the benefit of the program.

The need of the dependent child has no relationship to population, census, or percentage-of-increase factors. One dependent child stands equally entitled as any other regardless of where he is born

or where he lives. His needs are not lessened in any way because the State of residence may be suffering an increment in the welfare problem that is not covered by the statute.

I therefore oppose the freeze in aid for dependent children which is incorporated in this conference report. It is impossible for me to understand how we meet our obligation to the dependent and needy children of America by imposing a ceiling on what the fortunate people of America are willing to spend on the unfortunate. It seems to me that other alternative approaches must be made to the problem of rising welfare costs such as family life education, improved home environment, and on-the-job training.

There is considerable reason for believing that the increased cost of the aid-for-dependent-children program may not continue to rise at the same percentage level as it has in recent years. Perhaps a little more time and study on the problem might be more helpful than an outright mandatory dollar ceiling on what the American people are willing to spend to support the needy children of others.

The current freeze on aid-for-dependent-children rolls will cost Ohio \$1½ million annually in Federal reimbursement. The State has no financial means of developing resources to meet the added burden this will impose on State and local authorities.

Following is a telegram that I have just received from James A. Rhodes, Governor of Ohio, protesting the freeze on aid-for-dependent-children rolls:

Strongly urge that freeze on AFDC rolls be removed from H.R. 12080. It would cost Ohio \$1,500,000 in federal reimbursement.

JAMES A. RHODES,  
Governor.

I concur and support the plea which is made by Governor Rhodes. While the parliamentary situation and the approaching adjournment of this session of Congress make extensive deliberation difficult at this time, I hope that we can review this entire matter in the next session of Congress to determine whether a freeze on aid-for-dependent-children rolls is truly a prudent and necessary course.

Mr. QUILLEN. Mr. Speaker, a much-needed social security increase has been long overdue, and thousands of our elderly and disabled citizens have had to bear the burden of the political shenanigans of a few in the White House.

Back in 1966 and again in early 1967, I predicted that the Johnson administration would continue to drag its feet on a badly needed social security increase, using the program as a political football. Unfortunately, my prediction proved correct.

I protested to the President before the end of the 1966 session about the unnecessary delay and said that an across-the-board increase could be made then, rather than later, with no increase in social security taxes either to the employee or to the employer.

I have always fought for the maximum increase in social security benefits without an increase in taxes, and I said

on the floor of the House when the measure was being debated earlier this year:

Mr. Speaker, I have long been a champion of the social security program, feeling that it means so much to our people.

Let us pass this conference report today without any further delay.

Mr. JOELSON. Mr. Speaker, I am very much concerned about the fact that the Senate-House conference has retained the provision freezing Federal participation in the aid-to-dependent-children program. When the bill was originally considered by the House, it came up under a closed rule which meant that no amendments could be offered, but that the bill had to either be accepted or rejected as a package.

I voted for the bill because most of its provisions were desirable and necessary. Social security benefits are inadequate to meet the high cost of living and must be adjusted upwards. However, I hope that we can still send H.R. 12080 back to conference so the freezing of Federal participation in the aid-to-dependent-children program can be eliminated, and I will support efforts to do so.

I have received a telegram from the commissioner of the department of institutions and agencies of the State of New Jersey, Lloyd W. McCorkle. He has stated that the freezing provision "can be catastrophic for New Jersey." He has warned that cities in New Jersey will suffer because the migration of underprivileged to the State would place the entire cost of the increased burden on State, county and municipal governments. He is knowledgeable in this field, and I for one respect his judgment in this matter.

Mr. PELLY. Mr. Speaker, I have heard that if the conference report on H.R. 12080 to amend the Social Security Act is rejected by the House today, any action to increase benefits is dead for this session. Not only is it dead for this session, but it will spell the death of such legislation in the next session. In other words I have heard if Congress does not accept the measure in the form it comes to us today, there will be no legislation to amend the Social Security Act until 1969.

In this connection, it seems to me the good in this bill far outweighs the bad. So I intend to vote for it in spite of the fact that my State of Washington will suffer substantially under certain of its provisions having to do with public assistance. For the record, however, I wish to read into the RECORD a telegram I received this morning from Gov. Dan Evans, of my State of Washington, as follows:

OLYMPIA, WASH.,  
December 13, 1967.

HON. THOMAS M. PELLY,  
House Office Building,  
Washington, D.C.:

Conference version H.R. 12080 has many excellent provisions but we strongly object to certain provisions which will seriously impair the public assistance program in this State.

1. Limitation on Federal participation in AFDC for children deprived by absence to proportion existing in 1st quarter 1968. This State is under threat of a restraining order which could remove residence requirements and increase the proportion of population technically eligible for AFDC. A maximum related to proportions prior to removal of residence is inappropriate. Population estimates

neither sufficiently refined nor timely to be effective or equitable as caseload controls. Although we share with Congress its concern with the AFDC program, States such as Washington which have rehabilitated AFDC mothers and kept caseloads down are penalized.

2. Requirements for substantial attachment to labor force to be eligible for AFDC penalizes an unemployed family which stays together, since if the father were to leave home his family would be then eligible for AFDC.

3. We oppose transfer of the community work and training program currently administered by local public offices to the Department of Labor with its concentration of authority at the Federal level. Local public assistance agencies have greater knowledge of work and training needs of recipients and could affect more timely assignments. The State of Washington has current assistance standards, provides a broad medical care program, rehabilitative services, and is interested in a good welfare program. We urge the H.R. 12080 be returned to conference for further consideration and appropriate changes in these three critical areas.

DANIEL J. EVANS,  
Governor, State of Washington.

Mrs. MAY. Mr. Speaker, this morning I received a telegram from the Governor of my State of Washington, the Honorable Daniel J. Evans.

The Governor is deeply concerned over three provisions in the conference report on H.R. 12080. I believe this concern on the part of the State of Washington is justified and I therefore would like to discuss these areas of the conference report.

First, this bill provides that Federal matching funds for the AFDC program will be limited by a percentage determined in which the numerator is the number of children currently on the AFDC rolls as of January 1, 1968, and the denominator is the population of the State. As long as an individual State's population and AFDC recipients increase in direct proportion to one another, then the amount of the Federal matching money for the program will also increase. However, if the number of AFDC recipients increase at a faster rate, the percentage determined under this formula will be exceeded and there will therefore be no increase in the Federal matching money for the excess.

Now, what makes this a particularly acute problem in the State of Washington, and I know there are a number of States in which this same problem exists, my State is under the threat of a court restraining order which could remove the existing residency requirements for eligibility of recipients under the AFDC program. If such a restraining order becomes fact, the proportion of the State population technically eligible for AFDC payments would be increased. The burden which would be placed on the State of Washington, and all other States in which residency requirements are under the threat of being eliminated by court action, is obvious.

For this reason, Mr. Speaker, the Governor of my State feels, with ample justification, that a maximum related to proportions prior to the removal of residency requirements is inappropriate. States such as Washington, which have rehabilitated AFDC mothers and have kept the caseloads down are penalized.

The second area of concern on the part of the State of Washington relates to the requirements for substantial attachment to the labor force to be eligible for AFDC. This, the Governor feels, penalizes an unemployed family which stays together. If the father of the family leaves home, his family would then be eligible for AFDC payments. I feel the Governor's point is valid.

The third area of concern is the provision transferring the community work and training program currently administered by local public offices to the Department of Labor, with its concentration of authority at the Federal level. Governor Evans, with justification, can point with pride to the work of the local public assistance agencies in the State of Washington, which have demonstrated their greater knowledge of the work and training needs of recipients and which can and do affect more timely work assignments. The State of Washington has current assistance standards, provides a broad medical care program and rehabilitative services, and is definitely interested in a good welfare program.

May I add this comment, Mr. Speaker: I think we have in charge of the Washington State Department of Public Assistance a fine and able administrator in the person of Sidney Smith. He has, since taking over these duties under Governor Evans' administration, given new direction and new esprit de corps to the entire department, to use the Governor's words. He has instituted fine programs that have helped to put recipients back in jobs and these have been highly successful programs that have saved the State several millions of dollars.

In view of this, Mr. Speaker, I believe you can understand and appreciate the concern of my Governor over these three specific provisions in the conference report which could seriously impair the public assistance program in the State of Washington.

Mr. REID of New York. Mr. Speaker, although I intend to vote for the conference report here before us, I must confess to very serious reservations about certain of its provisions. Specifically, I refer to the welfare and medicaid provisions which, by substantially reducing the levels of Federal contributions to States like New York, will cast into jeopardy the lives and well-being of our poor and disadvantaged.

The welfare of our needy citizens is a national problem—in scope and solution. We should not abdicate our responsibilities here in Washington by casting upon the States an inordinate share of this problem. Nor can we blithely ignore the critical problems before us with a sweeping statement that the States, of course, are free to fund welfare and medicaid programs at such levels as they may choose.

Let me but note in brief the impact which these provisions would have upon the State of New York and its largest metropolis, New York City. Mayor John Lindsay has estimated that the total burden to be cast upon both the State and city under the conference report's welfare and medicaid provisions could reach some \$150 million. Whereas the

Federal contribution to New York State under the medicaid program for fiscal year 1970 would have been some \$491 million under the present provisions, under the conference report this figure will be slashed some \$62 million to approximately \$429 million. The ceiling of \$6,000 for a family of four—in terms of eligibility for medicaid—will be reduced to \$3,900 under the formula contained in the conference report.

This is not a minor matter. In a joint telegram to President Johnson, Governor Rockefeller, and Mayor Lindsay stated that the reduction in Federal aid "would create a grave fiscal situation in the State and would precipitate a fiscal crisis in the city. They added:

The net result is certain to be major hardship and suffering for Americans most in need—poor families and especially their children.

The provision of this bill which would put a freeze on the ratio of children from fatherless homes who can qualify for welfare is archaic in its conception and inhuman in its treatment of the poor. It would affect adversely some 126,000 children in New York City alone over the next 18 months. Mayor Lindsay estimates that to care for them without Federal assistance would cost the city about \$30 million. As the New York Times has so aptly put it:

This provision faces the states with the option of sterilizing mothers or letting children starve.

The bill passed by the other body originally offered a true incentive to welfare recipients to earn additional income by permitting them to retain the first \$50 of monthly outside earnings and 50 percent of additional amounts. These figures have been pared to \$30 and 30 percent, respectively. A proposed job-training allowance has been sliced from \$20 per week to \$30 per month.

I have praised those provisions of the bill which reflect a more forward-looking understanding of the critical problems of welfare in our Nation. The day care, child health, and family planning programs—although reduced in scope in the conference report—will help to alter the character of welfare and encourage greater initiative on the part of its recipients.

But this is not a time for half measures which raise the hopes of the poor in one breadth and dash them in the next. I regret that I shall not have the opportunity to vote to recommit this conference report with instructions to the managers on the part of the House either to alter the provisions I have referred to or to accede, where appropriate, to more progressive Senate provisions. I do hope that in succeeding sessions of the Congress we shall place high priority on rectifying some of the injustice being done today if the Senate fails to take action in this regard on this conference report.

Mr. **BUTTON**. Mr. Speaker, some of the provisions in the social security amendments bill we are considering today shall probably go down as the most restrictive, regressive ever to pass this House. Had the measure not been subject to a closed rule earlier in the year with

no opportunity for amendment on the floor, I am sure these provisions would have been deleted. I had hoped that the more enlightened provisions of the Senate bill would have been adopted, but the bill's "niggardly spirit" remains.

The opportunity to break from the closed rule tradition of such a measure availed itself this summer, when a number of my colleagues suggested to the Rules Committee that this year's consideration of the bill be under a modified closed rule which would allow amendments, at least, to those sections of the bill which dealt with payments to States for public assistance and payments to individuals for old-age and social security benefits. But this effort failed, and as a result, the rule under which the bill came to the floor did not permit an opportunity to strike the more objectionable features of the bill. For those who are opposed to the provisions of today's conference report, the only alternative, under these circumstances, would be to scuttle the entire social security package, which would only further delay the help needed for thousands of worthy citizens.

My State of New York will be drastically affected by the provision of this bill which will reduce the number of persons on local welfare who would qualify for Federal aid. This, of course, is a coercive provision, intended to trim the welfare rolls through forced training and employment of recipients. Punishing family members—including mothers, when deemed "appropriate" by the State—who refuse to take available jobs or participate in work and training programs, is in my opinion a despicable and punitive device that can do nothing but encourage unemployed fathers in welfare families to quit their homes and force mothers to work who should be in the home caring for their children.

Another punitive provision, which I disagree with deeply, is the State-by-State freeze beginning January 1, 1968, on the proportion of children eligible for federally subsidized aid under the aid-to-families-with-dependent-children program. This provision alone will cost New York State millions of dollars, if we are to continue to meet our responsibilities.

These provisions, in effect, punish the poor for being poor, abruptly altering the direction and vision of this country's social responsibility that was born in 19th-century America and which has grown into remarkable national programs of care for our indigent and needy.

Many of my New York colleagues will agree, I am sure, that certain provisions of this bill tend to discourage the liberal assistance programs our State has instituted. The objectionable features of this bill will only place an additional burden on already financially overburdened States to assume the portion of the costs which no longer will be available from the Federal Government or force these States to cut back their programs. I do not think this is just or financially sound.

Also, Mr. Speaker, our elder Americans, those who have contributed so much to the growth and prosperity of our Nation, were first promised benefit increases effective July 1 of this year. This date

passed and finally we are about to agree here today to make these benefits payable for the month of February 1968, not to be reflected in benefit checks received until March. There is no sound financial or other reason why these payments could not have been made retroactive, effective, at least, back to October 1, 1967. This would have given our senior citizens a lump-sum payment from the existing surplus in the social security fund. Our failure to include such a retroactive clause in this bill is especially trite and niggardly in view of action taken by this body earlier in the week giving Government employees a retroactive pay increase effective October 1 of this year.

Mr. Speaker, I had hoped that the changes in the existing law would have truly compensated for the rising prices and hardships now facing families living on fixed incomes, but I am not sure this bill will serve the purpose of increasing their buying power or catching up with rising costs of living, and especially not if the administration's tax-increase proposal is enacted next year.

If we seriously wanted to significantly improve the lot of those in the lower benefit categories, we should have raised the ceiling on outside earnings by social security beneficiaries. We could have also made medical payments 100 percent tax deductible for our elder citizens, as the law provided before 1965. But as the bill stands, there is only a token increase in the earning ceiling—\$1,680. Realistically we should have adopted the Senate version calling for a \$2,400 ceiling. The bill should have also established an automatic cost-of-living increase applicable to the benefit schedule. This would have kept the beneficiaries' purchasing power stable during inflationary periods, and would enable senior citizens to maintain their well-earned dignity instead of periodically begging Congress for increases to offset inflationary trends. Certainly much remains to be done.

Mr. Speaker, I regret that it was impossible to make the changes I have suggested, and I equally regret not being able to register my dissent in the form of a vote against the aforementioned undesirable provisions in this legislation, which I fear will worsen the conditions of poverty that far too many Americans find themselves in today.

Mr. **MILLER** of Ohio. Mr. Speaker, I wish to add my support to the social security amendments now being considered by the House.

We cannot ignore the plight of many elderly citizens for whom social security payments are the only source of income. These citizens' with their income fixed by law are helpless in the whirlwinds of inflation which now erodes their pension and forces them to lower their standards of living. Since the prime cause of inflation has been ever increasing spending by the Federal Government, it is that same Government's responsibility to do what it can to correct this injustice. In this case, the only course of action is to increase their social security benefits, while also broadening the base by which the Government collects social security revenues. For these reasons, I urge the passage of the social security amendments now before us, and I also urge a

halt to other unnecessary spending programs that serve to nullify these increases by contributing to the continued devaluation of our dollar.

I would also like to urge at this time Mr. Speaker, that a more equitable adjustment be made in the outside earnings provision of this bill. The bill before us will increase the outside earnings capability of individual social security recipients from \$1,500 to \$1,660. This I feel is insufficient. I strongly recommend that this section of the bill be changed and that a raise be made which would permit social security recipients to earn up to \$3,000 a year.

There is no limit on the amount a retired person can presently receive from such sources as interest, rents, royalties, and dividends without losing any portion of his social security payments. Many retired persons who need and would like to earn additional income from wages or salaries are discouraged from taking part-time jobs because they would have to forfeit much or even all of their social security payments. They need and deserve better incentives to improve their income position.

Mr. COHELAN. Mr. Speaker, I will today cast my vote for the social security bill. However, I do so with deep regret over the many regressive and inadequate provisions of this legislation.

The bill raises the social insurance payments from a minimum of \$44 to \$55. But do we all not know that it just is not possible to live decently on \$55 a month today? The bill raises the social insurance payments by 13 percent. But the payments were not sufficient before, and prices are rising. The bill raises the allowable earned income ceiling to \$1,680. But is this realistic?

But as inadequate as are the social insurance provisions, they are not the worst villains in the bill. The real malevolence is in the welfare provisions. Some of these are shameful. In the apt words of the New York Times, these provisions "strip those on the relief rolls of what dignity has been left to them."

What are these malevolent provisions?

One limits the amounts of Federal assistance available for children from homes with only one parent to the level which exists on January 1, 1968. Thus the States, whose resources are already stretched drum tight, will face the prospect of allowing children to go hungry. The avowed intent of this provision is to discourage fatherless homes. But how can starving the children of these unhappy homes solve this problem?

Another odious provision of the bill is one of omission. The bill reported by the conference dropped the Senate provision which would have required all States to provide aid for dependent children even if there was an unemployed male in the household. This provision would have done away with the stealth and family disruption which has so often been fostered by the so-called man-in-the-house rules.

Other provisions of the bill provide so-called incentives to employment for the recipients of welfare. Do we really believe that the problem is that those on relief do not want jobs and a better life?

Is the problem not one of inadequate physical ability, insufficient skills and education, discrimination, and the simple lack of job opportunities? And is the exclusion of \$30 a month in earned income together with one-third of all other income a real incentive in any event?

Mr. Speaker, I will vote for this bill because of the important benefits it provides, but I deplore the shortsightedness and neglect inherent in several of its provisions—especially those concerning social welfare—and I will in future sessions work to see these provisions corrected.

Mr. BOLAND. Mr. Speaker, the 13-percent increase in social security benefits provided for the elderly in this bill is vitally needed by more than 23 million Americans under the program, so I am going to vote for the conference report, although I am opposed to certain provisions with respect to aid for families with dependent children and the medicated programs.

Wages have increased and the cost of living has gone up. Our older people receiving social security benefits need this 13-percent increase to bring their monthly checks up to a level commensurate with increased living costs.

The bill also provides for an increase in the amount of payments for the special group of people 72 and over who, because the work they were doing in their younger years was not covered by social security, cannot qualify for full benefits. It increases the amount of special payments they can receive from \$35 a month for an elderly man or widow to \$40.

Another desirable feature of this legislation increases the annual earnings exemption from \$1,500 to \$1,680 that an older person can receive without having any social security benefits withheld. I have long supported and sponsored legislation to accomplish this end.

Mr. Speaker, I am opposed to the regressive provisions written into the House bill, and now agreed to in this conference report. They are: The January 1, 1968, ceiling on the percent of children with respect to whom Federal aid to dependent children payments may be made to a State; and the mandatory provision on the States, beginning January 1, 1969, to encourage State and local welfare agencies to put pressure on mothers of dependent children to leave home and go to work.

I reiterate again what I said on the floor of the House when this bill was before us on August 17, these provisions would have an adverse effect upon the welfare of children and will not contribute to the strength and integrity of families. In his telegram to me expressing opposition to this conference report, George Meany, president of the AFL-CIO, said of these provisions on behalf of his labor organization:

We deplore punitive welfare provisions in report which unfairly and unjustly penalize nation's poor just because they are poor.

I also received a telegram in opposition to these provisions from Msgr. Joseph A. Russell, Rev. Vincent M. O'Connor, and Rev. George Jacoby of the Catholic Charities Organization for the Roman

Catholic diocese of Springfield, Mass., which embraces my Second Congressional District, as follows:

We strongly oppose the proposed limitation of AFDC caseloads in H.R. 12080. We urge you to vote against this proposal.

The American Jewish Congress, in a telegram to me signed by its president, Laurence Locke, took a similar position, and I read:

Horrified Conference Committee recommends case load freeze January, 1968. Action ignores normal population growth. Children must not hunger. States cannot bear additional financial responsibility. Urge you oppose conference report with restrictive provisions.

Mr. Speaker, I hope that these restrictive and regressive provisions will be stricken from the Social Security Act by legislation in the next session of the Congress. I think we have to get this bill out before we adjourn because there are 23 million people waiting for increases in benefit payments on which they depend for a living, and they cannot wait another year because living costs are going up every month. Therefore, I am going to vote in favor of the conference report because of its many good provisions, but reluctantly so because I am opposed to the restrictive welfare provisions.

Mr. RYAN. Mr. Speaker, the conference report on H.R. 12080 can hardly be described as a compromise between the House and the Senate bills. It is the House bill with slight modifications which makes it hardly more palatable than the bill which passed the House on August 17, under a closed rule, against which I spoke and voted and which made it impossible to separate benefits under the old-age, survivors, and disability insurance program from the public welfare amendments.

The rules of the House have again been used to deprive us of any opportunity to change the conference report or to separate the social security benefits from the public welfare provisions. The motion to recommit, proposed by the gentleman from California [Mr. UTT], would reduce the already inadequate benefit increases. So it is unacceptable and would not serve as a vehicle to improve the bill. I am opposed to ordering the previous question because, if it were defeated, then a motion to instruct the conferees to amend the restrictive medicare and welfare provisions, and to increase benefits, would be in order. Since the previous question was ordered, we are confronted with the alternative of either accepting the conference report with all of its deficiencies or of denying to 23 million senior citizens the benefit increases—adequate as they are—which they desperately need.

The administration requested an increase in social security benefits to a minimum of \$70 a month, with across-the-board increases of 15 percent, which was incorporated in the Senate bill. On the other hand, the House approved a much lower minimum figure of \$50 a month, with an across-the-board increase of 12.5 percent. The conference report figure before us today is closer to the House bill. Fifty-five dollars a month,

which the conference report establishes as a minimum, coupled with an outside earnings limitation of \$1,690 annually, continues a living standard below the poverty line. It is totally inadequate.

The actions of both the House and the Senate with respect to title XIX were devastating to a program which for the first time made hospital and medical care available to people who are medically needy but not welfare recipients.

The Senate bill provided an income eligibility ceiling for medicaid which was 150 percent of the income limitation for old-age assistance. The House established an income eligibility limit at 150 percent of the actual AFDC payment level. This will be 133 $\frac{1}{3}$  percent as of January 1, 1970. The conferees accepted the House formula which is more restrictive than the Senate formula.

The effect of the new medicaid formula is to discriminate against the more progressive States which have chosen to provide medicaid not just to indigent persons, but to moderate-income families. For example, in New York State the income limit for a family of four is \$6,000. That will have to be reduced to \$5,292. New York City and New York State together will lose \$40 million annually in Federal funds for the New York City medicaid program.

The most discriminatory feature is the welfare-freeze provision which limits AFDC payments to a State to a ratio based on the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

The freeze will adversely affect the large industrial States like New York, California, Illinois, which are the recipients of the migration from the rural South which will lose nothing in Federal payments through this amendment. These States will be forced to pay welfare benefits themselves or to abandon these families.

It is argued that the work training feature will reduce the AFDC rolls. But this is coercive and will contribute to the breakup of families.

Under the Senate bill, there were work incentive for welfare recipients which exempted the first \$50 per month and one-half of the remainder of outside income from consideration in determining the need for assistance. Mothers of children could not be forced to report for work training, while the children were home from school. Under the Conference report, the incentives have been cut back to the first \$30 per month and one-third of the remainder of outside income. Mothers of children at home are not excluded from work training.

The Senate bill required States to provide AFDC assistance when an unemployed father is in the home. This constructive provision was omitted from the conference report.

A requirement adopted by the Senate that drugs under Federal medical programs be prescribed under their generic names was eliminated.

Major administration proposals including disabled social security recipients under 65 in medicare, raising State welfare payments to the minimum subsist-

ence level, and extending social security benefits to farmworkers were not incorporated in either the Senate or House bill.

The restrictive and coercive welfare provisions of the conference report, the imposition of unreasonable requirements for medicaid, the meager increases in social security benefits, the fact that social security beneficiaries who also receive public assistance will not get any actual increase in total income absent State action—all are undesirable features of a piece of legislation which is a bitter disappointment to the poor and the elderly.

Efforts to help our citizens who are in the most desperate need are attacked as "welfare statism."

Why is it that the welfare state is perfectly acceptable when the recipients are the well-to-do? We have a welfare state for farmers in price supports; we have a welfare state for the auto and construction industries in the highway program; we have a welfare state for oilmen in depletion allowance loopholes. But let the cities and the involuntary indigent cry out for a minimum standard of decency, and the response of the Congress is repression and coercion.

When will justice be done?

Mr. BOLAND. Mr. Speaker, I rise to express my disappointment that this conference report on the Social Security Amendments of 1967 does not include the Senate-passed provision to allow schoolteachers in States where they are not covered by social security to elect to participate in the hospital insurance program as long as they are willing to pay their own way.

It is my understanding that there are more than 689,000 public school teachers across the Nation in various States covered by retirement systems of their own, but they do not have programs similar to medicare's hospital insurance coverage available to them.

The provision deleted in conference was sponsored by Senator RIBICOFF last February 24 as S. 1071, and was incorporated in the Senate-passed bill. It is my understanding that the Department of Health, Education, and Welfare gave its approval to the amendment, but it was deleted in conference because of opposition by the National Conference of State Social Security Administrators who want more time to study the provision.

Mr. Speaker, I regret that in voting for this conference report it does not contain the provision which the schoolteachers in my congressional district favor as vital and necessary to their future welfare.

During the last few days I have received telegrams asking my support for reconsideration of this provision from the East Longmeadow Teachers Association; Henry J. North, president of the Longmeadow Education Association; Robert V. Dooley, executive secretary of the Springfield Education Association; and Stephen R. Jendrysik, corresponding secretary of the Chicopee Teachers Association.

We have no opportunity here to vote for reconsideration of this one provision, of course, because the vote will be to accept or reject the entire conference re-

port on a bill which provides for a 13-percent increase in benefits to some 23 million elderly Americans receiving monthly social security checks, and other beneficial and desirable provisions.

Therefore, I regret that this provision to allow schoolteachers in certain States to elect to be covered by the medicare hospital insurance coverage of the social security program is not in the final bill, and I hope that the members of the Ways and Means Committee will hold hearings and take action on this proposal in the next session.

Mr. MILLS. I now yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, this bill before us, the Social Security Act of 1967, is a bench mark in the history of the social security system. It is an important piece of legislation. The bill was worked out by the Committee on Ways and Means—all 25 members of that committee—after lengthy hearings and lengthy executive sessions. At the conclusion of that work it was jointly introduced by the chairman of the committee and by myself.

The committee in working on this legislation attempted to do a constructive job in a bipartisan manner.

In my opinion, Mr. Speaker, we were successful. This bill represents a reasonable balance between the needs of the millions who are currently dependent upon social security benefits on the one hand and the millions of workers and employers on the other hand whose social security taxes will rise in order to finance these benefits.

Also, Mr. Speaker, the bill represents in my opinion a recognition of the problems of the poor whom society must assist—the depressed, the aged, the dependent children on the one hand, yes, and the general taxpayer on the other hand.

But, Mr. Speaker, if the aged and the poor are to be really served, it is time that the demagogery stop. It is time that we call a halt to some of the loose and careless statements that are being made with reference to this bill.

Mr. Speaker, I am amazed at some of the careless statements that have been made about this legislation. Our action has been labeled as regressive.

However, Mr. Speaker, the bill which is now pending before us is a sound and basic bill and is one which will not inflict injustice or other penalties upon the Nation's poor.

To those who say that the benefit increases in this bill are inadequate and meager, let me say this is pure demagogery. This represents the largest increase in benefits in the history of this program. It comes only 2 years after an increase, passed in 1965, which amounted to 7 percent. Admittedly, it would be nice if we could forget about any ceiling on benefits. But anyone who states that we have not given considerable concern and support to increasing benefits, just does not know what he is talking about, and either has not read

the bill or does not understand its provisions.

Let us look at it in dollars and cents. For a full calendar year the benefit increases in dollars that will be added to the social security checks will be \$3.7 billion. This is not a niggardly amount. In just 10 months of 1968, the amount of money going to these people will be increased by \$2.9 billion, or almost \$3 billion.

Mr. Speaker, one wonders what one has to do in order to satisfy some of these people who are making these outlandish statements today.

Then, Mr. Speaker, we also have to face up to the problem of how we are going to pay for these benefits. Therefore, let us take a look at that other side.

Mr. Speaker, on a regressive tax base, we are asking the taxpayers of this country—we are asking every wage earner, every person, no matter what his dependency or financial condition may be—to pay a tax upon the first dollar he earns.

Mr. Speaker, in 1968 the bill produces \$1.5 billion of additional taxes in order to pay for these benefits. The following year, the bill produces \$5.6 billion in increased taxes in order to pay for these increased benefits.

Permit me to suggest to some of the critics that if they are concerned about the maintenance of this system, its actuarial soundness, and its capacity to meet the needs of the older people, they had better be careful that they do not so load down the system with benefits that it collapses of its own weight.

There are occasions when we must try to save the social security system—and the benefits that it provides for our older people—from those so-called friends who would wreck it by so weighting it down that the taxpayers no longer will be willing to support it.

Mr. Speaker, in my opinion this represents a reasonable compromise. I believe our people will be willing to pay the increased taxes provided for in the bill. But mark me, a day can come when if you look only at the benefit side, you will have a situation where the current workers who must pay the tax, refuse the burden such benefits impose upon them. Then the whole system is in danger. Then the older people who have become dependent upon the system will really need to worry, and then we will be doing them a disservice.

To those who would claim that we were absolutely unconcerned for our poor, and those in need of assistance, let me point out that today we are paying out \$4.5 billion under public assistance programs that are encompassed in this bill in addition to the old-age and survivors and disability and health insurance programs. On straight public assistance, the Federal Government spends \$4.5 billion—and that amount is growing.

When they talk about the plight of our dependent children—and certainly we have to do what is right by those children—let me point out that we are also doing much today, and yet some of the statements that are made would make it appear that we have just turned our backs on them.

Ten years ago in 1956 we had 646,000 families under aid to families with dependent children program involving 2.4 million recipients of aid. Today we have 1.2 million families and 5 million recipients. This program alone is costing \$2 billion.

This bill does not turn its back on these recipients of aid. What it does do in many cases is to show that we want to try to do something about their problem, and not be content merely to send them a check from Uncle Sam, or a relief check.

We insist that there be programs of rehabilitation.

We insist that there be programs so that the people who are capable of learning a trade and forming work habits, have available the training to get a job. Those people who are able to work should be given a chance to work for their self respect. That is the American system. And that is all that this bill seeks to accomplish. It does not strike one child off of the relief rolls.

When the critics talk about the bill cutting back it is just a bunch of malarkey. There are some restraints that will require the States to make the effort to get off assistance, and onto jobs. That is sound.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MILLS. Mr. Speaker, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. The whole tenor of my remarks, Mr. Speaker, is: Let us look at what the bill really does, and ignore the labels that have been cast about by people who I am fearful have not even read the bill.

Mr. JOELSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. No, I do not have the time to yield.

As I said, these critics have not even read the bill carefully enough to understand what is being attempted and the improvements that are made. I would suggest that these people, who call this a shameful bill and talk about unjust penalties and virtual slavery, read the bill, and they will find that this is not a case where we suggest that a person be trained, and take a job, regardless of circumstances. We say that if an individual is found to be capable of taking training and working, and, if the situation makes this possible, then that individual should try to move into a situation where he can be dependent upon himself rather than on welfare checks.

Is that not what we should all be looking for, and is that not really what these people should want? I can think of very few people who would prefer to be looking to some governmental agency for a check if they could be working.

All true Americans want to stand on their own feet and this bill looks toward making that possible.

Those who call this "slavery" have not even read the language of the bill.

In my judgment, Mr. Speaker, this is a good bill. It is a bill that will go down in history as a benchmark in the social security system.

Mr. Speaker, I hope that this Congress will support it.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. UTT], a member of the conference committee.

Mr. UTT. Mr. Speaker, I would like at this time to pay my respects and regards to the chairman of our committee. I share his hopes for the future and over the future of the system. But I have a greater fear than he has that this clamor that we hear on the outside about more social security, and more welfare is going to take over and destroy the entire social security system.

We have heard a great deal about the benefits being paid under this bill. But not too much attention has been given to the cost; who pays this cost and how much it is going to cost.

Under social security next year, the additional cost will be about \$2.9 billion and \$3.6 billion in 1969.

When I came to the Congress this year I promised that I would not vote for any increase in taxes, but that I would vote for a decrease in spending and try and stop in some way the cost-push inflation that is taking place in the country today.

This tax bill of \$3.6 billion is going to fall on the employer, the employee and the self-employed.

It amounts to about a 16-percent increase in his taxes and to me that is a substantial tax.

There has been much moaning and gnashing teeth about the cost-push inflation. I will say that the bill before us today will add to that cost-push inflation. It adds to the high cost of employment.

For example, in California it costs more than \$3,000 a year of payroll tax in order to employ a \$10,000 a year man.

That is broken down as follows:

	Percent
Social security tax .....	4.4
Unemployment insurance.....	3.7
California disability insurance.....	1.0
Federal employers' excise tax.....	1.0
Group insurance.....	3.87
Pension plan for employees.....	4.91
Employees' vacation fund.....	3.23
Apprentice fund.....	1.0
Workman's compensation.....	8.46
Public comprehensive insurance.....	1.7
Total payroll.....	31.84

So when he employs a man at \$10,000 a year, he has to not only have that \$10,000 a year, but he has to have \$3,000 to pay the payroll taxes—and social security is a part of this and will add to it again.

Mr. Speaker, at this point I ask unanimous consent to have a letter from Walter Dewhurst setting out the payroll deductions which he has to make, printed in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The letter is as follows:

DEWHURST & ASSOCIATES,  
La Jolla, Calif., February 1, 1967.

HON. JAMES B. UTT,  
House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN: It will be your duty to study, debate, and vote on many issues of national importance during the coming year. One of them will no doubt be the proposal to further increase social security—both as to benefits and costs.

The very responsible publication—U.S. News and World Report asks—is social secu-

rity to get out of hand? I have enclosed a copy of their article for you use.

Unfortunately, the article clearly implies that our social security costs are considerably less than other countries listed—in fact it states that we are only beginners in the field. Nothing can be farther from the truth. Let me give you an example.

As a general contractor in California the following items of social security must by law be paid to the respective agencies.

	Percent
Federal Insurance Contributions Act.....	4.4
California unemployment insurance.....	3.7
California disability insurance.....	1.0
Federal employers excise tax.....	1.0
Employees group insurance—Health, 18¢ per hour.....	3.87
Employees pension trust 25¢ per hour.....	4.91
Employees vacation trust 15¢ per hour.....	3.23
Employees apprentice fund trust ½¢ per hour.....	.10
Workmans compensation.....	8.46
Comp public.....	1.17
<b>Total (does not include tax on employees).....</b>	<b>31.84</b>

Obviously these figures will vary from industry to industry and state to state but when social security costs are considered please keep the entire picture in mind.

Best regards.

WALTER DEWHURST.

Mr. UTT. Mr. Speaker, I signed the conference report because I think we did the very best we could between the House bill and the Senate bill. About 90 percent of the conference report is the House bill. I think that we improved it considerably, with one exception. We added about \$200 million a year more in cost to it. While I signed the report, I am going to offer a motion to recommit to the conference committee in order to bring the bill back in compliance completely with the House-passed bill.

I know the bill will be passed, but I just feel that we are looking down the road to complete socialization, to the complete nationalization of medicine. I predict that within 30 years from today medicare, medicaid, hospitalization, doctors, nurses, and the pharmaceutical industry will be nationalized 100 percent and will be under the control of the Government. That will be because of the pressure we are seeing on the outside today by those people who want more than they are getting under social security. It will come from the people under 65—and I do not blame them—who do not get medicare from the Government, who do not get the benefits that older people get. Yet they have to put up their own money to pay their bills. They will demand more and more and more. The result will be that we will nationalize the medical business, the hospitals, and the doctors. This will result in a decrease in the quality and quantity of medicine, now so available under the free enterprise system.

Mr. BUSH. Mr. Speaker, I would like to compliment the members of the conference committee on the excellent job they did under extremely difficult conditions.

Most of the criticism of this bill fails to take into account the overwhelming statistics regarding the AFDC recipients. There are communities in my own State of Texas with families on their third generation of welfare. This cycle of pov-

erty has to be stopped without placing undue burdens on the working man. This program does this through the use of job training incentives. If the States, and I am sure they will, will utilize the training provisions of this report, they will be able to drastically reduce the size of the AFDC rolls.

Somebody has to stand up for the man who is working for a living, trying to educate his children and trying to feed them as costs rise out of sight. The Ways and Means Committee kept this problem in mind and tried to put meaningful ceilings on some of the welfare programs—tried to reduce in the next generation the size of the AFDC rolls. And yet it was done without wantonly or cruelly slicing people from the rolls.

This report contains the largest benefits increase in history. It provides many built in incentives to encourage people to go out and get jobs. This is not cruel legislation, it is meaningful legislation designed to protect the unrepresented American who is out working for a living from a continuing increase in his social security taxes. It helps the poor, yet it protects the integrity of the system itself.

And lastly, this bill at least tries to recognize the plight of the forgotten man—the young man with a family. Some day this young man will rebel against a system which makes the benefits unrelated to wages. At least he has some hope from this bill. At least it does not raid the treasury for extensive general revenue financing—and the benefits are more wage related than under the administration bill.

I strongly support this report. All of us would like to do more, but legislation like this must be considered with reference to the overall tax burden.

Mr. MILLS. Mr. Speaker, I yield the remainder of the time to the distinguished gentleman from Louisiana [Mr. Boggs].

The SPEAKER pro tempore. The gentleman from Louisiana is recognized for 14 minutes.

Mr. BOGGS. Mr. Speaker, in my judgment this bill represents probably the most diligent effort that Congress has made since the inception of the social security program to bring the program up to date and to provide for our people who are dependent upon that system.

Let me first tell you some of the things that this bill does, some of the benefits that are provided in the bill, and let me spell them out so that everyone can understand them.

In the first place, the additional monthly benefits for a man and his wife are increased from \$145 to \$165. The minimum benefit is raised from \$44 to \$55 a month. The maximum benefit is increased for a single worker from \$168 to \$189.90 a month. In terms of dollars, as the distinguished gentleman from Wisconsin, the ranking minority member, pointed out, in a full year of operation it means \$3,700,000,000 to the social security beneficiaries of this country. That is an enormous increase in benefits.

Let me spell out to you what the previous dollar increases in cash benefits have been. The 1950 amendments amounted to \$1 billion per annum.

In 1954, it was \$1.1 billion per annum; in 1958, it was the same amount; in 1965, it was \$1.6 billion per annum; in this bill, it is \$3.7 billion in a full year of operation.

At the same time we have kept this system, as the distinguished chairman of the Ways and Means Committee pointed out, actuarially sound, which I think every thoughtful American understands and appreciates.

That is not all. Let me tell about some of the other new provisions in the bill that have not been discussed here today.

The retirement test, by which many people have their benefits reduced after they reach age 65, has been liberalized to such an extent that 760,000 people not now participating will be able to participate at a total cost of about \$175 million a year.

We have established a new category for disabled widows. Heretofore a disabled widow would not qualify as a result of her disability. Today she can qualify under this bill at age 50.

We have increased credits for people serving in the armed services. So this is brand new in this act. A serviceman will get credit for service pay as payment which can be calculated in establishing his benefits when he reaches retirement age.

In the case of hospital insurance, or medicare, we have tremendously improved this legislation. For instance, we have given a 60-day lifetime reserve for those who have exhausted their hospital care under the basic 90-day period. We have made it easier to process doctors' bills. We have provided a system to expedite payment of hospital bills without unnecessary redtape, and we have provided for payment in the case of non-participating hospitals, under certain conditions.

Finally, let me point out that in the welfare provisions that have been subjected to a certain amount of criticism here, nevertheless in fiscal year 1968, we provide \$265 million in new benefits that are not now provided for in the law.

Let me also point out that in the matter of the work-training program mentioned heretofore by the chairman, it is estimated that 750,000 people not now employed will be trained by 1972. They are 750,000 people who are not now gainfully employed and who, in the terms used by the President some years ago, are tax eaters and not taxpayers. In my opinion these people want the chance to earn their own way in jobs of their own choosing.

Mrs. GRIFFITHS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Michigan.

Mrs. GRIFFITHS. Mr. Speaker, I would like to say to the distinguished gentleman, as the only woman who ever had a right on the floor to offer an amendment to the welfare provisions of the social security bill, I wholeheartedly support the welfare amendments in the House. I congratulate the conferees for retaining the House version.

I would like to point out that we are doing no woman a favor if we say to her, "You have to stay home. You can never be delivered." This is not a favor to any-

one, and it is an immoral thing to say to her, "You can leave the father of your children and the rest of us will support them." Or that she can stay home without working and the rest of us will support her. We do her a favor when we permit her to support herself or her children and give her a chance at a job and some training.

Mr. BOGGS. Mr. Speaker, I thank the gentlewoman. I am sure all Members of this body realize what a dedicated Congresswoman the gentlewoman from Michigan is, and she is expressing the sentiment of all our citizens. I just do not believe that anyone who is able wants to do nothing all of his or her life. I think most people want an opportunity for gainful employment.

That is what this bill seeks to do.

Let me point out one or two other things I think are very important about the ceiling which has been the subject of a considerable amount of criticism. That ceiling applies only in one category of children. That is only where the father or the man in the home is absent. It does not apply where the father is dead—which covers a great many children. It does not apply where the father is disabled. Nor does it apply when the children are still in school, all the way through age 22.

In addition to that, and equally important, it is a flexible ceiling. It does not mean that, come January 1, 1968, a given number will be arrived at, and that number will be permanent from then on. Quite the contrary. It grows as the child population grows.

It is used as a base for a flexible ceiling.

Finally, let me say this on this subject: We have amended this law whenever it has been required. The idea that anyone could say, in light of the benefits I have spelled out—\$3½ billion in social security benefits, \$258 million in new welfare benefits in 1968 alone, new hospital programs and so on—the idea that anyone could say this legislation is regressive merely means that he has not studied the legislation.

I sat through this conference from beginning to end. I sat there because I felt there was no bill any more important. I participated in the conference discussions on these amendments.

In my judgment, this is the best bill that we can possibly get.

If we have made mistakes—to err is human—but if we have made mistakes we will come back and to the best of our ability we will correct them. Everyone knows that.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I am happy to yield.

Mr. BURTON of California. Is it the gentleman's understanding that the aged, the blind, the disabled who draw public assistance can receive up to \$7.50 if their States act, whether or not they have outside income?

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Yes; if they are on welfare and receive a social security payment, the

State may elect to let \$7.50 of the increase pass through.

Mr. BURTON of California. If they do not have outside income—and about half of those adults do not have outside income—what situation will they be in under this bill?

Mr. MILLS. If the gentleman will yield further, that is determined entirely on the basis of whether they have income. The State has to adjust. That is not in all cases only social security but it could be some other type of income. The State has to adjust the needs upward for this payment, if it makes this election, so that they would have this \$7.50.

Mr. BURTON of California. What about the million and a half or so aged, blind, and disabled with no social security or railroad retirement, and no other kind of outside income at all? My question is: Does this bill provide any mechanism, directly or indirectly, for any benefit increase to those million and a half Americans who by definition are in economic need?

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. There is nothing in this bill to directly help in that situation because there is nothing in the bill that increases in any way the amount of the Federal contribution directly to people on welfare. Let me comment further.

I think I may have misunderstood one of the gentleman's earlier questions. The Senate amendment had been explained by the Department as a "pass-along" provision, which would indicate that it would have been applicable only to social security recipients and we were informed that no additional Federal funds would have been involved under the Senate provision. I must agree with the gentleman in his interpretation that the Senate provision literally would have applied to welfare recipients without regard to whether they are social security recipients. In this matter he is correct. I would like for my previous statement to stand corrected in that regard. I know the gentleman has studied this provision of the bill in great detail.

Mr. BURTON of California. I thank the gentleman, because that is the point I tried awkwardly to make earlier. Apparently now the record is correct in that respect.

There will be one and a half million aged, blind and disabled needy people under public assistance laws that under no circumstances can get 1 cent as a result of passage of this bill.

Mr. BOGGS. Mr. Speaker, I yield further to the chairman of the committee.

Mr. MILLS. However, this does not present the whole picture, since under the bill there are significant savings in the welfare programs which the States can use to increase the payments to these very people, if they so choose. Also, we must remember the entire context of this bill.

Mr. BOGGS. It was not in conference, was it?

Mr. BURTON of California. The matter was in conference.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I believe the gentleman is losing sight of the fact that there is nothing to prevent the States from giving these increases. This all goes to the States, and the Federal Government matches on a State-matching formula. Some of the States, where the Federal Government matches by 83 percent, might provide for this, and the Federal Government will have to match any dollar increase by 83 cents on every dollar.

Mr. BURTON of California. As I understood it, the Senate version required passing on to social security beneficiaries, and required that non-social-security beneficiaries would also receive certain benefits.

Mr. BOGGS. I will yield to the gentleman from New Jersey.

Mr. JOELSON. I would like to ask what about the institutions and agencies in New Jersey who said the freeze will be catastrophic?

Mr. BOGGS. I just answered that question. I said that the so-called freeze applies to only one category of children. I further said that if problems arise in its application the committee will resolve them as soon as possible.

Now, Mr. Speaker, I yield to the gentleman from Florida [Mr. PEPPER].

Mr. PEPPER. On page 284 it says "provide for aid to families with dependent children in the form of foster care." The States are required to provide it?

Mr. BOGGS. Yes.

Mr. PEPPER. What assurance have we that the States may be induced to do so?

Mr. BOGGS. If they do not do it, they lose whatever funds they are entitled to under that program.

Mr. PEPPER. I thank the gentleman.

Mr. BOGGS. This has been a well-considered and well-thought-out bill. It has taken the combined efforts of the two committees, and the conferees worked long, hard, and diligently. As all of us know, we are driving toward adjournment of this first session of the 90th Congress. In my judgment, this will be the last vote we have on this bill. I just want to emphasize—and I think I can say this without fear of contradiction—that if we do not adopt this conference report now and if the other body insists on disagreeing to it, it simply means that the 25 million Americans entitled to an increase will not get it. That is what is involved in this vote today.

I hope that rather than try to build up threats that do not exist, we will recognize that this is the most comprehensive social security bill we have ever had before Congress and will vote it up, and we will understand that if any other course of action is taken, these benefits will not be made available to the American people as called for in this legislation.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

MOTION TO RECOMMIT

Mr. UTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. UTT. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. UTT moves to recommit the conference report on the bill (H.R. 12080) to the committee of conference with instructions to the managers on the part of the House to insist on the language of sections 101 and 108 of the House-passed bill which provides a 12½-percent benefit increase, a minimum primary insurance amount of \$50, and an annual contribution and benefit base of \$7,600.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. BURKE of Massachusetts. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BURKE of Massachusetts. Does the motion of the gentleman from California include the restrictive amendments applied to the AFDC?

The SPEAKER pro tempore. The Chair cannot answer that.

Mr. BURKE of Massachusetts. May I ask the gentleman from California to explain his motion?

The SPEAKER pro tempore. Without objection, the Clerk will reread the motion to recommit.

There was no objection.

The Clerk reread the motion to recommit.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the conference report.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 390, nays 3, answered "present" 1, not voting 38, as follows:

[Roll No. 439]

YEAS—390

Abernethy	Bojard	Cederberg
Adair	Boiton	Chamberlain
Adams	Bow	Clancy
Addabbo	Brademas	Clark
Albert	Brasco	Clausen,
Anderson, Ill.	Bray	Don H.
Anderson, Tenn.	Brinkley	Clawson, Del
Andrews, Ala.	Brock	Cleveland
Andrews, N. Dak.	Brooks	Cohelan
Arends	Brotzman	Colmer
Ashbrook	Brown, Calif.	Conable
Ashley	Brown, Mich.	Conte
Ashmore	Brown, Ohio	Conyers
Aspinall	Broyhill, N.C.	Corbett
Ayres	Broyhill, Va.	Corman
Baring	Buchanan	Cowger
Barrett	Burke, Fla.	Cramer
Battin	Burleson	Culver
Beicher	Burton, Calif.	Cunningham
Bell	Burton, Utah	Curtis
Berry	Bush	Daddario
Betts	Button	Daniels
Bevill	Byrne, Pa.	Davis, Ga.
Blester	Byrnes, Wis.	Davis, Wis.
Bingham	Cabell	de la Garza
Blackburn	Cahill	Delaney
Blanton	Carey	Dellenback
Blatnik	Carter	Denney
	Casey	Dent
		Derwinski

Devine	Kazen	Reid, Ill.
Dingell	Kee	Reid, N.Y.
Dole	Keith	Reifel
Donohue	Kelly	Reuss
Dorn	King, Calif.	Rhodes, Ariz.
Dow	Kirwan	Rhodes, Pa.
Dowdy	Kleppe	Riegle
Downing	Kluczynski	Rivers
Dulski	Kornegay	Roberts
Duncan	Kupferman	Robison
Dwyer	Kyl	Rodino
Eckhardt	Kyros	Rogers, Colo.
Edmondson	Laird	Rogers, Fla.
Edwards, Ala.	Landrum	Ronan
Edwards, Calif.	Langen	Rooney, N.Y.
Edwards, La.	Latta	Rooney, Pa.
Elberg	Leggett	Rosenthal
Erlenborn	Lennon	Rostenkowski
Esch	Lipscomb	Roth
Eshleman	Lloyd	Rouse
Evans, Colo.	Long, La.	Roybal
Everett	Long, Md.	Rumsfeld
Evins, Tenn.	McCarthy	Ruppe
Fallon	McClary	Ryan
Farbstein	McClure	St Germain
Fascell	McCulloch	Sandman
Feighan	McDade	Satterfield
Findley	McDonald,	Saylor
Fino	Mich.	Schadeberg
Fisher	McEwen	Scherle
Flood	McFall	Scheuer
Flynt	McMillan	Schneebell
Foley	MacGregor	Schweiker
Ford, Gerald R.	Machen	Schwengel
Ford,	Madden	Selden
	Mahon	Shibley
	Mailliard	Shriver
Fraser	Marsh	Skubitz
Frelinghuysen	Mathias, Calif.	Slack
Friedel	Mathias, Pa.	Smith, Calif.
Fulton, Pa.	Matsunaga	Smith, Iowa
Fulton, Tenn.	May	Smith, N.Y.
Fuqua	Mayne	Smith, Okla.
Galifianakis	Meeds	Snyder
Gallagher	Meskill	Springer
Gardner	Michel	Stafford
Garmatz	Miller, Calif.	Staggers
Gathings	Miller, Ohio	Stanton
Gettys	Mills	Steed
Gialimo	Minish	Steiger, Ariz.
Gibbons	Mink	Steiger, Wis.
Gilbert	Minshall	Stevens
Goodell	Mize	Stubblefield
Goodling	Monagan	Stuckey
Gray	Montgomery	Sullivan
Green, Pa.	Moore	Taft
Grimiths	Moorhead	Taylor
Gross	Morgan	Teague, Calif.
Grover	Morris, N. Mex.	Teague, Tex.
Gubser	Morse, Mass.	Tenzer
Gude	Morton	Thompson, Ga.
Gurney	Mosher	Thompson, N.J.
Hagan	Moss	Thomson, Wis.
Haley	Multer	Tiernan
Hall	Murphy, Ill.	Myers
Halpern	Murphy, N.Y.	Tunney
Hamilton	Natcher	Udall
Hammer-	Nedzi	Ullman
schmidt	Nelsen	Van Deerlin
Hanley	Nichols	Vander Jagt
Hanna	Nix	Vanik
Hansen, Wash.	O'Hara, Ill.	Vigorito
Harvey	O'Hara, Mich.	Waggonner
Hathaway	O'Konski	Waldie
Hawkins	Olsen	Walker
Hays	O'Neal, Ga.	Wampler
Hechler, W. Va.	O'Neill, Mass.	Watkins
Heckler, Mass.	Ottinger	Watts
Heistowski	Passman	Whalen
Henderson	Patman	Whalley
Herlong	Patten	White
Hicks	Pelly	Whitener
Holifield	Pepper	Whitten
Holland	Perkins	Widnall
Horton	Pettis	Wiggins
Howard	Philbin	Williams, Pa.
Hull	Pickle	Wilson, Bob
Hungate	Pike	Wilson,
Hunt	Pirnie	Charles H.
Hutchinson	Poage	Winn
Ichord	Poff	Wolf
Irwin	Pollock	Wright
Jacobs	Pool	Wyatt
Jarman	Price, Ill.	Wylder
Joelson	Price, Tex.	Wylie
Johnson, Calif.	Pryor	Wyman
Johnson, Pa.	Pucinski	Yates
Jones, Ala.	Quile	Zablocki
Jones, Mo.	Quillen	Zion
Jones, N.C.	Railsback	Zwach
Karsten	Randall	
Karth	Rarick	
Kastenmeier	Rees	

NAYS—3  
Bennett  
Burke, Mass.  
Utt  
ANSWERED "PRESENT"—1

Gonzalez  
NOT VOTING—38

Abbitt	Hansen, Idaho	Purcell
Annunzio	Hardy	Reinecke
Bates	Harrison	Resnick
Bolling	Harsha	St. Onge
Broomfield	Hébert	Scott
Celler	Hosmer	Sikes
Collier	King, N.Y.	Sisk
Dawson	Kuykendall	Stratton
Dickinson	Lukens	Talcott
Diggs	Macdonald,	Watson
Fountain	Mass.	Willis
Green, Oreg.	Martin	Williams, Miss.
Halleck	Mathias, Md.	Young

So the conference report was agreed to.

The Clerk announced the following

answers:  
Mr. Hébert with Mr. Halleck.  
Mr. Annunzio with Mr. Bates.  
Mr. St. Onge with Mr. King of New York.  
Mr. Celler with Mr. Mathias of Maryland.  
Mr. Fountain with Mr. Broomfield.  
Mr. Stratton with Mr. Hosmer.  
Mr. Resnick with Mr. Diggs.  
Mr. Hardy with Mr. Martin.  
Mr. Willis with Mr. Lukens.  
Mr. Abbitt with Mr. Collier.  
Mr. Young with Mr. Talcott.  
Mr. Macdonald of Massachusetts with Mr. Reinecke.

Mr. Sikes with Mr. Harrison.  
Mr. Purcell with Mr. Dickinson.  
Mr. Charles H. Wilson with Mr. Hansen of Idaho.  
Mr. Sisk with Mr. Scott.  
Mrs. Green of Oregon with Mr. Kuykendall.  
Mr. Sandman with Mr. Watson.  
Mr. Dawson with Mr. Harsha.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members who participated in the debate on the conference report may be permitted to revise and extend their remarks and include extraneous matter.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members desiring to do so may have 5 legislative days within which to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

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PERSONAL ANNOUNCEMENT

Mr. HANSEN of Idaho. Mr. Speaker, I was unavoidably absent when the vote was taken on the conference report on H.R. 12080, the Social Security Amendments of 1967. Had I been present, I would have voted "yea."

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## THE SOCIAL SECURITY BILL

(Mr. FEIGHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, when the conference report on the social security bill was adopted by a rollcall vote of 390 to 3 on Wednesday, I voted for its adoption because I felt that it is imperative that the benefit increase it contains must be made available to the 24 million Americans on the social security rolls without further delay.

I must confess that I cast my vote in support of the conference report although I was dissatisfied with a number of the bill's provisions. At this stage of the legislation, however, I felt that I could do nothing more than support the conference report because to vote against it might well have jeopardized the possibility of any benefit increase being enacted during this Congress.

Mr. Speaker, I was dissatisfied with a number of features of the bill, not the least of those is the benefit increase. The Senate had adopted a 15-percent across-the-board increase in benefits and raised the minimum benefit from the present \$44 a month to \$70 a month. The conference report provides only a 13-percent increase and increases the minimum to \$55, much more in line with the provisions of the House bill which raised benefits 12½ percent and increased the minimum to \$50.

In addition to the benefit increase, I am also troubled by some of the bill's provisions amending the public assistance programs.

I am concerned over the way the bill's provision freezing the proportion of AFDC children on the rolls in a State will work. The Department of Health, Education, and Welfare furnished estimates indicating that this provision will not result in reducing Federal expenditures in the years ahead, thus indicating that it will not require any reductions in the number of recipients on the rolls. I do not believe that the Department's estimates take into account the problems which could arise in many urban areas which are experiencing an in-migration of people from rural areas, a higher than average proportion of whom apply for welfare assistance.

I am also concerned over the bill's provisions shifting the administration of work and training programs for AFDC recipients from welfare agencies to employment security agencies. The latter agencies have little or no experience in handling the special problems of welfare recipients. Experience gained under community work and training programs previously established under title IV of the Social Security Act demonstrates that the local welfare agencies are capable of conducting such programs when given the proper tools to carry them out.

I am sure that the Congress will keep a watchful eye on the results obtained under these provisions of the bill and that at the first sign of something going wrong with their operation, which I sincerely hope will not occur, the necessary legislative steps to correct what may be present errors will be taken.

Mr. Speaker, I have introduced a number of bills to extend social security benefits in the present Congress. These include proposals to provide a minimum benefit of \$100 a month to workers with 25 years of social security credits; an increase in the earnings limitation to \$2400 a year; full benefits at age 62 for men and 60 for women; and providing disability benefits for blind persons who have at least six quarters of coverage. It is my hope that the Committee on Ways and Means will give serious consideration to these proposals when it next turns its attention to social security matters.

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OPPOSITION TO CONFERENCE  
REPORT ON H.R. 12080

(Mr. THOMPSON of New Jersey (at the request of Mr. CONYERS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. THOMPSON of New Jersey. Mr. Speaker, I rise in opposition to the conference report on H.R. 12080. I voted for H.R. 12080 when it was before this House. I did so because I strongly believe that increased social security benefits are necessary to provide older Americans with the means to live in dignity. I voted for H.R. 12080 even though I strongly opposed the public welfare provisions. I assumed the conference committee would eliminate or ease these objectionable provisions. But I was wrong. The conference report before us incorporates an approach to public welfare which bespeaks the Middle Ages rather than our own day. As a result, I cannot in conscience support the conference report.

I am mindful that those receiving social security are counting on the increased benefits which this bill provides. But as the Members know, the increased benefits are not scheduled to appear in social security checks until March of next year. That being the case, we have ample time to rectify the mischief contained in this bill. I would urge the House to reject this conference report and to enact a bill which will insure that increased benefits begin in March. We can then reconsider the welfare provisions.

As the Members know, the language of the conference report freezes the percentage of children eligible for Federal assistance under the aid-to-dependent-children program at the level of January 1968. Such action would have a devastating effect upon New Jersey and many other States. New Jersey has the third highest immigration rate in the Nation. The freeze contemplated in the conference report would mean that our State, county, and municipal governments would have to raise additional revenue to compensate for loss of Federal funds.

This morning I received a telegram from Commissioner McCorkle of our State department of institutions and agencies. He opposes the conference report because of the adverse effect it will have upon New Jersey.

Mr. Speaker, I would be the last person to minimize the beneficial effects of gainful work. I wholeheartedly support any effort designed to get people off welfare rolls and on payrolls. But the conference report in requiring that all recipients of ADC assistance work makes no exception for mothers with young children. There is no language to mitigate their situation. If we drive these mothers from their homes to enter other homes as domestics, who will care for their children? This conference report as it now stands can have no other effect than that of contributing to disintegration of family life among the poor with all the evils that this brings in its train.

Mr. Speaker, our elderly citizens are anxiously awaiting the increased benefits that we have promised them. But I cannot believe that they wish to receive them at the expense of misery inflicted on others. I urge my colleagues to reject this conference report.

The telegram referred to follows:

TRENTON, N.J.,  
December 12, 1967.

Hon. FRANK THOMPSON, JR.,  
House of Representatives,  
Washington, D.C.:

New social security legislation, H.R. 12080, as reported out of Senate-House conference contains provision freezing Federal participation in aid to families of dependent children program. If adopted this can be catastrophic for New Jersey, particularly our urban centers. New Jersey will suffer because: (1) It is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey, and (2) New Jersey has the third highest rate of immigration in the Nation. Freeze on Federal participation would place the entire cost of increased loads on State, county, and municipal governments.

LLOYD W. McCORKLE,  
Commissioner, Department of Institutions  
and Agencies, State of New  
Jersey.

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to in conference and which was adopted by this body yesterday.

I look upon this legislation as not being adequate to meet the needs of our citizens. When originally voting in favor of this legislation, it was anticipated that it would subsequently be improved upon—that the House bill would be considered as a base upon which to build. Though some improvement was realized in the Senate version, the conferees failed to come forth with the necessary legislation.

Of particular note is the amendment pertaining to welfare programs aiding families with dependent children. As reported by the conferees and adopted yesterday, aid to dependent children is to be frozen at levels of January 1, that is, the Federal Government will pay its share of the Federal-State welfare program only at the level of recipients set as of January 1, 1968. Persons going on the aid for families with dependent children rolls above that level will only receive State and local assistance. In other words, the Federal Government is turning its back on all those families and children who would become eligible for assistance after January 1, 1968, under existing eligibility regulations.

I would like to remind my colleagues that this Nation, which is the wealthiest in the world, uses less of its national wealth for the social welfare of its citizens than other advanced industrial nations and frequently less than many poor and developing nations. While West Germany and Luxembourg use approximately 17 percent of their gross national product for social welfare measures, the United States uses only 7 percent.

We have little to rejoice about concerning the legislation passed by this body yesterday. Yes, it is an improvement in some areas—which prompted my “yea” vote—but it still leaves much to be desired. Let us now address ourselves to the legislative task that remains ahead if we are to fulfill our obligation to the senior and less fortunate citizens of this Nation.

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### Social Security Amendments of 1967

SPEECH

OF

**HON. FERNAND J. ST GERMAIN**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, December 13, 1967*

Mr. ST GERMAIN. Mr. Speaker, one of the disgraceful paradoxes of this Nation is its unparalleled ability to care for its senior and less fortunate citizens, yet its failure to do so.

Perhaps the most vivid manifestation of this is the social security bill agreed

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**Social Security Amendments of 1967  
(H.R. 12080)**

**SPEECH  
OF**

**HON. LEONARD FARBSTEIN**

**OF NEW YORK**

**IN THE HOUSE OF REPRESENTATIVES**

*Wednesday, December 13, 1967*

Mr. FARBSTEIN. Mr. Speaker, I was among those who voted in favor of the Social Security Amendments of 1967 when it appeared on the floor some months ago. At that time, however, I expressed my severe reservations about several of the provisions of that legislation. At the time, I was particularly aggrieved that the rule under which the bill was considered did not permit a separate vote on each of its many provisions. My colleagues and I did not have the opportunity to pass in detail on the work that the committee, in this measure, submitted to us. Nonetheless, I supported the bill. I reasoned that the objectionable provisions might very well be eliminated in conference, since it was well known at the time that the majority of the Senate was opposed to them. I judged that, on the whole, the bill would be beneficial to the American people.

We now have the conference report before us and I regret to say that the objectionable provisions are still present in the bill. We did not have a chance to vote on them then. We are not getting a chance to vote on them now. Mr. Speaker, I would like to protest vigorously a procedure which allows major policy to pass this House without its Members ever getting a chance to express their judgment on it. I will not say that this bill was railroaded into law. I recognize that the Committee on Ways and Means gave it careful consideration.

But the committee is not the House and has no authority to legislate for the House. Certainly the Senate had no less right to have these provisions eliminated, yet the committee, speaking for itself rather than for the House as a body, insisted that they be retained. With all due respect for the leadership of the committee, Mr. Speaker, I do not feel that the presence of this bill, in the form that it is before us today, represents a victory for parliamentary democracy.

The two provisions to which I take most vigorous exception are those which would penalize my State and my city chiefly, but would also handicap industrial areas generally. In other words, these provisions are highly biased in their intent. They represent anti-urban discrimination.

The first of these provisions would put a ceiling on the amount of AFDC assistance a State can receive. It would limit the number of eligible applicants for which a State can receive Federal backing to the number currently on the rolls. In other words, if one more eligible recipient comes into New York, by birth or migration, no funds will be granted for this recipient's care. We all know, Mr. Speaker, that New York and other progressive States have become and will continue to serve as a magnet for the dispossessed, the underprivileged, the unfortunate of what, if I may be candid, can only be called the "backward" States. These States send their surplus bodies, in effect, to New York and the other great industrial cities. We in New York try to offer these people opportunity. Sometimes we are not successful, but we try. When we cannot give them jobs, we sometimes have to offer them welfare, to keep them—and by "them" I mean little children more often than able-bodied men—alive. This provision will have no impact whatever on State that have a net out-migration of poor people. It will only hurt the States to which people migrate, States which are doing their best to deal with the Nation's economic problems. It is a cruel provision, because it tells us in New York, in arbitrary and peremptory fashion, that we cannot receive any more help in keeping these children alive.

The other provision puts new limitations on the administration of the so-called medicaid program, which New York has put into effect to assure adequate medical treatment to the poor. Authorized by Federal law, New York has sought to make a reality of our society's promise that no one will be sick for lack of medical care. This bill forces New York, the most conscientious of States, to back away from this commitment. New York must do so because the Federal Government, under this legislation, is reneging on the bargain it made when the law was originally passed. Ironically, the wording of this provision penalizes most severely those persons who are trying hardest to support themselves but remain on the margin of the subsistence point in their incomes. I consider this provision reprehensible, both in practice and principle.

I would like to add further that I disapprove of the provision that will force

some mothers to accept job training in return for welfare assistance for their children. On the face of it, I approve of a provision to make constructive workers out of welfare recipients. But a moment's reflection reveals that this provision can force mothers to leave their children—often at the cost of furnishing a babysitter or leaving them inadequately tended—to take their training. This provision is unrealistic. Of course, job training is important. But I object to any plan which will drag mothers away from their children, when they are the only ones who should be caring for them. I protest a bill which will break up the mother-child relationship the way this one does.

I will vote to support the bill, because I continue to think that the general improvements in social security benefits to the 25 million social security recipients justify my vote. But, Mr. Speaker, I think the principle of "two steps forward—one step backward" is a poor one for legislation. I do not think this is one of the better days of this great body.

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## Social Security Amendments of 1967

SPEECH

OF

**HON. SIDNEY R. YATES**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 13, 1967

Mr. YATES. Mr. Speaker, I shall vote for this conference report with mixed feelings. I strongly favor the increase in social security benefits. Our older citizens desperately need the additional money this bill makes available to make ends meet in this time of rising prices. Inflation lays its cruel weight most heavily upon those who must live on fixed incomes, the pensioners who have only their retirement income to depend upon to sustain themselves. I have always voted for increases in benefits, for I believe social security benefits must be maintained at an adequate level to provide a decent standard of living for the millions of people who must depend upon it during their later years. The amount recommended in this bill is only a minimum amount at best. I would have preferred to accept the amount recommended in the Senate bill.

I wish that a separate vote were possible on the new restrictions in the bill, but here as was the case when the bill first came to the floor, Members must vote "yea" or "nay" on the whole bill. No amendments are possible. The

"freeze" on funds accepted in the conference report represents a very harsh measure to achieve economy. It is beyond the control of the States to reduce the number of broken families or the number of dependent children. The number of these homes has been on the increase for several years, yet, despite this fact, it is now proposed to limit the number of one-parent children on AFDC to their proportion of a State's child population on January 1, 1968.

Such action surely will create havoc in poverty stricken areas. What will happen when applications are made? What will happen to the newborn child? Is he to be disqualified because of his birth? What will happen to newcomers who enter a State during the year. Do they qualify? Must sudden increases in population wait for the next years formula date before equitable adjustments are made? Where will States get funds in the meantime to care for these people?

The answers are that the burdens will be shifted to the States. Yet it was because the States were unable to meet the earlier burdens of assisting these children that the Federal Government offered its help. Now the States and localities who can least afford it will be asked to bear these burdens. States with well-developed programs will be penalized for their efforts. The poorer States will be forced to reduce their payments and develop more restrictive attitudes toward applicants.

Equally onerous are those provisions which would force a mother to leave her children and to participate in community work or training. As if their plight and hopelessness were not sufficient, the tenuous base necessary to their survival may be withdrawn should mothers fail to meet the standards of the strong, the healthy, and the educated. Many mothers so situated want to work if they can, and many do. But many cannot, and in most cases it is not because they are lazy or unwilling.

They are untrained and unskilled. They must take care of their children. I favor work training programs which will offer them the opportunity to be self-supporting, which most of them want, but they should be voluntary, not compulsory. Requiring them to participate in training or work programs, as this bill does no matter how worthy the purposes—can only spark their anger and resentment. It is no way to nurture self-respect. The costs of welfare will not be reduced since the expense of institutional care for the children may very well exceed the costs of present welfare payments.

Nor will the withdrawal of assistance to those children whose mothers refuse to participate reduce costs for the community. It only means that someone else must accept responsibility and pay the bill if these children are not to go hungry.

Using the language of "rehabilitation" and "training," this legislation may very well be sacrificing the best interests of the mother, the child, and the community. I hope the effects of the experiment will not be as disastrous as many predict.

As I pointed out last August, I have always been a strong supporter of the extension and improvement of our social security program in order to provide financial security and medical care for our older citizens.

I voted for the conference report on the social security amendments because I feel an increase in benefits is essential and long overdue. I regret the increase was not larger, particularly for those receiving the smallest payments, since it is obvious no one can live on \$55 a month. However, I do believe this legislation will provide a chance for many of our senior citizens to more than catch up with increases in the cost-of-living which have taken place since the last social security increase in 1965 and I will continue to work for further liberalization of our social security system in the future.

I am greatly disturbed that the restrictive welfare provisions approved by the House last summer have been only slightly modified by the conference committee. I was quite disappointed that the conferees recommended a freeze on the proportion of children in each State who could qualify for federally supported aid-to-dependent children payments. This and the section encouraging State and local welfare agencies to pressure mothers of dependent children to leave home and to go work are really antiwelfare provisions.

Although these provisions constitute a misguided effort to reduce illegitimacy and cut welfare costs, their real effect will be to penalize innocent children and contribute to a further breakdown in the family life of those on welfare.

Unfortunately, this conference report came before the House and Senate so late in this session of Congress that it is impossible to seek a change in the anti-welfare provision without jeopardizing the social security benefits increase and, consequently, I felt it necessary to support this measure.

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**Social Security Amendments of 1967—  
Conference Report**

**EXTENSION OF REMARKS  
OF**

**HON. ROBERT W. KASTENMEIER**

**OF WISCONSIN**

**IN THE HOUSE OF REPRESENTATIVES**

*Friday, December 15, 1967*

Mr. KASTENMEIER. Mr. Speaker, I would like to take this opportunity to comment on the conference report on the Social Security Amendments of 1967, H.R. 12080.

# Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 67

December 9, 1967

## SOCIAL SECURITY AMENDMENTS OF 1967

To administrative, Supervisory,  
and Technical Employees

The House-Senate conference committee on H. R. 12080 has reconciled the differences between the bill as passed by the House of Representatives and as passed by the Senate. The bill now returns to both houses, where early passage is expected.

The bill will result in additional cash benefit payments of \$2.9 billion in 1968 and \$3.7 billion in 1969--an overall increase of 16 percent in 1969, the first full calendar year of operation under the amendments. All people on the benefit rolls will get an increase of at least 13 percent. The minimum primary insurance amount would be increased from \$44 to \$55. The benefit increases will be effective for February and will be included in the March check.

Several of the President's social security proposals are not included in the bill. Among these are the proposals for health insurance for the disabled, a special minimum benefit, and transfer of Federal employment credits.

Enclosed is a summary of the provisions of the bill relating to social security.



Robert M. Ball  
Commissioner

Enclosure

SUMMARY OF PROVISIONS  
OF  
H.R. 12080  
THE "SOCIAL SECURITY AMENDMENTS OF 1967"  
RELATING TO  
OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

12/9/67

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SUMMARY OF PROVISIONS OF H.R. 12080,  
THE "SOCIAL SECURITY AMENDMENTS OF 1967,"  
RELATING TO  
OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

A. CASH BENEFIT CHANGES

1. General benefit increase

The bill provides for an increase in benefit payments averaging 14 percent, with an across-the-board increase in cash benefits of at least 13 percent and a minimum primary insurance amount of \$55.

The average monthly benefit paid to a retired worker (with no dependents) now on the rolls is increased from \$82 to \$94; the comparable amounts for a retired worker and his wife are \$145 and \$165. Monthly benefits range from the new minimum of \$55 to \$160.50 for retired workers now on the social security rolls who began to draw benefits at age 65 or later.

An increase from \$6600 to \$7800, effective January 1, 1968, is provided in the amount of annual earnings that is taxable and that can be used in the benefit computation. The resulting ultimate maximum benefit will be \$218, based on average monthly earnings of \$650. These higher maximum retirement benefits will be payable to workers who are now young and who consequently will be paying contributions on these higher amounts of earnings over a considerable period of time before they retire. Because of the higher earnings base, though, benefit amounts are increased significantly over those that will be payable under present law for the high proportion of current contributors earning above \$6600 who are much older now and who consequently will pay on these higher amounts for a shorter period. For example, a man age 50 in 1968 who earns \$7800 a year until he is 65 (about one-third of the group earning above \$6600 is age 50 or older) will get a benefit of \$188.80 at age 65--21.8 percent higher than he can get under present law.

The increased benefits will be first payable for February 1968. An estimated 22.9 million people will be paid increased benefits early in March 1968, and over \$3 billion in additional benefits will be paid in the first 12 months as a result of the benefit increase.

2. Increases in special payments to certain people age 72 and older

The special payments made to people age 72 and older are increased by the bill from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple, effective with benefits for February 1968.

About 70,000 people who do not now get the special payments will qualify for some payments in February 1968 and about 852,000 people will qualify for higher payments.

An estimated \$57 million in additional payments will be paid out in the first 12 months; about \$50 million of this amount will be met from general revenues.

3. Limitation on spouse's benefit

The bill limits the amount of the wife's, dependent husband's, remarried widow's, or remarried widower's insurance benefit to a maximum of \$105. This limitation does not affect anyone now on the rolls. For workers retiring at age 65 the limitation will have no effect until the year 2001; for a young worker who becomes disabled it can have an effect beginning with 1970, and for a person who works beyond age 65 it can have an effect beginning with 1972.

4. Liberalization of the retirement test

The bill increases the annual exempt amount of earnings from \$1500 under present law to \$1680, and the present \$125 monthly exempt amount to \$140, effective for taxable years ending in and after 1968. The bill retains the \$1200 span above the exempt amount over which \$1 in benefits is withheld for each \$2 of earnings; the span thus will range from \$1680 to \$2880.

About \$175 million will be paid out in additional benefits with respect to calendar year 1968 to 760,000 people in calendar year 1968.

5. Amendments to the disability program

a. Benefits for disabled widows and widowers

Disabled widows (including surviving divorced wives) and disabled dependent widowers will be eligible after attainment of age 50 for reduced benefits--amounting to from 50 percent to 82 1/2 percent of the spouse's primary insurance amount, depending on the age at which entitlement begins. For example, if a disabled widow becomes initially entitled at age 50 she will receive 50 percent of her deceased husband's benefit; if she first becomes entitled at age 55 she will receive 60 3/4 percent of his benefit; and if she first becomes entitled at age 60 she will receive 71 1/2 percent of his benefit. The widow or widower must have become totally disabled before or within 7 years after the spouse's death, or, in the case of a widowed mother, before or within 7 years after the end of her entitlement to benefits as a mother. The 7-year period will protect widows and widowers until there has been reasonable opportunity to work long enough to be insured for disability benefits through their own earnings.

The test of disability for disabled widows and widowers is somewhat more restrictive than for disabled workers (and childhood disability beneficiaries). Determinations of disability in the case of a widow or widower will be made solely on the level of severity of the impairment (without regard to such factors as age, education and work experience, which are considered in disabled worker cases). The disabling impairment must be of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity (as distinguished from "substantial gainful activity"). Where the impairment meets or equals this level of severity, work or earnings will preclude initial entitlement to benefits or require termination of previously established entitlement only where such work or earnings demonstrate ability to engage in any substantial gainful activity.

Benefits are first payable under this provision for the month of February 1968. About 65,000 disabled widows and widowers are eligible for benefits. About \$60 million in benefits will be paid during the first 12 months of operations.

b. Insured status for workers disabled while young

The bill extends to all workers disabled before age 31--regardless of the nature of their disability--the alternative insured-status requirement provided under previous law for workers disabled by blindness before age 31. Under this alternative, any worker disabled after attaining age 24 and before age 31 will be insured for disability benefits if he has quarters of coverage in at least half of the calendar quarters elapsing after attainment of age 21 and up to and including the quarter of disablement; any worker disabled before age 24 will be insured if he has quarters of coverage in at least half of the 12 quarters ending with the quarter of disablement.

Benefits are first payable for the month of February 1968. About 100,000 people--disabled workers and their dependents--are eligible. About \$70 million in additional benefits will be paid out in the first 12 months of operations.

c. Liberalized definition of blindness

The bill will substitute for disability freeze purposes the less strict definition of blindness used in the Internal Revenue Code (central visual acuity of 20/200 or less, commonly called "industrial blindness") for the present statutory definition of blindness (central visual acuity of 5/200 or less). This definition of blindness will also apply for benefit purposes in the case of the blind worker who is aged 55 or over and who can meet

the alternative (occupational-type) definition of disability. The worker under age 55 who is industrially blind and able to establish disability for freeze purposes on this basis will still have to meet the regular definition of disability--inability to engage in any substantial gainful activity--for benefit purposes. (The bill does not provide a special disability insured-status requirement solely for blind persons.)

d. Extension of retroactivity of disability applications

The bill provides a longer period of time (36 months as opposed to 12 months as now provided for all disability applications) after termination of disability for the filing of a disability freeze application by an individual whose mental or physical incapacity was the reason for his failure to file a timely application. Applications filed by or on behalf of such individuals within the extended period would not result in additional retroactive benefits but would permit the time during which the individual was disabled to be disregarded in subsequent determinations of whether they are insured for social security benefits or of the amount of such benefits.

e. Definition of disability

The bill retains the present definition of disability for workers and adults disabled since childhood and adds language that clarifies the definition. It specifies that to be found disabled an individual must have an impairment so severe that he is unable to engage in any kind of substantial gainful work that exists in the national economy, but without regard to whether a specific job vacancy exists for him, or whether he would be hired if he had applied for work. "Work that exists in the national economy" means work that exists in significant numbers either in the region in which he lives or in several regions in the country. The clarifying language may better enable the courts to interpret the law in accordance with the intent of the Congress. This more detailed definition of disability is consistent with existing regulation and policy. The effect of the amendment is to provide a statutory basis for these regulations and policies, thus helping to assure uniform evaluation of disability.

f. Disability benefits affected by the receipt of workmen's compensation

The bill amends the provisions which limit the amount of social security benefits that can be paid to a disabled worker and his family when he is also eligible for workmen's compensation. In some such cases, social security disability benefits are reduced by the amount by which the combined social security and workmen's compensation benefits exceed 80 percent of the disabled worker's average monthly earnings during his 5 consecutive years of highest covered earnings after 1950. Under previous law, this average did not reflect that part of his earnings in excess of the social security earnings base; thus, for a disabled worker whose actual

earnings in covered work during his highest 5-year period exceeded the earnings base, the reduction could result in combined benefits considerably less than 80 percent of his actual previous earnings. The amendment provides for inclusion of earnings in excess of the earnings base in computing the average earnings over the highest 5-year period for purposes of determining the amount of combined benefits that can be paid.

The amendment is effective with respect to benefits for the month of February 1968.

6. Simplification of certain computations using pre-1951 earnings

The bill provides for a simplified method of (a) computing benefits when earnings before 1951 are included in the computation and (b) determining quarters of coverage for the period before 1951 when quarters of coverage in this period are needed to establish insured status. By prescribing a formula for converting the aggregate of pre-1951 earnings into deemed annual earnings and quarters of coverage, the bill makes it possible to determine insured status and benefit amounts through electronic processes in many cases in which manual processes are now required.

This provision will be effective for people who, after enactment, become entitled to retirement or disability insurance benefits or die, or whose benefits are recomputed after enactment.

7. Extension of time for filing reports of earnings

Under the bill the Secretary is authorized to grant an extension of the time in which a person may file a report of earnings for retirement test purposes if there is a valid reason for his not filing it on time.

The provision will be effective upon enactment.

8. Penalties for failure to file timely reports of earnings and certain other events

Under present law, it is possible for a person who fails to report information that would cause benefits to be withheld to be penalized in amounts in excess of the benefits that must be withheld. The bill eliminates the possibility of this occurring in the future.

The provision will apply to penalties imposed on and after the date of enactment.

9. Dependency of a child on his mother

The bill provides that a child would be deemed dependent on his mother and could become entitled to benefits if at the time his mother died, or retired, or became disabled, she was either fully or currently insured. As a result, a child could get benefits based on his mother's earnings record under the same conditions as those under which a child can become entitled to benefits based on his father's earnings. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement or disability) is required unless the mother was actually supporting the child.

The provision is effective with benefits for February 1968. An estimated 175,000 children will become eligible for benefits for February under this provision and an estimated \$83 million will be payable in additional benefits in the first 12 months of operation under this provision.

10. Benefits for a child adopted by a surviving spouse

The bill provides that a child adopted by the surviving spouse of a worker may qualify for benefits on the worker's earnings record if adoption proceedings had begun before the worker died, even though the adoption is not completed within 2 years after the worker's death.

The provision will be effective for and after February 1968.

11. Benefits for a child adopted by a disabled worker

The bill provides that a child who was legally adopted by a worker after he became entitled to disability benefits may receive child's benefits if all the following conditions are met: (1) the adoption was supervised by a child-placement agency; (2) the adoption was decreed by a court of competent jurisdiction within the United States; (3) the adopting parent had continuously resided in the United States for at least one year prior to the date of adoption; and (4) the child was under age 18 at the time the adoption took place.

12. Requirements for husband's and widower's insurance benefits

The bill removes the provision in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

The provision is effective with benefits for February 1968. An estimated 5,000 people will become eligible for benefits for February

under this provision and an estimated \$3 million will be payable in additional benefits in the first 12 months of operation under this provision.

13. Definition of "widow," "widower," and "stepchild"

The bill provides that a widow, widower, or stepchild would be considered such for social security purposes (a) if the marriage had existed for 9 months, or (b) in case of death in line of duty in the uniformed service and in case of accidental death, if the marriage had existed for 3 months--except where the deceased individual could not have been reasonably expected to live for 9 months at the time the marriage occurred.

14. Underpayments

The amendments authorize the Secretary to settle claims for unpaid medical insurance benefits in cases where the beneficiary dies. Where the bill for covered services has not been paid, payment would be made only to the physician (or other provider of services) and only if the physician (or other provider) agrees to accept the reasonable charge for the services as his full charge. Where the bill has been paid, benefits would be paid first to the person who paid the bill. If the person who paid the bill is the decedent, the payment would be made to the legal representative of his estate, if there is one. Then the amendments provide the following uniform order of payment for both cash benefits and medical insurance benefits: (1) spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

15. Recovery of overpayments

The bill provides that, where an overpaid person is alive, the overpaid benefits may be recovered by requiring the overpaid beneficiary to refund the overpayment or by withholding the benefits payable to him or to any other person entitled to benefits on the same earnings record. (Under present law this is specifically authorized only in death cases.) Also, any beneficiary who is liable for repayment of an overpayment, whether the overpayment was made to him or to another person, will be able to qualify for waiver of recovery of the overpaid amount if he is without fault and if he meets the other conditions prescribed in the law.

16. Benefits paid on the basis of erroneous reports of death in military service

The bill provides that benefits paid on the basis of erroneous official reports of death issued by the Department of Defense would be lawful payments for months before the reports are corrected.

17. Payments to certain children

The bill provides that benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits as a result of the change in the definition of "child" in the 1965 amendments will not be reduced in the future. Benefits for children who qualify only under the 1965 amendments (section 216(h)(3) of present law) and who become entitled to benefits for months after December 1967 would be residual--that is, that the benefits payable to such children could not exceed the difference between the sum of all other benefits being paid on the worker's earnings record and the maximum amount payable on that record.

18. Limitation on payment of benefits to aliens outside the United States

Under present law, an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions. The bill changes this provision so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days. As under present law, once the 6-month period has elapsed and benefits have been suspended, a person would have to return to the United States for a full calendar month in order for his benefits to be resumed.

The bill also provides that the 10-year-residence and 40-quarters-of-coverage exceptions to the alien nonpayment provisions will not apply after June 1968 to any alien who is a citizen of a country that has a social security system of general applicability under which benefits would not be paid to United States citizens who are living outside that country. (Payment will continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits will not be payable for any month after June 1968 to an alien living in a country where the Treasury ban on payments is in effect with respect to benefits for that month. Any amounts accumulated through June 1968 for aliens who are living in countries where payment cannot be made would be limited in amount to 12 months' benefits and would not be payable to anyone other than the person from whom they have been withheld or a survivor who is entitled to benefits on the same earnings record.

19. Expedited benefit payments

The bill provides a formal method of expediting payment of retirement and survivors insurance benefits on the basis of a written request. In cases involving entitlement to monthly benefits or the resumption of benefits that have been suspended, a written request may be filed after 90 days have elapsed from the date the claimant submitted the last of the evidence requested to show that a payment was due; in a case involving an initially unexplained interruption in benefit payments or the transition from one type of benefit to another (for example, from wife's to widow's benefits), a written request may be filed after 30 days have elapsed after the 15th of the month in which the benefit payment was due. If payments are due they would begin within 15 days after the date of the request.

The provision is effective July 1, 1968.

20. Advisory Councils on Social Security

Under the bill future Advisory Councils on Social Security will be appointed in 1969 and every fourth year thereafter (and after January of the year of appointment), instead of in 1968 and every fifth year thereafter as under present law. In addition, the Secretary will appoint the Chairman of the Council; under present law, the Commissioner of Social Security serves as Chairman. (The reports of the Ways and Means and Finance Committees noted that "the Commissioner of Social Security suggested that it might be desirable for the Chairman of the Council, like the Council members, to be a person from outside the Government.")

21. Disclosure of the whereabouts of certain individuals

Upon request, the Social Security Administration will be required to furnish to an appropriate court the most recent address of a deserting parent for the court's use in connection with a support and maintenance order for a deserted child.

22. Attorneys' fees

The bill authorizes the Secretary to certify payment to attorneys, out of a claimant's past-due benefits, of fees for attorneys' services rendered in administrative proceedings before the Secretary. The amount certified for payment will be the smaller of: (1) 25 percent of the total past-due benefits, (2) the amount of the attorney's fee as determined by the Secretary, or (3) the amount agreed upon between the claimant and the attorney. This provision is similar to the one in present law under which a court may authorize the Secretary to certify payment to an attorney, out of the claimant's past-due benefits, of the fee set by the court for the attorney's services rendered in court proceedings (which fee cannot exceed 25 percent of the claimant's total past-due benefits).

## B. HEALTH INSURANCE CHANGES

1. Payment of physician bills under the supplementary medical insurance program

The bill permits medical insurance benefits (for physicians' services and other services reimbursable on a charge basis) to be paid to the beneficiary on the basis of an itemized bill (whether or not it is receipted) rather than on the basis of a receipted bill as under present law; the present assignment method is retained.

This provision applies to any claim upon which final action has not been taken before enactment.

2. Time limit on filing supplementary medical insurance claims

The bill establishes a time limit on the period within which payment may be requested under the medical insurance program with respect to services reimbursable on a charge basis. Claims for the services in question will, in general, have to be filed no later than the end of the calendar year following the year in which the services are furnished, except that the time limit on filing with respect to services furnished in the last 3 months of the year will be the same as if the services had been furnished in the subsequent year. A further exception is that the time limitation on filing claims for services received during July, August, and September of 1966 will not expire until March 31, 1968.

3. Additional days of hospital care

The bill provides that each medicare beneficiary will have a lifetime reserve of 60 days of added coverage of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 per day will be applicable to these added days of coverage.

This provision applies with respect to services furnished after December 31, 1967.

4. Inclusion of podiatrists' services

The bill covers the nonroutine services of doctors of podiatry or surgical chiropody under the medical insurance program. In addition, the bill excludes routine foot care from coverage whether performed by a podiatrist or a medical doctor.

This provision applies to services furnished after December 31, 1967.

5. Payment for services in nonparticipating hospitals

The bill provides payments for inpatient services (whether or not emergency services) furnished to beneficiaries admitted before January 1, 1968, to nonparticipating hospitals that meet the new definition of "emergency hospital" described below. The payments will be made directly to the individual, and, subject to the \$40 deductible and other statutory payment limitations in present law, they will be equal to 60 percent of the room and board charges plus 80 percent of the ancillary charges. If the hospital formally participates in medicare before 1969 and if it applies its utilization review plan to the services in question, payment can be made for up to the full 90 days of coverage in the spell of illness. Otherwise, payment will be limited to 20 days of coverage.

A similar provision relating only to emergency services applies to admissions taking place on or after January 1, 1968. Under the new provisions, nonparticipating hospitals may continue to apply for payment for emergency services on a reasonable-cost basis, but only if they agree to bill the program for all such services furnished during the year. If the hospital does not choose to bill for emergency services, the patient may receive payment direct from the program on the percentage-of-charges basis described above.

The bill modifies the definition of hospitals eligible to furnish covered emergency services. Under it, an "emergency hospital" means a licensed institution which is primarily engaged in providing medical care under the supervision of a doctor and which has full-time nursing. The new, less restrictive, definition applies retroactively to July 1, 1966, so that some hospitals which are ineligible under present law to receive payment for emergency services may receive such payments on behalf of beneficiaries back to the beginning of the program provided they apply for such payments. If the hospital does not apply for reimbursement, the patient may be paid directly under the new percentage-of-charges payment provisions.

6. Payment under the supplementary medical insurance program for noncovered hospital ancillary services

The bill permits payment under the supplementary medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, for which no payment may be made under the hospital insurance program--where, for example, the patient has exhausted his eligibility under that program or where an extended care facility patient has not satisfied the prior-hospitalization requirement.

This provision applies to services furnished after March 31, 1968.

7. Eye refractions

The bill adds to the present exclusion from medicare coverage of expenses incurred for routine checkups, or for eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, a specific exclusion of expenses for procedures performed (during the course of any eye examination regardless of by whom performed) to determine the refractive state of the eyes.

This provision will be effective upon enactment.

8. Payment for purchase of durable medical equipment

The bill permits payment to be made for durable medical equipment that has been purchased by the individual. Except for inexpensive items, payment will be made periodically in the same amount as if the equipment were rented, for the period the equipment was needed; no more than the purchase price of the equipment can be covered.

This provision applies to items purchased after December 31, 1967.

9. Payment for outpatient physical therapy services

The bill covers under the supplementary medical insurance program outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services and approved clinics, rehabilitation centers, and public health agencies. The patient will not have to be homebound for the physical therapy services to be covered.

This provision applies to services furnished after June 30, 1968.

10. Physician certification

The bill eliminates the physician certification requirement for hospital outpatient services and admissions to general hospitals.

This provision is effective upon enactment.

11. Simplification of reimbursement to hospitals for certain services

The bill (1) provides that the full reasonable charges (no deductible or coinsurance) will be paid under the supplementary medical insurance program for covered radiology and pathology services furnished by physicians to hospital inpatients; (2) consolidates all coverage of outpatient hospital services under the supplementary medical insurance

program by transferring coverage of outpatient hospital diagnostic services from the hospital insurance program to the supplementary medical insurance program; and (3) authorizes hospitals to bill medicare patients directly for small outpatient charges (subject to final settlement in accordance with present cost-reimbursement provisions).

These provisions apply to services furnished after March 31, 1968.

12. Supplementary medical insurance enrollment periods

Under the bill, the general enrollment periods of the supplementary medical insurance program are placed on an annual, rather than biennial, basis and, beginning in 1969, run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary will determine and promulgate during December of each year the premium rate which will be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate change for part B, he will also be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at the new rate. Persons wishing to disenroll may do so at any time, but such disenrollment will not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment is filed.

13. Incentive reimbursement experimentation

The bill authorizes the Secretary to experiment with various methods of reimbursement to organizations and physicians under medicare, medicaid, and the child health programs which would provide incentives for limiting costs of the programs while maintaining quality care. The experiments would involve only those physicians and organizations that volunteer to participate in such experiments. No experiments will be initiated until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the possibilities of securing productive results.

This provision is effective upon enactment.

14. Enrollment under the supplementary medical insurance program on the basis of an alleged date of attainment of age 65

The bill provides that a person who has attained age 65 but who failed to enroll in the supplementary medical insurance plan during his "initial enrollment period" because he was mistaken about his correct age may, provided his mistake resulted from his reliance on documentary

evidence which proved to be incorrect, enroll using the date of attainment of age 65 shown on the erroneous documentary evidence as a basis for his enrollment.

This provision will be effective beginning February 1968.

15. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits

Under the bill the requirements for entitlement to hospital insurance protection after 1967 are increased more gradually than they are under present law. Under the bill, the minimum number of quarters of coverage required for hospital insurance protection is reduced from the present 6 quarters of coverage to 3 quarters for persons who attain age 65 in 1968, and who are not insured for social security or railroad retirement cash benefits. Comparable reductions are made in the number of quarters of coverage that present law requires in the case of people who attain age 65 in subsequent years.

16. Payment for portable X-ray services

The bill permits payment under the supplementary medical insurance program for diagnostic X-ray services furnished in a patient's home or in a nursing home if the services are provided under the general supervision of a physician and if the performance of the tests meets health and safety regulations.

This provision applies to services furnished after December 31, 1967.

17. Blood deductibles

The bill broadens the definition of "blood" to include packed red blood cells as well as whole blood and extends the application of the 3-pint deductible provisions to the supplementary medical insurance program as well as to the hospital insurance program. Replacement of blood will be on a pint-for-pint basis, as under present law.

This provision applies to payments for blood furnished an individual after December 31, 1967.

18. Limitation on special reduction in allowable days of inpatient hospital services

The bill modifies the provision of present law under which days in a psychiatric or tuberculosis hospital immediately before entitlement to hospital insurance are counted against the days of coverage a person would otherwise have in his first spell of illness. The bill

(1) removes tuberculosis hospitals from the application of the provision, so that a person's entitlement to hospital insurance benefits will be the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital and (2) makes the provision inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness.

This provision applies to payments for services furnished after December 31, 1967.

19. Refunds of certain overpayments by employees of hospital insurance tax

The bill authorizes refunds to workers of hospital insurance taxes paid on amounts in excess of the maximum earnings base (\$7,800 in 1968 under the bill) where the worker has paid both social security and railroad retirement taxes.

This provision will apply to wages paid after December 31, 1967, and to self-employment income for taxable years ending on or after December 31, 1968.

20. Health Insurance Benefits Advisory Council

The bill transfers the duties previously assigned to the National Medical Review Committee (never established) to the Health Insurance Benefits Advisory Council and increases the membership of the Health Insurance Benefits Advisory Council from 16 to 19 persons.

This provision will be effective upon enactment of the bill.

21. Reimbursement for civil service retirement annuitants for premium payments under the supplementary medical insurance program

The bill provides that Federal employee health benefit plans will be permitted to reimburse civil service retirement annuitants who are members of group health plans for the premium payments they make to the supplementary medical insurance program under certain conditions.

This provision will be effective upon enactment.

22. Appropriation to supplementary medical insurance trust fund

The bill provides that, after June 30, 1967, whenever the transfer of general revenue funds to the supplementary medical insurance trust fund is not made at the time the enrollee contribution is made, the general

fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest that would have been paid had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 is made available through 1969.

23. Use of State agencies to assist health facilities to participate in the various health programs under the Social Security Act

The bill authorizes 75-percent Federal matching for the cost of services which State health agencies perform in helping health facilities to qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to improve their fiscal records for payment purposes. The bill repeals the medicare provision under which such services are financed on a 100-percent basis from the Federal Hospital Insurance Trust Fund.

This provision will be effective July 1, 1969.

24. Coordination of title XIX and the supplementary medical insurance program

The bill permits States to "buy-in" for supplementary medical insurance for all of their aged who are eligible for medical assistance. Under present law they may do so only for aged persons receiving cash assistance. Also, the January 1, 1968, deadline for entering into an agreement with the Secretary for buying-in is extended to January 1, 1970, and the States are permitted to cover under the agreement persons who become eligible for assistance after that date. The bill further provides that Federal matching payments will not be made for services furnished to individuals not enrolled in the supplementary medical insurance program if the services would have been covered had such individuals been enrolled in the program.

## C. COVERAGE CHANGES

1. Coverage of clergymen

The services that a clergyman, Christian Science practitioner, or member of a religious order who has not taken a vow of poverty performs in the exercise of his profession will be covered automatically unless, within specified time limits, he submits a statement that he is opposed to having his professional services covered under social security or other public insurance on grounds of religious principle or conscience. Coverage will be under the self-employment provisions, as in the case of clergymen, Christian Science practitioners, and members of religious orders who have elected coverage under previous law. Members of religious orders who have taken a vow of poverty will continue to be excluded as under previous law. Clergymen who elected coverage under previous law will continue to be covered.

The provision is effective for taxable years ending after December 31, 1967. The change will afford social security protection to most of the 60,000 full-time clergymen (and their families) who have not elected coverage, and will increase protection for many others who work part time in the ministry.

2. Additional wage credits for servicemen

The covered earnings of a person on active duty in the uniformed services (including active duty for training) will be deemed to be \$300 more than his basic pay in a calendar quarter, except that the deemed additional covered earnings will be \$100 when his basic pay in a calendar quarter is \$100 or less, and \$200 when his basic pay in a quarter is over \$100 but is not over \$200. The deemed additional covered earnings are intended to take into account that the regular contributory social security coverage of a serviceman reflects only his basic pay and does not include certain cash increments or the substantial value of payments in kind which are generally counted as wages in other covered employment.

The provision will apply to service pay that is paid after December 31, 1967. The social security trust funds will be reimbursed from general revenues for the additional cost of paying the benefits resulting from this provision.

3. Retirement income of retired partners

Certain partnership income of retired partners will no longer be taxed or credited for social security purposes. The provision specifies certain conditions that must be met to assure that the income is in fact retirement income.

The provision is effective with taxable years ending on or after December 31, 1967.

4. Additional time for members of religious sects to apply for exemption from social security tax

The time for filing for exemption from the social security self-employment tax by members of religious sects (mainly, the Old Order Amish) conscientiously objecting to insurance is extended. Those who had self-employment income for taxable years ending before December 31, 1967, have until December 31, 1968, to file for exemption. (Under previous law, the deadline for filing was April 15, 1966, for taxable years ending before December 31, 1965.) For those who first receive self-employment income in a taxable year ending on or after December 31, 1967, the application will be timely if filed by the due date for the income tax return for the year in question. In these latter cases, an application will be valid if filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

5. Family employment

Coverage is extended to domestic employment performed in an employer-employee relationship by a parent for his son or daughter in circumstances in which it may be assumed that there is a need for the parent to perform the work. The employment will be covered in a calendar quarter if the employer has in his home a son or daughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced, and has not remarried, or has a spouse in the home who is incapable of caring for the employer's son or daughter for at least 4 continuous weeks in the quarter.

The provision is effective after December 1967.

6. Exclusion from wages of certain payments under employer-established plans

The bill excludes from the definition of wages, for social security credit and tax purposes, payments made to an employee or any of his dependents if (a) the payments are made pursuant to an employer plan; (b) the payments begin upon or after the termination of the employee's employment relationship; and (c) the termination was because of death, retirement for disability, or retirement at an age specified in a plan of the employer. The exclusion will not apply to any payment which would have been made even if the employment relationship had not been terminated, or to any payment made upon or after termination of employment, if such termination is for any reason other than death, or retirement because of age or disability.

The provision is effective with respect to payments made after enactment.

## 7. State and local governmental employees

### a. Coverage of employees ineligible for membership in a retirement system

Social security coverage will be facilitated for employees who are in positions under a State or local retirement system but are not eligible to become members of the system. Under previous law, these employees could not be covered under social security by means of the "divided retirement system" provision, which permits specified States to cover only those current members of a retirement system who desire coverage. It will now be possible for these ineligible workers to be covered when the divided retirement system procedure is used to extend coverage to a retirement system group.

The provision is effective on enactment.

### b. Election officials and election workers

A State will be permitted to exclude from social security coverage future services performed by officials and election workers who are paid less than \$50 in a calendar quarter for such services. The exclusion can be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date. Under previous law, these services could be excluded only at the time coverage was extended to the employees of the State or the subdivision.

The new provision permits a State to modify its agreement on or after January 1, 1968, to exclude these services prospectively.

### c. Exclusion of emergency services

Services performed for a State or local government by workers hired on a temporary basis in emergencies such as a fire, storm, flood, or earthquake, now excludable at the option of the State, will be mandatorily excluded from coverage.

The provision is effective with respect to services performed on or after January 1, 1968.

### d. Divided retirement system provision -- Illinois

Illinois is added to the list of States which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

The amendment is effective on enactment.

e. Employees compensated by fees

The bill modifies the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace) to cover a larger number of such employees. Under present law, fee-basis employees, like other State and local government employees, can be covered only under a State coverage agreement. Under the new provisions, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement are compulsorily covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 may elect not to have their fees covered under the self-employment provisions. A State will be permitted, as under previous law, to modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike previous law, a State may remove from coverage under its agreement persons who are compensated solely on a fee basis.

The provision is effective with respect to fees received after December 31, 1967.

f. Further opportunity to elect coverage under divided retirement system provision

An additional opportunity is given, through 1969, for election of social security coverage by employees of States and localities who did not elect coverage when they previously had the opportunity to do so under the provision permitting specified States to cover only those current members of a retirement system who desire coverage.

The amendment is effective on enactment.

g. Coverage for erroneously reported former employees

A State will be permitted, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group whose earnings had been erroneously reported for them, if no refund has been made of the taxes paid on the erroneously reported earnings.

The provision is effective on enactment.

h. Policemen and firemen

Puerto Rico is added to the list of States which may provide coverage under social security for policemen and firemen who are covered under a State or local retirement system.

The provision is effective on enactment.

i. Firemen in Nebraska

Erroneous earnings reports for certain Nebraska firemen are validated for those past periods for which social security contributions were erroneously paid, without refund.

The provision is effective on enactment.

j. Coverage of firemen

It will be possible to extend social security coverage under specified conditions to firemen under a State or local retirement system in States not specifically listed, under the provisions of the Social Security Act, as States which may cover such policemen and firemen. Such coverage may be extended only by means of the referendum provisions, and only if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of social security coverage to the group. Only firemen may vote in the referendum.

The provision is effective on enactment.

k. Employees of the Massachusetts Turnpike Authority

The State of Massachusetts will be permitted to remove from future social security coverage employees of the Massachusetts Turnpike Authority. If the employees of the Turnpike Authority are removed from coverage under this provision they cannot again be covered. The Turnpike Authority employees have been under social security longer than the 7-year period which is required before there can be termination, but the 2-year notice of intent to terminate had not been filed.

The provision is effective on enactment.

## D. FINANCING CHANGES

The favorable actuarial balance of 0.74 percent of payroll that the program has is sufficient to finance a substantial part of the cost of the cash benefit provisions in the bill. The remaining cost of the cash benefit provisions and the cost of the health insurance provisions would be financed by: (1) an increase in the contribution and benefit base from \$6600 to \$7800 (effective January 1, 1968), and (2) revised contribution rate schedules for the cash benefits and hospital insurance parts of the program. There would be no increase in the total contribution rate for 1968. The ultimate contribution rate for cash benefits would be increased from 4.85 percent to 5.0 percent beginning in 1973 and the ultimate rate for hospital insurance would be increased from 0.80 percent to 0.90 percent beginning in 1987.

The contribution rate schedule under present law and under the bill are as follows:

<u>Period</u>	<u>OASDI</u>		<u>HI</u>		<u>Total</u>	
	<u>Present Law</u>	<u>Bill</u>	<u>Present Law</u>	<u>Bill</u>	<u>Present Law</u>	<u>Bill</u>
Employer-Employee, Each						
1968	3.9%	3.8%	0.5%	0.6%	4.4%	4.4%
1969-70	4.4	4.2	0.5	0.6	4.9	4.8
1971-72	4.4	4.6	0.5	0.6	4.9	5.2
1973-75	4.85	5.0	0.55	0.65	5.4	5.65
1976-79	4.85	5.0	0.6	0.7	5.45	5.7
1980-86	4.85	5.0	0.7	0.8	5.55	5.8
1987 and after	4.85	5.0	0.8	0.9	5.65	5.9
Self-Employed						
1968	5.9%	5.8%	0.5%	0.6%	6.4%	6.4%
1969-70	6.6	6.3	0.5	0.6	7.1	6.9
1971-72	6.6	6.9	0.5	0.6	7.1	7.5
1973-75	7.0	7.0	0.55	0.65	7.55	7.65
1976-79	7.0	7.0	0.6	0.7	7.6	7.7
1980-86	7.0	7.0	0.7	0.8	7.7	7.8
1987 and after	7.0	7.0	0.8	0.9	7.8	7.9

Disability Insurance Trust Fund

The bill will increase the percentage of taxable wages appropriated to the disability insurance trust fund (now 0.70 of 1 percent) to 0.95 of 1 percent, and would increase the percentage of self-employment income so appropriated (now 0.525 of 1 percent) to 0.7125 of 1 percent.

Reports of Boards of Trustees

Under the bill the date on which the annual report of the trustees of the social security trust funds is due is changed from March 1 to April 1. The report on the old-age and survivors insurance trust fund must contain a separate actuarial analysis of the benefit disbursements made from that trust fund with respect to disabled beneficiaries.

## E. SPECIAL STUDIES

1. Advisory council study of health insurance for the disabled

The bill establishes an advisory council, to be appointed in 1968, to study the question of providing health insurance protection for the disabled under title XVIII, and to report its findings, together with its recommendations on how such protection should be financed, to the Secretary not later than January 1, 1969.

2. Study of retirement test and drug proposals

The bill requires the Secretary to study (a) the existing retirement test and proposals for its modification (including proposals for an increase in retirement benefits on account of delayed retirement), and (b) proposals to establish quality and cost standards for drugs for which payments are made under the Social Security Act and to cover drugs under the supplementary medical insurance program. The Secretary is required to report his findings and recommendations to the President and the Congress by January 1, 1969.

3. Study of coverage of services of health practitioners

The bill requires the Secretary to study the need for the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services and to make recommendations to the Congress prior to January 1, 1969.

90th Congress }  
1st Session }

COMMITTEE PRINT

SUMMARY OF  
SOCIAL SECURITY AMENDMENTS OF 1967

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JOINT PUBLICATION  
COMMITTEE ON FINANCE  
OF THE  
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AND  
COMMITTEE ON WAYS AND MEANS  
OF THE  
U.S. HOUSE OF REPRESENTATIVES



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## SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

### OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

#### Old-Age, Survivors, and Disability Insurance

##### *Increase in Social Security Benefits*

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$550—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650–\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

*Effective date.*—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

##### *Special Benefits for People Age 72 and Over*

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

*Effective date.*—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

##### *Limitation on Wife's Benefit*

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

### ***The Retirement Test***

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

*Effective date.*—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

### ***Benefits for Disabled Widows and Widowers***

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

*Effective date.*—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

### ***Dependency of a Child on the Mother***

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

*Effective date.*—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

### ***Insured Status for Workers Disabled While Young***

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively if he works in six quarters out of the last 12. This

requirement would be an alternative to the present requirement that the worker must have had a total of 5 years out of the last 10 years in covered employment.

*Effective date.*—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

#### ***Additional Wage Credits for Servicemen***

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

#### ***Disability Insurance Trust Fund***

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

#### ***Extension of Retroactivity of Disability Applications***

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

#### ***Children Adopted by Disability Beneficiaries***

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

*Effective date.*—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

#### ***Coverage of Ministers***

The amendments permit a clergyman (other than members of religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

#### ***Coverage of State and Local Employees Ineligible for Membership in a State Retirement System***

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who

are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

***State and Local Coverage in Illinois***

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

***Firemen in Puerto Rico***

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

***Firemen in Nebraska***

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

***Coverage of Firemen***

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

***Coverage for Erroneously Reported Former State or Local Government Employees***

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

***State and Local Employees Receiving Fees***

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the

self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

#### ***Family Employment***

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

#### ***Employees of the Massachusetts Turnpike Authority***

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

#### ***Children Adopted by Surviving Spouse***

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

*Effective date.*—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

#### ***Recovery of Overpayments***

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

#### ***Benefits Paid on Basis of Erroneous Reports of Death in Military Service***

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive.

*Effective date.*—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

### *Underpayments*

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

### *Simplification of Benefit Computation*

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

### *Definitions of "Widow," "Widower," and "Stepchild"*

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

### *Requirements for Husband's and Widower's Insurance Benefits*

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

### *Disability Benefits Affected by the Receipt of Workmen's Compensation*

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

***Extension of Time for Filing Reports of Earnings***

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

***Penalty for Failure to File Timely Reports of Earnings***

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

***Limitation on Payment of Benefits to Aliens Outside the United States***

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

*Effective date*—The provisions will be effective after June 30, 1968.

***Advisory Council on Social Security***

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

***Disclosure to Courts of Whereabouts of Certain Individuals***

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

***Payments to Certain Illegitimate Children***

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

***Report of Board of Trustees***

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

***Expedited Benefit Payments***

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

***Attorney's Fees***

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

***Exclusion of Emergency Services by State and Local Employees***

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

***Election Officials and Election Workers***

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

***Social Security Tax—Retirement Plans***

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established

by employers and made to the employee or his dependents upon retirement, death, or disability.

***Definition of Disability***

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

***Definition of Blindness***

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

***Time for Filing Applications for Exemption From Self-Employment Tax by Amish***

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

***Retirement Income of Retired Partners***

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

***Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement***

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

***General Savings Provision***

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

## **Health Insurance Benefits**

### ***Payment of Physician Bills Under the Supplementary Medical Insurance Program***

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

### ***Payment for Services in Nonparticipating Hospitals***

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under medicare.

***Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services***

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

***Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services***

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

***Payment for Blood***

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

***Services of Podiatrists***

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

***Physical Therapy***

The amendments extends the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics,

rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

***Supplementary Medical Insurance Enrollment Periods***

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

***Additional Days of Hospital Care***

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

***Incentive Reimbursement Experimentation***

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

***Study of Drug Proposals and Retirement Test***

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

***Physician Certification***

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

***Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program***

The amendments transfer hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

***Hospital Billing for Outpatient Services***

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

***Radiologists' and Pathologists' Services***

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

***Payment for Portable X-ray Services***

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

***Payment for Purchase of Durable Medical Equipment***

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

***Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program***

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

***Date of Attainment of Age 65 of Persons Enrolling in SMI Program***

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

***Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act***

States will be able to receive 75-percent Federal matching for the services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

***Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program***

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

***Appropriation to Supplementary Medical Insurance Trust Fund***

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

***Health Insurance Benefits Advisory Council***

The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

**Study of Coverage of Services of Health Practitioners**

The Secretary of Health, Education, and Welfare will study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

**Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries**

The Secretary of Health, Education, and Welfare will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

**Financing the Social Security and Hospital Insurance Programs**

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS  
EMPLOYER-EMPLOYEE, EACH  
[In percent]

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED						
Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	5.9	5.8	0.5	0.6	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

**PUBLIC WELFARE AND HEALTH AMENDMENTS**

**Work Incentive Program for AFDC Families**

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of

the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income,

social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

#### *Earnings Exemption*

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 of income from any source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus  $\frac{1}{2}$  of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

#### *Dependent Children of Unemployed Fathers*

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good

cause to accept employment, of if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

***Limitation on Federal Matching in AFDC Program***

The amendments sets a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

***Federal Payments for Foster Home Care of Dependent Children***

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

***Emergency Assistance***

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family, but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

***Protective or Vendor Payments***

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from this overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

***Single Organizational Unit for Child Services***

The amendments provide that child-welfare services and services to children receiving AFDC shall be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or

separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

***Pass Along***

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

***Increased Authorizations for Child Welfare Services***

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

***Provision of Family Service State Plan Requirement***

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

***Use of Subprofessional and Volunteer Staff***

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

***Parent Involvement in Day Care—Day Care Standards***

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

***Repatriation Extension***

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

***Demonstration Projects***

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. The amendments increase this amount to \$4 million annually.

***Payment for Home Repairs***

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

***Purchase of Social Services***

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

***Social Work Manpower and Training***

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

***Location of Absent Parents***

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

***Limitation on Federal Participation in Medical Assistance (Medicaid)***

States will be limited in setting income levels for Federal matching purposes to 133 $\frac{1}{3}$  percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

***Coordination of Medicaid and the Supplementary Medical Insurance Program***

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for Medicaid. Also, people who are eligible for Medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the Medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

***Modification of Comparability Provisions—Medicaid***

States do not have to include in medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

***Extent of Federal Financial Participation in State Administrative Expenses—Medicaid***

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

***Advisory Council on Medical Assistance***

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the medicaid program.

***Free Choice for Persons Eligible for Medicaid***

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

***Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act***

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

***Payments for Services and Care by a Third Party—Medicaid***

States are required to take steps to assure that the medical expenses of a person covered under the medicaid program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

***Medicaid Safeguards***

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

***Skilled Nursing Home Standards Under Medicaid***

States are required, as a condition for participation in the medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's, existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under medicaid will also be expected to provide home health care services.

***Federal Matching for Assistance Recipients in Intermediate Care Facilities***

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor-payment matching for people who need institutional care in the intermediate range between that which is provided in a boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

***Maintenance of State Effort***

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments adds to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

***Direct Billing—Medicaid***

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a

direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

***Required Services Under Medicaid***

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

***Christian Scientists—Health Programs***

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

***Hospital Deductibles and Copayment for Medically Indigent***

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed with respect to money payment recipients, as under existing law.

***Essential Person—Medicaid***

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential persons." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

***Licensing of Nursing Home Administrators Under Medicaid***

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not

qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

***Optometric Services Under Child Health Programs***

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

***Family Planning***

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

***Training of Personnel for Health Care and Related Services for Mothers and Children***

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

***Consolidation and Increase of Child Health Authorizations***

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

***Additional Requirements on the States Under the Formula Grant Program—Child Health***

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

*Project Grants—Child Health*

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

*Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands*

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLES

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 or more	
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	105.00	105.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00	109.00
6. Widow 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00	156.00
8. Disabled widow at age 50.....	33.40	33.40	44.50	44.50	57.60	57.60	57.60	63.60	63.60	70.30	70.30	76.90	84.00	95.00	109.10	109.10
9. Disabled widow and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	102.00	132.60	202.40	240.00	240.00	240.00	279.60	280.80	306.00	322.40	368.00	395.60	434.40	434.40
11. 1 surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

1 Maximum AME under H.R. 12080.

Source: Social Security Administration.

2 Maximum wife's benefit.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20
Self-employed						
1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

Item	[In millions of dollars]		
	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604
Benefit increase for transitional insured.....	6	7	5
Benefit increase for transitional noninsured.....	43	43	25
Liberalized benefits with respect to women workers.....	73	90	101
Special disability insured status under age 31.....	60	72	77
Disabled widow's benefits at age 50.....	50	63	73
Earnings test liberalization.....	140	221	244
Total.....	2,901	3,686	4,129

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	[In billions of dollars]		
	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law			
1967.....	28.5	24.2	4.3
1968.....	29.6	25.5	4.1
1969.....	33.7	26.9	6.8
1970.....	35.2	28.2	7.0
1971.....	36.2	29.4	6.8
1972.....	37.2	30.8	6.4
Amendments			
1968.....	31.0	28.3	2.7
1969.....	35.2	30.4	4.8
1970.....	36.8	31.8	5.0
1971.....	40.8	33.3	7.5
1972.....	42.5	34.7	7.8

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
<b>Public assistance:</b>					
AFDC costs if there is no change in present law <sup>1</sup> .....	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0
Title XIX costs if there is no change in present law <sup>2</sup> .....	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0
All other public assistance costs if there is no change in present law <sup>3</sup> .....	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0
Subtotal, present law.....	<u>4,500.0</u>	<u>5,168.0</u>	<u>5,661.0</u>	<u>6,181.0</u>	<u>6,731.0</u>
<b>Increases in the bill:</b>					
Day care.....	(9)	35.0	80.0	160.0	350.0
Other social services.....	(9)	35.0	70.0	100.0	125.0
Earnings exemptions.....	(9)	20.0	25.0	30.0	35.0
Work training.....	30	129.0	165.0	209.0	308.0
Foster care.....	(9)	10.0	20.0	33.0	40.0
Emergency assistance.....	(9)	10.0	20.0	35.0	35.0
Puerto Rico, et al.....	(9)	7.8	11.0	14.2	17.5
Demonstration projects.....	(9)	2.0	2.0	2.0	2.0
Additional child health requirements in title XIX.....			30.0	40.0	50.0
OAA, AB, APTD spouses under medicare.....	(9)	14.0	15.0	16.0	17.0
Medical review program for nursing homes.....		2.5	5.0	7.5	10.0
Subtotal, increases.....	<u>4 50</u>	<u>265.3</u>	<u>443.0</u>	<u>646.7</u>	<u>989.5</u>
<b>Decreases in the bill:</b>					
AFDC limitation.....					
AFDC reductions for persons trained.....		-11.0	-63.0	-145.0	-257.0
Restrictions on title XIX.....		-329.0	-678.0	-1,037.0	-1,405.0
Decreases in public assistance due to social security bene- fit increase.....	-15	-65.0	-70.0	-75.0	-75.0
Federal participation in cost on care in "intermediate care facilities".....		-10.0	-20.0	-29.0	-29.0
Subtotal decreases.....	<u>-15</u>	<u>-415.0</u>	<u>-831.0</u>	<u>-1,286.0</u>	<u>-1,766.0</u>
Net cost of savings due to public assistance amendments.....	-35	-149.7	-388.0	-639.3	-766.5
Total public assistance as amended by bill.....	<u>4,535</u>	<u>5,018.3</u>	<u>5,237.0</u>	<u>5,541.7</u>	<u>5,954.5</u>
<b>Child welfare:</b>					
Present law.....	55	55.0	60.0	60.0	60.0
Increase for child welfare services.....		45.0	50.0	50.0	50.0
Increase for child welfare research.....		5.0	10.0	15.0	15.0
Subtotal, increases.....		<u>50.0</u>	<u>60.0</u>	<u>65.0</u>	<u>65.0</u>
Social work manpower.....		5.0	5.0	5.0	5.0
Net public welfare cost or savings in bill.....	<u>35</u>	<u>-94.7</u>	<u>-323.0</u>	<u>-569.3</u>	<u>-706.5</u>
<b>Child Health:</b>					
Authorizations in bill.....	203	250.0	275.0	300.0	325.0
Authorization in present law.....	198	210.5	225.5	225.5	225.5
Increase in bill.....	<u>5</u>	<u>39.5</u>	<u>49.5</u>	<u>74.5</u>	<u>99.5</u>

<sup>1</sup> Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

<sup>2</sup> Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

<sup>3</sup> Assumes continued decline in number of old-age assistance and aid to the blind recipients, and continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

<sup>4</sup> 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) <sup>1</sup>	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	<sup>2</sup> 129	-\$11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	250

<sup>1</sup> Does not include recipients on priority III work projects.

<sup>2</sup> Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

90th Congress }  
1st Session }

COMMITTEE PRINT

COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES

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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,  
SURVIVORS, DISABILITY, AND HEALTH INSUR-  
ANCE SYSTEM AS MODIFIED BY THE SOCIAL  
SECURITY AMENDMENTS OF 1967



DECEMBER 11, 1967

Prepared for the use of the Committee on Ways and Means  
by Robert J. Myers, actuary to the committee

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# ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE SYSTEM AS MODIFIED BY THE SOCIAL SECURITY AMENDMENTS OF 1967

## I. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

### A. INTRODUCTION

This section presents both short- and long-range cost estimates for the old-age, survivors, and disability insurance system as it would be modified by the Social Security Amendments of 1967 (H.R. 12080), according to conference agreement on December 7, 1967.

From an actuarial cost standpoint, the major features of these amendments are as follows:

(1) Monthly benefits for all types of insured beneficiaries would be increased by 13 percent, with a minimum primary insurance amount of \$55.

(2) The basic benefit for transitionally insured and noninsured persons (aged 72 and over) would be increased from \$35 to \$40 per month.

(3) A maximum of \$105 per month would be made applicable to wife's benefits (having effect generally only in the distant future).

(4) Liberalized benefit protection would be available for dependents and survivors of women workers (only the same insured status requirements as for men would be applicable, instead of the stricter ones of present law).

(5) Monthly benefits would be provided for disabled widows and dependent widowers of insured workers when such survivors are aged 50-61. The benefit amount would be reduced from the full 82½ percent of the primary insurance amount payable to widows and widowers at age 62 and the reduced amount of 71½ percent at age 60, being scaled down from the latter amount, according to age at entitlement, to 50 percent for age 50.

(6) Insured status for disability benefits for young workers (under age 31) would be liberalized, so as essentially to require coverage in half the time since age 21 (or for those disabled under age 24, with coverage in half of the last 3 years).

(7) The definition of disability would be made more detailed, so as to bring out better the concepts contained in present law. The special definition of disability with respect to blindness would be broadened somewhat.

(8) The earnings (or retirement) test would be liberalized so that the annual exempt amount would be increased from \$1,500 to \$1,680 (with a corresponding increase in the monthly test). The "band" for which there is a \$1 reduction in benefits for each \$2 in

earnings (after earnings have exceeded the annual exempt amount) would be continued at \$1,200.

(9) Coverage would be extended to certain small categories of State and local government employees. The coverage basis of ministers would be revised so as to be compulsory unless the minister opts out on grounds of conscience or religious principle.

(10) The maximum taxable and creditable earnings base would be increased from \$6,600 per year to \$7,800 for 1968 and after.

(11) The contribution schedule would be revised in the manner shown in table 1 for the old-age, survivors, and disability insurance system, and in table 2 for that system and the hospital insurance system combined. Table 3 gives the maximum contributions payable by individuals, for various future years.

(12) The allocation to the disability insurance trust fund would be increased from 0.70 percent of taxable payroll (with respect to the combined employer-employee rate) to 0.95 percent. Table 4 shows the distribution of the OASDI contribution rate between OASI and DI.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER 1967 AMENDMENTS, AS COMPARED WITH THOSE UNDER PREVIOUS LAW

[In percent]

Calendar years	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967.....	7.8	7.8	5.9	5.9
1968.....	7.8	7.6	5.9	5.8
1969-70.....	8.8	8.4	6.6	6.3
1971-72.....	8.8	9.2	6.6	6.9
1973 and after.....	9.7	10.0	7.0	7.0

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND HOSPITAL INSURANCE UNDER 1967 AMENDMENTS, AS COMPARED WITH THOSE UNDER PREVIOUS LAW

[In percent]

Calendar years	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967-68.....	8.8	8.8	6.4	6.4
1969-70.....	9.8	9.6	7.1	6.9
1971-72.....	9.8	10.4	7.1	7.5
1973-75.....	10.8	11.3	7.55	7.65
1976-75.....	10.9	11.4	7.6	7.7
1980-86.....	11.1	11.6	7.7	7.8
1987 and after.....	11.3	11.8	7.8	7.9

TABLE 3.—MAXIMUM CONTRIBUTION AMOUNTS UNDER 1967 AMENDMENTS FOR SELECTED YEARS

Calendar years	OASDI		HI		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20
Self-employed						
1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

TABLE 4.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER 1967 AMENDMENTS, SUBDIVIDED BY TRUST FUND

Calendar years	[In percent]					
	Combined employer—employee rate			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1967.....	7.10	0.70	7.8	5.3750	0.5250	5.9
1968.....	6.65	.95	7.6	5.0975	.7125	5.8
1969-70.....	7.45	.95	8.4	5.5875	.7125	6.3
1971-72.....	8.25	.95	9.2	6.1875	.7125	6.9
1973 and after.....	9.05	.95	10.0	6.2875	.7125	7.0

(13) Certain additional limitations on payment of benefits to aliens outside of the United States would be introduced (primarily with respect to citizens of countries that do not provide reciprocity in regard to social security benefits for U.S. citizens and with respect to payments in countries in which the Treasury Department has suspended payments).

(14) The pay of persons in military service would be deemed to be \$100 per month higher than the amount of basic pay on which they contribute. The cost of the additional benefits arising therefrom would be paid from the general fund of the Treasury (when the benefits are paid).

(15) The effective date for the general benefit increase (and certain other parallel benefit changes) would be for February 1968 (payable at the beginning of the next month).

#### B. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system as modified by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in actuarial balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

The separate disability insurance trust fund, established under the 1956 act, shows exact actuarial balance under the provisions that would be in effect after enactment of the 1967 amendments.

A description of the basic assumptions that are made in connection with the cost estimates for the old-age, survivors, and disability insurance system is given in appendix A. A discussion of the actuarial balance of this program in past years is presented in appendix B.

#### C. FINANCING POLICY

##### *(1) Self-supporting nature of system*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. The Congress has very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and thus actuarially sound.

##### *(2) Actuarial soundness of system*

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is frequently not the case for soundly financed private pension plans, which may not, as of the present time, have funded all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group during the period considered in the valuation. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated trust fund investments will, over the long-range period considered in the valuation, support the disbursements for benefits and administrative ex-

penses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The Congress believes that it is a matter for concern if the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view had been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, when measured over perpetuity, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system was 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Based on the recommendation of the 1963-64 Advisory Council on Social Security Financing (see app. V of the 25th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, H. Doc. No. 100, 89th Cong.), the cost estimates are now being made on a 75-year basis, rather than on a perpetuity basis. On this approach, the margin of variation from exact balance should be smaller—no more than 0.10 percent of taxable payroll for the combined old-age, survivors, and disability insurance program.

Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through raising the earnings base and at the same time the actuarial status of the program was improved.

The changes provided in the 1967 amendments are in conformity with these financing principles.

(3) *Interrelationship with railroad retirement system*

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

(4) *Reimbursement for costs of pre-1957 military service wage credits*

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. These financing provisions were modified

by the 1965 amendments. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in the future in accordance with the relevant provisions of the law. These reimbursements are intended to be made on the basis of a constant annual amount (as determined by the Secretary of Health, Education, and Welfare) for each trust fund payable over the period up to the year 2015 (with such amount subject to redetermination every 5 years).

In actual practice, the Secretary of Health, Education, and Welfare determined initially that the annual amount for the three trust funds involved (old-age and survivors insurance, disability insurance, and hospital insurance) was \$120 million. However, the Budget Document of the United States has contained requests for appropriations for only \$105 million and, to date, the appropriations have been made by the Congress on that basis.

(5) *Reimbursement for costs of additional post-1967 military service wage credits*

Under the 1967 amendments, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (e.g., quarters and meals). These additional credits are at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis, with reimbursement to the trust funds on as prompt a basis as possible (and with interest adjustments to make up for any delay due to the time needed to make the necessary actuarial calculations and for the necessary appropriations to be made).

In many instances, the availability of these additional wage credits will not result in additional benefits because the individual will have maximum credited earnings without them or because the year in which such credits are granted will be a dropout year in the computation of his average monthly wage. In the immediate-future years, the cost of these additional credits to the general fund will be relatively small (only a few million dollars a year) since there will be relatively few cases arising, almost all due to death and disability. After several decades, this cost might rise to as much as \$100 million per year if the size of the uniformed services remains as large as at present—and, of course, a lower figure if such size is lower.

#### D. INTERMEDIATE-COST ESTIMATES

(1) *Purposes of intermediate-cost estimates*

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis and actuari-

ally sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact balance cannot be obtained from a specific set of integral or rounded tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

(2) *Interest rate used in cost estimates*

The interest rate used for computing the level-costs for the 1967 amendments is  $3\frac{3}{4}$  percent for the intermediate-cost estimate. This is slightly below the average yield of the investments of the trust funds at the end of June 1967 (about 3.79 percent), and is considerably below the rate currently being obtained for new investments ( $5\frac{1}{4}$  percent for October 1967).

(3) *Actuarial balance of OASDI system*

Table A, in appendix B, shows that, according to the latest cost estimates made for the 1965 act, there is a very favorable actuarial balance for the combined old-age, survivors, and disability insurance system, but that there is a deficit of 0.15 percent of taxable payroll for the disability insurance portion, and a favorable balance of 0.89 percent of taxable payroll for the old-age and survivors insurance portion.

Under the 1967 amendments, the benefit changes proposed would be financed, in large part, by utilizing the existing favorable actuarial balance and by the increases in the contribution rates and the earnings base.

Table 5 traces through the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the 1967 amendments, by type of major changes involved.

TABLE 5.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PREVIOUS LAW AND 1967 AMENDMENTS, BASED ON 3.75 PERCENT INTEREST

[In percent]			
Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of previous law .....	+0.89	-0.15	+0.74
Increase in earnings base .....	+.25	+.02	+.27
Earnings test liberalization .....	-.06	(1)	-.06
Disabled widow's benefit: at age 50 .....	-.03	(2)	-.03
Special disability insured status under age 31 .....	(2)	-.02	-.02
Liberalized benefits with respect to women workers .....	-.07	(1)	-.07
Benefit formula change .....	-.95	-.10	-1.05
Revised contribution schedule .....	-.02	+.25	+.23
Total effect of changes in 1967 amendments .....	-.88	+.15	-.73
Actuarial balance under 1967 amendments .....	+.61	.00	+.61

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable to this program.

Several benefit provisions have cost effects of a magnitude of less than 0.005 percent of taxable payroll when measured in terms of long-range level-costs. Such changes involving small increases in cost are the liberalization of eligibility conditions for certain adopted children, the simplification of benefit computations based on 1937-50 wages, the reduction of the length-of-marriage requirement for survivor benefits, the liberalization of the offset provision for disability benefits when workmen's compensation benefits are also payable, the reduction in the penalties for failure to file timely reports of earnings and other events, and the broadening of the special definition of disability with respect to blindness. Such changes involving small decreases in cost are the additional limitations on payment of benefits to certain aliens outside the United States.

It may be noted that the cost estimates made for the 1967 amendments did not include a reduction in cost to allow for the inclusion of the detailed definition of disability. Rather, this is considered to be a safeguard, or cost control, so that the definition in previous law would not be weakened by court decisions or otherwise. In taking this new, detailed definition into account in the actuarial cost estimates, it has been assumed that the reference to the phrase "work which exists in the national economy" as meaning "work which exists in significant numbers either in the region where such individual lives or in several regions of the country" was for the purpose of so defining the phrase as to preclude consideration of types of jobs that exist only in very limited numbers or in relatively few geographic locations—or, more specifically, that the word "significant" as used here has the meaning of "not insignificant" (rather than the meaning of "important," as is sometimes the case in popular usage).

The changes made by the 1967 amendments would maintain the sound actuarial position of the old-age, survivors, and disability insurance system. The estimated actuarial balance is +0.01 percent of taxable payroll.

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the system be financed by a high level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than such a level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under an equivalent level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level contribution rate equivalent to the graded schedules in the law may be computed in the same manner as level costs of benefits. These are shown in table A, in appendix B, as are also figures for the net actuarial balances, both for the 1967 amendments and for previous laws.

(4) *OASI income and outgo in near future*

Table 6 shows the progress of the old-age and survivors insurance trust fund under previous law in the past and under the 1967 amendments in the future. The trust fund increases by significant amounts in all future years under the 1967 amendments. In 1968, the trust fund increases by about \$1 billion, which is much less than the increases that occur in the next few years and, in fact, much less than the increase that occurs in 1967. The reason for the relatively small increase in 1968 as compared with 1967 is the reduction in the allocation to this trust fund (see table 4).

TABLE 6.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SHORT-RANGE ESTIMATE

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year <sup>3</sup>
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-\$21	447	20,576
1955.....	5,713	4,968	119	—7	454	21,663
1956.....	6,172	5,715	132	—5	526	22,519
1957.....	6,825	7,347	4 162	—2	556	22,393
1958.....	7,566	8,327	4 194	124	552	21,864
1959.....	8,052	9,842	184	282	532	20,141
1960.....	10,866	10,677	203	318	516	20,324
1961.....	11,285	11,862	239	332	548	19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,889	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
Estimated data, 1967 amendments						
1967.....	\$23,210	\$19,486	\$393	\$508	\$797	\$24,190
1968.....	23,794	22,664	488	459	904	25,277
1969.....	27,454	24,166	435	530	986	28,586
1970.....	28,811	25,126	448	619	1,136	32,340
1971.....	32,478	28,145	463	601	1,386	38,995
1972.....	33,905	27,161	478	582	1,735	46,414

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

<sup>4</sup> These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

(5) *DI income and outgo in near future*

Table 7 shows the progress of the disability insurance trust fund under previous law in the past and under the 1967 amendments in the future. The trust fund increases by significant amounts in all future years—especially as compared with previous law. This trend is the result of the increased allocation to this trust fund from the combined old-age, survivors, and disability insurance contribution rate, which more than offsets the increased outgo due to the benefit changes. The higher taxable earnings base also has an increasing effect on the trust fund.

TABLE 7.—PROGRESS OF DISABILITY INSURANCE TRUST FUND, SHORT-RANGE COST ESTIMATE

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Actual data						
1957.....	\$702	\$57	<sup>3</sup> \$3	-----	\$7	\$649
1958.....	966	249	<sup>3</sup> 12	-----	25	1,379
1959.....	891	457	50	-----	40	1,825
1960.....	1,010	568	36	-\$22	53	2,289
1961.....	1,038	887	64	5	66	2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
Estimated data, 1967 amendments						
1967.....	\$2,313	\$1,956	\$107	\$31	\$72	\$2,030
1968.....	3,236	2,390	129	44	95	2,798
1969.....	3,517	2,608	121	22	131	3,695
1970.....	3,629	2,740	123	22	171	4,610
1971.....	3,759	2,867	127	25	212	5,562
1972.....	3,880	2,985	133	29	253	6,548

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service.

(6) *Increases in benefit disbursements in 1968-72, by cause*

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in 1968, 1969, and 1972 as a result of the changes that the 1967 amendments make are shown in table 8. The major portion of the increase is due to the general benefit increase.

TABLE 8.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER 1967 AMENDMENTS

[In millions]

Item	1968	1969	1972
General benefit increase.....	\$2,529	\$3,190	\$3,604
Benefit increase for transitional insured.....	6	7	5
Benefit increase for transitional noninsured.....	43	43	25
Liberalized benefits with respect to women workers.....	73	90	101
Special disability insured status under age 31.....	60	72	77
Disabled widow's benefits at age 50.....	50	63	73
Earnings test liberalization.....	140	221	244
Total.....	2,901	3,686	4,129

(7) *Long-range operations of OASI trust fund, intermediate estimate*

Table 9 gives the estimated operation of the old-age and survivors insurance trust fund under the program as changed by the 1967 amendments. It will be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more un-

certainty—if for no reason other than the relative difficulty in predicting future birth trends—but is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 9.—ESTIMATED PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES

[In millions]

Calendar year	Contributions	Benefits payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1975.....	\$33,879	\$28,040	\$417	\$425	\$1,884	\$52,061
1980.....	36,879	32,177	457	260	3,369	87,767
1985.....	39,363	36,592	494	155	4,842	123,502
1990.....	42,091	40,754	532	70	6,279	158,470
1995.....	45,637	43,917	564	10	7,933	199,565
2000.....	49,695	45,539	587	-40	10,302	259,054
High-cost estimate						
1975.....	\$33,360	\$28,854	\$476	\$475	\$1,199	\$41,636
1980.....	36,138	33,355	523	340	1,836	62,498
1985.....	38,376	38,016	565	245	2,266	75,575
1990.....	40,650	42,540	620	170	2,377	78,435
1995.....	43,568	46,079	646	110	2,263	74,862
2000.....	46,798	48,336	674	60	2,165	72,475
Intermediate-cost estimate						
1975.....	\$33,619	\$28,447	\$446	\$450	\$1,517	\$46,781
1980.....	36,508	32,766	490	300	2,536	74,876
1985.....	38,870	37,304	530	200	3,418	98,701
1990.....	41,370	41,647	576	120	4,082	116,620
1995.....	44,602	44,998	605	60	4,688	133,683
2000.....	48,247	46,938	631	10	5,583	159,499
2010.....	54,664	52,885	704	-45	8,711	246,839
2025.....	62,585	76,292	930	-90	10,933	302,846

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement thereof, which is exactly counterbalancing from a long-range cost standpoint.

In every year after 1967 for the next 20 years, under the intermediate cost estimate, contribution income under the system as it would be modified is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily under the intermediate long-range cost estimate (with a level-earnings assumption), reaching well over \$100 billion by 1990 and continuing to grow thereafter.

(8) *Long-range operations of DI trust fund, intermediate estimate*

The disability insurance trust fund under the program as it would be changed grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 10. By 1980, it reaches \$9.4 billion, and 20 years later it is at a level of \$22 billion.

TABLE 10.—ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES  
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1975	\$3,582	\$2,997	\$126	-\$14	\$311	\$8,264
1980	3,899	3,351	118	-21	493	12,654
1985	4,161	3,618	117	-23	710	18,001
1990	4,448	3,809	115	-25	988	24,900
1995	4,822	4,096	116	-25	1,352	33,899
2000	5,250	4,624	129	-25	1,797	44,803
High-cost estimate						
1975	\$3,528	\$3,317	\$136	-\$6	\$167	\$5,529
1980	3,821	3,812	147	-11	187	6,217
1985	4,057	4,164	155	-13	184	6,148
1990	4,296	4,416	161	-15	171	5,735
1995	4,604	4,794	172	-15	146	4,949
2000	4,915	5,450	195	-15	81	2,760
Intermediate-cost estimate						
1975	\$3,555	\$3,157	\$131	-\$10	\$232	\$6,877
1980	3,860	3,582	133	-16	323	9,351
1985	4,109	3,891	135	-18	413	11,856
1990	4,372	4,113	138	-20	519	14,854
1995	4,713	4,445	143	-20	652	18,556
2000	5,097	5,037	162	-20	788	22,276
2010	5,774	6,562	210	-20	906	25,222
2025	6,598	7,326	233	-20	763	21,384

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

(9) *Long-range operations of trust funds on range basis*

Table 9 shows the estimated operation of the old-age and survivors insurance trust fund under the program as it would be changed for not only the intermediate-cost estimates but also for the low- and high-cost estimates, while table 10 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$259 billion and is then growing at a rate of about \$14 billion a year. On the other hand, under the high-cost estimate, this trust fund builds up to a maximum of about \$78 billion in about 25 years but it decreases slowly thereafter until it is exhausted in the year 2019. Under the latter estimate, benefit disbursements are lower than contribution income during all years after 1967 and before 1986.

Under the low-cost estimate, the disability insurance trust fund grows steadily, reaching about \$13 billion in 1980 and \$45 billion in the year 2000, at which time its annual rate of growth is about \$2 billion. On the other hand, under the high-cost estimate, in the early years of operation, the contribution income only slightly exceeds the benefit outgo; accordingly, this trust fund is shown to increase to a maximum of about \$6.2 billion in 1980 and then to decrease slowly until it is exhausted in the year 2003.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that none of the developments of the trust funds under the low- and high-cost estimates shown in tables 9 and 10 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. In any event, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

(10) *Benefit costs in future years relative to taxable payroll*

Table 11 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the program as it would be changed by the 1967 amendments as a percentage of taxable payroll for various future years, through the year 2040, and also the level-costs of the two programs for the low-, high-, and intermediate-cost estimates.

TABLE II.—ESTIMATED COST OF BENEFIT PAYMENTS OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL<sup>1</sup>

[In percent]			
Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate <sup>2</sup>
Old-age and survivors insurance benefits			
1975.....	7.48	7.82	7.65
1980.....	7.88	8.34	8.11
1985.....	8.40	8.95	8.67
1990.....	8.75	9.45	9.09
1995.....	8.69	9.55	9.11
2000.....	8.27	9.33	8.78
2010.....	8.05	9.48	8.73
2025.....	9.72	12.50	10.99
2040.....	9.54	13.13	11.09
Level-cost <sup>3</sup> .....	8.26	9.40	8.77
Disability insurance benefits			
1975.....	0.80	0.90	0.85
1980.....	.82	.95	.89
1985.....	.83	.98	.90
1990.....	.82	.98	.90
1995.....	.81	.99	.90
2000.....	.84	1.05	.94
2010.....	.95	1.24	1.08
2025.....	.91	1.23	1.05
2040.....	.94	1.27	1.08
Level-cost <sup>3</sup> .....	.85	1.06	.95

<sup>1</sup> Taking into account the lower contribution rate for self-employment income and tips, as compared with the combined employer-employee rate.

<sup>2</sup> Based on the averages of the dollar payrolls and dollar costs under the low-cost and high-cost estimates.

<sup>3</sup> Level contribution rate, at an interest rate of 3.25 percent for high-cost, 3.75 percent for intermediate-cost, and 4.25 percent for low-cost, for benefits after 1966, taking into account interest on the trust fund on December 31, 1966, future administrative expenses, the railroad retirement financial interchange provisions, and the reimbursement of military-wage-credits cost.

(11) *Level-costs of benefit payments, by type*

The level-cost of the old-age and survivors insurance benefit payments (without considering administrative expenses, the railroad retirement financial interchange, and the effect of interest earnings on the existing trust fund) under the 1965 act, according to the latest intermediate-cost estimate, is 7.91 percent of taxable payroll, and the corresponding figure for the program as it would be modified by the 1967 amendments is 8.76 percent. The corresponding figures for the disability benefits are 0.83 percent for the 1965 act and 0.94 percent for the 1967 amendments.

Table 12 presents the benefit costs for the old-age, survivors, and disability insurance system as it would be after enactment of the 1967 amendments, separately for each of the various types of benefits.

TABLE 12.—ESTIMATED LEVEL-COST OF BENEFIT PAYMENTS, ADMINISTRATIVE EXPENSES, AND INTEREST EARNINGS ON EXISTING TRUST FUND UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM UNDER 1967 AMENDMENTS, AS PERCENTAGE OF TAXABLE PAYROLL,<sup>1</sup> BY TYPE OF BENEFIT, INTERMEDIATE-COST ESTIMATE AT 3.75 PERCENT INTEREST

[In percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.03	0.75
Wife's and husband's benefits.....	.50	.05
Widow's and widower's benefits.....	1.27	(?)
Parent's benefits.....	.01	(?)
Child's benefits.....	.73	.14
Mother's benefits.....	.13	(?)
Lump-sum death payments.....	.09	(?)
Total.....	8.76	.94
Administrative expenses.....	.12	.03
Railroad retirement financial interchange.....	.04	.00
Interest on existing trust fund <sup>2</sup> .....	-.15	-.02
Net total level-cost.....	8.77	.95

<sup>1</sup> Including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate.

<sup>2</sup> This type of benefit is not payable under this program.

<sup>3</sup> This item includes reimbursement for additional cost of noncontributory credit for military service and is taken as an offset to the benefit and administrative expense costs.

## II. ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE SYSTEM

### A. INTRODUCTION

This portion of the report presents actuarial cost estimates for the hospital insurance system as changed by the 1967 amendments. The major changes in previous law—insofar as actuarial cost aspects are concerned—are as follows:

(1) The outpatient diagnostic benefits would be moved to the supplementary medical insurance system.

(2) An additional "lifetime reserve" of 60 days of hospital benefits would be provided, subject to cost-sharing of \$20 per day (initially).

(3) The maximum taxable earnings base would be increased to \$7,800 per year for 1968 and after.

(4) The contribution rate would be increased for all years after 1967 by 0.1 percent for each party (employers, employees, and self-employed).

## B. SUMMARY OF ACTUARIAL COST ESTIMATES

The hospital insurance system as it would be changed by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established, but also because of the greater number of variable factors involved in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966-67 were not generally predicted by experts in the field. The current assumptions are based on the testimony of several experts, as will be discussed subsequently.

These cost estimates also contain revised assumptions as to the initial level of earnings in 1966 and as to future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system, described elsewhere in this report. Also, the new cost estimates for hospital insurance are based on the revised long-range estimates of beneficiaries aged 65 and over under the old-age, survivors, and disability insurance program. The latter show somewhat fewer aged beneficiaries relative to the covered population with respect to whom contributions are payable; accordingly, the cost of the hospital insurance system is reduced on account of this factor (although only partly offsetting the effect of hospital-cost trend assumptions).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be  $3\frac{1}{2}$  percent of the benefit payments, which is the anticipated experience in 1967-68 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as in the intermediate-cost estimate.

The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended care facilities that are now in effect, which are somewhat higher than was assumed in the original cost estimates.

The cost estimates presented here are developed on the same bases as those that were used in the committee report for the bill that was approved by the House of Representatives (H. Rept. 544), with one exception. At the hearings before the Senate Finance Committee on August 24, 1967, in answer to a question put by Senator Williams of Delaware, it was brought out that the original estimate for the extended care facility benefit—\$25 to \$50 million for calendar 1967—was low since actual experience indicated that the figure would probably be of the magnitude of \$250 to \$300 million a year (Hearings, page 371).

Unlike the cost estimate presented in the House report, the estimates in this report reflect the new cost assumptions based on the actual experience. The increased cost so included is about \$250 million in 1967 for insured persons, and increasing amounts in later years. There would also be a proportionate increased cost for the uninsured. More details on this change in actuarial cost assumption are given in appendix C.

#### C. FINANCING POLICY

##### (1) *Financing basis*

The contribution schedule contained in the 1967 amendments, with an earnings base of \$7,800 in 1968 and after, is as follows, as compared with that of previous law (with an earnings base of \$6,600):

[In percent]

Calendar year	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967.....	1.0	1.0	0.50	0.50
1968.....	1.0	1.2	.50	.60
1969-72.....	1.0	1.2	.50	.60
1973-75.....	1.1	1.3	.55	.65
1976-79.....	1.2	1.4	.60	.70
1980-86.....	1.4	1.6	.70	.80
1987 and after.....	1.6	1.8	.80	.90

The combined employer-employee rate under the 1967 amendments is 0.2 percent higher in 1968 and after than under previous law. These increases, along with the additional income from the higher earnings base, would adequately finance the increased cost of the program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965.

The hospital insurance program is completely separate from the old-age, survivors, and disability insurance system in several ways, although the earnings base is the same under both programs. *First*, the schedules of tax rates for old-age, survivors, and disability insurance and for hospital insurance are in separate subsections of the Internal Revenue Code (unlike the situation for old-age and survivors insurance as compared with disability insurance, where there is a single tax rate for both programs, but an allocation thereof into two portions). *Second*, the hospital insurance program has a separate trust fund (as is also the case for old-age and survivors insurance and for disability insurance) and, in addition, has a separate Board of Trustees from that of the old-age, survivors, and disability insurance system. *Third*, income tax withholding statements (forms W-2) show the proportion of the total contribution for old-age, survivors, and disability insurance and for hospital insurance that is with respect to the latter. *Fourth*, the hospital insurance program covers railroad employees directly in the same manner as other covered workers, and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by old-age, survivors, and disability insurance (except indirectly through the financial interchange provisions). *Fifth*, the financing basis for the hospital insurance system is determined under a different approach than that used

for the old-age, survivors, and disability insurance system, reflecting the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

(2) *Self-supporting nature of system*

Just as has always been the case in connection with the old-age, survivors, and disability insurance system, the Congress has very carefully considered the various cost aspects of the hospital insurance system and proposed changes therein. In the same manner, the Congress believes that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the Congress very strongly believes that the tax schedule in the law should make the hospital insurance system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

(3) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the hospital insurance system is somewhat similar to that concept as it applies to the old-age, survivors, and disability insurance system (see discussion of this topic in another section), but there are important differences.

One major difference in this concept as it applies between the two different systems is the greater difficulty in making forecast assumptions for a service benefit than for a cash benefit. Although there is reasonable likelihood that the number of beneficiaries aged 65 and over will tend to increase over the next 75 years when measured relative to covered population (so that a period of this length is both necessary and desirable for studying the cost of the cash benefits under the old-age, survivors, and disability insurance program), it is far more difficult to make reasonable assumptions as to the long-range trends of medical care costs and practices. For this reason, cost estimates for the hospital insurance program have been projected for only 25 years into the future, rather than 75 years as in the cost estimates for the old-age, survivors, and disability insurance system.

In a new program such as hospital insurance, it seems desirable that the program should be completely in actuarial balance. In order to accomplish this result, the contribution schedule has been revised to meet this requirement, according to the underlying cost estimates.

A description of the basic assumptions that are made in connection with the cost estimates for the hospital insurance system is given in appendix C.

#### D. RESULTS OF COST ESTIMATES

(1) *Level-costs of hospital and related benefits*

Table 13 shows the level cost of the hospital and related benefits under the 1967 amendments as a percentage of taxable payroll determined as of January 1, 1966, using an interest of 3¾ percent. These figures are based on the assumptions that the earnings base will not change in the future and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 13 are the level-

equivalents of the contribution schedules and the net actuarial balances of the system.

TABLE 13.—LEVEL-COST ANALYSIS FOR HOSPITAL INSURANCE TRUST FUND, INTERMEDIATE-COST ESTIMATE

Bill	Level-cost of benefits <sup>1</sup>	Level-equivalent of contributions	Actuarial balance
Previous law, original estimate.....	1.23	1.23	0.00
Previous law, revised estimate.....	1.54	1.23	-.31
1967 amendments.....	1.38	1.41	+.03

<sup>1</sup> Including administrative expenses.

The estimated level-cost of the benefit payments and administrative expenses in the low-cost estimate for the 1967 amendments is 1.27 percent of taxable payroll, while the corresponding figure for the high-cost estimate is 1.76 percent. In each instance, the level-equivalent of the contribution schedule is 1.41 percent of taxable payroll.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended care facility benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems quite possible that there will be much greater use of posthospital extended care services and posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done by the “lifetime reserve” of 60 days—is relatively small. Table 14 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedule and the resulting actuarial balance.

TABLE 14.—CHANGES IN ACTUARIAL BALANCE OF HOSPITAL INSURANCE SYSTEM, EXPRESSED IN TERMS OF LEVEL-COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PREVIOUS LAW AND 1967 AMENDMENTS, BASED ON 3.75 PERCENT INTEREST

[In percent]	
Item	Level-cost
Actuarial balance of present system.....	-0.31
Increase in taxable earnings base.....	+ .15
Revised contribution schedule.....	+ .18
Transfer of outpatient diagnostic benefits to SMI.....	+ .01
Further hospital benefits beyond 90 days.....	( <sup>1</sup> )
Total effect of changes in 1967 amendments.....	+ .34
Actuarial balance under 1967 amendments.....	+ .03

<sup>1</sup> Less than 0.005 percent.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the 1967 amendments. In fact, if this were to occur, the steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed if all other assumptions in the intermediate-cost estimate are realized.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the hospital insurance trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the progress of the hospital insurance trust fund. A later portion of this section, however, discusses these costs for the blanketed-in group.

*(2) Future operations of hospital insurance trust fund*

Table 15 shows the estimated operation of the hospital insurance trust fund under the intermediate-cost estimate and also under the low-cost and high-cost estimates.

Under the intermediate-cost estimate, the balance in the trust fund would grow steadily in the future, increasing from about \$1.3 billion at the end of 1967 to \$3.3 billion 5 years later; over the long range, the trust fund would build up steadily, reaching \$15.7 billion in 1990 (representing the disbursements for 1.4 years at the level of that time).

Under the low-cost estimate, the balance in the trust fund grows steadily, reaching \$7.5 billion in 1975 and \$36.8 billion in 1990 (at which time it represents the disbursements for 3.6 years); in actual practice, if the low-cost assumptions materialize, it would not be necessary to increase the contribution rates after 1975 as is done in the legislation. Under the high-cost estimate, which represents probably the most extreme situation from a high-cost standpoint in regard to hospital costs, the balance in the trust fund reaches a maximum of \$2.4 billion at the end of 1969, and then it decreases until it is exhausted in 1972. This estimate indicates that, despite very high assumptions as to the trend of hospital costs, the system would have sufficient funds to maintain operations for at least 4 years under these circumstances, without changing the financing provisions.

**E. COST ESTIMATE FOR HOSPITAL BENEFITS FOR NONINSURED PERSONS PAID FROM GENERAL FUNDS**

Hospital and related benefits are provided not only for beneficiaries of the old-age, survivors, and disability insurance system and the railroad retirement system, but also for almost all other persons aged 65 and over in 1966 (and for many of those attaining this age in the next few years) who are not insured under either of these two social insurance systems. Such benefit protection is provided to any person aged 65 before 1968 who is not eligible as an old-age, survivors, and disability insurance or railroad retirement beneficiary, except for cer-

tain active and retired Federal employees who have (or had the opportunity of being eligible for) similar protection under the Federal Employees Health Benefits Act of 1959 and except for certain short-residence aliens.

Under previous law, persons meeting such conditions who attain age 65 after 1967 must have some old-age, survivors, and disability insurance or railroad retirement coverage to qualify—namely, 3 quarters of coverage (which can be acquired at any time after 1936) for each year elapsing after 1965 and before the year of attainment of age 65 (e.g., 6 quarters of coverage for attainment of age 65 in 1968, 9 quarters for 1969, etc.) This transitional provision “washes out” under previous law for men attaining age 65 in 1974 and for women attaining age 65 in 1972, since the fully insured status requirement for monthly benefits for such categories is then no greater than the special-insured status requirement.

TABLE 15.—ESTIMATED PROGRESS OF HOSPITAL INSURANCE TRUST FUND

[In millions]					
Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund <sup>1</sup>	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	\$57 <sup>2</sup>	\$34	\$1,121
Low-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	2,981	104	70	2,289
1969.....	4,223	3,336	117	109	3,168
1970.....	4,391	3,649	128	142	3,924
1971.....	4,564	3,932	138	169	4,587
1972.....	4,732	4,215	148	191	5,147
1973.....	5,274	4,499	157	215	5,980
1974.....	5,503	4,777	167	242	6,781
1975.....	5,695	5,055	177	266	7,510
High-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,795	133	86	2,447
1970.....	4,391	4,501	157	85	2,265
1971.....	4,564	5,292	185	57	1,409
1972.....	4,732	5,960	209	3	(9)
1973.....	5,274	6,364	223	(9)	(9)
1974.....	5,503	6,762	237	(9)	(9)
1975.....	5,695	7,161	251	(9)	(9)
Intermediate—cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,636	127	90	2,616
1970.....	4,391	3,982	139	108	2,994
1971.....	4,564	4,292	150	117	3,233
1972.....	4,732	4,602	161	121	3,323
1973.....	5,274	4,912	172	125	3,638
1974.....	5,503	5,216	183	132	3,874
1975.....	5,695	5,522	193	135	3,989
1980.....	8,087	6,940	243	203	6,454
1985.....	9,241	8,690	304	373	10,731
1990.....	11,627	10,843	380	553	15,711

<sup>1</sup> An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

<sup>2</sup> Including administrative expenses incurred in 1965.

<sup>3</sup> Fund exhausted in 1972.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,000,000 on this account.

Under the 1967 amendments, these requirements for noninsured persons would be liberalized. Such persons attaining age 65 in 1968 would need only 3 quarters of coverage, 1969 attainments would need only 6 quarters of coverage, etc. The "washout" points would be for men attaining age 65 in 1975 and women attaining age 65 in 1974. This change would make an additional 5,000 persons who attain age 65 in 1968 eligible for hospital benefits.

The benefits for the noninsured group would be paid from the hospital insurance trust fund, but with simultaneous reimbursement therefor from the general fund of the Treasury on a current basis, or if not simultaneous, with appropriate interest adjustment.

The estimated cost to the general fund of the Treasury for the hospital and related benefits for the noninsured group (including the applicable additional administrative expenses) is as follows for the first 7 calendar years of operation (in millions):

Calendar year	Previous law	1967 amendments
1966 <sup>1</sup> .....	\$174	\$174
1967.....	439	439
1968.....	468	465
1969.....	474	471
1970.....	462	459
1971.....	434	432
1972.....	405	403

<sup>1</sup>Data are for last 6 months of year (estimate based on actual experience).

The estimated cost to the general fund of the Treasury decreases slowly after 1969 for the closed group involved. Offsetting, in large part, the decline in the number of eligibles blanketed-in are the increasing hospital utilization per capita as the average age of the group rises and the increasing hospital costs in future years. It may be noted that the cost is estimated to be about the same as under previous law, because the cost effect of the changes made is relatively negligible (see the previous discussion).

### III. ACTUARIAL COST ESTIMATES FOR COMBINED OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE SYSTEM FOR 1968-72

This section compares the benefit outgo and the contribution income in 1968-72, under the 1967 amendments and under previous law, for the old-age, survivors, and disability insurance system and the hospital insurance system combined. Such a combination is meaningful since each of these two systems is financed by payroll taxes (unlike the supplementary medical insurance system). The hospital insurance benefit outgo for noninsured persons is not included, because it is reimbursed on a current basis by the general fund of the Treasury.

The pertinent data are as follows:

[In billions]

Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
Calendar year 1967: Estimated actual experience.....	\$28.5	\$24.2	\$4.3
Calendar year 1968:			
Previous law.....	29.6	25.5	4.1
1967 amendments.....	31.0	28.3	2.7
Calendar year 1969:			
Previous law.....	33.7	26.9	6.8
1967 amendments.....	35.2	30.4	4.8
Calendar year 1970:			
Previous law.....	35.2	28.2	7.0
1967 amendments.....	36.8	31.8	5.0
Calendar year 1971:			
Previous law.....	36.2	29.4	6.8
1967 amendments.....	40.8	33.3	7.5
Calendar year 1972:			
Previous law.....	37.2	30.8	6.4
1967 amendments.....	42.5	34.7	7.8

#### IV. ACTUARIAL COST ESTIMATES FOR THE SUPPLEMENTARY MEDICAL INSURANCE SYSTEM

##### A. INTRODUCTION

This portion of the report presents the actuarial cost estimates for the voluntary supplementary medical insurance program as it would be modified by the 1967 amendments. From a cost standpoint, the only significant changes that were made were as follows:

- (1) The transfer of the outpatient diagnostic benefits from the hospital insurance program to this program (except for the professional component thereof, which has always been included in the supplementary medical insurance program).
- (2) Making the deductible and coinsurance provisions inapplicable to the professional component of pathology and radiology services furnished to inpatients in hospitals.
- (3) Extending the coverage of physical therapy benefits furnished outside of hospitals.

##### B. SUMMARY OF ACTUARIAL COST ESTIMATES

The 1967 amendments expand somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, effective after March 1968, will be recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968. The new rate will be for April 1968 through June 1969, which will be promulgated before January 1, 1968, along with a statement of the actuarial assumptions and bases underlying the determined premium rate.

##### C. FINANCING POLICY

###### (1) *Self-supporting nature of system*

Coverage under the supplementary medical insurance program can be voluntarily elected, on an individual basis, by virtually all persons aged 65 and over in the United States. This program is intended to be completely self-supporting from the premiums of enrolled individ-

uals and from the equal-matching contributions from the general fund of the Treasury. For the initial period, July 1966 through March 1968, the premium rate is established at \$3 per month, so that the total income of the system per participant per month is \$6. Persons who do not elect to come into the system at as early a time as possible will generally have to pay a somewhat higher premium rate (10 percent higher for each full year's delay). The standard monthly premium rate can be adjusted for periods after March 1968 so as to reflect the expected experience, including an allowance for a margin for contingencies. All financial operations for this program are handled through a separate fund, the supplementary medical insurance trust fund.

Under the 1967 amendments, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be determined annually on a permanent basis—namely, for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter. Thus, the premium periods will not correspond with the benefit periods, which are on a calendar-year basis. This will make the actuarial analysis underlying the promulgation of the premium rates more difficult. It will probably be necessary first to compute the estimated premium rates on calendar-year bases and then to prorate them for the applicable premium period. For example, under this procedure, the premium rate to be determined for the period July 1969 through June 1970 would be the average of the premium rates estimated to be suitable for calendar years 1969 and 1970 (if the premium period had been on that calendar-year basis).

The previous law provided for the establishment of an advance appropriation from the general fund of the Treasury to serve as an initial contingency reserve, in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals who were estimated to be eligible for participation in July 1966. This amount, which is approximately \$345 million (of which \$100 million has actually been appropriated), has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966 through December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

Under the 1967 amendments, the availability of the contingency reserve would be extended for 2 years, through December 1969. It is anticipated that none of the authorized and appropriated funds will be needed, but the Congress believes that it is desirable to take this action so that the premium rate to be established for periods after March 1968 can be set at an intermediate level, rather than at a level that is certain to be adequate even if experience follows the high estimates. It may be noted that it has not yet been possible to make a full analysis, on an accrual basis, of the actual experience for the first year of operation (July 1966 through June 1967), so as to determine whether and to what extent a contingency reserve has been built up. In the event that the operations in the 21-month period when the initial \$3 premium rate is effective show a deficit on an accrual basis, the Congress stated its belief that this should be made up from the inclusion of a small amount in the premium rates in the next few years. It should be observed that the system may well have a con-

siderable trust-fund balance on a cash basis—due to the lag in presenting and adjudicating claims—even though it may have a deficit on an accrual basis.

The Congress stated its belief that there should be no need for any further extension of this contingency-reserve provision after 1969. By then, either sufficient contingency funds should be built up by the existing financing provisions, or else this will be able to be accomplished from the future premium rates being set at a proper level, based on adequate experience which will be available by that time.

(2) *Actuarial soundness of system*

The concept of actuarial soundness for the supplementary medical insurance system is somewhat different than that for the old-age, survivors, and disability insurance system and for the hospital insurance system. In essence, the first-mentioned system is on a "current cost" financing basis, rather than on a "long-range cost" financing basis. The situations are essentially different because the financial support of the supplementary medical insurance system comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the supplementary medical insurance program, therefore, depends only upon the "short-term" premium rates being adequate to meet, on an accrual basis, the benefit payments and administrative expenses over the period for which they are established (including the accumulation and maintenance of a contingency fund).

D. ACTUAL EXPERIENCE IN 1966-67

The actual experience of the supplementary medical insurance trust fund during calendar year 1966 and its estimated experience during calendar year 1967 (based on actual data for most of the year) are as follows (in millions):

Item	Calendar year	
	1966 <sup>1</sup>	1967
Premiums from participants.....	\$322	\$636
Government contributions.....	----- <sup>2</sup> 937	
Benefit payments.....	----- <sup>2</sup> 128	1,217
Administrative expenses.....	<sup>3</sup> 74	118
Interest on fund.....	2	22
Balance in fund at end of year.....	122	382

<sup>1</sup> Program operative (insofar as premium collection and benefit payments) only after June 1966.

<sup>2</sup> Includes matching payments for 1966. Based on actual data for period up through June 1967, and thereafter on assumption that premiums paid by participants are matched.

<sup>3</sup> Includes small amount of administrative expenses incurred in 1965.

It should be recognized that the experience as to benefit payments has been significantly affected by lags in the presentation of claims by beneficiaries and in the adjudication and processing of claims. In all months after April 1967 benefit payments have been about \$100 million or more, so that in each month of this period the total of benefit payments and administrative expenses has exceeded the normal income from premiums and Government contributions (about \$105 million monthly). The trust fund had a maximum size of \$570 million at the end of March 1967 and decreased thereafter to \$402 million at the end of September 1967 and is estimated to be about \$380 million at the end of the year.

#### E. RESULTS OF COST ESTIMATES

The 1967 amendments make a number of changes in the benefit provisions of the supplementary medical insurance program, some of which expand the scope of the program, whereas several limit it slightly. The only changes which have a significant cost effect are as follows, along with the cost per participant per month relative to the current \$6 monthly premium rate (for the participant and the Government combined):

<i>Item</i>	<i>Cost</i>
Nonprofessional component of outpatient diagnostic services.....	\$0. 12
Elimination of cost-sharing for inpatient pathology and radiology.....	. 20
Extending coverage of physical-therapy services benefits.....	. 05
Total.....	. 37

The cost of covering certain limited services furnished by podiatrists would be very small.

The total cost of \$0.37 per month per capita relative to the current premium rate will probably be increased to about \$0.46 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.46 per month per capita is equivalent to an annual cost of \$100 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).

## APPENDIX A

### BASIC ASSUMPTIONS FOR COST ESTIMATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

#### *(1) General basis for long-range cost estimates*

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1975 and thereafter) are developed on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on assumptions that are intended to represent close to full employment, with average annual earnings at about the level prevailing in 1966. The use of 1966 average earnings results in conservatism in the estimate since the trend is expected to be an increase in average earnings in future years (as will be discussed subsequently in item 5). In 1966 the aggregate amount of earnings taxable under the program was \$314 billion. Of course, for future years the total taxable earnings are estimated to be larger because of the higher earnings base and are estimated to increase, because there will be larger numbers of covered workers. Intermediate estimates developed directly from the low- and high-cost estimates (by averaging their components) are shown so as to indicate the basis for the financing provisions.

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

#### *(2) Measurement of costs in relation to taxable payroll*

In general, the costs are shown as percentages of taxable payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease. As an illustration of the foregoing points, consider an individual who has covered earnings at a rate of \$300 per month. Under the 1967 amendments, this individual has a primary

insurance amount of \$127.10. If his earnings rate should be 50 percent higher (i.e., \$450), his primary insurance amount would be \$165. Under these conditions, the contributions payable with respect to his earnings would increase by 50 percent, but his benefit rate would increase by only 30 percent. Or, to put it another way, when his earnings rate was \$300 per month, his primary insurance amount represented 42.4 percent of his earnings, whereas, when his earnings increased to \$450 per month, his primary insurance amount relative to his earnings decreased to 36.7 percent.

(3) *General basis for short-range cost estimates*

The short-range cost estimates (shown for the individual years 1967-72) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved (such as mortality, fertility, retirement rates, and so forth) can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earnings level in the future (about 3 percent per year), somewhat below that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the 1967 Annual Report of the Board of Trustees (H. Doc. No. 65, 90th Cong.).

(4) *Level-cost concept*

An important measure of long-range cost is the level-equivalent contribution rate required to support the system for the next 75 years (including not only meeting the benefit costs and administrative expenses, but also the maintenance of a reasonable contingency fund during the period, which at the end of the period amounts to 1 year's disbursements), based on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

(5) *Future earnings assumptions*

The long-range estimates for the old-age, survivors, and disability insurance program are based on level-earnings assumptions, under which earnings levels of covered workers by age and sex will continue over the next 75 years at the levels experienced in 1966. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they will rise steadily as the covered population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has character-

ized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the old-age, survivors, and disability insurance program in relation to payroll is a very important safety factor in the financial operations of this system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings. If experience follows the high-cost assumptions, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). However, the possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation of such increases.

If benefits are adjusted currently to keep pace fully with rising earnings as they occur, the year-by-year costs as a percentage of payroll would be unaffected. If benefits are increased in this manner, the level-cost of the program would be higher than now estimated, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings and benefit levels do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

## APPENDIX B

### ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM IN PAST YEARS

#### (1) *Status after enactment of 1952 act*

The actuarial balance under the 1952 act<sup>1</sup> was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table A. This was the case, because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

<sup>1</sup> The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS

[Percent]

Legislation	Date of estimate	Level-equivalent <sup>1</sup>		
		Benefit costs <sup>2</sup>	Contributions	Actuarial balance <sup>3</sup>
Old-age, survivors, and disability insurance <sup>4</sup>				
1935 act.....	1935	5.36	5.36	0.00
1939 act.....	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) <sup>5</sup> .....	1950	4.45	3.98	- .47
1950 act.....	1950	6.20	6.10	- .10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 amendments.....	1967	9.72	9.73	+ .01
Old-age and survivors insurance <sup>4</sup>				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1950	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 amendments.....	1967	8.77	8.78	+ .01
Disability insurance <sup>4</sup>				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1967 amendments.....	1967	.95	.95	.00

<sup>1</sup> Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

<sup>2</sup> Including adjustments (a) to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, (c) for administrative expense costs, and (d) for the net cost of the financial interchange with the railroad retirement system.

<sup>3</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

<sup>4</sup> The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

<sup>5</sup> The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

## (2) Status after enactment of 1954 act

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

*(3) Status after enactment of 1956 act*

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

*(4) Status after enactment of 1958 act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

*(5) Status after enactment of 1960 act*

At the beginning of 1960, the cost estimates for the old-age survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who met the insured status conditions to be eligible for these benefits had been significantly over estimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made

in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

*(6) Status after enactment of 1961 act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

*(7) Status after enactment of 1965 act*

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of  $3\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{1}{2}$  percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the disability prevalence

rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

### APPENDIX C

#### HOSPITALIZATION DATA AND ASSUMPTIONS FOR COST ESTIMATES FOR HOSPITAL INSURANCE SYSTEM

##### (1) Past increases in hospital costs and in earnings

Table B presents a summary comparison of the annual increases in hospital costs and the corresponding increases in wages that have occurred since 1954 and up through 1966.

The annual increases in earnings are based on those in covered employment under the old-age, survivors, and disability insurance system as indicated by first-quarter taxable wages, which by and large are not affected by the maximum taxable earnings base. The data on increases in hospital costs are based on a series of average daily expense per patient day (including not only room and board but also other inpatient charges and other expenditures of hospitals) prepared by the American Hospital Association.

TABLE B.—COMPARISON OF ANNUAL INCREASE IN HOSPITAL COSTS AND IN EARNINGS

[In percent]

Year	Increase over previous year	
	Average wages in covered employment <sup>1</sup>	Average daily hospitalization costs <sup>2</sup>
1955.....	3.8	6.3
1956.....	5.7	4.5
1957.....	5.5	7.7
1958.....	3.3	8.6
1959.....	3.3	6.8
1960.....	4.3	6.8
1961.....	3.1	8.5
1962.....	4.2	5.3
1963.....	2.4	5.6
Average for 1954-63 <sup>3</sup> .....	4.0	6.7
1964.....	3.1	6.9
1965.....	1.6	7.0
1966.....	4.4	8.3

<sup>1</sup> Data are for calendar years (based on experience in first quarter of year).

<sup>2</sup> Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 was determined to be 11.0 percent.

<sup>3</sup> Rate of increase compounded annually that is equivalent to total relative increase from 1954 to 1963.

The annual increases in earnings fluctuated somewhat over the 10-year period up through 1963, although there were not very large deviations from the average annual rate of 4 percent; no upward or downward trend over the period is discernible. The annual increases in hospital costs likewise fluctuated from year to year during this period, around the average annual rate of 6.7 percent.

During the period 1954-63, hospital costs increased at a faster rate than earnings. The differential between these two rates of increase fluctuated widely, being as high as somewhat more than 5 percent in some years and as low as a negative differential of about 1 percent in 1956 (with the next lowest differential being a positive one of about 1 percent in 1962). Over the entire 10-year period, the differential of the average annual rate of increase in hospital costs over the average annual rate of increase in earnings was 2.7 percent.

In 1964-66, the increases in hospital costs as compared to the increase in wages resulted in differentials that are in excess of the 2.7 percent applicable in 1954-63. The 1967 experience to date shows a slightly higher rate of increase in hospital costs than did 1966.

In the future, earnings are estimated to increase at a rate of about 3 percent per year. It is much more difficult to predict what the corresponding increase in hospital costs will be.

(2) *Effect on cost estimates of rising hospital costs*

A major consideration in making cost estimates for hospital benefits, then, is how long and to what extent the tendency of hospital costs to rise more rapidly than the general earnings level will continue in the future, and whether or not it may, in the long run, be counterbalanced by a trend in the opposite direction. Some factors to consider are the relatively low wages of hospital employees (which have been rapidly "catching up" with the general level of wages and obviously may be expected to "catch up" completely at some future date, rather than to increase indefinitely at a more rapid rate than wages generally) and the development of new medical techniques and procedures, with resultant increased expense.

In connection with this factor, there are possible counterbalancing factors. The higher costs involved for more refined and extensive treatments may be offset by the development of out-of-hospital facilities, shorter durations of hospitalization, and less expense for subsequent curative treatments as a result of preventive measures. Also, it is possible that at some time in the future, the productivity of hospital personnel will increase significantly as the result of changes in the organization of hospital services or for other reasons, so that, as in other fields of economic activity, the general wage level might increase more rapidly than hospitalization prices in the long run.

Perhaps the major consideration in making actuarial cost estimates for hospital benefits is that—unlike the situation in regard to cost estimates for the monthly cash benefits, where the result is the opposite—an unfavorable cost result is shown when total earnings levels rise, unless the provisions of the system are kept up to date (insofar as the maximum taxable earnings base is concerned). The reason for this result is that hospital costs rise at least at the same rate over the long run as the total earnings level, whereas the contribution income rises less rapidly than the total earnings level, unless the earnings base is kept up to date.

For these reasons, the cost estimates are based on the assumption that both hospital costs and wages will increase in the future for the entire 25-year period considered, while at the same time the earnings base will not change. The fact that the cost-sharing provisions (the initial hospital deductible and coinsurance features) are on a dynamic basis, which automatically varies after 1968 in accordance with

changes in hospital costs, results in lower estimated costs than if these provisions were on a static, unchanging basis.

(3) *Assumptions as to relative trends of hospital costs and earnings underlying cost estimates*

As indicated previously, the financing basis of the hospital insurance program should be developed on a conservative basis. For the reasons brought out, the cost estimates should not be developed on a level-earnings basis, but rather they should assume dynamic conditions as to both earnings levels and hospitalization costs. Accordingly, it seems appropriate to make cost projections for only 25 years in the future and to develop the financing necessary for only this period (but with a resulting trust fund balance at the end of the period equal to about 1 year's disbursements). Although the trend of beneficiaries aged 65 and over relative to the working population will undoubtedly move in an upward direction after 25 years from now, it seems impossible to predict what the trend of medical costs and of hospital-utilization and medical-practice experience will be in the distant future.

Several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates presented here. These are shown in table C. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—namely, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, while the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the legislation.

TABLE C.—ASSUMPTIONS AS TO FUTURE RATES OF INCREASE IN HOSPITAL COSTS  
(In percent)

Calendar year	Low-cost	Intermediate-cost	High-cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

(4) *Assumptions as to hospital utilization rates underlying cost estimates*

The hospital utilization assumptions for the cost estimates in this report are founded on the hypothesis that current practices in this field will not change relatively more in the future than past experience has indicated. In other words, no account is taken of the possibility that there will be a drastic change in philosophy as to the best medical practices, so as, for example, to utilize in-hospital care to a much greater extent than is now the case.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

(5) *Assumptions as to hospital per diem rates underlying cost estimates*

The average daily cost of hospitalization that is used in these cost estimates is computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under previous law for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

(6) *Assumptions as to extended care facility benefits underlying cost estimates*

The limited experience that is available to date in regard to the extended care facility benefits indicates that their cost will be considerably in excess of the initial estimates. It now appears that these benefits will amount to about \$250 to \$300 million in the first year of operation (calendar year 1967) as against the estimate of \$25 to \$50 million. The apparent major reason for this difference is the much larger number of facilities that qualified than had been expected according to the estimate. It should also be recognized that the original estimate was made on the basis of relatively little data, since this type of benefit had not been widely provided previously.

Accordingly, the cost estimates have been modified by increasing the estimated benefit outgo in 1967, as presented in previous cost estimates, by \$250 million with respect to insured persons (and a proportionate amount for noninsured persons). This figure is increased each future year up through 1975 by the assumed increases in hospitalization costs. After 1975, the same assumption as to hospitalization-cost increases is continued, but the resulting figure is gradually scaled down until it is taken as zero for 1990 (since the estimate for that year already includes the ultimate costs for extended care facility benefits). Appropriate corresponding assumptions are made for the noninsured group, taking into account its decreasing size (as well as its greater relative use of the extended care facility benefits).

## APPENDIX D

## MATHEMATICAL ANALYSIS OF BENEFIT FORMULA

This appendix presents a mathematical analysis of the new benefit formula provided by the 1967 amendments. Included within the scope of this term are the basis of the primary insurance amounts (the sum payable to the insured worker who retires at or after age 65 or for disability, which is also the base from which all other types of benefits are computed) and the basis of the maximum family benefit amounts. Also discussed will be the potential effective times for the maximum primary insurance amount and the maximum wife's benefit.

*(1) Formula for primary insurance amount*

Under the 1965 act, the formula for computing the primary insurance amount (PIA) from the average monthly wage (AMW) is as follows:

- (a) 62.97% of the first \$110 of AMW, plus
- (b) 22.90% of the next \$290 of AMW, plus
- (c) 21.40% of the next \$150 of AMW.

The result is subject to a minimum of \$44 (for AMW's of \$67 or less). Further, for AMW's of \$68 to \$84, the PIA amounts shown in the benefit table in the law are slightly higher than what the benefit formula produces (because of certain adjustments that were necessary in previous amendments). In all other instances, the result of using the benefit formula closely approximates the amounts in the benefit table in the law.

Under the 1967 amendments, the underlying intent is to move away from the three-part formula toward a two-part formula. Thus, the intent is that, for the maximum AMW, the second percentage factor should apply to the excess of this AMW over the \$110 breaking point, where the second factor first applies. It is not possible, however, to achieve this result merely by eliminating in the formula the third step (or part of it) because, by doing so, then the uniform general benefit increase provided in the 1967 amendments would, in fact, not produce the same relative benefit increase for all AMW's, but rather the increase would be larger for AMW's in the third step (\$400 to \$550). As a result, the use of four percentage factors is required.

The benefit formula under the 1967 amendments is, as a result of this approach, as follows:

- (a) 71.16% of the first \$110 of AMW, plus
- (b) 25.88% of the next \$290 of AMW, plus
- (c) 24.18% of the next \$150 of AMW, plus
- (d) 28.43% of the next \$100 of AMW.

The result is subject to a minimum of \$55 (for AMW's of \$74 or less). The first three percentage factors are merely 113 percent of the factors in the 1965 act formula (rounded to the nearest 0.01 percent). The fourth factor has been determined so that for the case of the maximum AMW, the result of applying the third and fourth factors to the excess over \$400 (i.e. \$650 - \$400 = \$250) is the same as applying the second factor to such \$250 of AMW. Specifically, 24.18% of \$150 plus 28.43% of \$100 equals 25.88% of \$250.

*(2) Formula for computing maximum family benefit*

The maximum family benefit (MFB) under the 1965 act is determined as follows:

(a) For AMW's equal to or less than two-thirds of the maximum AMW—80% of AMW.

(b) For AMW's in excess of two-thirds of the maximum AMW—80% of the first two-thirds of the maximum AMW, plus 40% of the remainder of the AMW over such two-thirds.

In any event, the MFB is not to be less than 1½ times the particular PIA. (The reference to AMW means, not the actual AMW of the individual, but the AMW at the top of the range of AMW's which produces the individual's PIA.) It may be noted that the result of this basis for the MFB is to produce an MFB for the maximum-AMW case equal to two-thirds of AMW (subject to a rounding variation).

The MFB under the 1967 amendments is determined under the same basis. Specifically, the 80% factor applies to AMW's up to and including \$436 (which is the upper limit of the range of AMW's within which exactly two-thirds of the maximum AMW of \$650 falls). The maximum MFB (\$434.40) is 66.8 percent of the maximum AMW.

*(3) Time when maximum primary insurance is possible*

The AMW is generally computed over the period after 1950 (or year of attainment of age 21, if later) and before the year of attainment of age 65 for men (age 62 for women), the year of death, or the year of disability (whichever occurs first), but with a dropout of the lowest 5 years. Accordingly, many persons will have their AMW computed over years when the earnings base was less than the \$7,800 base in the 1967 amendments. For example, a man retiring at age 65 at the beginning of 1980 who has had maximum covered earnings in all years after 1950 would have an AMW of \$531 (as compared with the \$650 maximum). Not until the year 2006 could such a man have an AMW of \$650.

In retirement cases, it is possible, however, for a person to have the \$650 maximum AMW as early as 1973, because of the provision that years of high earnings after age 65 for men (age 62 for women) can be used to substitute for low prior years. A man who is age 77 or over at the beginning of 1973 (or a woman then age 74 or over) and who has had covered earnings at the maximum in 1968–72 has then an AMW of \$650.

In death and disability cases involving young workers, the \$650 maximum AMW is possible in 1970 (after 2 years of coverage at the \$7,800 maximum). This is so in the case of death or disability at age 29 or under.

*(4) Effect of maximum wife's benefit*

The 1967 amendments introduce for the first time, a special maximum on the wife's benefit—namely, \$105 per month. This has effect only for PIA's of \$211 or more (up to the maximum PIA of \$218), and such PIA's are based on AMW's of \$624 or more.

As demonstrated in the preceding section, in only rare cases will AMW's of this magnitude occur for retirement cases in the near future. However, it will be readily possible for the maximum-wife's-benefit provision to operate in disability cases in 1970. For example, if a man

now aged 23 has covered earnings of \$7,800 in both 1968 and 1969 and becomes disabled then, his AMW for benefits in 1970 will be \$650. If he has a wife and one child, the family benefit will be \$432 per month—\$218 as his primary benefit, \$109 as the child's benefit, and \$105 as the wife's benefit (reduced from \$109 by the maximum-benefit provision).

○



Public Law 90-248  
90th Congress, H. R. 12080  
January 2, 1968

An Act

81 STAT. 821

To amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1967".

Social Security  
Amendments of  
1967.

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INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

79 Stat. 361.  
42 USC 415.

SEC. 101. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

“I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	\$15.60	\$48.00 or less		\$74	\$55.00	\$82.50
\$15.61	16.20	49.00	\$75	76	55.40	83.10
16.21	16.84	50.00	77	78	56.50	84.80
16.85	17.60	51.00	79	80	57.70	86.60
17.61	18.40	52.00	81	81	58.80	88.20
18.41	19.24	53.00	82	83	59.90	89.90
19.25	20.00	54.00	84	85	61.10	91.70
20.01	20.64	55.00	86	87	62.20	93.30
20.65	21.28	56.00	88	89	63.30	95.00
21.29	21.88	57.00	90	90	64.50	96.80
21.89	22.28	58.00	91	92	65.60	98.40
22.29	22.68	59.00	93	94	66.70	100.10
22.69	23.08	60.00	95	96	67.80	101.70
23.09	23.44	61.00	97	97	69.00	103.50
23.45	23.76	62.10	98	99	70.20	105.30
23.77	24.20	63.20	100	101	71.50	107.30
24.21	24.60	64.20	102	102	72.60	108.90
24.61	25.00	65.30	103	104	73.80	110.70
25.01	25.48	66.40	105	106	75.10	112.70
25.49	25.92	67.50	107	107	76.30	114.50
25.93	26.40	68.50	108	109	77.50	116.30
26.41	26.94	69.60	110	113	78.70	118.10
26.95	27.46	70.70	114	116	79.90	119.90
27.47	28.00	71.70	119	122	81.10	121.70
28.01	28.68	72.80	123	127	82.30	123.50

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
\$28.69	\$29.25	\$73.90	\$128	\$132	\$83.60	\$125.40
29.26	29.68	74.90	133	136	84.70	127.10
29.69	30.36	76.00	137	141	85.90	128.90
30.37	30.92	77.10	142	146	87.20	130.80
30.93	31.36	78.20	147	150	88.40	132.60
31.37	32.00	79.20	151	155	89.50	134.30
32.01	32.60	80.30	156	160	90.80	136.20
32.61	33.20	81.40	161	164	92.00	138.00
33.21	33.88	82.40	165	169	93.20	139.80
33.89	34.50	83.50	170	174	94.40	141.60
34.51	35.00	84.60	175	178	95.60	143.40
35.01	35.80	85.60	179	183	96.80	146.40
35.81	36.40	86.70	184	188	98.00	150.40
36.41	37.08	87.80	189	193	99.30	154.40
37.09	37.60	88.90	194	197	100.50	157.60
37.61	38.20	89.90	198	202	101.60	161.60
38.21	39.12	91.00	203	207	102.90	165.60
39.13	39.68	92.10	206	211	104.10	168.80
39.69	40.33	93.10	212	216	105.20	172.80
40.34	41.12	94.20	217	221	106.50	176.80
41.13	41.76	95.30	222	225	107.70	180.00
41.77	42.44	96.30	226	230	108.90	184.00
42.45	43.20	97.40	231	235	110.10	188.00
43.21	43.76	98.50	236	239	111.40	191.20
43.77	44.44	99.60	240	244	112.60	195.20
44.45	44.88	100.60	245	249	113.70	199.20
44.89	45.60	101.70	250	253	115.00	202.40
		102.80	254	258	116.20	206.40
		103.80	259	263	117.30	210.40
		104.90	264	267	118.50	213.60
		106.00	268	272	119.80	217.60
		107.00	273	277	121.00	221.60
		108.10	278	281	122.20	224.80
		109.20	282	286	123.40	228.80
		110.30	287	291	124.70	232.80
		111.30	292	295	125.80	236.00
		112.40	296	300	127.10	240.00
		113.50	301	305	128.30	244.00
		114.50	306	309	129.40	247.20
		115.60	310	314	130.70	251.20
		116.70	315	319	131.90	255.20
		117.70	320	323	133.00	258.40
		118.80	324	328	134.30	262.40
		119.90	329	333	135.50	266.40
		121.00	334	337	136.80	269.60
		122.00	338	342	137.90	273.60
		123.10	343	347	139.10	277.60
		124.20	348	351	140.40	280.80
		125.20	352	356	141.50	284.80
		126.30	357	361	142.80	288.80
		127.40	362	365	144.00	292.00
		128.40	366	370	145.10	296.00
		129.50	371	375	146.40	300.00
		130.60	376	379	147.60	303.20
		131.70	380	384	148.90	307.20
		132.70	385	389	150.00	311.20
		133.80	390	393	151.20	314.40
		134.90	394	398	152.50	318.40
		135.90	399	403	153.60	322.40
		137.00	404	407	154.90	325.60
		138.00	408	412	156.00	329.60
		139.00	413	417	157.10	333.60
		140.00	418	421	158.20	338.80
		141.00	422	426	159.40	340.80
		142.00	427	431	160.50	344.80
		143.00	432	436	161.60	348.80
		144.00	437	440	162.80	350.40
		145.00	441	445	163.90	352.40
		146.00	446	450	165.00	354.40
		147.00	451	454	166.20	356.00
		148.00	455	459	167.30	358.00
		149.00	460	464	168.40	360.00
		150.00	465	468	169.50	361.60
		151.00	469	473	170.70	363.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$152.00	\$474	\$478	\$171.80	\$365.60
		153.00	479	482	172.90	367.20
		154.00	483	487	174.10	369.20
		155.00	488	492	175.20	371.20
		156.00	493	496	176.30	372.80
		157.00	497	501	177.50	374.80
		158.00	502	506	178.60	378.80
		159.00	507	510	179.70	378.40
		160.00	511	515	180.80	380.40
		161.00	516	520	182.00	382.40
		162.00	521	524	183.10	384.00
		163.00	525	529	184.20	386.00
		164.00	530	534	185.40	388.00
		165.00	535	538	186.50	389.60
		166.00	539	543	187.60	391.60
		167.00	544	548	188.80	393.60
		168.00	549	553	189.90	395.60
			554	556	191.00	396.80
			557	560	192.00	398.40
			561	563	193.00	399.60
			564	567	194.00	401.20
			568	570	195.00	402.40
			571	574	196.00	404.00
			575	577	197.00	405.20
			578	581	198.00	406.80
			582	584	199.00	408.00
			585	588	200.00	409.60
			589	591	201.00	410.80
			592	595	202.00	412.40
			596	598	203.00	413.60
			599	602	204.00	415.20
			603	605	205.00	416.40
			606	609	206.00	418.00
			610	612	207.00	419.20
			613	616	208.00	420.80
			617	620	209.00	422.40
			621	623	210.00	423.60
			624	627	211.00	425.20
			628	630	212.00	426.40
			631	634	213.00	428.00
			635	637	214.00	429.20
			638	641	215.00	430.80
			642	644	216.00	432.00
			645	648	217.00	433.60
			649	650	218.00	434.40*

79 Stat. 363.  
42 USC 403.

(b) Section 203(a) of such Act is amended by striking out paragraph (2) and inserting in lieu thereof the following:

42 USC 402, 423.

"(2) when two or more persons were entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for the month of February 1968 on the basis of the wages and self-employment income of such insured individual, such total of benefits for such month or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), as in effect prior to February 1968, for each such person for February 1968, by 113 percent and

42 USC 422;  
Post, pp. 830-  
832.

raising each such increased amount, if it is not a multiple of \$0.10, to the next higher multiple of \$0.10;

but in any such case (i) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for the month of February 1968, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for February 1968, or".

(c) (1) Section 215(b)(4) of such Act is amended to read as follows: 79 Stat. 364.  
42 USC 415.

"(4) The provisions of this subsection shall be applicable only in the case of an individual —

"(A) who becomes entitled, after January 1968, to benefits under section 202(a) or section 223; or 42 USC 402,  
423.

"(B) who dies after January 1968 without being entitled to benefits under section 202(a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f)(2)." Post, p. 865.

(2) Section 215(b)(5) of such Act is repealed. Repeal.

(d) Section 215(c) of such Act is amended to read as follows: 79 Stat. 364.  
42 USC 415.  
79 Stat. 363.

"Primary Insurance Amount Under 1965 Act

"(c)(1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the enactment of the Social Security Amendments of 1967. Ante, p. 824.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223 before the month of February 1968, or who died before such month."

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968 and with respect to lump-sum death payments under such title in the case of deaths occurring after January 1968. 42 USC 401-  
428; Post, p.  
833.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for the month of January 1968 and became entitled to old-age insurance benefits under section 202(a) of such Act for the month of February 1968, or who died in such month, then, for purposes of section 215(a)(4) of the Social Security Act (if applicable) the amount in column IV of the table appearing in such section 215(a) for such individual shall be the amount in such column on the line on which in column II appears his primary insurance amount (as determined under section 215(c) of such Act) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. Ante, p. 824.  
Supra.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

SEC. 102. (a) (1) Section 227(a) of the Social Security Act is amended by striking out "\$35" and inserting in lieu thereof "\$40", and by striking out "\$17.50" and inserting in lieu thereof "\$20". 79 Stat. 379.  
42 USC 427.

(2) Section 227(b) of such Act is amended by striking out in the second sentence "\$35" and inserting in lieu thereof "\$40".

(b) (1) Section 228(b)(1) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40". 80 Stat. 67.  
42 USC 428.

81 STAT. 828  
80 Stat. 68.  
42 USC 428.

(2) Section 228(b)(2) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40", and by striking out "\$17.50" and inserting in lieu thereof "\$20".

(3) Section 228(c)(2) of such Act is amended by striking out "\$17.50" and inserting in lieu thereof "\$20".

(4) Section 228(c)(3)(A) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40".

(5) Section 228(c)(3)(B) of such Act is amended by striking out "\$17.50" and inserting in lieu thereof "\$20".

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968.

42 USC 401-  
428; Post,  
p. 833.

#### MAXIMUM AMOUNT OF A WIFE'S OR HUSBAND'S INSURANCE BENEFIT

79 Stat. 375.  
42 USC 402.  
Post, pp.  
830-832.

SEC. 103. (a) Section 202(b)(2) of the Social Security Act is amended to read as follows:

"(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to whichever of the following is the smaller: (A) one-half of the primary insurance amount of her husband (or, in the case of a divorced wife, her former husband) for such month, or (B) \$105."

64 Stat. 483;  
72 Stat. 1026.

(b) Section 202(c)(3) of such Act is amended to read as follows:

"(3) Except as provided in subsection (q), such husband's insurance benefit for each month shall be equal to whichever of the following is the smaller: (A) one-half of the primary insurance amount of his wife for such month, or (B) \$105."

79 Stat. 403.

(c) Section 202(e)(4) of such Act is amended by striking out "50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based" and inserting in lieu thereof "whichever of the following is the smaller: (A) one-half of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based, or (B) \$105".

79 Stat. 404.

(d) Section 202(f)(5) of such Act is amended by striking out "50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based" and inserting in lieu thereof "whichever of the following is the smaller: (A) one-half of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based, or (B) \$105".

(e) The amendments made by subsections (a), (b), (c), and (d) shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968.

#### BENEFITS TO DISABLED WIDOWS AND WIDOWERS

79 Stat. 373,  
376.

SEC. 104. (a)(1) Subparagraph (B) of section 202(e)(1) of the Social Security Act is amended to read as follows:

"(B) (i) has attained age 60, or (ii) has attained age 50 but has not attained age 60 and is under a disability (as defined in section 223(d)) which began before the end of the period specified in paragraph (5)."

Post, p. 868.  
Post, p. 829.

(2) So much of section 202(e)(1) of such Act as follows subparagraph (E) is amended to read as follows:

"shall be entitled to a widow's insurance benefit for each month, beginning with—

Supra.

"(F) if she satisfies subparagraph (B) by reason of clause (i) thereof, the first month in which she becomes so entitled to such insurance benefits, or

“(G) if she satisfies subparagraph (B) by reason of clause (ii) thereof—

“(i) the first month after her waiting period (as defined in paragraph (6)) in which she becomes so entitled to such insurance benefits, or

Infra.

“(ii) the first month during all of which she is under a disability and in which she becomes so entitled to such insurance benefits, but only if she was previously entitled to insurance benefits under this subsection on the basis of being under a disability and such first month occurs (I) in the period specified in paragraph (5) and (II) after the month in which a previous entitlement to such benefits on such basis terminated,

Infra.

and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, becomes entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of such deceased individual, or, if she became entitled to such benefits before she attained age 60, the third month following the month in which her disability ceases (unless she attains age 62 on or before the last day of such third month).”

(3) Section 202(e) of such Act is further amended by adding after paragraph (4) the following new paragraphs:

79 Stat. 403.

42 USC 402.

“(5) The period referred to in paragraph (1) (B) (ii), in the case of any widow or surviving divorced wife, is the period beginning with whichever of the following is the latest:

Ante, p. 828.

“(A) the month in which occurred the death of the fully insured individual referred to in paragraph (1) on whose wages and self-employment income her benefits are or would be based, or

“(B) the last month for which she was entitled to mother's insurance benefits on the basis of the wages and self-employment income of such individual, or

“(C) the month in which a previous entitlement to widow's insurance benefits on the basis of such wages and self-employment income terminated because her disability had ceased,

and ending with the month before the month in which she attains age 60, or, if earlier, with the close of the eighty-fourth month following the month with which such period began.

“(6) The waiting period referred to in paragraph (1) (G), in the case of any widow or surviving divorced wife, is the earliest period of six consecutive calendar months—

Supra.

“(A) throughout which she has been under a disability, and

“(B) which begins not earlier than with whichever of the following is the later: (i) the first day of the eighteenth month before the month in which her application is filed, or (ii) the first day of the sixth month before the month in which the period specified in paragraph (5) begins.”

(b) (1) Subparagraph (B) of section 202(f) (1) of such Act is amended to read as follows:

64 Stat. 485;

75 Stat. 131.

“(B) (i) has attained age 62, or (ii) has attained age 50 but has not attained age 62 and is under a disability (as defined in section 223(d)) which began before the end of the period specified in paragraph (6).”

Post, p. 868.

Post, p. 830.

(2) So much of section 202(f) (1) of such Act as follows subparagraph (E) is amended to read as follows:

64 Stat. 485;

71 Stat. 519.

“shall be entitled to a widower's insurance benefit for each month, beginning with—

“(F) if he satisfies subparagraph (B) by reason of clause (i) thereof, the first month in which he becomes so entitled to such insurance benefits, or

Supra.

“(G) if he satisfies subparagraph (B) by reason of clause (ii) thereof—

81 STAT. 830.

Infra.

"(i) the first month after his waiting period (as defined in paragraph (7)) in which he becomes so entitled to such insurance benefits, or

"(ii) 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 previously entitled to insurance benefits under this subsection on the basis of being under a disability and such first month occurs (I) in the period specified in paragraph (6) and (II) after the month in which a previous entitlement to such benefits on such basis terminated,

Infra.

and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of his deceased wife, or the third month following the month in which his disability ceases (unless he attains age 62 on or before the last day of such third month)."

75 Stat. 138;

79 Stat. 404.

42 USC 402.

79 Stat. 404.

Ante, p. 829.

(3) Section 202(f) (3) of such Act is amended by inserting "subsection (q) and" after "provided in".

(4) Section 202(f) of such Act is further amended by adding after paragraph (5) the following new paragraphs:

"(6) The period referred to in paragraph (1) (B) (ii), in the case of any widower, is the period beginning with whichever of the following is the latest:

"(A) the month in which occurred the death of the fully insured individual referred to in paragraph (1) on whose wages and self-employment income his benefits are or would be based, or

"(B) the month in which a previous entitlement to widower's insurance benefits on the basis of such wages and self-employment income terminated because his disability had ceased,

and ending with the month before the month in which he attains age 62, or, if earlier, with the close of the eighty-fourth month following the month with which such period began.

Ante, p. 829.

"(7) The waiting period referred to in paragraph (1) (G), in the case of any widower, is the earliest period of six consecutive calendar months—

"(A) throughout which he has been under a disability, and

"(B) which begins not earlier than with whichever of the following is the later: (i) the first day of the eighteenth month before the month in which his application is filed, or (ii) the first day of the sixth month before the month in which the period specified in paragraph (6) begins."

Supra.

79 Stat. 368.

(c) (1) The heading of section 202(q) of such Act is amended to read as follows:

"Reduction of Benefit Amounts for Certain Beneficiaries"

79 Stat. 374.

(2) So much of section 202(q) (1) of such Act as precedes subparagraph (A) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, or widower's".

(3) Subparagraph (A) of section 202(q) (1) of such Act is amended by striking out "or widow's" and inserting in lieu thereof ", widow's, or widower's".

(4) Section 202(q) (1) of such Act is amended by adding at the end thereof the following:

"A widow's or widower's insurance benefit reduced pursuant to the preceding sentence shall be further reduced by—

"(C) 49/198 of 1 percent of the amount of such benefit, multiplied by

"(D) (i) the number of months in the additional reduction period for such benefit (determined under paragraph (6)), if such

Post, p. 831.

benefit is for a month before the month in which such individual attains retirement age, or

“(ii) the number of months in the additional adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains retirement age or for any month thereafter.” Post, p. 832.

(5) Section 202(q)(3)(A) of such Act is amended— 75 Stat. 132;

(A) by striking out “or widow’s” each place it appears and inserting in lieu thereof “widow’s, or widower’s”; 79 Stat. 368, 374.

(B) by striking out “a widow’s” and inserting in lieu thereof “a widow’s or widower’s”; and 42 USC 402.

(C) by striking out “60” and inserting in lieu thereof “50”.

(6) Section 202(q)(3)(C) of such Act is amended by striking out “or widow’s” each time it appears and inserting in lieu thereof “widow’s, or widower’s”. 79 Stat. 369.

(7) Section 202(q)(3)(D) of such Act is amended by striking out “or widow’s” and inserting in lieu thereof “widow’s, or widower’s”. 75 Stat. 132;

(8) Section 202(q)(3)(E) of such Act is amended— 79 Stat. 368,

(A) by striking out “(or would, but for subsection (e)(1), be)” and inserting in lieu thereof “(or would, but for subsection 374.

(e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be)”;

(B) by striking out “widow’s” each place it appears and inserting in lieu thereof “widow’s or widower’s”; and 79 Stat. 374.

(C) by striking out “she” and inserting in lieu thereof “she or he”.

(9) Section 202(q)(3)(F) of such Act is amended—

(A) by striking out “(or would, but for subsection (e)(1), be)” and inserting in lieu thereof “(or would, but for subsection (e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be)”;

(B) by striking out “widow’s” each place it appears and inserting in lieu thereof “widow’s or widower’s”; and

(C) by striking out “she” and inserting in lieu thereof “she or he”.

(10) Section 202(q)(3)(G) of such Act is amended— 75 Stat. 138;

(A) by striking out “(or would, but for subsection (e)(1), 79 Stat. 368.

be)” and inserting in lieu thereof “(or would, but for subsection (e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be)”;

(B) by striking out “widow’s” and inserting in lieu thereof “widow’s or widower’s”; and

(C) by striking out “he” and inserting in lieu thereof “she or he”.

(11) Section 202(q)(6) of such Act is amended to read as follows: 75 Stat. 138;

“(6) For the purposes of this subsection— 79 Stat. 368.

“(A) the ‘reduction period’ for an individual’s old-age, wife’s, husband’s, widow’s, or widower’s insurance benefit is the period— “Reduction period.”

“(i) beginning—

“(I) in the case of an old-age or husband’s insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

“(II) in the case of a wife’s insurance benefit, with the first day of the first month for which a certificate described in paragraph (5)(A)(i) is effective, or

“(III) in the case of a widow’s or widower’s insurance benefit, with the first day of the first month for which such individual is entitled to such benefit or the

81 STAT. 832

"Additional  
reduction  
period."

75 Stat. 133;  
79 Stat. 368,  
375.  
42 USC 402.

79 Stat. 375.

74 Stat. 954.  
42 USC 403.

74 Stat. 955.

68 Stat. 1080;  
70 Stat. 818.  
42 USC 416.  
70 Stat. 817.  
42 USC 422.

70 Stat. 817;  
72 Stat. 1032.

79 Stat. 408.

42 USC 402.

first day of the month in which such individual attains age 60, whichever is the later, and

"(ii) ending with the last day of the month before the month in which such individual attains retirement age; and  
"(B) the 'additional reduction period' for an individual's widow's or widower's insurance benefit is the period—

"(i) beginning with the first day of the first month for which such individual is entitled to such benefit, but only if such individual has not attained age 60 in such first month, and

"(ii) ending with the last day of the month before the month in which such individual attains age 60."

(12) Section 202(q)(7) of such Act is amended—

(A) by inserting "or 'additional adjusted reduction period' after 'the 'adjusted reduction period'";

(B) by striking out "or widow's" and inserting in lieu thereof "widow's, or widower's";

(C) by inserting "or additional reduction period (as the case may be)" after "the reduction period"; and

(D) by striking out "widow's" in subparagraph (E) and inserting in lieu thereof "widow's or widower's", by striking out "she" each place it appears in such subparagraph and inserting in lieu thereof "she or he", and by striking out "her" in such subparagraph and inserting in lieu thereof "her or his".

(13) Section 202(q)(9) of such Act is amended by striking out "widow's" and inserting in lieu thereof "widow's or widower's".

(d)(1)(A) The third sentence of section 203(c) of such Act is amended by striking out "or any subsequent month" and inserting in lieu thereof "or any subsequent month; nor shall any deduction be made under this subsection from any widow's insurance benefit for any month in which the widow or surviving divorced wife is entitled and has not attained age 62 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower is entitled and has not attained age 62".

(B) The third sentence of section 203(f)(1) of such Act is amended by striking out "or (D)" and inserting in lieu thereof the following: "(D) for which such individual is entitled to widow's insurance benefits and has not attained age 62 (but only if she became so entitled prior to attaining age 60) or widower's insurance benefits and has not attained age 62, or (E)".

(C) Section 203(f)(2) of such Act is amended by striking out "and (D)" and inserting in lieu thereof "(D), and (E)".

(D) Section 203(f)(4) of such Act is amended by striking out "(D)" and inserting in lieu thereof "(E)".

(2) Section 216(i)(1) of such Act is amended by inserting "202(e), 202(f)," after "202(d)".

(3)(A) Section 222(a) of such Act is amended by inserting "widow's insurance benefits, or widower's insurance benefits," after "benefits,".

(B) Section 222(b)(1) of such Act is amended by striking out "child's insurance benefits or if" and inserting in lieu thereof "child's insurance benefits, a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 62, or".

(4)(A) Section 222(d)(1) of such Act is amended by inserting "or" at the end of subparagraph (B), and by inserting after such subparagraph the following new subparagraphs:

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60, or

“(D) entitled to widower’s insurance benefits under section 202(f) prior to attaining age 62.”

42 USC 402.

(B) Section 222(d)(1) of such Act is further amended by striking out “who have attained age 18 and are under a disability,” in the first sentence and inserting in lieu thereof the following: “who have attained age 18 and are under a disability, the benefits under section 202(e) for widows and surviving divorced wives who have not attained age 60 and are under a disability, the benefits under section 202(f) for widowers who have not attained age 62.”

79 Stat. 408.

42 USC 422.

(5)(A) The first sentence of section 225 of such Act is amended by inserting after “under section 202(d),” the following: “or that a widow or surviving divorced wife who has not attained age 60 and is entitled to benefits under section 202(e), or that a widower who has not attained age 62 and is entitled to benefits under section 202(f).”

70 Stat. 817.

42 USC 425.

(B) The first sentence of section 225 of such Act is further amended by striking out “223 or 202(d)” and inserting in lieu thereof “202(d), 202(e), 202(f), or 223”.

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for and after the month of February 1968, but only on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

#### INSURED STATUS FOR YOUNGER DISABLED WORKERS

SEC. 105. (a) Subparagraph (B)(ii) of section 216(i)(3) of the Social Security Act is amended by striking out “and he is under a disability by reason of blindness (as defined in paragraph (1)).”

79 Stat. 412.

42 USC 416.

(b) Subparagraph (B)(ii) of section 223(c)(1) of such Act is amended by striking out “before he attains” and inserting in lieu thereof “before the quarter in which he attains”, and by striking out “and he is under a disability by reason of blindness (as defined in section 216(i)(1)).”

79 Stat. 413.

42 USC 423.

(c) The amendment made by subsection (a) shall apply only with respect to applications for disability determinations filed under section 216(i) of the Social Security Act in or after the month in which this Act is enacted. The amendments made by subsection (b) shall apply with respect to monthly benefits under title II of such Act for months after January 1968, but only on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

#### BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED SERVICES

SEC. 106. Title II of the Social Security Act is amended by adding at the end thereof the following new section:

53 Stat. 1362;

80 Stat. 67.

42 USC 401-428.

#### “BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED SERVICES

“SEC. 229. (a) For purposes of determining entitlement to and the amount of any monthly benefit for any month after December 1967, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any individual, and for purposes of section 216(i)(3), such individual shall be deemed to have been paid, in each calendar quarter occurring after 1967 in which he was paid wages for service as a member of a uniformed service (as defined in section 210(m)) which was included in the term ‘employment’ as defined in section 210(a) as a result of the provisions of sec-

81 STAT. 834

tion 210(1), wages (in addition to the wages actually paid to him for such service) of—

“(1) \$100 if the wages actually paid to him in such quarter for such services were \$100 or less,

“(2) \$200 if the wages actually paid to him in such quarter for such services were more than \$100 but not more than \$200, or

“(3) \$300 in any other case.

“(b) There are authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund annually, as benefits under this title and part A of title XVIII are paid after December 1967, such sums as the Secretary determines to be necessary to meet (1) the additional costs, resulting from subsection (a), of such benefits (including lump-sum death payments), (2) the additional administrative expenses resulting therefrom, and (3) any loss in interest to such trust funds resulting from the payment of such amounts. Such additional costs shall be determined after any increases in such benefits arising from the application of section 217 have been made.”

42 USC 4C1  
et seq., 1395c-  
13951.

## LIBERALIZATION OF EARNINGS TEST

SEC. 107. (a) (1) Paragraphs (1), (3), and (4) (B) of section 203(f) of the Social Security Act are each amended by striking out “\$125” and inserting in lieu thereof “\$140”.

79 Stat. 380.  
42 USC 403.

(2) Paragraph (1) (A) of section 203(h) of such Act is amended by striking out “\$125” and inserting in lieu thereof “\$140”.

(b) The amendments made by subsection (a) shall apply with respect to taxable years ending after December 1967.

## INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 108. (a) (1) (A) Section 209(a) (4) of the Social Security Act is amended by inserting “and prior to 1968” after “1965”.

79 Stat. 393.  
42 USC 409.  
68 Stat. 1078;  
79 Stat. 383.

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraph:

“(5) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$7,800 with respect to employment has been paid to an individual during any calendar year after 1967, is paid to such individual during such calendar year;”.

79 Stat. 393.  
42 USC 411.

(2) (A) Section 211(b) (1) (D) of such Act is amended by inserting “and prior to 1968” after “1965”, and by striking out “; or” and inserting in lieu thereof “; and”.

72 Stat. 1019.

(B) Section 211(b) (1) of such Act is further amended by adding at the end thereof the following new subparagraph:

“(E) For any taxable year ending after 1967, (i) \$7,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

79 Stat. 393.

(3) (A) Section 213(a) (2) (ii) of such Act is amended by striking out “after 1965” and inserting in lieu thereof “after 1965 and before 1968, or \$7,800 in the case of a calendar year after 1967”.

(B) Section 213(a) (2) (iii) of such Act is amended by striking out “after 1965” and inserting in lieu thereof “after 1965 and before 1968, or \$7,800 in the case of a taxable year ending after 1967”.

79 Stat. 393.  
42 USC 415.

(4) Section 215(e) (1) of such Act is amended by striking out “and the excess over \$6,600 in the case of any calendar year after 1965” and inserting in lieu thereof “the excess over \$6,600 in the case of any calendar year after 1965 and before 1968, and the excess over \$7,800 in the case of any calendar year after 1967”.

(b) (1) (A) Section 1402(b) (1) (D) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and before 1968" after "1965", and by striking out "; or" and inserting in lieu thereof "; and". 79 Stat. 393.

(B) Section 1402(b) (1) of such Code is further amended by adding at the end thereof the following new subparagraph: 68 Stat. 1088; 79 Stat. 393.

"(E) for any taxable year ending after 1967, (i) \$7,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 3121(a) (1) of such Code (relating to definition of wages) is amended by striking out "\$6,600" each place it appears and inserting in lieu thereof "\$7,800". 79 Stat. 393.

(3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$6,600" and inserting in lieu thereof "\$7,800".

(4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$6,600" each place it appears and inserting in lieu thereof "\$7,800".

(5) Section 6413 (c) (1) of such Code (relating to special refunds of employment taxes) is amended— 79 Stat. 393, 394.

(A) by inserting "and prior to the calendar year 1968" after "the calendar year 1965";

(B) by inserting after "exceed \$6,600," the following: "or (D) during any calendar year after the calendar year 1967, the wages received by him during such year exceed \$7,800,"; and

(C) by inserting before the period at the end thereof the following: "and before 1968, or which exceeds the tax with respect to the first \$7,800 of such wages received in such calendar year after 1967".

(6) Section 6413 (c) (2) (A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or \$6,600 for any calendar year after 1965" and inserting in lieu thereof "\$6,600 for the calendar year 1966 or 1967, or \$7,800 for any calendar year after 1967".

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraph (1) thereof), shall apply only with respect to remuneration paid after December 1967. The amendments made by subsections (a) (2), (a) (3) (B), and (b) (1) shall apply only with respect to taxable years ending after 1967. The amendment made by subsection (a) (4) shall apply only with respect to calendar years after 1967.

#### CHANGES IN TAX SCHEDULES

Sec. 109. (a) (1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following: 79 Stat. 394.

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1969, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year:

"(2) in the case of any taxable year beginning after December 31, 1968, and before January 1, 1971, the tax shall be equal to 6.3 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1970, and before January 1, 1973, the tax shall be equal to

6.9 percent of the amount of the self-employment income for such taxable year; and

“(4) in the case of any taxable year beginning after December 31, 1972, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year.”

79 Stat. 395. (2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

“(1) with respect to wages received during the calendar year 1968, the rate shall be 3.8 percent;

“(2) with respect to wages received during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

“(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 4.6 percent; and

“(4) with respect to wages received after December 31, 1972, the rate shall be 5.0 percent.”

79 Stat. 396. (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

“(1) with respect to wages paid during the calendar year 1968, the rate shall be 3.8 percent;

“(2) with respect to wages paid during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

“(3) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 4.6 percent; and

“(4) with respect to wages paid after December 31, 1972, the rate shall be 5.0 percent.”

79 Stat. 394. (b) (1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following:

“(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;

“(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1976, the tax shall be equal to 0.65 percent of the amount of the self-employment income for such taxable year;

“(3) in the case of any taxable year beginning after December 31, 1975, and before January 1, 1980, the tax shall be equal to 0.70 percent of the amount of the self-employment income for such taxable year;

“(4) in the case of any taxable year beginning after December 31, 1979, and before January 1, 1987, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such taxable year; and

“(5) in the case of any taxable year beginning after December 31, 1986, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year.”

79 Stat. 395. (2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following:

“(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

"(2) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 0.65 percent;

"(3) with respect to wages received during the calendar years 1976, 1977, 1978, and 1979, the rate shall be 0.70 percent;

"(4) with respect to wages received during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be 0.80 percent; and

"(5) with respect to wages received after December 31, 1986, the rate shall be 0.90 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following: 79 Stat. 396.

"(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

"(2) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 0.65 percent;

"(3) with respect to wages paid during the calendar years 1976, 1977, 1978, and 1979, the rate shall be 0.70 percent;

"(4) with respect to wages paid during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be 0.80 percent; and

"(5) with respect to wages paid after December 31, 1986, the rate shall be 0.90 percent."

(c) The amendments made by subsections (a)(1) and (b)(1) shall apply only with respect to taxable years beginning after December 31, 1967. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1967.

#### ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 110. (a) Section 201(b)(1) of the Social Security Act is amended— 70 Stat. 819;  
79 Stat. 370.

(1) by inserting "(A)" after "(1)";

(2) by striking out "1954, and" and inserting in lieu thereof "1954, (B)";

(3) by inserting "and before January 1, 1968," after "December 31, 1965,"; and

(4) by inserting after "so reported," the following: "and (C) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1967, and so reported,".

(b) Section 201(b)(2) of such Act is amended—

(1) by inserting "(A)" after "(2)";

(2) by striking out "1966, and" and inserting in lieu thereof "1966, (B)"; and

(3) by inserting after "December 31, 1965," the following: "and before January 1, 1968, and (C) 0.7125 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1967,".

42 USC 401.

#### EXTENSION OF TIME FOR FILING APPLICATION FOR DISABILITY FREEZE WHERE FAILURE TO MAKE TIMELY APPLICATION IS DUE TO INCOMPETENCY

SEC. 111. (a) Section 216(i)(2) of the Social Security Act is amended (1) by striking out "No" in subparagraph (E) and inserting in lieu thereof "Except as is otherwise provided in subparagraph (F), no", (2) by redesignating subparagraph (F) as subparagraph (G), and (3) by adding after subparagraph (E) the following new subparagraph: 79 Stat. 367,  
400.  
42 USC 416.

81 STAT. 838

79 Stat. 367.  
42 USC 416.Ante, p. 821.

“(F) An application for a disability determination which is filed more than 12 months after the month prescribed by subparagraph (D) as the month in which the period of disability ends (determined without regard to subparagraphs (B) and (E)) shall be accepted as an application for purposes of this paragraph if—

“(i) in the case of an application filed by or on behalf of an individual with respect to a disability which ends after the month in which the Social Security Amendments of 1967 is enacted, such application is filed not more than 36 months after the month in which such disability ended, such individual is alive at the time the application is filed, and the Secretary finds in accordance with regulations prescribed by him that the failure of such individual to file an application for a disability determination within the time specified in subparagraph (E) was attributable to a physical or mental condition of such individual which rendered him incapable of executing such an application, and

“(ii) in the case of an application filed by or on behalf of an individual with respect to a period of disability which ends in or before the month in which the Social Security Amendments of 1967 is enacted,

“(I) such application is filed not more than 12 months after the month in which the Social Security Amendments of 1967 is enacted,

“(II) a previous application for a disability determination has been filed by or on behalf of such individual (1) in or before the month in which the Social Security Amendments of 1967 is enacted, and (2) not more than 36 months after the month in which his disability ended, and

“(III) the Secretary finds in accordance with regulations prescribed by him, that the failure of such individual to file an application within the then specified time period was attributable to a physical or mental condition of such individual which rendered him incapable of executing such an application.

In making a determination under this subsection, with respect to the disability or period of disability of any individual whose application for a determination thereof is accepted solely by reason of the provisions of this subparagraph (F), the provisions of this subsection (other than the provisions of this subparagraph) shall be applied as such provisions are in effect at the time such determination is made.”

(b) No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a).

42 USC 401-  
428; Ante,  
p. 833.

## BENEFITS FOR CERTAIN ADOPTED CHILDREN

SEC. 112. (a) Section 202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act) is amended—

- (1) by striking out the period at the end of subparagraph (D), and inserting in lieu of such period “; or”, and
- (2) by adding after and below subparagraph (D) the following new subparagraph:

“(E) was legally adopted by such individual—

“(i) in an adoption which took place under the supervision of a public or private child-placement agency,

“(ii) in an adoption decreed by a court of competent jurisdiction within the United States,

79 Stat. 397.  
42 USC 402.

“(iii) on a date immediately preceding which such individual had continuously resided for not less than one year within the United States;

“(iv) at a time prior to the attainment of age 18 by such child.”

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed after the date of enactment of this Act.

42 USC 401-428; Ante, p. 833.

PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

COVERAGE OF MINISTERS

SEC. 115. (a) The last sentence of section 211(c) of the Social Security Act is amended to read as follows: “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 unless an exemption under section 1402(e) of the Internal Revenue Code of 1954 is effective with respect to him.”

79 Stat. 380.  
42 USC 411.

Infra.

(b) (1) The last sentence of section 1402(c) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

79 Stat. 381.

“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 unless an exemption under subsection (e) is effective with respect to him.”

(2) Section 1402(e) of such Code (relating to ministers, members of religious orders, and Christian Science practitioners) is amended to read as follows:

68 Stat. 1088.

“(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.**—

“(1) **EXEMPTION.**—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner, upon filing an application (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) together with a statement that either he is conscientiously opposed to, or because of religious principles he is opposed to, the acceptance (with respect to services performed by him as such minister, member, or practitioner) of any public insurance which makes payments in the event of death, disability, old age, or retirement or makes payments toward the cost of, or provides services for, medical care (including the benefits of any insurance system established by the Social Security Act), shall receive an exemption from the tax imposed by this chapter with respect to services performed by him as such minister, member, or practitioner. Notwithstanding the preceding sentence, an exemption may not be granted to an individual under this subsection if he had filed an effective waiver certificate under this section as it was in effect before its amendment in 1967.

26 USC 1401-1403.

42 USC 1305.

“(2) **TIME FOR FILING APPLICATION.**—Any individual who desires to file an application pursuant to paragraph (1) must file such application on or before whichever of the following dates is later: (A) the due date of the return (including any extension thereof) for the second taxable year for which he has net earn-

81 STAT. 840

ings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of \$400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5); or (B) the due date of the return (including any extension thereof) for his second taxable year ending after 1967.

“(3) EFFECTIVE DATE OF EXEMPTION.—An exemption received by an individual pursuant to this subsection shall be effective for the first taxable year for which he has net earnings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of \$400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5), and for all succeeding taxable years. An exemption received pursuant to this subsection shall be irrevocable.”

(c) The amendments made by subsections (a) and (b) shall apply only with respect to taxable years ending after 1967.

COVERAGE OF STATE AND LOCAL EMPLOYEES

72 Stat. 1308.  
42 USC 418.

SEC. 116. (a) Section 218(d)(6)(D) of the Social Security Act is amended by inserting “(i)” after “(D)”, and by adding at the end thereof the following:

“(ii) Notwithstanding clause (i), the State may, pursuant to subsection (c) (4)(B) and subject to the conditions of continuation or termination of coverage provided for in subsection (c) (7), modify its agreement under this section to include services performed by all individuals described in clause (i) other than those individuals to whose services the agreement already applies. Such individuals shall be deemed (on and after the effective date of the modification) to be in positions covered by the separate retirement system consisting of the positions of members of the division or part who desire coverage under the insurance system established under this title.”

68 Stat. 1057.

(b) (1) (A) Section 218(c) (3) of such Act is amended by striking out subparagraph (A), and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(B) Paragraphs (4) and (7) of section 218(c) of such Act, and paragraph (5) (B) of section 218(d) of such Act, are each amended by striking out “paragraph (3) (C)” wherever it appears and inserting in lieu thereof “paragraph (3) (B)”.

(C) Paragraph (4) (C) of section 218(d) of such Act is amended by striking out “subsection (c) (3) (C)” and inserting in lieu thereof “subsection (c) (3) (B)”.

64 Stat. 515.

(2) Section 218(c) (6) of such Act is amended—

(A) by striking out “and” at the end of subparagraph (C);

(B) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof “, and”; and

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

“(E) service performed by an individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.”

(3) The amendments made by this subsection shall be effective with respect to services performed on or after January 1, 1968.

68 Stat. 1058.

(c) Section 218(c) of such Act is amended by adding at the end thereof the following new paragraph:

“(8) Notwithstanding any other provision of this section, the agreement with any State entered into under this section may at the option of the State be modified on or after January 1, 1968, to exclude service performed by election officials or election workers if the remuneration paid in a calendar quarter for such service is less than \$50.

Any modification of an agreement pursuant to this paragraph shall be effective with respect to services performed after an effective date, specified in such modification, which shall not be earlier than the last day of the calendar quarter in which the modification is mailed or delivered by other means to the Secretary."

(d) The first sentence of section 218(d)(6)(F) of the Social Security Act is amended by striking out "1967" and inserting in lieu thereof "1970".

72 Stat. 1039;  
79 Stat. 385.  
42 USC 418.

INCLUSION OF ILLINOIS AMONG STATES PERMITTED TO DIVIDE THEIR  
RETIREMENT SYSTEMS

SEC. 117. Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Illinois," after "Georgia,".

TAXATION OF CERTAIN EARNINGS OF RETIRED PARTNER

SEC. 118. (a) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended—

68A Stat. 353;  
68 Stat. 1087.

- (1) by striking out "and" at the end of paragraph (8);
- (2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (9) the following new paragraph:

"(10) there shall be excluded amounts received by a partner pursuant to a written plan of the partnership, which meets such requirements as are prescribed by the Secretary or his delegate, and which provides for payments on account of retirement, on a periodic basis, to partners generally or to a class or classes of partners, such payments to continue at least until such partner's death, if—

"(A) such partner rendered no services with respect to any trade or business carried on by such partnership (or its successors) during the taxable year of such partnership (or its successors), ending within or with his taxable year, in which such amounts were received, and

"(B) no obligation exists (as of the close of the partnership's taxable year referred to in subparagraph (A)) from the other partners to such partner except with respect to retirement payments under such plan, and

"(C) such partner's share, if any, of the capital of the partnership has been paid to him in full before the close of the partnership's taxable year referred to in subparagraph (A)."

- (b) Section 211(a) of the Social Security Act is amended—
  - (1) by striking out "and" at the end of paragraph (7);
  - (2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and"; and
  - (3) by inserting after paragraph (8) the following new paragraph:

64 Stat. 502;  
68 Stat. 1055.  
42 USC 411.

"(9) There shall be excluded amounts received by a partner pursuant to a written plan of the partnership, which meets such requirements as are prescribed by the Secretary of the Treasury or his delegate, and which provides for payments on account of retirement, on a periodic basis, to partners generally or to a class or classes of partners, such payments to continue at least until such partner's death, if—

"(A) such partner rendered no services with respect to any trade or business carried on by such partnership (or its

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successors) during the taxable year of such partnership (or its successors), ending within or with his taxable year, in which such amounts were received, and

“(B) no obligation exists (as of the close of the partnership’s taxable year referred to in subparagraph (A)) from the other partners to such partner except with respect to retirement payments under such plan, and

“(C) such partner’s share, if any, of the capital of the partnership has been paid to him in full before the close of the partnership’s taxable year referred to in subparagraph (A).”

(c) The amendments made by this section shall apply only with respect to taxable years ending on or after December 31, 1967.

INCLUSION OF PUERTO RICO AMONG STATES PERMITTED TO INCLUDE FIREMEN AND POLICEMEN; VALIDATION OF CERTAIN PAST COVERAGE IN THE STATE OF NEBRASKA

70 Stat. 826.  
42 USC 418.

SEC. 119. (a) Section 218(p) of the Social Security Act is amended by inserting “Puerto Rico,” after “Oregon.”

(b) In any case in which—

(1) an individual has performed services prior to the enactment of this Act in the employ of a political subdivision of the State of Nebraska in a fireman’s position, and

(2) 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 had such services constituted employment for purposes of section 21 of such Code at the time they were performed, were timely paid in good faith to the Secretary of the Treasury, and

(3) no refunds of such amounts paid in lieu of taxes have been obtained,

the amount of the remuneration for such services with respect to which such amounts have been paid shall be deemed to constitute remuneration for employment as defined in section 209 of the Social Security Act.

79 Stat. 395,  
396.  
68A Stat. 12.

42 USC 409.

COVERAGE OF FIREMEN’S POSITIONS PURSUANT TO A STATE AGREEMENT

SEC. 120. (a) Section 218(p) of the Social Security Act is amended by—

(1) inserting “(1)” after “(p)”; and

(2) adding the following paragraph:

“(2) A State, not otherwise listed by name in paragraph (1), shall be deemed to be a State listed in such paragraph for the purpose of extending coverage under this title to service in firemen’s positions covered by a retirement system, if the governor of the State, or an official of the State designated by him for the purpose, certifies to the Secretary of Health, Education, and Welfare that the overall benefit protection of the employees in such positions would be improved by reason of the extension of such coverage to such employees. Notwithstanding the provisions of the second sentence of such paragraph (1), such firemen’s positions shall be deemed a separate retirement system and no other positions shall be included in such system.”

(b) Nothing in the amendments made by subsection (a) shall authorize the extension of the insurance system established by title II of the Social Security Act under the provisions of section 218(d) (6)(C) of such Act to service in any fireman’s position.

42 USC 401-428;  
Ante, p. 833.

(c) The amendment made by this section shall apply in the case of any State with respect to modifications of such State agreement under section 218 of the Social Security Act made after the date of enactment of this Act.

VALIDATION OF COVERAGE ERRONEOUSLY REPORTED

SEC. 121. Section 218(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

“(3) Notwithstanding the provisions of paragraph (2) of this subsection, in the case of services performed by individuals as members of any coverage group to which an agreement under this section is made applicable, and with respect to which there were timely paid in good faith to the Secretary of the Treasury 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 had such services constituted employment for purposes of chapter 21 of such Code at the time they were performed, and with respect to which refunds were not obtained, such individuals may, if so requested by the State, be deemed to be members of such coverage group on the date designated pursuant to paragraph (2).”

68 Stat. 1058;  
72 Stat. 1040.  
42 USC 418.

79 Stat. 395,  
396.  
68A Stat. 12.

COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

SEC. 122. (a) (1) Section 211(c) (1) of the Social Security Act is amended to read as follows:

“(1) The performance of the functions of a public office, other than the functions of a public office of a State or a political subdivision thereof with respect to fees received in any period in which the functions are performed in a position compensated solely on a fee basis and in which such functions are not covered under an agreement entered into by such State and the Secretary pursuant to section 218;”.

64 Stat. 503.  
42 USC 411.

(2) Section 211(c) (2) of such Act is amended (A) by striking out “and” at the end of subparagraph (C); (B) by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof “, and”; and (C) by adding after such subparagraph the following new subparagraph:

74 Stat. 945.

“(E) service performed by an individual as an employee of a State or a political subdivision thereof in a position compensated solely on a fee basis with respect to fees received in any period in which such service is not covered under an agreement entered into by such State and the Secretary pursuant to section 218;”.

(b) (1) Section 1402(c) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 355.

“(1) the performance of the functions of a public office, other than the functions of a public office of a State or a political subdivision thereof with respect to fees received in any period in which the functions are performed in a position compensated solely on a fee basis and in which such functions are not covered under an agreement entered into by such State and the Secretary of Health, Education, and Welfare pursuant to section 218 of the Social Security Act;”.

(2) Section 1402(c) (2) of such Code is amended (A) by striking out “and” at the end of subparagraph (C); (B) by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof “, and”; and (C) by adding after such subparagraph the following new subparagraph:

74 Stat. 945.

81 STAT. 844

“(E) service performed by an individual as an employee of a State or a political subdivision thereof in a position compensated solely on a fee basis with respect to fees received in any period in which such service is not covered under an agreement entered into by such State and the Secretary of Health, Education, and Welfare pursuant to section 218 of the Social Security Act;”.

(c) (1) The amendments made by subsections (a) and (b) of this section shall apply with respect to fees received after 1967.

(2) Notwithstanding the provisions of subsections (a) and (b) of this section, any individual who in 1968 is in a position to which the amendments made by such subsections apply may make an irrevocable election not to have such amendments apply to the fees he receives in 1968 and every year thereafter, if on or before the due date of his income tax return for 1968 (including any extensions thereof) he files with the Secretary of the Treasury or his delegate, in such manner as the Secretary of the Treasury or his delegate shall by regulations prescribe, a certificate of election of exemption from such amendments.

(d) Section 218 of the Social Security Act is further amended by adding the following new subsection:

“Positions Compensated Solely on a Fee Basis

“(u) (1) Notwithstanding any other provision in this section, an agreement entered into under this section may be made applicable to service performed after 1967 in any class or classes of positions compensated solely on a fee basis to which such agreement did not apply prior to 1968 only if the State specifically requests that its agreement be made applicable to such service in such class or classes of positions.

“(2) Notwithstanding any other provision in this section, an agreement entered into under this section may be modified, at the option of the State, at any time after 1967, so as to exclude services performed in any class or classes of positions compensation for which is solely on a fee basis.

“(3) Any modification made under this subsection shall be effective with respect to services performed after the last day of the calendar year in which the modification is agreed to by the Secretary and the State.

“(4) If any class or classes of positions have been excluded from coverage under the State agreement by a modification agreed to under this subsection, the Secretary and the State may not thereafter modify such agreement so as to again make the agreement applicable with respect to such class or classes of positions.”

FAMILY EMPLOYMENT IN A PRIVATE HOME

SEC. 123. (a) Section 210(a) (3) (B) of the Social Security Act is amended by inserting after the semicolon the following: “except that the provisions of this subparagraph shall not be applicable to such domestic service if—

“(i) the employer is a surviving spouse or a divorced individual and has not remarried, or has a spouse living in the home who has a mental or physical condition which results in such spouse’s being incapable of caring for a son, daughter, stepson, or stepdaughter (referred to in clause (ii)) for at least 4 continuous weeks in the calendar quarter in which the service is rendered, and

“(ii) a son, daughter, stepson, or stepdaughter of such employer is living in the home, and

“(iii) the son, daughter, stepson, or stepdaughter (referred to in clause (ii)) has not attained age 18 or has a mental or physical

64 Stat. 514;  
74 Stat. 930.  
42 USC 418.

74 Stat. 942.  
42 USC 410.

condition which requires the personal care and supervision of an adult for at least 4 continuous weeks in the calendar quarter in which the service is rendered;"

(b) Section 3121(b)(3)(B) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended by inserting after the semicolon the following: "except that the provisions of this subparagraph shall not be applicable to such domestic service if—

"(i) the employer is a surviving spouse or a divorced individual and has not remarried, or has a spouse living in the home who has a mental or physical condition which results in such spouse's being incapable of caring for a son, daughter, stepson, or stepdaughter (referred to in clause (ii)) for at least 4 continuous weeks in the calendar quarter in which the service is rendered, and

"(ii) a son, daughter, stepson, or stepdaughter of such employer is living in the home, and

"(iii) the son, daughter, stepson, or stepdaughter (referred to in clause (ii)) has not attained age 18 or has a mental or physical condition which requires the personal care and supervision of an adult for at least 4 continuous weeks in the calendar quarter in which the service is rendered;"

(c) The amendments made by this section shall apply with respect to services performed after December 31, 1967.

#### TERMINATION OF COVERAGE OF EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

SEC. 124. (a) Notwithstanding the provisions of section 218(g)(1) of the Social Security Act the Secretary may, under such conditions as he deems appropriate, permit the State of Massachusetts to modify its agreement entered into under section 218 of such Act so as to terminate the coverage of the employees of the Massachusetts Turnpike Authority effective at the end of any calendar quarter within the two years next following the date on which such agreement is so modified.

(b) If the coverage of employees of the Massachusetts Turnpike Authority is terminated pursuant to subsection (a), coverage cannot later be extended to the employees of such Authority.

#### PART 3—HEALTH INSURANCE BENEFITS

##### METHOD OF PAYMENT TO PHYSICIANS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 125. (a) Section 1842(b)(3)(B) of the Social Security Act is amended—

(1) by striking out "(i)"; and  
(2) by striking out "and (ii)" and all that follows and inserting in lieu thereof the following: "and such payment will be made—

"(i) on the basis of an itemized bill; or

"(ii) on the basis of an assignment under the terms of which the reasonable charge is the full charge for the service; but (in the case of bills submitted, or requests for payment made, after March 1968) only if the bill is submitted, or a written request for payment is made in such other form as may be permitted under regulations, no later than the close of the calendar year following the year in which such service is furnished (deeming any service furnished in the last 3 months of any calendar year to have been furnished in the succeeding calendar year);".

(b) The amendments made by subsection (a) shall apply with respect to claims on which a final determination has not been made on or before the date of enactment of this Act.

ELIMINATION OF REQUIREMENT OF PHYSICIAN CERTIFICATION IN CASE OF CERTAIN HOSPITAL SERVICES

SEC. 126. (a) Section 1814(a) of the Social Security Act (as amended by section 129(c)(5) of this Act) is amended—

Post, p. 848.

- (1) by striking out subparagraph (A) of paragraph (2);
- (2) by redesignating subparagraphs (B), (C), (D), and (E) of paragraph (2) as subparagraphs (A), (B), (C), and (D), respectively;
- (3) by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively;
- (4) by inserting immediately after paragraph (2) the following new paragraph:

“(3) with respect to inpatient hospital services (other than inpatient psychiatric hospital services and inpatient tuberculosis hospital services) which are furnished over a period of time, a physician certifies that such services are required to be given on an inpatient basis for such individual’s medical treatment, or that inpatient diagnostic study is medically required and such services are necessary for such purpose, except that (A) such certification shall be furnished only in such cases, with such frequency, and accompanied by such supporting material, appropriate to the cases involved, as may be provided by regulations, and (B) the first such certification required in accordance with clause (A) shall be furnished no later than the 20th day of such period;” and

- (5) by striking out “(D), or (E)” in the last sentence and inserting in lieu thereof “or (D)”.

79 Stat. 303.  
42 USC 1395m.  
Post, p. 847.

(b) Section 1835(a)(2)(B) of such Act is amended by inserting after “medical and other health services,” the following: “except services described in subparagraphs (B) and (C) of section 1861(s)(2),”.

(c) The amendments made by this section shall apply with respect to services furnished after the date of the enactment of this Act.

INCLUSION OF PODIATRISTS’ SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

79 Stat. 321.  
42 USC 1395x.

SEC. 127. (a) Section 1861(r) of the Social Security Act is amended—

- (1) by striking out “or (2)” and inserting in lieu thereof “(2)”;
- and

(2) by inserting before the period at the end thereof the following: “, or (3) except for the purposes of section 1814(a), section 1835, and subsections (j), (k), (m), and (o) of this section, a doctor of podiatry or surgical chiropody, but (unless clause (1) of this subsection also applies to him) only with respect to functions which he is legally authorized to perform as such by the State in which he performs them”.

42 USC 1395y.

(b) Section 1862(a) of such Act is amended—

- (1) by striking out “or” at the end of paragraph (11);
- (2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof “; or”; and
- (3) by adding after paragraph (12) the following new paragraph:

“(13) where such expenses are for—

“(A) the treatment of flat foot conditions and the prescription of supportive devices therefor,

“(B) the treatment of subluxations of the foot, or

“(C) routine foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygienic care).”

(c) The amendments made by subsections (a) and (b) shall apply with respect to services furnished after December 31, 1967.

#### EXCLUSION OF CERTAIN SERVICES

SEC. 128. Section 1862(a)(7) of the Social Security Act is amended by inserting after “changing eyeglasses,” the following: “procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.” 79 Stat. 325.  
42 USC 1395y.

#### TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 129. (a) Section 1861(s)(2) of the Social Security Act is amended— 42 USC 1395x.

(1) by inserting “(A)” after “(2)”;

(2) by striking out “physicians’ bills” and all that follows and inserting in lieu thereof the following: “physicians’ bills;

“(B) hospital services (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) incident to physicians’ services rendered to outpatients; and

“(C) diagnostic services which are—

“(i) furnished to an individual as an outpatient by a hospital or by others under arrangements with them made by a hospital, and

“(ii) ordinarily furnished by such hospital (or by others under such arrangements) to its outpatients for the purpose of diagnostic study.”

(b) Section 1861(s) of such Act is further amended by adding at the end thereof (after and below paragraph (11)) the following new sentence:

“There shall be excluded from the diagnostic services specified in paragraph (2)(C) any item or service (except services referred to in paragraph (1)) which—

“(12) would not be included under subsection (b) if it were furnished to an inpatient of a hospital; or

“(13) is furnished under arrangements referred to in such paragraph (2)(C) unless furnished in the hospital or in other facilities operated by or under the supervision of the hospital or its organized medical staff.”

(c) (1) Section 226(b)(1) of such Act is amended by striking out “post-hospital home health services, and outpatient hospital diagnostic services” and inserting in lieu thereof “and post-hospital home health services”. 79 Stat. 290.  
42 USC 426.

(2) Section 1812(a) of such Act is amended—

(A) by adding “and” at the end of paragraph (2);

(B) by striking out “; and” at the end of paragraph (3) and inserting in lieu thereof a period; and

(C) by striking out paragraph (4).

(3) Section 1813(a) of such Act is amended by striking out paragraph (2), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively. 79 Stat. 291.  
42 USC 1395d.  
42 USC 1395e.

81 STAT. 848

79 Stat. 293.

42 USC 1395e.

(4) (A) Section 1813(b) (1) of such Act is amended by striking out "or diagnostic study".

(B) The first sentence of section 1813(b) (2) of such Act is amended by striking out "or diagnostic study".

42 USC 1395f.

Ante, p. 846.

(5) (A) Section 1814(a) (2) of such Act is amended—

(i) by adding "or" at the end of subparagraph (D) ;

(ii) by striking out "or" at the end of subparagraph (E) ; and

(iii) by striking out subparagraph (F).

(B) The last sentence of section 1814(a) of such Act is amended by striking out "(E), or (F)" and inserting in lieu thereof "or (E)".

42 USC 1395k.

Infra.

42 USC 1395l.

(6) (A) Section 1814(d) of such Act is amended by striking out "or outpatient hospital diagnostic services".

(B) Section 1832(a) (2) (B) of such Act is amended by striking out "hospital" and inserting in lieu thereof "hospital and the services for which payment may be made pursuant to section 1835(b) (2)".

Post, p. 850.

79 Stat. 303.

42 USC 1395l.

42 USC 1395m.

(7) Section 1833(b) of such Act is amended—

(A) by striking out "(or regarded under clause (2) as incurred in such preceding year with respect to services furnished in such last three months)"; and

(B) by striking out ", and (2)" and all that follows and inserting in lieu thereof a period.

(8) Section 1833(d) of such Act is amended by striking out "other than subsection (a) (2) (A) thereof".

(9) (A) Section 1835(a) of such Act is amended by striking out "Payment" and inserting in lieu thereof "Except as provided in subsection (b), payment".

(B) Section 1835 of such Act is further amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

42 USC 1395x.

Ante, p. 847.

"(b) (1) Payment may also be made to any hospital for services described in section 1861(s) furnished as an outpatient service by a hospital or by others under arrangements made by it to an individual entitled to benefits under this part even though such hospital does not have an agreement in effect under this title if (A) such services were emergency services, (B) the Secretary would be required to make such payment if the hospital had such an agreement in effect and otherwise met the conditions of payment hereunder, and (C) such hospital has made an election pursuant to section 1814(d) (1) (C) with respect to the calendar year in which such emergency services are provided. Such payments shall be made only in the amounts provided under section 1833(a) (2) and then only if such hospital agrees to comply, with respect to the emergency services provided, with the provisions of section 1866(a).

Post, p. 857.

42 USC 1395cc.

"(2) Payment may also be made on the basis of an itemized bill to an individual for services described in paragraph (1) of this subsection if (A) payment cannot be made under such paragraph (1) solely because the hospital does not elect, in accordance with section 1814(d) (1) (C), to claim such payments and (B) such individual files application (submitted within such time and in such form and manner, and containing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement. The amounts payable under this paragraph shall, subject to the provisions of section 1833, be equal to 80 percent of the hospital's reasonable charges for such services."

42 USC 1395x.

(C) Section 1861(e) of such Act is amended—

(i) by striking out "except for purposes of section 1814(d)," and inserting in lieu thereof "except for purposes of sections 1814(d) and 1835(b)," ; and

(ii) by striking out “(including determination of whether an individual received inpatient hospital services for purposes of such section)” and inserting in lieu thereof “and 1835(b) (including determination of whether an individual received inpatient hospital services or diagnostic services for purposes of such sections)”.

(10) Section 1861(p) of such Act is repealed.

(11) Section 1861(y) (3) of such Act is amended by striking out “1813(a) (4)” and inserting in lieu thereof “1813(a) (3)”.

(12) (A) Section 1866(a) (2) (A) of such Act is amended—

(i) by striking out “, (a) (2), or (a) (4)” and inserting in lieu thereof “or (a) (3)”; and

(ii) by striking out “or, in the case of outpatient hospital diagnostic services, for which payment is made under part A”.

(B) Section 1866(a) (2) (C) of such Act is amended by striking out “1813(a) (3)” and inserting in lieu thereof “1813(a) (2)”.

(13) Section 21(a) of the Railroad Retirement Act of 1937 is amended by striking out “post-hospital home health services, and outpatient hospital diagnostic services” and inserting in lieu thereof “and post-hospital home health services”.

(d) The amendments made by this section shall apply with respect to services furnished after March 31, 1968, except that subsection (c) (5) of such section shall become effective with respect to services furnished after the date of enactment of this Act.

Repeal.

79 Stat. 321.

42 USC 1395x.

42 USC 1395oc.

79 Stat. 340.

45 USC 228s-2.

#### BILLING BY HOSPITAL FOR SERVICES FURNISHED TO OUTPATIENTS

SEC. 130. (a) Section 1835(a) of the Social Security Act (as amended by section 129(c) (9) (A) of this Act) is further amended by striking out “Except as provided in subsection (b),” and inserting in lieu thereof “Except as provided in subsections (b) and (c),”.

Ante, p. 848.

(b) Section 1835 of such Act (as amended by section 129(c) (9) (B) of this Act) is amended by redesignating subsection (c) (as redesignated) as subsection (d), and by inserting after subsection (b) the following new subsection:

“(c) Notwithstanding the provisions of this section and sections 1832, 1833, and 1866(a) (1) (A), a hospital may, subject to such limitations as may be prescribed by regulations, collect from an individual the customary charges for services specified in section 1861(s) and furnished to him by such hospital as an outpatient, but only if such charges for such services do not exceed \$50, and such customary charges shall be regarded as expenses incurred by such individual with respect to which benefits are payable in accordance with section 1833 (a) (1). Payments under this title to hospitals which have elected to make collections from individuals in accordance with the preceding sentence shall be adjusted periodically to place the hospital in the same position it would have been had it instead been reimbursed in accordance with section 1833(a) (2).”

42 USC 1395k,

1395l, 1395oc.

42 USC 1395x.

Ante, p. 847.

Infra.

(c) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

#### PAYMENT OF REASONABLE CHARGES FOR RADIOLOGICAL OR PATHOLOGICAL SERVICES FURNISHED BY CERTAIN PHYSICIANS TO HOSPITAL INPATIENTS

SEC. 131. (a) Section 1833(a) (1) of the Social Security Act is amended—

79 Stat. 302.

42 USC 1395l.

(1) by striking out “except that” and inserting in lieu thereof “except that (A)”, and

(2) by striking out “of subsection (b)” and inserting in lieu thereof “of subsection (b), and (B) with respect to expenses

incurred for radiological or pathological services for which payment may be made under this part, furnished to an inpatient of a hospital by a physician in the field of radiology or pathology, the amounts paid shall be equal to 100 percent of the reasonable charges for such services”.

Ante, p. 848.

(b) Section 1833(b) of such Act (as amended by section 129(c) (7) of this Act) is amended by inserting before the period at the end thereof the following: “, and (2) such total amount shall not include expenses incurred for radiological or pathological services furnished to such individual as an inpatient of a hospital by a physician in the field of radiology or pathology”.

(c) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

#### PAYMENT FOR PURCHASE OF DURABLE MEDICAL EQUIPMENT

79 Stat. 322.  
42 USC 1395x.

SEC. 132. (a) Section 1861(s) (6) of the Social Security Act is amended by striking out “rental of”, and by inserting before the semicolon at the end thereof the following: “, whether furnished on a rental basis or purchased”.

42 USC 13951.

(b) Section 1833 of such Act is amended by adding at the end thereof the following new subsection:

“(f) In the case of the purchase of durable medical equipment included under section 1861(s) (6), by or on behalf of an individual, payment shall be made in such amounts as the Secretary determines to be equivalent to payments that would have been made under this part had such equipment been rented and over such period of time as the Secretary finds such equipment would be used for such individual’s medical treatment, except that with respect to purchases of inexpensive equipment (as determined by the Secretary) payment may be made in a lump sum if the Secretary finds that such method of payment is less costly or more practical than periodic payments.”

(c) The amendments made by this section shall apply only with respect to items purchased after December 31, 1967.

#### PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Ante, p. 847.

SEC. 133. (a) Section 1861(s) (2) of the Social Security Act (as amended by section 129(a) (2) of this Act) is amended by—

- (1) striking out “and” at the end of subparagraph (B);
- (2) inserting “and” at the end of subparagraph (C); and
- (3) adding at the end thereof the following:

“(D) outpatient physical therapy services;”

Ante, p. 849.

(b) Section 1861 of such Act is amended by inserting after subsection (o) the following new subsection (in lieu of subsection (p) repealed by section 129(c) (10) of this Act):

#### “Outpatient Physical Therapy Services

“(p) The term ‘outpatient physical therapy services’ means physical therapy services furnished by a provider of services, a clinic, rehabilitation agency, or a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient—

“(1) who is under the care of a physician (as defined in section 1861(r) (1)), and

“(2) with respect to whom a plan prescribing the type, amount, and duration of physical therapy services that are to be fur-

nished such individual has been established, and is periodically reviewed, by a physician (as so defined); excluding, however—

“(3) any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital; and

“(4) any such service—

“(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—

“(i) provides an adequate program of physical therapy services for outpatients and has the facilities and personnel required for such program or required for the supervision of such a program, in accordance with such requirements as the Secretary may specify,

“(ii) has policies, established by a group of professional personnel, including one or more physicians (associated with the clinic or rehabilitation agency) and one or more qualified physical therapists, to govern the services (referred to in clause (i)) it provides,

“(iii) maintains clinical records on all patients,

“(iv) if such clinic or agency is situated in a State in which State or applicable local law provides for the licensing of institutions of this nature, (I) is licensed pursuant to such law, or (II) is approved by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

“(v) meets such other conditions relating to the health and safety of individuals who are furnished services by such clinic or agency on an outpatient basis, as the Secretary may find necessary, or

“(B) if furnished by a public health agency, unless such agency meets such other conditions relating to health and safety of individuals who are furnished services by such agency on an outpatient basis, as the Secretary may find necessary.”

(c) Section 1866 of such Act is amended by adding at the end thereof the following new subsection:

“(e) For purposes of this section, the term ‘provider of services’ shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services (as therein defined).”

(d) Section 1832(a) of such Act is amended by—

(1) deleting “and” at the end of paragraph (2)(A) thereof;

(2) striking out the period at the end and inserting in lieu thereof the following: “; and”; and

(3) adding at the end thereof the following new subparagraph:

“(C) outpatient physical therapy services.”

(e) Section 1835(a)(2) of such Act (as amended by section 126(b) of this Act) is amended by—

(1) striking out “and” at the end of subparagraph (A);

(2) striking out the period at the end and inserting in lieu thereof the following: “; and”; and

(3) adding at the end thereof the following new subparagraph:

“(C) in the case of outpatient physical therapy services, (i) such services are or were required because the individual

79 Stat. 327.  
42 USC 1395cc.

“Provider of services.”

Supra.

79 Stat. 302.  
42 USC 1395k.

Ante., p. 846.

81 STAT. 852

needed physical therapy services on an outpatient basis, (ii) a plan for furnishing such services has been established, and is periodically reviewed, by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.”;

(4) striking out “(B) and (C) of section 1861(s)(2)” and inserting in lieu thereof “(B), (C), and (D) of section 1861(s)(2)”;

Ante, p. 850.  
“Provider of services.”

(5) adding at the end thereof the following new sentence: “For purposes of this section, the term ‘provider of services’ shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services (as therein defined).”

Ante, p. 851.

79 Stat. 326.  
42 USC 1395aa.

(f) The first sentence of section 1864(a) of such Act is amended by inserting before the period the following: “, or whether a clinic, rehabilitation agency or public health agency meets the requirements of subparagraph (A) or (B), as the case may be, of section 1861(p)(4)”.

(g) The amendments made by the preceding subsections of this section shall apply to services furnished after June 30, 1968.

#### PAYMENT FOR CERTAIN PORTABLE X-RAY SERVICES

42 USC 1395x.

SEC. 134. (a) Section 1861(s)(3) of the Social Security Act is amended by striking out “diagnostic X-ray tests,” and inserting in lieu thereof the following: “diagnostic X-ray tests (including tests under the supervision of a physician, furnished in a place of residence used as the patient’s home, if the performance of such tests meets such conditions relating to health and safety as the Secretary may find necessary).”

(b) The amendment made by subsection (a) shall apply with respect to services furnished after December 31, 1967.

#### BLOOD DEDUCTIBLES

Ante, p. 847.

SEC. 135. (a) (1) Section 1813(a)(2) of the Social Security Act (as redesignated by section 129(c)(3) of this Act) is amended to read as follows:

“(2) The amount payable to any provider of services under this part for services furnished an individual during any spell of illness shall be further reduced by a deduction equal to the cost of the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to him as part of such services during such spell of illness.”

Ante, p. 849.

(b) Section 1866(a)(2)(C) of such Act (as amended by section 129(c)(12)(B) of this Act) is amended—

(1) by striking out “may also charge” and inserting in lieu thereof “may in accordance with its customary practice also appropriately charge”;

(2) by inserting after “whole blood” the following: “(or equivalent quantities of packed red blood cells, as defined under regulations)”;

(3) by inserting after “blood” where it appears in clauses (i), (ii), and (iii) the following: “(or equivalent quantities of packed red blood cells, as so defined)”;

(4) by adding at the end thereof the following new sentence: “For purposes of clause (iii) of the preceding sentence, whole

blood (or equivalent quantities of packed red blood cells, as so defined) furnished an individual shall be deemed replaced when the provider of services is given one pint of blood for each pint of blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual with respect to which a deduction is imposed under section 1813(a)(2)."

*Ante*, p. 852.

(c) Section 1833(b) of such Act (as amended by sections 129(c)(7) and 131(b) of this Act) is amended by adding at the end thereof the following new sentence: "The total amount of the expenses incurred by an individual as determined under the preceding sentence shall, after the reduction specified in such sentence, be further reduced by an amount equal to the expenses incurred for the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to the individual during the calendar year, except that such deductible for such blood shall in accordance with regulations be appropriately reduced to the extent that there has been a replacement of such blood (or equivalent quantities of packed red blood cells, as so defined); and for such purposes blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual shall be deemed replaced when the institution or other person furnishing such blood (or such equivalent quantities of packed red blood cells, as so defined) is given one pint of blood for each pint of blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual with respect to which a deduction is made under this sentence."

*Ante*, pp. 848, 850.

(d) The amendments made by this section shall apply with respect to payment for blood (or packed red blood cells) furnished an individual after December 31, 1967.

ENROLLMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM  
BASED ON ALLEGED DATE OF ATTAINING AGE 65

SEC. 136. (a) Section 1837(d) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Where the Secretary finds that an individual who has attained age 65 failed to enroll under this part during his initial enrollment period (based on a determination by the Secretary of the month in which such individual attained age 65), because such individual (relying on documentary evidence) was mistaken as to his correct date of birth, the Secretary shall establish for such individual an initial enrollment period based on his attaining age 65 at the time shown in such documentary evidence (with a coverage period determined under section 1838 as though he had attained such age at that time)."

79 Stat. 304;  
80 Stat. 105.  
42 USC 1395f.

(b) The amendment made by subsection (a) shall apply to individuals enrolling under part B of title XVIII in months beginning after the date of the enactment of this Act.

42 USC 1395j-1395w.

EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM  
DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

SEC. 137. (a)(1) Section 1812(a)(1) of the Social Security Act is amended by striking out "up to 90 days during any spell of illness" and inserting in lieu thereof "up to 150 days during any spell of illness minus 1 day for each day of inpatient hospital services in excess of 90 received during any preceding spell of illness (if such individual was entitled to have payment for such services made under this part unless he specifies in accordance with regulations of the Secretary that he does not desire to have such payment made)".

42 USC 1395d.

(2) Section 1812(b)(1) of such Act is amended by striking out "for 90 days during such spell" and inserting in lieu thereof "for 150 days

79 Stat. 292.  
42 USC 1395e.

during such spell minus 1 day for each day of inpatient hospital services in excess of 90 received during any preceding spell of illness (if such individual was entitled to have payment for such services made under this part unless he specifies in accordance with regulations of the Secretary that he does not desire to have such payment made)".

(b) The second sentence of section 1813(a)(1) of such Act is amended to read as follows: "Such amount shall be further reduced by a coinsurance amount equal to—

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a)(1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed)."

(c) The amendments made by subsections (a) and (b) shall apply with respect to services furnished after December 31, 1967.

LIMITATION ON SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES

42 USC 1395d.

SEC. 138. (a) Section 1812(c) of the Social Security Act is amended by striking out "in the 90-day period immediately before such first day shall be included in determining the 90-day limit under subsection (b)(1) (but not in determining the 190-day limit under subsection (b)(3))" and inserting in lieu thereof "in the 150-day period immediately before such first day shall be included in determining the number of days limit under subsection (b)(1) insofar as such limit applies to (1) inpatient psychiatric hospital services and inpatient tuberculosis hospital services, or (2) inpatient hospital services for an individual who is an inpatient primarily for the diagnosis or treatment of mental illness or tuberculosis (but shall not be included in determining such number of days limit insofar as it applies to other inpatient hospital services or in determining the 190-day limit under subsection (b)(3))".

Ante, p. 853.

(b) The amendment made by subsection (a) shall apply with respect to payment for services furnished after December 31, 1967.

TRANSITIONAL PROVISION ON ELIGIBILITY OF PRESENTLY UNINSURED INDIVIDUALS FOR HOSPITAL INSURANCE BENEFITS

79 Stat. 333.  
42 USC 426a.

SEC. 139. Section 103(a)(2) of the Social Security Amendments of 1965 is amended by striking out "1965" in clause (B) and inserting in lieu thereof "1966".

ADVISORY COUNCIL TO STUDY COVERAGE OF THE DISABLED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT

79 Stat. 291.  
42 USC 1395-  
139511.

SEC. 140. (a) The Secretary of Health, Education, and Welfare shall appoint an Advisory Council to study the need for coverage of the disabled under the health insurance program of title XVIII of the Social Security Act.

(b) The Council shall be appointed by the Secretary during 1968 without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and shall consist of 12 persons who shall, to the extent possible, represent organizations of employers and employees in equal numbers, and represent self-employed persons and the public.

80 Stat. 417.  
5 USC 3301  
et seq.

(c) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to such Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(d) Members of the Council, while serving on the business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

Compensation,  
travel ex-  
penses.

80 Stat. 499.

(e) The Council shall make findings on the unmet need of the disabled for health insurance, on the costs involved in providing the disabled with insurance protection to cover the cost of hospital and medical services, and on the ways of financing this insurance. The Council shall submit a report of its findings to the Secretary not later than January 1, 1969, together with recommendations on how such protection should be financed and, if such financing is to be accomplished through the trust funds established under title XVIII of the Social Security Act, on the extent to which each of such trust funds should bear the cost of such financing. Such report shall thereupon be transmitted to the Congress and to the Boards of Trustees created by sections 1817(b) and 1841(b) of the Social Security Act. After the date of transmittal to the Congress of the report, the Council shall cease to exist.

79 Stat. 291.  
42 USC 1395-  
139511,  
Report to  
Congress.  
42 USC 13951,  
1395t.  
Expiration date.

STUDY TO DETERMINE FEASIBILITY OF INCLUSION OF CERTAIN ADDITIONAL SERVICES UNDER PART B OF TITLE XVIII OF THE SOCIAL SECURITY ACT

SEC. 141. The Secretary shall make a study relating to the inclusion under the supplementary medical insurance program (part B of title XVIII of the Social Security Act) of services of additional types of licensed practitioners performing health services in independent practice. The Secretary shall make a report to the Congress prior to January 1, 1969, of his finding with respect to the need for covering, under the supplementary medical insurance program, any of the various types of services such practitioners perform and the costs to such program of covering such additional services, and shall make recommendations as to the priority and method for covering these services and the measures that should be adopted to protect the health and safety of the individuals to whom such services would be furnished.

42 USC 1395j-  
1395w.  
Report to  
Congress.

PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR SERVICES TO PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

SEC. 142. (a) Notwithstanding any provision of title XVIII of the Social Security Act, an individual who is entitled to hospital insurance benefits under section 226 of such Act may, subject to subsections (b) and (c), receive, on the basis of an itemized bill, reimbursement for charges to him for inpatient hospital services (as defined in section

79 Stat. 290.  
42 USC 426.

79 Stat. 313.  
42 USC 1395x.

42 USC 1395oo.  
42 USC 1395c-  
13951.

1861 of such Act, but without regard to subsection (e) of such section) furnished by, or under arrangements (as defined in section 1861(w) of such Act) with, a hospital if—

(1) the hospital did not have an agreement in effect under section 1866 of such Act but would have been eligible for payment under part A of title XVIII of such Act with respect to such services if at the time such services were furnished the hospital had such an agreement in effect;

(2) the hospital (A) meets the requirements of paragraphs (5) and (7) of section 1861(e) of such Act, (B) is not primarily engaged in providing the services described in section 1861(j) (1)(A) of such Act, and (C) is primarily engaged in providing, by or under the supervision of individuals referred to in paragraph (1) of section 1861(r) of such Act, to inpatients (i) diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or (ii) rehabilitation services for the rehabilitation of injured, disabled, or sick persons;

(3) the hospital did not meet the requirements that must be met to permit payment to the hospital under part A of title XVIII of such Act; and

(4) an application is filed (submitted in such form and manner and by such person, and containing and supported by such information, as the Secretary shall by regulations prescribe) for reimbursement before January 1, 1969.

(b) Payments under this section may not be made for inpatient hospital services (as described in subsection (a)) furnished to an individual—

(1) prior to July 1, 1966,

(2) after December 31, 1967, unless furnished with respect to an admission to the hospital prior to January 1, 1968, and

(3) for more than—

(A) 90 days in any spell of illness, but only if (i) prior to January 1, 1969, the hospital furnishing such services entered into an agreement under section 1866 of the Social Security Act and (ii) the hospital's plan for utilization review, as provided for in section 1861(k) of such Act, has, in accordance with section 1814 of such Act, been applied to the services furnished such individual, or

(B) 20 days in any spell of illness, if the hospital did not meet the conditions of clauses (i) and (ii) of subparagraph (A).

42 USC 1395f.

(c) (1) The amounts payable in accordance with subsection (a) with respect to inpatient hospital services shall, subject to paragraph (2) of this subsection, be paid from the Federal Hospital Insurance Trust Fund in amounts equal to 60 percent of the hospital's reasonable charges for routine services furnished in the accommodations occupied by the individual or in semi-private accommodations (as defined in section 1861(v) (4) of the Social Security Act) whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services. If separate charges for routine and ancillary services are not made by the hospital, reimbursement may be based on two-thirds of the hospital's reasonable charges for the services received but not to exceed the charges which would have been made if the patient had occupied semi-private accommodations (as so defined). For purposes of the preceding provisions of this paragraph, the term "routine services" shall mean the regular room, dietary, and nursing services, minor medical

"Routine  
services."

and surgical supplies and the use of equipment and facilities for which a separate charge is not customarily made; the term "ancillary services" shall mean those special services for which charges are customarily made in addition to routine services.

"Ancillary services."

(2) Before applying paragraph (1), payments made under this section shall be reduced to the extent provided for under section 1813 of the Social Security Act in the case of benefits payable to providers of services under part A of title XVIII of such Act.

79 Stat. 292.  
42 USC 1395e.  
42 USC 1395c-1395i.

(d) For the purposes of this section—

(1) the 90-day period, referred to in subsection (b) (3) (A), shall be reduced by the number of days of inpatient hospital services furnished to such individual during the spell of illness, referred to therein, and with respect to which he was entitled to have payment made under part A of title XVIII of the Social Security Act;

(2) the 20-day period, referred to in subsection (b) (3) (B) shall be reduced by the number of days in excess of 70 days of inpatient hospital services furnished during the spell of illness, referred to therein, and with respect to which such individual was entitled to have payment made under such part A;

(3) the term "spell of illness" shall have the meaning assigned to it by subsection (a) of section 1861 of such Act except that the term "inpatient hospital services" as it appears in such subsection shall have the meaning assigned to it by subsection (a) of this section.

"Spell of illness;"  
"Inpatient hospital services."  
42 USC 1395x.

#### PAYMENTS FOR EMERGENCY HOSPITAL SERVICES

SEC. 143. (a) The second sentence following paragraph (8) of section 1861 (e) of the Social Security Act is amended by striking out "which meets the requirement of paragraphs (1), (2), (3), (4), (5) and (7) of this subsection" and inserting in lieu thereof "which (i) meets the requirements of paragraphs (5) and (7) of this subsection, (ii) is not primarily engaged in providing the services described in section 1861 (j) (1) (A) and (iii) is primarily engaged in providing, by or under the supervision of individuals referred to in paragraph (1) of section 1861 (r), to inpatients diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or rehabilitation services for the rehabilitation of injured, disabled, or sick persons."

(b) That portion of section 1812 (a) of such Act that precedes paragraph (1) thereof is amended by inserting "or, in the case of payments referred to in section 1814 (d) (2) to him" after "on his behalf".

42 USC 1395d.  
Post, p. 858.  
79 Stat. 296.  
42 USC 1395f.

(c) Section 1814 (d) of such Act is amended by—

(1) striking out "Payments" and inserting in lieu thereof "(1) Payments";

(2) deleting "furnished" and inserting "furnished in a calendar year";

(3) deleting "and" at the end of clause (A) and inserting a comma in lieu thereof;

(4) inserting before the period at the end of the first sentence the following: "and (C) such hospital has elected to claim payments for all such inpatient emergency services and for the emergency outpatient services referred to in section 1835 (b) furnished during such year"; and

Ante, p. 848.

(5) adding at the end of such section 1814 (d) the following new paragraphs:

79 Stat. 290.  
42 USC 426.

"(2) Payment may be made on the basis of an itemized bill to an individual entitled to hospital insurance benefits under section 226 for services described in paragraph (1) which are emergency services if (A) payment cannot be made under paragraph (1) solely because the hospital does not elect to claim such payment, and (B) such individual files application (submitted within such time and in such form and manner and by such person, and containing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement.

42 USC 1395e.

42 USC 1395x.

"(3) The amounts payable under the preceding paragraph with respect to services described therein shall, subject to the provisions of section 1813, be equal to 60 percent of the hospital's reasonable charges for routine services furnished in the accommodations occupied by the individual or in semiprivate accommodations (as defined in section 1861(v)(4)), whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services. If separate charges for routine and ancillary services are not made by the hospital, reimbursement may be based on two-thirds of the hospital's reasonable charges for the services received but not to exceed the charges which would have been made if the patient had occupied semiprivate accommodations. For purposes of the preceding provisions of this paragraph, the term 'routine services' shall mean the regular room, dietary, and nursing services, minor medical and surgical supplies and the use of equipment and facilities for which a separate charge is not customarily made; the term 'ancillary services' shall mean those special services for which charges are customarily made in addition to routine services."

"Routine services."

"Ancillary services."

(d) The provisions made by subsection (a) of this section shall become effective as of July 1, 1966, and the provisions made by subsections (b) and (c) of this section shall apply to services furnished with respect to admissions occurring after December 31, 1967, and to outpatient hospital diagnostic services furnished after December 31, 1967, and before April 1, 1968.

PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR CERTAIN INPATIENT ANCILLARY SERVICES

79 Stat. 321.  
42 USC 1395x.

SEC. 144. (a) So much of section 1861(s) of the Social Security Act which precedes paragraph (1) is amended by striking out "(unless they would otherwise constitute inpatient hospital services, extended care services, or home health services)".

(b) The sentence immediately following paragraph (9) of section 1861(s) of such Act is amended by inserting after "hospital" the following: "(which, for purposes of this sentence, means an institution considered a hospital for purposes of section 1814(d))".

Arts, p.247.

42 USC 1395f.

(c) Section 1861(s) of such Act is amended by adding at the end thereof (after and below paragraph (13) as added to such section by section 129(b) of this Act) the following new sentence: "None of the items and services referred to in the preceding paragraphs (other than paragraphs (1) and (2)(A)) of this subsection which are furnished to a patient of an institution which meets the definition of a hospital for purposes of section 1814(d) shall be included unless such other conditions are met as the Secretary may find necessary relating to health and safety of individuals with respect to whom such items and services are furnished."

(d) Section 1861(s)(6) of such Act is amended by striking out "as his home" and inserting in lieu thereof "as his home other than an

institution that meets the requirements of subsection (e) (1) or (j) (1) of this section”.

(e) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

GENERAL ENROLLMENT PERIOD UNDER TITLE XVIII

SEC. 145. (a) Section 1837(b) (1) of the Social Security Act is amended to read as follows: 79 Stat. 304.  
42 USC 1395p.

“(1) No individual may enroll for the first time under this part unless he does so in a general enrollment period (as provided in subsection (e)) which begins within 3 years after the close of the first enrollment period during which he could have enrolled under this part.”

(b) Section 1837(e) of such Act is amended to read as follows:

“(e) There shall be a general enrollment period, after the period described in subsection (c), during the period beginning on January 1 and ending on March 31 of each year beginning with 1969.”

(c) Section 1838(b) of such Act is amended by—

(1) striking out in paragraph (1) the following: “, during a general enrollment period described in section 1837(e),”; and

(2) striking out “December 31 of the year” and inserting in lieu thereof “the calendar quarter following the calendar quarter”.

(d) Section 1839(b) (2) of such Act is amended to read as follows: 42 USC 1395q.  
42 USC 1395r.

“(2) The Secretary shall, during December 1968 and of each year thereafter, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 in each succeeding year. Such dollar amount shall be such amount as the Secretary estimates to be necessary so that the aggregate premiums for such 12-month period will equal one-half of the total of the benefits and administrative costs which he estimates will be payable from the Federal Supplementary Medical Insurance Trust Fund for such 12-month period. In estimating aggregate benefits payable for any period, the Secretary shall include an appropriate amount for a contingency margin. Whenever the Secretary, pursuant to the preceding sentence, promulgates the dollar amount which shall be applicable for premiums for any period, he shall, at the time such promulgation is announced, issue a public statement setting forth the actuarial assumptions and bases employed by him in arriving at the amount of premiums so promulgated.”

(e) The amendments made by subsections (a), (b), and (c) shall become effective April 1, 1968. Notwithstanding the provisions of section 2 of Public Law 90-97, the amendments made by subsection (d) shall become effective December 1, 1968. Ante, p. 249.

ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS

SEC. 146. (a) Section 1812(c) of the Social Security Act (as amended by section 138 of this Act) is further amended— Ante, p. 854.

(1) by striking out “a psychiatric hospital or a tuberculosis hospital” and inserting in lieu thereof “a psychiatric hospital”;

(2) by striking out “and inpatient tuberculosis hospital services”, and

(3) by striking out “or tuberculosis”.

(b) The amendments made by subsection (a) shall apply with respect to payment for services furnished after December 31, 1967.

PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

ELIGIBILITY OF ADOPTED CHILD FOR MONTHLY BENEFITS

72 Stat. 1028.  
42 USC 416.

42 USC 302  
note.

42 USC 401-  
428; Ante,  
p. 833.

SEC. 150. (a) The second sentence of section 216(e) of the Social Security Act is amended by striking out "before the end of two years after the day on which such individual died or the date of enactment of this Act" and inserting in lieu thereof "only if (A) proceedings for the adoption of the child had been instituted by such individual before his death, or (B) such child was adopted by such individual's surviving spouse before the end of two years after (i) the day on which such individual died or (ii) the date of enactment of the Social Security Amendments of 1958".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of an application filed in or after the month in which this Act is enacted.

CRITERIA FOR DETERMINING CHILD'S DEPENDENCY ON MOTHER

64 Stat. 484.  
42 USC 402.

74 Stat. 952.

64 Stat. 484;  
72 Stat. 1030;  
79 Stat. 371,  
397.

79 Stat. 372.

65 Stat. 689.  
45 USC 228e.

80 Stat. 1084.

50 Stat. 307.  
45 USC 228a-  
228s-2.

SEC. 151. (a) Section 202(d)(3) of the Social Security Act is amended—

(1) by inserting "or his mother or adopting mother" after "his father or adopting father" in the first sentence; and

(2) by striking out ", if such individual is the child's father," in the second sentence.

(b) Section 202(d)(4) of such Act is amended by inserting "or stepmother" after "stepfather" each place it appears.

(c) Section 202(d) of such Act is further amended by striking out paragraph (5), and by redesignating paragraphs (6) through (10) as paragraphs (5) through (9), respectively.

(d) (1) The paragraph of section 202(d) of such Act redesignated as paragraph (9) by subsection (c) of this section is amended by striking out "under paragraph (9)" and inserting in lieu thereof "under paragraph (8)".

(2) Paragraphs (2) and (3) of section 202(s) of such Act are each amended by striking out "(d)(6)," and inserting in lieu thereof "(d)(5),".

(3) Section (5)(1)(1) of the Railroad Retirement Act of 1937 is amended—

(A) by striking out "(3), (4), or (5)" in the third sentence and inserting in lieu thereof "(3) or (4)"; and

(B) by striking out "paragraph (8)" in the ninth sentence and inserting in lieu thereof "paragraph (7)".

(e) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act (and annuities accruing under the Railroad Retirement Act of 1937) for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

RECOVERY OF OVERPAYMENTS

53 Stat. 1368.  
42 USC 404.

SEC. 152. (a) Section 204(a) of the Social Security Act is amended to read as follows:

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

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

“(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made in accordance with subsection (d).”

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

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

53 Stat. 1368.  
42 USC 404.

#### BENEFITS PAID ON BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE

SEC. 153. (a) Section 204(a)(1) of the Social Security Act (as amended by section 152 of this Act) is further amended by adding at the end the following sentence: “A payment made under this title on the basis of an erroneous report of death by the Department of Defense of an individual in the line of duty while he is a member of the uniformed services (as defined in section 210(m)) on active duty (as defined in section 210(1)) shall not be considered an incorrect payment for any month prior to the month such Department notifies the Secretary that such individual is alive.”

Ante, p. 860.

42 USC 410.

(b) The amendment made by this section shall apply with respect to benefits under title II of the Social Security Act if the individual to whom such benefits were paid would have been entitled to such benefits in or after the month in which this Act was enacted if the report mentioned in the amendment made by subsection (a) of this section had been correct (but without regard to the provisions of section 202(j)(1) of such Act).

42 USC 401-  
428; Ante,  
p. 833.

42 USC 402.

#### UNDERPAYMENTS

SEC. 154. (a) Section 204(d) of the Social Security Act is amended to read as follows:

79 Stat. 401.  
42 USC 404.

“(d) If an individual dies before any payment due him under this title is completed, payment of the amount due (including the amount of any unnegotiated checks) shall be made—

“(1) to the person, if any, who is determined by the Secretary to be the surviving spouse of the deceased individual and who either (i) was living in the same household with the deceased at the time of his death or (ii) was, for the month in which the deceased individual died, entitled to a monthly benefit on the basis of the same wages and self-employment income as was the deceased individual;

“(2) if there is no person who meets the requirements of paragraph (1), or if the person who meets such requirements dies before the payment due him under this title is completed, to the child or children, if any, of the deceased individual who were, for

the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

“(3) if there is no person who meets the requirements of paragraph (1) or (2), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent);

“(4) if there is no person who meets the requirements of paragraph (1), (2), or (3), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person, if any, determined by the Secretary to be the surviving spouse of the deceased individual;

“(5) if there is no person who meets the requirements of paragraph (1), (2), (3), or (4), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person or persons, if any, determined by the Secretary to be the child or children of the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

“(6) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), or (5), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent); or

“(7) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), or (6), or if each person who meets such requirements dies before the payment due him under this title is completed, to the legal representative of the estate of the deceased individual, if any.”

79 Stat. 331.  
42 USC 1395gg.

(b) The heading of section 1870 of such Act is amended by adding at the end thereof “AND SETTLEMENT OF CLAIMS FOR BENEFITS ON BEHALF OF DECEASED INDIVIDUALS”.

(c) Section 1870 of such Act is amended by adding after subsection

(d) the following new subsections:

“(e) If an individual, who received services for which payment may be made to such individual under this title, dies, and payment for such services was made (other than under this title), and the individual died before any payment due him under this title with respect to such services was completed, payment of the amount due (including the amount of any unnegotiated checks) shall be made—

“(1) if the payment for such services was made (before or after such individual's death) by a person other than the deceased individual, to the person or persons determined by the Secretary under regulations to have paid for such services, or if the payment for such services was made by the deceased individual before his death, to the legal representative of the estate of such deceased individual, if any;

“(2) if there is no person who meets the requirements of paragraph (1), to the person, if any, who is determined by the Secretary to be the surviving spouse of the deceased individual and who was either living in the same household with the deceased at the time of his death or was, for the month in which the deceased individual died, entitled to a monthly benefit on the

basis of the same wages and self-employment income as was the deceased individual;

“(3) if there is no person who meets the requirements of paragraph (1) or (2), or if the person who meets such requirements dies before the payment due him under this title is completed, to the child or children, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

“(4) if there is no person who meets the requirements of paragraph (1), (2), or (3), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent);

“(5) if there is no person who meets the requirements of paragraph (1), (2), (3), or (4), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person, if any, determined by the Secretary to be the surviving spouse of the deceased individual;

“(6) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), or (5), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person or persons, if any, determined by the Secretary to be the child or children of the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

“(7) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), or (6), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent); or

“(8) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), (6), or (7), or if each person who meets such requirements dies before the payment due him under this title is completed, to the legal representatives of the estate of the deceased individual, if any.

“(f) If an individual who received medical and other health services for which payment may be made under section 1832(a) (1) dies, and—

“(1) no assignment of the right to payments was made by such individual before his death, and

“(2) payment for such services has not been made, payment for such services shall be made to the physician or other person who provided such services, but payment shall be made under this subsection only in such amount and subject to such conditions as would have been applicable if the individual who received the services had not died, and only if the person or persons who provided the services agrees that the reasonable charge is the full charge for the services.”

(d) Section 1842(b) (3) (B) of such Act (as amended by section 125(a) of this Act) is amended by striking out “and such payment will be made” and inserting in lieu thereof “and such payment will (except as otherwise provided in section 1870(f)) be made”.

79 Stat. 302.  
42 USC 1395k.

Ante, p. 845.

SIMPLIFICATION OF COMPUTATION OF PRIMARY INSURANCE AMOUNT AND  
QUARTERS OF COVERAGE IN CASE OF 1937-1950 WAGES72 Stat. 1016.  
42 USC 415.

SEC. 155. (a) (1) Section 215(d) (1) of the Social Security Act is amended to read as follows:

## "Primary Insurance Benefit Under 1939 Act

Ante, p. 824.

"(d) (1) For purposes of column I of the table appearing in subsection (a) of this section, an individual's primary insurance benefit shall be computed as follows:

"(A) The individual's average monthly wage shall be determined as provided in subsection (b) (but without regard to paragraph (4) thereof) of this section, except that for purposes of paragraph (2) (C) and (3) of such subsection, 1936 shall be used instead of 1950.

"(B) For purposes of subparagraphs (B) and (C) of subsection (b) (2), an individual whose total wages prior to 1951 (as defined in subparagraph (C) of this subsection)—

"(i) do not exceed \$27,000 shall be deemed to have been paid such wages in equal parts in nine calendar years after 1936 and prior to 1951;

"(ii) exceed \$27,000 and are less than \$42,000 shall be deemed to have been paid (I) \$3,000 in each of such number of calendar years after 1936 and prior to 1951 as is equal to the integer derived by dividing such total wages by \$3,000, and (II) the excess of such total wages over the product of \$3,000 times such integer, in an additional calendar year in such period; or

"(iii) are at least \$42,000 shall be deemed to have been paid \$3,000 in each of the fourteen calendar years after 1936 and prior to 1951.

"Total wages  
prior to 1951."

"(C) For the purposes of subparagraph (B), 'total wages prior to 1951' with respect to an individual means the sum of (i) remuneration credited to such individual prior to 1951 on the records of the Secretary, (ii) wages deemed paid prior to 1951 to such individual under section 217, and (iii) compensation under the Railroad Retirement Act of 1937 prior to 1951 creditable to him pursuant to this title.

42 USC 417.  
50 Stat. 307.  
45 USC 228a-  
228s-2.

"(D) The individual's primary insurance benefit shall be 45.6 per centum of the first \$50 of his average monthly wage as computed under this subsection, plus 11.4 per centum of the next \$200 of such average monthly wage."

(2) Section 215(d) (2) of such Act is amended to read as follows:  
"(2) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) with respect to whom at least one of the quarters elapsing prior to 1951 is a quarter of coverage;

"(B) except as provided in paragraph (3), who attained age 22 after 1950 and with respect to whom less than six of the quarters elapsing after 1950 are quarters of coverage, or who attained such age before 1951; and

42 USC 402,  
423.

"(C) (i) who becomes entitled to benefits under section 202(a) or 223 after the date of the enactment of the Social Security Amendments of 1967, or

"(ii) who dies after such date without being entitled to benefits under section 202(a) or 223, or

"(iii) whose primary insurance amount is required to be re-computed under section 215(f) (2)."

Post, p. 865.

- (3) Section 215(d) (3) of such Act is amended to read as follows: 74 Stat. 962.  
 “(3) The provisions of this subsection as in effect prior to the enactment of the Social Security Amendments of 1967 shall be applicable in the case of an individual— 42 USC 415.
- “(A) who attained age 21 after 1936 and prior to 1951, or  
 “(B) who had a period of disability which began prior to 1951, but only if the primary insurance amount resulting therefrom is higher than the primary insurance amount resulting from the application of this section (as amended by the Social Security Amendments of 1967) and section 220.” 42 USC 420.
- (4) So much of section 215(f) (2) of such Act as precedes subparagraph (E) is amended to read as follows: 79 Stat. 365.  
 “(2) If an individual has wages or self-employment income for a year after 1965 for any part of which he is entitled to old-age insurance benefits, the Secretary shall, at such time or times and within such period as he may by regulations prescribe, recompute such individual's primary insurance amount with respect to each such year. Such recomputation shall be made as provided in subsection (a) (1) and (3) as though the year with respect to which such recomputation is made is the last year of the period specified in subsection (b) (2) (C). A recomputation under this paragraph with respect to any year shall be effective—”
- (5) Subparagraphs (E) and (F) of such section 215(f) (2) are redesignated as subparagraphs (A) and (B), respectively.
- (6) Section 215(f) of such Act is further amended by adding at the end thereof the following new paragraph: 64 Stat. 509;  
 79 Stat. 365.  
 “(5) In the case of a man who became entitled to old-age insurance benefits and died before the month in which he attained age 65, the Secretary shall recompute his primary insurance amount as provided in subsection (a) as though he became entitled to old-age insurance benefits in the month in which he died; except that (i) his computation base years referred to in subsection (b) (2) shall include the year in which he died, and (ii) his elapsed years referred to in subsection (b) (3) shall not include the year in which he died or any year thereafter. Such recomputation of such primary insurance amount shall be effective for and after the month in which he died.”
- (7) (A) The amendments made by paragraphs (4) and (5) shall apply with respect to recomputations made under section 215(f) (2) of the Social Security Act after the date of the enactment of this Act.  
 (B) The amendment made by paragraph (6) shall apply with respect to individuals who die after the date of enactment of this Act.
- (8) In any case in which—  
 (A) any person became entitled to a monthly benefit under section 202 or 223 of the Social Security Act after the date of enactment of this Act and before February 1968, and 42 USC 402,  
 423,  
 (B) the primary insurance amount on which the amount of such benefit is based was determined by applying section 215(d) of the Social Security Act as amended by this Act, Ante, p. 864.  
 such primary insurance amount shall, for purposes of section 215(c) of the Social Security Act, as amended by this Act, be deemed to have been computed on the basis of the Social Security Act in effect prior to the enactment of this Act. Ante, p. 827.
- (9) The amendment made by paragraphs (1) and (2) shall not apply with respect to monthly benefits for any month prior to January 1967.
- (b) (1) Section 213 of the Social Security Act is amended by adding at the end thereof the following new subsection: 64 Stat. 504.  
 42 USC 413.

“Alternative Method for Determining Quarters of Coverage With  
Respect to Wages in the Period from 1937 to 1950

75 Stat. 137.  
42 USC 414.  
Ante, p. 864.

“(c) For purposes of section 214(a), an individual shall be deemed to have one quarter of coverage for each \$400 of his total wages prior to 1951 (as defined in section 215(d)(1)(C)), except where—

“(1) such individual is not a fully insured individual on the basis of the number of quarters of coverage so derived plus the number of quarters of coverage derived from the wages and self-employment income credited to him for periods after 1950, or

“(2) such individual’s elapsed years (for purposes of section 214(a)(1)) are less than 7.”

(2) The amendment made by paragraph (1) shall apply only in the case of an individual who applies for benefits under section 202(a) of the Social Security Act after the date of the enactment of this Act, or who dies after such date without being entitled to benefits under section 202(a) or 223 of the Social Security Act.

42 USC 402.  
423.

74 Stat. 964;  
79 Stat. 366.  
42 USC 415 note.

(c) Section 303(g)(1) of the Social Security Amendments of 1960 is amended—

(1) by striking out “section 302 of” and by striking out “Amendments of 1965” and inserting in lieu thereof “Amendments of 1965 and 1967” in the first sentence; and

(2) by striking out “after 1965, or dies after 1965” and inserting in lieu thereof “after the date of the enactment of the Social Security Amendments of 1967, or dies after such date”, and by striking out “Amendments of 1965” and inserting in lieu thereof “Amendments of 1967”, in the second sentence.

DEFINITIONS OF WIDOW, WIDOWER, AND STEPCHILD

72 Stat. 1027.  
42 USC 416.

SEC. 156. (a) Section 216 (c) of the Social Security Act is amended by striking out “not less than one year” in clause (5) and inserting in lieu thereof “not less than nine months”.

(b) The first sentence of section 216 (e) of such Act is amended by striking out “the day on which such individual died” and inserting in lieu thereof “not less than nine months immediately preceding the day on which such individual died”.

64 Stat. 510;  
74 Stat. 994.

(c) Section 216 (g) of such Act is amended by striking out “not less than one year” in clause (5) and inserting in lieu thereof “not less than nine months”.

(d) Section 216 of such Act is further amended by adding at the end thereof the following new subsection:

“Waiver of Nine-Month Requirement for Widow, Stepchild, or  
Widower in Case of Accidental Death or in Case of Serviceman  
Dying in Line of Duty

Supra.

“(k) The requirement in clause (5) of subsection (c) or clause (5) of subsection (g) that the surviving spouse of an individual have been married to such individual for a period of not less than nine months immediately prior to the day on which such individual died in order to qualify as such individual’s widow or widower, and the requirement in subsection (e) that the stepchild of a deceased individual have been such stepchild for not less than nine months immediately preceding the day on which such individual died in order to qualify as such individual’s child, shall be deemed to be satisfied, where such individual dies within the applicable nine-month period, if his death—

“(1) is accidental, or

“(2) occurs in line of duty while he is a member of a uniformed service serving on active duty (as defined in section 210(1)(2)), and he would satisfy such requirement if a three-month period were substituted for the nine-month period; except that this subsection shall not apply if the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months. For purposes of paragraph (1) of the preceding sentence, the death of an individual is accidental if he receives bodily injuries solely through violent, external, and accidental means and, as a direct result of the bodily injuries and independently of all other causes, loses his life not later than three months after the day on which he receives such bodily injuries.”

42 USC 410.

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

42 USC 401-428; Ante, p. 833.

HUSBAND'S AND WIDOWER'S INSURANCE BENEFITS WITHOUT REQUIREMENT OF WIFE'S CURRENTLY INSURED STATUS

SEC. 157. (a) (1) Section 202(c)(1) of the Social Security Act is amended by striking out “a currently insured individual (as defined in section 214(b))” in the matter preceding subparagraph (A) and inserting in lieu thereof “an individual”.

64 Stat. 483.  
42 USC 402.

(2) Section 202(c)(2) of such Act is amended by striking out “The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph,” and inserting in lieu thereof “The provisions of subparagraph (C) of paragraph (1)”.

72 Stat. 1026.

(b) (1) Section 202(f)(1) of such Act is amended—

64 Stat. 485.

(A) by striking out “and currently” in the matter preceding subparagraph (A), and

(B) by striking out “. and she was a currently insured individual,” in subparagraph (D) (ii).

72 Stat. 1023.

(2) Section 202(f)(2) of such Act is amended by striking out “The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph,” and inserting in lieu thereof “The provisions of subparagraph (D) of paragraph (1)”.

(c) 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 or any widower who would not be entitled to widower's insurance benefits under section 202(f) of such Act except for the enactment of this section, the requirement in section 202(c)(1)(C) or 202(f)(1)(D) of such 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 following the month in which this Act is enacted.

(d) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

DEFINITION OF DISABILITY

SEC. 158. (a) Section 223(c) of the Social Security Act is amended—

70 Stat. 815.  
42 USC 423.

(1) by inserting “of Insured Status and Waiting Period” after “Definitions” in the heading;

70 Stat. 815;  
79 Stat. 367,  
413.  
42 USC 423.

(2) by striking out paragraph (2); and  
(3) by redesignating paragraph (3) as paragraph (2).  
(b) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"Definition of Disability

"(d) (1) The term 'disability' means—

"(A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or

42 USC 416.

"(B) in the case of an individual who has attained the age of 55 and is blind (within the meaning of 'blindness' as defined in section 216(i)(1)), inability by reason of such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.

"(2) For purposes of paragraph (1) (A)—

42 USC 402.

"(A) an individual (except a widow, surviving divorced wife, or widower for purposes of section 202 (e) or (f)) shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(B) A widow, surviving divorced wife, or widower shall not be determined to be under a disability (for purposes of section 202 (e) or (f)) unless his or her physical or mental impairment or impairments are of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity.

"Physical or  
mental impair-  
ment."

"(3) For purposes of this subsection, a 'physical or mental impairment' is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

42 USC 422.

"(4) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of paragraph (2), an individual whose services or earnings meet such criteria shall, except for purposes of section 222(c), be found not to be disabled.

"(5) An individual shall not be considered to be under a disability unless he furnishes such medical and other evidence of the existence thereof as the Secretary may require."

79 Stat. 370.  
42 USC 402.

(c) (1) Section 202(d)(1)(B) of such Act is amended by striking out "section 223(c)" and inserting in lieu thereof "section 223(d)".

(2) Paragraphs (1), (2), and (3) of section 202(s) of such Act are each amended by striking out "section 223(c)" and inserting in lieu thereof "section 223(d)".

- (3) Section 221(a) of such Act is amended by striking out "or 223(c)" and inserting in lieu thereof "or 223(d)". 70 Stat. 818.  
42 USC 421.
- (4) Section 221(c) of such Act is amended by striking out "or 223(c)" and inserting in lieu thereof "or 223(d)".
- (5) Section 222(c)(4)(B) of such Act is amended by striking out "section 223(c)(2)" and inserting in lieu thereof "section 223(d)". 74 Stat. 968.  
42 USC 422.
- (6) Section 223(a)(1)(D) of such Act is amended by striking out "subsection (c)(2)" and inserting in lieu thereof "subsection (d)". 70 Stat. 815.  
42 USC 423.
- (7) The first sentence of section 223(a)(1) of such Act is further amended by striking out "subsection (c)(3)" and inserting in lieu thereof "subsection (c)(2)".
- (8) The last sentence of section 223(a)(1) is amended by striking out "subsection (c)(2) except for subparagraph (B) thereof" and inserting in lieu thereof "subsection (d) except for paragraph (1)(B) thereof". 79 Stat. 413.  
42 USC 423.
- (9) Section 225 of such Act is amended by striking out "section 223(c)(2)" and inserting in lieu thereof "section 223(d)". 70 Stat. 817.  
42 USC 425.
- (d) Section 216(i)(1) of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: "The provisions of paragraphs (2)(A), (3), (4), and (5) of section 223(d) shall be applied for purposes of determining whether an individual is under a disability within the meaning of the first sentence of this paragraph in the same manner as they are applied for purposes of paragraph (1) of such section."
- (e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and for disability determinations under section 216(i) of such Act, filed—
- (1) in or after the month in which this Act is enacted, or
  - (2) before the month in which this Act is enacted if the applicant has not died before such month and if—
    - (A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or
    - (B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month.
- 53 Stat. 1370.  
42 USC 405.

## DISABILITY BENEFITS AFFECTED BY RECEIPT OF WORKMEN'S COMPENSATION

- SEC. 159. (a) (1) The last sentence of section 224(a) of the Social Security Act is amended by inserting after "his wages and self-employment income" where it first appears in clause (B) the following: "(computed without regard to the limitations specified in sections 209(a) and 211(b)(1))". 79 Stat. 406.  
42 USC 424.
- (2) Section 224(a) of such Act is further amended by adding at the end thereof the following: "In any case where an individual's wages and self-employment income reported to the Secretary for a calendar year reach the limitations specified in sections 209(a) and 211(b)(1), the Secretary under regulations shall estimate the total of such wages and self-employment income for purposes of clause (B) of the preceding sentence on the basis of such information as may be available to him indicating the extent (if any) by which such wages and self-employment income exceed such limitations." 42 USC 409,  
411.
- (b) (1) The amendments made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after January 1968. 42 USC 401-  
428; Ante,  
p. 833.

79 Stat. 407.  
42 USC 424.

(2) For purposes of any redetermination which is made under section 224 (f) of the Social Security Act in the case of benefits subject to reduction under section 224 of such Act, where such reduction as first computed was effective with respect to benefits for the month in which this Act is enacted or a prior month, the amendments made by subsection (a) of this section shall also be deemed to have applied in the initial determination of the "average current earnings" of the individual whose wages and self-employment income are involved.

#### EXTENSION OF TIME FOR FILING REPORTS OF EARNINGS

72 Stat. 1033;  
74 Stat. 955.  
42 USC 403.

SEC. 160. (a) Section 203(h) (1) (A) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The Secretary may grant a reasonable extension of time for making the report of earnings required in this paragraph if he finds that there is valid reason for a delay, but in no case may the period be extended more than three months."

68 Stat. 1076;  
74 Stat. 955.

(b) Section 203(h) (2) of such Act is amended by striking out "within the time prescribed therein" and inserting in lieu thereof "within the time prescribed by or in accordance with such paragraph".

#### PENALTIES FOR FAILURE TO FILE TIMELY REPORTS OF EARNINGS AND OTHER EVENTS

42 USC 402.

SEC. 161. (a) Section 203(h) (2) (A) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: ", except that if the deduction imposed under subsection (b) by reason of his earnings for such year is less than the amount of his benefit (or benefits) for the last month of such year for which he was entitled to a benefit under section 202, the additional deduction shall be equal to the amount of the deduction imposed under subsection (b) but not less than \$10".

(b) Section 203(g) of such Act is amended by striking out all that follows "shall suffer" and inserting in lieu thereof the following: "deductions in addition to those imposed under subsection (c) as follows:

"(1) if such failure is the first one with respect to which an additional deduction is imposed by this subsection, such additional deduction shall be equal to his benefit or benefits for the first month of the period for which there is a failure to report even though such failure is with respect to more than one month;

"(2) if such failure is the second one with respect to which an additional deduction is imposed by this subsection, such additional deduction shall be equal to two times his benefit or benefits for the first month of the period for which there is a failure to report even though such failure is with respect to more than two months; and

"(3) if such failure is the third or a subsequent one for which an additional deduction is imposed under this subsection, such additional deduction shall be equal to three times his benefit or benefits for the first month of the period for which there is a failure to report even though the failure to report is with respect to more than three months;

except that the number of additional deductions required by this subsection shall not exceed the number of months in the period for which there is a failure to report. As used in this subsection, the term 'period for which there is a failure to report' with respect to any individual means the period for which such individual received and accepted insurance benefits under section 202 without making a timely report and for which deductions are required under subsection (c)."

"Period for which there is a failure to report."  
42 USC 402.

(c) The amendments made by this section shall apply with respect to any deductions imposed on or after the date of the enactment of this Act under subsections (g) and (h) of section 203 of the Social Security Act on account of failure to make a report required thereby.

42 USC 403.

LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE  
THE UNITED STATES

SEC. 162. (a)(1) Section 202(t)(1) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (B)) the following new sentence: "For purposes of the preceding sentence, after an individual has been outside the United States for any period of thirty consecutive days he shall be treated as remaining outside the United States until he has been in the United States for a period of thirty consecutive days."

70 Stat. 835.

42 USC 402.

(2) The amendment made by paragraph (1) shall apply only with respect to six-month periods (within the meaning of section 202(t)(1)(A) of the Social Security Act) which begin after the date of the enactment of this Act.

(b)(1) Section 202(t)(4) of such Act is amended—

70 Stat. 835;

(A) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a semicolon; and

72 Stat. 1783.

(B) by adding at the end thereof (after and below subparagraph (E)) the following:

"except that subparagraphs (A) and (B) of this paragraph shall not apply in the case of any individual who is a citizen of a foreign country that has in effect a social insurance or pension system which is of general application in such country and which satisfies subparagraph (A) but not subparagraph (B) of paragraph (2), or who is a citizen of a foreign country that has no social insurance or pension system of general application if at any time within five years prior to the month in which the Social Security Amendments of 1967 are enacted (or the first month thereafter for which his benefits are subject to suspension under paragraph (1)) payments to individuals residing in such country were withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123)."

54 Stat. 1086;

56 Stat. 1028.

(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits under title II of the Social Security Act for months beginning after June 30, 1968.

42 USC 401-428;

Ante, p. 833.

(c)(1) Section 202(t) of such Act is further amended by adding at the end thereof the following new paragraph:

70 Stat. 835;

79 Stat. 334.

"(10) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223, for any month beginning after June 30, 1968, to an individual who is not a citizen or national of the United States and who resides during such month in a foreign country if payments for such month to individuals residing in such country are withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123)."

(2) Section 202(t)(6) of such Act is amended by striking out "by reason of paragraph (1)" and inserting in lieu thereof "by reason of paragraph (1) or (10)".

(3) Whenever benefits which an individual who is not a citizen or national of the United States was entitled to receive under title II of the Social Security Act are, on June 30, 1968, being withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123), any such benefits, payable to such individual

for months after the month in which the determination by the Treasury Department that the benefits should be so withheld was made, shall not be paid—

(A) to any person other than such individual, or, if such individual dies before such benefits can be paid, to any person other than an individual who was entitled for the month in which the deceased individual died (with the application of section 202(j) (1) of the Social Security Act) to a monthly benefit under title II of such Act on the basis of the same wages and self-employment income as such deceased individual, or

(B) in excess of the equivalent of the last twelve months' benefits that would have been payable to such individual.

42 USC 401-  
428; Ante, p.  
833.

#### BENEFITS FOR CERTAIN CHILDREN

72 Stat. 1017.  
42 USC 403.

SEC. 163. (a) (1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: "Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h) (3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero)."

42 USC 402.  
42 USC 416.

(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h) (3) of such Act in or after January 1968 (but without regard to section 202(j) (1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

(b) Where—

42 USC 423.

(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 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h) (3) of such Act (but without regard to section 202(j) (1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2).

TRANSFER TO HEALTH INSURANCE BENEFITS ADVISORY COUNCIL OF  
NATIONAL MEDICAL REVIEW COMMITTEE FUNCTIONS; INCREASE IN  
COUNCIL'S MEMBERSHIP

SEC. 164. (a) Section 1867 of the Social Security Act is amended to read as follows: 79 Stat. 329.  
42 USC 1395dd.

"HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

"SEC. 1867. (a) There is hereby created a Health Insurance Benefits Advisory Council which shall consist of 19 persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include persons who are outstanding in fields related to hospital, medical, and other health activities, persons who are representative of organizations and associations of professional personnel in the field of medicine, and at least one person who is representative of the general public. Each member shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. A member shall not be eligible to serve continuously for more than 2 terms. The Secretary may, at the request of the Advisory Council or otherwise, appoint such special advisory professional or technical committees as may be useful in carrying out this title. Members of the Advisory Council and members of any such advisory or technical committee, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of 5 or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council.

"(b) It shall be the function of the Advisory Council (1) to advise the Secretary on matters of general policy in the administration of this title and in the formulation of regulations under this title, and (2) to study the utilization of hospital and other medical care and services for which payment may be made under this title with a view to recommending any changes which may seem desirable in the way in which such care and services are utilized or in the administration of the programs established by this title, or in the provisions of this title. The Advisory Council shall make an annual report to the Secretary on the performance of its functions, including any recommendations it may have with respect thereto, and such report shall be transmitted promptly by the Secretary to the Congress.

"(c) The Advisory Council is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Advisory Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Advisory Council may require to carry out its functions."

(b) The amendment made by subsection (a) shall not be construed as affecting the terms of office of the members of the Health Insurance

Membership.

80 Stat. 417.  
5 USC 3301  
et seq.

Term of  
office.

Compensation,  
travel ex-  
penses.

80 Stat. 499.

Duties.

Report to  
Congress.

Benefits Advisory Council in office on the date of the enactment of this Act or their successors. The terms of office of the three additional members of the Health Insurance Benefits Advisory Council first appointed pursuant to the increase in the membership of such Council provided by such amendment shall expire, as designated by the Secretary at the time of appointment, one at the end of the first year, one at the end of the second year, and one at the end of the third year after the date of appointment.

(c) Section 1868 of the Social Security Act is repealed.

Repeal.  
79 Stat. 329.  
42 USC 1395ee.

#### ADVISORY COUNCIL ON SOCIAL SECURITY

79 Stat. 339.  
42 USC 907.

SEC. 165. (a) (1) Section 706(a) of the Social Security Act is amended by striking out "During 1968 and every fifth year thereafter" and inserting in lieu thereof "During 1969 (but not before February 1, 1969) and every fourth year thereafter (but not before February 1 of such fourth year)".

(2) Section 706(d) such Act is amended by striking out "reports of its" and inserting in lieu thereof "reports (including any interim reports such Council may have issued) of its".

(b) Section 706(b) of such Act is amended by striking out "shall consist of the Commissioner of Social Security, as Chairman, and 12 other persons, appointed by the Secretary" and inserting in lieu thereof "shall consist of a Chairman and 12 other persons, appointed by the Secretary".

#### REIMBURSEMENT OF CIVIL SERVICE RETIREMENT ANNUITANTS FOR CERTAIN PREMIUM PAYMENTS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

42 USC 1395s.

80 Stat. 602.

SEC. 166. Section 1840(e) (1) of the Social Security Act is amended by adding at the end thereof the following new sentence: "A plan described in section 8903 of title 5, United States Code, may reimburse each annuitant enrolled in such plan an amount equal to the premiums paid by him under this part if such reimbursement is paid entirely from funds of such plan which are derived from sources other than the contributions described in section 8906 of such title."

#### APPROPRIATIONS TO SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND

79 Stat. 313.  
42 USC 1395w.

SEC. 167. (a) Section 1844 (a) of the Social Security Act is amended to read as follows:

"(a) There are authorized to be appropriated from time to time, out of any moneys in the Treasury not otherwise appropriated, to the Federal Supplementary Medical Insurance Trust Fund—

"(1) a Government contribution equal to the aggregate premiums payable under this part and deposited in the Trust Fund, and

"(2) such sums as the Secretary deems necessary to place the Trust Fund, at the end of any fiscal year occurring after June 30, 1967, in the same position in which it would have been at the end of such fiscal year if (A) a Government contribution representing the excess of the premiums deposited in the Trust Fund during the fiscal year ending June 30, 1967, over the Government contribution actually appropriated to the Trust Fund during such fiscal year had been appropriated to it on June 30, 1967, and (B) the Government contribution for premiums deposited in the Trust Fund after June 30, 1967, had been appropriated to it when such premiums were deposited."

(b) Section 1844 (b) of such Act is amended by striking out "1967" and inserting in lieu thereof "1969".

42 USC 1395t.

## DISCLOSURE TO COURTS OF WHEREABOUTS OF CERTAIN INDIVIDUALS

SEC. 168. (a) Section 1106(c)(1) of the Social Security Act is amended by inserting "(A)" after "(c)(1)", by redesignating subparagraphs (A) through (D) as clauses (i) through (iv), respectively, and by adding at the end thereof the following new subparagraph:

79 Stat. 411.  
42 USC 1306.

"(B) If a request for the most recent address of any individual so included is filed (in accordance with paragraph (2) of this subsection) by a court having jurisdiction to issue orders or entertain petitions against individuals for the support and maintenance of their children, the Secretary shall furnish such address, or the address of the individual's most recent employer, or both, for the use of the court (and for no other purpose) in issuing or determining whether to issue such an order against such individual or in determining (in the event such individual is not within the jurisdiction of the court) the court to which a petition for support and maintenance against such individual should be forwarded under any reciprocal arrangements with other States to obtain or improve court orders for support, if the court certifies that the information is requested for such use."

(b)(1) Section 1106(c)(2) of such Act is amended by striking out ", and shall be accompanied" and all that follows and inserting in lieu thereof "(and, in the case of a request under paragraph (1) (A), shall be accompanied by a certified copy of the order referred to in clauses (i) and (iv) thereof)."

(2) Section 1106(c)(3) of such Act is amended by striking out "authorized by subparagraph (D) thereof" and inserting in lieu thereof "authorized by subparagraph (A) (iv) or (B) thereof".

## REPORTS OF BOARDS OF TRUSTEES TO CONGRESS

SEC. 169. (a) Sections 201(c)(2), 1817(b)(2), and 1841(b)(2) of the Social Security Act are each amended by striking out "March" and inserting in lieu thereof "April".

70 Stat. 821;  
79 Stat. 300,  
308.  
42 USC 401,  
13951, 1395t.

(b) Section 201(c) of such Act is amended by inserting immediately before the last sentence the following new sentence: "Such report shall also include an actuarial analysis of the benefit disbursements made from the Federal Old-Age and Survivors Insurance Trust Fund with respect to disabled beneficiaries."

## GENERAL SAVING PROVISION

SEC. 170. 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 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

64 Stat. 487.  
42 USC 402.  
42 USC 423.

(2) one or more persons (not included in paragraph (1)) become entitled to monthly benefits under such section 202 for February 1968 on the basis of such wages and self-employment by reason of the amendments made to such Act by sections 104, 112, 150, 151, 156, and 157 of this Act, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 on the basis of such wages and self-employment for February 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced), then the amount of the benefit to which each such person referred to in paragraph (1) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount

it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph.

EXPEDITED BENEFIT PAYMENTS

42 USC 405.

SEC. 171. (a) Section 205 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Expedited Benefit Payments

"(q) (1) The Secretary shall establish and put into effect procedures under which expedited payment of monthly insurance benefits under this title will, subject to paragraph (4) of this subsection, be made as set forth in paragraphs (2) and (3) of this subsection.

"(2) In any case in which—

"(A) an individual makes an allegation that a monthly benefit under this title was due him in a particular month but was not paid to him, and

"(B) such individual submits a written request for the payment of such benefit—

"(i) in the case of an individual who received a regular monthly benefit in the month preceding the month with respect to which such allegation is made, not less than 30 days after the 15th day of the month with respect to which such allegation is made (and in the event that such request is submitted prior to the expiration of such 30-day period, it shall be deemed to have been submitted upon the expiration of such period), and

"(ii) in any other case, not less than 90 days after the later of (I) the date on which such benefit is alleged to have been due, or (II) the date on which such individual furnished the last information requested by the Secretary (and such written request will be deemed to be filed on the day on which it was filed, or the ninetieth day after the first day on which the Secretary has evidence that such allegation is true, whichever is later),

the Secretary shall, if he finds that benefits are due, certify such benefits for payment, and payment shall be made within 15 days immediately following the date on which the written request is deemed to have been filed.

"(3) In any case in which the Secretary determines that there is evidence, although additional evidence might be required for a final decision, that an allegation described in paragraph (2) (A) is true, he may make a preliminary certification of such benefit for payment even though the 30-day or 90-day periods described in paragraph (2) (B) (i) and (B) (ii) have not elapsed.

"(4) Any payment made pursuant to a certification under paragraph (3) of this subsection shall not be considered an incorrect payment for purposes of determining the liability of the certifying or disbursing officer.

42 USC 428.

42 USC 423,  
402.

"(5) For purposes of this subsection, benefits payable under section 228 shall be treated as monthly insurance benefits payable under this title. However, this subsection shall not apply with respect to any benefit for which a check has been negotiated, or with respect to any benefit alleged to be due under either section 223, or section 202 to a wife, husband, or child of an individual entitled to or applying for benefits under section 223, or to a child who has attained age 18 and is under a disability, or to a widow or widower on the basis of being under a disability."

(b) The amendment made by subsection (a) of this section shall be effective with respect to written requests filed under section 205(q) of the Social Security Act after June 30, 1968.

#### DEFINITION OF BLINDNESS

SEC. 172. (a) The first sentence of section 216(i) (1) of the Social Security Act is amended by striking out "(B)" and all that follows and inserting in lieu thereof "(B) blindness; and the term 'blindness' means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens." 42 USC 416.

(b) The second sentence of section 216(i) (1) of such Act is amended to read as follows: "An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less."

(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(i) of the Social Security Act based on applications filed after the date of enactment of this Act. 42 USC 423.

#### ATTORNEYS FEES FOR CLAIMANTS

SEC. 173. Section 206(a) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following new sentences: "Whenever the Secretary, in any claim before him for benefits under this title, makes a determination favorable to the claimant, he shall, if the claimant was represented by an attorney in connection with such claim, fix (in accordance with the regulations prescribed pursuant to the preceding sentence) a reasonable fee to compensate such attorney for the services performed by him in connection with such claim. If as a result of such determination, such claimant is entitled to past-due benefits under this title, the Secretary shall, notwithstanding section 205(i), certify for payment (out of such past-due benefits) to such attorney an amount equal to whichever of the following is the smaller: (A) 25 per centum of the total amount of such past-due benefits, (B) the amount of the attorney's fee so fixed, or (C) the amount agreed upon between the claimant and such attorney as the fee for such attorney's services." 42 USC 406. 42 USC 405.

### TITLE II—PUBLIC WELFARE AMENDMENTS

#### PART 1—PUBLIC ASSISTANCE AMENDMENTS

##### PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 201. (a) (1) Section 402(a) of the Social Security Act (as amended by section 202(a) of this Act) is amended by— Post, p. 881.

(A) striking out "and" at the end of clause (13);

(B) striking out clause (14), including the period at the end thereof, and inserting in lieu thereof the following: "(14) provide for the development and application of a program for such family services, as defined in section 406(d), and child-welfare services, as defined in section 425, for each child and relative who receives aid to families with dependent children, and each appropriate individual (living in the same home as a relative and Post, p. 880. Post, p. 914.

child receiving such aid whose needs are taken into account in making the determination under clause (7)), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individual, in order to assist such child, relative, and individual to attain or retain capability for self-support and care and in order to maintain and strengthen family life and to foster child development;"; and

(C) adding after clause (14) the following new clauses: "(15) provide—

"(A) for the development of a program for each appropriate relative and dependent child receiving aid under the plan, and each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), with the objective of—

"(i) assuring, to the maximum extent possible, that such relative, child, and individual will enter the labor force and accept employment so that they will become self-sufficient, and

"(ii) preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life,

"(B) for the implementation of such programs by—

"(i) assuring that such relative, child, or individual who is referred to the Secretary of Labor pursuant to clause (19) is furnished child-care services and that in all appropriate cases family planning services are offered them, and

"(ii) in appropriate cases, providing aid to families with dependent children in the form of payments of the types described in section 406(b)(2), and

Post, p. 893.

"(C) that the acceptance by such child, relative, or individual of family planning services provided under the plan shall be voluntary on the part of such child, relative, or individual and shall not be a prerequisite to eligibility for or the receipt of any other service or aid under the plan,

"(D) for such review of each such program as may be necessary (as frequently as may be necessary, but at least once a year) to insure that it is being effectively implemented,

"(E) for furnishing the Secretary with such reports as he may specify showing the results of such programs, and

Ante, p. 877.

"(F) to the extent that such programs under this clause or clause (14) are developed and implemented by services furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;

(16) provide that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or law enforcement agencies in the State, providing such data with respect to the situation it may have; (17) provide—

"(A) for the development and implementation of a program under which the State agency will undertake—

"(i) in the case of a child born out of wedlock who is receiving aid to families with dependent children, to establish the paternity of such child and secure support for him, and

"(ii) in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support

for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

“(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State agency in administering the program referred to in clause (17) (A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan.”

(2) Section 402(a)(13) of such Act (as redesignated by section 202(a) of this Act) is amended by striking out “(if any)”.

Post, p. 881.

(b) Section 402 of such Act is amended by adding at the end thereof the following new subsection:

“(c) The Secretary shall, on the basis of his review of the reports received from the States under clause (15) of subsection (a), compile such data as he believes necessary and from time to time publish his findings as to the effectiveness of the programs developed and administered by the States under such clause. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the programs developed and administered by each State under such clause (15).”

Report to  
Congress.

(c) Section 403(a)(3) of such Act is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

76 Stat. 175.  
42 USC 603.

“(A) 75 per centum of so much of such expenditures as are for—

“(i) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

Ante, p. 877.

“(ii) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid, or

“(iii) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus”.

(d) Section 403(a)(3) of such Act is further amended—

(1) (A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,

(B) by striking out “subparagraph (E)” in subparagraph (C) (as so redesignated) and inserting in lieu thereof “subparagraph (D)” and

(C) by striking out “subparagraph (D)” in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof “subparagraph (C)”;

(2) by striking out "subparagraphs (A) and (B)" in the sentence following subparagraph (B) (as redesignated by paragraph (1) of this subsection) and inserting in lieu thereof "subparagraph (A)";

(3) by inserting before the period at the end of the sentence following subparagraph (B) (as redesignated by paragraph (1) of this subsection) the following: "; and except that, to the extent specified by the Secretary, child-welfare services, family planning services, and family services may be provided from sources other than those referred to in subparagraphs (C) and (D)"; and

(4) by striking out "subparagraphs (B) and (C) apply" in the last sentence and inserting in lieu thereof "subparagraph (B) applies".

Repeal.  
76 Stat. 176.  
42 USC 603.

(e) (1) Section 403(c) of such Act is repealed.

(2) Section 403(a)(3) of such Act is amended by striking out "whose State plan approved under section 402 meets the requirements of subsection (c)(1)", and by striking out "; and" at the end and inserting in lieu thereof a period.

Repeal.  
42 USC 608.

(3) Section 403(a)(4) of such Act is repealed.

(4) Section 408(d) of such Act is amended by striking out "and (4)".

49 Stat. 629;  
64 Stat. 551.  
42 USC 606.  
"Family services."

(f) Section 406 of such Act is amended by adding at the end thereof the following new subsection:

"(d) The term 'family services' means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence."

42 USC 602.

(g) (1) The amendments made by subsections (a), (b), (d), (e), and (f) of this section shall be effective July 1, 1968 (or earlier if the State plan so provides); except that (A) if on the date of enactment of this Act the agency of a State referred to in section 402(a)(3) of the Social Security Act is different from the agency of such State responsible for administering the plan for child-welfare services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a)(15)(F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a)(15)(F) shall not apply with respect to such agencies but only so long as such local agencies are different.

Post, p. 911.

(2) The amendment made by subsection (c) shall apply with respect to services furnished after June 30, 1968, or furnished after such earlier date as the State plan may provide with respect to the amendment made by paragraph (1) of this subsection.

Ante, p. 877.

(h) Notwithstanding subparagraph (A) of section 403(a)(3) of the Social Security Act (as amended by subsection (c) of this section), the rate specified in such subparagraph in the case of any State shall be 85 per centum (rather than 75 per centum) with respect to expenditures, for services furnished pursuant to clauses (14) and (15) of section 402(a) of such Act, made on or after the date of enactment of this Act, and prior to July 1, 1969.

EARNINGS EXEMPTION FOR RECIPIENTS OF AID TO FAMILIES WITH  
DEPENDENT CHILDREN

SEC. 202. (a) Clauses (8) through (13) of section 402(a) of the Social Security Act are redesignated as clauses (9) through (14), respectively.

53 Stat. 1379;  
76 Stat. 185.  
42 USC 602.

(b) Effective July 1, 1969, section 402(a) of such Act is amended by striking out clause (7) and inserting in lieu thereof the following: “(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as any expenses reasonably attributable to the earning of any such income; (8) provide that, in making the determination under clause (7), the State agency—

“(A) shall with respect to any month disregard—

“(i) all of the earned income of each dependent child receiving aid to families with dependent children who is (as determined by the State in accordance with standards prescribed by the Secretary) a full-time student or part-time student who is not a full-time employee attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment, and

“(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first \$30 of the total of such earned income for such month plus one-third of the remainder of such income for such month; and

“(B) (i) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and (ii) may, before disregarding the amounts referred to in subparagraph (A) and clause (i) of this subparagraph, disregard not more than \$5 per month of any income;

except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subparagraph (B)) of—

“(C) any one of the persons specified in clause (ii) of subparagraph (A) if such person—

“(i) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days) preceding such month as may be prescribed by the Secretary; or

“(ii) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

“(D) any of such persons specified in clause (ii) of subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of clause (7)) was in excess of their need as determined by the State agency pursuant to

clause (7) (without regard to clause (8)), unless, for any one of the four months preceding such month, the needs of such persons were met by the furnishing of aid under the plan;".

42 USC 602. (c) A State whose plan under section 402 of the Social Security Act has been approved by the Secretary shall not be deemed to have failed to comply substantially with the requirements of section 402(a)(7) of such Act (as in effect prior to July 1, 1969) for any period beginning after December 31, 1967, and ending prior to July 1, 1969, if for such period the State agency disregards earned income of the individuals involved in accordance with the requirements specified in section 402(a)(7) and (8) of such Act as amended by this Act.

Ante, p. 881. (d) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan.

Post, p. 911.

## DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

75 Stat. 75. Sec. 203. (a) Section 407 of the Social Security Act is amended to  
42 USC 607. read as follows:

## "DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

"Dependent child."  
42 USC 606. "SEC. 407. (a) The term 'dependent child' shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a)(2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 406(a)(1) in a place of residence maintained by one or more of such relatives as his (or their) own home.

"(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

"(1) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subsection (a) when—

"(A) such child's father has not been employed (as determined in accordance with standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

"(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment, and

"(C) (i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in sec-

tion 402(a)(19) within thirty days after receipt of aid with respect to such children;

“(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

“(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a) if, and for as long as, such child’s father—

“(i) is not currently registered with the public employment offices in the State, or

“(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

“(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402(a)(19).

“(d) For purposes of this section—

“(1) the term ‘quarter of work’ with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a ‘quarter of coverage’ as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

“Quarter of work.”

42 USC 413.

76 Stat. 186, 42 USC 609.

Post, p. 884.

“Calendar quarter.”

“(2) the term ‘calendar quarter’ means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

“(3) an individual shall be deemed qualified for unemployment compensation under the State’s unemployment compensation law if—

“(A) he would have been eligible to receive such unemployment compensation upon filing application, or

“(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application.”

(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirements of subparagraph (C) of section 407(b)(1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such

father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date.

Ante, p. 882.

(c) The amendment made by subsection (a) shall be effective January 1, 1968; except that no State which had in operation a program of aid with respect to children of unemployed parents under section 407 of the Social Security Act (as in effect prior to such amendment) in the calendar quarter commencing October 1, 1967, shall be required to include any additional child or family under its State plan approved under section 402 of such Act, by reason of the enactment of such amendment, prior to July 1, 1969.

42 USC 602.

WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER PART A OF  
TITLE IV

SEC. 204. (a) Title IV of the Social Security Act is amended by inserting after part B (hereinafter added to such title by section 240 of this Act) the following material:

Post, p. 911.

"PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER  
STATE PLAN APPROVED UNDER PART A

"PURPOSE

"SEC. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in special work projects, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

"APPROPRIATION

"SEC. 431. There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

"ESTABLISHMENT OF PROGRAMS

"SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b)) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who

have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

“(b) Such programs shall include, but shall not be limited to, (1) a program placing as many individuals as is possible in employment, and utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of special work projects for individuals for whom a job in the regular economy cannot be found.

“(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private nonprofit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

“(d) Using funds appropriated under this part, the Secretary, in order to carry out the purposes of this part, shall utilize his authority under the Manpower Development and Training Act of 1962, the Act of June 6, 1933, as amended (48 Stat. 113), and other Acts, to the extent such authority is not inconsistent with this Act.

76 Stat. 23.  
42 USC 2571  
note.

“(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

29 USC 49-49k.

#### “OPERATION OF PROGRAM

“Sec. 433. (a) The Secretary shall provide a program of testing and counseling for all persons referred to him by a State, pursuant to section 402, and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program.

“(b) The Secretary shall develop an employability plan for each suitable person referred to him under section 402 which shall describe the education, training, work experience, and orientation which it is determined that each such person needs to complete in order to enable him to become self-supporting.

42 USC 602.

“(c) The Secretary shall make maximum use of services available from other Federal and State agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

“(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, and referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participants in securing and retaining employment and securing possibilities for advancement.

“(e) (1) In order to develop special work projects under the program established by section 432(b) (3), the Secretary shall enter into agreements with (A) public agencies, (B) private nonprofit organizations established to serve a public purpose, and (C) Indian tribes

with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

“(2) Such agreements shall provide—

“(A) for the payment by the Secretary to each employer a portion of the wages to be paid by the employer to the individuals for the work performed;

“(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work on special work projects of such employer;

“(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and

“(D) that the Secretary may terminate any agreement under this subsection at any time.

“(3) The Secretary shall establish one or more accounts in each State with respect to the special work projects established and maintained pursuant to this subsection and place into such accounts the amounts paid to him by the State agency pursuant to section 402(a)(19)(E). The amounts in such accounts shall be available for the payments specified in subparagraph (A) of paragraph (2). At the end of each fiscal year and for such period of time as he may establish, the Secretary shall determine how much of the amounts paid to him by the State agency pursuant to section 402(a)(19)(E) were not expended as provided by the preceding sentence of this paragraph and shall return such unexpended amounts to the State, which amounts shall be regarded as overpayments for purposes of section 403(b)(2).

Post, p. 890.

42 USC 603.

“(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

“(f) Before entering into a project under any of the programs established by this part, the Secretary shall have reasonable assurances that—

“(1) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

“(2) such project will not result in the displacement of employed workers,

“(3) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

“(4) appropriate workmen's compensation protection is provided to all participants.

“(g) Where an individual, referred to the Secretary of Labor pursuant to section 402(a)(19)(A)(i) and (ii) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which referred such individual and submit such other information as he may have with respect to such refusal.

“(h) With respect to individuals who are participants in special work projects under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other

information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b) (1) and (2).

“INCENTIVE PAYMENT

“SEC. 434. The Secretary is authorized to pay to any participant under a program established by section 432(b) (2) an incentive payment of not more than \$30 per month, payable in such amounts and at such times as the Secretary prescribes.

“FEDERAL ASSISTANCE

“SEC. 435. (a) Federal assistance under this part shall not exceed 80 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

“(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program; except that with respect to special work projects under the program established by section 432(b) (3), the costs of carrying out this part shall include only the costs of administration.

“PERIOD OF ENROLLMENT

“SEC. 436. (a) The program established by section 432(b) (2) shall be designed by the Secretary so that the average period of enrollment under all projects under such program throughout any area of the United States will not exceed one year.

“(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed by the Secretary after consultation with the Secretary of Health, Education, and Welfare) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

42 USC 602.

“RELOCATION OF PARTICIPANTS

“SEC. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

“PARTICIPANTS NOT FEDERAL EMPLOYEES

“SEC. 438. Participants in projects under programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

## "RULES AND REGULATIONS

"SEC. 439. The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: *Provided*, That in developing policies for programs established by this part the Secretary shall consult with the Secretary of Health, Education, and Welfare.

## "ANNUAL REPORT

"SEC. 440. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

## "EVALUATION AND RESEARCH

"SEC. 441. The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also may conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this part.

## "REVIEW OF SPECIAL WORK PROJECTS BY A STATE PANEL

"SEC. 442. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the Governor of the State will create one or more panels to review applications tentatively approved by the Secretary for the special work projects in such State to be established by the Secretary under the program established by section 432(b) (3).

"(b) Each such panel shall consist of not more than five and not less than three members, appointed by the Governor. The members shall include one representative of employers and one representative of employees; the remainder shall be representatives of the general public. No special work project under such program developed by the Secretary pursuant to an agreement under section 433(e) (1) shall, in any State which has an agreement under this section, be established or maintained under such program unless such project has first been approved by a panel created pursuant to this section.

## "COLLECTION OF STATE SHARE

"SEC. 443. If a non-Federal contribution of 20 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a) (19) (C)) equals 20 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assur-

42 USC 602.

42 USC 604.

42 USC 303,

603, 1203,

1353, 1383,

1396b.

Post, p. 890.

ances from the State that such 20 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

42 USC 602.

“AGREEMENTS WITH OTHER AGENCIES PROVIDING ASSISTANCE TO  
FAMILIES OF UNEMPLOYED PARENTS

“SEC. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals referred by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals referred to the Secretary by a State agency administering or supervising the administration of a State plan approved by the Secretary of Health, Education, and Welfare under part A of this title.

“(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

“(1) the purpose of which is to provide aid or assistance to the families of unemployed parents,

“(2) which is not established pursuant to part A of title IV of the Social Security Act,

“(3) which is financed entirely from funds appropriated by the Congress, and

“(4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

“(c) (1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by section 402(a)(15) and section 402(a)(19)(F) in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

“(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

“(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.

Post, p.911.

Ante, p.878.

Post, p.890.

- “(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in a special work project under section 433(a)(3) whom the Secretary determines should continue to participate in such project. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been referred to the Secretary by such agency under such section 402(a)(15) for a period of at least six months.”
- Ante, p. 885.
- “(b) Section 402(a) of such Act is amended by adding at the end thereof before the period the following:
- Ante, p. 878.
- “; (19) provide—
- “(A) for the prompt referral to the Secretary of Labor or his representative for participation under a work incentive program established by part C of—
- Ante, p. 884.
- “(i) each appropriate child and relative who has attained age sixteen and is receiving aid to families with dependent children,
- “(ii) each appropriate individual (living in the same home as a relative and child receiving such aid) who has attained such age and whose needs are taken into account in making the determination under section 402(a)(7), and
- “(iii) any other person claiming aid under the plan (not included in clauses (i) and (ii)), who, after being informed of the work incentive programs established by part C, requests such referral unless the State agency determines that participation in any of such programs would be inimical to the welfare of such person or the family;
- except that the State agency shall not so refer a child, relative, or individual under clauses (i) and (ii) if such child, relative, or individual is—
- “(iv) a person with illness, incapacity, or advanced age,
- “(v) so remote from any of the projects under the work incentive programs established by part C that he cannot effectively participate under any of such programs,
- “(vi) a child attending school full time, or
- “(vii) a person whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;
- “(B) that aid under the plan will not be denied by reason of such referral or by reason of an individual's participation on a project under the program established by section 432(b)(2) or (3);
- “(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 20 per centum of the cost of such programs, as specified in section 435(b);
- Ante, p. 887.
- “(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a)(7), and (ii) in determining such individual's needs the additional expenses attributable to his participa-
- Ante, p. 881.

tion in a program established by section 432(b) (2) or (3) shall be taken into account;

“(E) that, with respect to any individual referred pursuant to subparagraph (A) who is participating in a special work project under the program established by section 432(b) (3), (i) the State agency, after proper notification by the Secretary of Labor, will pay to such Secretary (at such times and in such manner as the Secretary of Health, Education, and Welfare prescribes) the money payments such State would otherwise make to or on behalf of such individual (including such money payments with respect to such individual’s family), or 80 per centum of such individual’s earnings under such program, whichever is lesser and (ii) the State agency will supplement any earnings received by such individual by payments to such individual (which payments shall be considered aid under the plan) to the extent that such payments when added to the individual’s earnings from his participation in such special work project will be equal to the amount of the aid that would have been payable by the State agency with respect to such individual’s family had he not participated in such special work project, plus 20 per centum of such individual’s earnings from such special work project; and

Ante, p. 884.

“(F) that if and for so long as any child, relative, or individual (referred to the Secretary of Labor pursuant to subparagraph (A) (i) and (ii) and section 407(b) (2)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

Ante, p. 882.

“(i) if the relative makes such refusal, such relative’s needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b) (2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

42 USC 608.

“(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

“(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

“(iv) if such individual makes such refusal, such individual’s needs shall not be taken into account in making the determination under clause (7);

except that the State agency shall, for a period of sixty days, make payments of the type described in section 406(b) (2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take

42 USC 606.

the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor".

(c) (1) The amendment made by subsection (b) shall in the case of any State be effective on July 1, 1968, or if a statute of such State prevents it from complying with the requirements of such amendment on such date, such amendment shall with respect to such State be effective on July 1, 1969; except such amendment shall be effective earlier (in the case of any State), but not before April 1, 1968, if a modification of the State plan to comply with such amendment is approved on an earlier date.

42 USC 609.

(2) The provisions of section 409 of the Social Security Act shall not apply to any State with respect to any quarter beginning after June 30, 1968.

Ante, p. 885.

(d) During the fiscal year ending June 30, 1969, the Secretary of Labor may, notwithstanding the provisions of section 433(e)(2)(A) of the Social Security Act, pay all of the wages to be paid by the employer to the individuals for work performed for public agencies (including Indian tribes with respect to Indians on a reservation) under special work projects established under the program established by section 432(b)(3) of such Act and may transfer into accounts established pursuant to section 433(e)(3) of such Act such amounts as he finds necessary in addition to amounts paid into such accounts pursuant to section 402(a)(19)(E) of such Act.

Ante, p. 890.Ante, p. 881.

(e) Section 402(a)(8) of the Social Security Act (as amended by section 202(b) of this Act) is further amended by striking out "; and" at the end of subparagraph (A) and inserting in lieu thereof: "(except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b)(2) and (3)); and".

FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Ante, p. 890.

SEC. 205. (a) Section 402(a) of the Social Security Act (as amended by the preceding provisions of this Act) is amended by inserting before the period at the end thereof the following new clause: "(20) effective July 1, 1969, provide for aid to families with dependent children in the form of foster care in accordance with section 408".

42 USC 608.

42 USC 603.

(b) Section 403(a)(1)(B) of such Act is amended by striking out "as exceeds" and all that follows and inserting in lieu thereof the following: "as exceeds (i) the product of \$32 multiplied by the total number of recipients of aid to families with dependent children (other than such aid in the form of foster care) for such month, plus (ii) the product of \$100 multiplied by the total number of recipients of aid to families with dependent children in the form of foster care for such month; and".

(c) Section 408(a) of such Act is amended by inserting "(A)" after "and (4) who", and by inserting before the semicolon at the end thereof the following: ", or (B) (i) would have received such aid in or for such month if application had been made therefor, or (ii) in the case of a child who had been living with a relative specified in section 406(a) within 6 months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if

in such month he had been living with (and removed from the home of) such a relative and application had been made therefor”.

(d) Sections 135(e) and 155(b) of the Public Welfare Amendments of 1962 are each amended by striking out “, and ending with the close of June 30, 1968”.

Ante, p. 84.

(e) The amendments made by subsections (b) and (c) shall apply only with respect to foster care provided after December 1967.

#### EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

SEC. 206. (a) Section 403(a) of the Social Security Act (as amended by section 201(e) of this Act) is 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:

Ante, p. 880.

- “(5) in the case of any State, an amount equal to the sum of—
- “(A) 50 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children in the form of payments or care specified in paragraph (1) of section 406(e), and
- “(B) 75 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children in the form of services specified in paragraph (1) of section 406(e).”

(b) Section 406 of such Act (as amended by section 201(f) of this Act) is amended by adding at the end thereof the following new subsection:

Ante, p. 880.

“(e)(1) The term ‘emergency assistance to needy families with children’ means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age of 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in subsection (a)(1) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment—

“Emergency assistance to needy families with children.”

“(A) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law on behalf of, such child or any other member of the household in which he is living, and

“(B) such services as may be specified by the Secretary; but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

42 USC 602.

“(2) Emergency assistance as authorized under paragraph (1) may be provided under the conditions specified in such paragraph to migrant workers with families in the State or in such part or parts thereof as the State shall designate.”

#### PROTECTIVE PAYMENTS AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

SEC. 207. (a)(1) Section 406(b)(2) of the Social Security Act is amended by striking out all that follows “(2)” and precedes “but only”, and inserting in lieu thereof the following: “payments with respect to any dependent child (including payments to meet the needs of

76 Stat. 189.  
42 USC 606.

Ante, p. 881.

the relative, and the relative's spouse, with whom such child is living, and the needs of any other individual living in the same home if such needs are taken into account in making the determination under section 402(a)(7) which do not meet the preceding requirements of this subsection, but which would meet such requirements except that such payments are made to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such child or relative, or are made on behalf of such child or relative directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such child, relative, or other individual."

76 Stat. 189.  
42 USC 606.

(2) Section 406(b)(2) of such Act is further amended by striking out clause (B), and redesignating clauses (C) through (F) as clauses (B) through (E), respectively.

Ante, p. 893.

(b) Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—

(1) striking out "5" in the sentence immediately following paragraph (5) and inserting in lieu thereof "10";

(2) adding at the end thereof the following new sentence "In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F)."

Ante, p. 890.Ante, p. 94.

(c) Section 202(e) of the Public Welfare Amendments of 1962 is amended by striking out ", and ending with the close of June 30, 1968".

LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM  
FEDERAL PAYMENTS MAY BE MADE

SEC. 208. (a) Section 403(a) of the Social Security Act is amended by striking out "shall pay" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "shall (subject to subsection (d)) pay".

(b) Section 403 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOME OWNED BY  
RECIPIENT OF AID OR ASSISTANCE

49 Stat. 647;  
79 Stat. 423.  
42 USC 1301-  
1318.

SEC. 209. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOME OWNED BY  
RECIPIENT OF AID OR ASSISTANCE

"SEC. 1119. In the case of an expenditure for repairing the home owned by an individual who is receiving aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or part A of title IV if—

42 USC 301,  
1201, 1351,  
1381, 601.

“(1) the State agency or local agency administering the plan approved under such title has made a finding (prior to making such expenditure) that (A) such home is so defective that continued occupancy is unwarranted, (B) unless repairs are made to such home, rental quarters will be necessary for such individual, and (C) the cost of rental quarters to take care of the needs of such individual (including his spouse living with him in such home and any other individual whose needs were taken into account in determining the need of such individual) would exceed (over such time as the Secretary may specify) the cost of repairs needed to make such home habitable together with other costs attributable to continued occupancy of such home, and

“(2) no such expenditures were made for repairing such home pursuant to any prior finding under this section.

the amount paid to any such State for any quarter under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a) shall be increased by 50 per centum of such expenditures, except that the excess above \$500 expended with respect to any one home shall not be included in determining such expenditures.”

42 USC 303,  
603, 1203,  
1353, 1383.

(b) The amendment made by subsection (a) shall apply with respect to expenditures made after December 31, 1967.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE

SEC. 210. (a) (1) Section 2(a)(5) of the Social Security Act is amended by—

74 Stat. 988.  
42 USC 302.

(A) striking out “provide” and inserting in lieu thereof “provide (A)”; and

(B) adding at the end thereof before the semicolon the following: “, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency”.

(2) Section 402(a)(5) of such Act is amended by—

53 Stat. 1379.  
42 USC 602.

(A) striking out “provide” and inserting in lieu thereof “provide (A)”; and

(B) adding at the end thereof before the semicolon the following: “, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency”.

(3) Section 1002(a)(5) of such Act is amended by—

53 Stat. 1397.  
42 USC 1202.

(A) striking out “provide” and inserting in lieu thereof “provide (A)”; and

(B) adding at the end thereof before the semicolon the following: “, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to appli-

- cants and recipients and in assisting any advisory committees established by the State agency".
- 64 Stat. 555. (4) Section 1402(a) (5) of such Act is amended by—  
42 USC 1352. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and  
(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".
- 76 Stat. 198. (5) Section 1602(a) (5) of such Act is amended by—  
42 USC 1382. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and  
(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".
- 79 Stat. 344. (6) Section 1902(a) (4) of such Act is amended by—  
42 USC 1396a. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and  
(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".
- (b) Each of the amendments made by subsection (a) shall become effective July 1, 1969, or, if earlier (with respect to a State's plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV) on the date as of which the modification of the State plan to comply with such amendment is approved.
- 42 USC 301,  
1201, 1351,  
1381, 1396,  
601.

LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN

Ante, p. 892. SEC. 211. (a) Effective January 1, 1969, section 402(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended by inserting before the period at the end thereof the following new clauses: "; (21) provide that the State agency will report to the Secretary, at such times (not less often than once each calendar quarter) and in such manner as the Secretary may prescribe—

"(A) the name, and social security account number, if known, of each parent of a dependent child or children with respect to whom aid is being provided under the State plan—

"(i) against whom an order for the support and maintenance of such child or children has been issued by a court of competent jurisdiction but who is not making payments in

compliance or partial compliance with such order, or against whom a petition for such an order has been filed in a court having jurisdiction to receive such petition, and

“(ii) whom it has been unable to locate after requesting and utilizing information included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205,

“(B) the last known address of such parent and any information it has with respect to the date on which such parent could last be located at such address, and

“(C) such other information as the Secretary may specify to assist in carrying out the provisions of section 410:

(22) provide that the State agency will, in accordance with standards prescribed by the Secretary, cooperate with the State agency administering or supervising the administration of the plan of another State under this part—

“(A) in locating a parent residing in such State (whether or not permanently) against whom a petition has been filed in a court of competent jurisdiction of such other State for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

“(B) in securing compliance or good faith partial compliance by a parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State”.

(b) Title IV of such Act is amended by adding after section 409 the following new section:

“ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

“SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a) (21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

“(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a).”

PROVISION OF SERVICES BY OTHERS THAN A STATE

SEC. 212. (a) So much of section 3(a) (4) of the Social Security Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after “shall” the following: “, except to the extent specified by the Secretary.”

(b) So much of section 1003(a) (3) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after “shall” the following: “, except to the extent specified by the Secretary.”

(c) So much of section 1403(a) (3) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by insert-

53 Stat. 1362.  
42 USC 405.

Infra.

42 USC 601-  
609.

Ante. p. 896.

76 Stat. 173.  
42 USC 303.

42 USC 1203.

42 USC 1353.

ing after "shall" the following: ", except to the extent specified by the Secretary,".

76 Stat. 200.  
42 USC 1383.

(d) So much of section 1603(a)(4) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after "shall" the following: ", except to the extent specified by the Secretary,".

(e) The amendments made by the preceding subsections of this section shall take effect January 1, 1968.

AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

79 Stat. 418.  
42 USC 302.

SEC. 213. (a) (1) Section 2(a)(10)(A)(i) of the Social Security Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

42 USC 1202.

(2) Section 1002(a)(8)(C) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

42 USC 1352.

(3) Section 1402(a)(8)(A) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

79 Stat. 418.  
42 USC 1382.

(4) Section 1604(a)(14)(D) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

Ante, p. 896.

(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted".

PART 2—MEDICAL ASSISTANCE AMENDMENTS

LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

79 Stat. 349.  
42 USC 1396b.

SEC. 220. (a) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) (1) (A) Except as provided in paragraph (4), payment under the preceding provisions of this section shall not be made with respect to any amount expended as medical assistance in a calendar quarter, in any State, for any member of a family the annual income of which exceeds the applicable income limitation determined under this paragraph.

"(B) (i) Except as provided in clause (ii) of this subparagraph, the applicable income limitation with respect to any family is the amount determined, in accordance with standards prescribed by the Secretary, to be equivalent to 133 $\frac{1}{3}$  percent of the highest amount which would ordinarily be paid to a family of the same size without any income or resources, in the form of money payments, under the plan of the State approved under part A of title IV of this Act.

Post, p. 911.

"(ii) If the Secretary finds that the operation of a uniform maximum limits payments to families of more than one size, he may adjust the amount otherwise determined under clause (i) to take account of families of different sizes.

"(C) The total amount of any applicable income limitation determined under subparagraph (B) shall, if it is not a multiple of \$100 or such other amount as the Secretary may prescribe, be rounded to the next higher multiple of \$100 or such other amount, as the case may be.

"(2) In computing a family's income for purposes of paragraph (1), there shall be excluded any costs (whether in the form of insurance

premiums or otherwise) incurred by such family for medical care or for any other type of remedial care recognized under State law.

“(3) For purposes of paragraph (1)(B), in the case of a family consisting of only one individual, the ‘highest amount which would ordinarily be paid’ to such family under the State’s plan approved under part A of title IV of this Act shall be the amount determined by the State agency (on the basis of reasonable relationship to the amounts payable under such plan to families consisting of two or more persons) to be the amount of the aid which would ordinarily be payable under such plan to a family (without any income or resources) consisting of one person if such plan (without regard to section 408) provided for aid to such a family.

Post, p. 911.

42 USC 608.

“(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

“(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

42 USC 301,  
1201, 1351,  
1381.

“(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution.”

(b) (1) In the case of any State whose plan under title XIX of the Social Security Act is approved by the Secretary of Health, Education, and Welfare under section 1902 after July 25, 1967, the amendment made by subsection (a) shall apply with respect to calendar quarters beginning after the date of enactment of this Act.

42 USC 1396;  
Post, pp. 903-  
908.

(2) In the case of any State whose plan under title XIX of the Social Security Act was approved by the Secretary of Health, Education, and Welfare under section 1902 of the Social Security Act prior to July 26, 1967, the amendments made by subsection (a) shall apply with respect to calendar quarters beginning after June 30, 1968, except that—

(A) with respect to the third and fourth calendar quarters of 1968, such subsection shall be applied by substituting in subsection (f) of section 1903 of the Social Security Act 150 percent for 133 $\frac{1}{3}$  percent each time such latter figure appears in such subsection (f), and

Ante, p. 898.

(B) with respect to all calendar quarters during 1969, such subsection shall be applied by substituting in subsection (f) of section 1903 of such Act 140 percent for 133 $\frac{1}{3}$  percent each time such latter figure appears in such subsection (f).

#### MAINTENANCE OF STATE EFFORT

SEC. 221. (a) Section 1117(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: “For any fiscal year ending on or after June 30, 1967, and before July 1, 1968, in lieu of the substitution provided by paragraph (3) or (4), at the option of the State (i) paragraphs (1) and (2) of this subsection shall be applied on a fiscal year basis (rather than on a quarterly basis), and (ii) the base period fiscal year shall be either the fiscal year ending June 30, 1965, or the fiscal year ending June 30, 1964 (whichever is chosen by the State).

79 Stat. 420.  
42 USC 1317.

(b) Section 1117 of such Act is further amended by adding at the end thereof the following new subsection:

“(d) (1) In the case of the quarters in any fiscal year ending before July 1, 1968, the reduction (if any) under this section shall, at the

option of the State, be determined under paragraph (2), (3), or (4) of this subsection instead of under the preceding provisions of this section.

“(2) If the reduction determination is made under this paragraph for a State, then—

“(A) subsection (a) shall be applied by taking into account only money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV,

“(B) subsection (b) shall be applied by eliminating each reference to title XIX, and

“(C) subsection (c) shall be applied by eliminating the reference to section 1903, and by substituting a reference to this paragraph for the reference to subsections (a) and (b).

“(3) If the reduction determination is made under this paragraph for a State, then—

“(A) subsection (a) shall be applied by taking into account payments under section 523 and section 422,

“(B) subsection (b) shall be applied by adding a reference to section 523 and section 422 after each reference to title XIX, and

“(C) subsection (c) shall be applied by adding a reference to section 523 and section 422 after the reference to section 1903, and by substituting a reference to this paragraph for the reference to subsections (a) and (b).

“(4) If the reduction determination is made under this paragraph for a State, then—

“(A) subsection (a) shall be applied by taking into account only (i) money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and (ii) payments under section 523 and section 422,

“(B) subsection (b) shall be applied by eliminating each reference to title XIX and substituting a reference to section 523 and section 422, and

“(C) subsection (c) shall be applied by eliminating the reference to section 1903 and substituting a reference to section 523 and section 422, and by substituting a reference to this paragraph for the reference to subsections (a) and (b).”

(c) Section 1117(a) of such Act is further amended by striking out “December 31, 1965” and inserting in lieu thereof “June 30, 1966”.

(d) Effective July 1, 1968, section 1117 of the Social Security Act is repealed.

COORDINATION OF TITLE XIX AND THE SUPPLEMENTARY MEDICAL  
INSURANCE PROGRAM

SEC. 222. (a) Section 1843 of the Social Security Act is amended by adding at the end thereof the following new subsection:

“(h) (1) The Secretary shall, at the request of a State made before January 1, 1970, enter into a modification of an agreement entered into with such State pursuant to subsection (a) under which the coverage group described in subsection (b) and specified in such agreement is broadened to include individuals who are eligible to receive medical assistance under the plan of such State approved under title XIX.

“(2) For purposes of this section, an individual shall be treated as eligible to receive medical assistance under the plan of the State approved under title XIX if, for the month in which the modification is entered into under this subsection or for any month thereafter, he has been determined to be eligible to receive medical assistance under such plan. In the case of any individual who would (but for this subsection) be excluded from the agreement, subsections (c) and (d) (2) shall be applied as if they referred to the modification under

42 USC 301,  
1201, 1351,  
1381.  
Post, p. 911.  
42 USC 1396;  
Post, pp. 903-  
908.

72 Stat. 1053.  
42 USC 723.  
Post, pp. 912,  
915.

79 Stat. 420.  
42 USC 1317.

79 Stat. 312;  
80 Stat. 105.  
42 USC 1395v.

this subsection (in lieu of the agreement under subsection (a)), and subsection (d) (2) (C) shall be applied by substituting 'second month following the first month' for 'first month'."

(b) (1) Section 1843(d) (3) (A) of such Act is amended by striking out "ineligible for money payments of a kind specified in the agreement" and inserting in lieu thereof the following: "ineligible both for money payments of a kind specified in the agreement and (if there is in effect a modification entered into under subsection (h)) for medical assistance".

79 Stat. 312.  
42 USC 1395v.

(2) Section 1843(f) of such Act is amended—

(A) by inserting after "or part A of title IV," (as added by section 241(e) (2) of this Act) the following: "or eligible to receive medical assistance under the plan of such State approved under title XIX,"; and

Post, p. 917.

(B) by inserting after "and part A of title IV" (as added by section 241(e) (2) of this Act) the following: "and individuals eligible to receive medical assistance under the plan of the State approved under title XIX".

(3) Section 1843(g) (1) of such Act is amended by striking out "1968" and inserting in lieu thereof "1970".

80 Stat. 105.

(4) The heading of section 1843 of such Act is amended by adding at the end thereof the following: "(OR ARE ELIGIBLE FOR MEDICAL ASSISTANCE)".

79 Stat. 312.

(c) Section 1903(b) of such Act is amended by inserting "(1)" after "(b)", and by adding at the end thereof the following new paragraph:

79 Stat. 349.  
42 USC 1396b.

"(2) Notwithstanding the preceding provisions of this section, the amount determined under subsection (a) (1) for any State for any quarter beginning after December 31, 1967, shall not take into account any amounts expended as medical assistance with respect to individuals aged 65 or over which would not have been so expended if the individuals involved had been enrolled in the insurance program established by part B of title XVIII."

42 USC 1395j-  
1395w.

(d) Effective with respect to calendar quarters beginning after December 31, 1967, section 1903(a) (1) of such Act is amended by striking out "and other insurance premiums" and inserting in lieu thereof "and, except in the case of individuals sixty-five years of age or older who are not enrolled under part B of title XVIII, other insurance premiums".

(e) (1) Section 1843(a) of such Act is amended by striking out "1968" and inserting in lieu thereof "1970".

(2) Section 1843(c) of such Act is amended—

(A) by striking out "and before January 1, 1968"; and

(B) by striking out "thereafter before January 1968"; and inserting in lieu thereof "thereafter".

(3) Section 1843(d) (2) (D) of such Act is amended by striking out "(not later than January 1, 1968)".

#### MODIFICATION OF COMPARABILITY PROVISIONS

SEC. 223. (a) Section 1902(a) (10) of the Social Security Act is amended—

79 Stat. 345.  
42 USC 1396a.

(1) by inserting "(I)" after "except that" in the matter following subparagraph (B), and

(2) by inserting before the semicolon at the end the following: "and (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of the deductibles, cost

42 USC 1395j-  
1395w.

sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals”.

(b) The amendments made by subsection (a) shall apply with respect to calendar quarters beginning after June 30, 1967.

#### REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN

79 Stat. 345.  
42 USC 1396a.

SEC. 224. (a) Section 1902(a) (13) of the Social Security Act is amended to read as follows:

“(13) provide—

“(A) for inclusion of some institutional and some noninstitutional care and services, and

“(B) in the case of individuals receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and

“(C) in the case of individuals not included under subparagraph (B) for the inclusion of at least—

(i) the care and services listed in clauses (1) through (5) of section 1905(a) or

(ii) (I) the care and services listed in any 7 of the clauses numbered (1) through (14) of such section and (II) in the event the care and services provided under the State plan include hospital or skilled nursing home services, physicians’ services to an individual in a hospital or skilled nursing home during any period he is receiving hospital services from such hospital or skilled nursing home services from such home, and

“(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;”.

(b) The amendment made by subsection (a) shall apply with respect to calendar quarters beginning after December 31, 1967.

(c) (1) Section 1902(a) (13) (A) of the Social Security Act (as amended by subsection (a) of this section) is further amended to read as follows:

“(A) (i) for the inclusion of some institutional and some non-institutional care and services, and

“(ii) for the inclusion of home health services for any individual who, under the State plan, is entitled to skilled nursing home services, and”.

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to calendar quarters beginning after June 30, 1970.

#### EXTENT OF FEDERAL FINANCIAL PARTICIPATION IN CERTAIN ADMINISTRATIVE EXPENSES

42 USC 1396b.

SEC. 225. (a) Section 1903(a) (2) of the Social Security Act is amended by striking out “of the State agency (or of the local agency administering the State plan in the political subdivision)” and inserting in lieu thereof “of the State agency or any other public agency”.

(b) The amendment made by subsection (a) shall apply with respect to expenditures made after December 31, 1967.

42 USC 301,  
1201, 1351,  
1381; Post,  
p. 911.  
42 USC 1396d.

## ADVISORY COUNCIL ON MEDICAL ASSISTANCE

SEC. 226. Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

79 Stat. 343.  
42 USC 1396-  
1396d.

## "ADVISORY COUNCIL ON MEDICAL ASSISTANCE

"SEC. 1906. For the purpose of advising the Secretary on matters of general policy in the administration of this title (including the relationship of this title and title XVIII) and making recommendations for improvements in such administration, there is hereby created a Medical Assistance Advisory Council which shall consist of twenty-one persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include representatives of State and local agencies and nongovernmental organizations and groups concerned with health, and of consumers of health services, and a majority of the membership of the Advisory Council shall consist of representatives of consumers of health services. Each member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, five at the end of the first year, five at the end of the second year, five at the end of the third year, and six at the end of the fourth year after the date of appointment. A member shall not be eligible to serve continuously for more than two terms. The Secretary may, at the request of the Council or otherwise, appoint such special advisory professional or technical committees as may be useful in carrying out this title. Members of the Advisory Council and members of any such advisory or technical committee, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of five or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council."

42 USC 1395-  
139511.

80 Stat. 417.  
5 USC 3301  
et seq.  
Membership.

Term of  
office.

Compensation,  
travel ex-  
penses.

80 Stat. 499.

## FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

SEC. 227. (a) Section 1902(a) of the Social Security Act is amended—

42 USC 1396a.

- (1) by striking out "and" at the end of paragraph (21);
- (2) by striking out the period at the end of paragraph (22) and inserting in lieu thereof "; and "; and
- (3) by adding after paragraph (22) the following new paragraph:
 

"(23) provide that any individual eligible for medical assistance (including drugs) may obtain such assistance from any institution, agency, community pharmacy, or person, qualified to perform the service or services required (including an organization

which provides such services, or arranges for their availability, on a prepayment basis), who undertakes to provide him such services."

(b) The amendments made by this section shall apply with respect to calendar quarters beginning after June 30, 1969; except that such amendments shall apply in the case of Puerto Rico, the Virgin Islands, and Guam only with respect to calendar quarters beginning after June 30, 1972.

UTILIZATION OF STATE FACILITIES TO PROVIDE CONSULTATIVE SERVICES TO INSTITUTIONS FURNISHING MEDICAL CARE

Ante, p. 903.

SEC. 228. (a) Section 1902(a) of the Social Security Act (as amended by section 227 of this Act) is amended—

- (1) by striking out "and" at the end of paragraph (22);
- (2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (23) the following new paragraph:

"(24) effective July 1, 1969, provide for consultative services by health agencies and other appropriate agencies of the State to hospitals, nursing homes, home health agencies, clinics, laboratories, and such other institutions as the Secretary may specify in order to assist them (A) to qualify for payments under this Act, (B) to establish and maintain such fiscal records as may be necessary for the proper and efficient administration of this Act, and (C) to provide information needed to determine payments due under this Act on account of care and services furnished to individuals."

79 Stat. 326.  
42 USC 1395aa.

(b) Effective July 1, 1969, the last sentence of section 1864(a) of such Act is repealed.

PAYMENTS FOR SERVICES AND CARE BY A THIRD PARTY

SEC. 229. (a) Section 1902(a) of the Social Security Act (as amended by section 228 of this Act) is amended—

- (1) by striking out "and" at the end of paragraph (23);
- (2) by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (24) the following new paragraph:

"(25) provide (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties to pay for care and services (available under the plan) arising out of injury, disease, or disability, (B) that where the State or local agency knows that a third party has such a legal liability such agency will treat such legal liability as a resource of the individual on whose behalf the care and services are made available for purposes of paragraph (17)(B), and (C) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability."

(b) The amendment made by subsection (a) shall apply with respect to legal liabilities of third parties arising after March 31, 1968.

79 Stat. 350.  
42 USC 1396b.

(c) Section 1903(d)(2) of such Act is amended by adding at the end thereof the following new sentence: "Expenditures for which payments were made to the State under subsection (a) shall be treated

as an overpayment to the extent that the State or local agency administering such plan has been reimbursed for such expenditures by a third party pursuant to the provisions of its plan in compliance with section 1902(a) (25).” Ante, p. 904.

DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

SEC. 230. Section 1905(a) of the Social Security Act is amended by inserting after “for individuals” in the matter preceding clause (1) the following: “, and, with respect to physicians’ or dentists’ services, at the option of the State, to individuals not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV,”. 79 Stat. 351.  
42 USC 1396d.  
42 USC 301,  
1201, 1351,  
1381; Post,  
p. 911.

DATE ON WHICH STATE PLANS UNDER TITLE XIX MUST MEET CERTAIN FINANCIAL PARTICIPATION REQUIREMENTS

SEC. 231. Section 1902(a) (2) of the Social Security Act is amended by striking out “July 1, 1970” and inserting in lieu thereof “July 1, 1969”. 42 USC 1396a.

OBSERVANCE OF RELIGIOUS BELIEFS

SEC. 232. Title XIX of the Social Security Act (as amended by section 226 of this Act) is further amended by adding at the end thereof the following new section: Ante, p. 903.

“OBSERVANCE OF RELIGIOUS BELIEFS

“SEC. 1907. Nothing in this title shall be construed to require any State which has a plan approved under this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds.”

COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

SEC. 233. (a) Section 1905(a) of the Social Security Act is amended (1) by striking out “or” at the end of clause (iv), (2) by inserting “or” at the end of clause (v), and (3) by inserting immediately below clause (v) the following new clause:

“(vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approved under title I, X, XIV, or XVI.”

(b) Section 1905(a) of such Act is further amended by adding at the end thereof the following new sentence: “For purposes of clauses (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, or XVI), and such person is determined, under such a State plan, to be essential to the well being of such individual.”

STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER  
STATE PLANS APPROVED UNDER TITLE XIX

Ante, pp. 903,  
904.

SEC. 234. (a) Section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended (1) by striking out "and" at the end of paragraph (24), (2) by striking out the period at the end of paragraph (25) and inserting in lieu of such period a semicolon, and (3) by adding at the end thereof the following new paragraphs:

"(26) effective July 1, 1969, provide (A) for a regular program of medical review (including medical evaluation of each patient's need for skilled nursing home care) or (in the case of individuals who are eligible therefor under the State plan) need for care in a mental hospital, a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing home; (B) for periodic inspections to be made in all skilled nursing homes and mental institutions (if the State plan includes care in such institutions) within the State by one or more medical review teams (composed of physicians and other appropriate health and social service personnel) of (i) the care being provided in such nursing homes (and mental institutions, if care therein is provided under the State plan) to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular nursing homes (or institutions) to meet the current health needs and promote the maximum physical well-being of patients receiving care in such homes (or institutions), (iii) the necessity and desirability of the continued placement of such patients in such nursing homes (or institutions), and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections together with any recommendations to the State agency administering or supervising the administration of the State plan;

"(27) provide for agreements with every person or institution providing services under the State plan under which such person or institution agrees (A) to keep such records as are necessary fully to disclose the extent of the services provided to individuals receiving assistance under the State plan, and (B) to furnish the State agency with such information, regarding any payments claimed by such person or institution for providing services under the State plan, as the State agency may from time to time request;

"(28) provide that any skilled nursing home receiving payments under such plan must—

"(A) supply to the licensing agency of the State full and complete information as to the identity (i) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such nursing home, (ii) in case a nursing home is organized as a corporation, of each officer and director of the corporation, and (iii) in case a nursing home is organized as a partnership, of each partner; and promptly report any changes which would affect the current accuracy of the information so required to be supplied;

"(B) have and maintain an organized nursing service for its patients, which is under the direction of a professional registered nurse who is employed full-time by such nursing home, and which is composed of sufficient nursing and aux-

iliary personnel to provide adequate and properly supervised nursing services for such patients during all hours of each day and all days of each week;

“(C) make satisfactory arrangements for professional planning and supervision of menus and meal service for patients for whom special diets or dietary restrictions are medically prescribed;

“(D) have satisfactory policies and procedures relating to the maintenance of medical records on each patient of the nursing home, dispensing and administering of drugs and biologicals, and assuring that each patient is under the care of a physician and that adequate provisions is made for medical attention to any patient during emergencies;

“(E) have arrangements with one or more general hospitals under which such hospital or hospitals will provide needed diagnostic and other services to patients of such nursing home, and under which such hospital or hospitals agree to timely acceptance, as patients thereof, of acutely ill patients of such nursing home who are in need of hospital care; except that the State agency may waive this requirement wholly or in part with respect to any nursing home meeting all the other requirements and which, by reason of remote location or other good and sufficient reason, is unable to effect such an arrangement with a hospital; and

“(F) (i) meet (after December 31, 1969) such provisions of the Life Safety Code of the National Fire Protection Association (21st Edition, 1967) as are applicable to nursing homes: except that the State agency may waive in accordance with regulations of the Secretary, for such periods as it deems appropriate, specific provisions of such code which, if rigidly applied, would result in unreasonable hardship upon a nursing home, but only if such agency makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the patients of such skilled nursing home; and except that the requirements set forth in the preceding provisions of this subclause (i) shall not apply in any State if the Secretary finds that in such State there is in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing homes; and (ii) meet conditions relating to environment and sanitation applicable to extended care facilities under title XVIII; except that the State agency may waive in accordance with regulations of the Secretary, for such periods as it deems appropriate, any requirement imposed by the preceding provisions of this subclause (ii) if such agency finds that such requirement, if rigidly applied, would result in unreasonable hardship upon a nursing home, but only if such agency makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the patients of such nursing home.”

42 USC 1395-  
139511.

(b) The amendments made by subsection (a) of this section (unless otherwise specified in the body of such amendments) shall take effect on January 1, 1969.

(c) Notwithstanding any other provision of law, after June 30, 1968, no Federal funds shall be paid to any State as Federal matching under title I, X, XIV, XVI, or XIX of the Social Security Act for payments made to any nursing home for or on account of any nursing

42 USC 301,  
1201, 1351,  
1381, 1396;  
Post, pp. 903-  
908.

home services provided by such nursing home for any period during which such nursing home is determined not to meet fully all requirements of the State for licensure as a nursing home, except that the Secretary may prescribe a reasonable period or periods of time during which a nursing home which has formerly met such requirements will be eligible for payments which include Federal participation if during such period or periods such home promptly takes all necessary steps to again meet such requirements.

COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT  
HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

79 Stat. 346.  
42 USC 1396a.

42 USC 301,  
1201, 1351,  
1381; Post,  
p. 911.

SEC. 235. (a) (1) Section 1902(a)(14)(A) of the Social Security Act is amended by striking out "no" and inserting in lieu thereof the following: "in the case of individuals receiving aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV, no".

(2) Section 1902(a)(14)(B) of such Act is amended (A) by inserting "inpatient hospital services or" after "respect to", and (B) by striking out "him" and inserting in lieu thereof "to an individual".

(3) Section 1902(a)(15) of the Social Security Act is amended to read as follows:

42 USC 1395-  
139511.

"(15) in the case of eligible individuals 65 years of age or older who are covered by either or both of the insurance programs established by title XVIII, provide where, under the plan, all of any deductible, cost sharing, or similar charge imposed with respect to such individual under the insurance program established by such title is not met, the portion thereof which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or his income and resources;"

(b) The amendments made by subsection (a) shall be effective in the case of calendar quarters beginning after December 31, 1967.

STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF  
SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS  
APPROVED UNDER TITLE XIX

Ante, pp. 903,  
904, 906.

SEC. 236. (a) Section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended (1) by striking out the period at the end of paragraph (28) and inserting in lieu thereof a semicolon and (2) by adding at the end of such section 1902(a) the following new paragraph:

"(29) include a State program which meets the requirements set forth in section 1908, for the licensing of administrators of nursing homes."

Ante, pp. 903,  
905.

(b) Title XIX of the Social Security Act (as amended by the preceding sections of this Act) is further amended by adding at the end thereof the following:

"STATE PROGRAMS FOR LICENSING OF ADMINISTRATORS OF NURSING HOMES

Supra.

"SEC. 1908. (a) For purposes of section 1902(a)(29), a 'State program for the licensing of administrators of nursing homes' is a program which provides that no nursing home within the State may operate except under the supervision of an administrator licensed in the manner provided in this section.

(b) Licensing of nursing home administrators shall be carried out by the agency of the State responsible for licensing under the healing arts licensing act of the State, or, in the absence of such act

or such an agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients and established to carry out the purposes of this section.

“(c) It shall be the function and duty of such agency or board to—

“(1) develop, impose, and enforce standards which must be met by individuals in order to receive a license as a nursing home administrator, which standards shall be designed to insure that nursing home administrators will be individuals who are of good character and are otherwise suitable, and who, by training or experience in the field of institutional administration, are qualified to serve as nursing home administrators;

“(2) develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

“(3) issue licenses to individuals determined, after the application of such techniques, to meet such standards, and revoke or suspend licenses previously issued by the board in any case where the individual holding any such license is determined substantially to have failed to conform to the requirements of such standards;

“(4) establish and carry out procedures designed to insure that individuals licensed as nursing home administrators will, during any period that they serve as such, comply with the requirements of such standards;

“(5) receive, investigate, and take appropriate action with respect to, any charge or complaint filed with the board to the effect that any individual licensed as a nursing home administrator has failed to comply with the requirements of such standards; and

“(6) conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of the standards imposed for the licensing of such administrators and of procedures and methods for the enforcement of such standards with respect to administrators of nursing homes who have been licensed as such.

“(d) No State shall be considered to have failed to comply with the provisions of section 1902(a)(29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who during all of the calendar year immediately preceding the calendar year in which the requirements prescribed in section 1902(a)(29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such board pursuant to subsection (b)(1) other than such standards as relate to good character or suitability if—

Ante, p. 908.

“(1) such waiver is for a period which ends after being in effect for two years or on June 30, 1972, whichever is earlier, and

“(2) there is provided in the State (during all of the period for which waiver is in effect), a program of training and instruction designed to enable all individuals, with respect to whom any such waiver is granted, to attain the qualifications necessary in order to meet such standards.

“(e)(1) There are hereby authorized to be appropriated for fiscal year 1968 and the four succeeding fiscal years such sums as may be necessary to enable the Secretary to make grants to States for the purpose of assisting them in instituting and conducting programs of training and instruction of the type referred to in subsection (d)(2).

“(2) No grant with respect to any such program shall exceed 75 per centum of the reasonable and necessary cost, as determined by the Secretary, of instituting and conducting such program.

National Advisory Council on Nursing Home Administration.

80 Stat. 417.  
5 USC 3301 et seq.  
Membership.

Duties.

Compensation, travel expenses.

80 Stat. 499.

Termination.

"Nursing home."

"Nursing home administrator."

"(f) (1) For the purpose of advising the Secretary and the States in carrying out the provisions of this section, there is hereby created a National Advisory Council on Nursing Home Administration which shall consist of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include, but not be limited to, representatives of State health officers, State welfare directors, nursing home administrators, and university programs in public health or medical care administration.

"(2) In addition to the function stated in paragraph (1) of this subsection, it shall be the function and duty of the Council (A) to study and identify the core of knowledge that should constitute minimally the training in the field of institutional administration which should qualify an individual to serve as a nursing home administrator; (B) to study and identify the experience in the field of institutional administration that a nursing home administrator should be required to possess; (C) to study and develop model techniques for determining whether an individual possesses such qualifications; (D) to study and develop model criteria for granting waivers under the provisions of subsection (d); (E) to study and develop suggested programs of training referred to in subsection (d); (F) to study, develop, and recommend programs of training and instruction for those desiring to pursue a career in nursing home administration; (G) to complete the functions in (A) through (E) above by July 1, 1969, and submit a written report to the Secretary which report shall be submitted to the States to assist them in carrying out the provisions of this section.

"(3) Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(4) The Secretary may at the request of the Council engage such technical assistance as may be required to carry out its functions; and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

"(5) The Council shall be appointed by the Secretary prior to July 1, 1968, and shall cease to exist as of December 31, 1971.

"(g) As used in this section, the term—

"(1) 'nursing home' means any institution or facility defined as such for licensing purposes under State law, or, if State law does not employ the term nursing home, the equivalent term or terms as determined by the Secretary; and

"(2) 'nursing home administrator' means any individual who is charged with the general administration of a nursing home whether or not such individual has an ownership interest in such home and whether or not his functions and duties are shared with one or more other individuals."

(c) Except as otherwise specified in the text thereof, the amendments made by this section shall take effect on July 1, 1970.

## UTILIZATION OF CARE AND SERVICES FURNISHED UNDER TITLE XIX

SEC. 237. Effective April 1, 1968, section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended by—

(a) striking out the period at the end and inserting in lieu thereof the following “; and”; and

(b) inserting after paragraph (29) (added to the Social Security Act by section 236 of this Act) the following paragraph:

“(30) provide such methods and procedures relating to the utilization of, and the payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.”

*Ante*, p. 908.

## DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

SEC. 238. Effective July 1, 1969, section 1902(a) (17) of the Social Security Act is amended by striking out “(which shall be comparable for all groups)” and inserting in lieu thereof the following: “(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)”.

79 Stat. 346.  
42 USC 1396a.

42 USC 301,  
1201, 1351,  
1381;  
*Infra*.

## PART 3—CHILD-WELFARE SERVICES AMENDMENTS

## INCLUSION OF CHILD-WELFARE SERVICES IN TITLE IV

SEC. 240. (a) The heading of title IV of the Social Security Act is amended to read as follows:

76 Stat. 185.  
42 USC 601-609.

“TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES”

(b) Title IV of such Act is further amended by inserting immediately after the heading of the title the following:

“PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN”

(c) Title IV of such Act is further amended by adding at the end thereof the following new part:

49 Stat. 627;  
76 Stat. 186.

## “PART B—CHILD-WELFARE SERVICES

## “APPROPRIATION

“SEC. 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child-welfare services, the following sums are hereby authorized to be appropriated: \$55,000,000 for the fiscal year ending June 30, 1968, \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

## "ALLOTMENTS TO STATES

Ante, p. 911.

"SEC. 421. The sum appropriated pursuant to section 420 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot \$70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 423) bears to the sum of the corresponding products of all the States.

Post, p. 913.

## "PAYMENT TO STATES

"SEC. 422. (a) From the sums appropriated therefor and the allotment available under this part, the Secretary shall from time to time pay to each State—

Post, p. 915.

"(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

42 USC 601-609.

Ante, p. 911.

"(A) provides for coordination between the services provided under such plan and the services provided for dependent children under the State plan approved under part A of this title, with a view to provision of welfare and related services which will best promote the welfare of such children and their families, and

"(B) provides, with respect to day care services (including the provision of such care) provided under this title—

"(i) for cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to assure maximum utilization of such agencies in the provision of necessary health services and education for children receiving day care,

"(ii) for an advisory committee, to advise the State public welfare agency on the general policy involved in the provision of day care services under the plan, which shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with the provision of day care,

"(iii) for such safeguards as may be necessary to assure provision of day care under the plan only in cases in which it is in the best interest of the child and the mother and only in cases in which it is determined, under criteria established by the State, that a need for such care exists; and, in cases in which the family is able to pay part or all of the costs of such care, for payment of such fees as may be reasonable in the light of such ability,

"(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

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

“(vi) for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child, and

“(2) that makes a satisfactory showing that the State is extending the provision of child-welfare services in the State, with priority being given to communities with the greatest need for such services after giving consideration to their relative financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the State, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision,

except that (effective July 1, 1969, or, if earlier, on the date as of which the modification of the State plan to comply with this requirement with respect to subprofessional staff is approved) such plan shall provide for the training and effective use of paid subprofessional staff with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency, an amount equal to the Federal share (as determined under section 423) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. In developing such services for children, the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the State and local communities as may be authorized by the State.

“(b) The method of computing and paying such amounts shall be as follows:

“(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of subsection (a).

“(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.

#### “ALLOTMENT PERCENTAGE AND FEDERAL SHARE

“SEC. 423. (a) The ‘allotment 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 per capita income of such State bears to the per capita income of

the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(b) The 'Federal share' for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than  $33\frac{1}{3}$  per centum or more than  $66\frac{2}{3}$  per centum, and (2) the Federal share shall be  $66\frac{2}{3}$  per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(c) The Federal share and the allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Federal shares and allotment percentages promulgated under section 524(c) of the Social Security Act in 1966 shall be effective for purposes of this section for the fiscal years ending June 30, 1968, and June 30, 1969.

42 USC 724.

"United States."

"(d) For purposes of this section, the term 'United States' means the fifty States and the District of Columbia.

#### "REALLOTMENT

Ante, p. 912.

"SEC. 424. The amount of any allotment to a State under section 421 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in such section shall be available for reallocation from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under that section and (2) will be able to use such excess amounts during such fiscal year. Such reallocations shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallocated to a State shall be deemed part of its allotment under section 421.

#### "DEFINITION

"Child-welfare services."

"SEC. 425. For purposes of this title, the term 'child-welfare services' means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.

## "RESEARCH, TRAINING, OR DEMONSTRATION PROJECTS

"Sec. 426. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine—

"(1) for grants by the Secretary—

"(A) 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) to State or local public agencies responsible for administering, or supervising the administration of, the plan under this part, for projects for the demonstration of the utilization of research (including findings resulting therefrom) in the field of child welfare in order to encourage experimental and special types of welfare services; and

"(C) to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary; and

"(2) for contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research, special projects, or demonstration projects relating to such matters.

"(b) Payments of grants or under contracts or cooperative arrangements 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, contracts, or other arrangements."

(d)(1) Subparagraphs (A) and (B) of section 422(a)(1) of the Social Security Act (as added by subsection (c) of this section) are redesignated as (B) and (C). Ante, p. 912.

(2) So much of paragraph (1) of section 422(a) of such Act (as added by subsection (c) of this section) as precedes subparagraph (B) (as redesignated) is amended to read as follows:

"(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

"(A) provides that (i) the State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, the organizational unit in such State or local agency established pursuant to section 402(a)(15) will be responsible for furnishing such child-welfare services." 42 USC 602.  
42 USC 601-609.  
Ante, p. 911.  
Ante, p. 878.

(e)(1) Part 3 of title V of the Social Security Act is repealed on the date this Act is enacted. Repeal.  
72 Stat. 1052.  
42 USC 721-728.

(2) Part B of title IV of the Social Security Act (as added by subsection (c) of this section), and the amendments made by subsections (a) and (b) of this section, shall become effective on the date this Act is enacted.

81 STAT. 916

Ante, p. 911.  
42 USC 602.

Ante, p. 915.

42 USC 601-609.  
Ante, p. 911.

72 Stat. 1052.  
42 USC 721-728.

42 USC 723.

Ante, pp. 912,  
915.

42 USC 726.

42 USC 601-609.

(3) The amendments made by paragraphs (1) and (2) of subsection (d) shall become effective July 1, 1969, except that (A) if on the date of enactment of this Act the agency of a State administering its plan for child-welfare services developed under part B of title IV of the Social Security Act is different from the agency of the State designated pursuant to section 402(a)(3) of such Act, so much of paragraph (1) of section 422(a) of such Act as precedes subparagraph (B) (as added by paragraph (2) of such subsection (d)) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (1) as precedes such subparagraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different.

(f) In the case of any State which has a plan developed as provided in part 3 of title V of the Social Security Act as in effect prior to the enactment of this Act—

(1) such plan shall be treated as a plan developed, as provided in part B of title IV of such Act, on the date this Act is enacted:

(2) any sums appropriated, allotted, or reallocated pursuant to part 3 of title V for the fiscal year ending June 30, 1968, shall be deemed appropriated, allotted, or reallocated (as the case may be) under part B of title IV of such Act for such fiscal year; and

(3) any overpayment or underpayment which the Secretary determines was made to the State under section 523 of the Social Security Act and with respect to which adjustment has not then already been made under subsection (b) of such section shall, for purposes of section 422 of such Act, be considered an overpayment or underpayment (as the case may be) made under section 422 of such Act.

(g) Any sums appropriated or grants made pursuant to section 526 of the Social Security Act (as in effect prior to the enactment of this Act) shall be deemed to have been appropriated or made (as the case may be) under section 426 of the Social Security Act (as added by subsection (c) of this section).

(h) Each State plan approved under title IV of the Social Security Act as in effect on the day preceding the date of the enactment of this Act shall be deemed, without the necessity of any change in such plan, to have been conformed with the amendments made by subsections (a) and (b) of this section.

CONFORMING AMENDMENTS

42 USC 428.

SEC. 241. (a) Section 228(d)(1) of the Social Security Act is amended by striking out "IV," and by inserting after "XVI," the following: "or part A of title IV,".

42 USC 601.

(b) (1) The first sentence of section 401 of the Social Security Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 603.

(2) The proviso in section 403(a)(3)(D) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

(3) The last sentence of section 403(c)(2) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 604.

(4) Section 404(b) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 606.

(5) Section 406 of such Act is amended by striking out "title" in the matter preceding subsection (a) and inserting in lieu thereof "part".

- (c) (1) Section 1106(c) (1) of such Act is amended by striking out "IV," and by inserting after "XIX," the following: "or part A of title IV,". 42 USC 1306.
- (2) Section 1109 of such Act is amended by striking out "IV," and by inserting after "XIX" the following: ", or part A of title IV,". 42 USC 1309.
- (3) Section 1111 of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "and part A of title IV,". 42 USC 1311.
- (4) Section 1115 of such Act is amended by striking out "IV," and by inserting after "XIX" the following: ", or part A of title IV,". 42 USC 1315.
- (5) Section 1116 of such Act is amended— 42 USC 1316.
- (A) by striking out "IV," in subsection (a) (1), and by inserting after "XIX," in such subsection the following: "or part A of title IV,"; and
- (B) by striking out "IV," in subsections (b) and (d), and by inserting after "XIX" in such subsections the following: ", or part A of title IV,".
- (6) Section 1117 of such Act is amended— 42 USC 1317.
- (A) by striking out "IV," in clause (A) of subsection (a) (2), and by inserting after "XIX" in such clause the following: ", and part A of title IV,";
- (B) by striking out "IV," each place it appears in subsection (b);
- (C) by inserting after "and XIX" in subsection (b) the following: ", and part A of title IV,";
- (D) by inserting after "or XIX" in subsection (b) the following: ", or part A of title IV,".
- (7) Section 1118 of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "and part A of title IV,". 42 USC 1318.
- (d) Section 1602(a) (11) of such Act is amended by striking out "title IV, X, or XIV" and inserting in lieu thereof "part A of title IV or under title X or XIV". 42 USC 1382.
- (e) (1) Section 1843(b) (2) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", and part A of title IV". 42 USC 1395v.
- (2) Section 1843(f) of such Act is amended—
- (A) by striking out "IV," in the first sentence, and by inserting after "XVI," the first place it appears in such sentence the following: "or part A of title IV,"; and
- (B) by striking out "IV," in the second sentence, and by inserting after "XVI" in such sentence the following: ", and part A of title IV".
- (f) (1) Section 1902(a) (10) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", and part A of title IV". 42 USC 1396a.
- (2) Section 1902(a) (17) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", or part A of title IV".
- (3) Section 1902(b) (2) of such Act is amended by striking out "title IV" and inserting in lieu thereof "part A of title IV".
- (4) Section 1902(c) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", or part A of title IV".
- (5) Section 1903(a) (1) of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "or part A of title IV". 42 USC 1396b.
- (6) Section 1905(a) (ii) of such Act is amended by striking out "title IV" and inserting in lieu thereof "part A of title IV". 42 USC 1396d.

## PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

## PARTIAL PAYMENTS TO STATES

SEC. 245. Sections 4, 404(a), 1004, and 1404 of the Social Security Act are each amended—

49 Stat. 622,  
623, 646;  
64 Stat. 557.  
4 42 USC 304, 604,  
1204, 1354.

(1) by striking out “further payments will not be made to the State” and inserting in lieu thereof “further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure)”;

(2) by striking out the last sentence and inserting in lieu thereof the following: “Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).”

## CONTRACTS FOR COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

SEC. 246. Section 1110(a)(2) of the Social Security Act is amended by striking out “nonprofit”.

70 Stat. 851.  
42 USC 1310.

## PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS

SEC. 247. Section 1115 of the Social Security Act is amended—

76 Stat. 192.  
42 USC 1315.

(1) by striking out “\$2,000,000” and inserting in lieu thereof “\$4,000,000”; and

(2) by striking out “ending prior to July 1, 1968” and inserting in lieu thereof “beginning after June 30, 1967”.

Ante, p. 94.

## SPECIAL PROVISIONS RELATING TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 248. (a) (1) Section 1108 of the Social Security Act is amended to read as follows:

76 Stat. 206.  
42 USC 1308.

## “LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

“SEC. 1108. (a) The total amount certified by the Secretary of Health, Education, and Welfare under title I, X, XIV, and XVI, and under part A of title IV (exclusive of any amounts on account of services and items to which subsection (b) applies)—

42 USC 301,  
1201, 1351,  
1381;  
Ante, p. 911.

“(1) for payment to Puerto Rico shall not exceed—

“(A) \$12,500,000 with respect to the fiscal year 1968,

“(B) \$15,000,000 with respect to the fiscal year 1969,

“(C) \$18,000,000 with respect to the fiscal year 1970,

“(D) \$21,000,000 with respect to the fiscal year 1971, or

“(E) \$24,000,000 with respect to the fiscal year 1972 and each fiscal year thereafter;

“(2) for payment to the Virgin Islands shall not exceed—

“(A) \$425,000 with respect to the fiscal year 1968,

“(B) \$500,000 with respect to the fiscal year 1969,

“(C) \$600,000 with respect to the fiscal year 1970,

“(D) \$700,000 with respect to the fiscal year 1971, or

“(E) \$800,000 with respect to the fiscal year 1972 and each fiscal year thereafter; and

“(3) for payment to Guam shall not exceed—

“(A) \$575,000 with respect to the fiscal year 1968,

- “(B) \$690,000 with respect to the fiscal year 1969,  
 “(C) \$825,000 with respect to the fiscal year 1970,  
 “(D) \$960,000 with respect to the fiscal year 1971, or  
 “(E) \$1,100,000 with respect to the fiscal year 1972 and  
 each fiscal year thereafter.

“(b) The total amount certified by the Secretary under part A of title IV, on account of family planning services and services provided under section 402(a) (19) with respect to any fiscal year—

42 USC 601-609.  
 Ante, p. 911.  
 Ante, p. 890.

- “(1) for payment to Puerto Rico shall not exceed \$2,000,000,  
 “(2) for payment to the Virgin Islands shall not exceed \$65,000, and

“(3) for payment to Guam shall not exceed \$90,000.

“(c) The total amount certified by the Secretary under title XIX with respect to any fiscal year—

42 USC 1396-  
 1396d.  
 Ante, pp. 903-  
 908.

- “(1) for payment to Puerto Rico shall not exceed \$20,000,000,  
 “(2) for payment to the Virgin Islands shall not exceed \$650,000, and

“(3) for payment to Guam shall not exceed \$900,000.

“(d) Notwithstanding the provisions of sections 502(a) and 512(a) of this Act, and the provisions of sections 421, 503(1), and 504(1) of this Act as amended by the Social Security Amendments of 1967, and until such time as the Congress may by appropriation or other law otherwise provide, the Secretary shall, in lieu of the initial allotment specified in such sections, allot such smaller amounts to Guam as he may deem appropriate.”

42 USC 702,  
 712.  
 Ante, p. 912.  
 Post, p. 922.

(2) The amendment made by paragraph (1) shall apply with respect to fiscal years beginning after June 30, 1967.

(b) Notwithstanding subparagraphs (A) and (B) of section 403(a) (3) of such Act (as amended by this Act), the rate specified in such subparagraphs in the case of Puerto Rico, the Virgin Islands, and Guam shall be 60 per centum (rather than 75 or 85 per centum).

Ante, p. 879.

(c) Effective July 1, 1969, neither the provisions of clauses (A) through (C) of section 402(a) (7) of such Act as in effect before the enactment of this Act nor the provisions of section 402(a) (8) of such Act as amended by section 202(b) of this Act shall apply in the case of Puerto Rico, the Virgin Islands, or Guam. Effective no later than July 1, 1972, the State plans of Puerto Rico, the Virgin Islands, and Guam approved under section 402 of such Act shall provide for the disregarding of income in making the determination under section 402(a) (7) of such Act in amounts (agreed to between the Secretary and the State agencies involved) sufficiently lower than the amounts specified in section 402(a) (8) of such Act to reflect appropriately the applicable differences in income levels.

42 USC 602.  
 Ante, p. 881.

(d) The amendment made by section 220(a) of this Act shall not apply in the case of Puerto Rico, the Virgin Islands, or Guam.

Ante, p. 898.

(e) Effective with respect to quarters after 1967, section 1905(b) of such Act is amended by striking out “55 per centum” and inserting in lieu thereof “50 per centum”.

79 Stat. 352.  
 42 USC 1396d.

#### APPROVAL OF CERTAIN PROJECTS

SEC. 249. Title XI of the Social Security Act is amended by adding at the end thereof (after the new section added by section 209 of this Act) the following new section:

Ante, p. 894.

#### “APPROVAL OF CERTAIN PROJECTS

“SEC. 1120. (a) No payment shall be made under this Act with respect to any experimental, pilot, demonstration, or other project all or any part of which is wholly financed with Federal funds made available under this Act (without any State, local, or other non-Federal

financial participation) unless such project shall have been personally approved by the Secretary or Under Secretary of Health, Education, and Welfare.

"(b) As soon as possible after the approval of any project under subsection (a), the Secretary shall submit to the Congress a description of such project including a statement of its purpose, probable cost, and expected duration."

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Ante, pp. 894,  
919.

SEC. 250. (a) Title XI of the Social Security Act (as amended by sections 209 and 249 of this Act) is further amended by adding at the end thereof the following new section:

"ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

42 USC 301.  
42 USC 1201.  
42 USC 1351.  
42 USC 1381.

"SEC. 1121. (a) Any State which has in effect a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled, approved under title XVI, may, on or after January 1, 1968, modify such plan to include therein benefits in the form of institutional services in intermediate care facilities for individuals who are entitled (or would, if not receiving institutional services in intermediate care facilities, be entitled) to assistance, under such plan, in the form of money payments.

"(b) Any modification pursuant to subsection (a) shall provide that benefits in the form of institutional services in intermediate care facilities will be provided only to individuals who—

"(1) are entitled (or would, if not receiving institutional services in intermediate care facilities, be entitled) to receive aid or assistance, under the State plan, in the form of money payments;

"(2) because of their physical or mental condition (or both), require living accommodations and care which, as a practical matter, can be made available to them only through institutional facilities; and

"(3) do not have such an illness, disease, injury, or other condition as to require the degree of care and treatment which a hospital or skilled nursing home (as that term is employed in title XIX) is designed to provide.

42 USC 1396.  
Ante, pp. 903-  
908.

"(c) Payments to any State which modifies its approved State plan (referred to in subsection (a)) to provide, to the recipients of aid or assistance thereunder, benefits in the form of institutional services in intermediate care facilities shall be made in the same manner and from the same appropriation as payments made with respect to expenditures under the State plan so modified, except that, with respect to expenditures made by the State in paying the cost of benefits in the form of institutional services in intermediate care facilities for any quarter, the Secretary shall, if the State so elects, pay to each State an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)).

42 USC 1396d.  
Ante, p. 919.

"(d) Except when inconsistent with the purposes of this section or contrary to any provision of this section, any modification, pursuant to this section, of an approved State plan shall be subject to the same conditions, limitations, rights, and obligations as obtain with respect to such approved State plan.

"(e) For purposes of this section, the term 'intermediate care facility' means an institution or distinct part thereof which (1) is licensed, under State law, to provide the patients or residents thereof, on a regular basis, the range or level of care and services which is suitable to the needs of individuals described in subsection (b)(2) and (3), but which does not provide the degree of care required to be provided by a skilled nursing home furnishing services under a State plan approved under title XIX, and (2) meets such standards of safety and sanitation as are applicable to nursing homes under State law; except that in no case shall such term include an institution which does not regularly provide a level of care and service beyond room and board. The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State."

"Intermediate care facility."

42 USC 1396-1396d.  
Ante, pp. 903-908.

### TITLE III—IMPROVEMENT OF CHILD HEALTH

#### CONSOLIDATION OF SEPARATE PROGRAMS UNDER TITLE V OF THE SOCIAL SECURITY ACT

SEC. 301. Effective with respect to fiscal years beginning after June 30, 1968, title V of the Social Security Act (as otherwise amended by this Act) is amended to read as follows:

49 Stat. 629.  
42 USC 701-731.  
Ante, p. 915.  
Post, p. 929.

#### "TITLE V—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

##### "AUTHORIZATION OF APPROPRIATIONS

"Sec. 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

"(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

"(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling,

there are authorized to be appropriated \$250,000,000 for the fiscal year ending June 30, 1969, \$275,000,000 for the fiscal year ending June 30, 1970, \$300,000,000 for the fiscal year ending June 30, 1971, \$325,000,000 for the fiscal year ending June 30, 1972, and \$350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

##### "PURPOSES FOR WHICH FUNDS ARE AVAILABLE

"Sec. 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

"(1) In the case of the fiscal year ending June 30, 1969, and each of the next 3 fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

"(2) In the case of the fiscal year ending June 30, 1973, and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and

504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512. Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504, which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

“ALLOTMENTS TO STATES FOR MATERNAL AND CHILD HEALTH SERVICES

“SEC. 503. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for maternal and child health services as follows:

“(1) One-half of such amount shall be allotted by allotting to each State \$70,000 plus such part of the remainder of such one-half as he finds that the number of live births in such State bore to the total number of live births in the United States in the latest calendar year for which he has statistics.

“(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of live births in such State, except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), 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.

“ALLOTMENTS TO STATES FOR CRIPPLED CHILDREN'S SERVICES

“SEC. 504. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for crippled children's services as follows:

“(1) One-half of such amount shall be allotted by allotting to each State \$70,000 and allotting the remainder of such one-half according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them.

“(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of crippled children in each State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan ap-

proved under section 505), 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.

“APPROVAL OF STATE PLANS

“SEC. 505. (a) In order to be entitled to payments from allotments under section 502, a State must have a State plan for maternal and child health services and services for crippled children which—

“(1) provides for financial participation by the State;

“(2) provides for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; except that in the case of those States which on July 1, 1967, provided for administration (or supervision thereof) of the State plan approved under section 513 (as in effect on such date) by a State agency other than the State health agency, the plan of such State may be approved under this section if it would meet the requirements of this subsection except for provision of administration (or supervision thereof) by such other agency for the portion of the plan relating to services for crippled children, and, in each such case, the portion of such plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title;

42 USC 713.

“(3) provides 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 necessary for the proper and efficient operation of the plan;

Post, p. 929.

“(4) provides that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

“(5) provides for cooperation with medical, health, nursing, educational, and welfare groups and organizations and, with respect to the portion of the plan relating to services for crippled children, with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children;

“(6) provides for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;

“(7) provides, with respect to the portion of the plan relating to services for crippled children, for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services, and such treatment, care and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

“(8) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 508 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily

helping to reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with child bearing and of satisfactorily helping to reduce infant and maternal mortality;

"(9) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 509 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the health of children and youth of school or preschool age;

"(10) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 510 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the dental health of children and youth of school or preschool age;

"(11) provides for carrying out the purposes specified in section 501;

"(12) provides for the development of demonstration services (with special attention to dental care for children and family planning services for mothers) in needy areas and among groups in special need,

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and

"(14) provides that acceptance of family planning services provided under the plan shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to eligibility for or the receipt of any service under the plan.

"(b) The Secretary shall approve any plan which meets the requirements of subsection (a).

#### "PAYMENTS

"SEC. 506. (a) From the sums appropriated therefor and the allotments available under section 503(1) or 504(1), as the case may be, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing July 1, 1968, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan with respect to maternal and child health services and services for crippled children, respectively.

"(b) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

“(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

“(3) Upon the making of an estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

“(c) The Secretary shall also from time to time make payments to the States from their respective allotments pursuant to section 503(2) or 504(2). Payments of grants under sections 503(2), 504(2), 508, 509, 510, and 511, and of grants, contracts, or other arrangements under section 512, 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 section involved.

“(d) The total amount determined under subsections (a) and (b) and the first sentence of subsection (c) for any fiscal year ending after June 30, 1968, shall be reduced by the amount by which the sum expended (as determined by the Secretary) from non-Federal sources for maternal and child health services and services for crippled children for such year is less than the sum expended from such sources for such services for the fiscal year ending June 30, 1968. In the case of any such reduction, the Secretary shall determine the portion thereof which shall be applied, and the manner of applying such reduction, to the amounts otherwise payable from allotments under section 503 or section 504.

“(e) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder from the allotments under section 503 or section 504 for any period after June 30, 1968, unless the State makes a satisfactory showing that it is extending the provision of services, including services for dental care for children and family planning for mothers, to which such State's plan applies in the State with a view to making such services available by July 1, 1975, to children and mothers in all parts of the State.

#### “OPERATION OF STATE PLANS

“SEC. 507. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

“(1) that the plan has been so changed that it no longer complies with the provisions of section 505; or

“(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"SPECIAL PROJECT GRANTS FOR MATERNITY AND INFANT CARE

"SEC. 508. (a) In order to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing and to help reduce infant and maternal mortality, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and, with the consent of such agency, to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost (exclusive of general agency overhead) of any project for the provision of—

"(1) necessary health care to prospective mothers (including, after childbirth, health care to mothers and their infants) who have or are likely to have conditions associated with childbearing or are in circumstances which increase the hazards to the health of the mothers or their infants (including those which may cause physical or mental defects in the infants), or

"(2) necessary health care to infants during their first year of life who have any condition or are in circumstances which increase the hazards to their health, or

"(3) family planning services,

but only if the State or local agency determines that the recipient will not otherwise receive such necessary health care or services because he is from a low-income family or for other reasons beyond his control. Acceptance of family planning services provided under a project under this section (and section 512) shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to the eligibility for or the receipt of any service under such project.

"(b) No grant may be made under this section for any project for any period after June 30, 1972.

"SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND PRESCHOOL CHILDREN

"SEC. 509. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 505, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this section unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary) of inpatient hospital services provided under the

project, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this section unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

“(b) No grant may be made under this section for any project for any period after June 30, 1972.

“SPECIAL PROJECT GRANTS FOR DENTAL HEALTH OF CHILDREN

“SEC. 510. (a) In order to promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make grants, from the sums available under clause (B) of paragraph (1) of section 502, to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for dental care and services for children and youth of school age or for preschool children. No project shall be eligible for a grant under this section unless it provides that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control, and unless it includes (subject to the limitation of the foregoing provisions of this sentence) at least such preventive services, treatment, correction of defects, and after care, for such age groups, as may be provided in regulations of the Secretary. Such projects may also include research looking toward the development of new methods of diagnosis or treatment, or demonstration of the utilization of dental personnel with various levels of training.

“(b) No grant may be made under this section for any project for any period after June 30, 1972.

“TRAINING OF PERSONNEL

“SEC. 511. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children, particularly mentally retarded children and children with multiple handicaps. In making such grants, the Secretary shall give special attention to programs providing training at the undergraduate level.

“RESEARCH PROJECTS RELATING TO MATERNAL AND CHILD HEALTH SERVICES AND CRIPPLED CHILDREN'S SERVICES

“SEC. 512. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to or jointly financed cooperative arrange-

ments with public or other nonprofit institutions of higher learning, and public or nonprofit private agencies and organizations engaged in research or in maternal and child health or crippled children's programs, and contracts with public or nonprofit private agencies and organizations engaged in research or in such programs, for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof. Effective with respect to grants made and arrangements entered into after June 30, 1968, (1) special emphasis shall be accorded to projects which will help in studying the need for, and the feasibility, costs, and effectiveness of, comprehensive health care programs in which maximum use is made of health personnel with varying levels of training, and in studying methods of training for such programs, and (2) grants under this section may also include funds for the training of health personnel for work in such projects.

"ADMINISTRATION

"SEC. 513. (a) The Secretary of Health, Education, and Welfare shall make such studies and investigations as will promote the efficient administration of this title.

"(b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

"(c) Any agency, institution, or organization shall, if and to the extent prescribed by the Secretary, as a condition to receipt of grants under this title, cooperate with the State agency administering or supervising the administration of the State plan approved under title XIX in the provision of care and services, available under a plan or project under this title, for children eligible therefor under such plan approved under title XIX.

42 USC 1396-  
1396d.  
Ante, pp. 903-  
908.

"DEFINITION

"SEC. 514. For purposes of this title, a crippled child is an individual under the age of 21 who has an organic disease, defect, or condition which may hinder the achievement of normal growth and development.

"OBSERVANCE OF RELIGIOUS BELIEFS

"SEC. 515. Nothing in this title shall be construed to require any State which has any plan or program approved under, or receiving financial support under, this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan or program for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds."

## CONFORMING AMENDMENTS

SEC. 302. (a) Section 1905(a)(4) of the Social Security Act is amended by inserting "(A)" after "(4)", and by inserting before the semicolon at the end thereof the following: "(B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary".

79 Stat. 351.  
42 USC 1396d.

(b) Section 1902(a)(11) of such Act is amended by inserting "(A)" after "(11)", and by inserting before the semicolon at the end thereof the following: ", and (B) effective July 1, 1969, provide, to the extent prescribed by the Secretary, for entering into agreements, with any agency, institution, or organization receiving payments for part or all of the cost of plans or projects under title V, (i) providing for utilizing such agency, institution, or organization in furnishing care and services which are available under such plan or project under title V and which are included in the State plan approved under this section and (ii) making such provision as may be appropriate for reimbursing such agency, institution, or organization for the cost of any such care and services furnished any individual for which payment would otherwise be made to the State with respect to him under section 1903".

42 USC 1396a.

Ante, p. 921.

42 USC 1396b.

## 1968 AUTHORIZATION FOR MATERNITY AND INFANT CARE PROJECTS

SEC. 303. Section 531(a) of the Social Security Act is amended by striking out "and \$30,000,000 for each of the next three fiscal years" and inserting in lieu thereof "\$30,000,000 for each of the next 2 fiscal years, and \$35,000,000 for the fiscal year ending June 30, 1968".

77 Stat. 274.  
42 USC 729.

## USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

SEC. 304. (a) Section 505(a)(3) of the Social Security Act (as added by section 301 of this Act) is amended by—

(1) striking out "provides" and inserting in lieu thereof "provides (A)";

(2) adding at the end before the semicolon the following: "and (B) provides for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency".

(b) The amendment made by this section shall become effective July 1, 1969, or, if earlier (with respect to a State) on the date as of which the modification of the State plan to comply with such amendment is approved.

## EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

SEC. 305. Section 231(d) of the Social Security Amendments of 1965 (Public Law 89-97) is amended by striking out the word "two" and inserting in lieu thereof "three".

79 Stat. 360.  
42 USC 242b  
note.

## SHORT TITLE

Citation of  
title.

SEC. 306. This title may be cited as the "Child Health Act of 1967".

## TITLE IV—GENERAL PROVISIONS

## SOCIAL WORK MANPOWER AND TRAINING

49 Stat. 635;  
79 Stat. 339.  
42 USC 901-907.

SEC. 401. Title VII of the Social Security Act is amended by adding at the end thereof the following new section:

"GRANTS FOR EXPANSION AND DEVELOPMENT OF UNDERGRADUATE  
AND GRADUATE PROGRAMS

"SEC. 707. (a) There is authorized to be appropriated \$5,000,000 for the fiscal year ending June 30, 1969, and \$5,000,000 for each of the three succeeding fiscal years, for grants by the Secretary to public or nonprofit private colleges and universities and to accredited graduate schools of social work or an association of such schools to meet part of the costs of development, expansion, or improvement of (respectively) undergraduate programs in social work and programs for the graduate training of professional social work personnel, including the costs of compensation of additional faculty and administrative personnel and minor improvements of existing facilities. Not less than one-half of the sums appropriated for any fiscal year under the authority of this subsection shall be used by the Secretary for grants with respect to undergraduate programs.

"(b) In considering applications for grants under this section, the Secretary shall take into account the relative need in the States for personnel trained in social work and the effect of the grants thereon.

"(c) Payment of grants under this section may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and on such terms and conditions and in such installments, as the Secretary may determine.

"(d) For purposes of this section—

"Graduate  
school of  
social work."

"(1) the term 'graduate school of social work' means a department, school, division, or other administrative unit, in a public or nonprofit private college or university, which provides, primarily or exclusively, a program of education in social work and allied subjects leading to a graduate degree in social work;

"Accredited."

"(2) the term 'accredited' as applied to a graduate school of social work refers to a school which is accredited by a body or bodies approved for the purpose by the Commissioner of Education or with respect to which there is evidence satisfactory to the Secretary that it will be so accredited within a reasonable time; and

"Nonprofit."

"(3) the term 'nonprofit' as applied to any college or university refers to a college or university which is a corporation or association, or is owned and operated by one or more corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual."

INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY  
IN THE PROVISION OF HEALTH SERVICES

SEC. 402. (a) The Secretary of Health, Education, and Welfare is authorized to develop and engage in experiments under which physicians who would otherwise be entitled to receive payment on the basis of reasonable charge, and organizations and institutions which would otherwise be entitled to reimbursement or payment on the basis of reasonable cost, for services provided—

81 STAT. 930

81 STAT. 931

(1) under title XVIII of the Social Security Act,

42 USC 1395.

(2) under a State plan approved under title XIX of such Act, or

42 USC 1396.

(3) under a plan developed under title V of such Act, and which are selected by the Secretary in accordance with regulations established by the Secretary, would be reimbursed or paid in any manner mutually agreed upon by the Secretary and the physician, organization, or institution. The method of payment (in the case of physicians) or reimbursement (in the case of an organization or institution) which may be applied in such experiments shall be such as the Secretary may select and may be based on charges or costs adjusted by incentive factors and may include specific incentive payments or reductions of payments for the performance of specific actions but in any case shall be such as he determines may, through experiment, be demonstrated to have the effect of increasing the efficiency and economy of health services through the creation of additional incentives to these ends without adversely affecting the quality of such services.

Ante, pp. 903-

908.

Ante, p. 921.

(b) In the case of any experiment under subsection (a), the Secretary may waive compliance with the requirements of titles XVIII, XIX, and V of the Social Security Act insofar as such requirements relate to reimbursement or payment on the basis of reasonable cost, or (in the case of physicians) on the basis of reasonable charge; and costs incurred in such experiment in excess of the costs which would otherwise be reimbursed or paid under such titles may be reimbursed or paid to the extent that such waiver applies to them (with such excess being borne by the Secretary). No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process.

(c) Section 1875(b) of the Social Security Act is amended by inserting after "under parts A and B" the following: "(including the experimentation authorized by section 402 of the Social Security Amendments of 1967)".

79 Stat. 332.

42 USC 139511.

CHANGES TO REFLECT CODIFICATION OF TITLE 5, UNITED STATES CODE

SEC. 403. (a) (1) Section 210(a)(6)(C)(iv) of the Social Security Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C., sec. 1052".

42 USC 410.

(2) Section 210(a)(6)(C)(vi) of such Act is amended by striking out "the Civil Service Retirement Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code".

- 42 USC 410. (3) Section 210(a)(7)(D)(ii) of such Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C. 1052".
- 42 USC 415. (b) Section 215(h)(1) of such Act is amended—  
 (1) by striking out "of the Civil Service Retirement Act," and inserting in lieu thereof "of subchapter III of chapter 83 of title 5, United States Code,"; and  
 (2) by striking out "under the Civil Service Retirement Act" and inserting in lieu thereof "under subchapter III of chapter 83 of title 5, United States Code,".
- 81 STAT. 931  
 81 STAT. 932 (c)(1) Section 217(f)(1) of such Act is amended—  
 (A) by striking out "the Civil Service Retirement Act of May 29, 1930, as amended," and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,"; and  
 (B) by striking out "such Act of May 29, 1930, as amended," and inserting in lieu thereof "such subchapter III".  
 (2) Section 217(f)(2) of such Act is amended by striking out "the Civil Service Retirement Act of May 29, 1930, as amended," and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,".
- 42 USC 417. (d)(1) Section 706(b) of such Act is amended by striking out "the civil service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".  
 (2) Section 706(c)(2) of such Act is amended by striking out "section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "section 5703 of title 5, United States Code,".
- 42 USC 907. (e)(1) Section 1114(b) of such Act is amended by striking out "the civil-service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".  
 (2) Section 1114(f) of such Act is amended by striking out "the civil-service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".  
 (3) Section 1114(g) of such Act is amended by striking out "section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "section 5703 of title 5, United States Code,".
- 42 USC 1314. (f)(1) Section 1501(a)(6) of such Act is amended by striking out "the Civil Service Retirement Act of 1930" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,".  
 (2) Section 1501(a)(9) of such Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C., sec. 1052".
- 42 USC 1395s. (g)(1) Section 1840(e)(1) of such Act is amended by striking out "the Civil Service Retirement Act, or other Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code, or any other law".  
 (2) Section 1840(e)(2) of such Act is amended by striking out "such other Act" and inserting in lieu thereof "such other law".
- 79 Stat. 333.  
 42 USC 426a. (h) Section 103(b)(3) of the Social Security Amendments of 1965 is amended—

(1) by striking out "the Federal Employees Health Benefits Act of 1959" in subparagraph (A) and inserting in lieu thereof "chapter 89 of title 5, United States Code"; and

(2) by striking out "such Act" in subparagraph (C) and inserting in lieu thereof "such chapter".

(i) (1) Section 3121(b)(6)(C)(iv) of the Internal Revenue Code of 1954 is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C. sec. 1052". 68 Stat. 1092.  
81 STAT. 932  
81 STAT. 933

(2) Section 3121(b)(6)(C)(vi) of such Code is amended by striking out "the Civil Service Retirement Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,". 70 Stat. 840.

(3) Section 3121(b)(7)(C)(ii) of such Code is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C. 1052". 79 Stat. 389.

MEANING OF SECRETARY

SEC. 404. As used in the amendments made by this Act (unless the context otherwise requires), the term "Secretary" means the Secretary of Health, Education, and Welfare. "Secretary."

STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

SEC. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have. 42 USC 1305.  
42 USC 1395j-  
1395w.  
Report to Pres-  
ident and Con-  
gress.

TITLE V—MISCELLANEOUS PROVISIONS

EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

SEC. 501. (a) Section 1402(h)(2) of the Internal Revenue Code of 1954 (relating to time for filing applications by members of certain religious faiths) is amended to read as follows: 79 Stat. 391.

"(2) TIME FOR FILING APPLICATION.—For purposes of this subsection, an application must be filed—

"(A) In the case of an individual who has self-employment income (determined without regard to this subsection and subsection (c)(6)) for any taxable year ending before December 31, 1967, on or before December 31, 1968, and 79 Stat. 390.

"(B) In any other case, on or before the time prescribed for filing the return (including any extension thereof) for the first taxable year ending on or after December 31, 1967, for which he has self-employment income (as so determined), except that an application filed after such date but on or before the last day of the third calendar month following the calendar month in which the taxpayer is first notified in

writing by the Secretary or his delegate that a timely application for an exemption from the tax imposed by this chapter has not been filed by him shall be deemed to be filed timely."

(b) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1950. For such purpose, chapter 2 of the Internal Revenue Code of 1954 shall be treated as applying to all taxable years beginning after such date.

(c) If refund or credit of any overpayment resulting from the enactment of this section is prevented on the date of the enactment of this Act or at any time on or before December 31, 1968, by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed on or before December 31, 1968. No interest shall be allowed or paid on any overpayment resulting from the enactment of this section.

68A Stat. 353;  
70 Stat. 845.  
26 USC 1401-  
1403.

81 STAT. 933  
81 STAT. 934

REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL  
INSURANCE TAX

SEC. 502. (a) Section 6413(c) of the Internal Revenue Code of 1954 (relating to special refunds of overpayments of certain employment taxes) is amended by adding at the end thereof the following new paragraph:

68A Stat. 797.

"(3) APPLICABILITY WITH RESPECT TO COMPENSATION OF EMPLOYEES SUBJECT TO THE RAILROAD RETIREMENT TAX ACT.—In the case of any individual who, during any calendar year after 1967, receives wages from one or more employers and also receives compensation which is subject to the tax imposed by section 3201 or 3211, such compensation shall, solely for purposes of applying paragraph (1) with respect to the tax imposed by section 3101(b), be treated as wages received from an employer with respect to which the tax imposed by section 3101(b) was deducted."

73 Stat. 28, 29.  
79 Stat. 395.

(b) (1) The second sentence of section 1402(b) of such Code (relating to definition of self-employment income) is amended (A) by inserting "(A)" immediately after "wages", and (B) by inserting immediately before the period the following: "and (B) includes, but solely with respect to the tax imposed by section 1401(b), compensation which is subject to the tax imposed by section 3201 or 3211".

68A Stat. 555.

(2) The amendments made by paragraph (1) shall be effective only with respect to taxable years ending on or after December 31, 1968.

68A Stat. 747.

(c) (1) Section 6051(a) of the Internal Revenue Code of 1954 (relating to requirement of receipts for employees) is amended—

(A) by striking out "section 3101 or 3402" in the matter preceding paragraph (1) and inserting in lieu thereof "section 3101, 3201, or 3402";

(B) by striking out "and" at the end of paragraph (5), and by striking out the period at the end of paragraph (6) and inserting in lieu thereof "and"; and

(C) by inserting after paragraph (6) the following new paragraphs:

"(7) the total amount of compensation with respect to which the tax imposed by section 3201 was deducted, and

"(8) the total amount deducted as tax under section 3201."

79 Stat. 337.

(2) Section 6051(c) of such Code (relating to additional requirements) is amended by striking out "section 3101" in the second sentence and inserting in lieu thereof "sections 3101 and 3201".

(3) The amendments made by paragraphs (1) and (2) shall apply in respect of remuneration paid after December 31, 1967.

EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS  
RETURNED FROM FOREIGN COUNTRIES

Sec. 503. Section 1113(d) of the Social Security Act is amended by Ante, p. 94, striking out "1968" and inserting in lieu thereof "1969".

EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC.,  
PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

Sec. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out "or" at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

68A Stat. 417;  
79 Stat. 383.

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

81 STAT. 934  
81 STAT. 935

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(b) Section 3306(b) of such Code (definition of wages) is amended by striking out "or" at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

68A Stat. 447;  
78 Stat. 1077.

"(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out "or" at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof "; or", and by inserting after subsection (l) the following new subsection:

64 Stat. 492;  
79 Stat. 382.  
42 USC 409.

"(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(1) upon or after the termination of an employee's employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

“(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated.”

(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act.  
**Approved January 2, 1968.**

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LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 544 (Comm. on Ways and Means) and No. 1030 (Comm. of Conference).

SENATE REPORT No. 744 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 113 (1967):

Aug. 16, 17: Considered and passed House.

Nov. 15-17, 20-22: Considered and passed Senate, amended.

Dec. 13: House agreed to conference report.

Dec. 13-15: Senate agreed to conference report.

January 2, 1968

THE WHITE HOUSE

SOCIAL SECURITY SIGNING  
STATEMENT BY THE PRESIDENT

This coming year will mark one-third of a century since Social Security became the law of the land.

Because of Social Security, tens of millions of Americans have been able to stand straighter and taller -- unafraid of their future.

Social Security has become so important to our lives, it is hard to remember that when it was first proposed it was bitterly attacked-- much as Medicare was attacked and condemned before it came into being two and one-half years ago.

Today, for the second time in thirty months, I am signing into law a measure that will further strengthen and broaden the Social Security System. Measured in dollars of insurance benefits, the bill enacted into law today is the greatest stride forward since Social Security was launched in 1935.

In March, 24 million Americans will receive increased benefits of at least 13%. In the years to come, as the 78 million American earners now covered by Social Security become eligible, they will gain even greater benefits.

-- For a retired couple, maximum benefits will rise from \$207 to \$234 and ultimately to \$323 per month.

-- Minimum benefits for an individual will be increased from \$44 to \$55 a month.

-- Outside earnings can total \$140 a month with no reduction in benefits.

-- 65,000 disabled widows and 175,000 children will receive benefits for the first time.

-- Medicare benefits are expanded to include additional days of hospitalization.

Combined, the Social Security amendments of 1965 and 1967 bring an average dollar increase of 23%. Medicare protection amounts on the average to an additional 12%. This makes total increases of 35% in the past thirty months.

When the benefit checks go out next March, one million more people will be lifted above the poverty line. This means that 9 million people will have risen above the poverty line since the beginning of 1964.

Social Security benefits are not limited to the poor. They go to widows, orphans, and the disabled who without them would be reduced to poverty. They relieve an awful burden from the young who would otherwise have to divert income from the education of their children to take care of their parents.

Franklin Roosevelt's vision of social insurance has stood the test of the changing times. I wish I could say the same for our nation's welfare system.

The welfare system today pleases no one. It is criticized by liberals and conservatives, by the poor and the wealthy, by social workers and politicians, by whites and by Negroes in every area of the nation.

My recommendations to the Congress this year sought to make basic changes in the system.

Some of these recommendations were adopted. They include a work incentive program, incentives for earning, day care for children, child and maternal health services and family planning services. I believe these changes will have a good effect.

Other of my recommendations were not adopted by the Congress. In their place, the Congress substituted certain severe restrictions.

I am directing Secretary Gardner to work with State governments so that compassionate safeguards are established to protect deserving mothers and needy children.

The welfare system in America is outmoded and in need of a major change.

I am announcing today the appointment of a Commission on Income Maintenance Programs to look into all aspects of existing welfare and related programs and to make just and equitable recommendations for constructive improvements, wherever needed and indicated. We must examine any and every plan, however unconventional, which could promise a constructive advance in meeting the income needs of all the American people.

That Commission of distinguished Americans will be chaired by Ben W. Heineman, Chairman of the Board, Chicago and Northwestern Railroads.

Its membership will include Messrs. Thomas J. Watson, Jr., Chairman of the Board, IBM Corporation, Donald C. Burnham, President, Westinghouse Electric Corp., James W. Aston, President, Republic National Bank, Dallas, Texas, Asa T. Spaulding, recently retired President North Carolina Mutual Life Company, Durham, North Carolina, Henry S. Rowen, President, Rand Corporation, Santa Monica, Calif., George E. Reedy, Jr., President, Struthers Research and Development Corporation, Washington, D.C., Anna Rosenberg Hoffman, Public and Industrial Relations Consultant, New York City, Julian Samora, Professor of Sociology, University of Notre Dame, Robert M. Solow, Professor of Economics, MIT, Edmund G. "Pat" Brown, partner, law firm Bell, Hunt, Hart and Brown and David Sullivan, General President, Building Service Employees International Union, New York.

Over the last third of a century in America we have proved that people who earn their living can make their lives better and more secure if they divert part of their incomes to protect themselves from the twists of fortune that face all men. Our challenge for the coming years is to see if we can extend that same human insurance and human dignity to persons who are not able to buy their own protection. Our challenge is to save children.

# Financing Basis of Old-Age, Survivors, and Disability Insurance and Health Insurance Under the 1967 Amendments

by **ROBERT J. MYERS** and **FRANCISCO BAYO\***

THE AMENDMENTS TO THE Social Security Act passed in 1967 (Public Law 90-248) made several changes in the old-age, survivors, disability, hospital, and supplementary medical insurance system.<sup>1</sup> Some of these changes affected significantly the actuarial status of the system. The principles used to determine the financing stability of the program were not altered, however. This article discusses the financial effect of these changes, as well as the actuarial status of the system after the amendments. The first part of the article deals with the cash benefits program, old-age, survivors, and disability insurance (OASDI); the second part pertains to hospital insurance (HI) and the third to supplementary medical insurance (SMI).

## **OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE**

The cost aspects of any proposed changes in the OASDI program have always received careful study by Congress. In the 1950 amendments, Congress expressed its conviction that the program should be completely self-supporting from the contributions of covered individuals and employers, and it repealed the provision permitting appropriations to the system from the general revenue of the Treasury. In all major legislation since 1950, including the 1967 amendments, Congress has indicated the intent that the tax schedule make the program as self-supporting as possible and actuarially sound.

Actuarial soundness does not have precisely the same meaning for OASDI as for private insurance companies and, to some extent, for private

pension plans. With respect to individual insurance, the private insurance company to be actuarially sound must, in general, have sufficient funds on hand to pay off all accrued liabilities if operations are terminated. This is not a necessary basis for a national compulsory social insurance program, nor is it always necessary for a well-administered private pension plan.

The national program can be expected to continue indefinitely, and the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Though future experience may vary from the actuarial cost estimates, the intent that the program be self-supporting and actuarially sound can be expressed in law by a contribution schedule that, according to the intermediate-cost estimate, brings the program into approximate balance.

Following the recommendations of the 1963-64 Advisory Council on Social Security Financing, the long-range basis of the financing was changed from perpetuity to a 75-year period. Beginning with the year 1964, all estimates have been prepared on this 75-year basis.

## **ACTUARIAL BALANCE, 1950-67**

The actuarial balance of the OASDI system is measured in relation to effective taxable payroll (referred to hereafter as "payroll"). "Payroll" means the total earnings of all covered workers, reduced to take into account both the maximum taxable earnings base and the fact that the contribution rate for the self-employed is lower than the combined employer-employee rate. In this way, the actuarial balance of the system is expressed as an equivalent combined employer-employee tax rate on earnings not in excess of the maximum taxable base and represents the

\* Mr. Myers is the Chief Actuary of the Social Security Administration, and Mr. Bayo is the Deputy Chief Actuary.

<sup>1</sup> For a summary and legislative history of the 1967 amendments, see pages 3-19 of this issue.

differences between the benefit costs and the level contribution rate.

At the time the 1952 amendments were passed, it was believed that the 1950-52 rise in earnings levels would offset the higher cost resulting from the benefit liberalizations and that the actuarial balance would be the same as that estimated for the 1950 act (table 1). Cost estimates made in 1954 indicated, however, that the level-cost (the average long-range cost, based on discounting at interest, in relation to payroll) was somewhat more than 0.5 percent of payroll higher than the level-equivalent of the scheduled taxes, including allowance for interest on the existing trust fund. The actuarial insufficiency in the 1952 act was substantially reduced by the 1954 legislation, which provided for an increase in the contribution schedule that also met all the additional cost of the benefit changes.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level since 1951 and 1952, the 2-year base period that had been used for the earnings assumption in the 1954 estimates. The lack of actuarial balance under the 1954 act was thus reduced to the point where, for all practical purposes, it was nonexistent. Since the benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided, the program's actuarial balance was not affected.

In cost estimates made in early 1958, the program was found to be 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, probably in part because of the liberalizations of the retirement test. The 1958 amendments recognized this situation and provided additional financing, both to reduce the lack of actuarial balance and to finance certain benefit liberalizations.

As a basis for the revised cost estimates made in 1958 for the disability insurance program, certain modified assumptions that recognized the emerging experience were made. As a result, the moderate actuarial surplus originally estimated was increased somewhat; most of the increase was used in the 1958 amendments to finance certain benefit liberalizations.

TABLE 1.—Old-age, survivors, and disability insurance: Actuarial balance under various acts and for various estimates, intermediate-cost basis

[Percent]				
Legislation	Date of estimate	Level-equivalent <sup>1</sup>		
		Benefit costs <sup>2</sup>	Contributions	Actuarial balance <sup>3</sup>
<b>OASDI <sup>4</sup></b>				
1950 act.....	1950	6.20	6.10	-0.10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 act.....	1967	9.72	9.73	+ .01
<b>OASI <sup>4</sup></b>				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 act.....	1967	8.77	8.78	+ .01
<b>DI <sup>4</sup></b>				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1967 act.....	1967	.95	.95	.00

<sup>1</sup> Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

<sup>2</sup> Including adjustments (a) for the interest earnings on the existing trust fund, (b) for administrative expense costs, and (c) for the net cost of the financial interchange with the railroad retirement system.

<sup>3</sup> A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

<sup>4</sup> The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

The cost estimates for OASDI were reexamined at the beginning of 1960 and modified in certain respects. The earnings assumption was changed to reflect the 1959 level, and revised assumptions were made for the disability insurance portion of the program on the basis of newly available data. It was found that the number of persons

meeting the insured-status conditions for disability benefits had been significantly overestimated and that the disability incidence rates with respect to eligible women were considerably lower than had been originally estimated.

The changes made by the 1961 amendments involved higher costs, and this rise was fully met by changes in the scheduled contribution rates. As a result the actuarial balance of the program remained unchanged.

Subsequently the cost estimates were further reexamined in the light of the developing experience. The average amount of taxable earnings was moved to the 1963 level, the interest rate was increased to reflect recent experience and the retirement rates were modified upward to conform to the experience. The disability insurance portion of the program was found to be in an unsatisfactory financial position because benefits were not being terminated by death or recovery as rapidly as had been originally estimated. At the same time the financing of the old-age and survivors insurance portion was found to be somewhat improved.

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the total program remained virtually unchanged, while a reallocation of contributions to the DI trust fund made both portions of the program actuarially sound.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, on the basis of new data since the last evaluation that was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of  $3\frac{3}{4}$  percent for the intermediate-cost estimate, instead of  $3\frac{1}{2}$  percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in the cost of the program because of the "antiduplication of benefits" provision between women's primary benefits and wife's or widow's benefits); (4) an assumption

of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the assumed disability prevalence rates. The change was necessary to reflect the substantially larger number of disability beneficiaries coming on the rolls with respect to disabilities occurring in 1964 and after. This experience was not available in 1965 when the cost estimates for the legislation of that year were considered.<sup>2</sup>

Both the Committee on Ways and Means of the House of Representatives and the Senate Committee on Finance, in reporting on the 1967 legislation<sup>3</sup> stated their belief that it is a matter for concern if the OASDI system shows any significant actuarial insufficiency—more than 0.10 percent of payroll. (Before the change to a 75-year basis, this limit of variation was taken at 0.30 percent.) Whenever the actuarial insufficiency has exceeded the accepted limits, any subsequent liberalizations in benefit provisions have been fully financed by appropriate changes in the tax schedule or through other methods, and at the same time the actuarial status of the program has been improved. The changes provided in the 1967 amendments are in conformity with these principles.

#### **BASIC ASSUMPTIONS FOR COST ESTIMATES**

Because of such factors as the aging of the population and the slow but steady growth of the benefit rolls, benefit disbursements may be expected to increase continuously for at least the next 50–70 years. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the OASDI program are also affected by many elements that are

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<sup>2</sup> For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see Actuarial Study No. 63, Office of the Actuary, Social Security Administration, January 1967.

<sup>3</sup> House Report No. 544 and Senate Report No. 744, 90th Congress, 1st session.

difficult to determine. The assumptions used in the actuarial cost estimates may therefore differ widely and yet be reasonable.

The long-range estimates are presented in a range to indicate plausible variations in future costs. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the 1966 level. The intermediate-cost estimates, developed by averaging the low- and high-cost estimates, indicate the basis for the financing provisions.

Costs are shown, in general, as percentages of payroll—the best measure of the program's financial cost. Dollar figures alone are misleading. A higher earnings level, for example, will increase not only the program's outgo but also—and to a greater extent—its income, with the result that cost in relation to payroll will decrease.

For the short range cost, only a single estimate is considered necessary. A gradual rise in the earnings level, paralleling that of the past few years, is assumed. As a result, contribution income is somewhat higher than if level earnings were assumed, but benefit outgo is only slightly affected.

An important measure of long-range cost is the equivalent level contribution rate required to support the program for the next 75 years, based on discounting at interest. Adoption of such a level rate would result in relatively large accumulations in the old-age and survivors insurance trust fund and, eventually, sizable income from interest. Even though such a method of financing is not followed, the concept may be used as a convenient measure of long-range costs, especially in comparing various possible alternative plans, since it takes into account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions, although covered payrolls are assumed to rise steadily during the next 75 years with the growth in the population of working age. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs in relation to payroll remain the same as those now estimated for the present system, then the increased dollar outgo that results will offset the increased dollar income. This is an important reason for considering costs in relation

to payroll rather than in dollar amounts. Although a rise in earnings levels has characterized the past, the long-range estimates have not taken the possibility of such a rise into account. If such an assumption were used, along with the unlikely assumption that the benefits would not be changed, the cost in relation to payroll would, of course, be lower.

The possibility that a rise in earnings levels will produce lower costs in relation to payroll is an important "safety factor" in the system's financial operations. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. If covered earnings do increase in the future as in the past, the resulting reduction in program costs (expressed as a percentage of taxable payroll) will more than offset the higher cost under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (although to a lesser degree than the increase in the earnings level).

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, 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 earned by the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, the financing basis of the system must be given thorough consideration because the proportion of the benefit costs met by the interest receipts would be less than anticipated under the assumption that the earnings level would not rise.

The costs of OASDI are affected by amendments made to the Railroad Retirement Act in 1951. Under these amendments, railroad retirement compensation and the earnings covered under OASDI are combined in determining benefits for workers with fewer than 10 years of railroad service and for all survivor claimants. Under the financial interchange provisions adopted at the same time, the old-age and survivors insurance trust fund and the disability in-

insurance fund are to be maintained in the same financial position in which they would have been if railroad employment had always been covered by the Social Security Act. It is estimated that in the long run the net effect will be a relatively small loss to the OASDI system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Program costs are 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 long-range and short-range cost estimates reflect the effect of these reimbursements (included as contributions).

Under the 1967 amendments, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (quarters and meals, for example). These additional credits are, in essence, at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis.

Under the amendments passed in 1966, certain uninsured individuals aged 72 or over are eligible to receive special monthly benefits. The cost of these benefits to the trust funds (including administrative expenses) are reimbursed from general revenues. The short-range cost estimates presented in this article reflect these transactions. Similarly, they reflect the transactions with respect to the noncontributory additional \$100 monthly credits for post-1967 military service. The long-range cost estimates do not, however, reflect either of these two types of transactions. Because of the full-cost nature of the reimbursement from general revenues, neither of them has any long-range effect on the trust funds.

### INTERMEDIATE-COST ESTIMATES

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging the dollar estimates and then developing the corresponding estimates in relation to

payroll. The intermediate-cost estimate is not presented as the most probable estimate but rather as a convenient, single set of figures to use for comparative purposes.

Because Congress believes that the OASDI program should be on a completely self-supporting basis, a single estimate is necessary in the development of a tax schedule. No schedule can be expected to obtain exact balance between contributions and benefits. Development of a specific schedule does, however, make the intention clear, even though in actual practice future changes in the tax schedule may be required. Similarly, exact self-support cannot be obtained from a specified set of integral or rounded fractional tax rates increasing in orderly intervals, but this principle of self-support is aimed at as closely as possible.

The combined employer-employee rate for OASDI is lower under the 1967 Act than under the 1965 Act during the early years (1968-70) and higher thereafter (table 2), with a resulting average increase of 0.23 percent of taxable payroll. The increased schedule of contributions will be applied to a maximum earnings base of \$7,800 instead of the \$6,600 under the previous law. The allocation to the disability insurance portion of the program is also changed by the 1967 amendments, from 0.70 percent of taxable payroll to 0.95 percent, thus improving the financial situation of the disability insurance trust fund.

The interest rate used in the latest valuation of the 1965 act was 3.75 percent. The same rate was retained for the cost estimates of the 1967 amendments.

Table 3 traces the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the 1967 amendments, by type of major changes involved.

TABLE 2.—Old-age, survivors, and disability insurance: Contribution rate schedule under the acts of 1965 and 1967

Calendar year	[Percent]			
	Combined employer-employee rate		Self-employed rate	
	1965 act	1967 act	1965 act	1967 act
1967.....	7.8	7.8	5.9	5.9
1968.....	7.8	7.6	5.9	5.8
1969-70.....	8.8	8.4	6.6	6.3
1971-72.....	8.8	9.2	6.6	6.9
1973 and after.....	9.7	10.0	7.0	7.0

TABLE 3.—Old-age, survivors, and disability insurance system: Changes in actuarial balance expressed in terms of estimated level-cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, 1965 act and 1967 act, based on 3.75 percent interest

Item	[Percent]		
	OASI	DI	Total system
Actuarial balance, 1965 act.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .25	+ .02	+ .27
Earnings test liberalization.....	-.06	( <sup>1</sup> )	-.06
Disabled widow's benefits at age 50.....	-.03	( <sup>2</sup> )	-.03
Special disability insured status under age 31.....	( <sup>2</sup> )	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	( <sup>1</sup> )	-.07
Benefit formula change.....	-.95	-.10	-1.05
Revised contribution schedule.....	-.02	+.25	+.23
Total effect of changes.....	-.88	+.15	-.73
Actuarial balance under 1967 act.....	+.01	.00	+.01

<sup>1</sup> Less than 0.005 percent.  
<sup>2</sup> Not applicable to this program.

As indicated previously and as shown by table 1, according to the latest cost estimates for the 1965 act, there was a very favorable actuarial balance in the combined OASDI system of 0.74 percent of taxable payroll, although the DI portion had a significant deficit of 0.15 percent. A large part of the liberalizations contained in the 1967 amendments will be financed by this favorable actuarial balance. The remainder will be financed by the increase in the contribution schedule and by the increase in the maximum taxable earnings base.

It is significant that in the 1950 law and in all amendments since that time, 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 rate. Since this graded tax schedule will produce a considerable excess of income over outgo for many years, a sizable trust fund will develop; the fund will, however, be smaller than it would have been under a level tax rate. This fund, like the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems, will be invested in Government securities. The resulting interest income will help to meet part of the higher benefit costs of the future.

According to the latest intermediate-cost estimate, the level-premium cost of the old-age and survivors insurance benefits (excluding administrative expenses and the effect of interest earnings on the existing trust fund) under the 1965

TABLE 4.—Old-age, survivors, and disability insurance system: Estimated level-cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under 1967 act, as percentage of taxable payroll,<sup>1</sup> by type of benefit, intermediate-cost estimate at 3.75 percent interest

Item	[Percent]	
	OASI	DI
Primary benefits.....	6.03	0.75
Wife's and husband's benefits.....	.50	.05
Widow's and widower's benefits.....	1.27	( <sup>2</sup> )
Parent's benefits.....	.01	( <sup>2</sup> )
Child's benefits.....	.73	.14
Mother's benefits.....	.13	( <sup>2</sup> )
Lump-sum death payments.....	.09	( <sup>2</sup> )
Total.....	8.76	.94
Administrative expenses.....	.12	.03
Railroad retirement financial interchange.....	.04	.00
Interest on existing trust fund <sup>3</sup> .....	-.15	-.02
Net total level-cost.....	8.77	.95

<sup>1</sup> Including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate.

<sup>2</sup> This type of benefit is not payable under this program.

<sup>3</sup> This item includes reimbursement for additional cost of noncontributory credit for military service and is taken as an offset to the benefit and administrative expense costs.

act was about 7.9 percent of payroll, and under the 1967 act it is about 8.8 percent. The corresponding figures for the disability insurance benefits are 0.83 percent and 0.94 percent.

Table 4 presents the estimated benefit costs for the OASDI system as it is under the 1967 amendments, separately for each of the various types of benefits.

#### Income and Outgo in Near Future

As a result of the 1967 act, the OASDI benefit disbursements will increase by about \$2.9 billion in the calendar year 1968. Most of this additional amount results from the 13-percent increase in benefits. In the calendar year 1969, when all the changes will be in full operation, the benefits will be an estimated \$3.7 billion higher than they otherwise would have been. For 1968, the increase in the earnings base will more than offset the decrease in the tax rate, and the contributions collected will be higher by about \$600 million than they would have been.

Under the amended act the old-age and survivors insurance trust fund is expected to increase by about \$1.1 billion in calendar year 1968 and then to increase substantially each year in the future (table 5), reaching \$46 billion in 1972.

The disability insurance trust fund (table 6) is expected to increase substantially in every year in the future, reaching \$6.5 billion in calendar year 1972.

TABLE 5.—Old-age and survivors insurance: Progress of trust fund, short-range cost estimate

(In millions)

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year <sup>3</sup>
Actual data						
1951	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952	3,819	2,194	88	-----	365	17,442
1953	3,945	3,006	88	-----	414	18,707
1954	5,163	3,670	92	-\$21	447	20,576
1955	5,713	4,968	119	-7	454	21,663
1956	6,172	5,715	132	-5	526	22,519
1957	6,825	7,347	162	-2	556	22,393
1958	7,566	8,327	194	124	552	21,864
1959	8,052	9,842	184	282	532	20,141
1960	10,866	10,677	203	318	516	20,324
1961	11,285	11,862	239	332	548	19,725
1962	12,059	13,356	256	361	526	18,337
1963	14,541	14,217	281	423	521	18,480
1964	15,689	14,914	296	403	569	19,125
1965	16,017	16,737	328	436	593	18,235
1966	20,658	18,267	256	444	644	20,570
Estimated data, 1967 act						
1967	\$23,210	\$19,486	\$333	\$508	\$797	\$24,190
1968	23,794	22,664	488	459	904	25,277
1969	27,454	24,166	435	530	986	28,586
1970	28,811	25,126	448	619	1,136	32,340
1971	32,478	26,145	463	601	1,386	38,995
1972	33,905	27,161	478	582	1,735	46,414

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

<sup>4</sup> These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

## LONG-RANGE PROJECTIONS

Table 7 gives the estimated operations of the old-age and survivors insurance trust fund under the amended program for the long-range future. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future), since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends. But it is nevertheless desirable and necessary to consider these long-range possibilities under a social insurance program that is intended to operate into perpetuity.

According to the intermediate-cost estimate, in

TABLE 6.—Disability insurance: Progress of trust fund, short-range cost estimate

(In millions)

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Actual data						
1957	\$702	\$57	\$3	-----	\$7	\$649
1958	966	249	12	-----	25	1,379
1959	891	457	50	-\$22	40	1,825
1960	1,010	568	36	-5	53	2,289
1961	1,038	887	64	5	66	2,437
1962	1,046	1,105	66	11	68	2,368
1963	1,099	1,210	68	20	66	2,235
1964	1,154	1,309	79	19	64	2,047
1965	1,188	1,573	90	24	59	1,606
1966	2,022	1,784	137	25	58	1,739
Estimated data, 1967 act						
1967	\$2,313	\$1,956	\$197	\$31	\$72	\$2,080
1968	3,236	2,390	129	44	95	2,798
1969	3,517	2,608	121	22	131	3,695
1970	3,629	2,740	123	22	171	4,610
1971	3,759	2,867	127	25	212	5,562
1972	3,880	2,985	133	29	253	6,548

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service.

every year after 1967 for the next 20 years, contribution income under the system 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 under the long-range cost estimate (with a level-earnings assumption), reaching \$75 billion in 1980, and \$160 billion at the end of the century. In the very distant future—in about the year 2020 the trust fund is estimated to reach a maximum of approximately \$310 billion and to then start decreasing.

The disability insurance trust fund grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 8. In 1980, it will reach an estimated \$9 billion, and in 2000 it will be \$22 billion. There is estimated to be a small excess of contribution income over benefit disbursements for every year after 1967 for 35 years.

TABLE 7.—Old-age and survivors insurance: Progress of trust fund, long-range cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1975.....	\$33,879	\$28,040	\$417	\$425	\$1,884	\$52,061
1980.....	36,879	32,177	457	260	3,369	87,867
1985.....	39,363	36,592	494	155	4,842	123,502
1990.....	42,091	40,754	532	70	6,279	158,470
1995.....	45,637	43,917	564	10	7,933	199,565
2000.....	49,695	45,539	587	-40	10,302	259,054
High-cost estimate						
1975.....	\$33,360	\$28,854	\$476	\$475	\$1,199	\$41,636
1980.....	36,138	33,355	523	340	1,836	62,498
1985.....	38,376	38,016	565	245	2,266	75,575
1990.....	40,650	42,540	620	170	2,377	78,435
1995.....	43,568	46,079	646	110	2,263	74,862
2000.....	46,798	48,336	674	60	2,165	72,475
Intermediate-cost estimate						
1975.....	\$33,619	\$28,447	\$446	\$450	\$1,517	\$46,781
1980.....	36,508	32,766	490	300	2,556	74,876
1985.....	38,870	37,304	530	200	3,418	98,701
1990.....	41,370	41,647	576	120	4,082	116,620
1995.....	44,602	44,998	605	60	4,688	133,683
2000.....	48,247	46,938	631	10	5,583	159,499
2010.....	54,664	52,885	704	-45	8,711	246,839
2025.....	62,585	76,292	930	-90	10,933	302,846

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

### LOW- AND HIGH-COST ESTIMATES

Table 7 shows the estimated operation of the old-age and survivors insurance trust fund under the program as changed by the 1967 act for low- and high-cost estimates. Corresponding figures for the disability insurance trust fund are given in table 8.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up rapidly and in the year 2000 is shown as being about \$260 billion; it is then growing at a rate of about \$14 billion a year. The disability insurance trust fund also grows steadily under the low-cost estimate, reaching about \$13 billion in 1980 and \$45 billion in 2000, at which time its annual rate of growth is about \$2 billion. For both trust funds, under these estimates, benefit disbursements do not exceed contribution income in any year after 1967 for the foreseeable future.

Under the high-cost estimate, on the other hand, the old-age and survivors insurance trust fund builds up to a maximum of about \$78 billion in about 25 years, but it decreases thereafter until it is exhausted in the year 2019. Under this estimate, benefit disbursements from the fund are lower than contribution income for about 20 years into the future.

For the disability insurance trust fund, in the early years of operation the contribution income under the high-cost estimate is slightly in excess of benefit outgo until 1980. Accordingly the fund, as shown by this estimate, will grow to about \$6 billion in the early 1980's and will then slowly decrease until it is exhausted in 2003.

These results are consistent and reasonable, since the system on the basis of an intermediate-cost estimate is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the

TABLE 8.—Disability insurance: Progress of trust fund, long-range cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Low-cost estimate						
1975.....	\$3,582	\$2,997	\$126	-\$14	\$311	\$8,264
1980.....	3,899	3,351	118	-21	493	12,654
1985.....	4,161	3,618	117	-23	710	18,001
1990.....	4,448	3,809	115	-25	988	24,900
1995.....	4,822	4,096	116	-25	1,352	33,899
2000.....	5,250	4,624	129	-25	1,797	44,803
High-cost estimate						
1975.....	\$3,528	\$3,317	\$136	-\$6	\$167	\$5,529
1980.....	3,821	3,812	147	-11	187	6,217
1985.....	4,057	4,164	155	-13	184	6,148
1990.....	4,296	4,416	161	-15	171	5,735
1995.....	4,604	4,794	172	-15	146	4,949
2000.....	4,945	5,450	195	-15	81	2,760
Intermediate-cost estimate						
1975.....	\$3,555	\$3,157	\$131	-\$10	\$232	\$6,877
1980.....	3,860	3,582	133	-16	323	9,351
1985.....	4,109	3,891	135	-18	413	11,856
1990.....	4,372	4,113	138	-20	519	14,854
1995.....	4,713	4,445	143	-20	652	18,556
2000.....	5,097	5,037	162	-20	788	22,276
2010.....	5,774	6,562	210	-20	906	25,222
2025.....	6,598	7,326	233	-20	763	21,384

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

system is more than self-supporting, and a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent legislation—set forth in the Committee reports—the tax schedule would be adjusted in future years so that none of the developments of the trust funds shown for low-cost or high-cost estimates ever eventuate.

Thus, if experience followed the low-cost estimate and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps the increases scheduled for future years would not go into effect. If, on the other hand, 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 does indicate 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 9 shows the estimated costs of the old-age and survivors insurance benefits and of the

disability insurance benefits under the amended program, as a percentage of taxable payroll for various future years, through 2040. It also shows the level costs of the two programs for the low-, high-, and intermediate-cost estimates.

## HOSPITAL INSURANCE PROGRAM

The hospital insurance system as it was changed by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established, but also because of the greater number of variable factors involved in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966–67 were not generally predicted by experts in the field.

These cost estimates also contain revised assumptions on the initial level of earnings in 1966 and on future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system. In addition, the new cost estimates for the hospital insurance system are based on the revised estimates of beneficiaries aged 65 and over under the OASDI program. The latter show somewhat fewer aged beneficiaries in relation to the covered population for whom contributions are payable. Accordingly, the cost of the hospital insurance is reduced on account of this factor (although the effect of hospital-cost trend assumptions is only partly offset).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be 3½ percent of the benefit

TABLE 9.—Old-age, survivors, and disability insurance: Cost of benefit payments as percent of taxable payroll <sup>1</sup>

[Percent]			
Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate <sup>2</sup>
OASI			
1975.....	7.48	7.82	7.65
1980.....	7.88	8.34	8.11
1985.....	8.40	8.95	8.67
1990.....	8.75	9.45	9.09
1995.....	8.69	9.55	9.11
2000.....	8.27	9.33	8.78
2010.....	8.05	9.48	8.73
2025.....	9.72	12.50	10.99
2040.....	9.54	13.13	11.09
Level-cost <sup>3</sup> .....	8.26	9.40	8.77
DI			
1975.....	0.80	0.90	0.85
1980.....	.82	.95	.89
1985.....	.83	.98	.90
1990.....	.82	.98	.90
1995.....	.81	.99	.90
2000.....	.84	1.05	.94
2010.....	.95	1.24	1.08
2025.....	.91	1.23	1.05
2040.....	.94	1.27	1.08
Level-cost <sup>3</sup> .....	.85	1.06	.95

<sup>1</sup> Taking into account the lower contribution rate for self-employment income and tips, as compared with the combined employer-employee rate.

<sup>2</sup> Based on the averages of the dollar payrolls and dollar costs under the low-cost and high-cost estimates.

<sup>3</sup> Level contribution rate, at an interest rate of 3.25 percent for high-cost, 3.75 percent for intermediate-cost, and 4.25 percent for low-cost, for benefits after 1966, taking into account interest on the trust fund on December 31, 1966, future administrative expenses, the railroad retirement financial inter-change provisions, and the reimbursement of military-wage-credits cost.

payments, which is the anticipated experience in 1967-68 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as for the intermediate-cost estimate. The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended-care facilities that are now in effect, which are somewhat higher than was assumed in the original cost estimates.

### Financing Basis

The contribution schedule contained in the 1967 amendments, with an earnings base of \$7,800 in 1968 and after, is as follows, as compared with that of the 1965 Act (with an earnings base of \$6,600):

Calendar year	[Percent]			
	Combined employer-employee rate		Self-employed rate	
	1965 act	1967 act	1965 act	1967 act
1967.....	1.0	1.0	0.50	0.50
1968.....	1.0	1.2	.50	.60
1969-72.....	1.0	1.2	.50	.60
1973-75.....	1.1	1.3	.55	.65
1976-79.....	1.2	1.4	.60	.70
1980-86.....	1.4	1.6	.70	.80
1987 and after.....	1.6	1.8	.80	.90

The combined employer-employee rate under the 1967 amendments is 0.2 percent higher in 1968 and after than under the 1965 act. These increases, along with the additional income from the higher earnings base, would finance the increased cost of the program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965.

The hospital insurance program is completely separate from the OASDI system in several ways, although the earnings base is the same under both programs.

*First*, the schedules of tax rates for OASDI and HI are in separate subsections of the Internal Revenue Code (unlike the situation for OASI and DI, where there is a single tax rate for both programs, but an allocation thereof into two portions).

*Second*, the HI program has a separate trust

fund (as is also the case for OASI and DI) and, in addition, has a separate Board of Trustees from that of the OASDI system.

*Third*, income-tax withholding statements (forms W-2) show the proportion of the total contribution for OASDI and HI that relates to the latter program.

*Fourth*, the HI program covers railroad employees directly in the same manner as other covered workers and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by OASDI (except indirectly through the financial interchange provisions).

*Fifth*, the financing basis for the HI system is determined under a different approach than that used for the OASDI system—a reflection of the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

As has always been the case in connection with the OASDI system, the Congress has very carefully considered the cost aspects of the HI system and proposed changes therein. In the same manner, the Congress has indicated that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the tax schedule in the law should make the HI system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

The concept of actuarial soundness is somewhat similar for the two programs, but there are important differences. One major difference is that cost estimates for the hospital insurance program should desirably be made over a period of only 25 years in the future, rather than 75 years as it is for the OASDI program. A shorter period for the hospital insurance program is necessary because it is more difficult to make forecast assumptions for a service benefit than for a cash benefit. There is a reasonable likelihood that during the next 75 years the number of beneficiaries aged 65 and over will tend to increase in relation to the covered population (a period of this length

is thus both necessary and desirable for studying the cost of the cash OASDI benefits). It is far more difficult, however, to make reasonable assumptions concerning the trends of medical care costs and practices for more than 25 years in the future.

In a new program such as hospital insurance it seemed desirable that it be completely in actuarial balance. To accomplish this result, a contribution schedule was developed that will meet this requirement, according to the underlying cost estimates.

### Basic Assumptions

Perhaps the major consideration in preparing actuarial cost estimates for hospital benefits is the fact that—unlike the situation for the monthly cash benefits—an unfavorable cost result is shown when the average earnings level is assumed to increase. The reason is that the hospitalization costs should then be assumed to increase at least at the same rate as the earnings level; if the maximum taxable earnings base is not adjusted accordingly, the taxable earnings will not increase as fast as the hospitalization costs. Accordingly, the assumption of a fixed taxable earnings base at \$7,800 should be considered as a “safety factor” in the cost estimates.

Originally, the average total earnings (including earnings above the taxable base) were assumed to increase in the future at a rate of 3 percent, and hospitalization costs by an additional 2.7 percent for a total of 5.7 percent during the next 5 years. The differential was then assumed to decrease gradually from the sixth year on, until it became zero after the tenth year. For the last 15 years of the period the hospitalization costs were assumed to increase at the same rate as the average total earnings.

Lately, several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

TABLE 10.—Assumptions as to future rates of increase in hospital costs

Calendar year	(Percent)		
	Low-cost	Inter-mediate-cost	High-cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates discussed in this article. These assumptions are shown in table 10. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—that is, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, and the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the legislation.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

The average daily cost of hospitalization that was used in the cost estimates was computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under the 1965 act for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

Table 11 shows the level-cost of the hospital and related benefits under the 1967 amendments

TABLE 11.—Hospital insurance: Level-cost analysis, intermediate-cost estimate

[Percent]			
Legislation	Level-cost of benefits <sup>1</sup>	Level-equivalent of contributions	Actuarial balance
1965 act, original estimate.....	1.23	1.23	0.00
1965 act, revised estimate.....	1.54	1.23	-.31
1967 act.....	1.38	1.41	+.03

<sup>1</sup> Including administrative expenses.

as a percentage of taxable payroll determined as of January 1, 1966, using an interest of 3¾ percent. These figures are based on the assumptions that the earnings base will not change and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 11 are the level-equivalents of the contribution schedules and the net actuarial balances of the system.

The estimated level-cost of the benefit payments and administrative expenses in the low-cost estimate is 1.27 percent of taxable payroll; the corresponding figure for the high-cost estimate is 1.76 percent. In each instance, the level-equivalent of the contribution schedule is 1.41 percent of taxable payroll.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended-care benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems possible that there will be much greater use of post-hospital extended-care services and posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done by the “lifetime reserve” of 60 days—is relatively small.

TABLE 12.—Hospital insurance: Changes in actuarial balance expressed in terms of level-cost as percent of taxable payroll, by type of change, intermediate-cost estimate, 1965 act and 1967 act, based on 3.75 percent interest

[Percent]	
Item	Level-cost
Actuarial balance, 1965 act.....	-0.31
Increase in taxable earnings base.....	+.15
Revised contribution schedule.....	+.18
Transfer of outpatient diagnostic benefits to SMI.....	+.01
Further hospital benefits beyond 90 days.....	(?)
Total effect of changes.....	+.34
Actuarial balance under 1967 act.....	+.03

<sup>1</sup> Less than 0.005 percent.

Table 12 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedules and the resulting actuarial balances.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the law. In fact, if this were to occur, the steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed if all other assumptions in the intermediate-cost estimate are realized.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the HI trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the future operations of the HI trust fund. For the first 7 years of operation, these costs are as follows:

Calendar year	Cost to Treasury (in millions)
1966 <sup>1</sup> .....	\$174
1967.....	439
1968.....	465
1969.....	471
1970.....	459
1971.....	432
1972.....	403

<sup>1</sup> Data are for the last 6 months of the year (estimate based on actual experience).

Table 13 shows the estimated operation of the HI trust fund under the intermediate-cost estimate and also under the low-cost and high-cost estimates. Under the intermediate-cost estimate, the balance in the trust fund would grow steadily in the future, increasing from about \$1.3 billion at the end of 1967 to \$3.3 billion 5 years later. Over the long range, the trust fund would build up steadily, reaching \$15.7 billion in 1990 (representing the disbursements for 1.4 years at the level of that time).

Under the low-cost estimate, the balance in the trust fund grows steadily, reaching \$7.5 billion in 1975 and \$36.8 billion in 1990 (at which time it represents the disbursements for 3.6 years). In actual practice, if the low-cost assumptions materialize, it would not be necessary to increase the contribution rates after 1975 as in the legislation. Under the high-cost estimate, which represents probably the most extreme situation from a high-cost standpoint in regard to hospital costs, the balance in the trust fund reaches a maximum of \$2.4 billion at the end of 1969, and then it decreases until it is exhausted in 1972. This estimate indicates that, despite very high assumptions as to the trend of hospital costs, the system would have sufficient funds to maintain operations for at least 4 years under these circumstances, without changing the financing provisions.

### SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

The 1967 amendments expanded somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, effective after March 1968, was recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968, which was promulgated at \$4 (in comparison with the rate of \$3 applicable for the period July 1966–March 1968).

#### Financing Basis

Coverage under the supplementary medical insurance program can be voluntarily elected, on an individual basis, by virtually all persons aged

TABLE 13.—Hospital insurance: Progress of trust fund

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund <sup>1</sup>	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	\$57	\$34	\$1,121
Low-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	2,981	104	70	2,289
1969.....	4,223	3,336	117	109	3,168
1970.....	4,391	3,649	128	142	3,924
1971.....	4,564	3,932	138	169	4,587
1972.....	4,732	4,215	148	191	5,147
1973.....	5,274	4,499	157	215	5,980
1974.....	5,503	4,777	167	242	6,781
1975.....	5,695	5,055	177	266	7,510
High-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,795	133	86	2,447
1970.....	4,391	4,501	157	85	2,265
1971.....	4,564	5,292	185	57	1,409
1972.....	4,732	5,960	209	3	( <sup>2</sup> )
1973.....	5,274	6,364	223	( <sup>3</sup> )	( <sup>3</sup> )
1974.....	5,503	6,762	237	( <sup>3</sup> )	( <sup>3</sup> )
1975.....	5,695	7,161	251	( <sup>3</sup> )	( <sup>3</sup> )
Intermediate-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,636	127	90	2,616
1970.....	4,391	3,982	139	108	2,994
1971.....	4,564	4,292	150	117	3,233
1972.....	4,732	4,602	161	121	3,323
1973.....	5,274	4,912	172	125	3,638
1974.....	5,503	5,216	183	132	3,874
1975.....	5,695	5,522	193	135	3,989
1980.....	8,087	6,940	243	203	6,454
1985.....	9,241	8,690	304	373	10,731
1990.....	11,627	10,843	380	553	15,711

<sup>1</sup> An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

<sup>2</sup> Including administrative expenses incurred in 1965.

<sup>3</sup> Fund exhausted in 1972.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174 million on this account.

65 and over in the United States. This program is intended to be completely self-supporting from the contributions of covered individuals and the matching contributions made from the general fund of the Treasury.

Under the 1967 amendments, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be determined annually on a permanent basis—for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter.

Persons who do not elect to come into the sys-

tem as early as possible will generally have to pay a higher premium rate.

The 1965 act provided for the establishment of an advance appropriation from the general fund of the Treasury to serve as an initial contingency reserve, in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals estimated to be eligible for participation in July 1966. This amount—approximately \$345 million (of which \$100 million has actually been appropriated)—has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966–December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

The concept of actuarial soundness for the medical insurance program differs somewhat from that for the OASDI program and the hospital insurance program. In essence, the medical insurance program is financed on a current-cost basis rather than on a long-range cost basis. The situations are essentially different because the financial support of the medical insurance program comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the program therefore depends only upon the adequacy of the “short-term” premium rates to meet, on an accrual basis, the benefit payments and administrative expenses

(including the accumulation and maintenance of a contingency fund) for the period for which they are established.

#### Results of Cost Estimates

The 1967 amendments made a number of changes in the benefit provisions of the SMI program. Some of these provisions expanded the scope of the program, and several limited it slightly. The only changes with a significant cost effect are shown below, together with the monthly cost per participant in relation to the combined \$6 monthly premium rate (for the participant and the Government).

<i>Item</i>	
Nonprofessional component of outpatient diagnostic services -----	\$0.12
Elimination of cost-sharing for inpatient pathology and radiology -----	.20
Extending coverage of physical-therapy services benefits -----	.05
Total -----	\$0.37

The cost of covering certain limited services furnished by podiatrists is very small.

The total cost of \$0.37 a month per capita in relation to the initial premium rate increases to about \$0.46 when the rise in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.46 per month per capita is equivalent to an annual cost of \$100 million with respect to 18 million participants (with half of that amount coming from the general fund of the Treasury).

# Social Security Amendments of 1967: Summary and Legislative History

by **WILBUR J. COHEN** and **ROBERT M. BALL**

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# Social Security Amendments of 1967: Summary and Legislative History

by **WILBUR J. COHEN** and **ROBERT M. BALL\***

WITH THE SIGNING on January 2, 1968, of H.R. 12080, the Social Security Amendments of 1967 became law. When President Johnson approved the law he stated:

Because of social security, tens of millions of Americans have been able to stand straighter and taller unafraid of their future. . . . Measured in dollars of insurance benefits, the bill enacted into law today is the greatest stride forward since social security was launched in 1935.

These amendments will raise the amount of benefit payments to the almost 24 million beneficiaries now getting benefits and will improve the protection provided under the social security program for all present and future contributors and their families.

The most significant changes in the social security program are:

1. A 13-percent increase in old-age, survivors, and disability insurance benefits, with a minimum monthly benefit of \$55 for a person retiring at or after age 65 (or receiving disability benefits).
2. An increase from \$35 to \$40 in the special age-72 payments.
3. An increase from \$1,500 to \$1,680 in the amount a person may earn in a year and still get full benefits for that year.
4. Monthly cash benefits for disabled widows and disabled dependent widowers at age 50 at reduced rates.
5. A liberalization of the eligibility requirements for benefits for dependents and survivors of women workers.
6. An alternative insured-status test for workers disabled before age 31.
7. New guidelines for determining eligibility for disability insurance benefits.
8. Additional noncontributory wage credits for servicemen.
9. Broadened coverage of clergymen and mem-

bers of religious orders who have not taken a vow of poverty.

10. An increase in the contribution and benefit base from \$6,600 to \$7,800, beginning in 1968.

The amendments include the following significant changes in the welfare and child health provisions of the Social Security Act:

1. Establishment of a new work incentive program for families receiving aid to families with dependent children.
2. Provision of earnings exemptions under the AFDC program.
3. A limitation on Federal matching in AFDC programs for families with an absent parent.
4. Expansion of social services.
5. Modifications in the medical assistance program.
6. Federal support for the training of social work personnel.
7. Increased authorizations for child welfare services.
8. Increased authorizations and improvements in the child health program.

## Background and Legislative History of the Insurance Provisions

The history of these amendments reflects a long and thorough evaluation on the part of Congress and the Administration of how the social security

Over the last third of a century in America we have proved that people who earn their living can make their lives better and more secure if they divert part of their incomes to protect themselves from the twists of fortune that face all men. Our challenge for the coming years is to see if we can extend that same human insurance and human dignity to persons who are not able to buy their own protection. Our challenge is to save children.

PRESIDENT LYNDON B. JOHNSON

January 2, 1968

\* Mr. Cohen is Under Secretary of Health, Education, and Welfare, and Mr. Ball is the Commissioner of Social Security.

program could best be improved and expanded in light of both the needs of the American people for more meaningful protection against financial insecurity and the economic impact of these improvements on taxpayers and on the general economy.

This extensive study of the social security program was initiated at the request of President Johnson. On March 15, 1966, the President signed the Tax Adjustment Act of 1966, which included the provision of special payments under the social security program to certain uninsured individuals aged 72 and over. The President announced at that time that he had directed the Secretary of Health, Education, and Welfare "to complete a study of ways and means of making social security benefits more adequate—while keeping the program financially sound." The proposals resulting from this study were to be ready for the President to present to the 90th Congress, which was scheduled to convene in January 1967. In a speech before members of the National Council of Senior Citizens on June 3, 1966, the President reaffirmed his intention to recommend improvements in social security benefit levels, saying that this would be "a major objective of this administration."

During the summer of 1966, the Department of Health, Education, and Welfare conducted studies and investigations into the most vitally needed improvements to the program and the best methods of financing these improvements.

On October 12, 1966, President Johnson gave an address at the Annual Honor Awards Ceremony of the Social Security Administration conducted at the headquarters in Woodlawn, Maryland. In that address he announced some of the major aspects of the social security proposals to be included in his recommendations to Congress. Foremost was a proposal for an increase in social security benefits averaging "at least 10 percent." In addition, a special minimum monthly benefit of \$100 for workers regularly employed for 25 years in jobs covered under social security, a liberalized retirement test, and health insurance for social security disability beneficiaries were recommended. President Johnson emphasized that this was not an inclusive list and that more proposals would be recommended to the new Congress. He also took that occasion to laud the Social Security Administration on its work in implementing the Medicare program.

Under revised estimates for the cash benefits program made in the summer of 1966, almost 75 percent of the cost of the proposals in the President's speech could be financed under the schedule of contribution rates set by the 1965 amendments. The cash benefits program had a favorable actuarial balance under the new cost estimates that took into account higher earnings levels and other favorable factors that had developed since the estimates on which the 1965 legislation was based were made. The new estimates indicated that the regular cash benefits part of the program was overfinanced by about three-fourths of 1 percent of the taxable payroll—an amount sufficient to finance about an 8-percent increase in cash benefits.

The news that an 8-percent benefit increase could be enacted immediately without any additional financing caused a sudden flurry of Congressional activity concerning social security legislation in the closing days of the 89th Congress. In the week following the President's address, several bills were introduced in Congress to increase social security benefits. The House Ways and Means Committee held executive sessions during that week and, at the conclusion of these sessions, Chairman Mills announced that the Ways and Means Committee had decided to postpone further consideration on social security proposals until the new Congress convened the following year. Chairman Mills stated the Committee's view that there should be public hearings concerning the proposals and that there was not time to conduct hearings before adjournment.

#### **PRESIDENT'S RECOMMENDATIONS TO CONGRESS**

On January 23, 1967, President Johnson sent to Congress his special Message on Older Americans. This message embodied the President's recommendations concerning elderly citizens, which he had outlined in his State of the Union Address given on January 10.

Included among the President's recommendation for social security were:

- (1) A benefit increase of at least 15 percent for everyone on the rolls.
- (2) An increase in the regular minimum monthly benefit from \$44 to \$70.

- (3) A special minimum monthly benefit of \$100 for workers with 25 years of coverage.
- (4) An increase to \$50 a month for the "special age-72" payments.
- (5) Cash benefits for disabled widows.
- (6) Increase in the annual exempt amount under the retirement test to \$1,680 and in the \$1-for-\$2 adjustment span to \$2,880.
- (7) Broaden coverage of agricultural employees.
- (8) Transfer credits to social security for Federal employment under the civil-service or foreign-service retirement systems if benefits are not payable under the system when the worker retires, becomes disabled, or dies.
- (9) Health insurance for social security disability beneficiaries, and a comprehensive study by the Department of Health, Education, and Welfare of the problem of including the cost of prescription drugs under Medicare.
- (10) A 3-step increase in the contribution and benefit base to \$7,800 in 1968, \$9,000 in 1971, and \$10,800 in 1974.
- (11) Increases in the scheduled contribution rates for cash benefits resulting in an ultimate rate of 5.0 percent in 1973 for employees and employers each instead of 4.85 percent (but no increase in the ultimate contribution rate for the self-employed of 7.0 percent).

#### **ACTION IN THE HOUSE**

On February 20, Chairman Mills introduced—on behalf of the Administration—H.R. 5710, embodying the President's recommendations as outlined in the Message on Older Americans, along with a great many other, less significant benefit improvements and a number of technical changes.

On March 1, the Ways and Means Committee began consideration of H.R. 5710 by conducting public hearings on the proposals with Secretary of Health, Education, and Welfare John W. Gardner as the first witness for the Administration. The public hearings ended on April 11 and the Committee went into executive sessions on the bill the following day. The Ways and Means Committee conducted more than 60 sessions of executive hearings during the following months. The Committee explored in detail the various provisions of the bill—some 76 social security and welfare provisions—and also examined various alternative and additional legislative proposals.

Chairman Mills introduced H.R. 12080 on August 3 (cosponsored by Representative John W. Byrnes, the ranking minority member of the

Ways and Means Committee), which reflected the Committee's decisions concerning the President's recommendations. H.R. 12080 was reported to the House of Representatives by the Committee on August 7 and was passed by the House after 2 days of debate on August 17, with only minor technical amendments by a vote of 415 to 3.

The major social security cash-benefits provisions of the House bill were as follows:

- (1) A benefit increase of 12½ percent with a \$50 minimum (rather than 15 percent and a \$70 minimum as recommended by the President);
- (2) Special age-72 payments of \$40 (rather than \$50);
- (3) Benefits for disabled widows and widowers with the benefits reduced and payable only at or after age 50;
- (4) Liberalized eligibility requirements for the dependents and survivors of women workers;
- (5) An increase in the annual exempt amount in the retirement test to \$1,680;
- (6) Extension to all workers disabled before age 31 of the alternative insured-status test provision now provided workers disabled by blindness before age 31 for both freeze and benefit purposes;
- (7) A clarification of the basic definition of disability;
- (8) Additional noncontributory social security wage credits of \$100 a month for active military service;
- (9) Coverage of clergymen and members of religious orders (including those under vows of poverty) automatically unless they elect to be excluded on grounds of conscience;
- (10) Liberalization of the reduction of social security disability benefits for certain people also receiving workmen's compensation;
- (11) A one-step increase in the contribution and benefit base to \$7,600 in 1968 (rather than three steps ultimately reaching \$10,800).

Several significant cash benefit proposals contained in H.R. 5710 were not in H.R. 12080 as passed by the House. Among these are:

- (1) The \$100 special minimum benefit;
- (2) Transfer of Federal employment credits;
- (3) Broader coverage of agricultural employees;
- (4) Cash benefits for the parents of retired and disabled workers and benefits for children who lived with and were dependent on workers who were not their parents.

H.R. 12080 also contained a number of changes in the health insurance provisions of H.R. 5710. The House-passed bill did not contain any provision for covering the disabled under Medicare.

In its report on the bill, the Committee on Ways and Means stated that a major factor in the Committee's decision not to include the Administration's recommendation was that data which first became available while the proposal was being considered indicated that the per capita cost of providing health insurance for the disabled would be considerably higher than the cost of providing it for the aged. The estimated difference between the cost of Medicare for the disabled and for the aged raised questions on the most equitable way of financing Medicare coverage—especially medical insurance coverage, half the total cost of which is met by the beneficiaries themselves. The Committee deferred action on the proposal recommending extension of Medicare to the disabled, and, instead, included in H.R. 12080 a provision under which an Advisory Council would be appointed to study the question of extending Medicare to the disabled, including ways of financing this protection. Recognizing that there was a problem with regard to the financing of medical insurance protection for the disabled, the Administration modified its recommendations in the Senate to request that hospital insurance protection be extended to the disabled immediately and that further study be made of the possible methods of financing supplementary medical insurance protection for the disabled.

Other health insurance changes in the House bill included:

(1) Addition of a provision under which the number of days of inpatient hospital services covered in a spell of illness would be increased from 90 to 120 days.

(2) Addition of new medical insurance payment procedures under which the physician, or the patient if the physician fails to submit a proper claim, could in certain circumstances be reimbursed on the basis of an unpaid, itemized bill.

(3) Addition of a provision under which the Department of Health, Education, and Welfare would be given authority to experiment with alternative methods of reimbursing hospitals under titles V, XVIII, and XIX which would provide incentives to keep costs down while maintaining quality of care.

(4) Addition of a provision under which the Secretary would be required to conduct a study of the need for, and make recommendations on, the coverage of services of additional types of health practitioners under the supplementary medical insurance program.

(5) Addition of a provision under which physical therapy services furnished to an outpatient in his

home under the supervision of a hospital would be covered under the supplementary medical insurance program.

(6) Deletion of the provision which would require the coordination of medicare reimbursement with State health facility planning.

(7) Deletion of the provision under which the prohibition against health insurance payments to Federal providers of services would be eliminated.

(8) Revision of provisions of H.R. 5710 simplifying Medicare reimbursement. The revision included provisions (a) making the medical insurance deductible and coinsurance provisions inapplicable to charges for radiology and pathology services furnished by physicians to hospital inpatients and (b) consolidating all coverage of outpatient hospital services under the medical insurance program.

Shortly after House passage of H.R. 12080 on August 17, the Chairman of the Senate Committee on Finance, Russell B. Long, announced that it would hold public hearings on the bill beginning on Tuesday, August 22. The Secretary of Health, Education, and Welfare was the first witness at these hearings. Secretary Gardner recommended the restoration in the bill of the more liberal cash benefit provisions originally proposed by the Administration, including the larger benefit increases, future step increases in the contribution and benefit base to \$10,800, and removal of the age restriction and reduction in benefits in the provision relating to disabled widows and widowers. The Secretary also urged the Committee to include a provision for making hospital insurance benefits available to disabled beneficiaries.

Public hearings on H.R. 12080 before the Finance Committee lasted until September 26 at which time the Committee went into executive sessions on the bill.

#### **EXTENSION OF SMI GENERAL ENROLLMENT PERIOD**

As consideration of H.R. 12080 by the Senate Finance Committee continued into September, concern was expressed over the effect the pending legislation might have on the premium rate for the supplementary medical insurance program (SMI) which was scheduled to be announced before October 1. If, as appeared very likely at that time, the pending legislation were not enacted before October 1, a premium rate announced in September would have had to be based on existing law. Some provision then might later

have been needed to modify the premium in order to recognize the cost of the SMI provisions under the amended law.

In the absence of a change in the October-December 1967 general enrollment period, the late enactment of the major social security legislation then pending could have had several untoward results. It could, for instance, have meant that the pending legislation could not be taken into account by persons deciding whether or not to enroll or to terminate their coverage. Many people might have failed to make their decision before the end-of-the-year deadline. Furthermore, it would not have been possible to arrange for the preparation and distribution of informational materials about the new legislation needed by potential enrollees to make an informed choice.

Consequently, on Wednesday, September 20, Representative Mills, Chairman of the House Committee on Ways and Means, introduced a bill, H.R. 13026, which made both permanent and temporary changes in the schedule for announcing the premium rate and in the general enrollment periods. The temporary provision extended to March 31, 1968, the 1967 general enrollment period, scheduled to end December 31, 1967. The Secretary could postpone announcement of the premium rate beyond October 1 but would have to announce it before January 1, 1968. The current \$3 a month premium rate would continue through March 31, 1968, with the new premium rate taking effect the following April 1. (The new premium rate of \$4 was announced on December 30, 1967.

The bill also permanently changed the dates of future general enrollment periods to January-March of each year, rather than October-December of every odd-numbered year. The premium rate announcements and effective dates were also changed to provide that the premium would be announced in December of each year, to take effect the following April 1.

After a brief hearing, the Committee deleted the permanent changes made by the bill and reported out H.R. 13026 with only the temporary changes. (The permanent changes were later incorporated into H.R. 12080.) The bill was passed by the House of Representatives by voice vote on September 27, and by unanimous consent of the Senate on the next day. It was signed as

Public Law 90-97 by President Johnson on September 30, 1967.

#### THE FINANCE COMMITTEE BILL

The Finance Committee's executive sessions on H.R. 12080 were conducted from October 4 to November 14, at which time the Committee bill was reported to the Senate. The Senate Finance Committee bill contained several of the cash-benefit provisions as they had been recommended by the Administration rather than as they had been modified by the House. They include:

- (1) A 15-percent benefit increase, with a \$70 minimum;
- (2) A three-step increase in the contribution and benefit base to \$8,000 in 1968, to \$8,800 in 1969, and to \$10,800 in 1972;
- (3) An increase to \$50 in the special age-72 payments;
- (4) Full-rate benefits for disabled widows and widowers regardless of age.

The Finance Committee also added a number of provisions to H.R. 12080 and made changes in others. The major additions and modifications in the cash benefits area include:

- (1) Eligibility age for benefits was lowered from age 62 to 60 for all categories of aged beneficiaries, with the benefits payable before age 62 reduced according to the principles applied to benefits payable before age 65.
- (2) An increase in the annual exempt amount of the retirement test to \$1,680 for 1968 and a further increase in the exempt amount to \$2,000 for 1969 were provided.
- (3) Child's insurance benefits were made available to a disabled son or daughter if his disability began before age 22 rather than age 18 under prior law.
- (4) Disability insurance benefits were provided for those blind persons who have at least 6 quarters of coverage, without regard to their ability to work.
- (5) A provision under which a child's benefits would not stop when the child married if the child was under age 22 and a full-time student and, in the case of a girl, if her husband was also a full-time student, was added.
- (6) Coverage was extended to domestic employment performed in an employer-employee relationship by a parent for his son or daughter in circumstances in which it may be assumed that there is a need for the parent to perform the work.
- (7) A number of modifications were made in the provisions under which State and local government employees are covered.
- (8) The provision for coverage of clergymen was

modified by deleting the proposed extension of coverage to members of religious orders who have taken a vow of poverty.

Changes in the health insurance provisions of the House-approved bill adopted by the Committee include the following:

- (1) A provision permitting benefits for physicians' services to be paid to the patient on the basis of an unpaid bill was substituted for the similar but more complex provision in the House bill.
- (2) A provision for a lifetime reserve of 60 days of inpatient hospital benefits to be available when the beneficiary has exhausted the 90 days of care covered in a "spell of illness" was substituted for a provision in the House bill that would increase to 120 the number of days of inpatient hospital care covered during a "spell of illness."
- (3) Adoption of the provision in the House bill to expand the definition of physician to include a doctor of podiatry and further expansion of the definition to include a licensed chiropractor and a doctor of optometry.
- (4) A provision to permit the beneficiary to receive partial benefits for services received in certain non-participating hospitals if the patient was admitted before 1968 and a similar provision with respect to emergency admissions occurring after 1967.
- (5) Addition of a provision to permit payment to the beneficiary for inpatient hospital services furnished in a country contiguous to the United States by a hospital not more than 50 miles from the United States border and more accessible than the nearest suitable United States hospital.
- (6) Expansion of the additional coverage of physical therapy services provided in the House bill to include coverage of outpatient physical therapy services under the SMI program when they are furnished by or under the supervision of providers of services, approved clinics or rehabilitation centers, and local public health agencies.
- (7) Addition of a provision to permit States to purchase hospital insurance coverage for State and local government employees (and their dependents aged 65 or over) who do not otherwise have such protection.
- (8) Addition of a provision under which the general enrollment periods of the SMI program would be placed on an annual basis, rather than biennial, and run from January 1 through March 31, instead of October 1 through December 31 as under the old law.
- (9) Addition of a provision, similar to one in H.R. 5710, under which the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures by hospitals or other health facilities for major capital items in determining the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX of the Social Security Act.
- (10) Expansion of the provision in the House bill for incentive reimbursement experimentation to health care organizations under titles V, XVIII, and

XIX to provide authority for experimenting with alternative reimbursement methods for physicians' services.

(11) Addition of a provision to require the Secretary to study and report to the Congress before January 1, 1969, the possible effects of enacting proposals to cover prescription drugs under Medicare and to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the Federal-State assistance programs and the hospital insurance part of Medicare.

## **ACTION ON THE SENATE FLOOR**

On November 15, the Senate began consideration of the bill reported by the Finance Committee. During the Senate debate, which concluded on November 22, a number of amendments were adopted, including the following:

- (1) Revision of the liberalization of the retirement test to provide for a \$2,400 annual exempt amount and a \$1-for-\$2 reduction applicable to annual earnings between \$2,400 and \$3,600.
- (2) Payment of benefits to a wife or mother with an entitled child aged 18-22 in her care if that child is entitled to benefits as a full-time student and is in an elementary or secondary school.
- (3) Elimination of all substantive language clarifying the definition of disability.
- (4) Benefits for children who were legally adopted by a worker after he became entitled to disability benefits under certain conditions.
- (5) Study by the Social Security Administration on the question of providing an increase in social security benefit amounts for people who delay their retirement.
- (6) Disability benefits for a blind individual with at least 6 quarters of coverage even if he is engaging in substantial gainful activity.
- (7) Limitation on payment for drugs under the hospital insurance program (and under title XIX) to "qualified drugs," mainly those to be listed in a formulary set up by a Formulary Committee, and establishment of a "reasonable charge" basis for determining the amount of benefits payable for drugs after June 30, 1970.
- (8) Option for providers of services for reimbursement on the basis of the average per diem costs for persons of all ages (rather than on the often lower costs for beneficiaries aged 65 and over) or on another basis that would assure the provider reasonable cost but take into account the costs incurred by other institutions in the locality for comparable levels of care.
- (9) Expansion of the definition of "physician" to include a State licensed or certified psychologist.

On Wednesday, November 22, the Senate passed H.R. 12080 by a vote of 78 to 6. After the Thanksgiving recess, on December 5, the House and

Senate conferees met to settle the differences between the two versions of the bill.

The bill reported by the conferees was much closer to the House-passed bill than the bill as approved by the Senate. The conference committee agreed to a social security cash benefit increase of 13 percent with a minimum benefit of \$55 and restored various welfare provisions of the House bill that the Senate had deleted. The conference committee report was then quickly agreed to by the House of Representatives, by a vote of 388 to 3. On December 15, after 2 days of debate, the Senate approved the report by a vote of 62 to 14. On January 2, 1968, H.R. 12080 was signed by President Johnson and became Public Law 90-248.

## Summary of Major Provisions: OASDI Amendments

### BENEFITS

#### General Benefit Increase

The law provides an increase in benefit payments averaging 14 percent, with an across-the-board increase in cash benefits of at least 13 percent beginning February 1968 and an increase in the minimum primary insurance amount from \$44 to \$45. The average monthly benefit paid to all retired workers (with or without dependents) already on the rolls is increased from \$86 to \$98. The increase for a retired worker with no dependents is from \$82 to \$94, and the increase for a retired worker and his wife is from \$145 to \$164. Monthly benefits will range from the new minimum of \$55 to a maximum of \$168.40 for retired workers on the rolls in January 1968, who began to draw benefits at age 65 or later.

The increase from \$6,600 to \$7,800 (effective January 1, 1968) in the amount of annual earnings that is taxable and that can be used in the benefit computation results in an ultimate maximum monthly benefit of \$218, based on average monthly earnings of \$650. The higher maximum retirement benefit will be payable to workers who are now young and who consequently will be paying contributions on these higher amounts of earnings over a considerable period of time before

they retire. The higher earnings base will also increase benefit amounts significantly for the large proportion of older current contributors earning above \$6,600 though they will be paying on these higher amounts for a shorter time. For example, a man aged 50 in 1968 who earns \$7,800 a year until he is 65 (about one-third of the group earning above \$6,600 is aged 50 or older) will get a benefit of \$188.80 at age 65—21.8 percent higher than he could have gotten under the old law.

#### Special Payment to Those Aged 72 and Older

The special payments to people aged 72 and older are raised from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

#### Limitation on Spouse's Benefit

The law limits the amounts of the wife's, dependent husband's, remarried widow's, or remarried widower's insurance benefit to a maximum of \$105. This limitation does not affect anyone now on the rolls. For the wives of workers retiring at age 65 the limitation has no effect until 2001. For the wife of a young worker who becomes disabled it can have an effect beginning in 1970. For the wife of a person who works past age 65 it can have an effect beginning in 1972.

#### Change in Retirement Test

Effective for taxable years ending after 1967, a beneficiary can have annual earnings of \$1,680 and still get all his benefits for the year; if his earnings exceed \$1,680, \$1 in benefits will be withheld for each \$2 of annual earnings up to \$2,880 and for each \$1 of earnings thereafter. He will get benefits, regardless of the amount of his annual earnings, for any month in which he earns \$140 or less in wages and does not render substantial services in self-employment.

#### Dependents of Women Workers

*Dependency of a child on his mother.*—The law provides that a child would be deemed dependent

on his mother and could become entitled to benefits based on her earnings if at the time she died, retired, or became disabled, she was either fully or currently insured. Thus, a child could get benefits based on his mother's earnings record under the same conditions as those under which a child can become entitled to benefits based on his father's earnings. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement, or disability) is required unless the mother was actually supporting the child.

*Requirements for husbands and widower's insurance benefits.*—The law removes the requirement under which a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

*Expedited benefit payments.*—The law provides for a formal method of expediting payment of retirement and survivors insurance benefits on the basis of a written request. A request can be filed only after a specified time has elapsed after the last requested evidence was submitted and, if payments are due, they will begin within 15 days after the date of the request. The provision is effective July 1, 1968.

*Simplification of certain computations using pre-1951 earnings.*—The law provides for a simplified method of (a) computing benefits when earnings before 1951 are included in the computation and (b) determining quarters of coverage for the period before 1951 when quarters of coverage in this period are needed to establish insured status. Under this provision, it will be possible to determine insured status and benefit amounts through electronic processes in many cases in which manual processes have been required.

#### **Amendments to the Disability Program**

*Benefits for disabled widows and widowers.*—The law provides that disabled widows (including divorced wives) and disabled dependent widowers of insured workers will be eligible after attain-

ment of age 50 for reduced benefits, with the amount depending on the age at which entitlement begins. A disabled widow or widower entitled to benefits at age 50 will receive a monthly benefit amounting to 50 percent of the spouse's primary insurance amount. Where entitlement begins at a later age the monthly benefit amount will range from up to 71½ percent of the primary insurance amount at age 60 (the same proportion that is received by the widow who chooses to receive actuarially reduced aged widow's benefits at that age) to 82½ percent of the primary insurance amount at age 62 (the same proportion as the full-rate benefit payable to the aged widow or widower at that age). The widow or widower must have become totally disabled before or within 7 years after the spouse's death, or, in the

#### **Major Accomplishments Social Security Amendments of 1965 and 1967**

1. Total social security benefits, including Medicare payments, rose from an annual rate of about \$17 billion to an annual rate of about \$30 billion—an increase of about 75 percent.
2. Medicare was created. It now provides hospital insurance for 19½ million people aged 65 and older, and supplementary medical insurance for 17.9 million.
3. Cash benefits were increased an average of 23 percent.
4. The value of benefits, when Medicare is also counted, increased 35 percent for the average beneficiary.
5. The minimum cash benefit payable at age 65 increased 37.5 percent—from \$40 to \$55.
6. The amount of earnings a beneficiary can have in a year without causing the withholding of any benefits increased 40 percent—from \$1,200 to \$1,680.
7. Annual earnings creditable for social security purposes increased 63 percent—from \$4,800 to \$7,800.
8. The ultimate maximum cash benefit for a worker contributing on the basis of higher creditable earnings increased 72 percent—from \$127 to \$218.
9. Whole new categories of beneficiaries were added. These included students 18 to 22, disabled widows and widowers at age 50, and certain persons 72 and older. A total of 2,123,000 beneficiaries was added by the 1965 and 1967 amendments: 1,658,000 by the 1965 legislation (this figure includes 730,000 entitled under a provision enacted in 1966), and 465,000 by the 1967 legislation.

case of a widowed mother, before or within 7 years after the end of her entitlement to benefits as a mother. The 7-year period will protect widows and widowers until they have had a reasonable opportunity to work long enough to be insured for disability benefits through their own earnings.

The test of disability for disabled widows and widowers is somewhat more restrictive than for disabled workers and childhood disability beneficiaries. Determinations of disability in the case of a widow or widower will be made solely on the level of severity of a medically determinable impairment (without regard to such factors as age, education, and work experience, which are considered in disabled worker cases). The disabling impairment must be of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity (as distinguished from "substantial gainful activity"). Once an individual meets the initial test and is found disabled, he would be considered disabled as long as his impairment precluded his engaging in substantial gainful activity.

*Insured status for workers disabled while young.*—The law extends to all workers disabled before age 31—regardless of the nature of their disability—the alternative insured-status requirement provided under previous law for workers disabled by blindness before age 31. Under this alternative, any worker disabled after attaining age 24 and before age 31 will be insured for disability benefits if he has quarters of coverage in at least half the calendar quarters elapsing after attainment of age 21 and up to and including the quarter of disablement. Any worker disabled before age 24 will be insured if he has quarters of coverage in at least half the 12 quarters ending with the quarter of disablement.

*Liberalized definition of blindness.*—The law substitutes for disability-freeze purposes the less strict definition of blindness used in the Internal Revenue Code (central visual acuity of 20/200 or less, commonly called "industrial blindness") for the present statutory definition of blindness (central visual acuity of 5/200 or less). This definition of blindness will also apply for benefit purposes in the case of the blind worker who is aged 55 or over and who can meet the alternative

(occupational-type) definition of disability. The worker under age 55 who is industrially blind and able to establish disability for freeze purposes on this basis will still have to meet the regular definition of disability—inability to engage in any substantial gainful activity—for benefit purposes.

*Extension of retroactivity of disability applications.*—The law allows 36 months (instead of 12 as previously allowed for disability applications) after termination of disability for the filing of a disability-freeze application by an individual whose mental or physical incapacity was the reason for his failure to file a timely application. Applications filed by or on behalf of such individuals within the extended period would not result in additional retroactive benefits but would permit the time during which the individual was disabled to be disregarded in subsequent determinations of whether they are insured for social security benefits or of the amount of such benefits.

*Definition of disability.*—The law retains the present definition of disability for workers and adults disabled since childhood and adds language that clarifies the definition. It specifies that to be found disabled an individual must have an impairment so severe that he is unable to engage in any kind of substantial gainful work that exists in the national economy. This means work that exists in significant numbers in the region in which he lives or in several regions of the country, but without regard to whether a specific job vacancy exists for him, or whether he would be hired if he had applied for work. The clarifying language will better enable the courts to interpret the law in accordance with the intent of Congress. This more detailed definition of disability is consistent with existing regulations and policy. The effect of the amendment is to provide a statutory basis for these regulations and policies, thus helping to assure uniform evaluation of disability.

*Disability benefits affected by the receipt of workmen's compensation.*—The law amends the provisions that limit the amount of social security benefits that can be paid to a disabled worker and his family when he is also eligible for workmen's

compensation. In some cases, social security disability benefits are reduced by the amount by which the combined social security and workmen's compensation benefits exceed 80 percent of the disabled worker's average monthly earnings during his 5 consecutive years of highest covered earnings after 1950. Under previous law, this average did not reflect that part of his earnings in excess of the social security earnings base. Thus, for a disabled worker whose actual earnings in covered work during his highest 5-year period exceeded the earnings base, the reduction could result in combined benefits of considerably less than 80 percent of his actual previous earnings. The amendment provides for inclusion of earnings in excess of the earnings base in computing the average earnings over the highest 5-year period for purposes of determining the amount of combined benefits that can be paid.

## **COVERAGE**

### **Coverage of Clergyman**

The services that a clergyman, Christian Science practitioner, or member of a religious order (except a member who has taken a vow of poverty) performs in the exercise of his profession will be covered automatically under the self-employment provisions unless, within specified time limits, he submits a statement that he is opposed to having his professional services covered under social security or other public insurance on grounds of religious principles or conscience. Clergymen who elected coverage under previous law will continue to be covered.

### **Additional Wage Credits for Servicemen**

The covered earnings of a person on active duty in the uniformed services (including active duty for training) will be deemed to be \$300 more than his basic pay in a calendar quarter, except that the deemed additional covered earnings will be \$100 when his basic pay in a calendar quarter is \$100 or less, and \$200 when his basic pay in a quarter is over \$100 but is not over \$200. The deemed additional covered earnings are intended to take into account the fact that the regular con-

tributory social security coverage of a serviceman reflects only his basic pay and does not include certain cash increments or the substantial value of payments in kind, generally counted as wages in other covered employment. The social security trust funds will be reimbursed from general revenues for the additional cost of paying the benefits resulting from this provision.

### **Retirement Income of Retired Partners**

Certain partnership income of retired partners will no longer be taxed or credited for social security purposes. The provision specifies certain conditions that must be met to assure that the income is in fact retirement income.

### **Exemption From Social Security Tax for Members of Religious Sects**

The time is extended for filing for exemption from the social security self-employment tax by members of religious sects (mainly, the Old Order Amish) conscientiously objecting to insurance. Those who had self-employment income for taxable years ended before December 31, 1967, have until December 31, 1968, to file for exemption. For those who first receive self-employment income in a taxable year ending on or after December 31, 1967, an application for exemption will be timely if filed by the due date for the income tax return for the year in question; it will also be valid if filed within 3 months following the month in which the person is notified by the Internal Revenue Service that a timely application has not been filed.

### **Family Employment**

Domestic service by a parent in the employ of his son or daughter is covered when it may be assumed that there is a need for the parent to perform the work. The employment will be covered in a calendar quarter if the employer has in his home a son or daughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, and the em-

ployer either is widowed or divorced, and has not remarried, or has a spouse in the home who is incapable of caring for the employer's son or daughter for at least 4 continuous weeks in the quarter.

#### **Exclusion of Certain Payments under Employer-Established Plans**

Payments made to an employee or any of his dependents are excluded from the definition of wages, for social security credits and tax purposes, if (a) the payments are made pursuant to an employer plan; (b) the payments begin upon or after the termination of the employee's employment; and (c) the termination was because of death, or retirement for disability or at an age specified in a plan of the employer. The exclusion does not apply to any payment which would have been made even if the employment relationship had not been terminated, or to any payment made upon or after termination of employment, if such termination is for any reason other than death, or retirement because of age or disability.

#### **State and Local Government Employees**

Several improvements were made in the coverage of State and local government employees. These changes include (1) providing for compulsory coverage (under the self-employment provisions) of employees compensated solely on a fee basis, if the State does not cover them; (2) adding Illinois to the States that may extend coverage under the "divided retirement system" and Puerto Rico to the States that may cover policemen and firemen who are under a State or local retirement system; and (3) providing for the coverage of firemen, on a restricted basis, in the States where such coverage is not otherwise permitted.

#### **Other Cash Benefit Changes**

*Benefits for child adopted by surviving spouse.*—The law provides that a child adopted by the surviving spouse of a worker may qualify for benefits on the worker's earnings record if adop-

tion proceedings had begun before the worker died, even if the adoption is not completed within 2 years after the worker's death.

*Benefits for child adopted by disabled worker.*—The law provides that a child who was legally adopted by a worker after he became entitled to disability benefits may receive child's benefits if all the following conditions are met: (1) the adoption was supervised by a child-placement agency; (2) the adoption was decreed by a court of competent jurisdiction within the United States; (3) the adopting parent had continuously resided in the United States for at least 1 year before the date of adoption; and (4) the child was under age 18 when the adoption took place.

*Overpayments.*—The law provides that, when the person who received an overpayment is alive, the overpaid benefits may be recovered by requiring the beneficiary to refund the overpayment or by withholding the benefits payable to him or to any other person entitled to benefits on the same earnings record. (Under present law this is specifically authorized only in death cases.) In addition, any beneficiary who is liable for repayment of an overpayment, whether such payment was made to him or to another person, will be able to qualify for waiver of recovery of the overpaid amount if he is without fault, and if he meets the other conditions prescribed in the law.

Under another provision, benefits paid on the basis of erroneous official reports of death issued by the Department of Defense would be lawful payments for months before the reports are corrected.

*Underpayments.*—The law provides that payment of any amounts due an individual under the cash benefits program that are not paid before his death are to be made in the following uniform order to: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on

the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

*Limitation on payment of benefits to aliens outside the United States.*—Under the old law, an alien who was outside the United States for 6 consecutive months had his benefits withheld under certain conditions. The new law changes this provision so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days. As under the old law, once the 6-month period has elapsed and benefits have been suspended, a person would have to return to the United States for a full calendar month in order for his benefits to be resumed.

The new law also provides that the 10-year-residence and 40-quarters-of-coverage exceptions to the alien nonpayment provisions will not apply after June 1968 to any alien who is a citizen of a country that has a social security system of general applicability under which benefits would not be paid to United States citizens who are living outside that country. (Payment will continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

In addition, benefits will not be payable for months after June 1968 to an alien living in a country in which the Treasury ban on payments is in effect with respect to benefits for that month. Any amounts accumulated through June 1968 for aliens who are living in countries where payment cannot be made will be limited to benefits for a 12-month period and will not be payable to anyone other than the person from whom they have been withheld or a survivor who is entitled to benefits on the same earnings record.

## Summary of Major Provisions: Health Insurance

### **METHOD OF PAYMENT TO PHYSICIANS UNDER SMI**

The two methods for payment of charges by physicians (and others whose services are covered

under the medical insurance program on a reasonable charge basis) provided for under the Social Security Amendments of 1965 have been retained with but one change: The new law eliminates the requirement that the beneficiary must pay the physicians' charges before he can be reimbursed under the program. Thus, the law permits payment either to the patient on the basis of an itemized bill (which can be either paid or unpaid) or to the physician under the assignment method.

### **ADDITIONAL DAYS OF HOSPITAL CARE**

For services furnished after December 31, 1967, the law provides that each Medicare beneficiary will have a lifetime reserve of 60 days of added coverage of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 per day will be applicable to these added days of coverage.

### **INCENTIVE REIMBURSEMENT EXPERIMENTATION**

The law authorized the Secretary of Health, Education, and Welfare to experiment with various methods of reimbursement to organizations and physicians under Medicare, Medicaid, and the child health programs that would provide incentives for limiting costs of the programs while maintaining quality care. The experiments would involve only those physicians and organizations that volunteer to participate in such experiments. No experiments will be initiated until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the possibilities of securing productive results.

### **SIMPLIFICATION OF REIMBURSEMENT TO HOSPITALS FOR CERTAIN SERVICES**

For services furnished after March 31, 1968, the law (1) provides that the full reasonable charges (no deductible or coinsurance payments) will be paid under the SMI program for covered radiology and pathology services furnished by physicians to hospital inpatients; (2) consolidates all coverage of outpatient hospital services under

SMI by transferring coverage of outpatient hospital diagnostic services from the hospital insurance program to SMI.

#### **INCLUSION OF PODIATRISTS' SERVICES**

The new law covers beginning January 1, 1968, the services of doctors of podiatry or surgical chiropody under the SMI program. Routine foot care whether performed by a podiatrist or a doctor of medicine is, however, excluded from coverage.

#### **SERVICES IN NONPARTICIPATING HOSPITALS**

The law provides limited coverage for inpatient services (whether or not emergency services) furnished to beneficiaries admitted before 1968 to qualified nonparticipating hospitals; under this provision, benefits equal to 60 percent of the room and board charges plus 80 percent of the ancillary charges will be paid directly to the individual. A similar provision relating to hospital admissions on or after January 1, 1968, applies to payment for emergency inpatient services in cases where the hospital does not choose to bill the program for all such services furnished to beneficiaries during the year.

#### **OUTPATIENT PHYSICAL THERAPY SERVICES**

For services furnished after June 30, 1968, the law covers, under the SMI program, outpatient physical therapy services furnished by physical therapists employed by or under agreement with and under the supervision of hospitals and other providers of services, as well as approved clinics, rehabilitation centers, and public health agencies. Such services will be covered whether or not the patient is homebound.

#### **SMI ENROLLMENT PERIODS**

The law places the general enrollment periods for the SMI program on an annual basis to run, beginning in 1969, from January 1 through March 31. During December of each year, the Secretary of Health, Education, and Welfare will determine and promulgate the premium rate to be applicable for the 12-month period beginning with the fol-

lowing July 1. Persons wishing to disenroll may do so at any time. Such disenrollment will not take effect, however, until the close of the calendar quarter following the quarter in which the notice of disenrollment is filed.

#### **SMI UNDERPAYMENTS**

The law authorizes the Secretary of Health, Education, and Welfare to settle claims for unpaid medical insurance benefits in cases where the beneficiary dies and the bill for covered services has not been paid. In such cases, payment would be made to the physician (or other provider of health services), but only if the physician (or other provider of services) agrees to accept the reasonable charge for the services as his full charge.

The law also provides that amounts that are due an individual under the medical insurance program and not paid before his death would be paid first to the person who paid for the services. If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate, if there is one. Then the law provides that the following uniform order of payment (similar to that for cash benefits) be followed: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

#### **Financing Changes**

The favorable long-range actuarial balance of 0.74 percent of payroll that the previous program had under the revised cost estimates for the program as amended in 1965 was sufficient to finance a substantial part of the cost of the cash benefit improvement under the new law. The remaining cost of the cash benefit provisions and the cost of the hospital insurance provisions will be financed

by: (1) an increase in the contribution and benefit base from \$6,600 to \$7,800 (effective January 1, 1968) and (2) a revised contribution rate schedule for the cash benefits.

The contribution rate schedule under the law is shown in table 1. The contribution rate increases provided for by the 1967 amendments will be slight. There will be no increase in the total contribution rate (4.4 percent each for employees and employers) for 1968, and the rate for 1969 will actually be reduced—from the 4.9 percent previously scheduled to 4.8 percent for employees and employers, each. The ultimate contribution rate for cash benefits will be increased from 4.85 percent to 5.0 percent beginning in 1973, and the ultimate rate for hospital insurance will be increased from 0.80 percent to 0.90 percent beginning in 1987—a total increase of only one-fourth of 1 percent over the contribution rate scheduled under prior law. The cash benefits part of the social security program, as amended by the 1967 amendments, has a positive actuarial balance of 0.01 percent of taxable payroll, and the hospital insurance part has a positive actuarial balance of 0.03 percent. The changes in SMI under this law also account for part of the premium increase from \$3 to \$4 that was announced December 30, 1967. About 23 cents of the \$1 increase was for this change in SMI benefits. (For a detailed description of the financial basis of the social security amendments, see the article that follows.)

In commenting on the legislation, Wilbur D. Mills, Chairman of the House Committee on Ways and Means, stated on September 27, 1967:

The Committee on Ways and Means has recently completed a most exhaustive reexamination of the contributory wage-related social security program. The program is actuarially and financially sound. Moreover, the revisions incorporated in the House-passed bill not only increase the present benefits for both older retired persons and the future benefits of younger persons now contributing to the program but strengthen both the wage-related and contributory features of the program.

Senator Russell B. Long, Chairman of the Senate Committee on Finance, also endorsed the financing of the program in his statement of December 13, 1967, when he said:

The conferees worked long and hard to make absolutely certain that the social security system is without question financed on an actuarially sound basis.

TABLE 1.—Contribution tax schedule under the new law

[Percent]			
Period	Total	OASDI	HI
Employer-employee (each)			
1968.....	4.4	3.8	0.6
1969-70.....	4.8	4.2	.6
1971-72.....	5.2	4.6	.6
1973-75.....	5.65	5.0	.65
1976-79.....	5.7	5.0	.7
1980-86.....	5.8	5.0	.8
1987 and after.....	5.9	5.0	.9
Self-employed			
1968.....	6.4	5.8	0.6
1969-70.....	6.9	6.3	.6
1971-72.....	7.5	6.9	.6
1973-75.....	7.65	7.0	.65
1976-79.....	7.7	7.0	.7
1980-86.....	7.8	7.0	.8
1987 and after.....	7.9	7.0	.9

## Special Studies

### Advisory Council Study of Health Insurance for the Disabled

The law establishes an advisory council, to be appointed in 1968, to study the question of providing health insurance protection for the disabled under title XVIII, and to report its findings, together with its recommendations on how such protection should be financed, to the Secretary of Health, Education, and Welfare not later than January 1, 1969.

### Study of Retirement Test and Drug Proposals

The law requires the Secretary to study (a) the existing retirement test and proposals for its modification (including proposals for an increase in retirement benefits on account of delayed retirement), and (b) proposals to establish quality and cost standards for drugs for which payments are made under the Social Security Act and to cover drugs under the supplementary medical insurance program. The Secretary is required to report his findings and recommendations to the President and the Congress by January 1, 1969.

### Study of Coverage of Services of Health Practitioners

The law requires the Secretary to study the need for the extension of coverage under the SMI program to the services of additional types of

personnel who engage in the independent practice of furnishing health services and to make recommendations to the Congress before January 1, 1969.

## Summary of Major Public Welfare Amendments

### **WORK-INCENTIVE PROGRAM FOR AFDC FAMILIES**

The amendments establish for families receiving AFDC payments a new work-incentive program to be administered by the Department of Labor. The State welfare agencies are to determine which families are to be referred, but such referrals are not to include (1) children under age 18 or going to school; (2) any one with illness, incapacity, advanced age, or remoteness from a project that precludes effective participation or training; or (3) persons whose presence in the home is required because of the illness or incapacity of another member of the household.

Under this program, State welfare agencies will refer to work and training projects all persons whom they consider to be "appropriate" except those specifically excluded under the law. Appeal procedures are provided.

The welfare agency is to assure necessary child-care arrangements for the children involved in the referrals. An individual who wishes to participate in such work or training will be considered for assignment and, unless specifically disapproved, be referred to the program.

This program provides for the use of all available manpower services to facilitate the employment or training of individuals in the regular economy or their participation in special work projects. Welfare agencies are to be responsible for providing financial aid and health care, making arrangements for child care, and providing various supportive social services to the families involved.

### **EARNINGS EXEMPTION IN AFDC**

The amendments include a provision requiring the States to disregard in calculating assistance payments the first \$30 a month and one-third of all additional amounts earned by adults in the family. The earned income of each child recipient

who is a full-time student or a part-time student not working full time is excluded in determining the family's need for assistance.

### **CHILDREN OF UNEMPLOYED FATHERS**

The law provides that under State programs for aid to families with dependent children of unemployed parents, Federal matching will be available only for the children of unemployed fathers. The Secretary of Health, Education, and Welfare is to prescribe standards for determining what constitutes unemployment.

### **CHILDREN OF ABSENT PARENTS**

The amendments set a limitation on Federal participation in AFDC that is based on the proportion of the child population under age 18 aided because of the absence of a parent from the home. After June 30, 1968, Federal participation in payments for children of absent parents will be available only for the number bearing the same relation to the total child population under age 18 in the State at the beginning of the year that the number aided in the first quarter of 1968 bore to the total population under age 18 as of January 1, 1968.

### **EMERGENCY ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN**

The law authorizes Federal financial participation in the provision of temporary emergency assistance for 30 days for a child under age 21 and his family. This emergency assistance can be in any form—medical aid, money, payment of rent, utilities, food, or clothing.

### **EXPANSION OF SOCIAL SERVICES**

The amendments call for an expansion of social services. Under the law, the States are required to establish a social service program for each child and for each relative in the AFDC family. Previous law required a plan for the child only.

The law permits welfare agencies to purchase social services from other than State agencies. The social services that may be purchased include not only child-care services for the AFDC program but also homemaker and rehabilitation serv-

ices for recipients of aid to the blind, old-age assistance, and aid to the permanently and totally disabled.

**USE OF SUBPROFESSIONAL STAFF**

A new provision requires the States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for jobs in the public assistance, child welfare, and child health programs. The law also directs the States to use volunteers both in providing services and in assisting advisory committees.

Other provisions in the law assure the involvement of parents in day-care programs. In addition, day-care standards in the child welfare services programs are to be made applicable to day care provided AFDC children.

**SOCIAL WORK MANPOWER**

The amendments authorize Federal funds for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work to meet part of the cost of developing, expanding, or improving undergraduate programs in social work and programs for the graduate training of professional social work personnel.

**INCOME EXEMPTION**

The law extends the provision enacted in 1965 that allows States to exempt up to \$5 a month of any type of income in determining eligibility of assistance recipients and the amount of their assistance payment. Under this provision, the States have the option of exempting up to a total of \$7.50 a month for the aged, the blind, and the permanently and totally disabled.

**MEDICAL ASSISTANCE CHANGES**

The amendments set a limit on Federal participation in the State medical assistance programs under title XIX. In setting income levels for Federal matching purposes, the States are limited to 133½ percent of the payment level under aid to families with dependent children. This provision does not affect Federal matching for medical care

for all those who are receiving or eligible to receive cash assistance or who would be eligible if not institutionalized.

The law now requires that States must place assistance recipients only in those licensed nursing homes that meet safety, sanitation, and other standards for improved care. As a further step in upgrading care, the licensing of nursing-home administrators is also required.

A provision of the new law makes Federal matching funds available for institutional care that provides more than board and room but less than skilled nursing care.

**CHILD WELFARE AUTHORIZATIONS**

The amount authorized for grants to the States for child welfare services is increased by the amendments from \$55 million to \$100 million for the fiscal year 1969 and from \$60 million to \$110 million for later years. Emphasis is to be placed on improvements in foster care. The law also moves the provisions for child welfare services from title V of the Social Security Act to title IV where they form a new part B.

**CHILD HEALTH PROVISIONS**

**Increase in Authorization**

Under the amendments, the authorizations for grants to the States for child health under title V of the Social Security Act have been raised to the following amounts:

<i>Fiscal year</i>	<i>Authorization</i>
1969 -----	\$250,000,000
1970 -----	275,000,000
1971 -----	300,000,000
1972 -----	325,000,000
1973 and thereafter -----	350,000,000

The law consolidates the separate child health authorizations under previous law into a single authorization with three general categories. Beginning 1969, 50 percent of the total authorized will be for formula grants, 40 percent for project grants, and 10 percent for research and training. By 1972 the States must take over responsibility for the project grants, and 90 percent of the total authorization will then go to the States as formula grants.

### **Family Planning Services**

Under the new law, at least 6 percent of the amounts appropriated for the maternal and child health programs are to be available for family planning services. States are now required to offer such services to AFDC recipients, and Federal matching funds are available for this purpose.

### **Other Child Health Provisions**

The new law authorizes support of up to 75 percent of the cost of projects to provide comprehensive dental health services for children of low-income families. State plans must also provide for the early identification and treatment of crippled children through intensified case-finding and periodic screening of school children. In addition, the law specifically calls for services to reduce

infant mortality and otherwise promote the health of mothers and children.

### **Presidential Commission**

On January 2, 1968, at the time he approved the new law, President Johnson appointed a Commission on Income Maintenance Programs—under the chairmanship of Ben W. Heineman, chairman and chief executive officer of the Chicago and North Western Railway Company—to look into all aspects of existing welfare and related programs. The Commission has been instructed to make recommendations for constructive improvements, wherever needed and indicated. The President has stated that “we must examine any and every plan, however unconventional, which could promise a constructive advance in meeting the income needs of all the American people.”

90th Congress }  
2d Session }

COMMITTEE PRINT

THE SOCIAL SECURITY AMENDMENTS OF 1967—  
PUBLIC LAW 248, 90TH CONGRESS

(Includes amendments to Social Security Act made by Public Law  
90-364, enacted June 28, 1968)

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BRIEF SUMMARY OF MAJOR PROVISIONS AND  
DETAILED COMPARISON WITH PRIOR LAW

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COMMITTEE ON FINANCE  
UNITED STATES SENATE  
RUSSELL B. LONG, *Chairman*



JULY 15, 1968

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## **THE SOCIAL SECURITY AMENDMENTS OF 1967: SUMMARY OF MAJOR PROVISIONS**

### **Old-Age, Survivors, Disability, and Health Insurance**

#### **1. BENEFIT INCREASE**

The 1967 amendments provide for a 13-percent increase in benefit payments for persons currently receiving benefits. The minimum benefit (payable when benefits start at age 65) is increased from \$44 a month to \$55. The amount of earnings subject to tax and also used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The legislation provides for the increased benefit to be first payable for the month of February 1968 (payable in March). It is estimated that 22.9 million people received the increase in benefits and that more than \$3 billion in additional benefits will be paid in the first 12 months under this provision.

#### **2. SPECIAL BENEFITS FOR PERSONS AGE 72**

The amount of the special payment which is made to persons age 72 and over who are not insured for regular cash benefits is increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple. The increased amount is first payable for February 1968. It is estimated that over 900,000 people will get new or increased benefits under this provision.

#### **3. RETIREMENT TEST**

There is an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month regardless of his annual earnings. \$1 in benefits will be withheld for each \$2 in earnings between \$1,680 and \$2,880, and \$1 in benefits for each \$1 in earnings above that amount. The provision is effective for earnings in 1968. It is estimated that about 760,000 people will receive approximately \$175 million in additional benefits for 1968.

The Secretary of Health, Education, and Welfare is required by the amendments to study the existing retirement test and proposals for its modification.

#### **4. BENEFITS FOR DISABLED WIDOWS AND WIDOWERS**

The amendments provide for reduced monthly benefits for certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. A widow or widower would be considered disabled only if the disability is one that would preclude any gainful activity. Benefits are first payable for February 1968. It is estimated that about 65,000 disabled people will be made eligible for benefits and about \$60 million in benefits will be paid during the first 12 months under this provision.

#### **5. ADDITIONAL DISABILITY INSURANCE PROVISIONS**

The amendments provide for a more detailed definition of disability than that in prior law: they liberalize the definition of blindness; they liberalize the insured status provisions for workers who become disabled before the age of 31.

## 6. COVERAGE PROVISIONS

Clergymen are permitted to elect not to be covered if they are opposed to coverage on the basis of conscience or religious principle: noncontributory wage credits (in addition to present contributory coverage) of \$100 a month are provided for military service after 1967; coverage is extended to some employment of a parent in the home of a son or daughter; other provisions affect the coverage of certain State and local employees.

## 7. MEDICARE—TITLE XVIII

The amendments provide for a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted, with a \$20 a day coinsurance provision; payment for a physician's services to the patient based on an unpaid bill (under prior law the bill had to be paid); payment of full reasonable charges (prior law authorized only 80 percent) for radiological and pathological services to hospital inpatients; payment for diagnostic X-rays made in a patient's home or in a nursing home; payment for services in nonparticipating hospitals under certain conditions; payment for physical therapy services furnished by physical therapists under the direction of hospitals or other approved agencies; liberalizations in treatment of emergency hospital services; and the establishment of an advisory council to study the question of providing health insurance protection for the disabled under the medicare program. The Secretary of Health, Education, and Welfare is directed to study (1) a proposal which would provide coverage of prescription drugs under Medicare and a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under various programs of the Social Security Act; and (2) the feasibility of covering the services of additional types of health practitioners. The amendments provide for a number of additional miscellaneous changes in the Medicare program.

**Public Welfare**

## 1. WORK INCENTIVE PROGRAM FOR AFDC RECIPIENTS

State welfare agencies are to refer appropriate adult members of families (with certain exceptions) who are receiving Aid to Families with Dependent Children to work and training programs operated by the Department of Labor. The Department of Labor, through the U.S. employment offices, will meet the employment needs of persons referred to it by three approaches. In the first instance, all those who are immediately employable will be moved into regular employment. Secondly, those who need training will be given suitable training and will then be referred to regular employment. Thirdly, the employment office will make arrangements for special work projects to employ those for whom no jobs can be found in the regular economy or for whom training is not suitable. The projects must be arranged by the employment office with public agencies or nonprofit private agencies organized for a public service purpose. Persons working in these projects must receive at least the minimum wage if the work they perform is covered under a minimum wage statute. Workers will be guaranteed amounts at least equal to their welfare grants plus 20 percent of their wages. Day care (under standards established by the Children's Bureau) must be provided for the children of mothers who are determined by welfare agencies to be appropriate for work or training. The Federal government will pay 80 percent of the cost of training under the program, and the States will pay 20 percent in cash or in kind.

## 2. EARNINGS EXEMPTION

The amendments require the States to exclude the first \$30 of earned income plus one-third of the remainder in computing a family's income for purposes of determining payments under the Aid to Families with Dependent Children program. Earned income of child recipients who are full-time students or who are part-time students not working full time would be totally excluded.

### 3. AID TO FAMILIES WITH DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

The amendments provide for a Federal definition of unemployment for States which have AFDC-UF programs.

### 4. LIMIT ON FEDERAL MATCHING FOR AFDC

The amendments provide that for purposes of Federal matching the proportion of all children under age 18 who are receiving AFDC payments on the basis of a parent's absence from the home in each State as of January 1, 1968, cannot be exceeded after June 30, 1968—postponed to June 30, 1969, under Public Law 90-364.

### 5. EMERGENCY ASSISTANCE

Provision is made for Federal matching for up to 30 days of emergency assistance during a 12-month period to a child and his family. This assistance can be extended to migrant families.

### 6. HOME REPAIRS

Federal matching is allowed for repairs (up to \$500) to homes of cash assistance recipients if such repair will assure the recipient the continued use of his home and provide housing at less cost than rent for suitable accommodations.

### 7. SERVICES FOR CHILDREN

Child welfare services and services to children receiving AFDC are to be provided by the same organizational unit at the State and local level with certain exceptions for existing arrangements. The authorization for child welfare services is increased from \$55 million to \$100 million for fiscal year 1969, and from \$60 million to \$110 million for later years.

### 8. "PASS ALONG" PROVISION

States have the option of exempting up to \$7.50 a month of any type of income for the aged, blind, and the disabled in determining eligibility and the amount of assistance under the cash assistance programs.

### 9. MEDICAID

States are limited in setting income levels for Federal matching purposes to 133½ percent of the AFDC payment level. For those States with programs already in effect the percentage is 150 for the period July-December 1968 and 140 for calendar year 1969. This limit does not affect persons who are receiving or are eligible for cash welfare assistance. Other Medicaid amendments relate to the coordination of Medicaid and the supplementary medical insurance program under Medicare, free choice of medical practitioners and facilities for Medicaid recipients, choice of services which the States may provide under Medicaid, provision for deductibles or cost sharing under State programs, and other miscellaneous provisions.

### 10. STANDARDS FOR SKILLED NURSING HOMES UNDER MEDICAID

Effective July 1970 the States will have to place Medicaid recipients only in those licensed nursing homes which meet specified standards. The States are also required to have a professional medical audit program under which periodic medical evaluations will be made of the appropriateness of the care provided to Medicaid patients in nursing homes, mental hospitals and other institutions. Effective July 1968, no Federal matching can be made for payments to a nursing home which, even though licensed, does not meet State licensing requirements.

**11. FEDERAL MATCHING FOR INTERMEDIATE CARE SERVICES**

Provision is made for Federal matching for vendor payments in behalf of persons who qualify for Old Age Assistance, Aid to the Blind, or Aid to the Permanently and Totally Disabled, and who are living in facilities which provide care which is more than that of boarding houses, but less than in a skilled nursing home. The rate of Federal sharing is the same as under Medicaid.

**12. LICENSING OF NURSING HOME ADMINISTRATORS UNDER MEDICAID**

States must license administrators of nursing homes in order to qualify for Federal matching under Medicaid.

**13. MATERNAL AND CHILD HEALTH**

There is a single authorization for child health programs, increasing from \$250 million in 1969 to \$350 million in 1973 and thereafter. An earmarking of 6 percent is made for family planning services. Special project grants are authorized to (a) reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing; (b) promote the health of children and youth of school and preschool age; and (c) provide dental care and services to children. Responsibility for these projects will be transferred to the States after July 1972.

**14. SOCIAL WORK MANPOWER**

The amendments authorize \$5 million for four years for grants to public or nonprofit private colleges and universities and accredited graduate schools of social work, or associations of such schools, to meet part of the costs of improvement or expansion of social work programs and the training of personnel.

**15. OTHER PUBLIC WELFARE PROVISIONS**

The amendments also have provisions relating to the AFDC program for the location of absent parents, family planning, foster home care for dependent children, protective or vendor payments, and others.

**THE SOCIAL SECURITY AMENDMENTS OF 1967: DETAILED COMPARISON WITH PRIOR LAW  
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE**

**I. COVERAGE**

Item	Prior law	Law as amended by Public Law 90-248
<p>A. Self-employed-----</p>	<p><i>Covers</i> 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 are not covered unless received by dealers in real estate and securities in the course of business dealings.</p> <p>Permits exemption from the social security self-employment tax of individuals who have conscientious objections to insurance (including social security) by reason of their adherence to the established tenets or teachings of a religious sect (or division thereof) of which they are members.</p> <p>Generally, applications for exemption were required to be filed on or before Apr. 15, 1966, in the case of those taxpayers with self-employment income for 1964 or any prior year. Taxpayers first deriving self-employment income in 1965 or any subsequent year are required to file applications on or before the due date (including any extension) of the income tax return for such first year.</p>	<p>No change.</p> <p>A member of a religious sect which is opposed to social insurance may file an application for exemption from the self-employment tax by Dec. 31, 1968, if the person has self-employment income for years ending before Dec. 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in the latter case, valid application may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.</p>
<p>1. Ministers-----</p>	<p><i>Covers</i> 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.</p>	<p>Services of a clergyman would be automatically covered unless he elects not to be covered because he is conscientiously opposed to social security coverage or because he opposes coverage on grounds of religious principle. Effective for taxable years ending after 1967.</p>
<p>2. Farm operators-----</p>	<p><i>Covers</i> farm operators on the same basis as other self-employed persons except that farm operators whose annual gross earnings are \$2,400 or less can report either their actual net earnings or 66% percent of their gross earnings.</p> <p>Farmers whose annual gross earnings are over \$2,400 report their actual net earnings if over \$1,600, but if actual net earnings are less than \$1,600, they may report either actual net earnings or \$1,600.</p>	<p>No change.</p>

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**I. COVERAGE—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>A. Self-employed—Continued 2. Farm operators—Continued</p>	<p>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.</p>	<p>No change.</p>
<p>3. Public officials-----</p>	<p><i>Excludes</i> individuals performing functions of public officials.</p>	<p>No change.</p>
<p>4. Newspaper vendors-----</p>	<p>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.</p>	<p>No change.</p>
<p>5. Retirement payments to retired partners.</p>	<p>Retirement payments made to retired partners are taxed and credited for social security benefit purposes like any other self-employment income even though they are not earnings for retirement test purposes if no services are performed.</p>	<p>Retirement payments received by a retired partner excluded for all purposes if the retired partner had no interest in the partnership, and rendered no services to the partnership, and if his share of the capital of the partnership had been paid to him. The payments must be made under a written plan which meets requirements set up by the Secretary of the Treasury; the plan must provide that the payments must be on a periodic basis and continue until the partner's death. Effective for taxable years ending on or after Dec. 31, 1967.</p>
<p>B. Employees-----</p>	<p>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.</p>	<p>No change.</p>
<p>1. Agricultural workers-----</p>	<p>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. Workers 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. <i>And excludes:</i> a. Mexican contract workers.</p>	<p>No change.</p>

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.

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 school, college, or university.

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.

Cash tips received after 1965 by an employee in the course of his employment are covered as wages for social security and income-tax withholding purposes, except that employers are not required to pay the social security employer tax on the tips. However, for tips to be subject to withholding for income tax or to be counted for social security purposes, the tips must be paid in cash and must amount to \$20 or more a month in work for one employer. The tips still represent compensation for income tax purposes even though less than \$20 a month or even though paid in other than cash, but are not, under either of these conditions, subject to withholding for income tax or social security tax purposes.

The employee is required to give his employer a written report of his tips within 10 days after the end of the month in which the tips are received (or at such other times before the 10th day as is provided by regulations); to the extent that unpaid wages due an employee and in the possession of the employer are insufficient to pay the employee social security tax due on the tips, the employee will be permitted (but not required) to make available to the employer sufficient funds to pay the employee social security tax. To the extent that the employer does not have sufficient wage payments (or funds turned over to him by the employee) to offset the required withholding, he notifies the employee and the employee reports this amount to the Government directly.

If an employee fails to report, as required by law, some or all of his covered tips to his employer, he is liable not only for the employee social security tax due on the unreported tips, but also for an additional amount equal to 50 percent of the employee tax. He pays his social security tax on these tips to the District Director of the Internal Revenue Service.

2. Domestic workers-----

No change.

3. Casual labor-----

No change.

4. Cash tips-----

No change.

# OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

## I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>B. Employees—Continued</p> <p>4. Cash tips—Continued</p>	<p>The employer is required to withhold the employee social security tax only on tips reported to him within the specified time and for which he has sufficient funds of the employee out of which to pay the tax. He is liable for withholding income tax on only those tips that are reported to him within 10 days after the end of the month in which the tips were received, and then in general only to the extent that he can collect the tax (at or after the time the tips are reported to him and before the close of the calendar year in which the tips were received) from unpaid wages (not including tips), or from funds turned over to him for that purpose remaining after an amount equal to the amount due for the social security tax has been subtracted.</p>	<p>Bonus and incentive pay is not wages if paid after employment relationship ends unless payment would have been made if the employment relationship had continued if—</p> <ol style="list-style-type: none"> <li>1. the employment relationship ended because of death, retirement for disability, or retirement for age; and</li> <li>2. the payment is made under a plan established by the employer for his employees generally or for a class or classes of employees. Effective for payments made after Jan. 2, 1968.</li> </ol>
<p>5. Bonus and incentive pay as deferred compensation.</p>	<p>Bonus and incentive pay as deferred compensation are wages even if paid after employment relationship ends.</p>	<p>∞</p>
<p>6. State and local government employees.</p>	<p>Covers employees of State and local governments provided the individual States enter into an agreement with the Federal Government to provide such coverage,</p> <ol style="list-style-type: none"> <li>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.</li> <li>b. Excludes the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered:             <ol style="list-style-type: none"> <li>(1) Employees on work relief projects;</li> </ol> </li> </ol>	<p>Emergency services are excluded on a mandatory basis. Also services of election officials who are paid less than \$50 in a calendar quarter would not be covered at the option of the State. Effective Jan. 1, 1968.</p> <p>Fees received after 1967 which are not covered under a State agreement are covered under the self-employment provisions if received by a person whose compensation consists entirely of fees. People in fee-basis positions in 1968 can elect to have their fees not covered under the self-employment provisions. States may continue to provide coverage of fee-basis employees as employees but the States are allowed to remove such employees from coverage.</p> <p>No change.</p>

(2) Patients and inmates of institutions who are employed by such institutions;

(3) Services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, *except* that agricultural and student services in this category may be covered at the option of the State.

c. Employees who are in positions covered under an existing State or local retirement system 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. However, employees in police-men and firemen positions under a State and local retirement system cannot be covered in the agreement. The Governor of a State or his delegate must 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 and employees of a municipal or county hospital) 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.

*Exceptions to general law concerning coverage in named States:*

(1) *Split-system provisions.*—Authorizes Alaska, California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, Nevada, New Mexico, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, 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, one to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that

No change.

Adds Illinois to the list of States entitled to split their retirement systems. Effective upon enactment.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>B. Employees—Continued 6. State and local government employees—Continued</p>	<p>new members of the retirement system coverage group are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.</p> <p>Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may nevertheless elect coverage through 1966, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this provision would begin on the same date as coverage became effective for the group originally covered. People who are in positions under a retirement system who are not eligible to join the system due to personal disqualifications, such as those based on age or length of service, cannot be covered under the divided retirement system procedure.</p> <p>(2) <i>Policemen and firemen.</i>—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maine, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, 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.</p> <p>(3) <i>Employees of unemployment compensation systems.</i>—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.</p>	<p>Extends time in which such employees may elect coverage through 1969, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage.</p> <p>Permits States, if coverage is extended under the divided retirement system procedure, to modify their agreement after 1967 to cover individuals who are not eligible to be members of the retirement system.</p> <p>Effective January 1, 1968.</p> <p>Adds Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.</p> <p>Validates social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.</p> <p>Provides for social security coverage for firemen in States not included in the list of States which may cover policemen and firemen if the Governor of the State certifies that the total benefit protection of the group of firemen would be improved as a result of social security coverage. The divided retirement system could not be used and firemen would have to be covered as a separate group and not as part of a group which includes people other than firemen.</p> <p>Effective on enactment.</p> <p>No change.</p>

d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.  
 e. *Effective date of coverage agreement.*—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.

No change.

A modification to cover a new group may provide retroactive coverage for former employees with respect to earnings that had been erroneously reported if no refund has been made of the taxes paid on the erroneously reported earnings.  
 Effective on enactment.

**7. Employees of nonprofit organizations.**

Covers employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) on a voluntary basis if the employer organization certifies that it desires to extend coverage to its employees.

No change.

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 as early as the 1st day of the 20th calendar quarter preceding the quarter in which the certificate of waiver is filed.

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. 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.

**8. Federal employees.....**

*Excludes* employees of the United States or its instrumentalities if—

a. they are covered by a retirement system established by Federal law; or

b. they perform services—  
 (1) as the President, Vice President, or a Member of Congress;

(2) in the legislative branch;

(3) in a penal institution as an inmate;

(4) as student nurses, and other student employees of Federal hospitals;

(5) as employees on a temporary basis in disaster situations;

No change.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**I. COVERAGE—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p><b>B. Employees—Continued</b> 8. Federal employees—Continued</p>	<p>(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); or</p> <p>c. the instrumentality has been specifically exempted by statute from the employer tax; or</p> <p>d. the instrumentality was exempt from the employer tax on December 31, 1950, and its employees are covered by its retirement system.</p> <p><i>Covers the following Federal employees excepted from the exclusion in 8-d unless they are excluded on the basis of one of the other provisions:</i></p> <ol style="list-style-type: none"> <li>employees of a corporation which is wholly owned by the United States;</li> <li>employees of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union;</li> <li>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;</li> <li>employees of a State, county, or community committee under the Production and Marketing Administration;</li> <li>employees of the District of Columbia who are not covered by a retirement system.</li> </ol> <p><i>Excludes—</i></p> <ol style="list-style-type: none"> <li>Students in the employ of a school, a college, or university if enrolled and regularly attending classes;</li> <li>student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes;</li> </ol> <p><i>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 publication to points for subsequent delivery or distribution.</i></p>	
<p>9. Students and nurses in schools and hospitals.</p>		No change.
<p>10. Newsboys-----</p>		No change.

11. Members of the Armed Forces.....

Covers members of the uniformed services after December 1956, while on active duty (including active duty for training), with contributions and benefits computed on basic military pay.  
Noncontributory wage credits of \$160 per month are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940-July 24, 1947) and during the postwar emergency period (July 25, 1947-Dec. 31, 1956).

Provides noncontributory wage credits for 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.

Provides additional wage credits of \$100 for each \$100, or fraction thereof, of active duty basic pay up to \$300 a quarter. Effective for service pay from the uniformed services paid after Dec. 31, 1967.  
No change.

No change.

12. Railroad employees.....

Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual financial interchange between the 2 systems in order to place the old-age and survivors insurance and disability insurance trust funds in the same position in which they would have been if railroad service after 1936 had been counted as social security employment.

No change.

13. Family employment.....

Excludes services rendered by—  
(1) One spouse for another.  
(2) Child under 21 for his parents.  
(3) Parents for their children, if such services are domestic services rendered in the home of the child, or such services are not rendered in the course of the child's trade or business.

Extends social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment is covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse.

14. Employees of Communist organizations.

Excludes from coverage employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act, as a Communist-action, a Communist-front, or Communist-infiltrated organization.

No change. However, Public Law 90-237 deleted the requirement in the Internal Security Act of 1950 requiring the registration of Communist organizations. This provision is, therefore, inoperative.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**  
**II. PROVISIONS RELATING TO DISABILITY**

Item	Prior law	Law as amended by Public Law 90-248
<p><b>A. Nature of the provisions:</b>                      1. Benefits-----</p>	<p>Provides monthly benefits for disabled workers meeting eligibility requirements. Benefits are computed in the same way as retirement benefits. No provision for monthly benefits for disabled widows and widowers.</p>	<p>Monthly social security benefits are payable between ages 50 and 62 to disabled widows and widowers of covered deceased workers. If benefits are first payable at age 50, they are 50 percent of the primary insurance amount. Higher percentages are payable—depending on the age at which benefits begin—up to 82½ percent of the primary insurance amount at age 62. The reduction continues to apply to benefits payable after that time. Effective for February 1968.</p>
<p>2. Disability "freeze"-----</p>	<p>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.</p>	<p>No change.</p>
<p><b>B. Eligibility requirements:</b>                      1. Definition-----</p>	<p>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. The impairment must be medically determinable and one which can be expected to exist for not less than 12 months. (For purposes of the freeze only, the following specified degree of blindness is presumed disabling: Central visual acuity of 5/200 or less in the better eye with use of correcting lens. An eye in which the visual field is reduced to 5° or less concentric contraction shall be considered as having a visual acuity of 5/200 or less.)</p>	<p>New guidelines are provided in the law under which a person (other than a disabled widow or widower) may be determined to be disabled only if due to a physical or mental impairment (as defined) he is unable to engage in any kind of substantial gainful work which exists in the national economy even though such work does not exist in the general area in which he lives. Effective on enactment.                      A widow or widower can be determined to be disabled only if she or he has a physical or mental impairment that makes it impossible for him to perform <i>any</i> gainful work rather than substantial gainful work. Effective for February 1968.                      Changes the degree of blindness to central visual acuity of 20/200 or less or a visual field of 20° or less Effective for February 1968.</p>
<p>2. Entitlement to other benefits.--</p>	<p>A person who becomes entitled before age 65 to a benefit payable on account of old age can later become entitled to disability insurance benefits. If prior benefit was a reduced benefit, disability insurance benefits are reduced to take account of payment made for prior months.</p>	<p>No change.</p>
<p>3. Waiting period-----</p>	<p>An initial 6-month "waiting period" is required before disability insurance benefits will be paid. Benefits are payable for 7th month. However, benefits may be paid for the 1st full month of disability to a worker who becomes disabled within 60 months (5 years) after</p>	<p>No change.</p>

4. Termination of benefits-----	<p>termination of disability insurance benefits or a period of disability.</p> <p>Provides that benefits shall not be paid after the 2d month following the month in which a worker's disability ceases.</p>	No change.
5. Insured status (work requirement)-----	<p>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; and          (2) Be fully insured.</p> <p>Young workers who are blind and disabled may meet an alternative insured status requirement under which workers disabled before age 31 are insured if not less than one-half (and not less than 6) of the quarters during the period lapsing after age 21 and up to the point of disability were quarters of coverage or, in the case of those disabled before age 24, at least one-half of the 12 quarters ending with the quarter in which disability began were quarters of coverage. To qualify for this alternative the worker would have to meet the statutory definition of blindness for the disability "freeze." (See above.) Workers will, however, have to meet the other regular requirements for entitlement to disability benefits, including inability to engage in any substantial gainful activity.</p>	<p>No change.</p> <p>Extends to all young workers the alternative insured status provisions which under prior law applied to the blind only. Effective for February 1968.</p>
6. Disability benefits offset-----	<p>The social security disability benefit for any month for which a worker is receiving a periodic workmen's compensation benefit is reduced to the extent that the total benefits payable to him and his dependents under both programs exceed 80 percent of his average monthly earnings covered by social security prior to the onset of disability, but with the reduction periodically adjusted to take account of changes in earnings levels.</p>	<p>Provides that in determining 80 percent of average earnings, earnings in excess of the social security earnings base may be used. Effective for February 1968.</p>
7. Applications-----	<p>Provides that no application for a disability determination filed more than 12 months after the month in which a period of disability would end shall be accepted.</p>	<p>An application for a freeze may be filed within 36 months of the time the period of disability ended if the Secretary determines that the application was not filed within the prescribed filing period because of the disabled person's incapacity to do so. Also provides that prior to Feb. 1, 1969, a person who filed an application in the past within 36 months of the end of his disability may again file an application to establish a period of disability for the freeze.</p>
C. Payment for rehabilitation services-----	<p>Provides for reimbursement from social security trust funds to State vocational rehabilitation agencies for the cost of vocational rehabilitation services furnished to disability insurance beneficiaries. Total amount of the funds that may be made available for such reimbursement could not, in any year, exceed 1 percent of the social security disability benefits paid in the previous year.</p>	No change.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**  
**II. PROVISIONS RELATING TO DISABILITY—Continued**

Item	Prior law	Law as amended by Public Law 90-248
D. Disability determinations.....	Provides that disability determinations, including determinations that a disabled person had recovered, generally must be made by State agencies under agreements with the Social Security Administration.	No change.

**III. BENEFIT CATEGORIES**

A. Worker—old age.....	<p>Full benefit payable at age 65 to fully insured retired worker. Payable at age 62 to fully insured retired worker, but on an actuarially reduced basis. Benefit is reduced by <math>\frac{1}{3}</math> of 1 percent for each month worker is entitled to receive a benefit before age 65—the total reduction is 20 percent if worker begins drawing benefits at age 62. The reduced amount is permanent, continuing after worker reaches age 65.</p> <p>In the case of a woman who is entitled to a reduced old-age insurance benefit and who is at the same time or subsequently becomes entitled to a wife's benefit, the wife's benefit would be reduced by the dollar reduction which was applicable to the old-age benefit, plus the regular reduction amount on the excess of the unreduced wife's benefit over the unreduced old-age benefit.</p> <p>A similar provision is applicable to men entitled to reduced old-age benefit and dependent husband's benefit.</p>	No change.
B. Wife or dependent husband.....	<p>A full benefit for a wife or dependent husband is 50 percent of spouse's primary benefit.</p> <p>Full benefit paid at age 65. Benefit also payable at age 62 to a wife or dependent husband, but on an actuarially reduced basis, i.e., benefit is reduced by <math>\frac{2}{3}</math> of 1 percent for each month prior to age 65. An individual who takes benefit at 62 receives 75 percent of full benefit.</p>	Wife's and husband's benefits limited to maximum of \$105 a month.
C. Widow, widower, or parent.....	<p>Full benefit payable at age 62 to widow, dependent widower, or surviving dependent mother or father of the insured worker.</p> <p>Full benefit is 82.5 percent of deceased worker's primary benefit (75 percent each in case of 2 parents).</p>	Benefits provided for disabled widows and widowers as early as age 50; benefits reduced by 43/198 of 1 percent for each month benefits are taken before age 60 and by 5/9 of 1 percent for each month between ages 60 and 62. Because widow's benefits, but not widower's

benefits, are payable at the reduced rate between ages 60 and 62, the provision would have no effect on widow's benefits which begin at age 60 or later. Effective for February 1968.

Widows may elect an actuarially reduced benefit upon attaining age 60. Benefits will be reduced by  $\frac{1}{3}$  of 1 percent for each month she is entitled to receive a benefit prior to age 62. Thus the reduction for a widow who elects a benefit when she attains age 60 is 13 $\frac{1}{2}$  percent for the 24-month period—reducing her benefit from 82 $\frac{1}{2}$  percent of her husband's benefit to 71 $\frac{1}{2}$  percent of his benefit.

In the case of a widow who is entitled to an old-age benefit in her own right, the old-age benefit is reduced to take into account widow's benefits paid to her before age 62.

Benefits are payable to a divorced woman if she has a child of the deceased worker in her care and the child is getting benefits based on the deceased father's earnings, if she has not remarried, and if she had been getting at least  $\frac{1}{2}$  of her support from her former husband under a court order or agreement at the time of his death.

Wife's or widow's benefits are payable to an aged divorced woman on her former husband's earnings if she (A) had been married to her former husband for 20 years before the divorce; (B) is not married, regardless of intervening marriages; and (C) met the following support requirement when her former husband became disabled, entitled to benefits or died: (1) She was receiving  $\frac{1}{2}$  of her support from her former husband, or (2) she was receiving substantial contributions from him pursuant to a written agreement, or (3) a court order for substantial contributions was in effect.

Payment of a wife's or widow's benefit to a divorced woman does not reduce the benefits paid to any other person on the same social security account and such wife's or widow's benefit is not reduced because of other benefits payable on the same account.

Benefits for a divorced wife or a surviving divorced wife are not terminated on account of remarriage in those cases where the remarriage is to a man getting benefits as a dependent widower or parent or as a disabled child aged 18 or over. If a divorced wife or a surviving divorced wife marries an old-age insurance beneficiary, her benefits are terminated but she is immediately eligible for a wife's benefit on her new husband's account.

A wife's benefits are not terminated when the woman and her husband are divorced if the marriage has been in effect for 20 years.

**D. Divorced wife, widow**

No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Public Law 90-248
E. Children.....	<p>A child's benefit is paid to child of the insured worker who has died, reached retirement age, or become disabled if the child is unmarried and either—</p> <p>(a) Is under age 18, or</p> <p>(b) Is under a disability which began before age 18.</p> <p>(c) Is age 18 or over and under age 22 if he is a full-time student.</p> <p>Permits a child whose benefits have terminated because he has attained age 18 to become reentitled upon filing a new application if he is a full-time student and has not attained age 22.</p> <p>A wife, widow, or surviving divorced mother will not get benefits if the only child in her care has attained age 18 and is getting benefits solely because he is a student.</p> <p><i>Student and institution defined:</i> A full-time student is defined as an individual who is in full-time attendance as a student at an educational institution; whether or not the student was in full-time attendance is determined by the Secretary in the light of the standards and practices of the school involved. Specifically excluded is a person who is paid by his employer while attending school at the request of his employer. Provides for benefits for any period of 4 calendar months or less in which a person does not attend school if the person shows to the satisfaction of the Secretary that he intends to continue in full-time school attendance immediately after the end of the period, or does in fact return.</p> <p>Definition of a child based on the laws applied in determining the devolution of intestate personal property in the State in which the worker is domiciled. Since 1965 also includes in definition of child a child who cannot inherit his father's intestate personal property if the father had acknowledged him in writing, had been ordered by a court to contribute to his support, had been judicially decreed to be his father or had been shown by other satisfactory evidence to be his father and was living with or contributing to his support.</p> <p>Child adopted by retired worker can get benefits if (1) at the time the worker became entitled to benefits the child was living with the worker or adoption proceedings had begun (2) the adoption was completed</p>	<p>No change.</p> <p>No change.</p> <p>Monthly benefits payable to children who can qualify for benefits even though they cannot inherit father's intestate property (under provision of 1965 amendments) cannot exceed the difference between the total amounts payable to other people on the same account and the maximum monthly amount payable on that account. A saving provision provides that benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 provision will not be reduced in the future nor will the benefits payable to persons on the rolls in January 1968 be reduced.</p> <p>No change.</p>

within 2 years of the time when the worker became entitled to benefits and (3) the child had been receiving 1/2 of his support from the worker for the entire year before the worker filed his application for old-age insurance benefits or, if the worker had a period of disability which continued until he became entitled to old-age insurance benefits, before the beginning of the period of disability.

Child adopted by the spouse of a deceased worker can get benefits only if the adoption is completed within 2 years after the worker's death.

Child adopted by a disabled worker can get benefits if (1) the adoption is completed within 24 months after the worker became entitled to disability benefits and (2) either proceedings for adoption had been instituted in or before the month in which the worker's latest period of disability began or the child was living with the worker in such month.

A child is deemed dependent on his father or adopting father unless the child has been adopted by someone else or the child is neither the worker's legitimate nor adopted child. A child is dependent on his stepfather if he is living with the stepfather or the stepfather is providing at least 1/2 of the child's support. A child is dependent on his mother or adopting mother if she is currently insured. If she is not currently insured, the child is dependent on her only if: (A) she is contributing at least 1/2 of the child's support or (B) she is living with the child or is making regular contributions to the child's support and the child's father is neither living with the child nor making regular contributions to the child's support. A child is dependent on his stepmother if requirement (A) or (B) above is met.

Husband's and widower's benefits can be paid to a husband or widower who was receiving 1/2 of his support from his wife at the time she became disabled, retired, or died provided she was currently insured at such time.

The relationship of widow, widower, or stepchild must have existed for at least 1 year. This requirement does not apply to the surviving widow or widower if the couple has a child, has adopted a child or if the surviving spouse is actually or potentially entitled to benefits on the earnings record of a previous spouse.

Includes in the definition of adopted child a child who was adopted by the worker's spouse more than 2 years after the worker's death, provided that proceedings to adopt the child had been initiated before the worker died. Effective for February 1968.

A child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States; (b) it was under the supervision of a public or private child-placement agency; (c) the disabled individual had resided in the United States for the year prior to the adoption; and (d) the child is under 18 at the time of adoption. Effective for February 1968.

Provides the same dependency requirements for benefits based on the earnings of a woman worker as present law requires for benefits based on the earnings of a male worker. Effective for February 1968.

Eliminates the requirement that the wife be currently insured. Effective for February 1968.

The duration-of-relationship requirements are reduced to 9 months. The requirement is further reduced to 3 months in the case of a worker's death by accidental means or if death occurred while he was on active duty in one of the uniformed services unless the Secretary of HEW determines that at the time the marriage occurred the worker could not reasonably have been expected to live for 9 months. Effective for February 1968.

F. Dependents benefits based on woman worker's earnings record:

1. Children-----

2. Husbands and widowers-----

G. Definitions of widow, widower, and stepchildren.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**IV. BENEFIT AMOUNTS**

Item	Prior law	Law as amended by Public Law 90-248
A. Creditable earnings-----	Maximum amount of earnings that may be credited for benefit purposes is \$6,600 a year.	Raises maximum amount to \$7,800 a year effective Jan. 1, 1968.
B. Benefit formula-----	The law contains a benefit table which is used to determine benefit amounts for both present and future beneficiaries. Though not stated in the law the formula is approximately 62.97 percent of the 1st \$110 of average monthly earnings, plus 22.9 percent of the next \$290, plus 21.4 percent of the next \$150.	The table is amended to provide a 13-percent benefit increase and to take account of the increase in creditable earnings to \$7,800 a year. The new formula is approximately 71.16 percent of the 1st \$110 of average monthly earnings, plus 23.88 percent of the next \$290, plus 24.18 percent of the next \$150, plus 28.43 percent of the next \$100. Effective for February 1968.
C. Maximum primary insurance amount--	\$168 a month (\$550 average monthly wage).	Increases to \$189.90 (\$550 average monthly earnings) and eventually to \$218 (\$650 average monthly earnings). Effective for February 1968.
D. Maximum limit on wife's benefit-----	No provision in present law; the wife's benefit is 1/2 of the primary insurance amount at all levels.	Limits wife's benefit to no more than \$105. Without this limit, the wife's benefit would eventually rise to \$109.
E. Minimum primary insurance amount--	\$44 a month.	\$55 a month. Effective for February 1968.
F. Maximum family benefits-----	Family maximum benefits are set by a table in the law and range from \$66 a month to \$368.	Extends table to take account of rise in creditable earnings and minimum primary insurance amount. As a result the family maximum would range from \$82.50 to \$34.40 a month. Effective for February 1968.
G. Computation involving 1937-50 wages--	When 1937-50 wages are used to compute a benefit the actual wages shown in the social security records are used. Unlike other wages, yearly wages for this period have not been placed on magnetic tape for electronic data processing. A manual examination of the wages is therefore necessary.	To permit electronic data processing a person would be deemed to have been paid all of the wages credited to him for the period 1937-50 in 9 years before 1951 if his total wages for the period do not exceed \$27,000; if the total wages in the period exceed \$27,000, the wages would be deemed to have been paid at the rate of \$3,000 a year. People who require 7 or more quarters of coverage to be insured would be deemed to have 1 quarter of coverage for each \$400 of wages earned in the period 1937-50. Effective on enactment for benefits due after 1966.
H. Benefits for certain individuals age 72 and over.	Monthly benefits of \$35 a month are provided for a single person and \$52.50 a month for a couple in cases where the person has no work, or not enough to be insured, under social security.	Benefits increased to \$40 a month for a single person and to \$60 a month for a couple. Effective for February 1968.

Comparison of monthly cash benefits under prior law and under Public Law 90-248

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 <sup>1</sup> P.L. 90-248
	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	
1. Retirement at 65 or disability benefit.....	\$44.00	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$127.10	\$140.40	\$153.60	\$168.00	\$189.90	\$218.00	\$218.00	\$218.00	\$218.00
2. Retirement at 62 with child in her care.....	35.20	44.00	62.60	70.80	81.40	92.00	101.70	112.40	122.90	134.40	152.00	174.40	174.40	174.40	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	63.60	70.20	76.80	84.00	95.00	105.00	105.00	105.00	105.00
4. Wife's benefit at 62 with child in her care.....	16.50	20.70	29.40	33.20	38.20	43.20	47.70	52.70	57.60	63.00	71.30	78.80	78.80	78.80	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	63.60	70.20	76.80	84.00	95.00	109.00	109.00	109.00	109.00
6. Widow 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	104.90	115.90	126.80	138.60	156.70	179.90	179.90	179.90	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	91.00	100.50	109.90	120.20	135.90	156.00	156.00	156.00	156.00
8. Disabled widow at age 50.....	33.40	33.40	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	190.80	210.60	230.40	252.00	285.00	327.00	327.00	327.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	279.60	280.80	306.00	368.00	368.00	368.00	368.00
11. 1 surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	95.40	105.30	115.20	126.00	142.50	163.50	163.50	163.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	190.80	210.60	230.40	252.00	285.00	327.00	327.00	327.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	322.40	322.40	322.40
14. Lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

<sup>1</sup> Maximum AME under Public Law 90-248.

<sup>2</sup> Maximum wife's benefit.

Source: Social Security Administration.

V. FINANCING

A. Allocation between OASI and DI trust funds.

The Federal Old-Age and Survivors Insurance Trust Fund receives all OASDI tax contributions other than those allocated for the disability insurance program, from which fund benefits and administrative expenses are paid for the old-age and survivors insurance program. A separate tax and fund is established for the hospital insurance trust fund.

The Federal Disability Insurance Trust Fund receives an amount equal to 0.70 of 1 percent of taxable wages plus 0.525 of 1 percent of self-employment income, from which benefit and administrative expenses are paid for the disability insurance program.

These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).

No change.

The allocation to the Disability Insurance Trust Fund, for years beginning after 1967, is increased to 0.95 of 1 percent of taxable wages and 0.7125 of 1 percent of taxable self-employment income.

No change.

B. Maximum taxable amount..... \$6,600 a year.

\$7,800 a year starting with 1968.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**VI. MISCELLANEOUS**

Item	Prior law	Law as amended by Public Law 90-248
A. Overpayments-----	<p>When the person who has been overpaid is alive the overpayment can be recovered only by withholding subsequent benefits payable to him. If he has died the overpayment can be recovered by withholding subsequent benefits to others getting benefits on the same earnings record. A person who is liable for repayment of an overpayment to another person cannot have the overpayment waived if the overpaid person was at fault even though he himself is without fault.</p>	<p>An overpayment can be recovered by requiring a refund or by withholding cash benefits of the overpaid person or any other person who is getting benefits on the same account, whether or not the overpaid person is alive. A person who is liable for the repayment of an overpayment made to another person may have recovery waived if he himself is without fault. Effective on enactment.</p>
B. Underpayments-----	<p>In the case of cash benefit underpayments where an individual dies before the completion of the payment of amounts due him and such amount at the time of his death does not exceed an amount equal to 1 month's benefit, payment is to be made to his surviving spouse who was living in the same household, or, if the underpayment exceeds that amount or if there is no such spouse, to the legal representative of his estate.</p>	<p>Amounts due will be paid under the following order of priority:</p> <ol style="list-style-type: none"> <li>(1) Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.</li> <li>(2) Child entitled to benefits on the same earnings record.</li> <li>(3) Parent entitled to benefits on the same earnings record.</li> <li>(4) Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.</li> <li>(5) Child not entitled to benefits on the same earnings record.</li> <li>(6) Parent not entitled to benefits on the same earnings record.</li> <li>(7) Legal representative of the individual's estate, if any.</li> </ol> <p>Effective on enactment.</p>
C. Termination of benefits upon deportation.	<p>Benefits are terminated upon the deportation of a retired or disabled worker 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.</p>	<p>No change.</p>
D. Payments to aliens-----	<p>Benefits to an alien are suspended if he is outside the United States continuously for 6 consecutive calendar months. The provision does not apply to aliens:</p> <ol style="list-style-type: none"> <li>(1) Who are citizens of countries which have effect a social insurance system of general application which would pay benefits to qualified United States citizens while they are outside of that country;</li> <li>(2) Whose benefits are based on the earnings of a person who has 40 quarters of social security coverage;</li> </ol>	<p>Once an alien has been outside the United States for 30 consecutive days he will be deemed to be outside the United States until he returns to the United States for 30 consecutive days. An alien who is a citizen of a country that has a pension system of general application which would not pay benefits to qualified citizens of the United States while they are outside of that country would generally not be paid benefits after he has been outside the United States for 6 months. A citizen of a country without such a system and to which the Treas-</p>

(3) Whose benefits are based on the earnings of a person who has lived in the United States for 10 years;

(4) Who is serving outside the United States in the Armed Forces of the United States;

(5) If the application of the provision would be contrary to a treaty obligation of the United States under the provisions of a treaty in effect on Aug. 1, 1956;

(6) Who is the survivor of a person who died in the military service of the United States or of a person who died as the result of a disease or injury incurred or aggravated in line of duty during a period of military service from which he was released under conditions other than dishonorable;

(7) Who had earnings from railroad employment which are counted for social security purposes;

(8) Who was, or could have been, entitled to benefits for December 1956.

Also, the Treasury is authorized to withhold payment to beneficiaries in certain Communist-controlled countries; when the Treasury authorizes payments renewed, back payments are made to the beneficiary or his estate.

E. Loss of benefits upon conviction of certain subversive crimes.

No change.

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.

F. Beneficiary reports:

1. Time for filing reports of earnings.

Where a valid reason exists the Secretary may extend the period for filing the report. The extension may not be for more than 3 months.

2. Penalty for late filing-----

For the 1st failure to report earnings which are large enough to cause a loss of benefits a penalty of 1 month's benefits is authorized. For failure to report work on 7 or more days in a month outside the United States or that a woman receiving mother's benefits does not have a child in her care a penalty of 1 month's benefits for the first offense is made and for the second and subsequent offenses a penalty of 1 month's benefits for each month for which benefits are to be withheld is authorized.

Where the amount to be withheld because of earnings is less than 1 month's benefit, penalty is reduced to actual amount payable for the month but to not less than \$10. The penalty for second and subsequent offenses is reduced to 2 months' benefits for the second offense and to 3 months' benefits for the third and subsequent offenses. In no event, however, will the penalty exceed the actual amount of benefits which are withheld.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**VI. MISCELLANEOUS—Continued**

Item	Prior law	Law as amended by Public Law 90-248
G. Advisory Council on Social Security-----	<p>The Commissioner of Social Security is chairman and 12 other persons appointed by the Secretary are members of the Council. The Councils are to be appointed in 1968 and every 5th year thereafter.</p>	<p>The Secretary will appoint the Chairman as well as the other 12 members of the Council. The Councils will be appointed after January 1969 and after January of every 4th year thereafter.</p>
H. Trustees reports-----	<p>The reports of the trustees of the social security trust funds are to be sent to the Congress by Mar. 1 of each year.</p>	<p>The reports of the trustees will be sent to the Congress by Apr. 1 of each year. Also, the report of the Trustees on the OASI fund will contain a separate actuarial analysis of all disability expenditures.</p>
I. Disclosure of information—deserting parents.	<p>Disclosure must be authorized by regulation. Under regulation disclosure of parent's or his employer's address is authorized to the agency administering the AFDC program if the child is getting AFDC. The law requires disclosure, at the request of a State or local agency participating in any State or local public assistance program, of the most recent address in the social security records of a parent (or his most recent employer or both) who has failed to provide support for his or her destitute child or children under age 16 who are recipients of applicants for assistance under such public assistance program where there is a court order for the support of the children and the information requested is to be used by the welfare agency or the court on behalf of the children.</p>	<p>Adds provision for disclosure of address of deserting parent or his employer, on request of an appropriate court, if the information is for the use of the court in issuing a support order against the parent. (The child need not have applied for AFDC.)</p>
J. Attorney's fees-----	<p>Permits a court which renders a decision favorable to a claimant for social security benefits to set a reasonable fee for the attorney who represented the claimant before the court. The fee cannot exceed 25 percent of the past-due benefits which result from the court's decision. The Secretary may certify for payment to the attorney, out of the total of the past-due benefits, the amount of the fee set by the court. Any attorney charging or receiving more than the fee set by the court is subject to a fine of up to \$500, imprisonment up to one year, or both.</p> <p>Under regulations, the Secretary must approve attorneys' fees for services provided before the Social Security Administration.</p>	<p>No change.</p> <p>Adds a provision to authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of the applicant's past-due benefits. The amount that can be paid out of past-due benefits is limited to the smaller of (a) 25 percent of the past-due benefits; (b) the fee fixed by the Secretary; or (c) an amount agreed to by the applicant and the attorney.</p>

K. Death in military service.....	No provision.	Provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive. <i>Effective date.</i> —The provision will apply to all payments made to payees who get benefits for January 1968 or later.
L. Expedited benefit payments.....	No provision.	Establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

**HEALTH INSURANCE**  
(Title XVIII of the Social Security Act)

Item	Prior law	Law as amended by Public Law 90-248																																		
I. Hospital insurance: A. Eligibility: 1. Permanent provision--  2. Transitional provision--	<p>Eligibility to hospital insurance benefits begins with the first day of the first month in which an individual is both age 65 and eligible for cash benefits under social security or the railroad retirement system and ends with the last day of the month with which his eligibility to cash benefits ends (except that eligibility continues to the day of death even though cash benefits are not payable for the month of death).</p> <p>In addition, all those who attained 65 before 1968 are eligible for hospital insurance even though not eligible for such cash benefits and people who attain 65 in 1968 or later need quarters of coverage under a transitional provision as indicated in the following table:</p> <table border="0" style="margin-left: 20px;"> <tr> <td><i>Year attains age 65:</i></td> <td style="text-align: right;"><i>Required quarters</i></td> </tr> <tr> <td>1968.....</td> <td style="text-align: right;">6</td> </tr> <tr> <td>1969.....</td> <td style="text-align: right;">9</td> </tr> <tr> <td>1970.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>1971.....</td> <td style="text-align: right;">15</td> </tr> <tr> <td>1972.....</td> <td style="text-align: right;">18</td> </tr> <tr> <td>1973.....</td> <td style="text-align: right;">21</td> </tr> <tr> <td>1974.....</td> <td style="text-align: right;">23</td> </tr> </table> <p>Women who attain age 65 in 1972 need the same number of quarters of coverage—18—for regular insured status and men who attain 65 in 1974 need the same number—23—so the transitional provision washes out in those years.</p>	<i>Year attains age 65:</i>	<i>Required quarters</i>	1968.....	6	1969.....	9	1970.....	12	1971.....	15	1972.....	18	1973.....	21	1974.....	23	<p>No change.</p> <p>Modifies prior provision so that 3 quarters rather than 6 would be required for people attaining age 65 in 1968, with the requirements for later years also reduced by 3 as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td><i>Year attains age 65:</i></td> <td style="text-align: right;"><i>Required quarters</i></td> </tr> <tr> <td>1968.....</td> <td style="text-align: right;">3</td> </tr> <tr> <td>1969.....</td> <td style="text-align: right;">6</td> </tr> <tr> <td>1970.....</td> <td style="text-align: right;">9</td> </tr> <tr> <td>1971.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>1972.....</td> <td style="text-align: right;">15</td> </tr> <tr> <td>1973.....</td> <td style="text-align: right;">18</td> </tr> <tr> <td>1974.....</td> <td style="text-align: right;">21</td> </tr> <tr> <td>1975.....</td> <td style="text-align: right;">24</td> </tr> </table> <p>For women the provision washes out in 1974; for men in 1975.</p>	<i>Year attains age 65:</i>	<i>Required quarters</i>	1968.....	3	1969.....	6	1970.....	9	1971.....	12	1972.....	15	1973.....	18	1974.....	21	1975.....	24
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**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued</p> <p>B. Benefits:</p> <p>1. Hospital benefits.....</p>	<p>Eligible individuals are entitled to have payment made for up to 90 days of hospital care, subject to a deductible of \$40 and to copay of \$10 a day for the 61st through the 90th day during each spell of illness.</p>	<p>Each medicare beneficiary will be entitled to a lifetime reserve of 60 days of hospital care after the 90 days in a spell of illness are exhausted. Coinsurance of \$20 a day would apply to such added days of coverage.</p> <p>Effective: For services furnished after Dec. 31, 1967.</p>
<p>2. Spell of illness.....</p>	<p>A "spell of illness" begins with the 1st day of hospitalization and ends with the end of the 1st 60-day period during all of which the individual is not a patient of either a hospital or nursing home.</p>	<p>No change.</p>
<p>3. Mental or TB hospital credit.</p>	<p>If an individual is an inpatient of a mental or TB hospital when he becomes eligible for hospital insurance the number of days he was such an inpatient prior to his eligibility are counted against the 90 days of coverage. Hospital inpatient coverage in a mental hospital is further limited by a 190-day lifetime maximum. (Days in such a hospital just before eligibility do not count against the lifetime maximum.)</p>	<p>Tuberculosis hospitals are removed from the provision and the provision will no longer apply in the case of an individual who is treated in a general hospital for a condition not related to mental illness. The number of days counted against days of coverage is increased from 90 to 150.</p> <p>Effective: For services furnished after Dec. 31, 1967.</p>
<p>4. Posthospital extended care.</p>	<p>Beneficiaries are also eligible for post-hospital extended care (in a qualified facility having an arrangement with a hospital for the timely transfer of patients and for the furnishing of medical information about patients) if the patient is transferred to the hospital within 14 days of discharge (after at least a 3-day stay) for up to 100 days in each spell of illness. Patients pay \$5 a day for each day after 20 days of extended care in a spell of illness.</p>	<p>No change.</p>
<p>5. Posthospital home health services.</p>	<p>Benefits also include posthospital home health services for up to 100 visits, after discharge from a hospital (after at least a 3-day stay) or, if later, after a covered stay in an extended care facility, and before the beginning of a new spell of illness. The patient must be in the care of a physician and under a plan established by a physician within 14 days of discharge from the hospital or extended care facility. The covered services include intermittent nursing care, therapy, and, to the extent provided in regulations, the part-time services of a home health aide. For the services to be covered, the patient must be homebound, except that, when certain equipment is used, the individual may be taken to a hospital or extended care facility or rehabilitation center to receive services involving nontransportable equipment.</p>	<p>No change.</p>

6. Outpatient hospital diagnostic services.

Outpatient hospital diagnostic services are covered subject to a \$20 deductible amount and 20-percent coinsurance for each diagnostic study (that is, for diagnostic services furnished to an individual by the same hospital during a 20-day period). (Amounts credited toward the \$20 deductible are treated as covered expenses under the pt. B supplementary medical insurance program.)

7. Changes in deductible.

The deductible amounts for inpatient hospital and outpatient hospital diagnostic services will be increased if necessary to keep pace with increases in hospital costs, but no such increase will occur before 1969. The coinsurance amounts for long-stay hospital and extended care facility benefits will be correspondingly adjusted.

Increases in the hospital deductible will be made only when a \$4 change is called for and the outpatient deductible will change in \$2 steps.

8. Blood deductible.

In addition to the \$40 deductible for inpatient hospital services there is a deductible in an amount equal to the cost of the first 3 pints of blood furnished for an individual during a spell of illness. When the blood is not replaced, the difference between the cost of the blood to the hospital and the charge to the beneficiary is deducted from the payments the program would otherwise make to the hospital.

C. Definition of providers of services:

1. Hospital.

In general, the term "hospital" means an institution which (1) is primarily engaged in providing diagnostic and therapeutic services for medical diagnosis, treatment, and care, or rehabilitation services for injured, disabled, or sick persons; (2) maintains clinical records on all patients; (3) has bylaws in effect with respect to its staff of physicians; (4) requires that every patient be under the care of a physician; (5) provides 24-hour nursing service rendered by or under the supervision of a registered nurse; (6) has in effect a hospital utilization review plan; (7) in the case of an institution in any State which provides for licensing of hospitals, is licensed (or approved) by the licensing agency pursuant to State or local law; and (8) meets such other requirements as the Secretary finds necessary in the interest of health and safety (except that these requirements may not be higher than the comparable requirements prescribed for accreditation of hospitals by the Joint Commission on Accreditation of Hospitals). A hospital which is accredited by the Joint Commission is deemed to meet all of the above qualifications except the utilization review requirement.

For the specific purpose of determining how long an individual is out of a hospital in order to establish when a spell of illness ends, an institution satisfying item (1) of the definition is a "hospital."

Transfers hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient services will be covered under the supplementary medical insurance program and thus subject to the pt. B deductible (\$50 a year) and coinsurance (20 percent). Effective: For services furnished after Mar. 31, 1968.

As indicated above, the separate outpatient deductible will be eliminated.

The definition of "blood" is broadened to include units of packed red blood cells and the 3-pint deductible is also applied to the supplementary medical insurance program.

Effective: For blood or packed red cells furnished after Dec. 31, 1967.

No change.

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued</p> <p>C. Definition of providers of services—Continued</p> <p>2. Emergency hospital.....</p>	<p>In determining whether emergency hospital services are covered and for purposes of describing the institution from which an individual must be transferred in order to be eligible for posthospital extended care or posthospital home health services, an institution satisfying items (1), (2), (3), (4), (5), and (7) of the definition is a "hospital." The term "hospital" does not (except for purposes of determining when a spell of illness ends) include any institution which is primarily for the care and treatment of mental diseases or tuberculosis, unless it is a tuberculosis hospital or a psychiatric hospital as defined below. The term "hospital" also includes a Christian Science sanatorium operated or listed and certified by the First Church of Christ Scientist, Boston, Mass., but payment may be made with respect to services provided by or in such a sanatorium only to such extent and under such limitations and requirements as may be provided in regulations.</p>	<p>The definition of hospital for emergency purposes is changed to mean an institution which:</p> <p>(1) Is licensed as a hospital;</p> <p>(2) Has full-time nursing service; and</p> <p>(3) Is primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. (See p. 32 for description of other changes affecting coverage of emergency hospital care.)</p> <p>Effective: As of July 1, 1966.</p>
<p>3. Psychiatric hospital.....</p>	<p>The term "psychiatric hospital" means an institution which (1) is primarily engaged in providing, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of mentally ill persons; (2) satisfies the requirements prescribed for hospitals under items (3) through (8) in 1, above; (3) maintains clinical records on all patients and maintains such records as the Secretary of Health, Education, and Welfare finds necessary to determine the degree and intensity of the treatment provided to individuals entitled to hospital insurance benefits; (4) meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and (5) is accredited by the Joint Commission on Accreditation of Hospitals. If an institution satisfies requirements (1) and (2) and contains a distinct part which also satisfies requirements (3) and (4), the distinct part will be considered to be a "psychiatric hospital" if the institution is accredited by the Joint Commission on Accreditation of Hospitals or the distinct part satisfies requirements equivalent to the accreditation requirements of the Joint Commission as determined by the Secretary.</p>	<p>No change.</p>

4. Tuberculosis hospital...

The term "tuberculosis hospital" means an institution which (1) is primarily engaged in providing, by or under the supervision of a physician, medical services for the diagnosis and treatment of tuberculosis; (2) satisfies the requirements prescribed for hospitals under items (3) through (8) in 1, above; (3) maintains clinical records on all patients and maintains such records as the Secretary finds to be necessary to determine the degree and intensity of the treatment; (4) meets such staffing requirements as the Secretary may find necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and (5) is accredited by the Joint Commission on Accreditation of Hospitals. If an institution satisfies requirements (1) and (2) and contains a distinct part which also satisfies requirements (3) and (4), the distinct part will be considered to be a "tuberculosis hospital" if the institution is accredited by the Joint Commission on Accreditation of Hospitals or the distinct part satisfies requirements equivalent to the accreditation requirements of the Joint Commission as determined by the Secretary.

No change

5. Extended care facility...

The term "extended care facility" means an institution (or a distinct part thereof) which has an agreement with one or more participating hospitals for the timely transfer of patients and their medical records and which (1) is primarily engaged in providing to inpatients skilled nursing care and related services, or rehabilitation services; (2) has policies which are developed with the advice of and periodically reviewed by a professional group (including at least 1 physician and at least 1 registered nurse) to govern the services it provides; (3) has a physician, registered nurse, or medical staff responsible for the execution of such policies; (4) requires that the health care of each patient be under the supervision of a physician and provides for having a physician available to furnish necessary emergency medical care; (5) maintains clinical records on all patients; (6) provides 24-hour nursing services sufficient to meet needs in accordance with facility policies and has at least 1 registered professional nurse employed full time; (7) provides appropriate methods for dispensing and administering drugs and biologicals; (8) has in effect a utilization review plan as defined below; (9) is licensed (or meets the standards for licensing) pursuant to State or local law; and (10) meets such other conditions relating to health and safety or physical facilities as the Secretary may find necessary. The term "extended care facility" does not include any institution which is primarily for the care and treatment of mental diseases or tuberculosis. For the specific purpose of determining when a spell of illness ends the term includes any institution which satisfies item (1).

No change.

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued            C. Definition of providers of services—Continued            6. Utilization review -----</p>	<p>A utilization review plan of a hospital or extended care facility will be considered sufficient if it is applicable to services furnished to individuals entitled to benefits under title XVIII and if it provides (1) for the review, on a sample or other basis, of admissions, duration of stays, and professional services from the standpoint of medical necessity and for the purpose of promoting the most efficient use of available health facilities and services; (2) for such review to be made by a staff committee of the institution which includes two or more physicians, or by a similarly composed group outside the institution which is established either by the local medical society and some or all of the hospitals and extended care facilities in the locality or in some other manner which may be approved by the Secretary; (3) for such review (in each case of a continuous stay of extended duration in a hospital or extended care facility) as of such days of such stay (which may be different for different classes of cases) as may be specified in regulations, with such review being made as promptly as possible after each day specified in the regulations but no later than 1 week following that day; and (4) for prompt notification to the institution, the individual, and his physician of any finding (which shall be made only after opportunity for consultation has been provided the physician) that further stay in the institution is not medically necessary. The utilization review plan must provide for review by a group outside the institution where, because of its small size (or, in the case of an extended care facility, because of lack of an organized medical staff), or for such other reasons as may be included in regulations, it is impracticable for the institution to have a properly functioning staff committee.</p>	<p>No change.</p>
<p>7. Home health agency -----</p>	<p>The term 'home health agency' means a public agency or private organization (or a part of such agency or organization) which (1) primarily provides skilled nursing and other therapeutic services; (2) has policies established by a professional group associated with the agency or organization (including at least one physician and at least one registered nurse) to govern services it provides, and provides for supervision of such services by a physician or a registered nurse; (3) maintains clinical records on all patients; (4) is licensed (or meets standards for licensing) pursuant to State or local law;</p>	<p>No change.</p>

and (5) meets other conditions found by the Secretary to be necessary for health and safety. The term does not include a private organization which is not a nonprofit organization exempt from Federal income taxation unless it is licensed pursuant to State law and meets such additional standards and requirements as may be prescribed by regulations. For purposes of hospital insurance, the term does not include any agency or organization which is primarily for the care and treatment of mental diseases.

D. Conditions of payment  
1. Physician certifications.

A physician must certify (and recertify, in such cases and as often and with such supporting material as may be provided in regulations, but in any event by the 20th day of hospitalization) that—

(A) in the case of inpatient hospital services (other than inpatient psychiatric hospital services and inpatient tuberculosis hospital services), the services were required to be given on an inpatient basis for medical treatment, or inpatient diagnostic study was medically required;

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

(C) in the case of inpatient tuberculosis hospital services, the services were required to be given on an inpatient basis by or under supervision of a physician for the treatment of tuberculosis, and the treatment can be reasonably expected to improve the condition or render it noncommunicable;

(D) in the case of posthospital extended care services, the services were required to be given on an inpatient basis because the individual needed skilled nursing care on a continuing basis for a condition for which he was hospitalized prior to transfer to the extended care facility, or which arose while receiving care for such a condition;

(E) in the case of posthospital home health services, the services were required because the individual was confined to his home and needed intermittent skilled nursing care, or physical or speech therapy, for any of the conditions with respect to which he was receiving inpatient hospital services or posthospital extended care services, and the services were furnished while the individual was under the care of a physician and under a plan established and reviewed periodically by a physician; or

(F) in the case of outpatient hospital diagnostic services, the services were required for diagnostic study.

The (A) provision is deleted except with respect to recertifications.  
Effective: For services furnished after date of enactment (Jan. 2, 1968).

No change.

No change.

No change.

No change.

The (F) provision is deleted. Effective: For services furnished after date of enactment (Jan. 2, 1968).

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p><b>I. Hospital insurance—Continued</b> <b>D. Conditions of payment—Con.</b> <b>2. Review of long-stay cases.</b></p>	<p>Payment may not be made for inpatient hospital services furnished an individual after the 20th day of a continuous stay or for posthospital extended care services furnished continuously after a period of time prescribed in regulations if the Secretary, before such individual's admission to the hospital or extended care facility, has rendered an adverse decision that the hospital or extended care facility is not making the necessary utilization reviews of long-stay cases.</p> <p>Payment may not be made for inpatient hospital services or posthospital extended care services furnished an individual after a finding by the physician members of the appropriate utilization review committee that further inpatient hospital services or posthospital extended care services are medically unnecessary. If such a finding has been made, payment may not be made for services furnished after the third day after the day the notice of such finding is received by the hospital or extended care facility.</p>	<p>No change.</p>
<p><b>3. Emergency hospital services.</b></p>	<p>Payment may be made for emergency hospital services, in the absence of an agreement of the kind otherwise required between the Secretary and the hospital, to the extent that the Secretary would be required to make payment if the hospital had such an agreement in effect and otherwise met the conditions of payment. (See definition of hospital, above, for special definition of hospital for purposes of this provision.) The hospital must agree, as a condition of payment under this provision, not to charge the patient for the covered emergency services.</p>	<p>Provides that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (of, if the hospital does not make separate charges for routine and ancillary services, ½ of the hospital's reasonable charges), subject to deductible and other existing limitations. (See above for change in definition of hospital for emergency purposes.)</p> <p>Effective: For admissions after Dec. 31, 1967. For outpatient services furnished between Jan. 1, 1968, and Apr. 1, 1968 (when all outpatient services become covered under SMI). Change in definition of hospital for emergency purposes is effective July 1, 1966, with the result that prior law payment procedures apply for admissions between that date and Dec. 31, 1967, in hospitals made newly eligible.</p>
<p><b>4. Services outside United States.</b></p>	<p>The preceding provisions for payments for emergency hospital services are applicable to emergency inpatient hospital services furnished by a hospital located outside the United States if the individual was present in the United States at the time the emergency which necessi-</p>	<p>No change.</p>

tated inpatient hospital services occurred and the hospital outside the United States was closer to, or substantially more accessible from, the place where the emergency arose than the nearest hospital within the United States which was adequately equipped to deal with the individual's illness or injury and available for the treatment of the illness or injury.

5. Temporary coverage of nonparticipating hospitals.

No provision.

Provides that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before Jan. 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before Jan. 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before Jan. 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

E. Reasonable cost reimbursement.

Providers of services under the program are to be paid on the basis of reasonable costs (regardless of whether the service is covered under hospital or supplementary medical insurance). The reasonable cost of any service is determined under regulations establishing the method or methods to be used, and the items to be included, in determining such costs for various types or classes of institutions, agencies, and services. In prescribing these regulations the Secretary must consider, among other things, the principles developed and generally applied by national organizations or established prepayment organizations in computing the amount of payment to be made by third parties to providers of services. Such regulations may provide for determination of the cost of services on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, may provide for the use of estimates of costs of particular items or services, and may provide for the use of charges or a percentage of charges where this method reasonably reflects the costs. Such regulations must take into account both direct and indirect costs of providers in order that the costs with respect to individuals covered by medicare will not be borne by individuals not so covered and the costs with respect to individuals not

The Secretary of Health, Education, and Welfare is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, participating in medicare, medicaid, or the child health program which offer incentives for keeping costs down while maintaining quality.

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p><b>I. Hospital insurance—Continued</b>                      E. Reasonable cost reimbursement—continued</p>	<p>covered will not be borne by medicare. The regulations must also provide for making retroactive corrective adjustments where, for any provider of services for any fiscal period, the total reimbursement produced by methods of determining costs proves to be either inadequate or excessive.</p> <p>Regulations in the case of extended care services furnished by proprietary facilities shall include provision for specific recognition of a reasonable return on equity capital, including necessary working capital, invested in the facility and used in the furnishing of such services, in lieu of other allowances to the extent that they reflect similar items. The rate of return recognized pursuant to the preceding sentence for determining the reasonable cost of any services furnished in any fiscal period shall not exceed 1½ times the average of the rates of interest on obligations issued for purchase by the Federal Hospital Insurance Trust Fund. (By regulation these last two sentences also apply to proprietary hospitals.)</p> <p>If a patient receives inpatient services in accommodations which are more expensive than semiprivate accommodations, but which are not medically necessary, the amount of payment may not exceed an amount equal to the reasonable cost of such services if furnished in semiprivate accommodations. If a patient receives other items or services which are more expensive than those for which payment can be made, the Secretary will take into account for purposes of payment no more than the reasonable cost of the services that can be paid for.</p> <p>If a patient is placed in accommodations less expensive than semiprivate accommodations for a reason the Secretary determines is not consistent with the program's purpose (and not at the patient's request), payment will be limited to the reasonable cost of semiprivate accommodations minus the difference between the customary charges for semiprivate accommodations and the accommodations furnished.</p>	<p>Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a cost-reimbursement bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. Effective: Services furnished after Mar. 31, 1968.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p>

The term "semiprivate accommodations" means 2-bed, 3-bed, or 4-bed accommodations.

**F. Administration:**

**1. State agencies**

The Secretary is required to make an agreement with any State which is able and willing to enter into an agreement to utilize the services of the State health agency or other appropriate State agencies for the purpose of determining which institutions and agencies qualify to participate in the programs under medicare and whether independent laboratories meet the requirements of law and regulation.

The Secretary may accept a State (or local) agency's findings as to the qualifications of an institution or agency to participate. The Secretary may also, pursuant to agreement, use State and local agencies to do any of the following: (1) provide consultative services to institutions or agencies to assist them in establishing and maintaining fiscal records or otherwise qualifying for participation, or in providing information necessary to determine what benefits are payable; and (2) provide consultative services to institutions, agencies, or organizations to assist them in establishing and evaluating the effectiveness of utilization review procedures.

The Secretary is to pay the State for the reasonable costs of the administrative activities performed under its agreement and for the Federal Hospital Insurance Trust Fund's fair share of the costs attributable to planning and other efforts directed toward coordination of activities in carrying out its agreement and other activities related to the provision of services similar to those covered under medicare or related to the facilities and personnel required for the provision of such services, or related to improving the quality of such services.

**2. Intermediaries**

If any group or association of providers of services wishes to have payments under pt. A made through a National, State, or other public or private agency or organization, and nominates such an agency or organization for this purpose, the Secretary may enter into an agreement with the agency or organization providing for the determination of the amount to be paid under pt. A to such providers, and for the payment to such providers of the amounts so determined. The agreement may also include provision for the agency or organization to do all or any part of the following: (1) provide consultative services to institutions or agencies to enable them to establish and maintain fiscal records and otherwise to qualify as participants in the program; and (2) serve as a center for communications between the providers covered under the agreement and the Secretary, and make such audits of the records of such providers, as may be necessary to assure proper payment.

No change

This provision is repealed effective July 1, 1969. (See p. 78 for substitute provision in the medicare (title XIX) program.)

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p><b>I. Hospital insurance—Continued</b> <b>F. Administration—Continued</b></p>	<p>The Secretary may not enter into an agreement with an agency or organization unless (1) he finds that (A) to do so is consistent with effective and efficient administration, (B) the agency or organization is willing and able to assist the providers in the application of safeguards against unnecessary utilization of services (and the agreement provides for such assistance), and (2) the agency or organization agrees to furnish to the Secretary such information acquired by it in carrying out its agreement as the Secretary may find necessary to perform his functions under pt. A.</p> <p>An agreement may contain such terms and conditions as the Secretary finds necessary or appropriate and may provide for advances of funds to the agency or organization for making payments to providers of services. Such an agreement may also provide for payment to the agency or organization of the necessary and proper costs of carrying out its functions performed or to be performed under the terms of the agreement.</p> <p>If the nomination of an agency or organization is made by a group or association of providers of services, it will not be binding on members of the group or association which notify the Secretary of their election to that effect. Any provider may, upon notice, withdraw its nomination to receive payments through such agency or organization. Any provider which has withdrawn its nomination (and any provider which has not made a nomination) may elect to receive payments either directly from the Secretary or from any agency or organization which has entered into an agreement with the Secretary if the Secretary and such agency or organization agree to it.</p>	<p>No change.</p> <p>No change.</p> <p>No change.</p>
<p><b>G. Financing</b>-----</p>	<p>Taxes pursuant to the schedule below are deposited in the Federal Hospital Insurance Trust Fund from which all benefits and administrative expenses are disbursed. The Trust Fund also receives the general revenues to meet the expenses arising from those who qualify under the transitional insured provision. The hospital insurance taxes under the railroad retirement system are also deposited in the fund.</p>	

Hospital Insurance Tax Schedule:	
	Percent
1968-72	0.6
1973-75	.65
1976-79	.7
1980-86	.8
1987 and after	.9

An employee's hospital insurance taxes in excess of the maximum may be refunded.

No change.

A person over 65 who believes, on the basis of documentary evidence, that he has just reached age 65 will be allowed to enroll in the program as if he had attained age 65 on the date shown in the evidence. Effective: for enrollments beginning in February 1968.

General enrollment periods run from Jan. 1 through Mar. 31 beginning in 1969 and every year thereafter. An individual may enroll within a general enrollment period which begins within 3 years after the close of his first enrollment period.

Persons receiving social security, railroad retirement, or civil service retirement benefits can file a notice to disenroll at any time and coverage will terminate with the close of the calendar quarter following the quarter in which the notice is filed. Effective: Apr. 1, 1968.

Hospital Insurance Tax Schedule:	
	Percent
1968-72	0.5
1973-75	.55
1976-79	.6
1980-86	.7
1987 and after	.8

People employed under both railroad retirement and social security pay hospital insurance taxes on wages covered under both systems. If taxes are paid on more than the maximum amount of wages taxable under 1 program no provision for refund of excess taxes.

Each individual who has attained age 65 and who is a resident of the United States and is either a citizen, or an alien who has been a lawful resident for 5 years or more, is eligible to enroll under pt. B. Any person eligible for hospital insurance benefits is eligible regardless of the preceding requirement.

An eligible individual may enroll during the 7-month period beginning with the 3d month before the month he reaches age 65 and ending with the 3d month after the month in which he reaches age 65.

In addition, an individual who fails to enroll in the 7-month period may enroll in a general enrollment period. The 1st general enrollment period began Oct. 1, 1967, and ran through Mar. 31, 1968. General enrollment periods running from Oct. 1 through Dec. 31 begin in 1969 and every odd year thereafter. An individual may not enroll more than 3 years after the close of his 1st enrollment period. A person who disenrolls may enroll only once after that.

Coverage may be terminated by an individual receiving social security, railroad retirement, or civil service benefits (whose premiums must be deducted from their benefits) only during a general enrollment period. Persons not receiving those benefits can terminate coverage by notice during a general enrollment period or by nonpayment of premiums (subject to a grace period of up to 90 days).

An individual who enrolls in a month before the month in which he reaches age 65 will be eligible for benefits beginning with the first day of the month he reaches age 65. If he enrolls in the month in which he reaches age 65, coverage is effective with the next month. If he enrolls in the month after he reaches 65 coverage is effective with the 2d month following the month in which he enrolls. If he enrolls in the 2d month

H. Hospital insurance taxes paid by railroad employees.

II. Supplementary medical insurance—  
Pt. B: A. Eligibility-----

B. Enrollment and disenrollment-----

C. Coverage period-----

**HEALTH INSURANCE--Continued**

**(Title XVIII of the Social Security Act)--Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>II. Supplementary medical insurance— pt. B--Continued C. Coverage period--Continued</p>	<p>or 3d month after the month in which he reaches age 65 coverage is effective with the 3d month following the month in which he enrolls. If an individual enrolls during a general enrollment period coverage is effective with the July 1 following. If an individual disenrolls during a general enrollment period his coverage ends with Dec. 31 of the period (except that, if an individual disenrolls during January, February, or March of the general enrollment period running from Oct. 1, 1967, to Mar. 31, 1968, coverage will end with Mar. 31, 1968).</p>	<p>If an individual disenrolls during a general enrollment period beginning in 1969 or later, coverage ends with Apr. 1 of that year.</p>
<p>D. Premiums-----</p>	<p>The monthly premium for each month before April 1968 is \$3.00. The Secretary was required to announce before Jan. 1, 1968, the premium amount to be effective for April 1968--\$4.00. The Secretary must announce during the period July 1 to Oct. 1, 1969, the premium amount to be in effect from January 1970 through December 1971. The Secretary is required to make similar announcements in each odd-numbered year thereafter.</p> <p>If an individual 1st enrolls more than 12 months after he could have enrolled, his premium is increased by 10 percent for each full 12 months the individual could have been but was not enrolled.</p>	<p>The Secretary is to announce by Jan. 1, 1969, and each year thereafter, the premium amount which is to be in effect for the 12-month period beginning the following July 1. The \$4.00 premium announced by the Secretary in December 1967 will apply from April 1968 through June 1969. At the time the premium amount is announced, the Secretary must issue a public statement setting forth the actuarial bases and assumptions used in arriving at the premium amount. The latter provision is effective after Dec. 1, 1968.</p> <p>No change.</p>
<p>E. Financing-----</p>	<p>Premiums paid by enrollees with matching amounts appropriated from general revenues are deposited in a Federal Supplementary Medical Insurance Trust Fund from which all benefits and administrative expenses of the program are paid.</p> <p>General revenue appropriation can also include a contingency fund available during 1966 and 1967.</p>	<p>Adds provisions authorizing payment from general revenues to the Federal Supplementary Medical Insurance Trust Fund to put the Trust Fund in the same fiscal position it would have been had the matching general revenues been deposited in the Fund at the same time the premiums were deposited.</p> <p>Effective: For fiscal years occurring after June 30, 1967. Contingency fund would be made available through 1969.</p>
<p>F. Benefits-----</p>	<p>The supplementary medical insurance plan covers physicians' services, home health services, and numerous other medical and health services in and out of medical institutions as set forth below; however, they are not covered if they would constitute items which could be paid for under pt. A without regard to deductibles, coinsurance, or time-limit provisions:</p>	<p>Removes exclusion of services which are covered under pt. A. (Another provision of law avoids duplicate payment.)</p> <p>Effective: For services furnished after Mar. 31, 1968.</p>

There is an annual deductible of \$50 (but expenses counted toward a deductible in the last 3 months of a year count also in the following year). Then the plan covers 80 percent of the reasonable charges (above the deductible) for the following services:

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

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

Covered where furnished as part of inpatient hospital services, outpatient hospital services, and home health services. Not covered if performed in physical therapist's office.

The Secretary of Health, Education, and Welfare is required, to the extent possible, to contract with carriers to carry out the major administrative functions relating to the voluntary supplementary medical insurance plan such as determining rates of payments under the program and holding and disbursing funds for benefit payments. No contract is to be entered into by the Secretary unless he finds that the carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent. The contract must provide that the carrier take necessary action to see that where payments are on a cost basis (to institutional providers of services), the cost is a reasonable cost.

Adds deductible of 3 pints of blood with a unit of packed red cells equivalent to a pint of blood.

Effective: With blood furnished after Dec. 31, 1967.

Provides that 100 percent of the reasonable charges will be reimbursed for pathology and radiology services furnished to hospital inpatients.

Effective: For services after Mar. 31, 1968.

Covers the services of licensed podiatrists (but excludes routine foot care).

Effective: For services after Dec. 31, 1967.

Permits payment to be made for durable medical equipment needed by an individual whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, up to the purchase price.

Effective: For items purchased after Dec. 31, 1967.

Permits payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered only if they are provided under the supervision of a physician and are performed under health and safety regulations of the Secretary.

Effective: For services furnished after Dec. 31, 1967.

Covers outpatient physical therapy services no matter where performed, furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers, and local public health agencies.

Effective: For services furnished after June 30, 1968.

1. No change.

## G. Physical therapy services-----

### H. Administration:-----

1. Carriers.-----

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>II. Supplementary medical insurance— pt. B—Continued H. Administration—Continued 2. Reasonable charges—</p>	<p>Correspondingly, where payments are on a charge basis (to physicians or others furnishing noninstitutional services), the carrier must see that the charges are reasonable and not higher than the charges applicable for a comparable service and under comparable circumstances, to the other policyholders and subscribers of the carrier. In determining reasonable charges, the carriers will consider the customary charges for similar services generally made by the physician or other person or organization furnishing the covered services, and also the prevailing charges in the locality for similar services.</p>	<p>2. No change.</p>
<p>3. Physician payment method.</p>	<p>Payment by the carrier for physicians' services can be made only on the basis of a receipted bill, or on the basis of an assignment under the terms of which the physician agrees to accept the reasonable charge as determined by the carriers as the full charge for the service.</p>	<p>3. Permits payment either to the patient on the basis of an itemized bill (paid or unpaid) or to the physician under the assignment method. Effective: For claims not completed by Jan. 2, 1968.</p>
<p>4. Time limit on filing SMI claims.</p>	<p>No provision.</p>	<p>4. Claims must be filed no later than the close of the calendar year following the year (and the last 3 months of the previous year) in which the services are furnished. Effective: For bills submitted after March 1968.</p>
<p>I. Reimbursement for civil service annuitants for premium payments.</p>	<p>No provision.</p>	<p>Federal employee health benefit plans would be permitted to reimburse civil service retirement annuitants for the premium payments they make to the supplementary medical insurance program, provided such reimbursement is financed from funds other than contributions made by the Federal Government and the Federal employees toward the health benefit plan. Effective: On enactment, Jan. 2, 1968.</p>
<p>III. Exclusions from both Medicare programs.</p>	<p>The following are excluded from both pt. A and pt. B of medicare: Items or services— (1) which are not necessary for medical diagnosis or treatment or improved functioning of a malformed body member; (2) for which the individual is not obligated to pay (a free chest X-ray, for example); (3) which are paid for by some other governmental entity except where specified by the Secretary; (4) which are furnished outside the United States (except for emergency hospitalization as described above);</p>	

<p>(5) which are required as a result of war;  (6) which are personal comfort items;  (7) which are routine physical checkups, eyeglasses or eye examination for the purpose of prescribing, fitting, or changing eyeglasses, hearing aids or examinations therefor, or immunizations;  (8) for orthopedic shoes or other supportive devices for the feet;  (9) are for custodial care;  (10) which are for cosmetic surgery, except for prompt repair of accidental injury;  (11) furnished by immediate relatives or members of the same household;  (12) in connection with the care, treatment, filling, removal, or replacement of teeth or structure directly supporting teeth; or  (13) which are, or can be expected to be, paid for under workmen's compensation.</p>	<p>Adds exclusion of refractive procedures on the eye performed for any purpose.  Effective: On enactment, Jan. 2, 1968.</p> <p>Adds exclusion of routine foot care.  Effective: For services furnished after Dec. 31, 1967.</p>
<p>A Health Insurance Benefits Advisory Council is established for the purpose of advising the Secretary of Health, Education, and Welfare on matters of general policy in the administration of the medicare program and in the formulation of regulations under medicare. The Council is composed of 16 members, one of them designated Chairman, selected by the Secretary. Members hold office for 4 years with the initial appointments varied so that 1 quarter of the membership is appointed each year.</p>	<p>The Health Insurance Benefits Advisory Council assumes the duties of the National Medical Review Committee (which was never formed). The Council's membership is increased from 16 to 19 persons.  Effective: On enactment, Jan. 2, 1968.</p>
<p>A National Medical Review Committee is required to be established for the purpose of studying the utilization of hospital and other medical care and services "with a view to recommending any changes which may seem desirable in the way in which such care and services are utilized or in the administration of the programs established by this title, or in the provisions of this title." The Committee is composed of 9 persons, a majority of which shall be physicians, representative of organizations of professional personnel in the field of health or outstanding in that field, 1 member shall represent the general public. Appointments are for 3 years with initial appointments set at intervals so that 3 members are appointed or reappointed every year. Committee was never appointed.</p>	<p>Repealed: See above.</p>
<p>No provision.</p>	<p>The Secretary of Health, Education, and Welfare is required to study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.  Report due Jan. 1, 1969.</p>

IV. Advisory groups:  
A. Health Insurance Benefits Advisory Council.

B. National Medical Review Committee.

C. Other groups and studies:  
1. Health practitioners----

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>IV. Advisory group—Continued</p> <p>C. Other groups and studies—Con.</p> <p>2. Disabled under medical care.</p>	<p>No provision.</p>	<p>The Secretary of Health, Education, and Welfare is required to establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by Jan. 1, 1969.</p>
<p>3. Drug study-----</p>	<p>No provision.</p>	<p>The Secretary of HEW is required to study and report to the Congress, prior to Jan. 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare; and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act.</p>
<p>V. Overpayments and underpayments----</p>	<p>Where more than the correct amount is paid for a service or item under medicare, the overpayment can be recouped by withholding regular cash social security or railroad retirement benefits. No special provision for handling underpayments under pt. B program.</p>	<p>Provides that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following order of payment:</p> <ol style="list-style-type: none"> <li>1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.</li> <li>2. Child entitled to benefits on the same earnings record.</li> <li>3. Parent entitled to benefits on the same earnings record.</li> <li>4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.</li> <li>5. Child not entitled to benefits on the same earnings record.</li> <li>6. Parent not entitled to benefits on the same earnings record.</li> <li>7. Legal representative of the individual's estate, if any.</li> </ol> <p>Effective: Underpayments outstanding arising after enactment, Jan. 2, 1968.</p>

**DATA ON OASDHI**  
**TABLE 1.—Maximum contribution amounts under Public Law 90-248—Old-age, survivors, disability, and hospital insurance**

Calendar year	OASDI		Hospital insurance		Total	
	Previous law	(Public Law 90-248)	Previous law	(Public Law 90-248)	Previous law	(Public Law 90-248)
Employee						
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70
1976-79.....	320.10	390.00	39.60	54.60	359.70	444.60
1980-86.....	320.10	390.00	46.20	62.40	366.30	452.40
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20
Self-employed						
1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1976-79.....	462.00	546.00	39.60	54.60	501.60	600.60
1980-86.....	462.00	546.00	46.20	62.40	508.20	608.40
1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

**DATA ON OASDHI—Continued**  
**TABLE 2.—Progress of old-age and survivors insurance trust fund, short-range estimate**

[In millions]

Calendar year	Contributions	Benefit pay- ments	Administrative expenses	Railroad retire- ment financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year <sup>3</sup>
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	447	20,576
1955.....	5,713	4,968	119	-\$21	454	21,663
1956.....	6,172	5,715	132	-----	526	22,519
1957.....	6,825	7,347	162	-5	556	22,393
1958.....	7,566	8,327	194	124	552	21,864
1959.....	8,052	9,842	184	282	532	20,141
1960.....	10,866	10,677	203	318	516	20,324
1961.....	11,285	11,862	239	332	548	19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,689	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
Estimated data, Public Law 90-248						
1967.....	\$23,210	\$19,486	\$393	\$508	\$797	\$24,190
1968.....	23,794	22,664	488	459	904	25,277
1969.....	27,454	24,166	435	530	986	28,586
1970.....	28,811	25,126	448	619	1,136	32,340
1971.....	32,478	26,145	463	601	1,386	38,995
1972.....	33,905	27,161	478	582	1,735	46,414

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

<sup>4</sup> These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of non-contributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 and over.

TABLE 3.—Progress of disability insurance trust fund, short-range cost estimate

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Actual data						
1957	\$702	\$57	\$3	-----	\$7	\$649
1958	966	249	12	-----	25	1,379
1959	891	457	50	-----	40	1,825
1960	1,010	568	36	-\$22	53	2,289
1961	1,038	887	64	5	66	2,437
1962	1,046	1,105	66	11	68	2,368
1963	1,099	1,210	68	20	66	2,235
1964	1,154	1,309	79	19	64	2,047
1965	1,188	1,573	90	24	59	1,606
1966	2,022	1,784	137	25	58	1,739
Estimated data, Public Law 90-248						
1967	\$2,313	\$1,956	\$107	\$31	\$72	\$2,030
1968	3,236	2,390	129	44	95	2,798
1969	3,517	2,608	121	22	131	3,695
1970	3,629	2,740	123	22	171	4,610
1971	3,759	2,867	127	25	212	5,562
1972	3,880	2,985	133	29	253	6,548

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

NOTE.—Contributions include reimbursement for additional cost of non-contributory credit for military service.

**DATA ON OASDHI—Continued**

TABLE 4.—*Progress of hospital insurance trust fund, short range estimate*  
[In millions]

Calendar year	Contribu- tions	Benefit payments	Administrative expenses	Interest on fund <sup>1</sup>	Balance in fund at end of year
1966-----	\$1,911	\$767	<sup>2</sup> \$57	\$34	\$1,121
Actual data					
Estimated data, Public Law 90-248					
1967-----	\$2,943	\$2,683	\$94	\$45	\$1,332
1968-----	3,972	3,190	112	64	2,066
1969-----	4,223	3,636	127	90	2,616
1970-----	4,391	3,982	139	108	2,994
1971-----	4,564	4,292	150	117	3,233
1972-----	4,732	4,602	161	121	3,323

<sup>1</sup> An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

<sup>2</sup> Including administrative expenses incurred in 1965.

<sup>3</sup> Note. The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,-000,000 on this account.

TABLE 5.—Comparison of contribution income and benefit outgo under prior law and under Public Law 90-248, old-age, survivors, disability, and hospital insurance

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
	Prior law		
1967.....	28.5	24.2	4.3
1968.....	29.6	25.5	4.1
1969.....	33.7	26.9	6.8
1970.....	35.2	28.2	7.0
1971.....	36.2	29.4	6.8
1972.....	37.2	30.8	6.4
	Public Law 90-248		
1968.....	31.0	28.3	2.7
1969.....	35.2	30.4	4.8
1970.....	36.8	31.8	5.0
1971.....	40.8	33.3	7.5
1972.....	42.5	34.7	7.8

Source: Chief Actuary, Social Security Administration.

**DATA ON OASDHI—Continued**

**TABLE 6.—Tax rates under prior law and under Public Law 90-248, employer-employee, each, and self-employed**  
[In percent]

Period	OASDI		HI		Total	
	Prior law	Amendments	Prior law	Amendments	Prior law	Amendments
Employee-employer, each						
1968-----	3.9	3.8	0.5	0.6	4.4	4.4
1969-70-----	4.4	4.2	.5	.6	4.9	4.8
1971-72-----	4.4	4.6	.5	.6	4.9	5.2
1973-75-----	4.85		.55	.65	5.4	5.65
1976-79-----	4.85	5.0	.6	.7	5.45	5.7
1980-86-----	4.85	5.0	.7	.8	5.55	5.8
1987 and after-----	4.85	5.0	.8	.9	5.65	5.9
Self-employed						
1968-----	5.9	5.8	0.5	0.6	6.4	6.4
1969-70-----	6.6	6.3	.5	.6	7.1	6.9
1971-72-----	6.6	6.9	.5	.6	7.1	7.5
1973-75-----	7.0	7.0	.55	.65	7.55	7.65
1976-79-----	7.0	7.0	.6	.7	7.6	7.7
1980-86-----	7.0	7.0	.7	.8	7.7	7.8
1987 and after-----	7.0	7.0	.8	.9	7.8	7.9

NOTE.—The maximum taxable earnings base under prior law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

**TABLE 7.—Tax rates for old-age, survivors, and disability insurance under Public Law 90-248, subdivided by trust fund**  
[In percent]

Calendar years	Combined employer-employee rate			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1967-----	7.10	0.70	7.8	5.3750	0.5250	5.9
1968-----	6.65	.95	7.6	5.0875	.7125	5.8
1969-70-----	7.45	.95	8.4	5.5875	.7125	6.3
1971-72-----	8.25	.95	9.2	6.1875	.7125	6.9
1973 and after-----	9.05	.95	10.0	6.2875	.7125	7.0

TABLE 8.—Changes in actuarial balance of old-age, survivors, and disability insurance system expressed in terms of estimated level cost as percent of taxable payroll by type of change, intermediate-cost estimate, previous law and Public Law 90-248, based on 3.75 percent interest

Item	[In percent]		
	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of previous law.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+0.25	+0.02	+0.27
Earnings test liberalization.....	-0.06	( <sup>1</sup> )	-0.06
Disabled widow's benefits at age 50.....	-0.03	( <sup>2</sup> )	-0.03
Special disability insured status under age 31.....	( <sup>2</sup> )	-0.02	-0.02
Liberalized benefits with respect to women workers.....	-0.07	( <sup>1</sup> )	-0.07
Benefit formula change.....	-0.95	-0.10	-1.05
Revised contribution schedule.....	-0.02	+0.25	+0.23
Total effect of changes in 1967 amendments.....	-0.88	+0.15	-0.73
Actuarial balance under 1967 amendments.....	+0.01	.00	+0.01

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable to this program.

TABLE 9.—Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Public Law 90-248

Item	[In millions]		
	1968	1969	1972
General benefit increase.....	\$2,529	\$3,190	\$3,604
Benefit increase for transitional non-insured.....	6	7	5
Benefit increase for transitional non-insured.....	43	43	25
Liberalized benefits with respect to women workers.....	73	90	101
Special disability insured status under age 31.....	60	72	77
Disabled widow's benefits at age 50.....	50	63	73
Earnings test liberalization.....	140	221	244
Total.....	2,901	3,686	4,129

TABLE 10.—Level-cost analysis for hospital insurance trust fund, intermediate-cost estimate

Bill	Level cost of benefits <sup>1</sup>	Level equivalent of contributions	Actuarial balance
Previous law, original estimate.....	1.23	1.23	0
Previous law, revised estimate.....	1.54	1.23	-.31
1967 amendments.....	<sup>2</sup> 1.38	1.41	+.03

<sup>1</sup> Including administrative expenses.

<sup>2</sup> Decrease due to earning base increase.

TABLE 11.—Changes in actuarial balance of hospital insurance system, expressed in terms of level cost as percent of taxable payroll, by type of change, intermediate-cost estimate, prior law and 1967 amendments, based on 9.75-percent interest

Item	Level cost
Actuarial balance of present system.....	-0.31
Increase in taxable earnings base.....	+ .15
Revised contribution schedule.....	+ .18
Transfer of outpatient diagnostic benefits to SMI.....	+ .01
Further hospital benefits beyond 90 days.....	( <sup>1</sup> )
Total effect of changes in 1967 amendments.....	+ .34
Actuarial balance under 1967 amendments.....	+ .03

<sup>1</sup> Less than 0.005 percent.

TABLE 12.—Actual experience, supplementary medical insurance program

Item	Calendar year	
	1966 <sup>1</sup>	1967
Premiums from participants.....	\$322	\$636
Government contributions.....		<sup>2</sup> 937
Benefit payments.....	218	1,217
Administrative expenses.....	<sup>3</sup> 74	118
Interest on fund.....	2	22
Balance in fund at end of year.....	122	382

<sup>1</sup> Program operative (insofar as premium collection and benefit payments) through June 1967, and thereafter on assumption that premiums paid by only after June 1966.

<sup>2</sup> Includes matching payments for 1966. Based on actual data for period up

<sup>3</sup> Includes small amount of administrative expenses incurred in 1965.

TABLE 13.—Comparison of annual increase in hospital costs and in earnings

Year	Increase over previous year	
	Average wages in covered employment <sup>1</sup>	Average daily hospitalization costs <sup>2</sup>
1955.....	3.8	6.3
1956.....	5.7	4.5
1957.....	5.5	7.7
1958.....	3.3	8.6
1959.....	3.3	6.8
1960.....	4.3	6.8
1961.....	3.1	8.5
1962.....	4.2	5.3
1963.....	2.4	5.6
Average for 1954-63 <sup>3</sup> .....	4.0	6.7
1964.....	3.1	6.9
1965.....	1.6	7.0
1966.....	4.4	8.3

<sup>1</sup> Data are for calendar years (based on experience in 1st quarter of year).

<sup>2</sup> Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 was determined to be 11.0 percent.

<sup>3</sup> Rate of increase compounded annually that is equivalent to total relative increase from 1954 to 1963.

TABLE 14.—Assumptions as to future rates of increase in hospital costs

Calendar year	[In percent]		
	Low cost	Intermediate cost	High cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

**PUBLIC ASSISTANCE AMENDMENTS**  
**I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED**  
**(Titles I, X, XIV, and XVI of the Social Security Act)**

Item	Prior law	Public Law 90-248
<p>A. State plan requirements-----</p>	<p>Provides several requirements common to all 3 separate categorical programs in titles I, X, and XIV and combined adult program in title XVI; plan must (1) be in effect throughout the State; (2) provide for financial participation by the State; (3) provide for a single State agency to administer or supervise the plan; (4) provide an opportunity for fair hearing; (5) provide methods of administration (including a merit system) as found necessary by the Secretary of Health, Education, and Welfare for proper and efficient administration; (6) provide for submitting reports to the Secretary; (7) provide safeguards which restrict the disclosure of information about recipients; (8) provide a description of the services made available to recipients to help them attain self-care; (9) provide that all people wishing to apply for assistance can do so and that assistance will be furnished with reasonable promptness; and (10) provide for the designation of a State [agency] authority or authorities responsible for standards in private or public institutions in which recipients reside. In addition, State plan must meet following additional requirements for each program as indicated:</p> <p>(a) <i>Old-age assistance and aid to the disabled.</i>—Plan must (1) provide that the State take into account all income (including expenses incurred to earn the income) and resources except that at the option of State \$5 per month may be disregarded and, in the case of earnings, \$20 plus ½ of the next \$60 per month may be disregarded (for aid to the disabled State may disregard additional amounts for up to 36 months while getting vocational rehabilitation) (2) with respect to old-age assistance and the combined adult program in title XVI only: provide for reasonable eligibility standards and extent of aid; and (3) provide, if assistance is provided to individuals who are patients in institutions for mental diseases:</p> <p>(a) for having in effect arrangements with the State mental health authority or authorities, and, where appropriate, with such institutions, including arrangements for joint planning, development of</p>	<p>Adds a new plan requirement to all 3 programs to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees.</p> <p style="text-align: right;">Changes \$5 to \$7.50.</p>

alternate methods of care, assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, allowing access to patients and facilities, furnishing information, and making reports, as may be necessary to enable the State agency to carry out its responsibilities under the State plan;

(b) for an individual plan for each patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be periodic determination of his need for continued treatment in the institution;

(c) for the development of alternate plans of care, making maximum utilization of available resources, for recipients who would otherwise need care in such institutions, including appropriate medical treatment and other assistance, for rehabilitation services which are appropriate, and for methods of administration necessary to assure that these provisions will be effectively carried out; and

(d) methods of determining the reasonable cost of institutional care for such patients.

And, if the State elects to provide vendor or cash payments to patients in public institutions for mental diseases, it must be shown that the State is making satisfactory progress toward developing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to institutional care.

(b) *Aid to the blind.*—Plan must (1) provide that the State take into account all income and resources except State must disregard the first \$85 per month of earned income and, for up to a 12-month period, any other income and resources needed to accomplish an approved plan for self-support, with option to State to extend up to additional 24 months. State can also disregard \$5 of any type of income.

Individuals must be at least age 65 to be eligible for old-age assistance; definitions of "blind" and "disabled" are left to the States. In the case of aid to the blind and the disabled, cannot include individuals in a mental or tuberculosis institution. Moreover, no individual can be included who is an inmate in a public institution of a nonmedical nature.

Changes \$5 to \$7.50.

No change.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued**  
 (Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																																																												
<p><b>B. Payments to the States—Old-age assistance, aid to the blind, and aid to the disabled:</b></p> <p><b>1. Formula</b>-----</p>	<p>Federal matching share is \$31 of the 1st \$37 (3<sup>7</sup>/<sub>7</sub>) of the 1st \$37) with variable matching on the amount above \$37 up to a maximum of \$75 per recipient per month.</p> <p>Matching for States whose per capita income is at or above the national average is 50 percent, while for States below the national average it varies up to 65 percent.</p> <p>The "Federal percentages" as promulgated for the period July 1, 1967, through June 30, 1969, are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 80%;"><i>State</i></th> <th style="text-align: right; width: 20%;"><i>Percent</i></th> </tr> </thead> <tbody> <tr><td>Alabama.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Alaska.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Arizona.....</td><td style="text-align: right;">61.10</td></tr> <tr><td>Arkansas.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>California.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Colorado.....</td><td style="text-align: right;">50.35</td></tr> <tr><td>Connecticut.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Delaware.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>District of Columbia.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Florida.....</td><td style="text-align: right;">61.21</td></tr> <tr><td>Georgia.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Hawaii.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Idaho.....</td><td style="text-align: right;">64.30</td></tr> <tr><td>Illinois.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Indiana.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Iowa.....</td><td style="text-align: right;">55.11</td></tr> <tr><td>Kansas.....</td><td style="text-align: right;">53.22</td></tr> <tr><td>Kentucky.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Louisiana.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Maine.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Maryland.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Massachusetts.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Michigan.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Minnesota.....</td><td style="text-align: right;">53.78</td></tr> <tr><td>Mississippi.....</td><td style="text-align: right;">65.00</td></tr> <tr><td>Missouri.....</td><td style="text-align: right;">53.78</td></tr> <tr><td>Montana.....</td><td style="text-align: right;">60.01</td></tr> <tr><td>Nebraska.....</td><td style="text-align: right;">56.09</td></tr> <tr><td>Nevada.....</td><td style="text-align: right;">50.00</td></tr> </tbody> </table>	<i>State</i>	<i>Percent</i>	Alabama.....	65.00	Alaska.....	50.00	Arizona.....	61.10	Arkansas.....	65.00	California.....	50.00	Colorado.....	50.35	Connecticut.....	50.00	Delaware.....	50.00	District of Columbia.....	50.00	Florida.....	61.21	Georgia.....	65.00	Hawaii.....	50.00	Idaho.....	64.30	Illinois.....	50.00	Indiana.....	50.00	Iowa.....	55.11	Kansas.....	53.22	Kentucky.....	65.00	Louisiana.....	65.00	Maine.....	65.00	Maryland.....	50.00	Massachusetts.....	50.00	Michigan.....	50.00	Minnesota.....	53.78	Mississippi.....	65.00	Missouri.....	53.78	Montana.....	60.01	Nebraska.....	56.09	Nevada.....	50.00	<p>No change.</p>
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<p><b>2. Federal percentage</b>-----</p>																																																														

New Hampshire.....	55.69
New Jersey.....	50.00
New Mexico.....	65.00
New York.....	50.00
North Carolina.....	65.00
North Dakota.....	50.00
Ohio.....	65.00
Oklahoma.....	50.00
Oregon.....	50.04
Pennsylvania.....	50.00
Rhode Island.....	65.00
South Carolina.....	65.00
South Dakota.....	65.00
Tennessee.....	63.45
Texas.....	61.38
Utah.....	65.00
Vermont.....	62.05
Virginia.....	50.00
Washington.....	65.00
West Virginia.....	51.87
Wisconsin.....	54.67
Wyoming.....	

3. Partial payments to States.....  
 Provides that if a State fails to comply with its State plan under titles I, IV, X and XIV of the Social Security Act, the penalty, after hearing, is suspension of Federal funds for entire title.

4. Home repairs.....  
 No provision.

C. Medical vendor payments.....  
 For old-age assistance and for the combined aged, blind, and disabled program there is additional Federal matching as to medical vendor payments (i.e., payments directly to the providers of medical services) with respect to State expenditures for medical or remedial care, the larger of the following alternatives:  
 "Federal medical percentage" of vendor payment expenditures that are above \$75 per month, up to \$15 per recipient per month, or  
 15 percent of vendor payment expenditures, up to \$15 per recipient per month. Vendor medical provisions expire with Dec. 31, 1969, for all public assistance titles except title XIX—Medicaid.  
 The "Federal medical percentage" is dependent on the relationship between State per capita income and the national per capita income. The percentage ranges from 50 percent for States at or above the national average to 80 percent for States with the lowest income.

Provides that Federal funds may be withheld for only that part of the plan which is not being compiled with.

Provides that States may, under all federally financed assistance programs (except medical assistance under title XIX), make payments for home repair or capital improvements for an owned home up to a total of \$500 with 50 percent Federal matching when to do so would be more economical than paying rent in other quarters.

No change.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued**  
 (Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																										
C. Medical vendor payments—Continued	<p>For States with average monthly payments over \$75, the Federal Government participates at the rate of the "Federal medical percentage" in the expenditures over \$75 except that such participation is limited to the amount of the average vendor medical payment up to \$15 per recipient per month.</p> <p>For States with average monthly payments of \$75 per month or less, the Federal share in average vendor medical payments up to \$15 per recipient per month is an additional 15 percent over and above the "Federal percentage" used to compute the Federal share of money payments.</p> <p>Provision is also made that a State with an average payment over \$75 per month can never receive less in additional Federal funds in respect to such medical service costs than if it had an average payment of \$75 per month.</p> <p>Permits Federal matching of State expenditures under all four public assistance programs for medical or remedial care furnished within 3 months before the month in which a person applies for assistance.</p> <p>For those States which adopt the optional combined aged, blind, and disabled program the additional \$15 matching for medical vendor payments is applicable to the blind and disabled recipient under the combined program.</p> <p>The "Federal medical percentage" as promulgated for the period July 1, 1967, through June 30, 1969, for each of the States is as follows:</p>																											
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Illinois.....	50.00
Indiana.....	50.00
Iowa.....	55.11
Kansas.....	53.22
Kentucky.....	72.50
Louisiana.....	71.75
Maine.....	66.58
Maryland.....	50.00
Massachusetts.....	50.00
Michigan.....	50.00
Minnesota.....	53.78
Mississippi.....	80.00
Missouri.....	53.78
Montana.....	60.01
Nebraska.....	56.09
Nevada.....	50.00
New Hampshire.....	55.69
New Jersey.....	50.00
New Mexico.....	66.83
New York.....	50.00
North Carolina.....	72.50
North Dakota.....	67.49
Ohio.....	50.00
Oklahoma.....	66.23
Oregon.....	50.00
Pennsylvania.....	50.04
Rhode Island.....	50.00
South Carolina.....	78.33
South Dakota.....	70.28
Tennessee.....	73.49
Texas.....	63.45
Utah.....	61.38
Vermont.....	65.56
Virginia.....	62.05
Washington.....	50.00
West Virginia.....	73.15
Wisconsin.....	51.87
Wyoming.....	54.67

No change.

D. Special formula for Puerto Rico, Virgin Islands, and Guam:

1. Matching formula.....

Federal matching on a 50-50 basis on both money and vendor medical payments up to a maximum of \$37.50 a month times the number of recipients on the old-age, blind, and disabled program with a maximum of \$18 a month times the number of recipients on the aid to dependent children program.

Additional matching for vendor medical expenditures is available for up to \$7.50 per month per recipient on old-age assistance and combined adult program rather than the additional \$15 per month per recipient which applies to the States and the District of Columbia.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued**  
 (Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																								
D. Special formula for Puerto Rico, Virgin Islands, and Guam—Continued 2. Dollar limitation.....	Total Federal payments for all 4 public assistance programs may not exceed— Puerto Rico..... \$9, 800, 000 Virgin Islands..... 330, 000 Guam..... 450, 000	Establishes new dollar limits as follows: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 25%;">Fiscal year</th> <th style="width: 25%;">Puerto Rico</th> <th style="width: 25%;">Virgin Islands</th> <th style="width: 25%;">Guam</th> </tr> </thead> <tbody> <tr> <td>1968.....</td> <td>\$12, 500, 000</td> <td>\$425, 000</td> <td>\$575, 000</td> </tr> <tr> <td>1969.....</td> <td>15, 000, 000</td> <td>500, 000</td> <td>690, 000</td> </tr> <tr> <td>1970.....</td> <td>18, 000, 000</td> <td>600, 000</td> <td>825, 000</td> </tr> <tr> <td>1971.....</td> <td>21, 000, 000</td> <td>700, 000</td> <td>960, 000</td> </tr> <tr> <td>1972 and thereafter.....</td> <td>24, 000, 000</td> <td>800, 000</td> <td>1, 100, 000</td> </tr> </tbody> </table>	Fiscal year	Puerto Rico	Virgin Islands	Guam	1968.....	\$12, 500, 000	\$425, 000	\$575, 000	1969.....	15, 000, 000	500, 000	690, 000	1970.....	18, 000, 000	600, 000	825, 000	1971.....	21, 000, 000	700, 000	960, 000	1972 and thereafter.....	24, 000, 000	800, 000	1, 100, 000
Fiscal year	Puerto Rico	Virgin Islands	Guam																							
1968.....	\$12, 500, 000	\$425, 000	\$575, 000																							
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1971.....	21, 000, 000	700, 000	960, 000																							
1972 and thereafter.....	24, 000, 000	800, 000	1, 100, 000																							
E. Protective payments.....	Authorizes protective payments to be made to a person who is interested in or concerned with the welfare of the needy person under a State plan which provides for— (1) Determination by the State agency that payments in this form are necessary because the needy person has, by reason of his physical or mental condition, such inability to manage funds that making cash payments to him would be contrary to his welfare; (2) Special efforts to protect the welfare and improve the ability of the needy individual to manage funds; (3) Periodic review of the situation to determine whether such payments to an interested person are still necessary—and seeking judicial appointment of a guardian or legal representative if and when such action will serve the interests of such needy individual;	In addition to these amounts, the Secretary is authorized to certify additional payments to be used for services related to the work incentive program under pt. C of title IV, aid to families with dependent children, and for family planning services in the following amounts: Puerto Rico..... \$2, 000, 000 Virgin Islands..... 65, 000 Guam..... 90, 000 Federal matching percentage would be 60 percent rather than 75 percent as for the States.  No change.																								

- (4) Opportunity for a fair hearing before the State agency on the determination that payments to an interested person are necessary; and
- (5) Payments which together with other income meet the individual's need in full.

F. Federal matching for administrative expenses.

The Federal Government pays 75 percent of the cost of—

- (1) certain services, to be prescribed by the Secretary of Health, Education, and Welfare: In the case of aged applicants and recipients, "to help them attain or retain capability for self-care"; in the case of applicants and recipients on the blind and disabled program, "to help them attain or retain capability for self-support or self-care";
- (2) other services provided to applicants or recipients specified by the Secretary as likely to prevent or reduce dependency;
- (3) services described in (1) and (2) specified by the Secretary as appropriate for individuals who, within the periods prescribed by the Secretary, have been or are likely to become applicants for or recipients of public assistance and who request such services; and
- (4) training of personnel employed or preparing for employment with a State or local public assistance agency.

Federal Government pays 50 percent of all other administrative costs.

No change.

**II. AID TO FAMILIES WITH DEPENDENT CHILDREN**

In addition to State plan requirements which are common to all public assistance programs (see p. 52), States are required to—

**A. Social and other services:**  
**1. Plan requirement.....**

(a) No change.

(a) provide a description of services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure maximum utilization of other agencies providing similar or related services; and

(b) provide for a program of services for each child as may be necessary in the light of home conditions and other needs of such child, and provide for coordination with child-welfare services under pt. 3 of title V.

(b) Provide for the development and application of a program for family services (as defined below) and child welfare services (as defined on p. 109) for each child, relative, and appropriate "household member" (an individual living in the same house whose needs are taken into account in determining eligibility for and the amount of aid) as may be necessary in the light of the home conditions in order to assist the members of the family to attain or retain capacity for self-support and care and in order to maintain and strengthen family life.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Prior law	Public Law 90-248
A. Social and other services—Continued	No provision.	<p>(c) Provide for the development of a program for each child, relative, and essential person with the objective of (1) assuring that each such individual will enter the labor force and accept employment when appropriate; (2) preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life; and for the implementation of such programs by assuring that child care arrangements are made for each individual who is referred to the work incentive program and that family planning services are offered in all appropriate cases. Family planning services are completely voluntary. Each program developed must be reviewed at least annually and the Secretary of HEW must be furnished reports on such programs;</p> <p>(d) Provide that where the State agency has reason to believe that the home is unsuitable for a recipient child because of neglect, abuse, or exploitation, that this be brought to the attention of the appropriate court or law enforcement agency;</p> <p>(e) Development of a program for establishing the paternity of illegitimate children receiving assistance and for securing support for these children as well as those who have been deserted or abandoned by their parents, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. A single organizational unit in the State or local agency administering the plan must carry out this provision.</p> <p>(f) Provide for entering into cooperative arrangements with appropriate courts and law enforcement agencies to assist in securing support for children, including entering into financial arrangements with such courts and agencies in order to obtain optimum results for the program.</p> <p>"Family services" for purposes of paragraph (a) means services to a family for the purpose of preserving, rehabilitating, reuniting, or strengthening the family and of assisting members of the family to attain or retain capability for maximum self-support and personal independence.</p>
	No provision.	
2. Federal matching.....	The Federal Government shares with the States on a dollar-for-dollar basis (50 percent) in the administrative costs of carrying out the program. However, the Federal Government will pay 75 percent of the cost of—	Retains the 50 percent processing. However, the Federal Government will pay 75 percent of the cost of—

- (a) certain services prescribed by the Secretary of Health, Education, and Welfare "to maintain and strengthen family life for children, and to help relatives specified in the act with whom children \* \* \* are living to attain to retain capability for self-support or self-care."
- (b) other services provided to applicants or recipients specified by the Secretary as likely to prevent or reduce dependency;
- (c) services described in (a) and (b) specified by the Secretary as appropriate for individuals who, within the periods prescribed by the Secretary, have been or are likely to become applicants for or recipients of public assistance and who request such services; and
- (d) training of personnel employed or preparing for employment with a State or local public assistance agency.

3. Providers of welfare services.....

Services are to be provided by the staff of the State welfare agency but, in the provision of these services, there must be maximum utilization of other agencies providing similar or related services. Services may also be furnished, pursuant to agreement with the State welfare agency, by a State health or vocational rehabilitation agency or by other State agencies which the Secretary deems appropriate (whether provided by its staff or by contract with nonprofit private or local public agencies). The provision of services by other agencies are subject to limitations by the Secretary and must be services which in the judgment of the State welfare agency, cannot be as economically or effectively provided by its staff and are not otherwise reasonably available to individuals in need of such services.

4. Report to Congress.....

No provision.

5. Effective date.....

(a) Services under the new plan requirements set forth above at AI (a) and AI (b) which are provided to a child or relative receiving assistance or to a "household member."

(b) No change.

(c) Any of the services in (a) or (b) above under the plan requirements to children, relatives, or "essential persons" who are applicants for assistance or who, within such period as the Secretary may prescribe, have been or are likely to become applicants for or recipients of assistance.

(d) No change.

The Federal 75-percent matching for services within (a), (b), and (c) is contingent on the establishment of a single organizational unit in the State or local agency responsible for furnishing services.

The Federal matching under this provision shall be 85 percent rather than 75 percent for services provided under these programs during the period July 1, 1968, to July 1, 1969, pursuant to pars. (a) and (b) under the plan requirements.

Provides an exception to the requirement of obtaining services from public agencies for child-welfare services, family planning services, and family services, to the extent specified by the Secretary, so that they may be provided from other sources.

The Secretary of Health, Education, and Welfare, on the basis of a review of the reports from the States, shall report his findings on the effectiveness of programs of services developed by the States under AI (b). The Secretary shall annually report to the Congress (beginning July 1, 1970) on the programs developed by each State.

The State plan requirements are effective July 1, 1968. The Federal matching for services implementing the new State plan requirement will be available on or after the modification of the State plan.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Prior law	Public Law 90-248
B. Income exemptions.....	<p>The State agency in determining need, upon which eligibility for and the amount of assistance is based, must take into account any other income (including expenses reasonably attributable to the earning of income) and resources of any child or relative claiming assistance.</p> <p>The States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home. The States also have the option of disregarding up to \$5 of any income before disregarding child's earned income as noted above. Finally, States have the option of permitting all or part of earned or other income to be set aside for future identifiable needs of a child.</p>	<p>Establishes the following exemption of earnings:</p> <p>All earned income of each child recipient who is a full-time student attending a school, college, or university, or a course of vocational or technical training to fit him for gainful employment, or a student attending school less than full time but not working full time, is exempt.</p> <p>In the case of a child not in school, a relative, or "household member" the first \$30 of earned income of the group in a month plus 1/3 of the remainder would be exempt. The optional provision for setting aside a portion of income for future identifiable needs is continued, as well as the option of the States to disregard \$5 a month of any type of income. The provision exempting \$50 a month of a child's income is superseded by these provisions.</p> <p>The earnings exemption will not be available in any month for a person who voluntarily terminated his employment or reduced his earned income within such period preceding the month assistance is applied for as may be prescribed by the Secretary (but such period must not be less than 30 days), or to persons who refused without good cause to accept employment in which they were able to engage, offered by or through the public employment office or by a private employer, which is determined to be bona fide by the State or local agency. The earnings exemption will also not be available to persons whose income in the month of application was in excess of their need as determined by the State agency, unless in any of the 4 preceding months they were receiving assistance.</p> <p>Makes specific reference to "household member" so his income and resources can be taken into account in determining the need of the child or relative claiming aid.</p> <p>Effective date: The earnings exemption must be in effect in the States by July 1, 1969, but will be optional with the States from January 1968 on.</p> <p>The new provisions override any other provisions of any other law disregarding earned income.</p>

There are a number of income exemptions applicable to the AFDC program in other legislation. For instance, title VII of the Economic Opportunity Act provides that until June 30, 1969, the first \$85 a month and 1/2 of the remainder of payments under titles I, II and of grants under title III of that act must be disregarded. Sec. 109 of the Elementary and Secondary School Act

of 1965 provide that, for a period of 1 year, the first \$85 a month earned in any month for services under that act shall be disregarded for purposes of determining need under the AFDC program.

C. Families with unemployed fathers-----

For period ending June 30, 1968, Federal participation is authorized in payments to children who are deprived of parental support or care "by reason of the unemployment of a parent" as defined by a State. Program is optional with the States, and 22 have such programs.

Permanent provisions of law limit Federal matching to needy dependent children under 18 (and specified relative with whom they are living) who have been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent. (Specified relatives include grandmother, grandfather, brother, sister, stepfather, stepmother, stepbrother, stepfather, uncle, aunt, 1st cousin, nephew, or niece.)

No provision.

Limits the program to children who need support or care on the basis of the unemployment of the father. Unemployment will be defined by the Secretary of Health, Education, and Welfare. Program made permanent but still optional with the States.

Adds new plan requirement relating to when aid to dependent children assistance will be paid on the basis of an unemployed father:

The plan must require the payment of aid with respect to a child within such definition when his father has been unemployed for a minimum period of 30 days before receipt of aid, has not without good cause within such period refused a bona fide offer of employment or training, and has at least 6 quarters of work in a 13-calendar-quarter period ending within 1 year before the application for aid or within such 1-year period received unemployment compensation under any State or Federal program or was "qualified for unemployment compensation."

The bill defines a "quarter of work" as a calendar quarter in which the father received at least \$50 of earned income (or which is a "quarter of coverage" for purposes of the old-age, survivors, and disability insurance program under title II of the act), or in which he participated in a community work and training program or the work incentive program.

The father shall be deemed "qualified for unemployment compensation" under the State's unemployment compensation law if he would have been eligible therefor upon application, or if he had been in uncovered work which, had it been covered, would (with his covered work) have made him eligible for such compensation upon application. The bill provides that persons who have fulfilled the requirements at any time after April 1961 (related to the date of enactment of the original unemployed parent legislation) will be considered to be eligible with respect to the quarters of work provision for up to 6 months after a State plan under these provisions becomes operative.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Prior law	Public Law 90-248 and Public Law 90-364
<p>C. Families with unemployed fathers—Con.</p>	<p>The State plan must—</p> <p>(1) no provision;</p> <p>(2) give assurance that assistance will not be granted if, and for as long as, the unemployed parent refuses, without good cause, to accept employment in which he is able to engage, and which is offered through either a public employment office or by an employer if the offer is determined by the State agency to be a bona fide offer of such employment;</p> <p>(3) provide for entering into cooperative arrangements with the system of public employment offices in the State looking toward the employment of unemployed parents, including appropriate provision for periodic registration of the unemployed parent and for the maximum utilization of the job placement and other services and facilities of such offices;</p> <p>(4) provide for entering into cooperative arrangements with the State vocational education agency looking toward maximum utilization of its services and facilities to encourage retraining of such unemployed parent; and</p> <p>(5) Any State, at its option, may provide for the denial of all (or any part) of aid under the plan to which any child or relative might be entitled for any month if the unemployed parent receives compensation under an unemployment compensation law of a State or of the United States for any week, any part of which is included in such month.</p>	<p>Fathers who are now on the rolls, and who met the work requirements at any time after April 1961, would continue to be eligible if other requirements are met.</p> <p>The State plan must—</p> <p>(1) provide for assurances that fathers of children within the above definition are referred to the work incentive program within 30 days after receiving aid; and</p> <p>(2) Repealed. However, unemployed fathers, as with appropriate other relatives, must take work or training unless there is good cause for not doing so. (See D. Work incentive program below.)</p> <p>(3) Repealed. However, failure to maintain current registration with public employment office bars assistance.</p> <p>(4) No change.</p> <p>(5) Assistance barred for any month during any part of which unemployment compensation is paid. Public Law 90-364 modifies by not allowing assistance to be paid during any period (of less than a month) when unemployment insurance is paid.</p> <p><i>Effective date:</i> Jan. 1, 1968, but no State with an unemployed parent program on October 1, 1967, shall be required to include any additional recipients by reason of this amendment before July 1, 1969.</p>
<p>D. Work incentive program.—Community work and training.</p>	<p>Federal matching is authorized, for the period July 1, 1961, to June 30, 1968, for assistance payments made for work performed by a relative (18 years of age or older) with whom the child is living. Twelve States make such payments. Federal participation in these</p>	<p>Establishes a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor which replaces the community work and training program. The State welfare agencies would determine who was appropriate for such referral</p>

payments may be made only under limited conditions designed to assure protection of the health and welfare of the children and their relatives;

(1) The work must be performed for the State public assistance agency or another public agency under a program (which need not be in effect throughout the State) administered by or under the supervision of the State public assistance agency.

(2) There must be State financial participation in these expenditures.

(3) The State plan must include provisions which give reasonable assurance that—

(a) appropriate health, safety, and other conditions of work will be maintained;

(b) the rates of pay will be not less than the applicable minimum rate under State law for the same type of work, if there is any such rate, and not less than the prevailing wage rates on similar work in the community;

(c) the work projects will serve a useful public purpose; will not displace regular workers or be a substitute for work that would otherwise be performed by employees of public or private agencies, institutions, or organizations; and (except in the case of emergency or nonrecurring projects) will be of a type not normally undertaken by the State or community in the past;

(d) the additional expenses of going to work will be considered in determining the worker's needs;

(e) the worker will have reasonable opportunities to seek regular employment and to secure appropriate training or retraining and will be provided with protection under the State workmen's compensation law or similar protection; and

(f) aid will not be denied because of a relative's refusal with good cause to perform work under the program.

but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under 3 priorities. Under priority I, the Secretary of Labor, through the U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month as an incentive payment. After training, as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose (including Indian tribes). It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Prior law	Public Law 90-248
<p><b>D. Work incentive program.—Community work and training—Continued</b></p>	<p>(4) The State plan must also include provision for—</p> <ul style="list-style-type: none"> <li>(a) cooperative arrangements with the public employment offices and with the State vocational education and adult education agency or agencies looking toward employment and occupational training of the relatives and maximum use of public vocational or adult education services and facilities in their training or retraining;</li> <li>(b) assuring appropriate arrangements for the care and protection of the child during the relative's absence from the home in order to perform the work under the program;</li> <li>(c) such other provisions as the Secretary finds necessary to assure that the operation of the program will not interfere with the objectives of the aid to dependent children program.</li> </ul>	<p>The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing workers in work projects where the pay is relatively good, the contribution the State make into the employment pool would be less and there would be a savings to both Federal and State Governments.</p> <p>Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.</p> <p>In most instances the recipient would not receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker. During fiscal year 1969, the Federal government is authorized to meet the employer's share in these special projects on behalf of public agencies and Indian tribes.</p> <p>The State could set up a review panel or panels, composed of no more than 5 members with 1 member representing labor, 1 member representing industry, and the remainder the general public, to give final approval to special projects.</p> <p>A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children, beginning with the time of refusal to accept work or training without good cause.</p> <p>The appropriate State agencies or private organi-</p>

(5) A State participating in such a program must also provide (in its State plan) that there will be no adjustment or recovery by the State or any locality on account of any payments which are correctly made for the work.

The cost of administration of a State plan for which Federal funds are paid may not include the cost of making or acquiring materials or equipment in connection with work under a community work and training program or the cost of supervision of that work, and may only include those other costs attributable to the programs which are permitted by the Secretary.

zations would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments). In the event that the 20-percent, non-Federal contribution is not made in any State, the Secretary of HEW may withhold amounts due to the State under the various public assistance programs until the amount so withheld equals the required non-Federal share.

The Secretary of Labor can assist individuals to relocate their residence when required in order to enable them to become permanently employable and self-supporting.

The Secretary of Labor is required to report annually to the Congress on the work incentive program with the 1st report due by July 1, 1970.

The Secretary is authorized to enter into an agreement with any "State" which has a program of aid to families with unemployed parents which is financed by federally appropriated funds but not through the Social Security or Economic Opportunity Acts under which the work incentive program will be available to recipients under the State program. States must agree to follow the same rules regarding the furnishing of necessary services, including child care, and those regarding the effects of a refusal to accept work or training without good cause. (The only "State" which qualified at the time of enactment was the District of Columbia.)

Effective date: Referral of appropriate AFDC recipients to the Department of Labor is mandatory by the States beginning July 1, 1968, unless State law needs to be changed in which case the mandatory date is July 1, 1969. At the option of the States it can be effective on Apr. 1, 1968.

E. Program of Federal payments for foster care of dependent children:  
 1. Eligibility-----

Allows Federal payments with respect to any child otherwise not eligible who—

(1) is removed, after Apr. 30, 1961, from home of specified relative as a result of a judicial determination that continuation therein would be contrary to his welfare;

(2) is placed in a foster family home (approved by the State as a result of such determination); or (for the period through June 30, 1968) in a non-profit private child-care institution, subject to limitations prescribed by the Secretary to include within Federal participation only cost items which are included in foster family home care. Provision is made for payments by the State or local agency for foster care in a

(1) No change.

(2) Makes permanent the inclusion of child care institutions.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**  
**II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Prior law	Public Law 90-248
<p><b>E. Program of Federal payments for foster care of dependent children—Con.</b></p>	<p>foster family home or a child-care institution either directly or through a public or nonprofit private child-placement or child-care agency.</p> <p>(3) was receiving aid to dependent children in the month when court proceedings were started, and for whose placement and care the State agency administering the program is responsible.</p> <p>For the period through June 30, 1968, responsibility for the placement and care of dependent children placed in foster care homes may rest either with the State or local agency administering the program under title IV or with any other public agency with whom the administering agency has an agreement. Such agreement must include provision for assuring development of a plan for each child which is satisfactory to the State public assistance agency and such other provisions as may be necessary to assure that the objectives of the State plan approved under title IV are met.</p>	<p>(3) Modifies provisions to cover children: (a) who were not receiving payments in the month court proceeding started but would have received such aid if they had applied for it, or (b) who had been living with one of the relatives specified in the law within 6 months of the start of the court proceedings and if in the month they were removed from home of the relative they would have been eligible for assistance if they had applied for it.</p> <p>Makes provision permanent.</p>
<p><b>2. Federal matching for foster care—</b></p>	<p>The Federal share is <math>\frac{1}{2}</math> of the 1st \$18 per recipient per month with variable grant matching on the amount up to \$32 per recipient per month. Variable grant matching above first \$18 has a Federal share which varies from 50 to 65 percent depending on per capita income of State.</p> <p>No provision.</p>	<p>Provides Federal matching maximum of \$100 a month for children in foster care. Effective after December 1967.</p>
<p><b>F. Emergency assistance for certain needs:</b></p> <p>1. Definition of assistance-----</p>		<p>Emergency assistance to needy families with children is defined to mean, (1) money payments, payments in kind, or such other payments as the State agency may specify, or medical or remedial care recognized under State law on behalf of an eligible child or any other member of the household in which such child is living, and (2) such services as the Secretary may specify. Emergency assistance may be provided only where such child and his family are without available resources and the payments, care, or services involved are necessary to avoid destitution of the child or to provide suitable living arrangements in a home for such a child. This provision would not be available to a family where necessity arose because the parent or caretaker refused without good cause to accept employment or training.</p>

In addition, emergency assistance may be provided to migrant workers with families in the State or parts thereof as designated by the State.

Emergency assistance may be given for a period not in excess of 30 days in any 12-month period in the case of a needy child under age 21 who is (or, within a period specified by the Secretary, has been) living with any of the relatives specified in the act in a place of residence maintained by such a relative as his home.

The Federal share will be 50 percent of the total expenditures under such plan for such assistance in the form of payments or medical care and 75 percent of the total expenditures for such assistance in the form of welfare services. Effective: Upon enactment.

Limitation on number of recipients who can be aided under this method of payment is changed to 10 percent, excluding those cases where such payments are made because a relative refused work or training without good cause. Adds authority for vendor payments under same conditions for protective payments as outlined below. (Vendor payments are made on behalf of family or child directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such family.)

(1) In the case of an individual who refuses work or training, vendor or protective payments must be provided without regard to any of these requirements.

(2) Deletes requirement of meeting full need.

(3) No change.

(4) No change.

(5) No change.

Provision made permanent.

No change.

**No provision.**

**No provision.**

Authorizes protective payments to be made, in a limited number of recipients (limited in number to 5 percent of other recipients), to a person who is interested in or concerned with the welfare of the dependent child and relative, under a State plan which provides for—

(1) determination by the State agency that payments in this form are necessary because the relative is so unable to manage funds that it would be contrary to the child's welfare to make payments to such relative;

(2) meeting all the need of individuals (in conjunction with other income and resources), with respect to whom they are made, under rules otherwise applicable under the State plan for determining need and the amount of assistance to be paid;

(3) special efforts to improve the ability of the situation to determine whether such payments are still necessary—and with provision for judicial appointment of a guardian or legal representative if the need for payments to another interested person continues beyond a period specified by the Secretary;

(4) opportunity for a fair hearing before the State agency on the determination that payments to another interested person on behalf of the child and relative are necessary; and  
(5) aid in the form of foster family care, as provided for in the Social Security Act.

Effective until June 30, 1968.

Authorizes the State agency to take the following steps, without losing Federal matching funds, whenever it has reason to believe that payments to a relative for the benefit of a child are not being or may not be used in the best interests of the child—

2. Duration of assistance-----

3. Federal matching-----

C. Protective and vendor payments and other State action to protect interests of AFDC children.

PUBLIC ASSISTANCE AMENDMENTS—Continued

II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248 and Public Law 90-364
G. Protective and vendor payments and other State action to protect interests of AFDC children—Continued	<p>(1) To provide the relative with counseling and guidance concerning the use of payments and management of other funds to assure their use in the best interests of the child; or</p> <p>(2) To advise the relative that continued misuse of payments will result in substitution of protective payments (described above), or in seeking appointment of a guardian or legal representative. Moreover, the imposition of criminal or civil penalties, under State law, upon determination by a court of competent jurisdiction that the relative is not using, or has not used, payments for the benefit of the child shall not be the basis for withholding of Federal matching funds.</p>	
H. Limitation on number of children with respect to which the Federal Government will make matching payments.	<p>For money and medical vendor payments the Federal share is \$15 out of the 1st \$18 (% of the 1st \$18) per recipient per month with variable matching on amounts above \$18 up to a maximum of \$32 per recipient per month.</p> <p>There is no specific limit of Federal participation in expenditures other than the \$32 a month average maximum. Variable matching is at the same percentage as the other cash assistance programs. (See p 54.)</p>	<p>Provides that, for purposes of Federal matching, the number of dependent children, deprived of parental support or care by reason of a parent's continued absence from the home, for any calendar quarter beginning after June 30, 1968 (postponed to June 30, 1969, by Public Law 90-364), shall not exceed the number bearing the same ratio to the total population of such State under age 18 on Jan. 1 of the year in which such quarter falls as the number of such dependent children with respect to whom such payments were made to such State for the calendar quarter beginning Jan. 1, 1968, bore to the total population of such State under age 18 on that date. No limit is imposed on Federal matching for children qualifying for AFDC based upon the death, incapacity, or unemployment of the parent.</p>
I. Disclosure of information—deserting parents.	<p>Under regulation, disclosure of parent's or his employer's address from social security records is authorized to the agency administering the AFDC program if the child is getting AFDC. The law requires disclosure at the request of a State or local agency participating in any State or local public assistance program, of the most recent address in the social security records for a parent (or his most recent employer or both) who has failed to provide support for his or her destitute child or children under age 16 who are recipients of or applicants for assistance where there is a court order for the support of the children and the information requested is to be used by the welfare agency or the court on behalf of the children.</p>	<p>Adds provision for disclosure of address of deserting parent or his employer from social security records, on request of an appropriate court, if the information is for the use of the court in issuing a support order against the parent. (The child need not have applied for AFDC.) Also, the Internal Revenue Service will make available any information about the location of an absent parent in its records if the social security records do not have the information.</p>

III. MISCELLANEOUS PROVISIONS

<p>A. Private grantees under demonstration projects.</p>	<p>Provides that grants and contracts for demonstration projects under sec. 1110 of the Social Security Act can be made only with respect to public and non-profit agencies.</p>	<p>Would allow contracts with private profit agencies.</p>
<p>B. Social work manpower-----</p>	<p>No provision specifically to train social workers.-----</p>	<p>Authorizes \$5,000,000 for fiscal year 1969 and the 3 following years to meet the cost of expanding educational programs in social work. At least 1/2 of the funds appropriated each year must be used to support undergraduate training.</p>
<p>C. Assistance for repatriated citizens-----</p>	<p>Authorizes until June 30, 1968, a Federal program of "temporary assistance" to certain U.S. citizens who have returned from foreign countries and are without available resources.</p> <p>U.S. citizens and their dependents would be eligible if--</p> <ol style="list-style-type: none"> <li>(1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States;</li> <li>(2) The cause of such return is any of the following:             <ol style="list-style-type: none"> <li>(a) The destitution of the U.S. citizen;</li> <li>(b) The illness of the U.S. citizen;</li> <li>(c) The illness of any of his dependents; or</li> <li>(d) War, threat of war, invasion, or similar crisis; and</li> </ol> </li> <li>(3) Such individuals are without available resources.</li> </ol> <p>"Temporary assistance" includes the following:</p> <ol style="list-style-type: none"> <li>(1) Money payments;</li> <li>(2) Medical care;</li> <li>(3) Temporary billeting;</li> <li>(4) Transportation; and</li> <li>(5) Other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services).</li> </ol> <p>All assistance must be rendered within the United States, and must be furnished to individuals after their return from foreign countries. The Secretary of Health, Education, and Welfare is authorized to provide such assistance either directly, or through public or private agencies according to agreements entered into by the Secretary and the agencies.</p> <p>Provision must be made for the reimbursement of the United States by recipients of assistance. However, the Secretary is authorized to exempt certain classes of individuals from this requirement.</p> <p>The Secretary of Health, Education, and Welfare is authorized to make plans for the carrying out of the program, but he is required to make such plans after consultation with the Secretaries of State and Defense, and the Attorney General.</p>	<p>Extends program to June 30, 1969.</p>

**MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)**

Item	Prior law	Public Law 90-248
I. Purpose and appropriation.....	<p>The purposes of title XIX are to enable each State to furnish medical assistance on behalf of aged, blind, or permanently and totally disabled individuals and families with dependent children, whose income and resources are insufficient to meet the costs of necessary medical services, and rehabilitation and other services to help such individuals and families attain or retain capability for independence or self-care. Appropriations for each year in amounts necessary to carry out the purposes of the program are authorized.</p>	No change.
II. State plan requirements.....	<p>A State plan must meet certain requirements in order to be approved and thus eligible for Federal assistance. The State plan must—</p>	
A. Where effective.....	<p>(1) provide that it will be in effect in all political subdivisions of the State and, if the plan is administered by the subdivisions, that it be mandatory upon them;</p>	(1) No change.
B. Financial participation.....	<p>(2) provide for financial participation by the State equal to not less than 40 percent of the non-Federal share of the expenditures under the plan with respect to which Federal financial participation under sec. 1903 is authorized and, effective July 1, 1970, provide for State financial participation equal to all of such non-Federal share or provide for distributing funds on an equalization or other basis which will assure that lack of funds on a local level will not adversely affect the program;</p>	(2) Changes effective date to July 1, 1969.
C. Fair hearing.....	<p>(3) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical assistance under the plan is denied or not acted upon with reasonable promptness;</p>	(3) No change.
D. Methods of administration...	<p>(4) provide methods of administration of the plan as found necessary by the Secretary for its proper and efficient operation; these would include (A) methods relating to the establishment and maintenance of personnel standards on a merit basis, with the Secretary being precluded from exercising any authority in connection with the selection, tenure, or compensation of any individual employed in accordance with these methods, and (B) provision for utilization of professional medical personnel in the administration of the plan, and in supervision of such administration where the plan is administered locally;</p>	(4) No change.

<p><b>E. Single State agency</b>-----</p>	<p>(5) provide that there be a single State agency to administer, or to supervise the administration of, the plan, except that eligibility for medical assistance under the plan shall be determined by the State or local agency administering the approved plan of the State for old-age assistance or for aid to the aged, blind, or disabled;</p>	<p>(5) No change. (See p. 82 for change in Federal matching affecting employers of more than 1 State agency.)</p>
<p><b>F. Required reports</b>-----</p>	<p>(6) provide that the State agency will make reports as required by the Secretary, and will comply with provisions found necessary by the Secretary to assure their correctness and verification;</p>	<p>(6) No change.</p>
<p><b>G. Disclosure of information</b>-----</p>	<p>(7) provide safeguards which restrict the use or disclosure of information concerning applicants or recipients to purposes directly connected with the plan's administration;</p>	<p>(7) No change.</p>
<p><b>H. Application for assistance</b>-----</p>	<p>(8) provide for affording all individuals who wish to do so an opportunity to apply for medical assistance under the plan and for furnishing such assistance with reasonable promptness to all applicants who are eligible for assistance under the plan;</p>	<p>(8) No change.</p>
<p><b>I. Institutional standards</b>-----</p>	<p>(9) provide for a State authority or authorities with responsibility to establish and maintain standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services;</p>	<p>(9) No change in this plan requirement but see. A. A. (requirement No. 26) below.</p>
<p><b>J. Comparability</b>-----</p>	<p>(10) provide for making medical assistance available to all individuals receiving old-age assistance, aid to families with dependent children, aid to the blind, and aid to the permanently and totally disabled, and aid to the aged, blind, and disabled and—                  (A) provide that the medical assistance made available to individuals receiving aid or assistance under any one of such plans—                  (i) will not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such plan; and                  (ii) will not be less in amount, duration, or scope than the medical or remedial care and services made available to individuals not receiving aid or assistance under any such plan; and                  (B) if the plan includes medical or remedial care and services for any group of individuals who are not recipients under any such plan and do not meet the State's income and resource requirements under the one of such plans which, as determined in accordance with standards prescribed by the Secretary, is appropriate, provide (except for nursing home services and mental or TB hospital service for the aged)—</p>	<p>(10) Provides that the fact that the State (1) makes available to individuals age 65 or older the benefits of the supplementary medical insurance program under pt. B of title XVIII (Medicare) of the act (either pursuant to a "buy-in" agreement or by State payment of the premiums due under such pt. B on their behalf); or (2) provides for meeting part or all of the cost of the deductibles, cost sharing, or similar charges under such pt. B for individuals eligible for supplementary medical insurance benefits, does not require the State to make available any such benefits, or services of the same amount, duration, and scope, to any other individuals. Effective: After June 30, 1967.</p>

**MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued**

Item	Prior law	Public Law 90-248
<p><b>II. State plan requirements—Con. J. Comparability—Continued</b></p>	<p>(i) for making medical or remedial care and services available to all individuals who if needy would be eligible for aid or assistance under any such plan and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the cost of necessary medical or remedial care and services, and (ii) that the medical or remedial care and services made available to all individuals who are not recipients under any such State plan will be equal in amount, duration, and scope:</p>	
<p><b>K. Cooperative arrangements with health and vocational agencies.</b></p>	<p>(11) provide for entering into cooperative arrangements with the State agencies responsible for health and vocational rehabilitation services looking toward maximum utilization of these services in providing medical assistance under the plan;</p>	<p>(11) No change.</p>
<p><b>L. Use of optometrist or physician.</b></p>	<p>(12) provide that in determining blindness an examination will be made either by a physician skilled in diseases of the eye or by an optometrist, as the individual may select;</p>	<p>(12) No change.</p>
<p><b>M. Required services and reasonable cost.</b></p>	<p>(13) provide for inclusion of some institutional and some noninstitutional care and services and, as of July 1, 1967, for the inclusion of at least the items of care and services listed in clauses (1) through (5) of sec. IV on benefits (see p.85); and for the payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;</p>	<p>(13) Makes this requirement (other than the requirement related to reasonable cost) applicable only in the case of recipients of cash assistance under another of the State's approved public assistance plans. The State would have the option, in the case of individuals who are not recipients of cash assistance to make available at least (1) such 1st 5 items; or (2) any 7 of the 1st 14 items listed in sec. IV on benefits (see p. 85) and, if hospital or skilled nursing home services are included in the plan, physicians' services to an individual in a hospital or skilled nursing home during any period he is receiving hospital services or skilled nursing home services. Effective Jan. 1, 1968.</p> <p>Effective with July 1, 1970, the State plan must provide for the inclusion of home health services for any individual who, under such plan, is entitled to skilled nursing home services.</p>
<p><b>N. Deductibles.....</b></p>	<p>(14) provide that— (A) no deduction, cost sharing, or similar charge will be imposed on any individual with respect to in-patient hospital services furnished him under the plan; and (B) any deduction, cost sharing, or similar charge imposed for any other care or services furnished him, and any enrollment fee, premium,</p>	<p>(14) (A) This requirement would apply only in the case of individuals receiving cash assistance under a plan of the State approved under the other public assistance titles.</p> <p>(B) Also, the law makes clear that any deduction, cost sharing, or similar charge imposed under the plan with respect to inpatient hospital services, as well as</p>

other medical assistance, furnished under the plan to any individual, whether or not he is a recipient of assistance under another approved public assistance plan of the State, must be reasonably related to his income or his income and resources. Effective: Jan. 1, 1968.

(15) Would no longer require that a State plan meet the cost of deductibles imposed under pt. A of title XVIII and that the plan relate any deductibles imposed under the hospital insurance program, as well as the supplementary medical insurance program, of title XVIII to the income of the individuals covered under the plan. Effective: Jan. 1, 1968.

(16) No change.

(17) Income levels may differ but only for the medically indigent based on variations between housing costs in urban areas and rural areas.

No other change in this provision but see p. 83 for limitations on Federal matching for individuals with incomes above certain amounts.

or similar charge imposed under the plan, will be reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to the recipient's income or to his income and resources;

(15) in the case of eligible individuals 65 years of age or older covered by either or both of the insurance programs (hospital insurance benefits for the aged, and supplementary medical insurance benefits for the aged), provides—

(A) for meeting the full cost of any deductible imposed with respect to any such individual under such hospital insurance benefits program; and

(B) where, under the plan, all of a deductible, cost sharing, or similar charge imposed with respect to any such individual under such supplementary medical insurance benefits program is not met, the portion which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or to his income and resources;

(16) include, to the extent required by regulations of the Secretary, provisions (conforming to such regulations) regarding the furnishing of medical assistance to eligible residents who are absent from the State;

(17) include reasonable standards, comparable for all groups, for determining eligibility for and the extent of medical assistance under the plan, which standards—

(A) are consistent with the objectives of title XIX;

(B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient and (in the case of any applicant or recipient who if he met the State's need requirements would be eligible for aid or assistance in the form of money payments under the State's plan approved under title I, IV, X, XIV, or XVI) as would not be disregarded (or set aside for future needs) in determining his eligibility for and the amount of aid or assistance under such plan;

(C) provide for reasonable evaluation of any such income or resources; and

(D) do not take into account the financial responsibility of any individual for any applicant or recipient unless such applicant or recipient is the individual's spouse or is his child who is under

**Q. Meeting cost of medicare deductibles.**

**P. Absentees**

**Q. Income standards**

**MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued**

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Con.                      Q. Income standards—Con.</p>	<p>age 21 or, if the child is age 21 or over, is blind or permanently and totally disabled; and provide for flexibility in the application of such standards with respect to income by taking into account, except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or any other type of remedial care recognized under State law;</p>	
<p>R. Property liens.....-----</p>	<p>(18) provide that property liens will not be imposed during a recipient's lifetime (except pursuant to a judgment of a court on account of benefits incorrectly paid), and preclude adjustments or recovery of medical assistance correctly paid except from the estate of a recipient who was at least age 65 when he received such assistance, and then only after the death of his surviving spouse and at a time when he has no surviving child who is under 21, blind, or permanently and totally disabled;</p>	<p>(18) No change.</p>
<p>S. Simplicity of administration.....-----</p>	<p>(19) provide safeguards necessary to assure that eligibility for care and services under the plan will be determined and such care and services will be provided in a manner consistent with simplicity of administration and in the best interests of the recipients;</p>	<p>(19) No change.</p>
<p>T. Mental institutions.....-----</p>	<p>(20) if the State plan includes medical assistance in behalf of individuals 65 years or older who are patients in institutions for mental diseases—                      (A) provide for agreements or other arrangements with State authorities concerned with mental diseases. These will include arrangements for joint planning and for development of alternate methods of care, for assuring immediate readmittance to institutions where needed for individuals under alternate plans of care, for providing for access to patients and facilities, and for submitting information and reports;                      (B) provide for an individual plan for each such patient to assure that the institutional care provided is in his best interests, including assurances of initial and periodic review of his medical and other needs, of his receiving appropriate medical treatment within the institution, and of periodic determination of his need for continued institutional care;</p>	<p>(20) No change.</p>

(C) provide for the development of alternate plans of care with maximum utilization of available resources for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services to help such recipients and patients attain or retain capability for self-care or other services to prevent or reduce dependency which are appropriate; and for methods of administration necessary to assure that the State plan with respect to these recipients and patients will be effectively carried out; and

(D) provide methods of determining the reasonable cost of institutional care for such patients;

**U. State mental institutions-----**

(21) No change.

**V. Professional staff-----**

(22) No change.

**W. Free choice-----**

No provision.

Adds new State plan requirement (23) under which any individual eligible for medical assistance is free to choose to obtain the services he requires from any institution, agency, or person qualified to perform the required services (including a prepayment plan which provides such services or arranges for their availability) and which undertakes to provide such services to him. Effective July 1, 1969, except July 1, 1972, in the case of Puerto Rico, the Virgin Islands, and Guam.

**X. Conditions of eligibility-----**

Secretary cannot approve a plan which has any of the following conditions of eligibility:

- (1) an age requirement of more than 65 years; or
- (2) any age requirement which excludes any individual who has not attained the age of 21 and who meets the definition of a dependent child under title IV of the act regardless of age; or
- (3) any residence requirement which excludes any individual residing in the State; or
- (4) any citizenship requirement which excludes any citizen of the United States.

No change.

**MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued**

Item	Prior law	Public Law 90-248
<p><b>II. State plan requirements—Continued</b>  <b>Y. Consultative services to providers of services.</b></p>	<p>No provision in title XIX.</p>	<p>Establishes a new plan requirement (24) under which a State plan for medical assistance must, effective July 1, 1969, provide for consultative services by health agencies and other appropriate State agencies to hospitals, nursing homes, home health agencies, clinics, laboratories, and other institutions specified by the Secretary in order to assist them with respect to (1) qualifying for payments under the act, (2) establishing and maintaining fiscal records necessary for the proper and efficient administration of the act, and (3) providing information needed to determine payments due under the act on account of care and services furnished to individuals. (Under another provision (see p. 82) the State could receive 75 percent Federal matching toward the cost of providing these consultative services.) A provision similar to this provision in title XVIII of the act (medicare) is repealed effective July 1, 1969.</p>
<p><b>Z. Payments from a 3d party-----</b></p>	<p>No provision.</p>	<p>Establishes a plan requirement (25) under which a State must provide (1) that the State or local agency will take all reasonable measures to ascertain whether 3d parties are legally liable to pay for care and services available under the plan arising out of injury, disease, or disability; (2) that where the agency knows that a 3d party has such legal liability it will treat such legal liability as a resource of the individual for whom care and services are made available in its consideration of whether income and resources are available to him; and (3) that in any case where it is found that such legal liability exists after medical assistance has been provided to the individual, the agency will seek reimbursement for such medical assistance to the extent of such legal liability. Effective: For legal liabilities arising after Mar. 31, 1968.</p>
<p><b>A.A. Nursing home standards-----</b></p>	<p>No specific provision.</p>	<p>Adds 3 new plan requirements related to standards for nursing homes as follows:            New paragraph (26) requires such a plan, effective July 1, 1969, to provide for—            (1) A regular program of medical review (including evaluation of each patient's need for skilled nursing home care or need for mental hospital care) a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing home;</p>

(2) Periodic inspections of all skilled nursing homes and mental institutions within the State by at least 1 medical review team (composed of physicians and other appropriate health and social service personnel) of (a) the care provided in such homes and such institutions, to recipients under the plan; (b) with respect to each patient receiving such care, the adequacy of services available in particular nursing homes (or mental institutions) to meet the current health needs and promote the maximum physical well-being of patients; (c) the necessity and desirability of their continued placement in such homes (or mental institutions); and (d) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and

(3) The making by such a team of full and complete reports of the findings resulting from its inspections and any recommendations to the State agency.

Paragraph (27) requires the plan to provide for agreements with every supplier of services under the plan under which such supplier agrees to keep full records of the services provided to recipients under the plan, and to furnish the State agency such information about any payments it claimed for providing services under the plan as the agency may request.

Paragraph (28) requires the plan to provide that any skilled nursing home receiving payments under the plan must—

(1) Supply the State licensing agency with full and complete information as to the identity of each person having a direct or indirect ownership interest of at least 10 percent in such home, and if it is a corporation or partnership the names of the officers and directors, or partners; and report promptly any changes which would affect the current accuracy of the required information;

(2) Have and maintain an organized nursing service for its patients, which is directed by a professional registered nurse employed full time by such home and composed of sufficient nursing and auxiliary personnel to provide adequate and properly supervised nursing services during all hours of each day and all days of each week;

(3) Provide for professional planning and supervision of menus and meal service for patients for whom special diets or dietary restrictions are medically prescribed;

(4) Have satisfactory policies and procedures for maintenance of medical records on each of its patients, for dispensing and administering drugs and biologicals, and for assuring that each patient is under a physician's care and is provided medical attention during emergencies;

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Continued                      A.A. Nursing home standards—Continued</p>	<p>No provision.</p>	<p>(5) Have arrangements with at least 1 general hospital under which the hospital will provide needed diagnostic and other services to patients of such home and agree to timely admission of acutely ill patients of the home who need hospital care; except that the State agency may waive this requirement in whole or in part with respect to any nursing home meeting all the other requirements and which, because of its remote location or other good and sufficient reason, is unable to make such an arrangement with a hospital; and</p> <p>(6)(a) Meet (after Dec. 31, 1969) provisions of the Life Safety Code of the National Fire Protection Association (21st edition, 1967) applicable to nursing homes; except that the State agency may waive, for periods it deems appropriate, specific provisions of such code which, if rigidly applied, would cause unreasonable hardship to a nursing home, where the agency makes a determination (and keeps a written record of the basis thereof) that such waiver will not adversely affect the health and safety of the patients of such home; and except that the requirements described in this item (6)(a) shall not apply in any State if the Secretary finds that such State has in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing homes; and (b) meet conditions relating to environment and sanitation applicable to extended care facilities under title XVIII of the act; except that any requirement described in this item (6)(b) may be waived by the State agency in situations and under conditions comparable to those described in item (6)(a), above. Effective: Jan. 1, 1969, except when indicated differently.</p>
<p>B.B. Licensing of nursing home administrators.</p>	<p>No provision.</p>	<p>Establishes a plan requirement under which a State must have a program which meets the requirements set forth below for the licensing of administrators of nursing homes.</p> <p>For purposes of the requirement a State licensing program is one which provides that no nursing home within the State may operate except under the supervision of an administrator who is licensed as provided pursuant to the following requirements. Licensing of nursing home administrators must be carried out by the State agency responsible for licensing under the State's Healing Arts Licensing Act or, if there is no such act or</p>

agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients.

It shall be the function of the agency or board to—

(1) Develop, impose, and enforce standards to be met as a condition of receiving a license as a nursing home administrator, designed to insure that such an administrator will be of good character and otherwise suitable, and, by training or experience in the field of institutional administration, will be qualified to serve as such an administrator;

(2) Develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

(3) Issue licenses to individuals who meet such standards, and revoke or suspend licenses in any case of substantial failure to conform to such standards;

(4) Establish and carry out procedures designed to insure that such licenses will, during any period that they serve as such administrators, comply with such standards;

(5) Receive, investigate, and take appropriate action with respect to any charge or complaint filed with the agency or board to the effect that any such licensee has failed to comply with such standards; and

(6) Conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of such licensing standards and of procedures and methods for the enforcement of such standards.

A waiver may be granted to any individual who has served as a nursing home administrator, during the full year before the State sets up its licensing agency, with respect to standards except those which relate to good character or suitability if—

(1) such waiver is for a period which ends after being in effect for 2 years or on Dec. 31, 1971, whichever is earlier, and

(2) there is provided in the State (during all of the period for which waiver is in effect), a program of training and instruction designed to enable all individuals, with respect to whom any such waiver is granted, to attain the qualifications necessary to meet such standards.

Authorizes appropriations as necessary for fiscal years 1968-72 to make grants to the States to help carry out these training programs.

Creates a National Advisory Council on Nursing Home Administration of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. The purpose of the council is to advise the Secretary and the States in carrying out these provisions. The members shall include, but not be limited to, representatives of State health officers, State welfare directors, nursing home administrators, and university programs in public health or medical care administration.

**MEDICAL ASSISTANCE--TITLE XIX (MEDICAID)--Continued**

Item	Prior law	Public Law 90-248
<p>II. State plan requirements--Continued B.B. Licensing, etc.--Continued</p>	<p>No provision.</p>	<p>The Council must be appointed before July 1, 1968, and shall go out of existence on Dec. 31, 1971.</p>
<p>C.C. Utilization review and control.</p>	<p>Each State with an approved plan for medical assistance receives--</p> <p>(1) an amount equal to the Federal medical assistance percentage, as defined below, of the total medical assistance expenditures during the quarter, including in such expenditures premiums under pt. B of title XVIII for recipients of money payments under title I, IV, X, XIV, or XVI, and other insurance premiums for medical or remedial care or the cost of such care; plus</p> <p>(2) an amount equal to 75 percent of the amounts expended for administrative costs attributable to compensation or training of skilled professional medical personnel and directly supporting staff of the State agency or local agency administering the plan; plus</p> <p>(3) 1/2 of the remaining administrative expenses. However, the amount of the Federal payment attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases is to be paid only to the extent that total expenditures from Federal, State, and local funds for mental health services under State and local health and public welfare programs for the quarter are shown to the satisfaction of the Secretary to exceed the average of the total expenditures for these services for each quarter of the fiscal year ending June 30, 1965. The expenditures for these services for each quarter in the fiscal year ending June 30, 1965, are determined on the basis of the latest data available to the Secretary at the time of the 1st determination, and expenditures for quarters beginning after Dec. 31, 1965, are determined</p>	<p>Provides that the State plan must include methods and procedures relating to the utilization and payment for covered services as may be necessary to safeguard against unnecessary utilization and to assure that payments (including payment for drugs) are reasonable and consistent with efficiency, economy, and quality of care.</p>
<p>III. Payments to States:</p>	<p>(1) No change.</p>	<p>(1) No change.</p>
<p>A. Amounts paid to States-----</p>	<p>(2) Authorizes 75-percent Federal financial participation in expenses attributable to the compensation or training of skilled medical personnel and directly supporting staff engaged in the administration of an approved title XIX plan without regard to whether such personnel are employees of the single State agency responsible for administration of the plan or of some other public agency participating in the administration of the plan. Effective: For expenditures made after Dec. 1967.</p>	<p>(2) Authorizes 75-percent Federal financial participation in expenses attributable to the compensation or training of skilled medical personnel and directly supporting staff engaged in the administration of an approved title XIX plan without regard to whether such personnel are employees of the single State agency responsible for administration of the plan or of some other public agency participating in the administration of the plan. Effective: For expenditures made after Dec. 1967.</p>
	<p>(3) No change.</p>	<p>(3) No change.</p>

mined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination for such State for such quarter.

**B. Definition of Federal medical assistance percentage.**

The term "Federal medical assistance percentage" for a State is 100 percent minus the percentage which bears the same ratio to 45 percent as the square of the per capita income of such State bears to the square of the per capita income of the 50 States and the District of Columbia. Such percentage is in no case less than 50 percent or more than 83 percent, except that for Puerto Rico, the Virgin Islands, and Guam it is set at 55 percent.

**C. Guarantee of higher percentage than under prior law.**

If the Secretary finds, on the basis of satisfactory information submitted by a State, that its Federal medical assistance percentage applicable to any quarter during the period Jan. 1, 1966, through June 30, 1969, is less than 105 percent of the Federal share of the State's medical expenditures during the fiscal year ending June 30, 1965, then its Federal medical assistance percentage will be 105 percent of such Federal share instead of the percentage. Such adjusted percentage will be applicable for such quarter and each subsequent quarter in such period prior to the first quarter as to which such finding is not applicable.

For the above purposes, such Federal share means the percentage which the excess of—

(A) the total of the amounts of the Federal shares (determined under the applicable formulas of the public assistance titles of the act) of the State's expenditures for aid or assistance in any form during fiscal year 1965 under its plans approved under titles I, IV, X, XIV, and XVI over

(B) the total of the Federal shares determined under such formulas with respect to its expenditures of aid or assistance during such year, excluding aid or assistance in the form of medical or remedial care, is of the total of aid or assistance expenditures in the form of medical or remedial care under such plans during such year.

**D. Federal medical assistance percentage for the States.**

The following are the Federal medical assistance percentages for the States for the period July 1, 1967, to June 30, 1969:

"Federal medical assistance percentage" for Puerto Rico, Guam, and the Virgin Islands is changed to 50 percent effective with 1968.

No change.

States would be limited in setting income levels for eligibility for which Federal matching funds would be available. The family income level could not be higher than 133 1/3 percent of the highest amount ordinarily paid to a family of the same size without income or resources under the program of aid to families with dependent children. Needy persons receiving or eligible for aid or assistance under the cash assistance titles of the act would be exempt from this provision. The 133 1/3 percent proportion would go into effect on July 1, 1968, except that for States which had a title XIX program approved

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248																																																																												
III. Payments to States—Continued D. Federal medical assistance percentage for the State—Con.	<table border="0"> <thead> <tr> <th style="text-align: left;"><i>State</i></th> <th style="text-align: right;"><i>Percent</i></th> </tr> </thead> <tbody> <tr><td>Alabama.....</td><td style="text-align: right;">78.60</td></tr> <tr><td>Alaska.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Arizona.....</td><td style="text-align: right;">64.99</td></tr> <tr><td>Arkansas.....</td><td style="text-align: right;">79.81</td></tr> <tr><td>California.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Colorado.....</td><td style="text-align: right;">55.31</td></tr> <tr><td>Connecticut.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Delaware.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>District of Columbia.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Florida.....</td><td style="text-align: right;">65.09</td></tr> <tr><td>Georgia.....</td><td style="text-align: right;">72.85</td></tr> <tr><td>Hawaii.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Idaho.....</td><td style="text-align: right;">67.87</td></tr> <tr><td>Illinois.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Indiana.....</td><td style="text-align: right;">53.39</td></tr> <tr><td>Iowa.....</td><td style="text-align: right;">59.60</td></tr> <tr><td>Kansas.....</td><td style="text-align: right;">57.90</td></tr> <tr><td>Kentucky.....</td><td style="text-align: right;">75.25</td></tr> <tr><td>Louisiana.....</td><td style="text-align: right;">74.58</td></tr> <tr><td>Maine.....</td><td style="text-align: right;">69.92</td></tr> <tr><td>Maryland.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Massachusetts.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Michigan.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>Minnesota.....</td><td style="text-align: right;">58.40</td></tr> <tr><td>Mississippi.....</td><td style="text-align: right;">83.00</td></tr> <tr><td>Missouri.....</td><td style="text-align: right;">58.40</td></tr> <tr><td>Montana.....</td><td style="text-align: right;">64.01</td></tr> <tr><td>Nebraska.....</td><td style="text-align: right;">60.48</td></tr> <tr><td>Nevada.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>New Hampshire.....</td><td style="text-align: right;">60.12</td></tr> <tr><td>New Jersey.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>New Mexico.....</td><td style="text-align: right;">70.15</td></tr> <tr><td>New York.....</td><td style="text-align: right;">50.00</td></tr> <tr><td>North Carolina.....</td><td style="text-align: right;">75.30</td></tr> <tr><td>North Dakota.....</td><td style="text-align: right;">70.74</td></tr> <tr><td>Ohio.....</td><td style="text-align: right;">52.64</td></tr> <tr><td>Oklahoma.....</td><td style="text-align: right;">69.61</td></tr> </tbody> </table>	<i>State</i>	<i>Percent</i>	Alabama.....	78.60	Alaska.....	50.00	Arizona.....	64.99	Arkansas.....	79.81	California.....	50.00	Colorado.....	55.31	Connecticut.....	50.00	Delaware.....	50.00	District of Columbia.....	50.00	Florida.....	65.09	Georgia.....	72.85	Hawaii.....	50.00	Idaho.....	67.87	Illinois.....	50.00	Indiana.....	53.39	Iowa.....	59.60	Kansas.....	57.90	Kentucky.....	75.25	Louisiana.....	74.58	Maine.....	69.92	Maryland.....	50.00	Massachusetts.....	50.00	Michigan.....	50.00	Minnesota.....	58.40	Mississippi.....	83.00	Missouri.....	58.40	Montana.....	64.01	Nebraska.....	60.48	Nevada.....	50.00	New Hampshire.....	60.12	New Jersey.....	50.00	New Mexico.....	70.15	New York.....	50.00	North Carolina.....	75.30	North Dakota.....	70.74	Ohio.....	52.64	Oklahoma.....	69.61	before July 26, 1967, for the period from July 1, 1968, to Jan. 1, 1969, the proportion would be 150 rather than 133½ percent and for that period from Jan. 1, 1969, to Jan. 1, 1970, the proportion would be 140 percent. Puerto Rico, the Virgin Islands, and Guam would be exempt from these provisions and would instead be limited by dollar ceilings as follows: Puerto Rico..... \$20,000,000 Virgin Islands..... 650,000 Guam..... 900,000 Federal matching would be reduced to 50 percent.
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Oregon.....	54.37
Pennsylvania.....	55.03
Rhode Island.....	52.61
South Carolina.....	80.50
South Dakota.....	73.26
Tennessee.....	76.14
Texas.....	67.10
Utah.....	65.24
Vermont.....	69.00
Virginia.....	65.85
Washington.....	50.00
West Virginia.....	75.81
Wisconsin.....	56.68
Wyoming.....	59.20

E. Comprehensive care by 1975.....

No change.

IV. Benefits:

A. Direct payment to recipient.....

No provision.  
The Secretary of Health, Education, and Welfare is not allowed to make any payments to a State unless the State shows that it is making efforts to broaden the scope of the care and services and to liberalize the eligibility requirements with a view to furnishing by July 1, 1975, comprehensive care and services to substantially all individuals who meet the plan's income and resources test.

Vendor payments (payments made directly to the supplier of the services) can be made on behalf of individuals who are under the age of 21, dependent children under title IV, or relatives with whom such children are living, or who are 65 years of age or older, are blind, or are 18 years of age or older and permanently and totally disabled, but whose income and resources are insufficient to meet all of such cost can be covered by a State—

B. Essential persons.....

- (1) in-patient hospital services (other than services in an institution for tuberculosis or mental diseases);
- (2) out-patient hospital services;
- (3) other laboratory and X-ray services;
- (4) skilled nursing home services (other than services in an institution for tuberculosis or mental diseases) for individuals age 21 or over.
- (5) physicians' services, whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere;
- (6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;
- (7) home health care services;
- (8) private duty nursing services;
- (9) clinic services;
- (10) dental services;
- (11) physical therapy and related services;

At the option of the State, payments for physicians' and dentists' services can be made directly to the medically needy. All payments to cash recipients must continue to be made to the vendor of medical services as will those for the medically needy other than those involving physicians and dentists.

Provides that States may also include a person essential to the welfare of a cash assistance recipient. An "essential person" for this purpose is the spouse of the recipient and living with him and she must have her needs taken into account in deciding the size of the grant and be essential to his well-being.

**MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued**

Public Law 90-248

Item	Prior law	
<p>IV. Benefits—Continued                      B. Essential persons—Continued</p>	<p>(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;                      (13) other diagnostic, screening, preventive, and rehabilitative services;                      (14) in-patient hospital services and skilled nursing home services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases; and                      (15) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary.                      The benefits can not include—                      (A) payments with respect to care or services for an individual who is an inmate of a public institution (except as a patient in a medical institution); or                      (B) payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.</p>	
<p>V. Maintenance of State effort.....</p>	<p>Federal matching for any State for any quarter prior to July 1, 1969, shall be reduced to the extent the excess of Federal matching for such quarter for the new medical program, old-age assistance, aid to needy families with children, aid to the blind, aid to the permanently and totally disabled, and aid under the consolidated program over the corresponding quarter in fiscal year 1964 or 1965 or average quarterly Federal matching for these programs in fiscal year 1964 or 1965 is greater than the excess of total expenditures (Federal, State, and local) on these programs in such quarter over the corresponding quarter or of the average total quarterly expenditures on these programs in fiscal year 1964 or 1965.</p>	<p>Maintenance of effort could be determined on the basis of money payments alone. Also, current expenditures could be measured on the basis of a full fiscal year (rather than a quarter). In addition, child welfare expenditures could be included in the determination either with money payments alone or with money payments and medical assistance. The provision would be effective July 1, 1966, rather than Jan. 1, 1966, and would be repealed effective July 1, 1968.</p>
<p>VI. Advisory Council.....</p>	<p>No provision.</p>	<p>Requires Secretary of HEW to appoint an Advisory Council on Medical Assistance to advise the Secretary on administration of the Medicaid (Title XIX) program. The Council would consist of 21 members with one of the members acting, upon appointment of the Secretary, as Chairman. The members are to include representatives of State and local agencies and nongovernmental groups concerned with health, and consumers of health services, with a majority to consist of consumer representatives. Members are to hold office for 4 years with the 1st offices staggered.</p>

VII. Observance of religious beliefs..... No provision.

VIII. Intermediate care facilities..... No provision.

Provides that no person may be compelled to undergo medical screening, examination, diagnosis, or treatment, except for the purpose of discovering and preventing the spread of infection or contagious disease or to protect environmental health, if the person objects on religious grounds.

The law provides for vendor payments in behalf of persons who qualify for OAA, AB or APTD. (or the combined program) and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

**DATA ON PUBLIC ASSISTANCE PROGRAMS**

TABLE 1.—Special types of public assistance and general assistance: Expenditures for assistance to recipients, by program and source of funds, fiscal year ended June 30, 1967<sup>1</sup>  
[Includes vendor payments for medical care]

Program	Total	Expenditures from—		
		Federal funds	State funds	Local funds
		Amount (in thousands)		
<b>Total</b> .....	\$6,981,511	\$3,814,859	\$2,319,760	\$846,892
Special types of public assistance.....	6,624,753	3,814,859	2,129,912	679,982
Old-age assistance.....	1,861,143	1,253,834	533,471	73,838
Aid to the blind.....	89,172	51,782	31,950	5,441
Aid to the permanently and totally disabled.....	570,129	336,442	190,339	43,348
Aid to families with dependent children.....	2,065,156	1,170,461	643,546	251,149
Medical assistance <sup>2</sup> .....	1,944,161	952,068	697,115	294,978
Medical assistance for the aged.....	94,991	50,271	33,492	11,227
General assistance.....	356,758	-----	189,848	166,910

**DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued**

**TABLE 1.—Special types of public assistance and general assistance: Expenditures for assistance to recipients, by program and source of funds, fiscal year ended June 30, 1967<sup>1</sup>—Continued**

[Includes vendor payments for medical care]

Program	Expenditures from—			
	Total	Federal funds	State funds	Local funds
	Percentage distribution by program			
Total.....	100.0	100.0	100.0	100.0
Special types of public assistance.....	94.9	100.0	91.8	80.3
Old-age assistance.....	26.7	32.9	23.0	8.7
Aid to the blind.....	1.3	1.4	1.4	.6
Aid to the permanently and totally disabled.....	8.2	8.8	8.2	5.1
Aid to families with dependent children.....	29.6	30.7	27.7	29.7
Medical assistance <sup>2</sup> .....	27.8	25.0	30.1	34.8
Medical assistance for the aged.....	1.4	1.3	1.4	1.3
General assistance.....	5.1	-----	8.2	19.7
	Percentage distribution by source of funds			
Total.....	100.0	54.6	33.2	12.1
Special types of public assistance.....	100.0	57.6	32.2	10.3
Old-age assistance.....	100.0	67.4	28.7	4.0
Aid to the blind.....	100.0	58.1	35.8	.6
Aid to the permanently and totally disabled.....	100.0	59.0	33.4	7.6
Aid to families with dependent children.....	100.0	56.7	31.2	12.2
Medical assistance <sup>2</sup> .....	100.0	49.0	35.9	15.2
Medical assistance for the aged.....	100.0	52.9	35.3	11.8
General assistance.....	100.0	-----	53.2	46.8

<sup>1</sup> Expenditures for assistance include all money payments to recipients, vendor payments for medical care and assistance in kind to, and vendor payments on behalf of recipients for goods and services to meet their maintenance needs. Vendor payments for burial are excluded. Amounts cannot

be compared with annual data based on monthly series or with amount of Federal grants to the States.  
<sup>2</sup> Program initiated January 1966 under Public Law 89-97.

TABLE 2.—Expenditures for assistance and for administration, services, and training, by program and source of funds, fiscal year ended June 30, 1967

[Amounts in thousands]

Program	Total	Federal funds		State funds		Local funds	
		Amount	Percent	Amount	Percent	Amount	Percent
Total.....	\$7,825,800	\$4,259,176	54.4	\$2,752,937	32.9	\$993,686	12.7
Special types of public assistance.....	7,384,970	4,259,176	57.7	2,336,961	31.6	788,833	10.7
Old-age assistance.....	2,034,131	1,348,942	66.3	587,998	28.9	97,191	4.8
Aid to the blind.....	100,519	57,849	57.6	35,866	35.7	6,804	6.8
Aid to the permanently and totally disabled.....	659,721	385,729	58.5	215,304	32.6	58,688	8.9
Aid to families with dependent children.....	2,451,503	1,412,586	57.6	731,816	29.9	307,101	12.5
Medical assistance <sup>1</sup> .....	2,036,556	999,832	49.1	730,319	35.9	306,404	15.0
Medical assistance for the aged.....	102,541	54,238	52.9	35,657	34.8	12,646	12.3
General assistance.....	440,830	-----	-----	235,976	53.5	204,853	46.5

<sup>1</sup> Program initiated January 1966 under Public Law 89-97.

NOTE.—Expenditures for administration include those for determining initial and continuing eligibility to receive financial assistance and for providing welfare services to people applying for or receiving financial assistance or welfare services only.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 3.—Special types of public assistance and general 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 program, fiscal year ended June 30, 1967

Program	Total	Type of service not reported <sup>1</sup>	In all States reporting for specified type of service <sup>2</sup>							
			Total for specified types of services	In-patient hospital care	Nursing home care	Physicians' services	Other practitioners' services	Dental care	Pre-scribed drugs	Other
			[Amounts in thousands]							
			Amount of vendor payments for medical care <sup>3</sup>							
Total.....	\$2,345,372	\$11,582	\$2,333,791	\$955,075	\$772,620	\$230,299	\$18,039	\$72,804	\$182,584	\$102,371
Special types of public assistance.....	2,270,996	740	2,270,256	912,662	766,120	224,543	17,923	72,246	179,424	97,338
Old-age assistance.....	160,089	54	160,035	24,846	101,581	10,119	268	1,044	20,900	1,277
Aid to the blind.....	3,081	---	3,081	922	1,361	204	8	43	7,200	64
Aid to the permanently and totally disabled.....	42,305	3	42,302	15,831	16,280	1,604	85	399	7,000	902
Aid to families with dependent children.....	33,969	18	33,951	16,394	6,688	6,179	462	2,880	6,018	1,949
Medical assistance.....	1,936,753	589	1,936,164	830,314	587,286	203,679	16,978	67,698	138,187	92,021
Medical assistance for the aged.....	94,798	76	94,722	24,354	59,544	2,758	122	181	6,638	1,124
General assistance.....	74,376	10,842	63,535	42,413	6,500	5,756	116	558	3,160	5,033
Special types of public assistance.....	100.0	0.5	99.5	40.7	32.9	9.8	0.8	3.1	7.8	4.4
Old-age assistance.....	100.0	(*)	100.0	40.2	33.7	9.9	.8	3.2	7.9	4.3
Aid to the blind.....	100.0	(*)	100.0	15.5	63.5	6.3	.2	.7	13.1	.8
Aid to the permanently and totally disabled.....	100.0	(*)	100.0	29.9	44.2	6.6	.2	1.4	15.6	2.1
Aid to families with dependent children.....	100.0	(*)	100.0	37.4	38.5	3.8	.2	.9	17.0	2.1
Medical assistance.....	100.0	(*)	100.0	48.3	.2	18.2	1.4	8.5	17.7	5.7
Medical assistance for the aged.....	100.0	(*)	100.0	42.9	30.3	10.5	.9	3.5	7.1	4.8
General assistance.....	100.0	.1	99.9	25.7	62.8	2.9	.1	.2	7.0	1.2
	100.0	14.6	85.4	57.0	8.7	7.7	.2	.7	4.2	6.8

<sup>1</sup> These amounts cannot be distributed in the same way as the amounts shown for the various types of service because (1) some States may not provide through the vendor payment all the specified services; and (2) amounts for the types of service include data for State reporting a partial distribution of vendor payments.

<sup>2</sup> Includes amounts in States that reported a partial distribution of vendor payments by type of service.

<sup>3</sup> For States operating pooled funds or other prepayment plans, data represent payments out of these funds to specified type of vendor.

<sup>4</sup> Less than 0.05 percent.

TABLE 4.—Recipients of public assistance money payments and/or nonmedical vendor payments and average monthly payment per recipient by program, December of calendar years 1936-66<sup>1</sup>

Year and month	Recipients <sup>2</sup> (in thousands)							Average monthly payment per recipient <sup>2</sup>				
	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled <sup>3</sup>	Aid to families with dependent children		General assistance <sup>5</sup>	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled <sup>3</sup>	Aid to families with dependent children	General assistance <sup>5</sup>	
				Families	Total recipients <sup>4</sup>							Children
1936	1,108	45	---	162	546	404	\$18.80	\$26.10	---	\$8.80	\$8.00	
1937	1,579	56	---	229	769	568	19.45	27.20	---	9.35	8.50	
1938	1,779	67	---	281	935	688	19.55	25.20	---	9.60	7.90	
1939	1,912	70	---	316	1,042	764	19.30	25.45	---	9.65	8.30	
1940	2,070	73	---	372	1,222	895	20.25	25.35	---	9.85	8.30	
1941	2,238	77	---	391	1,288	944	21.25	25.80	---	10.20	9.40	
1942	2,230	79	---	349	1,158	851	23.35	26.55	---	10.95	11.65	
1943	2,149	76	---	272	916	676	26.65	27.95	---	12.35	14.55	
1944	2,066	72	---	254	862	639	28.45	29.30	---	13.40	15.60	
1945	2,056	71	---	274	943	701	30.90	33.50	---	15.15	16.55	
1946	2,196	77	---	346	1,190	885	35.30	36.65	---	18.10	18.45	
1947	2,332	81	---	416	1,426	1,060	37.40	39.60	---	18.40	20.60	
1948	2,498	86	---	475	1,632	1,214	42.00	43.55	---	20.90	22.40	
1949	2,736	93	---	599	2,048	1,521	44.75	46.10	---	21.70	21.25	
1950	2,786	97	69	651	2,233	1,661	43.05	46.00	\$44.10	20.85	22.25	
1951	2,701	97	124	592	2,041	1,523	44.55	48.05	46.45	22.00	22.90	
1952	2,635	98	161	596	1,991	1,495	48.80	53.50	48.40	23.45	23.30	
1953	2,582	100	192	547	1,941	1,464	48.90	54.05	47.90	23.20	22.05	
1954	2,553	102	222	604	2,173	1,639	48.70	54.35	48.35	23.25	22.85	
1955	2,538	104	241	602	2,192	1,661	50.05	55.55	48.75	23.50	23.30	
1956	2,499	107	266	615	2,270	1,731	53.25	60.00	50.70	24.80	23.45	
1957	2,480	108	290	667	2,497	1,912	55.50	62.20	52.35	25.40	22.70	
1958	2,438	110	325	755	2,486	2,181	56.95	63.55	53.80	26.65	24.05	
1959	2,370	108	346	776	2,946	2,265	56.70	65.60	54.15	27.30	25.05	
1960	2,305	107	369	803	3,073	2,370	58.90	67.45	56.15	28.35	24.85	
1961	2,229	103	389	916	3,566	2,753	57.60	68.05	57.05	29.45	26.15	
1962	2,183	99	428	932	3,789	2,844	61.55	71.95	58.50	29.30	26.30	
1963	2,152	97	464	954	3,930	2,951	62.80	73.95	59.85	29.70	27.45	
1964	2,120	95	509	1,012	4,219	3,170	63.65	76.15	62.25	31.50	30.50	
1965	2,087	85	557	1,054	4,396	3,316	63.10	81.35	66.50	32.85	31.65	
1966	2,073	84	588	1,127	4,666	3,526	68.05	86.85	74.75	36.25	36.20	

See footnotes at end of table, p. 92



TABLE 5.—Amount of public assistance money payments and amount expended per inhabitant, by program, calendar years 1936-66<sup>1</sup>

Year	Amount of money payments (in thousands)					Amount of money payment per inhabitant <sup>2</sup>						
	Total	Federally aided programs				Total	General assistance	Federally aided programs			General assistance	
		Total	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled <sup>2</sup>			Aid to families with dependent children	Total	Old-age assistance		Aid to the blind
1936	\$655,086	\$217,951	\$155,484	\$12,814	\$49,653	\$437,134	\$5.10	\$1.70	\$0.10	-----	\$0.40	\$3.40
1937	802,937	396,217	309,550	16,173	70,494	406,720	6.25	3.10	2.40	.15	.55	3.15
1938	987,025	511,419	394,874	18,953	97,592	475,606	7.60	3.95	3.05	.15	.75	3.65
1939	1,050,790	568,670	433,507	20,372	114,791	482,120	8.05	4.35	3.30	.15	.90	3.70
1940	1,020,115	627,906	472,778	21,735	133,393	392,209	7.75	4.75	3.60	.15	1.00	2.95
1941	989,397	716,231	540,074	22,856	153,301	273,166	7.45	5.40	4.05	.15	1.15	2.05
1942	956,846	776,408	593,400	24,559	158,449	180,438	7.15	5.80	4.45	.20	1.20	1.35
1943	926,325	815,414	649,970	25,045	140,399	110,912	6.85	6.05	4.80	.20	1.05	.65
1944	940,399	851,051	690,727	25,256	135,068	89,347	7.00	6.35	5.15	.20	1.00	.65
1945	987,934	901,673	725,683	26,515	149,475	86,262	7.40	6.75	5.45	.20	1.10	.65
1946	1,179,318	1,058,921	819,764	30,717	208,440	120,398	8.40	7.55	5.85	.20	1.50	.85
1947	1,480,800	1,316,574	986,366	36,193	294,015	164,226	10.30	9.15	6.85	.25	2.05	1.15
1948	1,730,713	1,532,262	1,128,190	41,284	362,788	198,451	11.80	10.45	7.70	.30	2.45	1.35
1949	1,744,974	1,893,717	1,372,898	48,448	472,371	281,257	14.20	12.40	8.95	.30	3.10	1.85
1950	2,354,485	2,061,700	1,453,917	52,567	547,174	292,786	15.15	13.30	8.95	.35	3.50	1.90
1951	2,279,612	2,085,153	1,427,603	54,473	548,765	194,459	14.45	13.25	9.05	.35	3.50	1.25
1952	2,311,540	2,142,045	1,462,936	59,536	538,040	169,495	14.45	13.40	9.15	.35	3.35	1.05
1953	2,374,158	2,222,891	1,513,293	63,601	543,966	151,267	14.60	13.65	9.30	.40	3.35	.95
1954	2,451,755	2,255,735	1,497,578	65,238	573,128	196,050	14.75	13.60	9.00	.40	3.45	1.20
1955	2,516,590	2,302,634	1,487,991	67,804	612,209	213,956	14.90	13.60	8.80	.40	3.60	1.25
1956	2,584,204	2,387,003	1,529,048	72,926	634,887	197,201	15.00	13.85	8.90	.40	3.70	1.15
1957	2,788,161	2,577,082	1,609,390	78,679	716,842	211,079	15.90	14.70	9.20	.45	4.10	1.20
1958	3,083,701	2,765,393	1,647,376	81,455	839,918	303,308	17.20	15.50	9.25	.45	4.70	1.70
1959	3,200,788	2,858,719	1,620,715	83,553	937,172	342,049	17.65	15.80	8.95	.45	5.15	1.90
1960	3,262,449	2,942,928	1,626,021	86,080	994,425	319,521	17.70	16.00	8.85	.45	5.40	1.75
1961	3,409,371	3,057,976	1,568,987	84,506	1,148,838	351,395	18.20	16.35	8.40	.45	6.15	1.90
1962	3,510,456	3,220,918	1,566,121	83,856	1,289,824	289,538	18.45	16.95	8.25	.45	6.80	1.50
1963	3,646,058	3,368,626	1,610,310	85,122	1,355,538	277,432	18.90	17.45	8.35	.45	7.05	1.45
1964	3,815,178	3,544,918	1,606,561	86,189	1,496,525	270,260	19.50	18.15	8.20	.45	7.65	1.40
1965	3,992,964	3,732,352	1,594,183	77,308	1,644,096	260,612	20.20	18.85	8.05	.40	8.30	1.30
1966	4,303,814	4,051,937	1,630,131	84,708	1,849,886	251,877	21.55	20.30	8.15	.40	9.25	1.25

<sup>1</sup> Before 1943, excludes Alaska and Hawaii.

<sup>2</sup> Program initiated Oct. 1950 under the 1950 amendments.

<sup>3</sup> Based on population as of Jan. 1, excluding Armed Forces overseas, estimated by the Bureau of the Census.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 6.—Aid to families with dependent children: Percent that amount paid for basic needs for a family consisting of father, mother, and 2 children represents of total monthly cost standard for basic needs of such family, by State, January 1967<sup>1</sup>

State	Total monthly cost standard for basic needs <sup>2</sup>	Amount paid for basic needs under State program is lowest of—			Percent amount paid represents of cost standards for basic needs
		(1)	(2)	(3)	
Alabama	\$177.00				32.8
Alaska	255.47	\$58.00			43.1
Arizona	232.00	110.00	(4)		46.1
Arkansas	174.00	107.00			46.0
California	220.20	80.00			86.7
Colorado	216.00	191.00			83.8
Connecticut	257.00		\$180.90		100.0
Delaware	236.00	187.00		\$257.00	79.2
District of Columbia	182.00			182.00	100.0
Florida	196.00	55.00			28.1
Georgia	187.60	117.00			62.4
Hawaii	219.75			219.75	100.0
Idaho	211.60			211.60	100.0
Illinois	181.12			181.12	100.0
Indiana	271.40	103.00			38.0
Iowa	192.00		144.00		75.0
Kansas	234.00			234.00	100.0
Kentucky	190.00	(5)	164.35		86.5
Louisiana	161.75	116.00			71.7
Maine	254.00	137.00			53.9
Maryland	171.50	(6)		171.50	100.0
Massachusetts	250.00			250.00	100.0
Michigan	223.00			223.00	100.0
Minnesota	215.00			215.00	100.0
Mississippi	194.09	40.00	(7)		20.6
Missouri	225.46	90.00			39.9
Montana	219.00			219.00	100.0
Nebraska	276.50	115.00			41.6
Nevada	262.25	126.85			48.4
New Hampshire	204.00			204.00	100.0
New Jersey	280.00	(8)	183.35	280.00	100.0
New Mexico	193.00			262.15	95.0
New York	262.15			147.75	100.0
North Carolina	147.75				100.0

North Dakota.....	251.00			251.00	100.0
Ohio.....	232.00		178.00		76.7
Oklahoma.....	163.00	(*)		163.00	100.0
Oregon.....	203.25		197.56		97.2
Pennsylvania.....	197.40			197.40	100.0
Puerto Rico.....	87.78		28.97		33.0
Rhode Island.....	225.00			225.00	100.0
South Carolina.....	155.80	56.00			35.9
South Dakota.....	248.00		198.40		80.0
Tennessee.....	198.00	105.00			53.0
Texas.....	163.95	93.00			56.7
Utah.....	185.00	185.00			100.0
Vermont.....	209.50	140.00			66.8
Virgin Islands.....	122.50			122.50	100.0
Virginia.....	195.00	(*)	183.00		93.8
Washington.....	209.35	(*)		209.35	100.0
West Virginia.....	222.60	165.00	(*)		74.1
Wisconsin.....	218.15			218.15	100.0
Wyoming.....	240.30	200.00			83.2

<sup>1</sup> Includes data for 53 States and other jurisdictions; data not available for Guam.

<sup>2</sup> The specified type of family is assumed to be living alone in rented quarters and to need amounts for rent and utilities that are at least as large as the maximum amounts allowed by the States for these items. The family is also assumed to have no income other than assistance.

<sup>3</sup> Some States had money payment maximums that were higher than the amount of the cost standard for basic needs or the amount paid under a reduc-

tion formula. These States and their applicable maximums were: Kentucky, \$260; Maryland, \$237; New Mexico, \$190; Oklahoma, \$175; Virginia, \$215; and Washington, \$325.

<sup>4</sup> In Alabama, Mississippi, and West Virginia the applicable amounts under reduction formulas were higher than the money payment maximums for the specified type of family.

<sup>5</sup> The specified type of family may receive a maximum of \$93 plus 20 percent of unmet need.

## DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 7.—Detail of public welfare costs of Public Law 90-248

[In millions of dollars]

Item	Fiscal year 1968		Fiscal year 1969	
	Estimate in committee report	Current estimate <sup>1</sup>	Estimate in committee report	Current estimate <sup>2</sup>
Public assistance:				
AFDC costs if Public Law 90-248 not enacted.....	1,462	1,697.0	1,555.0	1,974.3
Title XIX (including all vendor medical payments) if Public Law 90-248 not enacted.....	1,391	1,634.0	1,913.0	2,193.5
All other public assistance costs if Public Law 90-248 not enacted.....	1,647	1,854.2	1,700.0	1,843.1
Total.....	4,500	5,185.2	5,168.0	6,010.9
Increase in the bill:				
Day care.....		5.0	35.0	35.0
Other social services.....		(1)	35.0	35.0
Earnings exemptions.....		5.0	20.0	20.0
Work training.....	30	35.0	129.0	100.0
Foster care.....		(2)	10.0	10.0
Emergency assistance.....		2.3	10.0	10.0
Puerto Rico, et al.....		(1)	7.8	7.8
Demonstration projects.....		2.0	2.0	2.0
Additional child health requirements in title XIX.....		6.7	14.0	14.0
OAA, AB, APTD spouses under medicaid.....			2.5	2.5
Medical review program for nursing homes.....				
Subtotal, increases.....	50	156.0	265.3	236.3
Decreases in bill:				
AFDC limitation.....				-126.2
AFDC reductions for persons trained.....				-11.0
Restrictions on title XIX.....				-329.0
Decrease in public assistance due to social security benefit increases.....		-15.0	-65.0	-65.0
Federal participation in cost of care in intermediate care facilities.....				-10.0
Subtotal, decreases.....	-15	-15.0	-415.0	-334.2
Net cost of changes due to public assistance amendments.....	-35	+41.0	-149.7	-97.0
Total public assistance as amended by bill.....	4,535	5,226.2	5,018.3	5,913.0

<sup>1</sup> Includes supplemental pending in Congress, or 1969 budget.<sup>2</sup> 1969 budget request pending in Congress.<sup>3</sup> A negligible increase is not distributed by item.

TABLE 8.—Comparison of annual income level, title XIX, with level representing 133½ percent of highest amounts of money payments ordinarily paid as AFDC to families of specified sizes

[Based on data as of April 1968]

State	Current income level (title XIX) 1		133½ percent of AFDC money payments 1	
	1 person (1)	4 persons (2)	1 person (3)	4 persons (4)
	1. States currently operating medical assistance programs under title XIX that include the "medically needy"			
California	\$2, 028	\$3, 900	\$1, 900	\$3, 600
Connecticut	2, 100	4, 400	2, 300	5, 200
Delaware	1, 500	3, 300	1, 300	3, 100
Hawaii	1, 440	3, 000	1, 900	3, 400
Illinois	1, 800	3, 600	1, 700	4, 200
Iowa	1, 600	3, 600	1, 300	4, 000
Kansas	1, 600	3, 000	2, 400	4, 200
Kentucky	1, 620	3, 420	1, 300	3, 000
Maryland	1, 800	3, 120	1, 500	3, 000
Massachusetts	2, 160	4, 176	2, 200	4, 700
Michigan	1, 900	3, 540	2, 500	4, 300
Minnesota	1, 620	3, 036	2, 500	4, 800
Nebraska	1, 600	3, 000	1, 800	3, 200
New Hampshire	2, 088	4, 056	2, 400	4, 900
New York	2, 900	6, 000	2, 200	5, 000
North Dakota	1, 600	3, 000	2, 400	4, 400
Oklahoma	1, 728	2, 448	* 1, 700	3, 200
Pennsylvania	2, 000	4, 000	1, 600	3, 500
Rhode Island	2, 500	4, 300	2, 000	4, 400
Utah	1, 200	2, 640	1, 500	3, 000
Washington	2, 040	3, 480	2, 800	4, 800
Wisconsin	1, 800	3, 700	2, 600	4, 200

See footnotes at end of table, p. 99.

**DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued**

**TABLE 8.—Comparison of annual income level, title XIX, with level representing 133½ percent of highest amounts of money payments ordinarily paid as AFDC to families of specified sizes—Continued**

State	Current income level (title XIX) 1		133½ percent of AFDC money payments 2	
	1 person (1)	4 persons (2)	1 person (3)	4 persons (4)
Georgia.....			\$700	\$2,000
Idaho.....			2,400	3,900
Louisiana.....			1,300	2,200
Maine.....			1,200	2,200
Missouri.....			600	1,900
Montana.....			900	3,300
Nevada.....			500	2,000
New Mexico.....			1,400	3,000
Ohio.....			1,600	3,500
Oregon.....			1,700	3,600
South Carolina.....			500	1,500
South Dakota.....			2,400	4,000
Texas.....			900	1,900
Vermont.....			2,400	4,600
West Virginia.....			1,500	2,900
Wyoming.....			1,600	3,200

2. States currently operating medical assistance programs under title XIX that do not include the "medically needy,"

3. States not currently operating medical programs under title XIX

Alabama-----			\$700	\$1,500
Alaska-----			800	2,300
Arizona-----			1,000	2,200
Arkansas-----			1,000	1,500
Colorado-----			1,700	2,900
District of Columbia-----			2,200	4,100
Florida-----			600	1,700
Indiana-----			800	2,400
Mississippi-----			400	900
New Jersey-----			2,300	5,400
North Carolina-----			1,700	2,600
Tennessee-----			800	2,000
Virginia-----			1,700	2,900

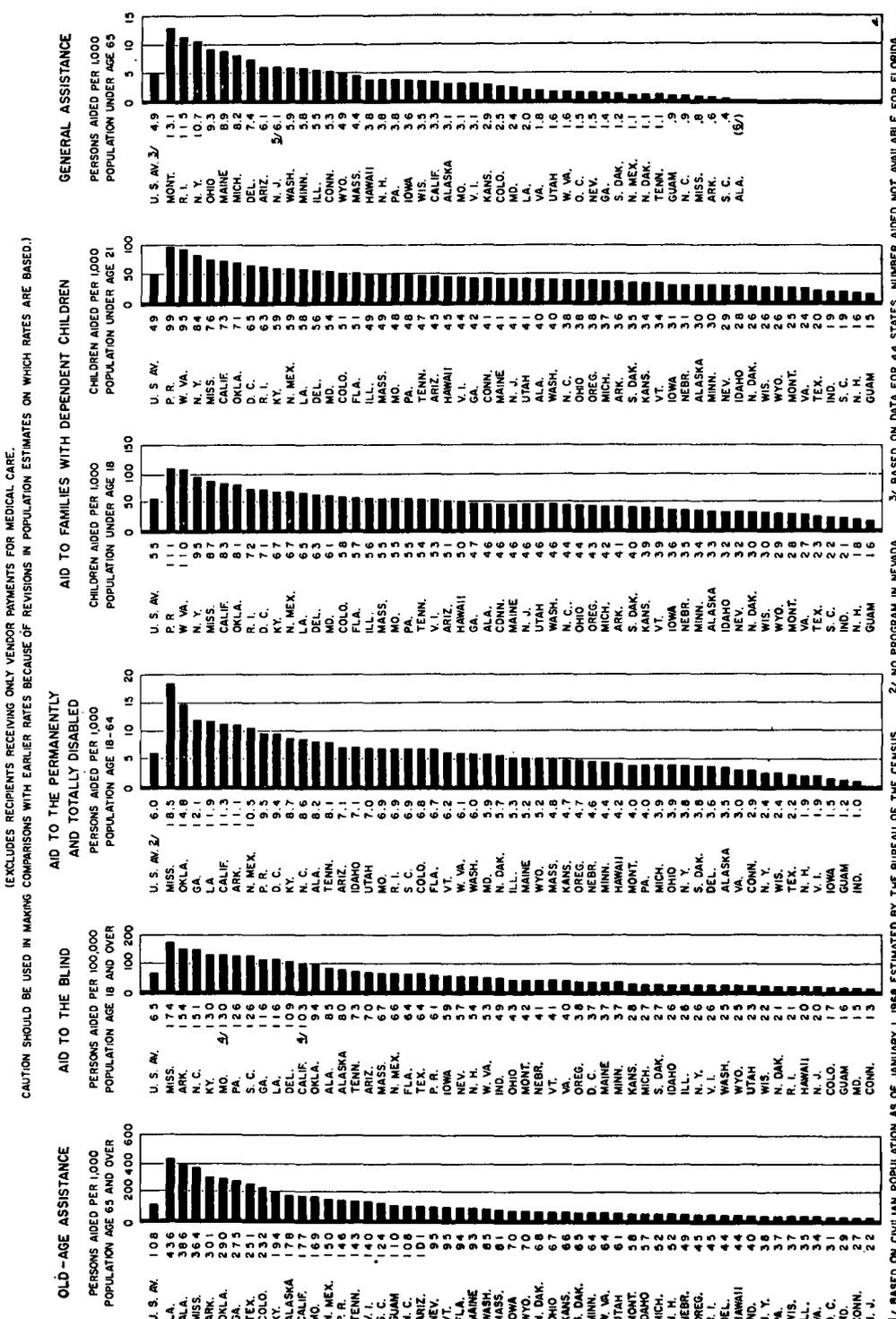
<sup>1</sup> Applicable only to "group 1" States.

<sup>2</sup> Computed amounts not already multiples of \$100 were rounded upward to next \$100.

<sup>3</sup> Estimated on basis of current income level.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 9.—Proportion of population receiving public assistance money payments (recipient rates) in the United States, December 1967<sup>1</sup>



CAUTION SHOULD BE USED IN MAKING COMPARISONS WITH EARLIER RATES BECAUSE OF REVISIONS IN POPULATION ESTIMATES ON WHICH RATES ARE BASED.  
 1 EXCLUDES RECIPIENTS RECEIVING ONLY VENDOR PAYMENTS FOR MEDICAL CARE.  
 2 NO PROGRAM IN NEVADA.  
 3 BASED ON DATA FOR 44 STATES. NUMBER AIDED NOT AVAILABLE FOR FLORIDA, IDAHO, INDIANA, KENTUCKY, NEBRASKA, OKLAHOMA, OREGON, PUERTO RICO, TEXAS AND VERMONT.  
 4 INCLUDES RECIPIENTS OF PAYMENTS MADE WITHOUT FEDERAL PARTICIPATION. RECIPIENT RATES EXCLUDING THESE RECIPIENTS ARE AS FOLLOWS: CALIFORNIA, 101 AND MISSOURI, 112. 5 INCLUDES UNKNOWN NUMBER OF PERSONS RECEIVING MEDICAL CARE, HOSPITALIZATION, AND BURIAL ONLY. 6 LESS THAN 0.05.

J/ BASED ON CIVILIAN POPULATION AS OF JANUARY 1, 1968 ESTIMATED BY THE BUREAU OF THE CENSUS. 2/ NO PROGRAM IN NEVADA. 3/ BASED ON DATA FOR 44 STATES. NUMBER AIDED NOT AVAILABLE FOR FLORIDA, IDAHO, INDIANA, KENTUCKY, NEBRASKA, OKLAHOMA, OREGON, PUERTO RICO, TEXAS AND VERMONT. 4/ INCLUDES RECIPIENTS OF PAYMENTS MADE WITHOUT FEDERAL PARTICIPATION. RECIPIENT RATES EXCLUDING THESE RECIPIENTS ARE AS FOLLOWS: CALIFORNIA, 101 AND MISSOURI, 112. 5/ INCLUDES UNKNOWN NUMBER OF PERSONS RECEIVING MEDICAL CARE, HOSPITALIZATION, AND BURIAL ONLY. 6/ LESS THAN 0.05.

TABLE 10.—OAA money payment recipients also receiving OASDHI cash benefits, by State, February 1967

State	OAA money payment recipients also receiving OASDHI cash benefits		
	Number	OAA money payment recipients	OASDHI cash beneficiaries aged 65 or over
Total <sup>1</sup> .....	1, 096, 000	53. 1	7. 0
Alabama.....	59, 300	52. 7	26. 8
Alaska.....	750	52. 9	18. 0
Arizona.....	6, 400	49. 4	6. 1
Arkansas.....	31, 900	50. 4	19. 0
California <sup>2</sup> .....	207, 000	72. 3	15. 5
Colorado.....	23, 500	62. 8	17. 0
Connecticut.....	3, 600	59. 8	1. 5
Delaware.....	1, 000	62. 9	2. 9
District of Columbia.....	1, 940	42. 8	1. 9
Florida.....	46, 400	58. 9	7. 4
Georgia.....	40, 300	42. 9	16. 4
Hawaii.....	2, 880	54. 6	2. 7
Idaho.....	2, 200	57. 0	3. 9
Illinois.....	17, 400	43. 7	2. 0
Indiana.....	10, 000	53. 4	2. 4
Iowa.....	13, 000	53. 9	4. 4
Kansas.....	8, 300	47. 3	3. 9
Kentucky.....	28, 100	47. 2	10. 9
Louisiana.....	65, 400	52. 7	34. 2
Maine.....	6, 400	64. 0	6. 5
Maryland.....	2, 800	37. 0	1. 3
Massachusetts.....	33, 900	68. 1	6. 7
Michigan <sup>3</sup> .....	20, 700	52. 0	3. 2
Minnesota.....	14, 400	52. 3	4. 4
Mississippi.....	35, 600	48. 1	23. 0
Missouri.....	50, 900	56. 5	11. 7
Montana.....	2, 300	57. 2	4. 1
Nebraska.....	5, 200	48. 1	3. 5
Nevada.....	1, 900	77. 1	9. 6
New Hampshire.....	2, 500	59. 3	3. 8

See footnotes at end of table, p. 102.

**DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued**  
**TABLE 10.—OAA money payment recipients also receiving OASDHI cash benefits, by State, February 1967—Continued**

State	OAA money payment recipients also receiving OASDHI cash benefits		
	Number	As percent of—	
		OAA money payment recipients	OASDHI cash beneficiaries aged 65 or over
New Jersey.....	8,000	58.9	1.4
New Mexico.....	3,300	35.7	7.0
New York <sup>1</sup> .....	36,100	53.7	2.3
North Carolina.....	14,300	36.2	4.5
North Dakota.....	2,100	46.2	3.7
Ohio.....	39,600	54.0	4.9
Oklahoma.....	39,600	49.1	18.9
Oregon.....	7,300	65.2	4.0
Pennsylvania.....	21,600	49.2	2.1
Puerto Rico.....	160	.6	.2
Rhode Island.....	2,600	55.4	3.0
South Carolina.....	4,400	19.8	3.2
South Dakota.....	2,800	51.8	4.2
Tennessee.....	15,700	34.1	5.6
Texas <sup>2</sup> .....	117,000	50.9	17.2
Utah.....	1,900	40.3	3.3
Vermont.....	2,600	62.5	6.6
Virgin Islands.....	7	1.7	.5
Virginia.....	3,500	31.3	1.3
Washington.....	16,900	62.9	6.5
West Virginia.....	2,900	23.5	1.9
Wisconsin.....	8,800	49.8	2.2
Wyoming.....	1,400	60.7	5.8

<sup>1</sup> Excludes Guam; data not reported.

<sup>2</sup> March data for California; January data for New York City; December data for Texas.

<sup>3</sup> Estimated.

TABLE 11.—Expenditures from public assistance funds for assistance payments and for State and local administration, services, and training, by source of funds, calendar year 1966

State	Federally aided public assistance programs and general assistance						Federally aided public assistance programs			
	Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution	
		Federal funds	State funds	Local funds		Federal funds	State funds		Local funds	
Total.....	\$7,068,090	55.1	32.0	12.9	\$6,652,052	58.6	30.7	10.8		
Alabama.....	124,737	76.3	23.6	.1	124,710	76.3	23.6	.1		
Alaska.....	5,651	49.2	50.8		4,649	59.8	40.2			
Arizona.....	32,694	70.5	29.2	.2	30,736	75.0	24.8	.2		
Arkansas.....	74,501	76.6	23.4		74,042	77.1	22.9			
California.....	1,438,674	49.2	32.1	18.7	1,416,142	50.0	32.6	17.1		
Colorado.....	103,010	53.5	49.9	9.4	100,197	55.0	37.8	7.2		
Connecticut.....	86,122	46.4	28.0	3.7	79,798	50.1	49.9			
Delaware.....	9,272	58.3	41.9	13.7	8,111	66.6	24.9	8.4		
District of Columbia.....	24,767	58.1	41.9		23,360	61.6	38.4			
Florida.....	122,282	75.1	22.5	2.4	119,378	76.9	23.1			
Georgia.....	125,000	76.5	18.9	4.6	123,979	77.2	19.0	3.8		
Guam.....	390	44.4	55.6		377	45.9	54.1			
Hawaii.....	20,097	48.3	51.7		18,546	52.3	47.7			
Idaho.....	16,692	69.0	29.0	2.0	16,676	69.0	29.0	2.0		
Illinois.....	352,246	49.3	46.6	4.1	307,357	56.5	43.5			
Indiana.....	58,534	59.6	24.1	16.3	58,534	59.6	24.1	16.3		
Iowa.....	72,415	54.7	29.7	15.6	66,962	59.1	32.0	8.9		
Kansas.....	67,195	53.6	23.1	23.3	62,596	57.6	21.1	21.4		
Kentucky.....	104,762	75.5	24.0	.6	104,161	75.9	24.1			
Louisiana.....	202,263	72.7	27.3		197,278	74.5	25.5			
Maine.....	27,537	64.4	26.9	8.7	24,488	72.4	24.2	3.4		
Maryland.....	87,528	53.5	39.4	7.1	78,902	59.3	34.4	6.3		
Massachusetts.....	261,522	47.1	32.1	20.8	250,000	49.3	32.6	18.1		
Michigan.....	244,007	48.5	38.8	12.7	209,326	56.6	38.9	4.6		
Minnesota.....	146,679	54.3	17.7	28.0	132,324	60.2	19.3	20.5		
Mississippi.....	63,793	78.8	20.5	.7	63,547	79.1	20.6	.3		
Missouri.....	164,146	65.1	34.7	.2	155,728	68.6	31.3	.1		
Montana.....	18,590	47.7	15.0	37.3	13,449	65.9	19.7	14.4		
Nebraska.....	34,264	63.7	27.0	9.3	34,127	63.9	27.1	8.9		
Nevada.....	9,634	50.4	27.9	21.6	8,169	59.5	32.9	7.6		

See footnote at end of table p. 104.

## DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 11.—Expenditures from public assistance funds for assistance payments and for State and local administration, services, and training by source of funds, calendar year 1966—Continued

State	Federally aided public assistance programs and general assistance			Federally aided public assistance programs				
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution			
		Federal funds	State funds		Local funds	Federal funds	State funds	Local funds
New Hampshire.....	\$13,237	46.9	31.5	21.6	\$12,317	50.4	33.9	15.7
New Jersey.....	147,295	43.8	26.2	30.0	129,771	49.7	24.8	25.4
New Mexico.....	32,437	69.9	30.1	—	32,084	70.6	29.4	—
New York.....	965,754	41.1	29.8	29.1	874,274	45.4	27.6	27.0
North Carolina.....	110,668	72.4	13.9	13.7	108,727	73.7	14.2	12.2
North Dakota.....	20,203	64.5	26.2	9.4	19,606	66.4	26.9	6.7
Ohio.....	250,908	48.4	47.1	4.5	209,334	58.0	39.5	2.5
Oklahoma.....	195,725	69.7	30.0	.3	194,879	70.0	30.0	—
Oregon.....	53,887	53.6	34.7	11.7	48,516	59.6	30.0	10.4
Pennsylvania.....	324,381	52.3	44.7	3.1	295,042	57.5	39.2	3.4
Puerto Rico.....	45,624	50.9	49.1	—	45,367	51.2	48.8	—
Rhode Island.....	37,821	50.6	49.4	(1)	34,093	56.1	43.9	—
South Carolina.....	35,591	75.6	23.3	1.1	34,892	77.1	22.2	.6
South Dakota.....	17,246	63.0	28.0	9.0	15,794	68.8	30.6	.6
Tennessee.....	86,362	75.4	19.7	4.9	85,796	75.9	19.8	4.2
Texas.....	261,142	74.3	24.5	1.2	258,086	75.2	24.8	(1)
Utah.....	26,985	66.2	33.8	.1	26,282	67.9	32.0	.1
Vermont.....	11,466	67.3	22.4	10.3	11,098	69.6	22.8	7.7
Virgin Islands.....	1,248	40.8	29.2	—	1,106	46.1	53.9	—
Virginia.....	45,112	68.5	15.8	15.7	42,356	73.0	13.6	13.4
Washington.....	114,102	53.0	47.0	—	104,546	57.9	42.1	—
West Virginia.....	57,467	74.1	24.7	1.2	56,128	75.9	24.1	—
Wisconsin.....	107,018	50.2	25.9	23.9	97,941	54.9	27.8	17.3
Wyoming.....	7,404	50.8	22.6	26.5	6,365	59.1	15.9	25.0

<sup>1</sup> Less than 0.05 percent.

TABLE 12.—Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966<sup>1</sup>  
 [Includes vendor payments for medical care]

State	Old-age assistance				Aid to the blind				Aid to the permanently and totally disabled				Aid to families with dependent children			
	Total (in thousands)		Percentage distribution		Total (in thousands)		Percentage distribution		Total (in thousands)		Percentage distribution		Total (in thousands)		Percentage distribution	
	Federal funds	State funds	Local funds		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds	
Total	\$1,907,897	67.5	28.6	3.8	\$90,331	56.7	36.9	6.4	\$565,697	58.3	33.4	8.3	\$1,923,945	56.3	31.0	12.7
Alabama	95,505	77.1	22.9	(*)	1,546	75.0	25.0	(*)	9,132	78.6	21.3	.1	10,818	83.2	16.6	.1
Alaska	1,512	61.7	38.3		1,108	67.2	32.8		412	46.2	53.8		2,007	62.3	37.7	
Arizona	10,170	77.9	22.1		656	75.9	24.1		3,542	73.3	26.7		14,177	77.1	22.9	
Arkansas	49,753	79.7	20.3		1,727	73.3	26.7		9,612	70.1	29.9		7,130	83.1	16.9	
California	342,253	49.9	43.0	7.1	19,683	43.7	42.5	13.8	118,506	46.0	46.4	7.6	344,100	48.2	34.5	17.3
Colorado	47,485	55.8	44.2		253	54.2	25.9	20.0	75,34	51.7	28.6	19.8	22,320	57.2	22.8	20.0
Connecticut	5,492	64.1	35.9		350	50.0	50.0		7,565	61.8	38.2		33,043	42.9	57.1	
Delaware	1,365	68.4	31.6		343	58.4	41.6		3,600	59.1	40.9		4,564	70.0	15.0	
District of Columbia	2,322	65.1	34.9		183	64.7	35.3		16,491	59.6	40.4		9,094	66.6	33.4	
Florida	62,405	78.1	21.9		2,165	75.5	24.5		20,962	76.5	20.1	3.4	23,995	83.3	16.7	
Georgia	66,525	80.1	16.7	3.2	2,360	77.3	19.3	3.5	20,962	76.5	20.1	3.4	24,142	78.6	17.5	3.9
Guam	1,100	42.7	57.3		2	47.7	52.3		24	42.5	57.5		176	46.4	53.6	
Hawaii	1,313	66.1	33.9		71	54.5	45.5		1,326	50.8	49.2		7,596	53.1	46.9	
Idaho	3,213	73.2	26.8		98	72.8	27.0	.2	2,073	74.0	25.1	.8	4,866	66.1	33.9	
Illinois	29,481	76.4	23.6		1,758	62.2	37.8		26,078	59.0	41.0		120,802	55.1	44.9	
Indiana	24,012	59.9	24.1	16.0	1,967	51.2	48.8		3,355	35.4	38.8	25.8	19,321	67.2	19.7	13.1
Iowa	29,552	63.8	36.2		1,347	49.3	25.4	25.4	1,913	51.0	24.5	24.5	21,906	55.6	22.2	22.2
Kansas	21,732	65.4	15.1	19.5	562	59.4	21.0	19.5	7,898	49.6	30.9	19.5	19,194	52.3	22.2	25.4
Kentucky	42,281	81.3	18.7		2,149	67.7	32.3		11,076	65.5	34.5		27,382	77.1	22.9	
Louisiana	120,810	75.3	24.7		2,454	72.4	27.6		14,000	76.4	23.6		31,144	77.6	22.4	
Maine	9,089	75.9	24.1		232	67.2	32.8		2,246	65.3	34.7		7,090	75.8	12.6	11.6
Maryland	8,593	67.2	20.9	11.9	348	63.7	23.9	12.4	8,505	61.1	26.5	12.5	39,057	61.6	35.2	3.1
Massachusetts	55,247	58.7	29.1	12.1	3,845	35.5	64.5	4.2	22,630	35.8	39.2	25.0	64,207	43.4	33.3	23.3
Michigan	39,739	63.2	33.8	3.0	1,655	55.2	40.6	4.2	18,254	49.0	35.3	15.8	67,823	60.1	38.6	1.3
Minnesota	20,377	74.9	16.8	8.4	796	65.1	17.6	17.3	4,626	68.5	15.9	15.6	29,874	48.1	26.1	25.8
Mississippi	36,070	82.6	17.4		1,394	79.7	20.3		11,107	80.9	19.8		8,404	83.3	16.7	
Missouri	88,515	68.8	31.2		3,401	61.0	39.0		14,868	63.2	36.1		33,359	73.5	26.5	
Montana	3,855	72.1	18.0	9.9	190	70.9	22.0	7.0	1,219	73.1	11.7	15.2	3,642	63.8	27.2	8.9
Nebraska	8,734	71.7	21.6	6.7	511	57.8	35.5	6.7	3,123	56.6	36.5	6.9	7,031	70.9	27.4	1.6
Nevada	2,372	65.2	34.8		203	46.6	53.4		3,123	56.6	36.5		2,234	67.2	32.8	

See footnotes at end of table, p. 108.

**DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued**

**TABLE 12.—Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966<sup>1</sup>—Continued**

State	Old-age assistance			Aid to the blind			Aid to the permanently and totally disabled			Aid to families with dependent children					
	Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution					
		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds			
New Hampshire.....	\$5,876	51.6	21.4	27.0	\$352	42.7	57.3	23.0	\$999	41.6	23.4	35.0	46.8	53.2	27.5
New Jersey.....	13,615	66.6	25.1	8.4	1,003	54.0	23.0	23.0	11,324	47.4	26.3	26.3	44.9	27.5	27.5
New Mexico <sup>2</sup> .....	9,411	77.1	22.9	—	384	67.9	32.1	—	4,758	66.0	34.0	—	70.2	29.8	—
New York.....	62,274	62.7	18.9	18.4	3,888	50.2	25.1	24.8	44,628	49.3	26.3	24.4	42.9	28.8	28.4
North Carolina.....	32,628	78.0	12.4	9.6	4,128	74.5	12.8	12.8	22,568	69.2	15.4	15.4	77.5	12.5	9.9
North Dakota <sup>3</sup> .....	3,975	72.7	24.6	2.8	76	62.1	37.9	—	1,469	65.2	30.6	4.2	63.3	30.0	6.8
Ohio.....	79,182	56.0	42.7	1.3	3,051	55.5	43.1	1.4	19,342	55.0	43.6	1.4	75,365	32.1	4.7
Oklahoma <sup>3</sup> .....	73,894	73.9	26.1	—	1,994	53.6	46.4	—	18,833	59.4	40.6	—	7,200	28.0	—
Oregon.....	10,478	67.4	22.8	9.8	602	51.0	34.3	14.7	7,253	61.9	26.6	11.4	17,805	31.0	13.3
Pennsylvania.....	37,196	67.3	32.7	—	4,12,302	47.0	53.0	—	18,395	62.0	38.0	—	100,829	66.2	—
Puerto Rico <sup>3</sup> .....	2,777	47.1	52.9	—	131	46.7	53.3	—	2,029	46.7	53.3	—	9,253	45.9	54.1
Rhode Island.....	4,878	62.6	37.4	—	113	60.5	39.5	—	3,095	61.5	38.5	—	12,267	52.7	47.3
South Carolina.....	16,262	80.8	19.2	—	1,473	75.6	24.4	—	6,332	77.0	23.0	—	4,949	83.3	16.7
South Dakota.....	6,642	71.7	28.3	—	1,100	72.0	28.0	—	1,180	67.5	32.5	—	5,042	69.4	30.6
Tennessee.....	34,931	79.0	16.8	4.2	1,498	75.8	19.4	4.8	11,258	75.9	19.3	4.8	25,861	77.7	17.8
Texas.....	204,044	76.0	24.0	—	3,761	73.9	26.1	—	8,294	74.9	25.1	—	28,454	78.3	21.7
Utah.....	3,390	76.1	23.9	—	130	71.8	28.2	—	3,364	71.5	28.5	—	9,833	66.1	33.9
Vermont.....	4,577	70.2	23.1	6.8	99	73.7	24.5	1.7	1,222	71.8	24.3	3.9	2,056	74.0	18.3
Virgin Islands.....	209	42.6	57.4	—	4	44.5	55.5	—	23	40.5	59.5	—	319	39.9	60.1
Virginia.....	11,090	77.5	14.0	8.5	1,022	73.4	16.7	10.0	6,224	73.5	16.4	10.1	15,424	76.5	13.9
Washington.....	24,484	67.3	32.7	—	595	60.8	39.2	—	10,720	69.2	30.8	—	28,088	55.4	44.6
West Virginia.....	8,000	80.9	19.1	—	467	78.2	21.8	—	3,429	79.0	21.0	—	31,147	77.9	22.1
Wisconsin.....	25,767	54.8	28.6	16.6	741	55.0	23.7	21.3	6,135	47.9	24.4	27.8	22,548	52.0	28.6
Wyoming.....	2,445	64.1	12.1	23.8	59	52.3	37.5	10.2	764	58.1	14.0	27.8	1,984	55.4	19.5

[Includes vendor payments for medical care]

State	Medical assistance <sup>6</sup>			Medical assistance for the aged <sup>6</sup>			General assistance				
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution			
		Federal funds	State funds		Local funds	Federal funds		State funds	Local funds	State funds	Local funds
Total.....	\$1,193,768	49.5	33.0	17.5	\$295,135	52.2	33.9	13.8	\$336,361	53.5	46.7
Alabama.....					614	78.0	22.0		12	98.3	1.7
Alaska <sup>2</sup> .....					3	60.7	39.3		990	100.0	
Arizona.....					1,802	79.0	21.0		1,578	100.0	
Arkansas <sup>3</sup> .....	419,538	50.0	27.4	22.6	22,230	50.0	21.9	28.1	7,428	100.0	
California.....					14,375	48.8	51.2		17,427	100.0	
Colorado.....					9,398	49.0	51.0		2,448	100.0	
Connecticut.....	15,588	49.8	50.2		3,304	50.0	50.0		6,324	50.0	50.0
Delaware.....	37	60.9	39.1		2,715	62.4	37.6		862	100.0	
District of Columbia.....									2,904	100.0	
Florida <sup>3</sup> .....											
Georgia <sup>3</sup> .....					22	50.0	50.0		955	100.0	
Guam.....									13	100.0	
Hawaii <sup>3</sup> .....	6,532	<sup>9</sup> 48.2	51.8						1,171	100.0	
Idaho.....	2,656	70.7	24.6	4.7	2,418	68.2	24.6	7.2	<sup>10</sup> 6		
Illinois <sup>3</sup> .....	83,312	<sup>9</sup> 49.9	50.1						7,32,350	67.7	32.3
Indiana.....					2,803	50.1	30.0	20.0	<sup>(11)</sup>		
Iowa.....					5,829	56.9	43.1		<sup>10</sup> 4,717	100.0	
Kansas <sup>3</sup> .....	10,087	80.9	19.1		6,781	54.9	22.6	22.6	4,049	50.0	50.0
Kentucky <sup>3</sup> .....	12,860	76.4	23.6		2,730	73.6	26.4		4,601	100.0	
Louisiana.....					646	74.2	25.8		4,275	100.0	
Maine <sup>3</sup> .....	2,855	69.6	30.4		802	66.1	33.9		7,2,913	45.8	54.2
Maryland <sup>3</sup> .....	10,859	<sup>4</sup> 46.1	46.1	7.9	3,848	50.0	50.0		7,849	85.4	14.6
Massachusetts.....	34,779	50.0	33.4	16.6	48,569	49.2	33.8	16.9	9,406	23.0	77.0
Michigan.....	19,530	50.3	49.7		44,071	50.0	40.0	10.0	7,26,115	35.3	64.7
Minnesota.....	67,159	60.5	20.0	19.6					12,052	2.4	97.6
Mississippi.....									246	100.0	
Missouri.....					2,974	59.8	20.7	19.6	8,077	98.2	1.8
Montana.....					3,681	52.4	32.9	14.7	4,924	<sup>(11)</sup>	100.0
Nebraska <sup>3</sup> .....	7,828	61.8	18.2	20.0	2,252	47.3	25.1	27.5	1,465	<sup>(11)</sup>	100.0
Nevada.....											
New Hampshire.....					1,148	54.9	45.1		920	100.0	
New Jersey.....					19,265	49.8	30.1	20.1	14,388	43.5	56.5
New Mexico <sup>3</sup> .....	670	70.7	29.3		233	68.4	31.6		271	100.0	
New York.....	237,162	<sup>9</sup> 34.6	32.7	32.7	48,855	49.8	25.1	25.1	67,502	50.7	49.3
North Carolina.....					3,459	73.3	13.4	13.4	1,445	2.5	97.5
North Dakota <sup>3</sup> .....	7,863	66.7	28.5	4.8					36,175	85.5	14.5
Ohio.....	12,900	52.3	47.7						846	28.9	71.1
Oklahoma <sup>3</sup> .....	57,802	70.3	29.7						4,139	70.0	30.0
Oregon.....					4,890	50.0	35.0	15.0	24,826	100.0	
Pennsylvania.....	96,620	<sup>9</sup> 46.4	43.7	9.9							

See footnotes at end of table, p. 108.

## DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 12.—Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966<sup>1</sup>—Continued

State	Medical assistance <sup>2</sup>			Medical assistance for the aged <sup>3</sup>			General assistance		
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution	
		Federal funds	State funds		Local funds	Federal funds		State funds	Local funds
Puerto Rico <sup>4</sup>	\$24,169	55.0	45.0				\$191	100.0	
Rhode Island	4,612	56.1	43.9	\$5,707	50.3	49.7	3,132	100.0	( <sup>5</sup> )
South Carolina				1,938	79.3	20.7	5,578	71.6	28.4
South Dakota				1,408	67.2	32.8	1,452		100.0
Tennessee				4,265	74.1	20.7	5,566		100.0
Texas							3,055		100.0
Utah	4,133	96.1	33.9	1,756	61.9	38.1	558	100.0	
Vermont	2,066	68.4	15.3	208	62.7	37.3	368	10.0	90.0
Virgin Islands	276	55.0	45.0	13	46.3	53.7	94	100.0	
Virginia				2,693	64.2	21.5	2,204	46.0	54.0
Washington	20,526	94.0	53.0	9,107	50.0	50.0	78,186	100.0	
West Virginia	4,572	74.3	25.7	1,989	70.9	29.1	1,167	39.8	60.2
Wisconsin	26,778	57.6	25.2	5,857	52.5	47.5	7,544	6.2	93.8
Wyoming				299	50.0	50.0	829	76.3	23.7

<sup>1</sup> Not comparable with amount of Federal grants to the States.<sup>2</sup> Less than 0.05 percent.<sup>3</sup> Data for all or part of period were included in a total reported for the aged, blind, and disabled under provisions of title XVI. For purposes of this release these data are distributed to CAA, AB, and APTD on an estimated basis.<sup>4</sup> Excludes State blind pension program administered under State law without Federal participation.<sup>5</sup> Program initiated January 1966 under Public Law 89-97.<sup>6</sup> Program initiated on October 1960 under the Social Security Amendments of 1960.<sup>7</sup> Includes expenditures for medical care program administered by public assistance agency and financed from funds other than those for the federally aided public assistance programs and general assistance.<sup>8</sup> Estimated.<sup>9</sup> Percentage is less than the Federal medical assistance percentage, because total vendor medical payments include payments for persons not eligible for Federal funds.<sup>10</sup> Incomplete.<sup>11</sup> Data not available.

**CHILD WELFARE SERVICES AMENDMENTS**

Item	Prior law	Public Law 90-248
<p>I. Inclusion of child welfare services in title IV.</p>	<p>Authorizes under pt. 3 of title V of the Social Security Act, \$55,000,000 for fiscal year 1968, \$55,000,000 for fiscal year 1969, and \$60,000,000 for fiscal year 1970 and later years for formula grants to the States to support the provision of child welfare services. Also authorizes such sums as Congress may appropriate to support research, training, and demonstration projects in the child welfare field. "Child welfare services" are defined as public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.</p> <p>Includes standards for day care furnished through child welfare program as follows: State must provide—</p> <ol style="list-style-type: none"> <li>(1) for cooperative arrangements with State public health agency and public education agency to assure maximum utilization of the services of such agencies for children receiving day care;</li> <li>(2) for an advisory committee to advise State welfare agency on policies in providing day care;</li> <li>(3) for necessary safeguards to protect interest of child and mother, and for payment for day care services based on ability of family to pay;</li> <li>(4) for giving priority to low-income groups; and</li> <li>(5) that day care will be provided only in licensed or approved facilities and homes.</li> </ol>	<p>Moves provisions to new pt. B of title IV of the Social Security Act and authorizes \$100,000,000 for fiscal year 1969, and \$110,000,000 for fiscal year 1970 and later years for formula grants to the States. Modifies research training, and demonstration projects provisions, to make possible dissemination of research and demonstration findings into program activity through multiple demonstrations on a regional basis and to encourage State and local agencies administering public child welfare services programs to develop and staff new and innovative services and to provide contract authority to make it possible to direct research into neglected and vital areas.</p> <p>Extends same standards to day care provided under AFDC program. Requires that a plan for day-care services provide for more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.</p>

**DATA ON CHILD WELFARE SERVICES—Continued**

TABLE 1.—*Children served by public and voluntary child welfare agencies and institutions: Number and percentage distribution by living arrangement, Mar. 31, 1966*

Living arrangement	Children served <sup>1</sup>					
	Total		Primarily by public agencies		Primarily by voluntary agencies	
	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution
U.S. estimated total.....	741, 400	100	519, 400	100	222, 000	100
In homes of parents or relatives or in independent living arrangements.....	327, 600	44	270, 200	53	57, 400	26
In adoptive homes.....	71, 600	10	36, 000	7	35, 600	16
In foster family homes.....	218, 100	30	171, 500	34	46, 600	21
In group homes.....	1, 800	(?)	171, 900	(?)	46, 900	(?)
In institutions <sup>2</sup> .....	105, 000	14	27, 400	5	77, 600	35
In temporary shelters.....	3, 500	1	1, 900	(?)	1, 600	1
Elsewhere.....	8, 000	1	5, 900	1	2, 100	1
Living arrangements not reported <sup>4</sup> .....	5, 800	-----	5, 600	-----	200	-----

<sup>1</sup> A child is counted only once in this table, according to his living arrangements on Mar. 31 and the auspices of the agency responsible for primary service.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Includes both groups of institutions shown in table 2.

<sup>4</sup> These are children for whom an agency makes a payment only or exercises legal custody only.

TABLE 2.—Expenditures of State and local public welfare agencies for child welfare services: Amount and percentage distribution by purpose of expenditure, by State, fiscal year ended June 30, 1966<sup>1</sup>

State	Amount							Percentage distribution				
	Total	Foster care payments	Provision of day care <sup>2</sup>	Personnel	Educational leave	Other	Foster care payments	Provision of day care	Personnel	Educational leave	Other	
U.S. estimated total.....	\$396,200,000	\$252,300,000	\$12,100,000	\$108,900,000	\$3,500,000	\$19,400,000	63.7	3.0	27.5	0.9	4.9	
Alabama.....	2,707,297	1,165,267	141,216	1,171,352	26,850	202,612	43.0	5.2	43.3	1.0	7.5	
Alaska.....	859,531	683,800	2,990	161,093	4,690	6,958	79.6	4	18.7	.5	2.4	
Arizona.....	1,972,938	1,118,536	74,296	722,812	9,687	47,607	56.7	3.8	36.6	.5	3.6	
Arkansas <sup>3</sup> .....	1,173,054	570,249	89,407	432,977	38,625	41,796	48.6	7.6	32.4	3.3	6.1	
California.....	41,710,714	25,255,129	316,773	13,524,550	76,959	2,537,303	60.5	.8	32.4	.2	6.1	
Colorado.....	3,957,915	2,483,050	25,923	1,255,212	46,242	147,488	62.7	.7	31.7	1.2	3.7	
Connecticut.....	10,105,384	8,444,562	-----	1,436,006	4,208	220,608	83.6	-----	14.2	( <sup>4</sup> )	2.2	
Delaware.....	1,081,170	615,251	7,335	382,013	12,016	64,555	56.9	7	35.3	1.1	6.0	
District of Columbia.....	4,499,713	2,441,630	122,118	1,735,290	-----	200,675	54.3	2.7	38.6	-----	4.4	
Florida.....	4,408,055	2,436,967	199,837	1,419,033	21,000	331,218	55.3	4.5	32.2	.5	7.5	
Georgia.....	4,960,071	2,354,546	1,751	2,108,055	74,007	421,712	47.5	( <sup>4</sup> )	42.5	1.5	8.5	
Guam.....	181,100	28,474	-----	27,838	10,400	114,388	15.7	-----	15.4	5.7	63.2	
Hawaii.....	1,163,696	554,245	4,681	528,499	7,526	68,745	47.6	.4	45.4	.7	5.9	
Idaho.....	537,327	191,498	-----	303,585	11,169	31,075	35.6	-----	56.5	2.1	5.8	
Illinois.....	15,042,522	8,018,201	303,747	5,040,591	289,118	1,390,865	53.3	2.0	33.5	1.9	9.3	
Indiana.....	7,599,014	5,298,134	33,008	2,105,150	24,954	137,768	69.7	5	27.7	.3	1.8	
Iowa.....	2,103,337	1,024,027	109,873	922,872	17,200	29,365	48.7	5.2	43.9	.8	1.4	
Kansas.....	2,436,718	1,223,579	56,205	996,687	7,114	153,133	50.2	2.3	40.9	.3	6.3	
Kentucky.....	3,687,344	1,213,172	85,257	1,828,470	68,067	492,378	32.9	2.3	49.6	1.8	13.4	
Louisiana.....	6,338,815	4,058,367	236,485	1,640,589	76,971	326,403	64.0	3.7	25.9	1.2	5.2	
Maine.....	2,980,658	2,043,756	-----	726,748	54,064	156,090	68.6	-----	24.4	1.8	5.2	
Maryland.....	12,435,022	7,284,366	85,286	4,376,356	52,089	636,925	58.6	.7	35.2	.4	5.1	
Massachusetts.....	11,530,504	8,213,226	-----	2,529,696	182,836	604,746	71.2	-----	21.9	1.6	5.3	
Michigan.....	4,887,082	1,604,268	428,882	2,222,396	36,279	395,257	34.2	9.2	47.4	.8	8.4	
Minnesota.....	12,039,493	6,835,904	91,438	3,919,339	136,672	1,056,140	56.8	.8	32.5	1.1	8.8	

See footnotes at end of table, p. 112

DATA ON CHILD WELFARE SERVICES—Continued

TABLE 2.—Expenditures of State and local public welfare agencies for child welfare services: Amount and percentage distribution by purpose of expenditure, by State, fiscal year ended June 30 1966<sup>1</sup>—Continued

State	Amount						Percentage distribution				
	Total	Foster care payments	Provision of day care <sup>2</sup>	Personnel	Educational leave	Other	Foster care payments	Provision of day care	Personnel	Educational leave	Other
Mississippi.....	\$1,819,501	4,946,159	\$66,131	\$938,041	\$84,195	\$269,537	25.4	3.6	51.6	4.6	14.8
Missouri.....	3,755,321	1,571,695	138,080	1,707,720	129,705	208,121	41.8	3.7	45.5	3.5	5.5
Montana.....	843,151	384,313	---	351,816	29,015	78,007	45.6	---	41.7	3.4	9.3
Nebraska.....	646,525	258,046	31,875	320,247	1,315	25,042	39.9	4.9	49.5	1.8	3.9
New Hampshire.....	1,282,328	825,609	---	367,571	2,219	86,929	64.4	---	28.6	.2	6.8
New Jersey.....	11,175,372	7,452,562	88,971	3,281,463	54,598	297,778	66.7	8	29.3	.5	2.7
New Mexico.....	1,466,675	758,906	37,125	494,248	6,719	169,677	51.7	2.5	33.7	.5	11.6
New York.....	103,163,928	79,626,903	7,419,917	12,707,891	506,824	2,902,393	77.2	7.2	12.3	.5	2.8
North Dakota.....	1,478,103	655,128	3,868	673,749	19,185	126,173	44.3	.3	45.6	1.3	8.5
Ohio.....	20,363,789	11,870,052	531,533	6,550,464	231,379	1,180,361	58.3	2.6	32.2	1.1	5.8
Oklahoma.....	2,204,657	587,358	66,149	1,234,465	72,431	244,254	26.6	3.0	56.0	3.3	11.1
Oregon.....	4,695,852	2,974,647	779	1,334,666	56,695	329,065	63.4	( <sup>6</sup> )	28.4	1.2	7.0
Pennsylvania.....	26,705,210	19,843,602	736,013	5,149,989	306,716	668,890	74.3	2.8	19.3	1.1	2.5
Puerto Rico.....	2,290,915	4,703,578	110,337	1,337,906	39,047	100,047	30.7	4.8	58.4	1.7	4.4
Rhode Island.....	1,586,261	862,173	5,916	638,830	11,505	67,837	54.3	.4	40.3	.7	4.3
South Carolina.....	1,436,384	4,736,300	---	653,728	---	46,356	51.3	---	45.5	---	3.2
South Dakota.....	1,287,900	4,758,600	3,200	408,400	26,300	91,400	58.9	.3	31.7	2.0	7.1
Tennessee.....	2,989,513	882,523	20,250	1,740,924	62,552	283,264	29.5	.7	58.2	2.1	9.5
Texas.....	4,320,761	1,229,692	768	2,547,369	82,370	460,562	28.5	( <sup>6</sup> )	58.9	1.9	10.7
Utah.....	1,270,539	4,614,178	80,069	560,818	15,293	54,181	48.3	6.3	39.9	1.2	4.3
Vermont.....	1,368,649	4,873,586	---	393,794	9,752	91,517	63.8	---	28.8	7	6.7
Virgin Islands.....	300,616	90,644	16,375	144,998	4,000	44,599	30.2	5.5	48.2	1.3	14.8
Virginia.....	7,934,995	4,419,683	37,245	3,025,252	15,000	437,815	55.7	.5	38.1	.2	5.5
Washington.....	7,861,838	4,536,108	33,540	2,882,681	65,097	344,412	57.7	.4	36.7	.8	4.4
West Virginia.....	3,409,115	1,942,162	846	1,241,668	34,388	190,051	57.0	( <sup>6</sup> )	36.4	1.0	5.6
Wisconsin.....	14,135,800	4,623,500	80,200	4,456,500	268,700	706,900	61.0	.6	31.5	1.9	5.0
Wyoming.....	462,411	200,226	637	235,295	16,258	9,995	43.3	.1	50.9	3.5	2.2

<sup>1</sup> Includes expenditures for day care services. State data not shown for Nevada and North Carolina, which submitted incomplete reports. Estimated expenditures for these States have been included in the U.S. estimates.  
<sup>2</sup> "Provision of day care" covers expenditures for the establishment and operation of day care centers, and payments for family or group day care. Additional day care funds are also included in the amounts listed under "Personnel," "Educational leave," and "Other."  
<sup>3</sup> Partly estimated.  
<sup>4</sup> This amount is not comparable with that of the previous year because of a change in reporting procedure.  
<sup>5</sup> Less than 0.05 percent.  
<sup>6</sup> Includes contributions and payments from relatives, private organizations, and other sources.

TABLE 3.—Expenditures of State and local public welfare agencies for child welfare services: Total and per capita expenditures, by source of funds, by State, fiscal year ended June 30, 1966<sup>1</sup>

State	Federal, State, and local funds		State and local funds only	
	Total	Per capita <sup>2</sup>	Total	Per capita <sup>3</sup>
U.S. estimated total.....	\$396, 200, 000	\$4. 87	\$356, 500, 000	\$4. 38
Alabama.....	2, 707, 297	1. 77	1, 753, 927	1. 15
Alaska.....	859, 531	6. 61	743, 010	5. 72
Arizona.....	1, 972, 938	2. 72	1, 544, 037	2. 13
Arkansas.....	1, 173, 054	1. 43	592, 143	. 72
California.....	41, 710, 714	5. 52	39, 087, 498	5. 17
Colorado.....	3, 957, 915	4. 76	3, 547, 901	4. 27
Connecticut.....	10, 105, 384	8. 97	9, 729, 047	8. 63
Delaware.....	1, 081, 170	4. 96	951, 297	4. 36
District of Columbia.....	4, 499, 713	14. 85	4, 335, 569	14. 31
Florida.....	4, 408, 055	1. 92	3, 199, 063	1. 39
Georgia.....	4, 960, 071	2. 57	3, 935, 263	2. 04
Guam.....	181, 100	4. 32	89, 426	2. 13
Hawaii.....	1, 163, 696	3. 65	950, 689	2. 98
Idaho.....	537, 327	1. 76	319, 071	1. 05
Illinois.....	15, 042, 522	3. 52	13, 302, 896	3. 11
Indiana.....	7, 599, 014	3. 70	6, 725, 780	3. 27
Iowa.....	2, 103, 337	1. 88	1, 457, 877	1. 30
Kansas.....	2, 436, 718	2. 69	1, 979, 452	2. 19
Kentucky.....	3, 687, 344	2. 76	2, 841, 048	2. 13
Louisiana.....	6, 338, 815	3. 87	5, 305, 852	3. 24
Maine.....	2, 980, 658	7. 38	2, 730, 237	6. 76
Maryland.....	12, 435, 022	8. 20	11, 856, 566	7. 82
Massachusetts.....	11, 530, 504	5. 52	10, 670, 707	5. 11
Michigan.....	4, 687, 082	1. 30	2, 977, 036	. 83
Minnesota.....	12, 030, 493	7. 86	11, 239, 182	7. 34

See footnotes at end of table, p. 114.

## DATA ON CHILD WELFARE SERVICES—Continued

TABLE 3.—Expenditures of State and local public welfare agencies for child welfare services: Total and per capita expenditures, by source of funds, by State, fiscal year ended June 30, 1966<sup>1</sup>—Continued

State	Federal, State, and local funds		State and local funds only	
	Total	Per capita <sup>2</sup>	Total	Per capita <sup>2</sup>
Mississippi.....	\$1, 819, 501	\$1.70	\$1, 064, 849	\$0.99
Missouri.....	3, 755, 321	2.14	2, 905, 539	1.65
Montana.....	843, 151	2.76	642, 363	2.11
Nebraska.....	646, 525	1.08	313, 049	.53
New Hampshire.....	1, 282, 328	4.71	1, 107, 858	4.07
New Jersey.....	11, 175, 372	4.21	10, 137, 933	3.82
New Mexico.....	1, 466, 675	2.93	1, 132, 556	2.27
New York.....	103, 163, 928	15.08	100, 760, 877	14.73
North Dakota.....	1, 478, 103	5.19	1, 268, 468	4.45
Ohio.....	20, 363, 789	4.77	18, 400, 678	4.31
Oklahoma.....	2, 204, 657	2.29	1, 601, 753	1.67
Oregon.....	4, 695, 852	6.06	4, 424, 068	5.71
Pennsylvania.....	26, 705, 210	6.00	24, 768, 235	5.56
Puerto Rico.....	2, 290, 915	1.68	1, 407, 210	1.03
Rhode Island.....	1, 586, 261	4.64	1, 362, 160	3.98
South Carolina.....	1, 436, 384	1.23	707, 909	.61
South Dakota.....	1, 287, 900	4.32	1, 037, 200	3.48
Tennessee.....	2, 989, 513	1.88	1, 982, 527	1.25
Texas.....	4, 320, 761	.94	2, 346, 792	.51
Utah.....	1, 270, 539	2.65	952, 717	1.98
Vermont.....	1, 368, 649	8.10	1, 228, 655	7.27
Virgin Islands.....	300, 616	12.53	229, 650	9.57
Virginia.....	7, 934, 995	4.26	7, 022, 940	3.77
Washington.....	7, 861, 838	6.51	7, 332, 156	6.06
West Virginia.....	3, 409, 115	4.63	3, 098, 366	4.21
Wisconsin.....	14, 135, 800	8.06	13, 302, 200	7.58
Wyoming.....	462, 411	3.26	328, 487	2.31

<sup>1</sup> Includes expenditures for day care services. For scope and limitations of data, see table 31.<sup>2</sup> Per capita expenditures based on child population under 21 years of age.

CHILD HEALTH AMENDMENTS

Item	Prior law	Public Law 90-248
<p>I. Consolidation of separate programs-----</p>	<p>Provides 2 formula grant programs, 1 for maternal and child health services and another for crippled children's services. Funds authorized at \$55,000,000 for fiscal year 1968 and 1969 and \$60,000,000 for fiscal year 1970 and later years for each program are allocated to the States based, in part, on the proportionate share of live births of each State in the case of maternal and child health services, and the proportionate share of numbers of crippled children in the case of the crippled children's program. Also authorizes \$10,000,000 for fiscal year 1968 and \$17,500,000 for each later year for grants by the Secretary for training of professional personnel for health and care of crippled children (particularly mentally retarded children and children with multiple handicaps). Authorizes \$30,000,000 for 1968 for special project grants for maternity and infant care. Authorizes \$40,000,000 for fiscal year 1968, \$45,000,000 for fiscal year 1969, and \$50,000,000 for fiscal year 1970, for grants to State and local health agencies to promote health of school and preschool children. Authorizes not more than \$8,000,000 each year for research projects in the field of maternal and child health and crippled children's services.</p>	<p>Present provisions are repealed. Provides new title V of the act (without child welfare provisions, which are moved to title IV under another provision, discussed above). New title provides for the following: Authorizes \$250,000,000 for fiscal year 1969, \$275,000,000 for fiscal year 1970, \$300,000,000 for fiscal year 1971, \$325,000,000 for fiscal year 1972 and \$350,000,000 for fiscal year 1973 and later years. Fifty percent of the appropriation for fiscal years 1969 through 1972 shall be for allotments to the States for maternal and child health and crippled children's services. Forty percent shall be grants for special project grants for maternity and infant care, special project grants for health of school and preschool children, and special project grants for dental health of children. Ten percent for each such year shall be for grants for training of professional health personnel and for research projects related to maternal and child health services and crippled children's services. One-half of 1 percent of the total appropriation can be used by the Secretary for evaluation (directly or through contracts or grants) of the programs. Effective with fiscal year 1973 and for later years 90 percent of the appropriation shall be for maternal and child health services and crippled children's services, and 10 percent shall be for grants and contracts for training of professional health personnel and research in the fields of maternal and child health services and crippled children's services. The Secretary is authorized to transfer up to 5 percent of the appropriation for any year from one purpose to another purpose or purposes. The proportion of funds for family planning services shall not be less than 6 percent in any year.</p>

DATA ON CHILD HEALTH

TABLE 1.—Mothers and children receiving selected direct maternal and child health services, by type of service, fiscal year 1967

State or other area	Selected maternity services			Selected child health services		
	Medical clinic services		Number service (number of mothers)	Well child conference service		Nursing service (number of infants and other children)
	Number of mothers	Rate per 1,000 live births <sup>1</sup>		Number of infants	Number of other children	
Total United States <sup>2</sup>	366,373 222,366	132 81	480,479 435,797	603,661 562,203	1,028,455 923,440	2,930,497 2,764,112
Alabama	22,333	325	14,795	9,530	49,642	47,189
Alaska	1,559	157	1,559	5,889	6,289	6,450
Arizona	5,216	59	6,463	2,426	2,812	19,456
Arkansas	2,095	68	3,150	89,754	71,116	27,360
California	23,436	28	32,632	2,251	7,071	152,322
Colorado <sup>3</sup>	975	117	2,245	2,394	1,783	25,128
Connecticut	1,227	455	1,000	2,440	3,699	4,423
Delaware	7,923	138	4,686	13,310	27,688	4,223
District of Columbia	16,631	184	25,505	20,167	29,218	193,455
Florida	16,861	598	32,224	34,237	54,204	88,360
Georgia	1,583	31	1,553	1,668	3,953	5,966
Guam	484	( <sup>4</sup> )	3,002	3,199	8,984	20,337
Hawaii	76	62	2,330	1,546	5,001	28,923
Idaho	5,993	13	6,336	3,352	4,048	38,309
Illinois <sup>3</sup>	657	208	5,490	3,075	8,485	25,872
Indiana	7,731	129	2,035	1,582	2,990	11,924
Iowa	5,223	66	12,564	4,966	2,258	32,327
Kansas	14,996	7	8,543	4,982	24,853	46,009
Kentucky	1,200	14	606	11,428	8,159	86,497
Louisiana	8,444	166	10,016	3,676	8,159	5,208
Maine	6,320	79	7,561	10,397	50,869	118,808
Maryland	1,200	14	12,952	19,243	40,041	106,864
Massachusetts	977	14	3,886	11,501	18,818	111,437
Michigan	8,444	166	16,381	4,361	8,071	34,281
Minnesota	6,320	79	11,406	4,371	9,179	98,711
Mississippi	324	34	1,406	37,265	46,737	48,834
Missouri	324	34	1,395	697	2,334	42,375
Montana	324	34	1,674	719	1,776	11,373
Nebraska	324	34	694	914	678	2,999
Nevada	324	34	694	914	678	2,999

New Hampshire.....	95	(4)	106	260	676	391
New Jersey.....	1,017	44	1,843	64,994	126,390	-----
New Mexico.....	5,283	16	45,143	3,106	5,930	-----
New York <sup>1</sup> .....	17,659	188	21,812	23,019	30,321	74,453
North Carolina.....	-----	-----	-----	12,833	16,546	112,244
North Dakota.....	-----	-----	307	-----	-----	7,520
Ohio.....	1,140	6	13,287	25,109	49,481	141,891
Oklahoma.....	471	11	2,358	1,442	1,745	20,147
Oregon.....	-----	-----	1,474	1,079	2,063	16,862
Pennsylvania.....	5,365	27	8,100	36,652	80,627	92,093
Puerto Rico.....	141,044	1,916	41,531	37,845	99,627	155,829
Rhode Island.....	-----	-----	9,087	1,594	2,973	14,633
South Carolina.....	6,938	133	32,737	4,088	5,108	441,268
South Dakota.....	-----	-----	166	62	311	5,166
Tennessee.....	372	5	6,862	3,620	6,283	64,885
Texas.....	13,303	63	17,891	23,827	19,681	82,534
Utah.....	444	20	1,579	2,080	3,561	33,388
Vermont.....	-----	-----	335	256	2,202	6,990
Virgin Islands.....	1,380	706	1,658	1,945	1,435	4,590
Virginia.....	18,411	213	11,031	27,794	13,641	27,646
Washington.....	1,657	32	12,901	14,829	35,478	37,516
West Virginia.....	1,089	35	3,196	2,501	6,027	31,844
Wisconsin.....	-----	-----	12,921	9,386	9,319	113,290
Wyoming.....	-----	-----	307	-----	115	3,851

<sup>1</sup> Live birth data are 1966 for areas other than United States; and the rate for all jurisdictions and United States excludes New York State, Colorado, and Illinois because of incomplete reporting.

<sup>2</sup> United States (50 States and District of Columbia).

<sup>3</sup> Copied from "Welfare in Review Statistical Supplement," 1966 edition.

<sup>4</sup> Less than 1 per thousand.

TABLE 2.—Federal grants-in-aid to States for maternal and child health and crippled children's services, fiscal year ended June 30, 1967

State		[Checks-issued basis]		
State	Grants for maternal and child health services <sup>1</sup>	Grants for crippled children's services <sup>1</sup>	State	Grants for maternal and child health services <sup>1</sup>
United States.....	\$47,652,429	\$46,664,174	Montana.....	\$192,718
Alabama.....	1,338,787	1,163,477	Nebraska.....	239,500
Alaska.....	191,761	158,169	Nevada.....	230,000
Arizona.....	570,456	360,227	New Hampshire.....	205,202
Arkansas.....	719,500	691,739	New Jersey.....	748,827
California.....	3,154,879	2,953,647	New Mexico.....	551,804
Colorado.....	756,268	516,125	New York.....	2,174,952
Connecticut.....	658,680	460,866	North Carolina.....	1,874,402
Delaware.....	169,534	227,230	North Dakota.....	262,091
District of Columbia.....	418,356	735,856	Ohio.....	2,113,148
Florida.....	1,710,473	1,290,325	Oklahoma.....	573,015
Georgia.....	1,617,493	1,343,713	Oregon.....	481,152
Guam.....	101,399	67,348	Pennsylvania.....	2,167,714
Hawaii.....	246,388	378,024	Puerto Rico.....	1,504,461
Idaho.....	198,873	350,554	Rhode Island.....	615,735
Illinois.....	1,174,071	1,544,893	South Carolina.....	1,035,633
Indiana.....	735,000	610,959	South Dakota.....	1,99,161
Iowa.....	481,830	1,147,096	Tennessee.....	1,189,451
Kansas.....	398,463	679,190	Texas.....	1,999,151
Kentucky.....	1,206,694	1,092,155	Utah.....	419,174
Louisiana.....	1,209,293	1,082,857	Vermont.....	177,114
Maine.....	339,496	311,206	Virgin Islands.....	140,900
Maryland.....	1,162,085	1,217,479	Virginia.....	1,269,219
Massachusetts.....	1,210,824	1,771,751	Washington.....	827,920
Michigan.....	1,631,655	1,582,859	West Virginia.....	658,222
Minnesota.....	963,337	1,129,666	Wisconsin.....	683,636
Mississippi.....	1,112,031	815,030	Wyoming.....	148,429
Missouri.....	953,305	924,511	Institution of higher learning.....	638,767

<sup>1</sup> Services under title V, pt. 1, of the Social Security Act. Includes \$4,750,000 earmarked for special projects for mentally retarded children.

<sup>2</sup> Services under title V, pt. 2, of the Social Security Act. Includes \$3,750,000 earmarked for special projects for mentally retarded children.