

## VETERANS PENSIONS—NSLI

SEPTEMBER 22, 1964.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

### REPORT

[To accompany H.R. 1927]

The Committee on Finance, to whom was referred the bill (H.R. 1927) to amend title 38, United States Code, to revise the pension program for veterans of World War I, World War II, and the Korean conflict, and their widows and children, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

#### PURPOSE

H.R. 1927 amends the veterans law relating to the payment of non-service-connected pensions (disability and death) by adding new exclusions of income used in determining eligibility, increasing the pension rate for the veterans, widow and/or child in the low-income bracket and providing additional allowances for those veterans requiring aid and attendance, those permanently housebound, as well as for those who are so helpless or blind as to require the regular aid and attendance of another person.

The Committee on Finance added an amendment which reopens the national service life insurance program for 1 year to veterans heretofore eligible to apply for such insurance after October 7, 1940, and before January 1, 1957.

#### BRIEF ANALYSIS

1. Exclusions of income in determining eligibility for pension purposes:

A. Ten percent of payment to an individual under any public or private retirement, annuity, or income plan.

B. Amounts paid by a veteran for the last illness and burial of his deceased spouse or child.

C. Profit realized from disposition of real or personal property other than in the course of business.

D. Payments received as a result of performance of jury duty or other obligatory civic obligations.

E. Payments under the War Orphans Educational Assistance Act.

F. Bonus paid by a State to individuals as a result of their having served in the Armed Forces.

2. Removal of requirement that child alone report earnings on an annual basis to the Veterans' Administration.

3. Removal of requirement that a veteran who has attained age 65 must have a 10-percent disability and that his unemployability be attributable thereto.

4. Exclusion of \$1,200 of spouse's income or all earned income of the spouse's income or all earned income of the spouse, whichever is greater.

5. Permits Veterans' Administration to furnish drugs and medicines which have been prescribed by a physician to veterans who are in receipt of the aid and attendance allowance.

6. Provides for payment of a special allowance of \$35 monthly in addition to pension otherwise payable to veterans who are "permanently housebound" due to disabilities which it is reasonably certain will remain throughout his lifetime.

7. Provides increase from \$70 to \$100 in monthly allowance payable to veterans so helpless or blind as to require the regular aid and attendance of another person.

8. Following rate changes:

PRESENT LAW			<i>Single veterans</i>			H.R. 1927		
Column I		Column II	Column I		Column II	Column I		Column II
Annual income			Annual income			Annual income		
More than—	Equal to or less than—		More than—	Equal to or less than—		More than—	Equal to or less than—	
\$600	\$600	\$85	\$800	\$800	\$90	\$800	\$800	\$70
1,200	1,200	70	1,300	1,300	70	1,300	1,300	70
	1,800	40		1,800	40			

PRESENT LAW				<i>Veterans with wife and child</i>				H.R. 1927						
Column I		Column II	Column III	Column IV	Column I		Column II	Column III	Column IV	Column I		Column II	Column III	Column IV
Annual income		One dependent	Two dependents	Three or more dependents	Annual income		One dependent	Two dependents	Three or more dependents	Annual income		One dependent	Two dependents	Three or more dependents
More than—	Equal to or less than—				More than—	Equal to or less than—				More than—	Equal to or less than—			
\$1,000	\$1,000	\$90	\$95	\$100	\$1,000	\$1,200	\$100	\$105	\$110	\$1,000	\$1,200	\$100	\$105	\$110
2,000	2,000	75	75	75	2,000	2,200	75	75	75	2,000	2,200	75	75	75
	3,000	45	45	45		3,000	45	45	45			45	45	45

Widow—No child

PRESENT LAW

H.R. 1927

Column I		Column II	Column I		Column II
Annual income			Annual income		
More than—	Equal to or but less than—		More than—	Equal to or but less than—	
\$600	\$600	\$60	\$800	\$800	\$85
1, 200	1, 200	45	1, 300	1, 300	46
	1, 800	25		1, 800	25

Widow with 1 child

PRESENT LAW

H.R. 1927

Column I		Column II	Column I		Column II
Annual income			Annual income		
More than—	Equal to or but less than—		More than—	Equal to or but less than—	
\$1, 000	\$1, 000	\$75	\$1, 200	\$1, 200	\$80
2, 000	2, 000	60	2, 200	2, 200	60
	3, 000	40		3, 000	40

9. Committee amendment restoring for 1 year (beginning 6 months from date of enactment) the eligibility of veterans who had active service between October 8, 1940, and December 31, 1956, inclusive, to apply for national service life insurance. Two types of insurance are nonparticipating (no dividends), one to persons in good health and another to persons with service-connected disabilities. However, term insurance could not be initially issued or renewed after the applicant's 50th birthday. The administrative cost would be borne by the insureds.

10. Section 8 of the House-passed bill was deleted by the Committee on Finance because an identical provision was enacted into Public Law 88-450. This section provided that in the case of a veteran who is in receipt of an aid and attendance allowance and is hospitalized, the allowance will not be discontinued until the first day of the second month following his admission, rather than immediately following his admission as in the past.

GENERAL EXPLANATION

Public Law 86-211, which was enacted in 1959, effective July 1, 1960, provides the present basis for non-service-connected pension (disability and death) for veterans, widows, and children of World War I, World War II, and the Korean conflict, and is set forth in chapter 15 of title 38, United States Code.

Many of these beneficiaries of the three wars have elected to remain under the prior pension law, which has monthly payments of \$66.15

if less than age 65 and not on the pension rolls for 10 or more years, or \$78.75 if the veteran is 65 years of age or has been on the pension rolls for 10 or more years. The aid and attendance pension for these veterans is \$135.45. The annual income limits are \$1,400 for a veteran without dependents and \$2,700 for a veteran who has dependents. This bill does not in any way change these provisions, except for section 10, although it may be reasonably expected that individuals who are presently receiving the rates mentioned above will elect to avail themselves of the new rates provided in this legislation.

Under appropriate veterans' regulations, the requirements for non-service-connected pension are:

A veteran of World War I, World War II, or the Korean conflict is eligible for a pension payment when he is permanently and totally disabled from non-service-connected causes which are not the result of willful misconduct or vicious habits (with resulting unemployability), has served 90 days or more during one or more war periods (or less if discharged for a service-connected disability), was discharged under conditions other than dishonorable, and meets certain annual income limitations.

For pension purposes under Veterans' Administration regulations, a veteran is considered to be permanently and totally disabled at age 65 if he has a 10-percent permanent disability and unemployability is attributable thereto. Generally, when a veteran attains 65 years of age he is considered unemployable for this purpose if he meets the disability requirement and is retired from his regular full-time employment.

Prior to attaining the age of 65, the permanent and total disability requirement is met if—

<i>Age of veteran</i>	<i>Disability requirement</i>
Before age 55.....	There is a single permanent disability of 60 percent, or 2 or more disabilities 1 of which is 40 percent in degree, combined with other disability or disabilities to a total of 70 percent, and unemployability is attributed thereto.
55 to 59.....	60 percent for 1 or more disabilities, no percentage requirement for any 1 disability, plus a finding of unemployability.
60 to 64.....	50 percent for 1 or more disabilities, no percentage requirement for any 1 disability, plus a finding of unemployability.

Section 1 of the bill provides five new exclusions in the determination of annual income, and in addition provides a new basis for the determination of eligibility where an individual is in receipt of a pension under any public or private retirement, annuity, endowment, or similar plan. Today an individual, who is receiving monthly social security benefits, for example, does not have the social security payments counted until such time as they equal the amount of his contribution. The bill provides for the repeal of this contributions factor and substitutes in lieu thereof a 10-percent formula. By way of example, an individual who is receiving \$1,800 a year from social security would have excluded as income \$180, but the remaining \$1,620 would count as income and this would continue for so long as the individual receives social security. Obviously, this would permit thousands of individuals who are receiving social security payments and who are on the borderline of the income limitations of the pension law to enjoy the increase in social security benefits proposed in the social security bill H.R. 11865 now being considered by the Senate-

House Conference Committee. It should be pointed out that this 10-percent exclusion will more than compensate for the 5-percent increase in social security payments as passed by the House of Representatives but will have to be adjusted upward by the Senate if the conferees on the social security bill agree to the \$7 across-the-board benefit increase as adopted by the Senate.

The other new exclusions from income are—

- (1) Amounts equal to the amounts paid by the veteran for the last illness and burial of his deceased spouse or child;
- (2) Profit realized from the disposition of real or personal property other than in the course of a business;
- (3) Payments received for discharge of jury duty or obligatory civic duty;
- (4) Payments received under the War Orphans Act; and
- (5) Bonus or similar cash payments by any State.

Section 2 removes the requirement that a child file a report every year showing annual income received during the preceding year. Under existing law, veterans, widows, and children must file an annual income statement and indicate the corpus of the estate. This removes that requirement in the case of a child alone.

Section 3: It will be noted from the explanation referred to above that one of the requirements to receive a veteran's pension at age 65 is the existence of a 10-percent disability with unemployability attributable thereto. Section 3 removes this requirement at age 65.

Section 4 increases both the income limitation and the rate of pension for certain veterans and widows. The results will be noted by considering the columns which are enclosed in black brackets for the existing or "old" rates and income limitations and the tables which are printed in italic, indicating the changes proposed by the enactment of this legislation.

In providing for this increase for veterans and widows the committee has adhered to the historic policy on non-service-connected pensions of granting the greatest benefit to the individual with the greatest need.

## VETERANS PENSIONS—NSLI

*Veterans without dependents*

Column I		Column II
Annual income		
More than—	but Equal to or less than—	
\$600 1, 200	\$600 1, 200 1, 800	\$85 70 40

Column I		Column II
Annual income		
More than—	but Equal to or less than—	
\$800 1, 300	\$800 1, 300 1, 800	\$90 70 40

*Veterans with dependents*

Column I		Column II	Column III	Column IV
Annual income		One dependent	Two dependents	Three or more dependents
More than—	but Equal to or less than—			
\$1, 000 2, 000	\$1, 000 2, 000 3, 000	\$90 75 45	\$95 75 45	\$100 75 45

Column I		Column II	Column III	Column IV
Annual income		One dependent	Two dependents	Three or more dependents
More than—	but Equal to or less than—			
\$1, 200 2, 200	\$1, 200 2, 200 3, 000	\$100* 75 45	\$105 75 45	\$110 75 45

\*A typographical error appeared in the engrossed copy of this bill, erroneously showing this figure as \$105. It was necessary, therefore, that the Senate Committee on Finance adopt a perfecting amendment to change this figure to \$100 as reported by the House Committee on Veterans' Affairs and passed by the House of Representatives.

VETERANS PENSIONS—NSLI

*Widows without dependents*

Column I		Column II
Annual income		
More than—	but	Equal to or less than—
\$600 1, 200	\$600 1, 200 1, 800	\$60 45 25

Column I		Column II
Annual income		
More than—	but	Equal to or less than—
\$800 1, 300	\$800 1, 300 1, 800	\$65 45 25

*Widow with one dependent*

Column I		Column II
Annual income		
More than—	but	Equal to or less than—
\$1, 000 2, 000	\$1, 000 2, 000 3, 000	\$75 60 40

Column I		Column II
Annual income		
More than—	but	Equal to or less than—
\$1, 200 2, 200	\$1, 200 2, 200 3, 000	\$80 60 40

Section 5 increases the additional monthly allowance available to a person who is so helpless or blind as to need the regular aid and attendance of another person from the present figure of \$70 to \$100. Thus, a veteran who is single today and who has an income of less than \$600, would receive a pension of \$85, plus \$70 for the aid-and-attendance feature, to make a total of \$155 per month. The bill, under the same circumstances, would result in a total of \$190.

Section 6 establishes an additional monthly allowance for "housebound" veterans, which increases the basic pension by \$35 for those veterans who, in addition to their disability, are housebound. This is in line with a similar provision enjoyed by veterans who have service-connected disabilities.

Section 7: In determining a veteran's eligibility for pension under the existing income criteria, the first \$1,200 of the wife's income is excluded, but the balance is counted. The amendment proposed by this section would exclude \$1,200 or all earned income, whichever is the greater.

Section 8: The so-called CBOC program (completion of bed occupancy) permits the Department of Medicine and Surgery of the Veterans' Administration to assist individuals who have been hospitalized in Veterans' Administration institutions by providing them with drugs and medicines for use in treating the veteran's disease or injury. Section 8 would authorize this same sort of procedure, without reference to hospitalization, for those individuals who are on the pension rolls and receiving an aid-and-attendance allowance because of their severe disabilities.

Section 9 is a technical clarification of existing law to make certain that a claimant, such as a widow, may not receive more than one award of death pension on account of the service of a veteran in more than one war.

Section 10 provides the same 10-percent private or public pension exclusion factor, as described under section 1, for those individuals who receive pension under the law in effect on June 30, 1960.

The bill is generally effective January 1, 1965, as provided in section 11(a).

Section 11(b) would provide an earlier effective date for the retirement exclusion provision, thus protecting persons who receive social security increases during the current year. Section 11(b) also protects persons who are recouping their contributions to retirement programs on the day before the effective date of the 10-percent retirement exclusion provisions.

In a letter to the chairman, dated August 26, 1964, the Administrator of Veterans' Affairs stated that H.R. 1927 as passed by the House of Representatives was not a legislative program item of the administration and he did not favor its enactment. Further he stated that if it was the intent of the Congress to increase pension benefits for veterans of World War I, World War II, and the Korean conflict, as well as their widows and children, he recommended the following changes in the House bill:

1. Deletion of the five new exclusions of income in section 1, as follows: Amounts equal to those paid by a veteran for the last illness and burial of his deceased spouse or child; profit realized from the disposition of real or personal property other than in the course of a business; payments received for discharge of jury duty or obligatory



civic duties; payments of educational assistance allowance or special training allowance to war orphans; and payments of bonus or similar cash gratuity by any State based on service in the Armed Forces.

2. Deletion of section 3 which would permit the payment of pension to otherwise eligible veterans 65 years of age or older without any requirement of disability and related unemployability.

3. Deletion of section 7 which would exclude from income in determining eligibility all earned income of a spouse or \$1,200, whichever is the greater.

4. Deletion of section 9 which would authorize the furnishing by the Veterans' Administration of drugs and medicines prescribed by duly licensed physicians as specific therapy in the treatment of a non-service-connected condition suffered by a veteran who is receiving the increased pension for aid and attendance under the new program.

5. The changes in the monthly pension rates and realignment of the annual income categories recommended in lieu of section 4 provisions are shown in the following tables:

**INCOME LIMITATIONS AND PENSION RATES**

**SINGLE VETERANS**

*Present law*

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$500 1, 200	\$600 1, 200 1, 800	\$85 70 40

*H.R. 1927*

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$800 1, 300	\$800 1, 300 1, 800	\$90 70 40

*Administration's substitute*

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$600 1, 200	\$600 1, 200 1, 800	\$100 75 43

**VETERANS WITH WIFE OR CHILD**

*Present law*

Column I		Column II	Column III	Column IV
Annual income				
More than— Equal to or but less than—		One dependent	Two dependents	Three or more dependents
\$1, 000 2, 000	\$1, 000 2, 000 3, 000	\$80 75 45	\$85 75 45	\$100 75 45

*H.R. 1927*

Column I		Column II	Column III	Column IV
Annual income				
More than— Equal to or but less than—		One dependent	Two dependents	Three or more dependents
\$1, 200 2, 200	\$1, 200 2, 200 3, 000	\$100 75 45	\$105 75 45	\$110 75 45

*Administration's substitute*

Column I		Column II	Column III	Column IV
Annual income				
More than— Equal to or but less than—		One dependent	Two dependents	Three or more dependents
\$1, 000 2, 000	\$1, 000 2, 000 3, 000	\$105 80 48	\$110 80 48	\$115 80 48

WIDOW—NO CHILD

Present law

Column I		Column I
Annual income		
More than—	Equal to or but less than—	
\$600	\$600	\$60
1,200	1,200	45
	1,800	25

H.R. 1927

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$800	\$800	\$65
1,300	1,300	45
1,300	1,800	25

Administration's substitute

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$600	\$600	\$64
1,200	1,200	48
	1,800	27

WIDOW WITH 1 CHILD

Present law

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$1,000	\$1,000	\$75
2,000	2,000	60
2,000	3,000	40

H.R. 1927

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$1,800	\$1,800	\$80
2,900	2,900	60
2,900	3,000	40

Administration's substitute

Column I		Column II
Annual income		
More than—	Equal to or but less than—	
\$1,000	\$1,000	\$80
2,000	2,000	64
	3,000	43

CHILD—NO WIDOW

Present law

First child.....	\$35
Additional children, each.....	15

H.R. 1927

No change proposed.

Administration's substitute

First child.....	\$38
Additional children, each.....	15

A comparison of the cost estimates of the House bill and the substitute bill recommended by the administration follows:

	H.R. 1927	Administration's substitute
Net cost, 1st full year.....	\$87,761	\$85,461
Net cost, ½ year (fiscal year 1965).....	43,881	42,731
Net cost, 2d year.....	72,619	79,389
Net cost, 3d year.....	97,342	108,422
Net cost, 4th year.....	106,003	122,770
Net cost, 5th year.....	111,437	132,192

The committee gave careful consideration to the recommendations proposed by the administration but rejected them. It was the belief of the committee that a veteran should not be penalized because of the profit from the disposition of real or personal property, or because of pay received for performing jury duty or some other obligatory civic duties, or from State veterans bonus. Certainly, in the opinion of the committee, the veteran should be able to exclude from income the expense of the last illness and burial of a deceased spouse or a child. Also, payments of educational assistance allowance or special training allowance to war orphans, as well as \$1,200 of the earned income of a spouse, should be excluded from income.

The Bureau of the Budget, in a letter to the chairman under date of August 20, 1964, expressed concern that the elimination of the 10-percent disability requirement at age 65 and the unemployability requirement would be a costly change and would create immediate eligibility for about 150,000 to 175,000 additional veterans. If only 100,000 in these groups applied for and received an average annual pension of \$700, the additional cost would be \$70 million a year, as stated in the Bureau of the Budget letter.

The Administrator of Veterans' Affairs, when questioned about this during the public hearings on August 19, 1964, made the following statement:

Mr. GLEASON. Yes, sir; and we do not think there can be any significant cost affected by the disability requirement and the unemployability requirement.

The most recent study for the House, by the Veterans' Administration, of all claims adjudicated for this year, calendar year 1964, during that month 38,000 pension claims were adjudicated and 10,000 were denied for all reasons—lack of requisite service, excessive income, lack of sufficient disability, et cetera. And of the 10,000 denials, Senator, only 5 were based on lack of 10-percent disability at age 65, and only 60 because the veteran was employable despite his disability.

Therefore, the disability and unemployability requirement at age 65 accounted for less than 1 percent of the denials of pension and affects less than two-tenths of 1 percent of the pension claims filed.

Now, projected on an annual basis, the benefit cost would not exceed \$500,000 were this requirement eliminated.

Our administrative expenses, in examining and rating 65-year-old pension claimants, exceeds that \$500,000 each year.

In the 1963 report, the President's Council on the Aging found that 80 percent of the aged had chronic incapacitating disabilities such as arthritis, diabetes, mental disorders, and cardiovascular diseases. These would ordinarily be evaluated considerably in excess of 10 percent.

Now, other common diseases of age such as deafness, visual defects, and arteriosclerosis meet the 10-percent requirements of our rating schedule.

I feel it is more reasonable to say there is a substantial number of potentially eligible veterans who could qualify today should they file claim, but either through lack of information, sheer inertia, or reluctance to accept Federal moneys, they do not come to us for pension.

It should be pointed out, however, that after further study of the provisions of the bill the Administrator of Veterans' Affairs did not recommend the retention of this section of the House bill. Nevertheless, the Committee on Finance agreed with the original statement by the Administrator of Veterans' Affairs that the additional cost would not be as great as feared by the Bureau of the Budget and the resulting sayings in the administrative expenses warranted the approval of this provision.

It is the opinion of the Committee on Finance that the retention of the five exclusions of income and sections 3, 7, and 9, described above, with the rate increases and income limitation realignment proposed in the House bill presented a much more desirable bill from the standpoint of the veterans' needs than the substitute proposal recommended by the administration.

#### COMMITTEE AMENDMENTS

As amended by the Senate Committee on Finance the bill also proposes to reopen the national service life insurance program for 1 year so veterans heretofore eligible to apply for such insurance after October 7, 1940, and before January 1, 1957. The insurance would be nonparticipating and would be available to service-disabled veterans regardless of degree of disability, as well as veterans who meet good health requirements. Insurance would not be available to persons in active military service, and if any veterans securing such insurance later enters active service, the insurance would be terminated but could be picked up after such service.

Section 12 would authorize, for a 1-year period only, the granting of national service life insurance to veterans heretofore eligible to apply for such insurance between October 8, 1940, and December 31, 1956, inclusive. However, no insurance would be granted under the bill to Filipino veterans whose rights to insurance are restricted by section 107 of title 38, United States Code, or to any person while on active duty under a call or order for 31 days or more. The 1-year period during which eligible veterans could purchase the insurance would begin 6 months after the date the bill is enacted into law.

Two types of insurance would be issued under the bill, one to persons in good health and another to persons whose service-connected disabilities would be compensable if 10 percent or more in degree. However, both types of insurance would be nonparticipating—no dividends.

Either term or permanent plan insurance could be purchased. Term insurance could not be initially issued or renewed after the applicant's 50th birthday. However, under section 3 of the bill a new plan of insurance—modified life—will provide an inducement to convert since the premium rates under such plan will be lower than ordinary life premiums. Medical examinations, when required, would be at the applicant's own expense by a duly licensed physician.

To avoid pyramiding of survivors' benefits for deaths in active service, the insurance (1) would terminate if the policyholder is recalled to active duty or active duty for training for 31 days or more, and (2) would not be payable for death which occurs while the insured is on active duty or active duty for training for a period of less than 31 days if dependency and indemnity compensation is payable in such case at the time of death. In the latter event, the cash value, if any, less any indebtedness would be paid to the designated beneficiary, if living, otherwise to the insured's estate.

Issuance terminated by recall to active duty or active duty for training may, upon application, payment of the required premiums and reserve, be reinstated or replaced without medical examination within 120 days after discharge. After the 120-day period permanent plan insurance may be reinstated at any time and term insurance may be reinstated within the term period, upon proof of good health, payment of the required premiums and reserve. Replacement insurance would be on the same plan and would not be in excess of the amount terminated. Waiver of premiums and payment of total disability benefits otherwise authorized would not be denied in case of reinstatement or replacement within 120 days after discharge solely because the total disability began prior to the date of application for such replacement or reinstatement.

Premiums on insurance issued to persons in good health would be credited to a revolving fund and benefits paid therefrom. Provision is made for the investment of such fund in obligations guaranteed by the United States, and for the transfer from the fund to the Veterans' Administration of its administrative expenses and to the Treasury of amounts in excess of the actuarial liabilities of the fund including contingency reserves. Premiums may be adjusted every 2 years if indicated by experience and actuarial principles.

Insurance for the service disabled would be funded through the national service life insurance appropriation.

The premium rates would be based on the 1958 commissioners' standard ordinary basic table of mortality increased as necessary for those in good health, and on the American experience table for the service disabled. Rates for both groups would include a 3-percent interest factor and would be increased to cover administrative cost which is estimated to be about \$5 per policy per year. The proposed premium rates, excluding the administrative costs, and other related statistics follow:

Annual premium rates per \$1,000 ordinary life insurance

Issue age	Good health applicants, ordinary life	Service disabled, ordinary life	Issue age	Good health applicants, ordinary life	Service disabled, ordinary life
25	\$10.30	\$16.22	43	\$21.55	\$27.94
26	10.66	16.69	44	22.49	29.01
27	11.13	17.05	45	23.56	30.07
28	11.48	17.52	46	24.74	31.25
29	11.96	18.00	47	25.93	32.56
30	12.43	18.47	48	27.23	33.98
31	12.90	18.94	49	28.53	35.40
32	13.38	19.53	50	29.95	36.94
33	14.09	20.01	51	31.49	38.71
34	14.68	20.72	52	33.16	40.49
35	15.27	21.31	53	34.92	42.38
36	15.86	21.90	54	36.70	44.40
37	16.57	22.61	55	38.53	46.53
38	17.17	23.44	56	40.54	48.89
39	18.11	24.15	57	43.21	51.38
40	18.82	25.10	58	45.46	53.99
41	19.55	25.93	59	48.07	56.83
42	20.60	26.87	60	47.00	59.91

The above premium rates for the service disabled are the same as were paid by World War II service disabled (who applied between 1946 and 1950), except that this insurance will be available to all such disabled veterans whereas they had to be less than totally disabled to secure the World War II type. The rates are higher, of course, because the disabled veterans are impaired risks for insurance purposes. However, experience with the World War II group ("H" insurance) has shown that the insurance is practically self-sustaining.

The administrative expenses of this program will be borne by all policyholders, including the service disabled. There will be, however, an initial administrative outlay to the Veterans' Administration estimated at \$6,580,000 for the first year, \$4,408,500 for the second year, \$2,989,750 for the third year, \$2,945,000 for the fourth year, and \$2,867,250 for the fifth year. In reality, this is a bookkeeping transaction involving no cost to the Government, inasmuch as the bill provides that funds so appropriated shall be repaid to the Treasury by collection of the administrative expenses from the policyholders.

The Committee on Finance held hearings on this proposal on July 9, 1962. Enactment of this amendment has been endorsed by the American Legion, AMVETS, Disabled American Veterans, and Veterans of Foreign Wars of the United States, as well as the Veterans' Administration. This amendment has been passed by the U.S. Senate five or six different times, the last time being as a rider to H.R. 220, on which the House of Representatives has taken no action thus far.

Another amendment adopted by the Committee on Finance deleted section 8 of the House-passed bill. This section would have amended section 3203(f) of title 38, United States Code, so as to provide that in any case in which a veteran is hospitalized in a Veterans' Administration hospital the amount of his pension payments based on need or regular aid and attendance or the additional compensation based on such need under certain provisions of the law would not be discontinued earlier than the first day of the second calendar month beginning after the date of the veteran's admission to the hospital. At the time H.R. 1927 was passed by the House, payments based on the need for regular aid and attendance were discontinued immediately

upon the veteran's admission to the hospital, but since House passage of H.R. 1927, Public Law 88-450 has become law and contains a provision (sec. 5(a)) identical to section 8 of the House version of H.R. 1927. The Committee on Finance therefore has eliminated section 8 of the House-passed bill and renumbered the remaining sections accordingly.

Also, Public Law 88-450 added a new subsection (g) to section 612 of title 38, United States Code. Therefore, it was necessary to redesignate subsection (g) of section 8 (H.R. 1927, as reported) as subsection (h).

The effective dates provided in sections 10 and 11 of the committee bill for the 10-percent exclusion of retirement income provisions were intended to give the benefit of the exclusion to social security beneficiaries if their income was increased during the month of November by reason of increases under the Social Security Amendments of 1964, H.R. 11865. Presently, the earliest month during which such increases could possibly be received pursuant to the effective date specified in that bill is December. Under existing law and Veterans' Administration procedures, increases of that nature received in December will have no effect on pension eligibility for the calendar year 1964. It follows that January 1, 1965, is an appropriate effective date for the 10-percent exclusion of retirement income provisions. Consonant therewith, the dates of October 31, 1964, specified in section 11 of the committee bill for the protection of persons recouping contributions to retirement programs under the present provision of paragraph (6) of section 503, title 38, United States Code, on the day before substitution of the 10-percent provision, were changed to December 31, 1964.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### TITLE 38, UNITED STATES CODE

AN ACT To consolidate into one Act all of the laws administered by the Veterans' Administration, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the laws relating to veterans' benefits are revised, codified, and enacted as title 38, United States Code, "Veterans' Benefits", as follows

### VETERANS' BENEFITS

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**PART I. GENERAL PROVISIONS**

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**CHAPTER 15—PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR DEATH OR FOR SERVICE OR FOR AGE**

SUBCHAPTER I—GENERAL

Sec.

- 501. Definitions.
- 502. Determinations with respect to disability.
- 503. Determinations with respect to annual income.
- 504. Persons heretofore having a pensionable status.
- 505. Payment of pension during confinement in penal institutions.
- 506. Resource reports and overpayment adjustments.

SUBCHAPTER II—VETERANS' PENSIONS

Service Pension

- 510. Confederate forces veterans.
- 511. Indian War veterans.
- 512. Spanish-American War veterans.

**[Non-Service-Connected Disability Pension] Pension for Non-Service-Connected Disability or For Age**

- 521. Veterans of World War I, World War II, or the Korean conflict.
- 522. Net worth limitation.
- 523. Combination of ratings

\* \* \* \* \*

**Subchapter I—General**

**§ 501. Definitions**

For the purposes of this chapter—

(1) The term "Indian Wars" means the campaigns, engagements, and expeditions of the United States military forces against Indian tribes or nations, service in which has been recognized heretofore as pensionable service.

(2) The term "World War I" includes, in the case of any veteran, any period of service performed by him after November 11, 1918, and before July 2, 1921, if such veteran served in the active military, naval, or air service after April 5, 1917, and before November 12, 1918.

(3) The term "Civil War veteran" includes a person who served in the military or naval forces of the Confederate States of America during the Civil War, and the term "active military or naval service" includes active service in those forces.

**§ 502. Determinations with respect to disability**

(a) For the purposes of this chapter, a person shall be considered to be permanently and totally disabled if he is suffering from—

(1) any disability which is sufficient to render it impossible for the average person to follow a substantially gainful occupation, but only if it is reasonably certain that such disability will continue throughout the life of the disabled person; or

(2) any disease or disorder determined by the Administrator to be of such a nature or extent as to justify a determination that persons suffering therefrom are permanently and totally disabled.

(b) For the purposes of this chapter, a person shall be considered to be in need of regular aid and attendance if he is helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

(c) *For the purposes of this chapter, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to his house (ward or clinical areas, if institutionalized) or immediate premises due to a disability or disabilities which it is reasonably certain will remain throughout his lifetime.*

**§ 503. Determinations with respect to annual income**

In determining annual income under this chapter, all payments of any kind or from any source (including salary, retirement or annuity payments, or similar income, which has been waived, irrespective of whether the waiver was made pursuant to statute, contract, or other wise) shall be included except—

(1) payments of the six-months' death gratuity;

(2) donations from public or private relief or welfare organizations;

(3) payments under this chapter, and chapters 11 and 13 (except section 412(a)) of this title;

(4) payments under policies of United States Government life insurance of National Service Life Insurance, and payments of servicemen's indemnity;

(5) lump sum death payments under subchapter II of chapter 7 of title 42;

(6) *10 per centum of the amount of payments to an individual under public or private retirement, annuity, endowment, or similar plans or programs [equal to his contributions thereto];*

(7) amounts equal to amounts paid by a widow or child of a deceased veteran for—

(A) his just debts,

(B) the expenses of his last illness, and

(C) the expenses of his burial to the extent such expenses are not reimbursed under chapter 23 of this title;

(8) proceeds of fire insurance policies;

(9) *amounts equal to amounts paid by a veteran for the last illness and burial of his deceased spouse or child;*

(10) *profit realized from the disposition of real or personal property other than in the course of a business;*

(11) *payments received for discharge of jury duty or obligatory civic duties;*

(12) *payments of educational assistance allowance or special training allowance under chapter 35 of this title;*

(13) *payments of bonus or similar cash gratuity by any State based on service in the Armed Forces.*

**§ 506. Resource reports and overpayment adjustments**

(a) As a condition of granting or continuing pension under sections 521, 541, or 542 of this title, the Administrator—

(1) may require from any person applying for, or in receipt of, pension thereunder such information, proofs, or evidence as he desires in order to determine the annual income and the corpus of the estate of such person;

(2) shall require that any such person, *other than a child*, file each year with the Veterans' Administration (on the form prescribed by him) a report showing the total income which he received during the preceding year, the corpus of his estate at the end of that year, and his estimate for the then current year of the total income he expects to receive and of any expected increase in the corpus of his estate; and

(3) shall require that any such person promptly file a revised report whenever there is a material change in his estimated annual income or a material change in his estimate of the corpus of his estate.

(b) If there is an overpayment of pension under section 521, 541, or 542 of this title, the amount thereof shall be deducted (unless waived) from any future payments made thereunder to the person concerned.

\* \* \* \* \*

**[NON-SERVICE-CONNECTED DISABILITY PENSION] PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR FOR AGE**

**§ 521. Veterans of World War I, World War II, or the Korean conflict**

(a) The Administrator shall pay to each veteran of World War I, World War II, or the Korean conflict, who meets the service requirements of this section, and (1) *who is sixty-five years of age or older*, or (2) who is permanently and totally disabled from non-service-connected disability not the result of the veteran's willful misconduct or vicious habits, pension at the rate prescribed by this section.

(b) If the veteran is unmarried (or married but not living with and not reasonably contributing to the support of his spouse) and has no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the veteran's annual income as shown in column I:

Column I		Column II
Annual income		
More than—	Equal to or less than—	
\$600	\$600	\$85
1, 200	1, 200	70
	1, 800	40

## VETERANS PENSIONS—NSLI

Column I		Column II
<i>Annual income</i>		
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>
\$800 1,300		\$800 1,300 1,800
		\$90 70 40

(c) If the veteran is married and living with or reasonably contributing to the support of his spouse, or has a child or children, pension shall be paid at the monthly rate set forth in columns II, III, or IV of the following table opposite the veteran's annual income as shown in column I:

Column I		Column II	Column III	Column IV
<i>Annual income</i>		One dependent	Two dependents	Three or more dependents
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>		
\$1,000 2,000		\$1,000 2,000 3,000	\$90 75 45	\$95 75 45
			\$100 75 45	

Column I		Column II	Column III	Column IV
<i>Annual income</i>		One dependent	Two dependents	Three or more dependents
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>		
\$1,200 2,200		\$1,200 2,200 3,000	\$100 75 45	\$105 75 45
			\$110 75 45	

(d) If the veteran is in need of regular aid and attendance, the monthly rate payable to him under subsection (b) or (c) shall be increased by ~~[\$70]~~ \$100.

(e) If the veteran has a disability rated as permanent and total, and (1) has additional disability or disabilities independently ratable at 60 per centum or more, or, (2) by reason of his disability or disabilities, is permanently housebound but does not qualify for the aid and attendance rate under subsection (d) of this section, the monthly rate payable to him under subsection (b) or (c) shall be increased by \$35.

[(e)] (f) For the purposes of this section—

(1) in determining annual income, where a veteran is living with his spouse, all income of the spouse which is reasonably available to or for the veteran [except \$1,200 of such income] *in excess of whichever is the greater, \$1,200 or the total earned income of the spouse*, shall be considered as the income of the veteran, unless in the judgment of the Administrator to do so would work a hardship upon the veteran;

(2) a veteran shall be considered as living with a spouse, even though they reside apart, unless they are estranged.

[(f)] (g) A veteran meets the service requirements of this section if he served in the active military, naval, or air service—

(1) for ninety days or more during either World War I, World War II, or the Korean conflict;

(2) during World War I, World War II, or the Korean conflict, and was discharged or released from such service for a service-connected disability;

(3) for a period of ninety consecutive days or more and such period ended during World War I, or began or ended during World War II or the Korean conflict; or

(4) for an aggregate of ninety days or more in two or more separate periods of service during more than one period of war.

\* \* \* \* \*

WORLD WAR I, WORLD WAR II, AND THE KOREAN CONFLICT

§ 541. Widows of World War I, World War II, or Korean conflict veterans

(a) The Administrator shall pay to the widow of each veteran of World War I, World War II, or the Korean conflict who met the service requirements of section 521 of this title, or who at the time of his death was receiving (or entitled to receive) compensation or retirement pay for a service-connected disability, pension at the rate prescribed by this section.

(b) If there is no child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

Column I		Column II
Annual income		
More than—	Equal to or less than—	
\$600	\$600	\$60
1, 200	1, 200	45
	1, 800	25

VETERANS PENSIONS—NSLI

Column I		Column II
<i>Annual income</i>		
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>
\$800 1,300		\$85 45 25

(c) If there is a widow and one child, pension shall be paid at the monthly rate set forth in column II of the following table opposite the widow's annual income as shown in column I:

Column I		Column II
<i>Annual income</i>		
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>
\$1,000 2,000		\$75 60 40

Column I		Column II
<i>Annual income</i>		
<i>More than—</i>	<i>but</i>	<i>Equal to or less than—</i>
\$1,200 2,200		\$80 60 40

(d) If there is a widow and more than one child, the monthly rate payable under subsection (c) shall be increased by \$15 for each additional child.

(e) No pension shall be paid to a widow of a veteran under this section unless she was married to him—

(1) before (A) December 14, 1944, in the case of a widow of a World War I veteran, or (B) January 1, 1957, in the case of a widow of a World War II veteran, or (C) February 1, 1965, in the case of a widow of a Korean conflict veteran; or

(2) for five or more years; or

(3) for any period of time if a child was born of the marriage.

\* \* \* \* \*

**§ 612. Eligibility for medical treatment**

(a) Except as provided in subsection (b), the Administrator, within the limits of Veterans' Administration facilities, may furnish such medical services as he finds to be reasonably necessary to any veteran for a service-connected disability. In the case of any veteran discharged or released from the active military, naval, or air service for a disability incurred or aggravated in line of duty, such services may be so furnished for that disability, whether or not service connected for the purposes of this chapter.

(b) Outpatient dental services and treatment, and related dental appliances, shall be furnished under this section only for a dental condition or disability—

(1) which is service-connected and compensable in degree;

(2) which is service-connected, but not compensable in degree, but only (A) if it is shown to have been in existence at time of discharge or release from active military, naval, or air service and (B) if application for treatment is made within one year after such discharge or release;

(3) which is a service-connected dental condition or disability due to combat wounds or other service trauma, or of a former prisoner of war;

(4) which is associated with and is aggravating a disability resulting from some other disease or injury which was incurred in or aggravated by active military, naval, or air service; or

(5) from which a veteran of the Spanish-American War or Indian wars is suffering.

(c) Dental services and related appliances for a dental condition or disability described in clause (2) of subsection (b) of this section shall be furnished on a one-time completion basis, unless the services rendered on a one-time completion basis are found unacceptable within the limitations of good professional standards, in which event such additional services may be afforded as are required to complete professionally acceptable treatment.

(d) Dental appliances, wheelchairs, artificial limbs, trusses, special clothing, and similar appliances to be furnished by the Administrator under this section may be procured by him either by purchase or by manufacture, whichever he determines may be advantageous and reasonably necessary.

(e) Any disability of a veteran of the Spanish-American War or Indian wars, upon application for the benefits of this section or outpatient medical services under section 624 of this title, shall be considered for the purposes thereof to be a service-connected disability incurred or aggravated in a period of war.

(f) The Administrator may also furnish medical services for a non-service-connected disability under the following circumstances:

(1) Where such care is reasonably necessary in preparation for admission of a veteran who has been determined to need hospital care and who has been scheduled for admission.

(2) Where a veteran has been granted hospital care, and outpatient care is reasonably necessary to complete treatment incident to such hospital care.

(g) *Any veteran who as a veteran of World War I, World War II, or the Korean conflict is receiving increased pension under section 521(d) of this title based on need of regular aid and attendance may be furnished drugs or medicines ordered on prescription of a duly licensed physician*

*as specific therapy in the treatment of an illness or injury suffered by the veteran.*

\* \* \* \* \*

## CHAPTER 19—INSURANCE

### SUBCHAPTER I—NATIONAL SERVICE LIFE INSURANCE

Sec. \* \* \* \* \*

725. Limited period for acquiring insurance.

\* \* \* \* \*

#### § 704. Plans of insurance

(a) Insurance may be issued on the following plans: Five-year level premium term, ordinary life, twenty-payment life, thirty-payment life, twenty-year endowment, endowment at age sixty, and endowment at age sixty-five. Level premium term insurance may be converted as of the date when any premium becomes or has become due, or exchanged as of the date of the original policy, upon payment of the difference in reserve, at any time while such insurance is in force and within the term period to any of the foregoing permanent plans of insurance, except that conversion to an endowment plan may not be made while the insured is totally disabled.

(b) *Under such regulations as the Administrator may promulgate a policy of participating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces, except (1) the premium rates for such insurance shall be based on the 1958 Commissioners Standard Ordinary Basic Table of Mortality and interest at the rate of 3 per centum per annum; (2) all cash, loan, paid-up, and extended values shall be based on the 1958 Commissioners Standard Ordinary Basic Table of Mortality and interest at the rate of 3 per centum per annum; and (3) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium.*

(c) *Under such regulations as the Administrator may promulgate a policy of nonparticipating insurance may be converted to or exchanged for insurance issued under this subsection on a modified life plan. Insurance issued under this subsection shall be on the same terms and conditions as the insurance which it replaces except that (1) term insurance issued under section 621 of the National Service Life Insurance Act of 1940 shall be deemed for the purposes of this subsection to have been issued under section 723(b) of this title; and (2) at the end of the day preceding the sixty-fifth birthday of the insured the face value of the modified life insurance policy or the amount of extended term insurance thereunder shall be automatically reduced by one-half thereof, without any reduction in premium. Any person eligible for insurance under section 722(a), or section 725 of this title may be granted a modified life insurance policy under this subsection which subject to exception (2) above, shall be issued on the same terms and conditions specified in section 722(a) or section 725 whichever is applicable.*

(d) *Any insured whose modified life insurance policy is in force by payment or waiver of premiums on the day before his sixty-fifth birthday*



may upon written application and payment of premiums made before such birthday be granted National Service Life Insurance, on an ordinary life plan, without physical examination, in an amount of not less than \$500, in multiples of \$250, but not in excess of one-half of the face amount of the modified life insurance policy in force on the day before his sixty-fifth birthday. Insurance issued under this subsection shall be effective on the sixty-fifth birthday of the insured. The premium rate, cash, loan, paid-up, and extended values on the ordinary life insurance issued under this subsection shall be based on the same mortality tables and interest rates as the insurance issued under the modified life policy. Settlements on policies involving annuities on insurance issued under this subsection shall be based on the same mortality or annuity tables and interest rates as such settlements on the modified life policy. If the insured is totally disabled on the day before his sixty-fifth birthday and premiums on his modified life insurance policy are being waived under section 712 of this title or he is entitled on that date to waiver under such section he shall be automatically granted the maximum amount of insurance authorized under this subsection and premiums on such insurance shall be waived during the continuous total disability of the insured.

\* \* \* \* \*

#### § 725. Limited period for acquiring insurance

(a) Any person (other than a person referred to in subsection (e) of this section) heretofore eligible to apply for National Service Life Insurance after October 7, 1940, and before January 1, 1957, shall upon application in writing made within one year after the effective date of this section, submission of evidence of good health satisfactory to the Administrator at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard policies of National Service Life Insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) the net premium rates shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations and thereafter such premiums may be adjusted as the Administrator determines to be so necessary but at intervals of not less than two years; (3) an additional premium to cover administrative costs to the Government as determined by the Administrator at time of issue shall be charged for insurance issued under this subsection and for any total disability income provision attached thereto, and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (4) all cash, loan, and paid-up insurance values shall be based on the 1958 Commissioners Standard Ordinary Basic Mortality Table and all extended term insurance values shall be based on 130 per centum of such table; (5) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949; (6) all calculations in connection with insurance issued under this subsection shall be based on interest at the rate of 3 per centum per annum; (7) all rights under such insurance and any total disability income provision attached thereto, whether in force or lapsed, shall terminate effective upon the date the policyholder enters on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more; (8) the insurance shall not be payable for death which occurs while the insured is on

active duty or active duty for training under a call or order to such duty for a period of less than thirty-one days, if dependency and indemnity compensation is payable in such case at the time of death, however, the cash value, if any, less any indebtedness shall be paid to the designated beneficiary, if living, otherwise to the insured's estate; (9) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (10) the insurance and any total disability income provision attached thereto shall be on a non-participating basis and all premiums and other collections therefor shall be credited to a revolving fund established in the Treasury of the United States and the payments on such insurance and disability provision shall be made directly from such fund.

(b) (1) there is authorized to be appropriated such sums as may be required to provide capital for the revolving fund to carry out the purpose of this section. Such appropriations shall be advanced to the revolving fund as needed and shall bear interest as determined by the Secretary of the Treasury, taking into consideration the average yield on all marketable interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt and shall be repaid to the Treasury over a reasonable period of time.

(2) The Administrator is authorized to set aside out of the revolving fund established under subsection (a) of this section such reserve amounts as may be required under accepted actuarial principles to meet all liabilities on insurance issued under subsection (a) of this section and any total disability income provision attached thereto. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

(3) Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the revolving fund such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under subsection (a) of this section, and any total disability income provision attached thereto, for transfer to the appropriation, "General operating expenses, Veterans' Administration," or as may otherwise be specified in appropriation acts.

(c) Any person who applies for insurance under subsection (a) of this section and who cannot qualify for insurance thereunder solely because of a service-connected disability for which compensation would be payable, if 10 per centum or more in degree, shall be granted insurance under the same terms and conditions as are contained in standard policies of National Service Life Insurance except (1) five-year level premium term insurance may not be issued or renewed on the term plan after the applicant's fiftieth birthday; (2) an additional premium to cover administrative costs to the Government as determined by the Administrator at the time of issue shall be charged for insurance issued under this sub-

section and for any total disability income provision attached thereto (for which the insured may subsequently become eligible) and thereafter such costs may be adjusted as the Administrator determines to be necessary but at intervals of not less than five years; (3) the insurance and any total disability income provision attached thereto shall be on a nonparticipating basis; (4) all settlements on policies involving annuities shall be calculated on the basis of The Annuity Table for 1949, and interest at the rate of 3 per centum per annum; (5) all rights under such insurance and any total disability income provision attached thereto, whether in force or lapsed, shall terminate effective upon the date the policyholder enters on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more; (6) the insurance shall not be payable for death which occurs while the insured is on active duty or active duty for training under a call or order to such duty for a period of less than thirty-one days, if dependency and indemnity compensation is payable in such case at the time of death, however, the cash value, if any, less any indebtedness shall be paid to the designated beneficiary, if living, otherwise to the insured's estate; (7) the insurance shall include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; (8) all premiums and other collections on the insurance and any total disability income provision attached thereto shall be credited directly to the National Service Life Insurance appropriation and any payments on such insurance and total disability income provision attached thereto shall be made directly from such appropriation. Appropriations necessary to carry out the provisions of this subsection are hereby authorized. Notwithstanding the provisions of section 782 of this title, there are hereby authorized to be made available for expenditure out of the National Service Life Insurance appropriation such sums as Congress may deem appropriate to pay the cost of administration of insurance issued under this subsection, and any total disability income provision attached thereto, for transfer to the appropriation "General Operating Expenses, Veterans' Administration," or as may otherwise be specified in appropriation Acts.

(d) Notwithstanding the provisions of section 782 of this title, a medical examination (including any supplemental examination or tests) when required of an applicant for issuance of insurance under this section or any total disability income provision attached thereto shall be at the applicant's own expense by a duly licensed physician.

(e) No insurance shall be granted under this section to any person referred to in section 107 of this title or to any person while on active duty or active duty for training under a call or order to such duty for a period of thirty-one days or more.

(f) (1) Whenever insurance issued under this section and any total disability income provision attached thereto is terminated as provided in this section, the cash value, if any, less any indebtedness, of a permanent plan policy shall be paid to the insured. Any person whose term or permanent plan policy, not including a reduced paid-up policy, was so terminated while it was not lapsed may, upon written application and payment of the required premium made within one hundred and twenty days after separation from active duty or active duty for training, replace such policy and any total disability income provision attached thereto which was in force at the time of termination. The policy and provision issued to replace the terminated insurance shall be on the same plan and shall not be in excess of the amount of insurance which was terminated.

Any person whose permanent plan policy was so terminated while such insurance was not lapsed may reinstate such insurance and any total disability income provision attached thereto which was in force at time of termination, upon written application, payment of the required premium and reserve within the one hundred and twenty day period specified above. A person whose paid-up policy was so terminated may reinstate such paid-up insurance within the one hundred and twenty day period specified above, and any total disability income provision attached thereto which was in force at time of termination, upon written application and payment of the required premium and reserve. Waiver of premiums and total disability income benefits otherwise authorized under this chapter shall not be denied in any case of reinstatement or replacement of insurance or the disability provision under this paragraph in which it is shown to the satisfaction of the Administrator that the total disability of the applicant began before the date of his application for such reinstatement or replacement. The provisions of the immediately preceding sentence shall not be applicable in any case in which such total disability existed prior to the date of application for, or the effective date of, the insurance originally issued under this section.

(2) Any person whose rights under a term or permanent plan policy or any total disability income provision attached thereto were terminated under this section, while the insurance and provision were in a lapsed status, may upon separation from active duty or active duty for training replace such policy and provision on the same plan and not in excess of the amount of insurance terminated, upon written application made within one hundred and twenty days after separation from such duty, payment of the required premium and submission of evidence of good health satisfactory to the Administrator.

(3) Any person whose rights under a term or permanent plan policy or total disability income provision attached thereto were terminated under this section, whether the insurance and provision were in force or lapsed, may upon separation from active duty or active duty for training (A) reinstate such permanent plan policy and provision upon written application, payment of the required premium and reserve, and submission of evidence of good health satisfactory to the Administrator; or (B) reinstate such term policy and provision (within the term period) upon written application, payment of the required premiums, and submission of evidence of good health satisfactory to the Administrator.

(4) Five year level premium insurance may be issued under this subsection but not renewed on the term plan after the applicant's fiftieth birthday. Insurance replaced under this subsection shall be issued at the premium rate for the applicant's then attained age.

\* \* \* \* \*

#### § 3104. Prohibition against duplication of benefits

(a) Except to the extent that retirement pay is waived under other provisions of law, not more than one award of pension, compensation, emergency officers', regular, or reserve retirement pay, or initial award of naval pension granted after July 13, 1943, shall be made concurrently to any person based on his own service or concurrently to any person based on the service of any other person.

(b) (1) Except as provided in paragraph (2), the receipt of pension, compensation, or dependency and indemnity compensation by a widow, child, or parent on account of the death of any person, or

receipt by any person of pension or compensation on account of his own service, shall not bar the payment of pension, compensation, or dependency and indemnity compensation on account of the death or disability of any other person.

(2) Benefits other than insurance under laws administered by the Veterans' Administration may not be paid or furnished to or on account of any child by reason of the death of more than one parent in the same parental line; however, the child may elect one or more times to receive benefits by reason of the death of any one of such parents.

(c) Pension, compensation, or retirement pay on account of his own service shall not be paid to any person for any period for which he receives active service pay.

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### § 3203. Hospitalized veterans and estates of incompetent institutionalized veterans

(a)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration any compensation or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of admission of such veteran for treatment or care. If treatment or care extends beyond that period, the compensation or retirement pay, if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month, the compensation or retirement pay shall not exceed 50 per centum of the amount otherwise payable or \$30 per month, whichever is the greater. If such veteran is discharged from such treatment or care upon certification by the officer in charge of the hospital, institution, or home, that maximum benefits have been received or that release is approved, he shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section. If treatment or care is terminated by the veteran against medical advice or as the result of disciplinary action the amount by which any compensation or retirement pay is reduced hereunder, shall be paid to him at the expiration of six months after such termination or, in the event of his prior death, as provided in paragraph (2) of this subsection; and the compensation or retirement pay of any veteran leaving against medical advice or as the result of disciplinary action shall, upon a succeeding readmission for treatment or care, be subject to reduction, as herein provided, from the date of such readmission, but if such subsequent treatment or care is continued until discharged therefrom upon certification, by the officer in charge of the hospital, institution, or home in which treatment or care was furnished, that maximum benefits have been received or that release is approved, the veteran shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section after such readmission.

(2)(A) In the event of the death of any veteran subject to the provisions of this section, while receiving hospital treatment, institutional or domiciliary care, or before payment of any lump sum authorized herein, such lump sum shall be paid in the following order of precedence: First, to the spouse; second, if the decedent left no spouse, or if the spouse is dead at time of settlement, then to the children (without

regard to their age or marital status) in equal parts; third, if no spouse or child, then to the dependent parents in equal parts. If there are no persons in the classes named to whom payment may be made under this paragraph, no payment shall be made, except there may be paid only so much of the lump sum as may be necessary to reimburse a person who bore the expenses of last sickness or burial, but no part of the lump sum shall be used to reimburse any political subdivision of the United States for expenses incurred in the last sickness or burial of such veteran.

(B) No payment shall be made under the last two sentences of section 3202(d) of this title or under this paragraph (2) unless claim therefor is filed with the Veterans' Administration within five years after the death of the veteran, except that, if any person so entitled under the last two sentences of section 3202(d) of this title or under this paragraph is under legal disability at the time of death of the veteran, such five-year period of limitation shall run from the termination or removal of the legal disability.

(b)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, and is rated by the Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness, the compensation or retirement pay of such veteran shall be subject to the provisions of subsection (a) of this section; however, no payment of a lump sum herein authorized shall be made to the veteran until after the expiration of six months following a finding of competency and in the event of the veteran's death before payment of such lump sum no part thereof shall be payable.

(2) In any case in which such an incompetent veteran having neither wife nor child is being furnished hospital treatment, institutional or domiciliary care without charge or otherwise by the United States, or any political subdivision thereof, and his estate from any source equals or exceeds \$1,500, further payments of pension, compensation, or emergency officers' retirement pay shall not be made until the estate is reduced to \$500. The amount which would be payable but for this paragraph shall be paid to the veteran as provided for the lump sum in paragraph (1) of this subsection, but in the event of the veteran's death before payment of such lump sum no part thereof shall be payable.

(3) Where any benefit is discontinued by reason of paragraph (2) of this subsection the Administrator may nevertheless apportion and pay to the dependent parents of the veteran on the basis of need all or any part of the benefit which would otherwise be payable to or for such incompetent veteran. Paragraph (2) of this subsection shall not prevent the payment, out of any remaining amounts discontinued under that paragraph, on account of any veteran of so much of his pension, compensation, or retirement pay as equals the amount charged to the veteran for his current care and maintenance in the institution in which treatment or care is furnished him, but not more than the amount determined by the Administrator to be the proper charge as fixed by any applicable statute or valid administrative regulation.

(4) All or any part of the pension, compensation, or retirement pay payable on account of any incompetent veteran who is being furnished

hospital treatment, institutional or domiciliary care may, in the discretion of the Administrator, be paid to the chief officer of the institution wherein the veteran is being furnished such treatment or care, to be properly accounted for by such chief officer and to be used for the benefit of the veteran.

(c) Any veteran subject to the provisions of subsection (a) or (b) shall be deemed to be single and without dependents in the absence of satisfactory evidence to the contrary. In no event shall increased compensation, pension, or retirement pay of such veteran be granted for any period more than one year before receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent.

(d) (1) Where any veteran having neither wife nor child is being furnished hospital treatment, institutional, or domiciliary care by the Veterans' Administration, no pension in excess of \$30 per month shall be paid to or for the veteran for any period after (a) the end of the second full calendar month following the month of admission for treatment or care or (b) readmission for treatment or care within six months following termination of a period of treatment or care of not less than two full calendar months.

(2) The provisions of paragraph (1) shall also apply to a veteran being furnished such care who has a wife but whose pension is payable under section 521(b) of this title. In such a case, the Administrator may apportion and pay to the wife, upon an affirmative showing of hardship, all or any part of the amounts in excess of \$30 per month which would be payable to the veteran while being furnished such care if pension were payable to him under section 521(c) of this title.

(e) Notwithstanding any other provision of this section or any other provision of law, no reduction shall be made in the pension, compensation, or retirement pay of any veteran for any part of the period during which he is furnished hospital treatment, or institutional or domiciliary care, for Hansen's disease, by the United States or any political subdivision thereof.

(f) Where any veteran in receipt of an aid and attendance allowance described in section 314(r) of this title is hospitalized at Government expense, such allowance shall be discontinued from the first day of the second calendar month which begins after the date of his admission for such hospitalization for so long as such hospitalization continues. **[In case a veteran covered by this subsection leaves a hospital against medical advice and is thereafter readmitted to hospitalization, such allowance shall be discontinued from the date of such readmission for so long as such hospitalization continues.]** *Any discontinuance required by administrative regulation, during hospitalization of a veteran by the Veterans' Administration, of increased pension based on need of regular aid and attendance or additional compensation based on need of regular aid and attendance as described in subsection (l) or (m) of section 314 of this title, shall not be effective earlier than the first day of the second calendar month which begins after the date of the veteran's admission for hospitalization. In case a veteran affected by this subsection leaves a hospital against medical advice and is thereafter admitted to hospitalization, such allowance, increased pension, or additional compensation, as the case may be, shall be discontinued from the date of such readmission for so long as such hospitalization continues.*

For the convenience of Members there is reproduced below section 9 of Public Law 86-211 referred to in section 11 of this bill:

SECTION 9, PUBLIC LAW 86-211

SEC. 9. (a) Any claim for pension which is pending in the Veterans' Administration on June 30, 1960, or any claim for death pension filed thereafter within one year from the date of death of a veteran which occurred prior to July 1, 1960, shall be adjudicated under title 38, United States Code, in effect on June 30, 1960, with respect to the period before July 1, 1960, and except as provided in subsection (c), under such title, as amended by this Act, thereafter.

(b) Nothing in this Act shall affect the eligibility of any person receiving pension under title 38, United States Code, on June 30, 1960, for pension under all applicable provisions of that title in effect on that date for such period or periods thereafter with respect to which he can qualify under such provisions. This subsection shall not apply in any case for any period after pension is granted, pursuant to application, under title 38, United States Code, as amended by this Act.

(c) Subsection (b) shall apply to those claims within the purview of subsection (a) in which it is determined that pension is payable for June 30, 1960.

