

H.R. 17550
SOCIAL SECURITY AMENDMENTS OF 1970

Brief Description of Substantive Senate Amendments

PREPARED BY THE STAFF
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



JANUARY 2, 1971

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1971

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(Note: Because of the shortness of time and because a print of the Senate bill was not available, this document summarizes only substantive Senate amendments. Clerical, typographical, and technical amendments are not described.)

Title I—Old-Age, Survivors, and Disability Insurance Amendments

Amendment	Bill page	Description
1 (committee amendment)		<i>Table of Contents.</i> —Provides a new table of contents.
2-4 (committee amendments)	9-13	<i>Benefit Increases.</i> —Provides a 10 percent across-the-board benefit increase, a \$100 minimum primary insurance amount, and guarantees families who come on the rolls in the future, as well as those now on the rolls, a 10 percent benefit increase. The House-passed bill would provide a 5 percent benefit increase, a \$67.20 primary insurance amount, and guarantees families on the rolls, but not families who become entitled in the future, a 5 percent benefit increase. Effective date: January 1971.
5 (committee amendment)	17-27	<i>Cost-of-Living.</i> —Strikes out provision of House-passed bill providing for automatic cost-of-living benefit increases. Related to amendment number 155.
8-42 (committee amendments)	27-38	<i>Increased Widows and Widowers Benefits.</i> —Modifies provision of House-passed bill increasing widow's (and widower's benefits) to 100 percent of the husband's retirement benefit so that widow's benefit will not be more than the amount that the husband would have been paid had he been alive and collecting a retirement benefit. Under the House-passed bill, it would have been possible for a widow to be paid more than the benefit which would be paid to her husband if the husband began to get retirement benefits before age 65. Effective date: January 1971.

Title I—Old-Age, Survivors, and Disability Benefits Amendments—Continued

Amend- ment	Bill page	Description
43-59 (com- mittee amend- ments)	38-44	<p><i>Age 62 Computation Point for Men.</i>—Modifies provision of House-passed bill which would apply to men the reduced duration-of-work requirements and the benefit computation rules which would result in higher benefits and which now apply to women. Under the Senate bill, the change would be made on a gradual basis over a 3-year period starting in 1971 and would apply to future beneficiaries only. Under the House bill, there would be no gradual transition and the provision would apply to people on the benefit rolls as well as to those who become entitled to benefits in the future.</p> <p style="padding-left: 40px;">Effective date: January 1971.</p>
60 (com- mittee amend- ment)	44-51	<p><i>Actuarially Reduced Benefits.</i>—Strikes out the provision of the House-passed bill which would have limited the application of the actuarial reduction provisions of present law in cases where a woman was entitled to a benefit both as a retired worker and as a spouse.</p> <p>Under the House bill, a woman eligible for benefits as a retired worker and also as a spouse could choose to take only one benefit and claim the other at a later time. If this choice were made, the reduction of the first benefit taken would not lower (as under present law) the amount of the benefit taken later.</p>
62-64 (floor amend- ment, Senator Percy)	51-52	<p><i>Liberalization of Earnings Test.</i>—Increases the the annual social security earnings limitation from \$2,000 under the House-passed bill (\$1,680 under present law) to \$2,400.</p>
65 (com- mittee amend- ment)	52-53	<p>Strikes out the provision of the House-passed bill relating to automatic increases in the exempt amount under the retirement test. Related to amendment number 155.</p>

**Title I—Old-Age, Survivors, and Disability Benefits
Amendments—Continued**

Amend- ment	Bill page	Description
80 (com- mittee amend- ment)	57-58	<p><i>Childhood Disability Benefits.</i>—Provides that a person who was entitled to a childhood disability benefit which was terminated because his condition improved so that he could engage in substantial gainful activity may become re-entitled to childhood disability benefits if he becomes unable to engage in substantial gainful activity within 7 years of the time his benefits were terminated.</p> <p style="padding-left: 2em;">Effective date: January 1971.</p>
81 (com- mittee amend- ment)	60-61	<p><i>Support Requirement for Divorced Wives.</i>—Strikes out the provisions of the House-passed bill which would eliminate the support requirement (in present law) as a condition for receiving benefits as a divorced or surviving divorced wife.</p>
82 (com- mittee amend- ment)		<p><i>Disability Benefits for the Blind.</i>—Revises the requirements for qualifying for disability insurance benefits that apply to blind people. Under the Senate bill, benefits would be payable to any blind person (as defined in the law) who has credit for six quarters of social security coverage, regardless of his work ability or the amount of work that he performs. Under the House bill, as under the Senate bill, the general recency-of-work requirement would not apply to blind people applying for disability insurance benefits. Effective date: January 1971.</p>
85-86 (com- mittee amend- ments)	66	<p><i>Wage Credits for Members of the Uniformed Services.</i>—Modifies the provision relating to wage credits for members of the uniformed services. The Senate amendment keeps the provision of the House bill which would provide an additional wage credit for military service in the period 1957-67, a similar credit is provided for service after 1967, but adds a new provision under which the wage credit will be \$300 a quarter, rather than \$100 a month. Effective date: Service performed after 1956 and benefits payable after 1970.</p>

**Title I—Old-Age, Survivors, and Disability Benefits
Amendments—Continued**

Amend- ment	Bill page	Description
89, 157½ (Harris floor amend- ment)	68, 129	<i>Workmen's Compensation Offset.</i> —Restores the provision of the House-passed bill—deleted in committee—which provides that a person entitled to social security disability benefits and workmen's compensation may receive combined social security and workmen's compensation up to 100 percent (rather than 80 percent as under present law) of his average earnings before he became disabled without any reduction in his social security benefits.
90 (com- mittee amend- ment)	68, 69	<i>Coverage of Federal Home Loan Bank Employees.</i> —Strikes out the provision of the House-passed bill which would provide social security coverage for employees of Federal Home Loan Banks.
91-93 (com- mittee amend- ments)	69, 70	<i>Policemen in Missouri.</i> —Permits social security coverage for policemen in Missouri who are also covered under a State or local retirement system. Effective date: On enactment.
95 (com- mittee amend- ments)	70	<i>Coverage of Certain Hospital Employees in New Mexico.</i> —Extends to January 1, 1972 (rather than 1971) the period allowed by the House bill for the State of New Mexico to provide social security coverage for certain hospital employees.
99 (com- mittee amend- ment)	73-77	<i>Adopted Children.</i> —Strikes out the provision of the House-passed bill relating to the payment of benefits in certain cases of adoption by disability insurance beneficiaries and substitutes a new set of uniform rules to be applied in the case of children adopted by old-age and disability insurance beneficiaries. Under the Senate bill, the two separate sets of requirements of present law which apply when a child is adopted by an old-age beneficiary and by a disability beneficiary would be replaced by a single set of requirements so that benefits would be payable to a child adopted by an old-age or disability insurance beneficiary if the following conditions are met: (1) The child lived with the worker in the the United States for the year before the worker became disabled or entitled to an old-age or disability insurance benefit;

Title I—Old-Age, Survivors, and Disability Benefits Amendments—Continued

Amend- ment	Bill page	Description
		(2) The child received at least one-half of his support from the worker for that year;
		(3) The child was under 18 at the time he began living with the worker; and
		(4) The adoption was decreed by a court of competent jurisdiction within the United States.
		Effective date: January 1971.
101 (com- mittee amend- ment)	84-87	<i>Automatic Increases in Tax Base.</i> —Strikes out the provision of the House bill providing for automatic adjustment of the tax base as average earnings taxed for social security purposes rise. Related to amendment number 155.
103-140 (com mittee amend- ments)	88-93	<i>Tax Schedules.</i> —Provides a new schedule of social security tax rates to meet the additional cost of the Senate-passed bill. The schedules and maximum taxes in the present law, in the House-passed bill, and in se Senate-passed bill are shown in the following tables:

CONTRIBUTION RATES UNDER PRESENT LAW AND H.R. 17550

[In percent]

Period	OASDI			HI			Total		
	Pres- ent law	House bill	Sen- ate bill	Pres- ent law	House bill	Sen- ate bill	Pres- ent law	House bill	Sen- ate bill
Employer—Employee, each									
1971.....	4.6	4.2	4.4	0.6	1	0.8	5.2	5.2	5.2
1972.....	4.6	4.2	4.4	.6	1	.8	5.2	5.2	5.2
1973-74.....	5.0	4.2	4.4	.65	1	.9	5.65	5.2	5.3
1975.....	5.0	5.0	5.0	.65	1	1.0	5.65	6.0	6.0
1976-79.....	5.0	5.0	5.0	.7	1	1.0	5.7	6.0	6.0
1980-85.....	5.0	5.5	5.5	.8	1	1.1	5.8	6.5	6.6
1986.....	5.0	5.5	6.1	.8	1	1.1	5.8	6.5	7.2
1987 ¹	5.0	5.5	6.1	.9	1	1.1	5.9	6.5	7.2
Self-employed									
1971.....	6.9	6.3	6.6	0.6	1	0.8	7.5	7.3	7.4
1972.....	6.9	6.3	6.6	.6	1	.8	7.5	7.3	7.4
1973-74.....	7.0	6.3	6.6	.65	1	.9	7.65	7.3	7.5
1975.....	7.0	7.0	7.0	.65	1	1.0	7.65	8.0	8.0
1976-79.....	7.0	7.0	7.0	.70	1	1.0	7.70	8.0	8.0
1980-86.....	7.0	7.0	7.0	.80	1	1.1	7.8	8.0	8.1
1987 ¹	7.0	7.0	7.0	.90	1	1.1	7.9	8.0	8.1

¹ And after.

Title I—Old-Age, Survivors, and Disability Benefits Amendments—Continued

Amend- ment	Bill page	Description					
MAXIMUM ANNUAL SOCIAL SECURITY TAXES UNDER PRESENT LAW, THE HOUSE BILL AND SENATE BILL							
		Employer-employee, each			Self-employed		
		Present law	House bill	Senate bill ¹	Present law	House bill	Senate bill
Period							
1971		\$405.60	\$468.00	\$468.00	\$585.00	\$657.00	\$666.00
1972		405.60	468.00	468.00	585.00	657.00	666.00
1973-74		440.70	468.00	477.00	596.70	657.00	675.00
1975		440.70	540.00	540.00	596.70	720.00	720.00
1976-79		444.60	540.00	540.00	600.60	720.00	720.00
1980-85		452.40	540.00	594.00	608.40	720.00	729.00
1986		452.40	585.00	648.00	616.20	720.00	729.00
1987 ¹		460.20	585.00	648.00	626.10	720.00	729.00

¹ And after.

142-143 (com- mittee amend- ments)	93-95	<i>Allocation to Disability Trust Fund.</i> —Revises the proportion of social security taxes to be allocated to the disability insurance trust fund to take account of the revised tax schedules contained in the Senate-passed bill.
144 (com- mittee amend- ment)	96	<i>Payment for Rehabilitation Services.</i> —Authorizes an increase in the amount of social security trust fund money that may be used to pay the costs of rehabilitating disability insurance beneficiaries. The maximum amount authorized would be increased from 1 percent of the previous year's disability benefits to 1¼ percent for fiscal year 1972 and to 1½ percent for fiscal years after 1972. Effective date: January 1971.
145 (com- mittee amend- ment)	96-98	<i>Self-Employment Income Outside United States.</i> —Eliminates for social security purposes the \$20,000 a year exclusion from self-employment income that now applies for both social security and income tax purposes to U.S. citizens who work outside the United States but who retain a residence in the United States. As a result, these citizens who are self-employed outside the United States would compute their self-employment income—but not their income taxes—in the same way as those who are employed within the country. Effective date: Taxable years beginning after 1970.

Title I—Old-Age, Survivors, and Disability Benefits Amendments—Continued

Amend- ment	Bill page	Description
146 (com- mittee amend- ment)	98, 99	<p><i>Students and Part-Time Employees of State of Nebraska.</i>—Permits the State of Nebraska to modify its agreement regarding social security coverage for State and local government employees so as to exclude from coverage two classes of employees—students employed by the school they are attending and part-time employees of State or local governmental units.</p> <p>Effective date: The agreement may not be modified after 1972.</p>
147 (com- mittee amend- ment)	99, 100	<p><i>Part-Time Employees of Government of Guam.</i>—Provides social security coverage for temporary employees of the Government of Guam who are not members of a retirement system established under the laws of Guam.</p> <p>Effective date: January 1971.</p>
148 (com- mittee amend- ment)	100-102	<p><i>Child Entitled to More Than One Benefit.</i>—Provides that a child who is entitled to a child's social security benefit on the earnings record of more than one worker will get the highest amount payable (rather than the benefit based on the highest primary insurance amount as under present law) providing that such payment would not reduce the benefits payable to any other person.</p> <p>Effective date: January 1971.</p>
149 (com- mittee amend- ment)	102	<p><i>Combined Railroad and Social Security Earn- ings.</i>—Clarifies the intent of the Social Security Amendments of 1967 regarding recomputation of benefits after a worker has died if he had been entitled to both social security and railroad retirement benefits. The Senate-passed bill makes it clear that survivor's benefits, in these cases, should continue to be based on the worker's combined social security and railroad earnings</p> <p>Effective date: on enactment.</p>
150 (com- mittee) amend- ment)	103	<p><i>Underpayments.</i>—Provides that when unpaid cash benefits are due a person who has died, the unpaid amounts may be paid to a relative whom the Secretary of Health, Education, and Welfare determines to be the appropriate person to receive the benefits, provided that none of the people who may receive the benefits under present law qualify to do so.</p> <p>Effective date: on enactment.</p>

Title I—Old-Age, Survivors, and Disability Benefits Amendments—Continued

Amend- ment	Bill page	Description
151 (com- mittee amend- ment)	103-105	<p><i>Disability Waiting Period.</i>—Reduces the waiting period for disability insurance benefits by two months so that benefits would be payable after the fourth full month of disability, rather than after the sixth.</p> <p style="text-align: center;">Effective date: January 1971.</p>
152 (com- mittee amend- ment)	105-109	<p><i>Amish.</i>—Extends the exemption (by a refund or credit against income taxes at year end) from social security taxes to Amish employees (but not to their employers) who are covered under social security as well as to the self-employed.</p> <p style="text-align: center;">Effective date: January 1971.</p>
153 (com- mittee amend- ment)	109-112	<p><i>Remarried Widows.</i>—Provides that a widow who remarries will continue to receive her full widow's benefit when she marries a man who is not entitled—and who if he had reached eligibility age would not be entitled—to a social security benefit or to any other public retirement benefit.</p> <p style="text-align: center;">Effective date: January 1971.</p>
154 (com- mittee amend- ment)	112, 113	<p><i>Retroactive Disability Benefits in Certain Cases.</i>—Provides for the payment of retroactive disability benefits in a few cases where a period of disability was established under a provision of the 1967 amendments. The provision applies to some people who when the disability program was new had been so severely disabled that they did not have the opportunity or ability to file an application for benefits.</p>
155 (com- mittee amend- ment)	113-127	<p><i>Automatic Increases in Benefits, Tax Base, Tax Rates and Earnings Test.</i>—Revises and consolidates into one amendment the provisions of the House-passed bill relating to automatic increases in benefits, the social security tax base, and the retirement test exempt amount so as to stress the predominant role of the Congress in determining social security benefit and tax levels.</p> <p>Under the Senate-passed bill social security benefits would be increased automatically each year if the consumer price index had gone up by 3 percent, as measured by the average of the Consumer Price Index for the second calendar quarter. However, there would be no increase for any year in which the Congress had acted to:</p>

**Title I—Old-Age, Survivors, and Disability Benefits
Amendments—Continued**

Amend- ment	Bill page	Description
		<p>(1) Increase benefits, or (2) Change the tax base, or (3) Change the schedule of social security taxes for cash benefits.</p> <p>In addition, the exempt amount under the retirement test would be increased every other year according to the rise in the average earnings taxed for social security.</p> <p>One-half of the cost of these automatic changes would be met by an increase in the social security tax rates and the other one-half by an increase in the social security tax base; both increases going into effect in the same month that benefits are increased.</p> <p>Under the House-passed bill:</p> <p>(1) Social security benefits would be increased automatically each year if the consumer price index had gone up by 3 percent, as measured by the average of the consumer price index for the third calendar quarter; and</p> <p>(2) The social security tax base and the exempt amount under the retirement test would be increased every other year according to the rise in average earnings taxed for social security, without regard to rises in the cost of living.</p> <p>Effective date: The first benefit increase could not be earlier than January 1973.</p>
156 (com- mittee amend- ment)	127-128	<p><i>Benefits When Child Adopted By Stepgrandparents.</i>—Provides that adoption of a child by a stepgrandparent (in addition to other relatives specified in present law) will not cause a child's social security benefits to stop.</p> <p>Effective date: January 1971.</p>
157 (com- mittee amend- ment)	128	<p><i>Registrars of Voters in Louisiana.</i>—Provides that registrars of voters, and their employees, in Louisiana may be permitted to drop out of the social security program on January 1, 1973, if in 1971 the State modifies its social security coverage agreement to remove these employees from coverage.</p>

**Title I—Old-Age, Survivors, and Disability Benefits
Amendments—Continued**

Amend- ment	Bill page	Description
158 (Percy floor amend- ment)	129-131	<i>Benefits for Grandchildren.</i> —Provides benefits for a grandchild if (1) the child is legally adopted before or after the grandparent becomes entitled to benefits, or (2) the grandchild is not adopted but was living with and receiving at least one-half of his support from the grandparent at the time the application for child's benefits is filed. In both situations the child must have been under 18 at the time he began living with his grandparent.

Title II—Medicare-Medicaid Amendments

160, 164, 165, 170, 171, (com- mittee amend- ments)	133, 134 135 136 137, 138 139, 140	<i>Hospital Insurance for the Uninsured.</i> —(a) Modifies House-bill to make technical changes to (1) include active or retired Federal employees and their spouses among those eligible to enroll for hospital insurance, but such people would have only one full calendar year after the year of enactment or, if later, after the year in which they first meet the eligibility requirements in which to enroll; (2) provide that terminations of supplementary medical insurance enrollments taking effect prior to the date on which a person without SMI enrolls for hospital insurance coverage would not be counted toward the 2-enrollment limitation on SMI enrollments; (3) include a one-time special SMI enrollment period coinciding with the initial general enrollment period for hospital insurance enrollments in order to provide people who are not now enrolled for SMI but who are otherwise eligible to enroll for hospital insurance benefits the opportunity to enroll for SMI at the same time they enroll for hospital insurance coverage, with SMI coverage for such people so enrolling beginning at the same time as their hospital insurance coverage if they enroll before July 1, 1971; (4) make voluntary terminations effective with the last day of the calendar month in which notice is filed; (5) provide automatic conversion of hospital insurance coverage when an enrollee becomes eligible for such coverage under the special transitional provision (section 103(a)(1) as revised by this section) or as a eligible for social security or railroad retirement benefits.
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Title II—Medicare-Medicaid Amendments—Continued

Amend- ment	Bill page	Description
169 (com- mittee amend- ment)	137	(b) Modifies House provision to make coverage effective July 1, 1971, instead of January 1, 1971.
174 (com- mittee amend- ment)	141	<i>Optometrists.</i> —Adds to Medicare definition of physician a licensed doctor of optometry, but only with respect to establishing the medical necessity of prosthetic lenses.
175 (com- mittee amend- ment)	141	<i>Colostomies.</i> —Adds a provision including the materials directly related to the care of colostomies as a reimbursable expense under Medicare.
176 (com- mittee amend- ment)	141, 142	<i>Chiropractors.</i> —Adds to the Part B of Medicare definition of physician, a licensed chiropractor who meets certain minimum standards established by the Secretary of Health, Education, and Welfare, but only with respect to treatment by means of manual manipulation of the spine.
177 (com- mittee amend- ment)	143	<i>Limitation on Capital Expenditures.</i> — (a) Modified the provision in the House bill which authorizes the Secretary to withhold or reduce reimbursement amounts to providers of services for certain capital expenditures by specifying that Secretary's authority to withhold or reduce reimbursement amounts shall be applicable to health maintenance organizations.
182 (com- mittee amend- ment)	144	(b) Expands House provision by requiring that States establish procedures for conducting fair hearings for purposes of reviewing adverse recommendations made by planning agencies.
186 (com- mittee amend- ment)	147	(c) Modifies the House provision by stipulating that in excluding payments to organizations reimbursed on a per capita basis the Secretary shall exclude an amount equivalent to that he would exclude if payment were made on other than per capita basis.

Title II—Medicare-Medicaid Amendments—Continued

Amend- ment	Bill page	Description
189 (Curtis floor amend- ment)	152, 153	(d) Limitations on reimbursement of capital expenditures by health care facilities, would not apply to new construction which was included in a formal plan for expansion of a facility operating as of December 18, 1970. The plan must have been prepared within the 3-year period ended December 17, 1970, and preliminary expenditures of \$100,000 or more must have been incurred in order for the exception to apply.
190, 193 (com- mittee amend- ments)	155, 160	<i>Prospective Reimbursement.</i> — (a) Modifies House provision authorizing the Secretary to develop and carry out experiments and demonstration projects by making explicit that only the extent of the cost of those experiments and demonstration projects relating to Medicare shall be paid from the Medicare Trust Funds.
191 (com- mittee amend- ment)	156	(b) Postpones date for Secretary's report to the Congress on prospective reimbursement experimentation from July 1, 1972 to January 1, 1973.
192 (com- mittee amend- ment)	157, 158	(c) Modifies House provision to also authorize the Secretary to experiment with Medicare payments to community mental health centers and ambulatory care facilities.
194, 195 (com- mittee amend- ments)	164	<i>Limitation on Coverage of Costs.</i> — (a) Modifies the House provision to authorize disallowance of provider costs which are "grossly" in excess, rather than, as under the House bill, simply "in excess" of, or more expensive, than the items or services determined to be necessary in the efficient delivery of needed health services.
196 (com- mittee amend- ment)	165	(b) Postpones effective date from date of enactment to periods after June 30, 1971.

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
197, 199, 165, 166 202 (committee amendments)		<i>Limits on Prevailing Charge Levels.</i> — (a) Changes effective date for limits imposed for fiscal year 1971 to apply to bills submitted or requests for payment made under Title XVIII after date of enactment, rather than with respect to services rendered after June 30, 1970.
200 (committee amendment)	166	(b) Changes effective date for limits imposed after fiscal year 1971 to apply to bills submitted or requests for payments made under Title XVIII after June 30, 1971, rather than with respect to services rendered after June 30, 1971.
201 (committee amendment)	166	(c) Modifies House provision to specify that special reasonable charge limits for medical services, supplies and equipment that do not generally vary significantly in quality from one supplier to another shall also apply to charges for equipment servicing.
203-206 (committee amendments)	166	(d) Modifies House provision to specify that, for medical services, supplies and equipment that do not generally vary significantly in quality from one supplier to another, charges determined to be reasonable may not exceed the "lower" charge levels, rather than the "lowest" charge levels as specified in the House bill, at which such services, supplies or equipment are "widely and consistently," rather than simply "widely," available in a locality.
207-208 (committee amendments)	167	(e) Changes effective date to apply the new limits with respect to amounts paid for items of services under title XIX or title V plans to after date of enactment, rather than after June 30, 1970.
209 (committee amendment)	167-173	<i>Selective Reduction in Federal Matching.</i> —Substitutes for section 225 in House bill which would automatically reduce Federal matching for long-term stays in hospitals, nursing homes, and mental institutions and increase Federal matching for out-patient care, a provision authorizing the Secretary of HEW to reduce Medicaid matching funds selectively in those States where he finds inadequate medical audit and utilization review. The cutback in matching would be related to the degree of excessive costs resulting from inadequate review and audit. No provision is made for increased out-patient matching.

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
210 (committee amendment)	173-183	<i>Reimbursement of Teaching Physicians.</i> —Modifies House provision which provides for payment for services of teaching physicians on a cost basis and for making fee-for-service reimbursement contingent on general billing for such services to all patients and collection from those able to pay. Under Senate bill, reimbursement of physician time in the teaching service would be determined on a cost or cost-equivalent basis (related to what the cost would be if the hospital had to employ a physician to render the necessary service). Reimbursement for such services would be made on a reasonable-charge basis if the hospital had, in the 2-year period ending in 1967, and subsequently, customarily charged all patients and collected from a majority of patients on a fee-for-service basis, or if a bonafide private patient relationship exists.
211 (committee amendment)	184	<i>Termination of Payment to Supplier of Services.</i> — (a) Modifies House provision to specify that concurrence of professional members of review team is not required in order to terminate payments when it is found that payment was requested by providers of services in excess of their costs.
212-213 (committee amendments)	184-187	(b) Modifies House provision to require that services would have to be "grossly" in excess of the patient's needs in order for the Secretary to terminate or suspend payment.
214-217 (committee amendments)	187, 188	(c) Changes effective dates from June 30, 1970, to July 1, 1971.
218-221 (committee amendments)	194	<i>Payment where Charges are Less Than Costs.</i> —Changes effective dates from June 30, 1970, to accounting periods beginning after June 30, 1971.

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
222 (committee amendment)	196	<i>Institutional Planning.</i> —Modifies provision in House bill which requires each provider of services participating in Medicare to have a written plan reflecting an operating budget and a capital expenditures budget by specifying that the provider's operating budget would not have to be a detailed item budget.
223 (committee amendment)	198	Effective date changed to fiscal years beginning after June 30, 1971 instead of from 5th month following enactment.
225 (committee amendment)	199	<i>Advance Approval of Extended Care.</i> — (a) Modifies House provision which authorizes Secretary to establish presumed periods of coverage by diagnosis and length of stay or number of visits for extended care or post-hospital home health services by establishing a procedure to permit payment for extended care for the lesser of 10 days or an initially certified or approved period if the physician certifies need for the care and submits a plan of treatment prior to admission and there is no preadmission denial by a designated review group. A similar procedure permits payment for up to 10 home health visits per post-hospital period or, under part B, per year. Payment can also be made for subsequent inpatient stay or visits if required certifications and medical evidence are submitted in advance to the review committee. Where the specified procedures are followed, any subsequent denial would be effective 2 days following receipt of notice by the ECF or upon date of receipt of notice by the home health agency. (b) Adds a provision (sec. 233(a)(1) changing the definition of extended care to include post-hospital institutional care requiring continuing "availability" of skilled nursing and related skilled services rather than the present requirement of continuing "need" for such services.
226, 227 (committee amendments)	207, 209	<i>Prohibition Against Reassignment.</i> —Makes House provision limiting reassignment of Medicare benefits effective with bills submitted and requests for payment made after February 28, 1971. Under House bill, provision is effective upon enactment.

Title II—Medicare-Medicaid Amendments—Continued

Amend- ment	Bill page	Description
228-233 (com- mittee amend- ments)	212-215	<p><i>Use of State Health Agency.</i>—Modifies House provision which requires usage of State health agencies for certain standard setting and review functions in Medicaid by also authorizing use of other State medical agencies, where appropriate, when they usually undertake the required functions.</p>
234 (com- mittee amend- ment)	215-233	<p><i>Payments to Health Maintenance Organiza- tions.</i>—Substitutes for House Provision a related provision including the following changes:</p> <p>(a) Permits payments to HMO's on behalf of beneficiaries entitled only under part B. (House bill permits payment only on behalf of beneficiaries entitled under both part A and part B).</p> <p>(b) House bill specifies Medicare payment to HMO's to be based on <i>lesser</i> of HMO's premium for its other enrollees (with appropriate actuarial adjustments) or 95 percent of estimated amount that would otherwise be payable if covered services were furnished by sources other than HMO's. Senate modification authorizes payment on 95 percent basis (where this is the larger amount) if Secretary receives satisfactory assurance that HMO will use difference between higher and lower payment rates to expand benefits or reduce premiums (charged as the equivalent of deductibles and coinsurance) for Medicare beneficiaries.</p> <p>(c) Provides limitation on retention (margin over direct benefit and administrative costs) which may be recognized in determining HMO's adjusted premium.</p> <p>(d) Separates administrative from benefit costs in payment formula. Authorizes payment of a reasonable allowance to HMO's for administrative expenses, not to exceed 95 percent of national average per capita administrative expenses.</p> <p>(e) Permits retroactive adjustment of payments to HMO's where experience differs materially from actuarial assumptions.</p> <p>(f) Requires HMO to hold open enrollment period at least every year.</p>

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p>(g) Adds a requirement that qualified HMO have total enrollment of at least 10,000 members, or be expected to have such enrollment within 3 years.</p> <p>(h) In addition to out-of-area emergency services specified in the House bill, requires HMO to bear cost of otherwise covered prescribed maintenance therapy not available through the HMO.</p> <p>(i) Authorizes Secretary to waive for up to 5 years requirement that one-half of the HMO's enrollees be under age 65, if compliance would cause substantial reduction in enrollment; authorizes him to waive requirement completely if HMO cannot meet it due to circumstances beyond its control.</p> <p>(j) Authorizes, through June 1974, payment on a prospective per capita basis for individuals enrolled with an organization which is also an HMO before July 1, 1971, who do not choose to have coverage through HMO provisions.</p> <p>(k) Changes effective date from January 1, 1971, to July 1, 1971.</p>
235 (committee amendments)	234, 235	<p><i>Uniform Standards for ECF's and Nursing Homes.</i>—Adds a provision requiring a single set of standards relative to health, safety, environmental conditions and staffing to be applied after June 30, 1971, to extended care facilities under Medicare and skilled nursing homes under Medicaid. A higher standard under one program would be applicable to the other program as well.</p>
236 (committee amendment)	235-237	<p><i>Simplified Reimbursement of ECF's.</i>—Adds a provision authorizing the Secretary of H.E.W. to adopt (and adjust as specified) as Medicare reasonable-cost payments to extended care facilities in any State the rates developed in that State under Medicaid as basic reimbursement for skilled nursing care, if the Secretary finds that the State rates of payment are based upon reasonable analyses of costs of care in comparable facilities.</p>

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
237 (committee amendment)	237, 238	<i>Waiver of Registered Nursing Requirement in Rural Hospitals.</i> —Adds provision authorizing Secretary to waive, on an annual basis, the requirement that an access hospital have registered professional nurses on duty around the clock, but only if he finds that the hospital: (a) has at least a registered nurse on the daytime shift and has made, and is continuing to make, a bona fide effort to comply with the nursing staff requirement, but is unable to employ the qualified personnel necessary because of nursing personnel shortages in the area; (b) is located in a geographical area in which hospital facilities are in short supply; and (c) nonparticipation of the hospital would seriously reduce the availability of hospital services to beneficiaries residing in the area. The waiver authority would expire December 31, 1975. This provision is virtually identical to H.R. 19470 as passed by the House.
238 (committee amendment)	238, 239	<i>Professional Review in Intermediate Care Facilities.</i> —Adds provision requiring independent professional review of intermediate care patients comparable to that required in present law for skilled nursing home patients. The provision incorporates in law what had been expressed in Committee Report language in 1967 when intermediate care was first added as a benefit.
239 (committee amendment)	239, 240	<i>Direct Laboratory Billing.</i> —Adds provision to authorize direct payment to laboratories for diagnostic tests at a negotiated rate which would not exceed the amount that is payable under present law.
240 (committee amendment)	240-277	<i>Professional Standards Review Organizations.</i> —Adds provision to establish professional standards review organizations sponsored by organizations representing substantial numbers of practicing physicians (300 or more) in local areas to assume responsibility for comprehensive and ongoing review of services provided in the Medicare and Medicaid programs. Responsibilities are to determine, for purposes of payment eligibility under Medicare and Medicaid, that the services provided are medically necessary and furnished in accordance with professional standards of care.

Title II—Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		Additionally the PSRD is to encourage the attending physician, where medically appropriate, to use less costly alternative sites and methods of treatment. Appropriate safeguards are included to protect the public interest and to prevent pro forma assumption and carrying out of the review activities. The amendment provides for the acknowledgement by the PSRO of effective utilization review committees in hospitals and medical organizations.
247 (committee amendment)	279, 280	<i>Exemption of Christian Science Sanitoriums.</i> —Modifies House provision exempting Christian Science facilities from inappropriate requirements.
249 (committee amendment)	280-282	<i>Physical Therapy and other Services.</i> — (a) Deletes the House provision authorizing reimbursement up to \$100 for physical therapy services in a therapist's office. Retains House provision providing for reimbursement under Part B of Medicare to a hospital or extended care facility furnishing outpatient physical therapy services to its inpatients without the present requirement of having to arrange for another participating facility to furnish such services.
251 (committee amendment)	282, 283	(b) Modifies the House bill limitation on reimbursement for institutional therapy services by changing the limitation from a "salary equivalent" to a "salary related" basis, and also extends the limitation to other therapists, dietitians, social workers and medical records librarians for their services provided in an institutional setting.
252 (committee amendment)	283	(c) Changes date for coverage of outpatient physical therapy services furnished to inpatients from 1/1/71 to 7/1/71.
254 (committee amendment)	284	(d) Changes date of physical therapy reimbursement changes from 1/1/71 to 7/1/71.

Title II—Medicare-Medicaid Amendments—Continued

Amend- ment	Bill page	Description
255 (com- mittee amend- ment)	289	<i>Collection of Premiums from Railroad Retirees.</i> —Changes effective date from fourth month following enactment to July 1971 to provide adequate time for joint development of specifications and coordinated scheduling of procedures and systems changes.
256 (com- mittee amend- ment)	292-294	<i>Medicare for Border Residents.</i> —Modifies provision in the House bill under which Medicare beneficiaries living in the border areas of the United States would be entitled to covered inpatient hospital care if the hospital they use is closer to their residence than a comparable U.S. hospital and if it has been accredited by a hospital approval program with standards comparable to Medicare standards. The Senate change would also extend coverage in these cases to physicians' and ambulance services furnished in conjunction with covered foreign hospital care.
257 (com- mittee amend- ment)	294	Changes effective date from December 31, 1970, to services furnished with respect to admissions occurring after June 30, 1971.
258 (com- mittee amend- ment)	294, 295	<i>Coverage of Chiropractic.</i> —Deletes provision in House bill calling for study of chiropractic services.
260 (com- mittee amend- ment)	295-297	<i>Proficiency Testing.</i> —Adds provision requiring the Secretary to develop and employ proficiency examinations to determine whether health care personnel, not otherwise meeting specific formal criteria now included in Medicare regulations, have sufficient training, experience, and professional competence to be considered qualified personnel for purposes of the Medicare program. Determinations of proficiency will not apply with respect to personnel seeking initial qualification after December 31, 1975. House Committee report urged Secretary to employ proficiency testing for determining qualifications of personnel.

Title II—Medicare-Medicaid Amendments— Continued

Amend- ment	Bill Page	Description
261 (com- mittee amend- ment)	297-303	<i>Inspector General for Health Administration.</i> —Adds provision establishing an Office of Inspector General for Health Administration within the Department of Health, Education, and Welfare. The Inspector General would be appointed by the President, would report to the Secretary and to the Committees on Finance and Ways and Means, and would be responsible for reviewing and auditing the social security health programs on a continuing and comprehensive basis to determine their efficiency, economy and consonance with the law.
262 (com- mittee amend- ment)	303	<i>Medicaid Matching for Puerto Rico.</i> —Adds provision raising annual ceiling on Federal Medicaid matching for Puerto Rico from \$20 million to \$30 million.
263 (com- mittee amend- ment)	303, 304	<i>Health Screening for Children.</i> —Adds provision authorizing the Secretary of H.E.W. to establish orderly priorities in the implementation of health care screening for children required under present law. Initial priority to be given to pre-school children.
264 (com- mittee amend- ment)	304-306	<i>Medicaid Coverage of Mentally-Ill Children.</i> —Adds provision authorizing Medicaid matching for care provided recipients, age 21 or under, in State or local mental institutions where the care consists of active treatment provided in an accredited medical institution and where the State maintains its own level of fiscal effort.
265 (com- mittee amend- ment)	306-308	<i>Intermediate Care.</i> —Adds provision transferring intermediate care from Title XI to Title XIX (thereby making medically-indigent eligible for such care) and making clear that such care is for health-related conditions. An ICF would be required to have at least one full-time licensed practical nurse on its staff and care would be subject to independent audit and utilization review requirements. The mentally-retarded receiving active treatment in public institutions whose primary purpose is health or rehabilitative care meeting appropriate standards established by H.E.W. would be eligible for Medicaid matching.

Title II—Medicare-Medicaid Amendments— Continued

Amendment	Bill Page	Description
266 (committee amendment)	308	<i>Consultants for ECF's.</i> —Adds provision authorizing State agencies to provide consultative services to extended care facilities that request them in such specialty areas as maintenance of medical records and the formulation of policies governing the provision of dietary and social services. Medicare payment would be made directly to the State agency for the costs incurred in rendering these consultative services. The provision of such services by the State would satisfy the Medicare requirements relating to the use of consultants in the appropriate specialty areas.
267 (committee amendment)	308	<i>Nursing Home Administrators Advisory Council.</i> —Adds provision terminating National Advisory Council on Nursing Home Administration as of December 31, 1970, instead of December 31, 1971, as provided under present law.
268 (committee amendment)	309	<i>Repeal of Medicaid Maintenance of Effort Requirement.</i> —Adds a provision repealing upon enactment, section 1902(d) of present law which requires States to maintain their level of fiscal expenditures from year-to-year in their Medicaid programs. A separate subsection provides that section 1902(d) would not apply to the State of Missouri effective retroactive to July 1, 1970.
269 (committee amendment)	309-312	<i>Fraudulent Acts and False Reporting.</i> —Expands provisions of present law relating to penalties for the making of a false statement or representation of a material fact in any application for Medicare payments, to include as a misdemeanor the soliciting, offering, or acceptance of kickbacks or bribes, including rebate of a portion of a fee or a charge for a patient referral, by providers and suppliers of health care services. The penalty for such acts can be imprisonment up to one year, a fine of \$10,000, or both. Similar penalty provisions are to be applicable under Medicaid. Also provides that anyone who knowingly and willfully makes, or induces the making of a false statement of material fact with respect to the conditions and operation of a health care facility or home health agency in order to secure its certification under Medicare or Medicaid is guilty of a misdemeanor punishable by up to 6 months' imprisonment, a fine of not more than \$2,000, or both.

Title II—Medicare-Medicaid Amendments— Continued

Amendment	Bill Page	Description
270 (committee amendment)	312	<i>Public Access to Certification Information.</i> —Adds provision requiring the Secretary of HEW to make reports of an institution's significant deficiencies (such as deficiencies in the areas of staffing, fire, safety, and sanitation) a matter of public record readily and generally available at social security district offices if, after a reasonable lapse of time (not to exceed 90 days), such deficiencies are not corrected.
271 (committee amendment)	313-315	<i>Authority to Establish Liens.</i> —Adds provision authorizing the Secretary, when he determines it is necessary for purposes of recovering a Medicare overpayment to a provider, to establish a lien in favor of the Government in the amount of the overpayment. The provision preserves the right of the provider, in the course of such action, to contest the amount of overpayment and to seek release of the lien to clear title.
272 (committee amendment)	315, 316	<i>Title V for Trust Territories of Pacific.</i> —Adds provision making American Samoa and the Trust Territory of the Pacific Islands eligible to receive funds under the maternal and child health program (Title V).
273 (committee amendment)	316	<i>Comprehensive Health Programs under Medicaid.</i> —Adds provision to permit a State, with approval of the Secretary of HEW, to make arrangements, notwithstanding restrictions in present law, with comprehensive health care programs (such as group plans and neighborhood health centers) for the delivery of services on a prepaid basis to Medicaid recipients.
274 (committee amendment)	316, 317	<i>Refunding of Excess Medicare Premiums.</i> —Adds provision facilitating refunding of excess Medicare premiums paid prior to a beneficiary's death.
275 (committee amendment)	317	<i>Definition of Physician under Medicaid.</i> —Adds provision defining a "physician" in Medicaid (with reference to the mandatory service) as a doctor of medicine or osteopathy.

Title II—Medicare-Medicaid Amendments— Continued

Amendment	Bill Page	Description
276 (committee amendment)	317, 318	<i>Chiropractic Under Medicaid.</i> —Adds provision conforming the coverage of chiropractic under Medicaid with the provisions conditioning eligibility of such services included in the Committee amendment adding chiropractic coverage to Part B of Medicare.
277 (committee amendment)	318-322	<i>Provider Reimbursement Appeals.</i> —Adds provision which, effective with accounting periods ending after June 30, 1971, establishes a 5-member Provider Reimbursement Appeals Board to review disputes involving cost reimbursement between a provider (or group of providers) and fiscal intermediary where amount at issue is \$10,000 or more and following timely filing of a cost report or failure of the intermediary to make a prompt decision after timely filing of an initial or supplemental cost report. The Board may affirm, modify or reverse the final determination made by the intermediary or, where no decision was made, issue its own final determination. The Secretary must affirm the Board's decision or, modify the decision in a manner adverse to the provider within 90 days. A provider adversely affected by the Secretary's action may seek court review. Disputes involving statutory coverage exclusions are not subject to Board or court review.
278 (committee amendment)	322-326	<i>Waiver of Recovery of Erroneous Payment.</i> —Adds provision to limit Medicare's right of recovery of an erroneous payment to a 3-year period from the date of the payment, where the institution or person involved acted in good faith. Similarly, the Secretary would specify a reasonable period of time (not to exceed 3 years) after which Medicare would not be required to accept claims for underpayment or nonpayment.
279 (committee amendment)	326, 327	<i>Increased Matching for Professional Review.</i> —Adds provision extending the present 75 percent Federal Medicaid matching rate for professional medical personnel in State agencies to also include such personnel who, on a contract or other basis, undertake independent professional and medical audits of Medicaid patients.

Title III—Provisions Relating to Welfare Amendments

Amend- ment	Bill Page	Description
280, sec. 301 (com- mittee amend- ment)	327-330	<i>Guaranteed Minimum Income for Aged, Blind, and Disabled Assistance Recipients.</i> —Requires that States provide a guaranteed minimum monthly income for aged, blind, and disabled welfare recipients of at least \$130 a month for an individual, and \$200 a month for a couple. As a condition of receiving welfare, eliminates food stamp entitlement.
280, sec. 302 (com- mittee amend- ment)	330-332	<i>Increase in Standard of Need for Aged, Blind, and Disabled Recipients.</i> —Requires States to increase standard of need for aged, blind, and disabled welfare recipients at least \$10 for an individual and \$15 for a couple so as to pass along at least \$10 (\$15 in the case of a couple) of the social security increase provided in the bill to aged, blind, and disabled welfare recipients who are also social security beneficiaries.
280, sec. 303 (com- mittee amend- ment)	332-335	<i>Definition of Disability.</i> —Provides a uniform national definition of disability using the same language as the definition under the Disability Insurance Program in Title II of the Social Security Act.
280, sec. 304 (com- mittee amend- ment)	336-338	<i>Definition of Blindness.</i> —Establishes uniform national definition of blindness for purposes of aid to the blind, using the same definition as in the Disability Insurance Program under Title II of the Social Security Act.
280, sec. 305 (com- mittee amend- ment)	338-339	<i>Prohibition Against Imposing Liens on Property of the Blind.</i> —Prohibits any State from imposing a lien on a blind individual's property as a condition of his receiving aid to the blind.

Title III—Provisions Relating to Welfare Amendments—Con.

Amendment	Bill Page	Description
280, sec. 306 (a)-(b) (committee amendment)	339-341	<i>Fiscal Relief for the States.</i> —Would generally not require States in future years to spend more for assistance to the aged, blind, and disabled than 90 percent of their expenditures for this purpose in calendar year 1970. A 10 percent savings would be paid from Federal funds as would the full amount of any increased expenditures resulting from mandatory provisions of the bill. Increases in caseloads resulting from normal program growth would also be fully paid for with Federal funds but increased expenditures resulting from liberalizations in State welfare programs not required by Federal law would be financed in accord with the regular Federal-State matching provisions.
280, sec. 306 (c) (floor amendment, Senator Metcalf)	341	<i>Full Federal Funding of Public Assistance for Indians and Eskimos.</i> —Provides 100 percent Federal funding of State expenditures for aid and assistance to Indians, Eskimos, Aleuts, and other aboriginal persons under medicaid, AFDC, old-age assistance, aid to the blind, and aid to the disabled.
280 sec. 320 (committee amendment)	341-359	<i>Amendments to Work Incentive Program and increased matching for family planning and child care services.</i> —Would require that at least 40 percent of the funds spent for the WIN program be used for on-the-job training and public service employment (which replaces special work projects); simplifies the financing and increases Federal share for public service employment by providing 100 percent Federal funding for the first year and 90 percent Federal sharing for the cost subsequent thereto. Requires welfare recipients to register with Labor Department as a condition of welfare eligibility unless they fall within one of the following categories: (1) children who are under age 16 or attending school; (2) persons who are ill, incapacitated or of advanced age; (3) persons so remote from the WIN projects that their effective participation is precluded; (4) persons whose presence in the home is required because of illness or incapacity of another member of the household; and (5) mothers with children of preschool age. At least 15 percent of the registrants in each State would be required to be prepared by the welfare agency for training and referral to the Work Incentive Program each year. States failing

Title III—Provisions Relating to Welfare Amendments—Con.

Amend- ment	Bill Page	Description
		<p>to meet this percentage would be subject to a decrease in Federal matching funds for AFDC. Requires that the Labor Department accord priority in providing training to those referred in the following order of priority, taking into account employment potential: (1) unemployed fathers; (2) children 16 and over not in school and adult relatives; (3) mothers who volunteer for training; and (4) all other individuals who are referred. Would mandate coordination between the Department of Labor and the Department of Health, Education, and Welfare on the national, regional, and local level; requires that all regulations on WIN program be issued jointly by both Federal agencies within six months of enactment; requires a joint Health, Education, and Welfare-Labor committee to be set up to insure uniformity in forms and reports; requires that all States set up separate welfare agency units to render supportive services and refer clients to manpower agencies. Services provided by these units will be matched by the Federal Government at the 90 percent level. Provides that training funds under the program be allocated among the States on the basis of the number of registrants for work and training; increases the Federal share of training allowances from 80 percent to 90 percent; authorizes Federal funds for technical assistance to local WIN projects; authorizes transportation allowances and other expenses necessary to training on the Labor side of the program. Imposes certain requirements on Secretary of Labor for reporting of statistical WIN information; modifies earnings disregard by requiring States to disregard the first \$60 earned monthly by an individual working full-time (\$30 in the case of an individual working part-time) plus one-third of the next \$300 earned, plus one-fifth of amounts earned above this. Only day care would be authorized as a separate deductible work expense. Provides 100 percent Federal funding of State family planning programs for present and potential welfare recipients. Provides 90 percent Federal matching for child care services with provision for 100 percent matching for temporary periods of up to six months if the Secretary determines that it is necessary in order to assure the provision of such care.</p>

Title III—Provisions Relating to Welfare Amendments—Con.

Amendment	Bill Page	Description
280, sec. 330 (committee amendment)	359-360	<i>Emergency Assistance Program to Needy Migrant Workers with Children.</i> —Amends optional provision under existing law so as (1) to require all States to provide such a program; (2) to require that it be Statewide in application; and (3) to provide Federal matching of its cost at the 75 percent level (now at 50 percent).
280, sec. 340 (committee amendment)	360	<i>Welfare Advisory Councils.</i> —Precludes Secretary from requiring by regulation that States establish a Welfare Advisory Committee for AFDC and child welfare programs at the State level and at local levels where the programs are locally administered.
280, sec. 350 (committee amendment)	360-362	<i>Use of Social Security Numbers.</i> —Requires applicants for public assistance to furnish their social security numbers to State welfare agencies and requires agencies to use social security numbers in administration of assistance programs.
280, sec. 360 (committee amendment)	362, 363	<i>Postponement of Certain Effective Dates.</i> —Postpones certain effective dates from July 1, 1971, to July 1, 1972, if the legislature of the State does not meet in a regular session which closes before July 1, 1971.
280, sec. 361 (floor amendment, Senator Percy)	363, 364	<i>Limitation on Relative Responsibility with Respect to Cash and Medical Assistance for the Blind.</i> —Requires that in providing cash aid and medical assistance to a blind individual States may not take into account the financial responsibility of any other person unless the recipient or applicant is such person's spouse or minor child.

Title IV—Tax and Miscellaneous Amendments

Amendment	Bill Page	Description
284 (committee amendment)	364-365	<p><i>Tax Deduction of Bribes and Kickbacks.</i>—This amendment eliminates an unintended effect of the Tax Reform Act of 1969 under which illegal bribes and kickbacks may be deducted for Federal income tax purposes. The Tax Reform Act required that to be disallowed, there must first have been a criminal conviction or a plea of guilty or nolo contendere in a criminal prosecution involving the payment. The Senate amendment would require only that the payment be in violation of a Federal statute, or of a State law that is generally enforced. It applies with respect to payments made after December 31, 1969.</p>
285 (committee amendment)	365-367	<p><i>Railroad Employees Medicare Tax.</i>—This amendment deletes a requirement in existing law that railroad employers must furnish (by January 31 of the following year) their dually-employed employees with information regarding the amount of medicare tax withheld from their railroad pay. This information, which had to be on the W-2 wage statement, was intended to facilitate refund or credit of excess medicare taxes paid because of dual employment. The Senate amendment would require the same information to be supplied, but only to employees who request it. Moreover, it would not have to be included on the W-2 wage statement.</p>
286 (committee amendment)	367-377	<p><i>Information Reporting of Medical Payments.</i>—This amendment provides a statutory requirement that payments made in the course of a trade or business of \$600 or more in a year to a provider of health care services must be reported on information returns to the Internal Revenue Service. Under the amendment, all payments under a Government health care program—both the assigned payments made direct to the provider and the unassigned payments made to the patient with respect to the care provided to him—must be reported.</p> <p>In the case of private health care programs, only the assigned payments—those made direct to the provider—must be reported. In all cases, statements of amounts reported to the Internal Revenue Service must be provided to the health care provider with respect to whom the report was made.</p>

Title IV—Tax and Miscellaneous Amendments—Continued

Amend- ment	Bill Page	Description
		<p>The amendment also requires a continuing study of billing practices in the health care industry to determine whether there has been any shift away from the use of assignments. Results of these studies would be furnished to the tax committees of Congress.</p> <p>Finally, the amendment requires the Department of Health, Education and Welfare to identify and maintain records with respect to health care providers, utilizing tax identification numbers for this purpose, and to furnish to the Committee on Ways and Means and the Committee on Finance information with respect to those paid \$25,000 or more in a year.</p>
287 (committee amendment)	377	<i>Senate Confirmation.</i> —This amendment would require that future appointees to the Office of Administrator of the Social and Rehabilitation Services shall be made by the President by and with the advice and consent of the Senate.
288 (committee amendment)	378	<i>Advisory Council on Social Security.</i> —This amendment provides a 2-month extension of time (from January 1, 1971) for the current Advisory Council on Social Security to make its report to Congress.
289 (committee amendment)	378-381	<i>Welfare-Social Security Disregard.</i> —This amendment extends from October 31, 1970, until January 1, 1972, the requirement that States must disregard at least \$4 of the social security benefit increase enacted in 1969.
290 (committee amendment)	381-383	<i>Gifts to the Social Security Administration.</i> —This amendment authorizes the Trustee to accept money gifts made to any of the four social security trust funds and assures that such gifts will be deductible for Federal tax purposes.
291 (committee amendment)	383-386	<i>Sprinkler Loans.</i> —This amendment authorizes (for a period of five years) loans to hospitals or extended care facilities which otherwise cannot obtain funds necessary to enable it to meet the requirements of the Life Safety Code of the National Fire Protection Association. For the loan to be available, the State health planning agency must determine that the expenditure is consistent with good planning and is needed to permit the institution's continued participation in the medicare program.

Title IV—Tax and Miscellaneous Amendments—Continued

Amend- ment	Bill Page	Description
292 (com- mittee amend- ment)	386	<i>Retirement Income Credit.</i> —This amendment increases the amount of income which may be eligible for the retirement income credit from \$1524 to \$1872 for a single person and from \$2286 to \$2808 for a married couple filing a joint return. It also raises the level of exempt earnings from \$1200 to \$1680. The amendment, which would apply to taxable years beginning after December 31, 1970; is estimated to reduce Federal revenues by \$200 million.
293 (com- mittee amend- ment)	387-398	<i>Work Incentive Tax Credit.</i> —This amendment provides a tax credit for employers who hire employees on a long-term basis through the Work Incentive Program (WIN). The credit would be equal to 20 percent of the WIN employee's salary or wage for a 12-month period. The amount allowed as a credit would be recaptured if the employer discharges the WIN employee before he has completed 24 months of employment (the first 12 months need not be consecutive). There would be carrybacks and carryforwards of unused credits and maximum limitation would be placed on the amount of credit which could be taken in any year. This amendment, which would apply to taxable years beginning after December 31, 1970, is estimated to reduce Federal revenues by \$200 million. Welfare expenditures would be expected to drop by an even larger amount.
294 (com- mittee amend- ment)	398	<i>Commissioner of Social Security.</i> —This amendment would move the office of Commissioner of Social Security from a Level V position, compensated at \$36,000 per year to Level IV, compensated at \$38,000 per year, making this position compensable at the rate applicable to coordinate heads of agencies.
295 (floor amend- ment, Senator Javits)	399-401	<i>Penalty for Decreasing Private Pensions to Offset Social Security Benefit Increases.</i> —Provides for reducing the tax deduction for contributions to private pension plans by an amount equal to the reduction in payments by such plan occasioned by the increase in social security benefits.

Appendix—Statistical Material

DECEMBER 29, 1970.

MEMORANDUM

From: Francisco Bayo.

Subject: Comparison of the Financing of the OASDI System Under the Senate Version and House Version of H.R. 17550.

The attached Table I compares the financing adopted for the Senate version and the House version of the OASDI system under H.R. 17550. This comparison is made on the basis of level earnings assumptions and does not take into account the effect of the automatic benefit increase provisions or of their corresponding financing. The House version of these provisions is estimated to yield enough revenues, over the long-range future, to finance all the automatic increases in benefits. However, under the Senate version of the automatic provisions the system would slowly accumulate actuarial surpluses, unless the Congress acts in the future to either increase the benefits further or reduce the taxes.

On the basis of the level earnings assumption and disregarding the automatic provisions, the House bill has an actuarial imbalance for the OASDI system of -0.15% taxable payroll which is close to the permissible variation of $.10\%$ of taxable payroll. This was also the case under the Ways and Means Committee bill, which had an actuarial balance of -0.12% of taxable payroll and which was increased on the House floor to -0.15% of taxable payroll by a liberalization in the retirement test. However, this is not the case for the Senate bill which has an actuarial imbalance of -0.25% of taxable payroll and is beyond the acceptable limits of variation. It should be indicated that the bill reported by the Senate Finance Committee had an actuarial balance of -0.15% of taxable payroll, as in the House bill, and that the liberalization adopted on the Senate floor with respect to the earnings test and to grandchildren's benefits increased the imbalance by 0.10% to a total of -0.25% of taxable payroll.

The main differences between the two versions of the bill are presented in Table II which also indicates their long range cost effect. The level-cost of the OASDI system under present law and under both versions of the bill are presented in Table III.

FRANCISCO BAYO.

Attachments.

TABLE I.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENTAGE OF TAXABLE PAYROLL OF HOUSE AND SENATE VERSIONS OVER PRESENT LAW

Item	Level-cost	
	House bill	Senate bill
Actuarial balance of present system.....	-0.08	-0.08
Effect of 1970 earnings.....	+ .28	+ .28
Increase in earnings.....	+ .23	+ .23
Age 62 computation point for men.....	- .12	- .07
Earnings test changes.....	- .13	- .22
Widow's benefits 100 percent of PIA at age 65.....	- .24	- .20
Actuarial reduction changes.....	- .10	(¹)
Eligibility for blind.....	- .01	- .08
4-month waiting period for disability.....	(¹)	- .06
Family maximum for new beneficiaries.....	(¹)	- .04
Miscellaneous changes ²	- .01	- .02
General benefit increase.....	- .48	- .96
\$100 minimum PIA.....	(¹)	- .28
Revised contribution schedule.....	+ .51	+ 1.25
Total effect of changes in bill.....	- .07	- .17
Actuarial balance under bill.....	- .15	- .25

¹ This change not included in this version of the bill.

² Includes the following: for both versions, child's benefits for children disabled at ages 18 to 21; workmen's compensation offset based on 100 percent of "average current earnings"; and reduced widower's benefit at age 60; for House version only, elimination of support requirement for divorced wife's and widow's benefits; for Senate version only, disabled child 7 years reentitlement; broaden definition of adopted child; and benefits to children supported by grandparents.

TABLE II.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS AND DISABILITY INSURANCE SYSTEM AS PERCENTAGE OF TAXABLE PAYROLL OF THE SENATE VERSION OVER THE HOUSE VERSION OF H.R. 17550

Item	Level cost	Item	Level cost
Actuarial balance under House bill.....	-0.15	Changes approved by Senate—Continued	
Changes approved by Senate:		4-month disability waiting period.....	-0.06
Eliminate actuarial reduction changes.....	+ .10	Family maximum for new beneficiaries.....	- .04
Age-62 computation prospective only.....	+ .05	10 percent benefit increase.....	- .48
Earnings test of \$2,400 exempt amount.....	- .09	\$100 minimum PIA.....	- .28
Limitation on widow's benefits.....	+ .04	Contribution schedule.....	+ .74
Liberalized eligibility for blind.....	- .07	Senate changes over House bill.....	- .10
Child's benefit on grandparent's account.....	- .01	Actuarial balance under Senate bill.....	- .25

TABLE III.—LEVEL-COST AND ACTUARIAL BALANCE AS PERCENTAGE OF TAXABLE PAYROLL OF THE OASDI SYSTEM UNDER PRESENT LAW AND UNDER THE HOUSE AND SENATE VERSIONS OF H.R. 17550

	Level-cost		
	Present law ¹	House version	Senate version
Total cost of system.....	9.96	10.54	11.38
Contribution schedule.....	9.88	10.39	11.13
Actuarial balance.....	- .08	- .15	- .25

¹ Based on \$7,800 earnings base and 1969 earnings levels.

² Based on \$9,000 earnings base and 1970 earnings levels.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—H.R. 17550: 1ST-YEAR COSTS AND NUMBER OF PERSONS AFFECTED UNDER THE VERSION PASSED BY THE HOUSE OF REPRESENTATIVES AND UNDER THE VERSION PASSED BY THE SENATE

Provision	1st-year benefit costs ¹ (in millions)		Present-law beneficiaries immediately affected ² (in thousands)		Newly eligible persons ³ (in thousands)	
	House version	Senate version	House version	Senate version	House version	Senate version
			(⁴)	(⁴)		
Total	\$3,970	\$6,763			504	629
General benefit increase	1,729	5,003	26,300	26,300	6	6
Modified retirement test	404	625	650	650	380	380
Age 62 computation point	1,040	6	10,200		60	
Increased benefits for widows and widowers	689	649	3,300	2,700		
Shorten disability waiting period to 4 months	(⁵)	185	(⁵)	140	(⁵)	
Noncontributory credits for military service after 1956	35	35	130	130		
Children disabled at ages 18-21	11	13			13	13
Liberalized provisions for blind workers	25	240			30	225
Election to receive larger future benefits by certain beneficiaries eligible for more than 1 actuarially reduced benefit	17	(⁵)	100	(⁵)		(⁵)
Liberalized workmen's compensation offset	7	7	55	55	5	5
Eliminate support requirement for divorced wives and surviving divorced wives	13	(⁵)		(⁵)	10	(⁵)

¹ Represents additional benefit payments in fiscal year 1972.

² Present-law beneficiaries whose benefit for the effective month would be increased under the provision.

³ Persons who cannot receive a benefit under present law for the effective month, but who would receive a benefit for such month under the provision.

⁴ Figures not additive because a beneficiary may be affected by more than 1 provision.

⁵ Provision not included.

PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER SYSTEM AS MODIFIED BY HOUSE-APPROVED BILL AND BY SENATE-APPROVED BILL, SHORT RANGE ESTIMATES

[In millions]

Calendar year	Income		Disbursements				Net increase in funds	Funds at end of year
	Contributions ¹	Interest on fund	Benefit payments ²	Administrative expenses	Railroad retirement financial interchange			
Present law:								
Past experience:								
1957	\$25,518	\$896	\$21,417	\$515	\$539	\$3,942	\$26,250	
1968	27,448	1,045	24,954	603	458	2,479	28,729	
1969	32,004	1,342	26,767	612	513	5,453	34,182	
Estimated future experience:								
1970	35,201	1,221	31,894	623	589	3,916	38,098	
1971	39,639	2,102	33,792	740	617	6,592	44,690	
1972	42,121	2,513	35,127	792	688	8,032	52,722	
1973	48,003	3,150	36,365	849	671	13,267	65,989	
1974	50,743	3,979	37,626	865	649	15,582	81,571	
1975	53,333	4,904	39,900	872	630	17,835	99,406	
System as modified by House-approved bill:								
1971	38,188	1,953	37,269	814	617	1,441	39,539	
1972	41,006	2,088	39,101	801	753	2,429	41,978	
1973	43,494	2,322	40,506	758	729	3,823	45,801	
1974	46,059	2,617	41,950	874	800	5,052	50,853	
1975	56,921	3,186	43,417	881	714	15,095	65,948	
System as modified by Senate-approved bill:								
1971	39,827	1,930	39,683	810	617	647	38,745	
1972	42,935	2,016	42,015	812	780	1,344	40,089	
1973	45,543	2,185	43,593	869	863	2,493	42,582	
1974	48,232	2,413	45,021	885	847	3,892	46,474	
1975	57,089	2,860	46,570	892	835	11,662	58,136	

¹ Includes reimbursements from general fund of Treasury for costs of noncontributory credits for military service and payments to noninsured persons aged 72 and over.

² Includes payments for vocational rehabilitation services.

Note: Estimates under the House-approved bill and under the Senate-approved bill assume no automatic increases in (1) benefit rates under the cost-of-living provision and (2) the contribution and benefit base.

Source: Office of the Actuary—Baltimore.