

MODIFYING A LIMITATION AFFECTING THE PENSION, COMPEN-
SATION, OR RETIREMENT PAY PAYABLE ON ACCOUNT OF ANY
INCOMPETENT VETERAN WITHOUT DEPENDENTS DURING
HOSPITALIZATION, INSTITUTIONAL OR DOMICILIARY CARE

MAY 6 (legislative day, APRIL 11), 1949.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

(To accompany S. 266)

The Committee on Finance, to whom was referred the bill (S. 266) respecting the limitation affecting the pension, compensation, or retirement pay payable on account of an incompetent veteran without dependents during hospitalization, institutional or domiciliary care, having considered the same, report favorably thereon with amendments, and recommend that the bill as amended do pass.

1. Amend the title of the bill to read:

A bill modifying a limitation affecting the pension, compensation, or retirement pay payable on account of an incompetent veteran without dependents during hospitalization, institutional or domiciliary care.

2. Strike out all after the enacting clause and substitute therefor the following:

That the second proviso of subsection (B) of the Act entitled "An Act relating to veterans' pension, compensation, or retirement pay during hospitalization, institutional or domiciliary care, and for other purposes", approved August 8, 1946 (60 Stat. 908) is amended to read as follows: "*Provided further*, That in any case where the estate of such incompetent veteran derived from any source equals or exceeds \$1,500, further payments of such benefits shall not be made until the estate is reduced to \$500, but the amount which would be payable but for this proviso shall be paid to the veteran as provided for the lump sum in the preceding proviso but in the event of the veteran's death no part thereof shall be payable:"

The purpose of this amendment is to remove the discrimination which now exists against a veteran who has recovered his competency after having been hospitalized or cared for by the Veterans' Administration so that he will receive the amount of benefits withheld during the period of such care by reason of the existing limitation precluding payment to him of such sums where his estate equals or exceeds \$1,500. Under present law a competent veteran without dependents who is hospitalized or cared for by the Veterans' Administration is

paid the entire amount of pension, compensation, or retirement pay which has been withheld during hospitalization. It is the view of the committee that this discrimination is wholly unwarranted because the economic needs of the veteran who has regained his competency are as great and often more urgent than those of other classes of veterans who have been discharged from a period of treatment or care by the Veterans' Administration. It is not proposed to change the provisions of the existing law under which the payment of a lump sum is not made until the expiration of 6 months following a finding of competency. The purpose of this provision was to withhold payment of any lump sum for a reasonable period during which the certainty of competency could be assured and such purpose is still valid.

However, the proposed amendment would not relax the existing limitation on the amounts payable to beneficiaries of the incompetent veteran in the event of his death while receiving treatment or care or prior to payment to him of any lump sum which he is eligible to receive. It must be remembered that the veteran under consideration is one who has neither wife, child, nor dependent parent and in many cases he will have undergone long periods of hospitalization or institutional care. If a limitation were not imposed, sizable estates built up from funds largely derived from Government payments might be inherited by persons who otherwise would have no rights as direct or indirect beneficiaries of Government funds.

The letter from the Veterans' Administration relative to S. 266 in its original form is as follows:

APRIL 29, 1949.

HON. WALTER F. GEORGE,
*Chairman, Committee on Finance,
 United States Senate, Washington 25, D. C.*

DEAR SENATOR GEORGE: Further reference is made to your letter of January 17, 1949, requesting a report by the Veterans' Administration on S. 266, Eighty-first Congress, a bill removing a limitation affecting the pension, compensation, or retirement pay payable on account of an incompetent veteran without dependents during hospitalization, institutional, or domiciliary care.

The purpose of the bill is to remove from existing law the provision which, in the case of an incompetent veteran who is being furnished hospital treatment, institutional, or domiciliary care by the Veterans' Administration, and who has neither wife, child, nor dependent parent, prohibits further payments of pension, compensation, or retirement pay where the estate of such incompetent veteran derived from any source equals or exceeds \$1,500 until the estate is reduced to \$500.

Public Law 662, Seventy-ninth Congress, August 8, 1946 (60 Stat. 908), which S. 266, Eighty-first Congress, proposes to amend, provides that where any veteran having neither wife, child, nor dependent parent, is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, any pension, compensation, or retirement pay otherwise payable shall continue without reduction until the 1st day of the seventh calendar month, following the month of admission of the veteran. If treatment or care extends beyond that period, the pension, compensation, or retirement pay, if \$30 per month or less, will continue without reduction, but if greater than \$30 per month, will not exceed 50 percent of the amount otherwise payable or \$30 per month whichever is the greater. If the veteran is discharged from treatment or care upon certification of the officer in charge that maximum benefits have been received, or that release is approved, he will be paid in a lump sum such additional amount as equals the total sum by which his pension, compensation, or retirement pay has been reduced, but if treatment or care is terminated by the veteran against medical advice, or as a result of disciplinary action, the amount by which any pension, compensation, or retirement pay is reduced will be paid to him at the expiration of 6 months after such termination.

The pension, compensation, or retirement pay of those veterans without wife, child, or dependent parent who are being furnished hospital treatment, institu-

tional or domiciliary care by the Veterans' Administration, and who are rated by the Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness, is subject to reduction at the end of 6 months as set out above, but no payment of a lump sum may be made until after the expiration of 6 months following a finding of competency. In addition, it is provided that in any case where the estate of such incompetent veteran derived from any source equals or exceeds \$1,500, further payments of such benefits will not be made until the estate is reduced to \$500. It is this provision printed in italics which S. 260, Eighty-first Congress, proposes to remove.

The World War Veterans' Act, Public, No. 242, Sixty-eighth Congress, June 7, 1924 (43 Stat. 619), in section 202 (7), contained the first provision relating to a reduction in the amount of benefits payable to veterans while maintained in hospitals. The pertinent part of this section reads as follows:

"(7) Where any disabled person having neither wife, child, nor dependent parent shall, after July 1, 1924, have been maintained by the bureau for a period or periods amounting to six months in a neuropsychiatric hospital or hospitals, and shall be deemed by the director to be permanently insane, the compensation for such person shall thereafter be \$20 per month so long as he shall thereafter be maintained by the bureau in a neuropsychiatric hospital or hospitals; and such compensation may, in the discretion of the director, be paid to the chief officer of said hospital to be used for the benefit of such patient: *Provided, however,* That if such patient shall recover his reason and shall be discharged from such hospital as cured, an additional amount of \$60 per month shall be paid to him for each month the rate of compensation was reduced as provided by this subdivision."

Section 202 (7) was amended on July 2, 1926, by section 9, Public, No. 448, Sixty-ninth Congress (44 Stat. 795), to provide that if the insane veteran should recover his reason and be discharged from the institution as competent, such additional sum would be paid him as would equal the total sum by which his compensation had been reduced by the provisions of section 202 (7).

Section 202 (7) of the World War Veterans' Act, as amended, was again amended on July 3, 1930, by section 14, Public, No. 522, Seventy-first Congress (46 Stat. 999), to provide that in any case where the estate of the incompetent veteran derived from funds paid under the War Risk Insurance Act, as amended, and/or the World War Veterans' Act, 1924, as amended, equaled or exceeded \$3,000, payment of the \$20 per month would be discontinued until the estate was reduced to \$3,000. However, the provision for payment to such veteran upon recovery of his reason and discharge from the institution as competent of such additional sum as would equal the total sum by which his compensation had been reduced or discontinued, remained in effect.

On March 20, 1933, Public, No. 2, Seventy-third Congress (48 Stat. 8), was enacted. Section 17 thereof in pertinent part reads:

"All public laws granting medical or hospital treatment, domiciliary care, compensation and other allowances, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and the World War, or to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty in the military or naval service (except so far as they relate to persons who served prior to the Spanish-American War and to the dependents of such persons, and the retirement of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard) are hereby repealed. * * *"

Paragraph VI, Veterans Regulation No. 6, promulgated March 31, 1933, pursuant to Public, No. 2, Seventy-third Congress, provided that pension for service-connected disability and emergency officers' retirement pay of any person furnished hospital treatment, institutional or domiciliary care by the United States or any political subdivision thereof, would not exceed \$15 per month, except where such person had a wife, child, or dependent parent, in which event the difference between \$15 and the monthly amount otherwise payable would be paid to such dependent. If such person without wife, child, or dependent parent was deemed by the Administrator of Veterans' Affairs to be insane, the pension would not exceed \$15 per month so long as he remained in the institution and in any case where his estate derived from funds paid under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, the several pension acts and/or Public, No. 2, Seventy-third Congress, equaled or exceeded \$1,500, any payments of pension being made were discontinued until the estate derived from such funds was reduced to \$500. The pension payable in the case of non-service-connected disability was \$6 per month instead of \$15 per month.

Veterans Regulation No. 6 (a), July 28, 1933; Veterans Regulation No. 6 (b), January 19, 1934; and Veterans Regulation No. 6 (c), June 30, 1934, made some slight changes in the provisions governing reduction of benefits while hospitalized, but the provision which prohibited payment of certain benefits by the Veterans' Administration after the estate of an insane veteran derived from specified sources reached \$1,500 remained substantially the same.

Section 13, Public Law 144, Seventy-eighth Congress, July 13, 1943 (57 Stat. 557), amended Veterans Regulation No. 6 (a) to provide that the pension, compensation, or retirement pay of any disabled veteran having neither wife, child, nor dependent parent who was being furnished hospital treatment, institutional or domiciliary care by the United States or any political subdivision thereof should not exceed \$20 per month and in the case of any such veteran entitled to pension for non-service-connected disability, the amount payable should not exceed \$8 per month. This act also provided that in any case where the estate of such disabled veteran, deemed by the Administrator of Veterans' Affairs to be insane, derived from any source equaled or exceeded \$1,500, further payments of such benefits would not be made until the estate was reduced to \$500. Section 13, Public Law 144, Seventy-eighth Congress, was repealed and superseded by Public Law 662, Seventy-ninth Congress, August 8, 1946, the pertinent provisions of which act are described in paragraphs 3 and 4 of this report.

The foregoing legislative history indicates that it has been the past policy of the Congress to discontinue the payment of compensation and pension benefits to incompetent veterans having neither wife, child, nor dependent parent while they are being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration when the estate of the veteran, in such cases, equals or exceeds a specified limited sum. This suggests the concern of the Congress that in many such cases where a limitation not imposed, sizable estates might be built up from funds largely derived from Government payments which upon the death of the veteran in the institution might be inherited by persons who otherwise would have no rights as direct or indirect beneficiaries of Government funds.

Your attention is invited to the fact that the date of approval of Public No. 662, Seventy-ninth Congress, was August 8, 1946, rather than "August 5, 1946," as appears in line 6 of the bill.

Because of the unknown factors involved, it is not possible to make any accurate estimate of the cost of the bill. These factors include lack of data as to the number of veterans currently not receiving payments, the length of time these veterans are off the rolls and the amount of the payments withheld. The committee may be interested to know that during the fiscal year 1948, there were 3,180 terminations of compensation or pension benefits for the reason that the estate exceeded \$1,500.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee.

Sincerely yours,

CARL R. GRAY, Jr., *Administrator.*

