

dividual obviously would be subject to error, unless the individual specifically checked (as he was requested to do) the amount involved. The options available in answer to the question "What part of the premium cost of this plan do you pay (including payments deducted from your pay)," were: "All," "none," "less than half," "one-half or more," and "don't know." Seven percent of the respondents checked the "don't know"

box. Preliminary data on Federal employees included in the survey indicated a very good response for that group. In the Federal employees' plan the Government contribution is generally limited to 40 percent of the premium. The preliminary results indicate that most Federal employees checked the one-half or more box—that is, they correctly indicated the proportion they paid.

Notes and Brief Reports

Social Security Act Amendments, End of 1973

On December 21, 1973, Congress passed H. R. 11333 and sent it to the President. The bill amended the Social Security Act—primarily several provisions of the old-age, survivors, disability, and health insurance program and of the supplemental security income (SSI) program. President Nixon signed the bill on December 31, 1973, and it became Public Law 93-233.

SUMMARY OF OASDHI AND SSI AMENDMENTS

Retirement, Survivor, and Disability Benefits

Increase in monthly benefits.—The amendments increase benefits (including the special payments made to certain people aged 72 and older) by 11 percent effective June 1974, with 7 percent of this amount payable for March 1974 through May 1974. The 7-percent increase effective for March represented a normal benefit conversion for all beneficiaries except widows and widowers whose benefit amount is limited because their deceased spouse received reduced benefits. The increase for these widows and widowers did not, however, differ significantly from what would be payable under a normal benefit conversion. The 11-percent increase effective for June will be a normal bene-

fit conversion for all beneficiaries, including widows and widowers. The effect of the increase in the law on the average monthly benefit currently payable is estimated in table 1.

Increase in the special minimum benefit.—Special minimum benefits were increased, effective for March 1974. The new law raises from \$8.50 to \$9 the amount payable for each year of coverage above 10 years and up to 30 years. Thus the highest special minimum is \$170 to \$180 for workers with 30 or more years of coverage.

Automatic adjustment provisions.—Under the revised law, the first possible automatic increase in benefits will be effective for June 1975 and will be based on the increase in the cost of living from the second quarter of 1974 through the first quar-

TABLE 1—Estimated effect of special benefit increases under P.L. 93-233 on average monthly benefit amounts in current-payment status, selected beneficiary groups¹

Beneficiary group	Average monthly amount		
	Before 7-percent increase	After 7-percent increase	After 11-percent increase
Average monthly family benefits			
Retired worker alone (no dependents receiving benefits).....	\$162	\$174	\$181
Retired worker and aged wife, both receiving benefits.....	277	297	310
Disabled worker alone (no dependents receiving benefits).....	179	191	199
Disabled worker, wife, and 1 or more children.....	364	389	404
Aged widow alone.....	158	170	177
Widowed mother and 2 children.....	391	418	435
Average monthly individual benefits			
All retired workers (with or without dependents also receiving benefits).....	167	179	186
All disabled workers (with or without dependents also receiving benefits).....	184	197	206

¹ Increase of 7 percent, payable for March 1974 through May 1974; 11-percent increase effective June 1974

ter of 1975. Automatic increases in subsequent years are also to be effective for the month of June and, in general, based on changes in the cost of living from first quarter to first quarter (rather than from second quarter to second quarter, as under the old law).

As under the old law, the retirement test and the contribution and benefit base are still to be automatically adjusted on a calendar-year basis. The first automatic adjustments will be effective for 1975, and future automatic adjustments will be effective for the year following an automatic benefit increase.

Suspension of special payments for persons aged 72.—“Special age 72” beneficiaries who are eligible for payments under the supplemental security income (SSI) program will have their special benefits suspended if they receive the SSI payments. This provision in effect continues the provision of the old law that suspended the benefits because of the receipt of public assistance payments.

Increase in certain cases of delayed retirement.—Under the old law, the special minimum primary insurance amount applied where it is higher than the primary insurance amount related to average monthly earnings. It was not clear, however, with respect to the applicability of the delayed retirement credit in some cases where the benefit amount related to average monthly earnings plus the delayed retirement credit is higher than the special minimum benefit. Under the new provision the benefits are to be based on the special minimum primary insurance amount specified in the law, but the dollar difference between the regular benefit with the delayed retirement credit and the special minimum would be added to a worker’s special minimum benefit.

Automatic adjustment of the retirement test exempt amount.—The new law provides that the percentage rise in the retirement test exempt amount under the automatic increase provision will be measured from the last increase in the exempt amount rather than from the last increase in the tax base. This change was made to assure that automatic increases in the exempt amount will be in proportion to all increases in wage levels.

TABLE 2.—Contribution rate schedule under P.L. 93-233 and under previous law

Calendar year	Total		OASDI		HI	
	Pre-vious law	New law	Pre-vious law	New law	Pre-vious law	New law
Employer and employee, each						
1974-77.....	5.85	5 85	4 85	4 95	1.00	0.90
1978-80.....	6.05	6 05	4 80	4 95	1.25	1.10
1981-85.....	6 15	6 30	4 80	4 95	1.35	1.35
1986-98.....	6 25	6 45	4 80	4 95	1 50	1.50
1999-2010.....	(6 25)	(6 45)	4 80	4 95	(1 45)	(1.50)
2011 and thereafter.....	(7 30)	(7 45)	5 85	5 95	(1 45)	(1 50)
Self-employed						
1974-77.....	8 00	7 90	7.0	7.0	1.00	0 90
1978-80.....	8 25	8.10	7.0	7.0	1 25	1.10
1981-85.....	8 35	8.35	7 0	7 0	1.35	1.35
1986-98.....	8 45	8 50	7 0	7.0	1 45	1.50
1999-2010.....	(8.45)	(8 50)	7.0	7.0	(1 45)	(1 50)
2011 and thereafter.....	(8 45)	(8 50)	7.0	7.0	(1.45)	(1.50)

Financing.—The contribution and benefit base for 1974 is increased to \$13,200 rather than to \$12,600 as under the previous law. No change was made in the total contribution rates through 1980, but the hospital insurance rates were reduced and the cash benefit rates increased to the same extent, as shown in table 2, which gives the old and the new rates. To improve the actuarial balance of the disability program a greater portion of the cash benefit rates is allocated to the disability insurance trust fund.

Medicare Provisions

Payment for supervisory physicians in teaching hospitals.—A study (to be arranged with the National Academy of Sciences) will be made of all aspects related to payment for professional services in medical schools and teaching hospital settings. The provision in P.L. 92-603 that would make services of teaching physicians reimbursable on a cost rather than charge basis, except where a bona fide private patient relationship exists, was deferred for at least 1 year, so that it will be effective for accounting periods that begin after June 30, 1974, or, at the option of the Secretary of Health, Education, and Welfare, as late as December 31, 1974.

Amount of payments where customary charges are less than reasonable cost.—The provision delays the effective date of section 233 of P.L. 92-

603, which limits Medicare reimbursement to providers to the lower of reasonable costs or customary charges from accounting periods beginning after December 31, 1972, to accounting periods beginning after December 31, 1973, with respect to hospitals, skilled-nursing facilities, and home health agencies.

Physical therapy and other therapy services under Medicare.—The provision delays, until accounting periods beginning after the month in which the Secretary of Health, Education, and Welfare issues final regulations, the effective date of section 251(c) of P.L. 92-603, which provides for salary-related reimbursement for certain physical therapy and other therapy services.

Additional technical amendments to the Medicare program (1) clarify certification requirements where hospitalization is required in connection with noncovered dental procedures; (2) provide for continuation of State “buy-in” agreements under part B of Medicare when the new SSI program goes into effect; (3) clarify disposition of savings realized by health maintenance organizations (HMO’s); (4) provide for HMO reimbursable costs to include certain reinsurance premiums required by State law; (5) provide that in case of disapproved capital expenditures by a provider reimbursed on a fixed-fee or negotiated-rate basis the Secretary will determine the amount to be withheld; and (6) correct clerical errors in the capital expenditure provisions and the provisions for the disabled.

Supplemental Security Income Provisions

Increase in payment levels.—SSI payment levels were raised from \$130 to \$140 per month for an individual and from \$195 to \$210 per month for a couple, effective for January 1974. In addition, SSI payment levels are to be increased to \$146 for an individual and \$219 for a couple, effective for July 1974. (States providing supplementary payments have the option of passing along the Federal SSI increase to recipients of supplementary payments. No provision was made, however, for raising States’ adjusted payment levels as a means of relieving “hold-harmless” States of the cost of passing along the increase.)

The amount added to the SSI payment level on account of an “essential person” brought into the program by a provision of P.L. 93-66 are to be increased from the \$65 amount in the old law for January 1974 to \$70 effective January 1974 and to \$73 effective July 1974.

Food stamp eligibility for SSI recipients.—For the 6-month period beginning January 1974, the eligibility of SSI recipients for participation in the food stamp and surplus commodities programs are to be determined as through P.L. 92-603 and P.L. 93-86 had not been enacted—that is, on the basis of the income and assets requirements of the programs. (P.L. 92-603 had prohibited participation by SSI recipients, and P.L. 93-86 had modified the provisions of P.L. 92-603 so as to relate food stamp eligibility to the amount of SSI benefits plus any State supplementary payment.) An important exclusion in the provision is that SSI recipients in those States¹ that have included the bonus value of food stamps in determining their adjusted payment levels for purposes of State supplementation and that receive Federal funds are to be ineligible for food stamps or surplus commodities. After June 1974, eligibility for food stamps will be determined under the provisions of P.L. 93-86.

Inclusion of persons on APTD rolls.—Only persons who had received aid to the permanently and totally disabled before July 1973 and who were on the rolls in December 1973 were to be brought into the SSI program.

Special treatment of SSI recipients who live with AFDC families.—As a result of provisions in P.L. 93-66 that were meant to guarantee that no person currently receiving payments under a State program would suffer a reduction in total income when the SSI program went into effect, it is possible that in instances where an SSI recipient is also a member of a family unit receiving AFDC there could be a significant increase in assistance payable to the family unit. The law remedies this situation by permitting a State to adjust any supplementary payment to maintain the same level of total family income rather than maintain the individual’s total income. The per-

¹ California, Hawaii, Massachusetts, Nevada, New Jersey, New York, Rhode Island, and Wisconsin.

son receiving the SSI payment is, however, assured of at least as great a total income as a comparable aged, blind, or disabled person not living with an AFDC family and having no other income.

Reduction in SSI payment by the amount of any State supplementary payment for institutional medical care.—The provision reduces the SSI payment to or on behalf of an individual by the amount of any State supplementary payment made to him for inpatient institutional care that could be provided under Medicaid.

Limitations on eligibility determinations under resources tests of State plans.—The SSI program includes a “grandfather” clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973 will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. The new law removes the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously a resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 months will not be counted).

Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.—The SSI program includes a grandfather clause under which an individual who was getting aid to the blind in December 1973 will remain eligible under SSI for the same disregarding of income that he would have enjoyed under the State aid to the blind plan in effect in October 1972. The new law makes the grandfather clause applicable for only as long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for as long as he remains continuously a resident of the State in which he was getting assistance in December 1973.

Waiver authority for demonstration projects.—The provision would give the Secretary of Health, Education, and Welfare authority to dis-

pense with any of the requirements of title XVI in order to continue current ongoing experimental or demonstration projects approved before October 1, 1973, that he finds appropriate.

Additional provisions (1) make it clear that initial payments to a presumptively disabled individual are not recoverable only if the basis for later determining that the individual was not eligible for the payments is a determination that he is not disabled; (2) relate the limitation on the fiscal liability of a State for supplementary payments in fiscal year 1974 to one-half, rather than all, of the State’s calendar year 1972 expenditures for assistance to the adult categories; and (3) expand the period during which the States must assist in implementation of the SSI program to include the second half of fiscal year 1974 as well as fiscal year 1975.

Selected Medicaid Provisions

Technical provisions on Medicaid-SSI eligibility (1) correct a technical flaw in P.L. 92-603 to allow Federal matching under title XIX for persons eligible for SSI payments; (2) give the States the option to extend Medicaid eligibility to people who receive only State optional supplementary payments; and (3) require the States to continue Medicaid eligibility for individuals receiving mandatory State supplementary payments under P.L. 93-66 until such time as the person becomes ineligible for the mandatory supplement.

PROVISION FOR EXTENDED UNEMPLOYMENT INSURANCE BENEFITS

Public Law 93-233 also amends the Social Security Act to provide for continuing the liberalized rules for payment of extended unemployment insurance benefits under the permanent Federal-State extended-benefit program established in 1970. The latter program provides up to 13 weeks of additional benefits for workers who have exhausted their regular State unemployment insurance payments during periods of high unemployment nationally or in a particular State.

The national rate of insured unemployment is

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TABLE M-2.—Public income-maintenance programs: Hospital and medical care payments, 1940-73

[In millions]

Period	Total	OASDHI (health insurance) ¹			Other programs			
		Total	Hospital insurance ²	Medical insurance	Veterans	Temporary disability ³	Workmen's compensation ⁴	Public assistance ⁵
1940.....	\$165				\$70		\$95	
1945.....	222				97		125	
1950.....	832				573	\$7	200	\$52
1955.....	1,265				688	20	325	232
1960.....	1,846				848	41	435	522
1961.....	2,093				899	46	490	688
1962.....	2,406				940	46	495	925
1963.....	2,611				971	50	525	1,065
1964.....	2,890				1,019	51	565	1,255
1965.....	3,204				1,072	52	600	1,480
1966.....	4,898	\$1,019	\$891	\$128	1,137	54	680	2,008
1967.....	9,554	4,549	3,363	1,197	1,328	53	750	2,873
1968.....	12,107	5,697	4,179	1,518	1,429	55	830	4,096
1969.....	13,837	6,603	4,739	1,865	1,573	59	920	4,681
1970.....	15,604	7,099	5,124	1,975	1,793	66	1,040	5,606
1971.....	18,129	7,868	5,761	2,117	2,087	71	1,150	6,953
1972.....	21,212	8,643	6,319	2,325	2,409	75	1,280	8,805
1972								
December.....		708	509	199	204			711
1973								
January.....		781	579	203	229			707
February.....		717	526	191	201			707
March.....		852	639	213	219			782
April.....		780	573	207	208			775
May.....		827	613	214	229			863
June.....		825	618	208	224			787
July.....		744	553	191	231			737
August.....		820	585	234	216			812
September.....		710	520	190	212			804
October.....		877	643	234	244			823
November.....		830	607	223	238			829
December.....		820	602	218	230			(⁶)

¹ Benefit expenditures from the Federal hospital insurance and supplementary medical insurance trust funds as reported by the U.S. Treasury.

² Excludes payments by Railroad Retirement Board for beneficiaries in Canadian hospitals.

³ Benefits in California and New York (from 1950), including payments under private plans. Monthly data not available.

⁴ Benefits under Federal workmen's compensation laws and under State

laws paid by private insurance carriers, State funds, and self-insurers beginning 1959, includes data for Alaska and Hawaii. Monthly data not available.

⁵ Federal matching for medical vendor payments under public assistance began October 1950.

⁶ Data not available.

Source: U.S. Treasury and unpublished data from administrative agencies.

SOCIAL SECURITY ACT AMENDMENTS

(Continued from page 38)

not presently high enough to trigger "on" these extended benefits nationally. For an individual State to be eligible for Federal matching of extended benefits, the original law required that a State's insured unemployment rate average 4 percent or more for any 13-consecutive-week period and be equal to or greater than 120 percent of the average of the rate for the corresponding

13-week period in each of the preceding 2 years.

These requirements were first modified by P.L. 92-599 enacted October 27, 1972. The extended-benefit periods for a number of States had ended because their insured unemployment rate, having reached 4 percent or more for a number of years, had not continued to rise to a level 20 percent higher than it was in the preceding 2 years. The amendment in P.L. 92-599 temporarily eased the conditions under which extended benefits were payable only through June 1973 by providing that the 120-percent requirement in the "off" trig-

TABLE M-3.—Selected social insurance and related programs: Beneficiaries of cash payments, 1940-73

[In thousands. For explanatory footnotes on programs, see table M-1]

At end of selected month	Retirement and disability					Survivor				Railroad temporary disability ⁴	Unemployment		Federal "black lung" ⁶
	OASDHI ¹		Railroad ¹	Federal civil service	Veterans	OASDHI	Railroad	Federal civil service	Veterans ³		State laws ⁵	Railroad ⁴	
	Retirement ²	Disability											
December:													
1940.....	148		146	65	610	74	3		323		667	74	
1945.....	691		173	92	1,534	597	4	(7)	696		1,743	13	
1950.....	2,326		256	161	2,366	1,152	142	25	1,010	32	638	35	
1955.....	5,788		427	234	2,707	2,172	206	74	1,156	36	912	48	
1960.....	10,599	687	553	379	3,064	3,558	256	154	1,393	34	2,165	102	
1961.....	11,655	1,027	567	408	3,137	3,812	262	167	1,547	31	1,993	75	
1962.....	12,675	1,275	585	438	3,177	4,103	270	182	1,653	30	1,585	59	
1963.....	13,262	1,452	594	465	3,195	4,321	278	197	1,750	31	1,609	49	
1964.....	13,697	1,563	600	494	3,204	4,539	286	214	1,848	29	1,351	41	
1965.....	14,175	1,739	620	522	3,216	4,953	291	227	1,924	25	1,035	30	
1966.....	15,437	1,970	630	564	3,194	5,360	299	240	1,995	23	936	18	
1967.....	15,907	2,141	641	588	3,175	5,659	309	258	2,077	21	989	39	
1968.....	16,264	2,335	647	613	3,171	5,963	318	274	2,151	25	941	19	
1969.....	16,595	2,488	651	636	3,179	6,229	321	288	2,208	23	1,084	16	
1970.....	17,096	2,665	653	697	3,210	6,468	326	308	2,301	22	2,045	21	112
1971.....	17,660	2,930	660	747	3,251	6,700	330	324	2,365	20	1,784	38	232
1972.....	18,176	3,250	661	829	3,288	6,919	334	343	2,393	16	1,458	17	299
1972													
December.....	18,176	3,250	661	829	3,288	6,919	334	343	2,393	16	1,458	17	299
1973													
January.....	18,344	3,274	660	831	3,253	6,956	334	344		21	1,879	27	319
February.....	18,452	3,322	658	838	3,243	6,985	334	345		21	1,913	21	337
March.....	18,422	3,341	659	840	3,244	6,986	335	347	2,367	20	1,861	26	361
April.....	18,478	3,381	660	843	3,249	7,002	335	350		17	1,600	18	374
May.....	18,491	3,402	659	846	3,252	7,011	334	352		17	1,385	13	388
June.....	18,621	3,416	658	850	3,257	7,036	335	353	2,368	17	1,291	10	392
July.....	18,668	3,410	658	853	3,259	6,962	333	352		16	1,287	8	399
August.....	18,776	3,372	658	864	3,262	6,991	334	353		18	1,326	10	407
September.....	18,860	3,434	659	877	3,263	7,024	335	353	2,320	17	1,195	9	412
October.....	18,886	3,456	660	920	3,263	7,044	335	356		17	1,160	10	411
November.....	19,089	3,538	661	922	3,264	7,122	336	357		18	1,190	10	418
December.....	19,151	3,561	660	924	3,264	7,160	336	358		14	(9)	(8)	(8)

¹ Includes dependents

² Beginning Oct 1966, includes special benefits authorized by 1966 legislation for persons aged 72 and over and not insured under the regular or transitional provisions of the Social Security Act.

³ Monthly number at end of quarter

⁴ Average number during 14-day registration period.

⁵ Average weekly number For programs included see table M-1, footnote 10

⁶ Includes dependents and survivors.

⁷ Less than 500

⁸ Data not available.

Source: Based on reports of administrative agencies

ger could be disregarded by a State, with the consent of its legislature.

Public Law 93-53, enacted July 1, 1973, had extended the expiration date through December 1973 and, in addition, permitted a State to ignore the 120-percent requirement for the "on" trigger as well as the "off" trigger. Before the extended-benefit period could begin, however, the rate of insured unemployment had to equal or exceed 4.5 percent instead of 4 percent, as required under the permanent program.

The latest legislation continues the permission

to eliminate the 120-percent requirement in the "on" and "off" trigger for compensation for weeks of unemployment from January through March 1974. It also provides for reversion to the 4-percent rate of insured unemployment for the "on" trigger.

As of February 1, 1974, three States were paying benefits under the extension and several others were considering implementing legislation. Under this Federal-State program, the Federal Government reimburses each State for one-half the cost of the extended benefits.