

H.R. 1

Social Security Amendments of 1972

Brief Description of Senate Amendments

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**All Senate Amendments Are Committee Amendments
Unless Otherwise Noted**

I. Old Age, Survivors, and Disability Insurance Amendments ¹

Amendment	Bill page	Description
1	1	<i>Short title.</i> —Changes short title of bill to Social Security Amendments of 1972.
2	2	<i>Table of contents.</i> —Provides a new table of contents corresponding to the Senate bill.
3	19	<i>Benefit increase.</i> —Deletes provisions of House bill which would have provided a 5 percent benefit increase and automatic increases in benefits and the taxable wage base. (Public Law 92-336 enacted a 20 percent benefit increase and provisions substantially the same as the House provisions for automatic increases in benefits and the taxable wage base.)
4-22	43-48	<i>Special minimum benefits.</i> —Provides special minimum benefits for people with more than 19 years of Social Security coverage. The new special minimum would be \$10 for each year of coverage in excess of 10 and up to 30 years. The House bill provides a special minimum benefit of \$5 multiplied by the number of years in covered employment up to 30 years.

Years of covered employment	Special minimum		Years of covered employment	Special minimum	
	House	Senate		House	Senate
16 or less.....	(¹)	(¹)	23.....	\$115	\$130
17.....	\$85	(¹)	24.....	120	140
18.....	90	(¹)	25.....	125	150
19.....	95	\$90	26.....	130	160
20.....	100	100	27.....	135	170
21.....	105	110	28.....	140	180
22.....	110	120	29.....	145	190
			30 or more.	150	200

¹ Regular \$84.50 minimum applies.

² Except where otherwise noted, the cash benefit provisions of the Senate-passed bill are generally effective January, 1973.

I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
23-38	48-58	<i>Increased widows' and widowers' benefits.</i> —House bill increases widows' and widowers' benefits from 82½% to 100% of deceased spouse's benefit; Senate bill permits the Social Security Administration to compute benefits on the basis of records which now exist in computerized form.
39	58	<i>Tax base.</i> —Deletes provisions of House bill increasing limit on wages taxable under social security which were replaced by provisions of Public Law 92-336.
40-49	65-68	<i>Increased benefits for persons delaying retirement beyond age 65.</i> —Under the House-passed bill, a worker's old-age benefit would be increased by 1 percent for each year (½ of 1 percent for each month) in which the worker between the ages 65 and 72 did not receive benefits because he was working after age 65. No increased benefit would be paid under the provision to the worker's dependents or survivors. The provision would be effective prospectively only. Under the Senate bill, the provision would also apply to beneficiaries who have already retired.
50-63	68-71	Technical and conforming amendments.
64	71	<i>Additional dropout years.</i> —Deletes provisions of House bill which would have provided for the disregarding of one additional year of low earnings for each 15 years of coverage for purposes of computing the average monthly wage on which benefit amounts are based.
64	72	<i>Actuarially reduced benefits.</i> —Under present law, when a woman applies before age 65 for retirement benefits based on her own earnings, the benefits are actuarially reduced. If she subsequently applies for a wife's benefit after reaching age 65, her wife's benefit is also actuarially reduced to reflect the fact that she began receiving benefits before age 65. The House bill would eliminate the actuarial re-

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
		<i>Actuarially reduced benefits.</i> —Continued duction in such cases. The Senate bill deletes the House provision and thus retains present law.
64	80	<i>Computation of benefits based on the combined earnings of a married couple.</i> —Under the House bill, a married couple, each of whom had at least 20 years of covered earnings after marriage, could have their earnings for each year combined up to the maximum amount of taxable earnings for that year. If they elected to have their earnings combined, each would receive a benefit equal to 75 percent of the amount determined on the basis of their combined earnings. Payments to the surviving spouse would continue at the 75 percent rate. Dependents' and other survivors' benefits would not be affected. The provision would be an alternative to present law and would apply only if higher total monthly payments could result. The provision would be effective prospectively only for people who attained age 62 after 1971. The Senate bill deletes the House provision.
65-69	89	<i>Liberalization of retirement test.</i> —Provides a \$3,000 annual exempt amount under the retirement test rather than the \$2,000 amount provided in the House bill. (Committee amendment raised limit to \$2,400; Mansfield floor amendment raising limit to \$3,000 was adopted by a 76 to 5 roll call vote.)
70-72	90-92	<i>Automatic adjustment of retirement test.</i> —Technical amendments made necessary by enactment of Public Law 92-336 which would provide for the House automatic adjustment of the earnings test to rises in average covered earnings.
73-93	92-100	Technical and conforming amendments.
94-96	100-103	<i>Children entitled on more than one wage record.</i> —Technical amendment—Redrafting.

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
97-99	103-106	Technical and conforming amendments.
100-101	107	<i>Benefits for grandchildren.</i> —Amends the House provision which would provide benefits to dependent grandchildren when neither of the child's parents are alive so that benefits would be payable to the grandchild if his parents were either dead or disabled.
102-115	108-113	Technical and conforming amendments.
116-127	114-116	<i>Waiting period for disability benefits.</i> —Reduces from 6 to 4 months the period throughout which a person must be disabled before he can become entitled to disability insurance benefits. The House bill reduces the period from 6 months to 5 months.
128	116	<i>Disability benefits for the blind.</i> —Under present law, a disabled person must meet a test of recent work under social security to be eligible for disability benefits, generally 5 years' worth of work in employment covered under social security during the 10 years preceding disablement. The House bill would eliminate for blind persons this test of recent attachment to covered work. Under the bill, a blind person would be insured for disability benefits if he had one quarter of coverage for each year elapsed after he reached age 21 or after 1950, whichever requirement is lower. The Senate bill instead provides for paying disability insurance benefits for blind people who have at least 6 quarters of social security coverage. The benefits would be paid regardless of the amount of an individual's earnings both before and after age 65 or his ability to work. The Senate bill also excludes blind persons from the requirement of present law that disability benefits be suspended for any months during which a beneficiary refuses without good cause to accept vocational rehabilitation services.

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
129-138	120-124	Technical and conforming amendments.
139-148	124-128	<i>Optional determination of self-employment earnings.</i> —Technical amendments.
149-161	128-142	Technical and conforming amendments.
162-166	142-143	<i>Penalties for furnishing false information.</i> —Amends the provision of the House bill (which provides criminal penalties for furnishing false information in connection with an application for a social security account number) by also providing criminal penalties for misusing a social security number to fraudulently obtain a benefit under any Federal program. The amendment would be effective on enactment.
167	144	<i>Guarantee of no decrease in family benefits.</i> —Deletes provision of House bill which was included in Public Law 92-336.
168-176	146-150	Technical and conforming amendments.
177-207	151-157	<i>Changes in tax rates.</i> —Provides a new schedule of taxes to finance the changes made in the Senate bill. The tax schedule in present law and in the Senate bill is shown in the table below:

¹ Except where otherwise noted, the cash benefit provisions of the Senate-passed bill are generally effective January, 1973.

I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

TABLE 1.—SOCIAL SECURITY TAX RATES FOR EMPLOYERS, EMPLOYEES, AND SELF-EMPLOYED PERSONS UNDER PRESENT LAW AND SENATE BILL

(In percent)

	Employer and employee, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
Present law:						
1972.....	4.6	0.6	5.2	6.9	0.6	7.5
1973.....	4.6	.9	5.5	6.9	.9	7.8
1974 to 1977.....	4.6	.9	5.5	6.9	.9	7.8
1978 to 1985.....	4.5	1.0	5.5	6.7	1.0	7.7
1986 to 1992.....	4.5	1.1	5.6	6.7	1.1	7.8
1993 to 2010.....	4.5	1.2	5.7	6.7	1.2	7.9
2011 and after.....	5.35	1.2	6.55	7.0	1.2	8.2
Senate bill:						
1972.....	4.6	.6	5.2	6.9	.6	7.5
1973 to 1977.....	4.9	1.1	6.0	7.0	1.1	8.1
1978 to 1980.....	4.95	1.3	6.25	7.0	1.3	8.3
1981 to 1992.....	4.95	1.5	6.45	7.0	1.5	8.5
1993 to 2010.....	4.95	1.6	6.55	7.0	1.6	8.6
2011 and after.....	6.05	1.6	7.65	7.0	1.6	8.6

Amendment	Bill page	Description
208	157	<i>Allocation to disability trust fund.</i> —Provides a new allocation of taxes to the disability insurance trust fund to take account of the new schedule of taxes provided in the Senate bill.
209	159	<i>Issuance of social security account numbers.</i> —Provides instructions as to the method of issuing social security account numbers. Under the amendment, numbers in the future generally will be issued when a person enters the first grade; in the case of a non-citizen, at the time he enters this country if at that time he may legally work; if he may not legally work at the time he enters the country, the

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
		<p><i>Issuance of social security account numbers.</i>— Continued number would be issued when his employment status changes. In addition, numbers would be issued to people who do not have them when they apply for benefits under any Federal program.</p>
210	161	<p><i>Benefits for dependent sisters and brothers.</i>— Provides social security benefits to dependent sisters 62 or older and to dependent brothers and sisters of any age if they became disabled before age 22.</p>
211	169	<p><i>Refund of social security taxes paid by Amish employees.</i>—Extends to Amish employees the refund of social security taxes similar to the tax exemption now provided to the self-employed Amish. In order to qualify for the exemption an employee would have to file an application and waive his eligibility for social security and medicare benefits. The provision does not apply to the employer tax paid on the wages of Amish employees.</p>
212	173	<p><i>Payments to disabled former employee.</i>—Provides that payments made by an employer to a former disabled employee will not be counted for social security benefit or tax purposes if the payment is made after the calendar year in which the former employee became entitled to social security disability insurance benefits.</p>
213	175	<p><i>Death payment for memorial services.</i>—Last year the Congress provided that the cost of memorial services in cases where a body is not available for burial would be included as funeral expenses for purposes of qualifying for the lump sum death payment provided that the insured individual died after 1970. Senate amendment extends this provision to deaths occurring between 1960 and 1970.</p>
214	175	<p><i>Underpayments.</i>—Extends the order of priority for disposing of underpaid social security benefits so that if there is no survivor, or any</p>

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
		<i>Underpayments.</i> —Continued other relative, the Secretary of HEW may prescribe regulations for determining to whom the payment will go. The amendment is effective on enactment.
215	175	<i>Treatment of certain income under the retirement test.</i> —Provides for the exclusion from income, for retirement test purposes, of the proceeds from the sale of certain literary or artistic items which were created before age 65.
216	176	<i>Registrars of voters in Louisiana.</i> —Would permit registrars of voters in Louisiana and their employees to terminate coverage under social security.
217	177	<i>Social security coverage for foreign missionaries.</i> —Eliminates for certain foreign ministers the \$20,000 exclusion from earned income earned abroad in the case of a minister or a member of a religious order.
218	178	<i>Coverage of students and certain part-time employees.</i> —Permits States to modify their social security coverage agreements for State and local employees so as to remove from coverage services of students employed by the public school or college they are attending, and the services of part-time employees.
219	179	<i>Wage credits for World War II internees.</i> —Provides non-contributory social security credits for U.S. citizens of Japanese ancestry who were interned by the U.S. Government during World War II. In order to qualify for the wage credits an individual must have been age 18 or older at the time he was interned and the credits will be determined on the basis of the then prevailing minimum wage or the individual's prior earnings, whichever is larger.
220	184	<i>West Virginia policemen and firemen.</i> —Permits the State of West Virginia to modify its social security coverage agreement to pro-

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I. Old Age, Survivors, and Disability Insurance Amendments¹—Continued

Amendment	Bill page	Description
		<i>West Virginia policemen and firemen.</i> —Con- vide retroactive and prospective coverage for certain policemen and firemen who errone- ously thought they were covered under social security and have paid social security taxes.
221	186	<i>Termination of coverage for policemen and fire- men.</i> —Permits the States to modify their so- cial security coverage agreements so as to terminate the coverage of policemen and fire- men without affecting the coverage of other members of the same coverage group. In addi- tion, would permit the modification of cover- age agreements which were terminated to ex- clude policemen and firemen so as to rein- state the coverage of other employees.
222	188	Perfecting amendments relating to the 20-per- cent benefit increase provisions enacted by Public Law 92-336.
223-224	189-196	<i>Actuarially reduced benefits.</i> —Provides for the payment of actuarially reduced benefits at age 55 to widows and at age 60 to everyone else. (Byrd of West Virginia floor amend- ment adopted by 29 to 25 roll call vote.)
225	198	<i>Study of retirement test.</i> —Requires the Secre- tary of HEW to conduct a study to determine the feasibility of eliminating or extensively revising the Social Security earnings test. The report is to be submitted to the Congress not later than January 1, 1974. (Percy floor amendment adopted by voice vote.)
226	199	<i>Duration-of-Relationship Requirements.</i> — Amends the provision of present law which reduces from 9 months to 3 months the dura- tion-of-relationship requirement when death is accidental or in line of duty in the Armed Forces so that there would be no duration-of- relationship requirement in cases of an acci- dental death if it is reasonable to expect that the deceased would have lived for at least 9 months. (Cranston floor amendment, adopted by voice vote.)

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II. Medicare-Medicaid Amendments

Amendment	Bill page	Description
227	209	<i>Clerical amendments.</i>
228-254	201-207	<i>Disabled Under Medicare.</i> —(1) Modifies House bill to extend medicare to women age 50 or older, entitled to mother's benefits who, for 24 months prior to the first month they would be entitled to medicare met all requirements for disability benefits, except for the actual filing of a disability claim. (2) Modifies House bill to make coverage effective July 1, 1973 instead of July 1, 1972. (3) Modifies House bill to continue medicare coverage through the month following the month in which notice of termination of disability benefits is mailed, rather than the month in which his disability ceases, as in the House bill.
255-271	211-214	<i>Hospital Insurance for the Uninsured.</i> —(1) Modifies House bill to make provision effective July 1, 1973 instead of January 1, 1972. (2) Changes Part A premium amount from \$31 to \$33 a month. (3) Adds a requirement that persons electing to enroll in Part A must also enroll for Part B. Termination of enrollment in Part B would automatically result in termination of coverage under Part A as well.
272-292	215-219	<i>Part B Premiums.</i> —Modifies House bill to make provision limiting Part B provision increases effective for premiums promulgated for fiscal years 1974 and after, instead of fiscal year 1973 and after.
293	219	<i>Part B Deductible.</i> —Deletes provision in House bill increasing Part B annual deductible from \$50 to \$60.
294	220	<i>Lifetime Reserve and Part A Coinsurance and Coinsurance for Lifetime Reserve Days.</i> —Deletes provisions in House bill increasing

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p><i>Lifetime Reserve and Part A Coinsurance and Coinsurance for Lifetime Reserve Days.—</i> Continued</p>
		<p>lifetime hospital reserve days from 60 to 120 and adding coinsurance equal to $\frac{1}{8}$th of the inpatient deductible for each day beginning with the 31st day through the 60th day of hospitalization. Reduces the amount of coinsurance for each lifetime reserve day from the present $\frac{1}{2}$ to $\frac{1}{4}$ of the current inpatient hospital deductible; effective after December 31, 1972.</p>
295-298	221-224	<p><i>Automatic Enrollment in Part B.—</i>(1) Modifies House bill to exclude residents of Puerto Rico and foreign countries from the automatic Part B enrollment provision. (2) Modifies effective date to after June 1973, instead of after 1971.</p>
299-307	225-233	<p><i>Effective Utilization Programs in Medicaid.—</i> (1) Substitutes for Sec. 207 of the House bill, which would automatically reduce Federal matching for long-term stays in hospitals, nursing homes and mental institutions, and increase the matching for outpatient care, a provision which would reduce matching only if States fail to have an effective program of control over the utilization of institutional services. The provision increasing matching for HMO care is deleted. (2) Changes the effective date for computation of a reasonable cost differential between the cost of skilled nursing home services and ICF services from periods beginning after December 31, 1971 to periods after June 30, 1973.</p>
308-313	233-235	<p><i>Cost Sharing Under Medicaid.—</i>The House bill would require States which cover the medically indigent to impose premium charges on the medically indigent. The premium would be graduated by income in accordance with standards prescribed by the Secretary. In addition, under the House bill, States could at their option require payment by the medically indigent of deductibles and copayment amounts which would not have to vary by level of income. Finally, with respect to cash assistance recipients, nominal deductible and copayment requirements, while prohibited for the six mandatory services, would be</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p><i>Cost Sharing Under Medicaid.</i>—Continued. permitted with respect to optional medicaid services.</p> <p>The Senate bill would, as the House bill, require the States to impose income-related premium charges on the medically indigent. Non-income-related deductibles and copayments could be imposed on the medically indigent only for patient-initiated elective services and no deductibles or cost sharing devices could be imposed on cash assistance recipients. Changes effective date from June 1, 1972 to January 1, 1973.</p>
314	235	<p><i>Medicaid for Employed Families and Adult Categories.</i>—(1) Substitutes (with the exception of subsection (d) of the House bill which would not require States to cover people made eligible by changes in adult assistance) for Section 209 of the House bill a provision to continue on medicaid for one year those families which would ordinarily lose such eligibility as the result of earnings from employment. After such time, these families could elect to continue in medicaid by paying a premium of 20% of income in excess of \$2,400 annually (excluding work bonuses). (2) Changes effective date for the above substitute from July 1, 1972 to January 1, 1974. (3) Changes effective date for the provision affecting the adult categories from July 1, 1972 to January 1, 1973.</p>
315-322	244-245	<p><i>Coordination Between Medicare and Federal Employee Plans.</i>—Conforming changes.</p>
323-324	246-250	<p><i>Medicare—Services Furnished Outside the United States.</i>—(1) Adds to the House provision which would cover services in border areas, coverage of emergency hospital services furnished in Canada to U.S. residents traveling without unreasonable delay between Alaska and another State. (2) Changes effective date from January 1972 to January 1973.</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
325	250	<i>Optometrists Under Medicaid.</i> —Adds a new section 212 to the bill to require a State, which had previously covered optometric services under medicaid and which, in its State plan, specifically provides coverage for eye care under “physicians’ services,” which an optometrist is licensed to provide, to reimburse for such care whether provided by a physician or optometrist. Effective date: enactment.
326	251	<i>Beneficiary Liability Under Medicare.</i> —Adds a new section 213 to bill relieving a beneficiary of liability in certain situations where medicare claims are disallowed and the beneficiary was without fault. Effective date: Claims for services provided after June 30, 1971.
327	255	<i>Medicare for Certain Persons Aged 60-64.</i> —Adds new section 214 to House bill providing optional medicare protection, on an actuarial cost’s basis, to spouses aged 60-64 of medicare beneficiaries and other persons aged 60-64 entitled to benefits under the Social Security Act. Persons electing coverage would be required to enroll in both Part A and Part B. Effective date: July 1, 1973.
328	262	<i>Coverage of Drugs Under Medicare.</i> —Adds new section 215 to House bill amending Part A of medicare to cover the costs of certain specified drugs, purchased on an outpatient basis, which are necessary in the treatment of the most common, crippling or life-threatening chronic disease conditions of the aged. Beneficiaries would be liable for \$1.00 of the cost of each prescription of a drug included in the reasonable cost range plus any cost in excess of the top of the reasonable cost range. Under the provision, the drugs covered are those within specified therapeutic categories which are necessary in the treatment of the following conditions: Diabetes; high blood pressure; chronic cardiovascular disease; chronic respiratory disease; chronic kidney disease; arthritis and rheumatism; gout; tuberculosis; glaucoma; thyroid disease; cancer; epilepsy; parkinsonism; myasthenia gravis.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p data-bbox="468 292 1108 332"><i>Coverage of Drugs Under Medicare.—Con.</i></p> <p data-bbox="494 332 1108 574">The amendment would exclude drugs not requiring a physician's prescription (except for insulin), drugs such as antibiotics which are generally used for a short period of time and drugs such as tranquilizers and sedatives which may be used not only by beneficiaries suffering from serious chronic illnesses, but also by many other persons as well.</p> <p data-bbox="494 574 1108 735">The amendment is designed to assure that funds are being targeted toward the most necessary drug entities within each covered therapeutic category, through establishment of a Medicare Formulary.</p> <p data-bbox="494 735 1108 1078">The Formulary would be compiled by a committee consisting of five members, a majority of whom would be physicians. Members would include the Commissioner of Food and Drugs and four individuals of recognized professional standing and distinction in the fields of medicine, pharmacology or pharmacy who are not otherwise employed by the Federal Government and who do not have a direct or indirect financial interest in the economic aspects of the committee's decisions.</p> <p data-bbox="494 1078 1108 1300">The Formulary Committee's primary responsibility would be to compile a Medicare Formulary which would contain a listing of the drug entities within the therapeutic categories covered by the program which, based upon its professional judgment, the committee finds necessary for proper patient care.</p>
329	278	<p data-bbox="468 1693 1108 1790"><i>Medicare: Coverage of Eyeglasses, Hearing Aids, Dentures, and Podiatry.—Amends the definition of "medical and other health serv-</i></p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
330	279	<p data-bbox="350 332 960 594">ice" in Part B medicare to include the costs of eyeglasses, dentures, hearing aids, and podiatric services to members of families with annual adjusted gross incomes not exceeding \$5,000 and for individuals not members of families with adjusted gross incomes of less than \$3,000. (Poll floor amendment adopted by 37 to 34 roll call vote.)</p> <p data-bbox="327 614 960 987"><i>Inspector General for Health Administration.</i>— Adds new section to House bill creating 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 would be responsible for reviewing and auditing the Social Security health programs on a continuing basis to determine their efficiency, economy and consonance with the Statute and Congressional intent.</p> <p data-bbox="350 987 960 1542">The Inspector General would have authority to suspend (upon at least 30 days' notice to the Secretary) any regulation, practice, or procedure employed in the administration of any of the health care programs if he determines (as a result of any study, investigation, review, or audit) that the suspension will promote efficiency and economy in the administration of the program, or that the regulation, practice, or procedure involved is contrary to or does not carry out the objectives and purposes of applicable provisions of law. Any suspension would remain in effect until an order of reinstatement was issued by the Inspector General except that the Secretary might, at any time prior to or after any such suspension by the Inspector General, issue an order revoking the suspension.</p> <p data-bbox="350 1542 960 1766">When the Inspector General issued any order of suspension or reinstatement, he would promptly notify the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate and, in the case of an order relating to a State medicare plan, the Governor or other chief execu-</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
Continued		<i>Inspector General for Health Administration.</i> —
		<p>tive officer of the State, of the order, and submit to them information explaining the reasons for suspension or lifting of suspension. Where the Secretary terminates an order of suspension issued by the Inspector General, he is required also to submit an explanation of his reasons to the two committees.</p> <p>The Inspector General could submit to the Committees on Ways and Means and Finance such reports relating to his activities as he deemed appropriate. He would, upon the request of either committee for any information, study, or investigation relating to, or within his responsibilities, cause such information to be furnished and such study or investigation to be undertaken.</p>
331	287	Clerical amendment.
332-334	294-297	<p><i>Limitation on Federal Participation for Capital Expenditures.</i>—(1) Modifies House bill precluding medicare-medicoid payments for certain disapproved capital expenditures by making provision inapplicable to construction toward which preliminary expenditures of \$100,000 or more had been made in the 3-year period ending December 17, 1970. (2) Changes effective date regarding application of the provision from June 30, 1972 (or earlier if requested by a State) to Dec. 31, 1972 (or earlier if requested by a State).</p>
335-350	298-309	<p><i>Demonstrations and Reports: Prospective Reimbursement and Other Proposals.</i>—</p> <p>(1) <i>Prospective Reimbursement.</i>—Modifies House bill to require advance notice and to the Committees on Ways and Means and Finance and of an experiment or project to be placed in operation.</p> <p>(2) <i>Postpones</i> date for Secretary's report to the Congress on prospective reimbursement experimentation from July 1, 1973 to July 1, 1974.</p> <p>(3) <i>Ambulatory Surgical Centers.</i>—Adds to the House bill which would include ambulatory health care services, a provision specifically permitting experimenta-</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		tion with reimbursement to ambulatory surgical centers.
		(4) <i>Peer Review</i> .—Deletes provision in House bill authorizing experimentation with peer review programs. Senate bill provides instead for Professional Standards Review Organizations (see amendment 176).
		(5) <i>Intermediate Care and Homemaker Services</i> .—Adds a provision to authorize experimentation with the use of intermediate care and homemaker services under the extended care benefit.
		(6) <i>Extended Care</i> .—Adds a provision specifically authorizing the Secretary to engage in experiments to determine the effects of eliminating or reducing the 3-day prior hospitalization requirement for admission to an extended care facility. House bill generally authorized such experiments.
		(7) <i>Physicians' Assistants</i> .—Adds a provision authorizing demonstration projects to determine the most appropriate and equitable methods of compensating for the services of physicians' assistants and nurse practitioners.
		(8) Adds a provision authorizing experiments to provide day-care services to persons entitled to Part B of medicare and medicaid, to subsidize families who care for aged dependents who would otherwise be institutionalized, to determine whether payments for psychological and psychiatric care provided residents of skilled nursing facilities and intermediate care facilities under medicaid are adequate, and to develop methods to improve rehabilitation of long-term patients and appropriate alternatives to long-term institutional care. (Moss floor amendment adopted by voice vote.)
		(9) <i>Clinical Psychologists</i> .—Adds a provision to the House bill authorizing the Secretary to study whether the services of clinical psychologists may be made more generally available under medicare and medicaid. (Hartko floor amendment adopted by voice vote.)

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
351-357	311-313	<p data-bbox="483 320 1108 379"><i>Limitation on Coverage of Costs Under Medicare.</i>—</p> <p data-bbox="544 385 1108 600">(1) Modifies the House provision to authorize disallowance of provider costs which are “substantially” in excess, rather than, as under the House bill, “in excess” of, or more expensive, than the items or services determined to be necessary in the efficient delivery of needed health services.</p> <p data-bbox="544 606 1108 753">(2) Modifies the House provision authorizing the collection of costs in excess of medicare ceilings on acceptable hospital costs from beneficiaries, so as to exclude emergency care situations.</p> <p data-bbox="544 760 1108 878">(3) Changes the effective date from accounting periods beginning after June 30, 1972 to periods beginning after December 31, 1972.</p>
358-364	314-316	<p data-bbox="483 913 1108 971"><i>Limits on Prevailing Physician Charge Levels.</i>—</p> <p data-bbox="544 977 1108 1165">(1) Changes the effective date of base year for the proposed economic indexes from calendar year 1971 to calendar year 1972 (and advances by one year each of the other dates used in making calculations of prevailing charge levels).</p> <p data-bbox="544 1171 1108 1628">(2) Modifies House provision to specify that, for medical services, supplies and equipment (including equipment servicing) that do not generally vary significantly in quality from one supplier to another, charges (incurred after December 31, 1972, rather than after June 30, 1972, as in the House bill) 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 “widely,” available in a locality.</p> <p data-bbox="544 1634 1108 1749">(3) Postpones from July 1, 1972 to January 1, 1973, a report to Congress from HIBAC on methods for reimbursing physicians under medicare.</p>
365	316	<p data-bbox="483 1784 1108 1874"><i>Limits on Payment for Skilled Nursing Home and Intermediate Care Facility Services.</i>— The House bill would limit the average per</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
366-405	318-343	<p>diem costs for skilled nursing homes and intermediate care facilities countable for Federal matching to 105 percent of such costs a year earlier. Deletes Section 225 from House bill.</p> <p><i>Health Maintenance Organizations.</i>—Substitutes for the House provision a related provision which includes the following changes:</p> <ol style="list-style-type: none"> <li data-bbox="409 621 980 805">(1) House bill requires HMO's to provide all services and benefits covered under both Parts A and B. Senate bill requires provision of all such services which are generally available to persons residing in the area served. <li data-bbox="409 809 980 1054">(2) House bill exempts from annual open enrollment requirement HMO's with more than 50% of enrollees age 65 or older. Senate bill permits HMO's to limit enrollment from any age group to prevent its membership from becoming non-representative of the population in the area it serves. <li data-bbox="409 1058 980 1708">(3) House bill would reimburse HMO's at a rate equal to 95% of the estimated amount (with appropriate adjustments) otherwise payable if covered services were furnished by sources other than HMO's. To the extent that medicare reimbursement would yield a higher rate of return for medicare enrollees than for regular enrollees the HMO would provide additional services to its medicare enrollees. Under the Senate bill, HMO's entitled to incentive reimbursement would share in savings (or losses) with the Government in accordance with a prescribed formula. The maximum gain or loss could not exceed 7½% of the amount by which actual experience is more or less than the adjusted per capita costs of services provided outside of the HMO. Prior loss amounts could be applied against future savings. <li data-bbox="409 1712 980 1900">(4) House bill establishes no minimum size or experience requirements for HMO's. The Senate bill provides that incentive reimbursement would be available to substantial established HMO's (a) with reasonable standards for quality of care at

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p><i>Health Maintenance Organizations.—Con.</i></p> <p>least equal to standards prevailing in the HMO area and (b) which have sufficient operating history and enrollment to permit evaluation of their capacity to provide appropriate care and to establish capitation rates. Established HMO's would have (1) a minimum enrollment of 25,000 not more than half of whom are 65 or older and (2) have been in operation for at least 2 years. Exception to the size requirement is provided for HMO's in small communities or sparsely populated areas (5,000 members and 3 years of operation).</p> <p>(5) Adds a provision requiring the Secretary to report to Congress annually regarding experience under the HMO provision.</p> <p>(6) Changes the effective date from January 1, 1972 to July 1, 1973.</p>
406	350	<i>Teaching Physicians.</i> —Effective date changed from accounting periods beginning after June 30, 1971 to accounting periods beginning after June 30, 1973.
407	354	<i>Advance Approval—ECF and Home Health Care.</i> —Changes effective date from January 1, 1972 to January 1, 1973.
408-411	353-359	<i>Termination of Payments to Medicare and Other Providers.</i> —Changes effective dates, in connection with Title XIX and V programs, from June 30, 1971 to December 31, 1972.
412	360	<i>Medicaid Fiscal Maintenance of Effort.</i> —Repeals entirely Sec. 1902(d) of the Act requiring States to maintain their fiscal effort in connection with medicaid (the House bill retains the maintenance of effort requirement with respect to basic medicaid services).
413	361	<i>Determination of Reasonable Hospital Costs Under Medicaid.</i> —Deletes provision from House bill which would have permitted to States to establish (with approval of Secretary) reasonable cost payment to hospitals without necessarily using medicare formula.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
414-418	362-365	<i>Customary Charges Less Than Reasonable Cost.</i> —Changes effective date from accounting periods beginning after June 30, 1971 to accounting periods beginning after December 31, 1972.
419-420	370	<i>Cost Determination Systems Under Medicaid.</i> —The House bill would provide for Federal matching for the cost of designing, developing, and installing mechanized claims processing and information retrieval systems at 90 percent and 75 percent for the operation of such systems. Deletes all of Section 235 in House bill, except for cost-determination systems for State-owned general hospitals.
421-425	373-374	<i>Prohibition Against Reassignment of Medicare Benefits.</i> —Changes effective date from July 1, 1972 to January 1, 1973.
426-431	375-376	<i>Utilization Review for Medicaid Hospitals and Skilled Nursing Homes.</i> —Modifies House bill to provide that, until such time as Professional Standards Review Organizations (see amendment 476) are operational, the Secretary may waive the requirements of this section to permit the use of alternative utilization review systems where such systems are superior to medicare's review requirements. Also permits the Secretary to use a superior medicaid system for medicare in a State.
432-436	378-381	<i>Use of State Health or Other Medical Agency Under Medicaid.</i> —Changes effective date from July 1, 1972 to January 1, 1973.
437-441	382	<i>Proficiency Testing.</i> — (1) House bill provides for proficiency testing of paramedical personnel. The Senate bill modifies the House bill by setting a time limit—December 31, 1977—beyond which determinations of proficiency would not apply to persons initially licensed by a State or seeking initial qualification in a health care specialty or category. (2) Specifies that cytotechnologists are to be included among the types of personnel to which proficiency testing would apply.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
442-449	384-388	<i>False Reporting and Fraudulent Acts Under Medicare and Medicaid.</i> —Adds a provision to make penalties applicable to corporations, companies, associations, firms, partnerships, societies, and joint stock companies, individuals, rather than providers of services, suppliers, physicians, or other persons as in the House bill.
450-464	388-393	<i>Provider Reimbursement Review Board.</i> — (1) House bill establishes a Provider Reimbursement Review Board to hear cases involving an issue of \$10,000 or more. Modifies House provision to enable groups of providers to appeal where the amounts at issue on a common matter aggregate \$10,000 or more. (2) Modifies House provision to enable any provider which believes that its fiscal intermediary has failed to make a timely cost determination on its annual cost report or timely determination on a supplemental filing to appeal to the Board where the amount involved is \$10,000 or more. (3) Changes effective date from accounting periods beginning after June 30, 1971 to those ending on or after June 30, 1973.
465	393	<i>Validation of Joint Commission on Accreditation of Hospitals Surveys.</i> —Adds a new provision under which State certification agencies, as directed by the Secretary, would survey on a selective sample basis (or where substantial allegations of noncompliance have been made) hospitals accredited by the JCAH. Also authorizes the Secretary to promulgate health and safety standards without being restricted to JCAH standards.
466	396	<i>Payment for Durable Medical Equipment Under Medicare.</i> —Adds to the House bill a new provision authorizing the Secretary to experiment with reimbursement approaches which are intended to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment and then to implement the approaches found effective.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
467	398	<i>Uniform Standards for Skilled Nursing Facilities Under Medicare and Medicaid.</i> —Adds a new provision (1) establishing effective July 1, 1973, a single definition (skilled nursing facility) and a single set of requirements for skilled nursing homes under medicaid and extended care facilities under medicare and expands disclosure of ownership requirement from present 10 percent or greater interest to one percent; (2) requires submission of certified statement of nursing home costs within 120 days of close of fiscal year.
468	401	<i>Definition of Care in Skilled Nursing Facilities.</i> —Adds, effective January 1, 1973, a provision establishing a common definition of the care requirements for extended care services under medicare and skilled nursing services under medicaid—"Services provided directly by or requiring the supervision of skilled nursing personnel, or skilled rehabilitation services, which the patient needs on a daily basis, and which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis."
469	402	<i>14-Day Transfer Requirement for Skilled Care Facility Benefits.</i> —Adds a new provision amending existing law to permit an interval of longer than 14 days between discharge from a hospital and admission to a skilled care facility under certain conditions: when, following discharge, the patient's condition does not permit the immediate provision of skilled nursing or rehabilitation services, or the nonavailability of space prevents admission for not longer than 2 weeks beyond the 14 days.
470	403	<i>Reimbursement for Medicaid Skilled Nursing Facilities and Intermediate Care Facilities.</i> —Adds a new provision which would require States to reimburse skilled nursing and intermediate care facilities on a reasonable cost-related basis by July 1, 1974. The States would use acceptable cost-finding techniques (not necessarily those utilized for medicare purposes) to determine reasonable reimburse-

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<i>Reimbursement for Medicaid Skilled Nursing Facilities and Intermediate Care Facilities.</i> —Continued.
		ment and apply to the results appropriate methodologies for determining payment. The methods would have to be approved and validated by the Secretary.
471	405	<i>Medicaid Certification and Approval of Skilled Nursing Facilities.</i> —Adds to the House bill, a new provision which provides that determination of basic eligibility of skilled nursing facilities under Title XIX be made by the Secretary. The appropriate State agency would survey facilities wishing to participate in either (or both) the medicare or medicaid programs and report its findings and recommendations to the Secretary. The Secretary would make a determination as to eligibility and advise the State if a facility meets the basic requirements for participation as a skilled nursing facility.
472	410	<i>Nursing Home Survey and Inspection Costs.</i> —Adds a new provision, effective January 1, 1972, authorizing 100% reimbursement for the survey and inspection costs of skilled nursing facilities and ICF's under medicaid.
473	411	<i>Disclosure of Information Under Medicare and Medicaid.</i> —Adds a new provision which would require that the Secretary make public the following types of evaluations and reports dealing with the operation of the medicare and medicaid programs: (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and State agencies, including the reports of followup reviews; (2) comparative evaluations of the performance of contractors—including comparisons of either overall performance or of any particular contractor operation; (3) program validation survey reports—with the names of individuals deleted.
474	413	<i>Limitation on Institutional Care.</i> —Adds a new provision precluding Federal matching for that portion of any cash assistance payment

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<i>Limitation on Institutional Care.</i> —Continued. which is included on account of institutional medical, remedial or other care which is (or could be) included under the medicaid program.
475	413	<i>Determining Eligibility for Assistance Under Title XIX for Certain Individuals.</i> —Adds a new provision which would require that in those States which limit medicaid coverage to categorically needy persons (recipients of cash assistance or persons who would be eligible for cash payments except that they reside in an institution), no person who was medicaid-eligible in August 1972 could be deemed ineligible for medicaid solely because of the increase in income resulting from the 20% increase in social security benefits voted by the Congress in June 1972. In such cases States would have the option of requiring a person who leaves the cash rolls because of the social security increases to incur medical expenses in the amount of the excess income resulting from the benefit change before he receives medicaid coverage (in effect, instituting for these persons a spend-down similar to that applied in States with programs for the medically needy). Alternatively, a State may simply disregard that amount of the social security benefit increase by which income exceeds the standard for purposes of determining medicaid eligibility. Such a disregard would not be applicable for purposes of the cash assistance program.
476	414	<i>Professional Standards Review.</i> —Adds to the House bill, a new provision which provides for the establishment of Professional Standards Review organizations consisting of substantial numbers of practicing physicians (usually 300 or more) in local areas to assume responsibility for comprehensive and on-going review of services covered under the medicare and medicaid programs. The PSRO would be responsible for assuring that services were (1) medically necessary and (2) provided in accordance with professional standards. PSRO's would not be involved

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p><i>Professional Standards Review.</i>—Continued. with reasonable charge determinations. The provision is designed to assure proper utilization of care and services provided under medicare and medicaid utilizing a formal professional mechanism representing the broadest possible cross-section of practicing physicians in an area. Safeguards are included, designed to protect the public interest, including appeals procedures, and to prevent pro forma assumption in carrying out review responsibilities. The provision requires recognition of and use by the PSRO of utilization review committees in hospitals and medical organizations to the extent determined effective.</p>
477	454	Clerical amendment.
478-499	454-458	<p><i>Physical and Other Therapy Services Under Medicare.</i>—</p> <ol style="list-style-type: none"> <li data-bbox="515 1010 1083 1130">(1) Deletes that portion of the House provision authorizing reimbursement for up to \$100 annually for physical therapy services in a therapist's office. <li data-bbox="515 1135 1083 1497">(2) Modifies the House provision limiting reimbursement of therapists to authorize the Secretary, where the services of a therapist are required on a part-time or intermittent basis, to make payment on the basis of a reasonable rate per unit of service greater per unit of time than salary equivalent amounts where such payments, in the aggregate, are less than would have resulted, if the therapist was employed by the provider on a full or part-time salaried basis. <li data-bbox="515 1501 1083 1755">(3) Changes effective date for the coverage of outpatient physical therapy services furnished to inpatients from January 1, 1972 to on or after the date of enactment. The effective date for the physical therapy reimbursement modifications is changed from January 1, 1972 to January 1, 1973.
500	458	<i>Coverage of Ptosis Bars.</i> —Deletes provision which would cover ptosis bars under Part B.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
501	458	<i>Inclusion Under Medicaid of Care in Intermediate Care Facilities.</i> —Deletes provision; similar provision enacted during 1st session.
502-504	462-463	<i>Coverage Prior to Application for Medical Assistance.</i> —Modifies the House bill to change effective date from July 1, 1972 to July 1, 1973.
505-506	466	<i>Waiver of Enrollment Period Requirements.</i> —Modifies the House bill to make waiver provision applicable where prejudicial action is caused by any officer, employee or agent of the Federal Government rather than only officers, employees or agents of the Department of HEW.
507-508	469-470	<i>Collection of SMI Premiums From Individuals Entitled to Both Social Security and Railroad Retirement Benefits.</i> —Deletes that portion of the House provision which grants the Railroad Board authority to choose the carrier for Part B benefits for railroad retirees.
509	471	<i>Provision of Medical Social Services Not Mandatory for Extended Care Facilities.</i> —Deletes the House provision which would remove authority of Secretary to require use of professional social worker in extended care facilities.
510-511	471	<i>Refund of Excess Premiums Under Medicare.</i> —Clerical amendments.
512	472	<i>Waiver of Registered Nurse Requirement for Skilled Nursing Facilities in Rural Areas.</i> —Substitutes for the House provision a provision granting a special waiver from the R.N. requirement, if an R.N. is not absent from a facility for more than 2 days in a week and the facility is making good faith efforts to obtain another R.N. on a part-time basis. Provisions are included to protect patients for whom physicians indicate a need for daily skilled nursing service.
513-514	474	<i>Exemption of Christian Science Sanatoriums From Certain Nursing Home Requirements Under Medicaid.</i> —Technical amendment.

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
515	475	<i>Requirements for Nursing Home Administrators.</i> —Deletes House provision which would permanently waive certain licensure requirements for nursing home administrators.
516	475	<i>Termination of the National Advisory Council in Nursing Home Administration.</i> —Deletes provision in House bill (Council expired by statute on December 31, 1971).
517-520	476	<i>Increase in the Maximum Medicaid Amount of Puerto Rico and the Virgin Islands.</i> —Adds to House provision an increase in the maximum annual medicaid amount for the Virgin Islands from \$650,000 to \$1,000,000.
521	476	<i>Medicaid: Freedom of Choice in Puerto Rico.</i> —Delays until June 30, 1975, a requirement that Puerto Rico implement the "freedom of choice" provision, under which medicaid recipients can choose providers or practitioners, in its medicaid program. (Javits floor amendment approved by voice vote.)
522	477	<i>Chiropractic Coverage Under Medicare.</i> —Substitutes for the House provision calling for a study of chiropractic coverage, a provision amending the definition of the term "physician" under Part B of medicare to include licensed chiropractors who meet certain minimum standards promulgated by the Secretary, but only with respect to treatment of the spine by means of manual manipulation. Effective date: July 1, 1973.
523	479	<i>Chiropractors' Services Under Medicaid.</i> —Adds a provision conforming the coverage of chiropractic under medicaid with the provisions conditioning eligibility of such services included in the amendment adding chiropractic coverage to Part B of medicare (see amendment 522 above).
524	479	<i>Services of Podiatric Interns and Residents Under Part A of Medicare.</i> —Adds a new provision which includes within the definition of approved hospital teaching programs services furnished by an intern or resident-in-train-

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		ing in the field of podiatry under a teaching program approved by the Council on Podiatry Education of the American Podiatry Association. Effective date: January 1, 1973.
525	480	<i>Use of Consultants for Extended Care Facilities.</i> —Adds to the House bill a new provision which allows those State agencies which are capable of and willing to provide specialized consultative services for medicare patients in a skilled care facility which requests them, to do so, subject to approval of the State's arrangements by the Secretary.
526	480	<i>Designation of Extended Care Facilities and Skilled Nursing Homes as Skilled Nursing Facilities.</i> —Adds to the bill a provision substituting the term "skilled nursing facility" for the terms "extended care facility" and "skilled nursing home" wherever used in Titles 18 and 19.
527	483	<i>Direct Laboratory Billing of Patients.</i> —Adds a new provision which states that, with respect to diagnostic laboratory tests for which payment is to be made to a laboratory, the Secretary would be authorized to negotiate a payment rate with the laboratory which would be considered the full charge for such tests, and for which reimbursement would be made at 100% of such negotiated rate. Such negotiated rate would be limited to an amount not to exceed the total payment that would have been made in the absence of such rate.
528	484	<i>Clarification of Meaning of "Physicians' Services" Under Title XIX.</i> —Adds a new provision defining a physician, under Title XIX, for purposes of the mandatory provision of physicians' services as being a duly licensed doctor of medicine or osteopathy.
529	484	<i>Limitation on Adjustment or Recovery of Incorrect Payments Under the Medicare Program.</i> —Adds a new provision which would limit medicare's right of recovery of over-

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<i>Limitation on Adjustment or Recovery of Incorrect Payments Under the Medicare Program.—Continued.</i>
		payments to a 3-year period (or a 1-year period) from the date of payment where the beneficiary acted in good faith; would permit the Secretary to set a time between 1 and 3 years within which claims for underpayment would have to be made.
530	489	<i>Provide for 75% Matching Under Medicaid of Reasonable Expenditures for Professional Personnel.—</i> Adds a new provision which authorizes Federal matching under Medicaid of 75 percent of the reasonable costs of compensating skilled medical personnel and direct supporting staff other than those employees of the State or other public agencies.
531	489	<i>Conditions of Coverage of Outpatient Speech Pathology Services Under Medicare.—</i> Adds a provision including speech pathology services under Part B—the same services now covered as speech therapy services when furnished by a provider of service—furnished to beneficiaries on an outpatient basis by organized agencies, clinics, or other health centers without necessarily requiring direct physician supervision of such services. Reimbursement would be made to an agency, clinic, or center on the basis of reasonable cost. Effective date: January 1, 1973.
532	492	<i>Conditions of Coverage of Services of Clinical Psychologists.—</i> Adds a provision authorizing the provision of services of clinical psychologists in psychological clinics which are not physician-directed. Such treatments would be limited by the overall \$250 annual limitation on outpatient treatment of mental illness as they are when such services are furnished by physicians. Effective date: January 1, 1973.
533	495	<i>Conditions of Coverage of Outpatient Rehabilitation Services Under Medicare.—</i> Adds a new provision which establishes a new benefit category to permit reimbursement under Part B for outpatient rehabilitation furnished in outpatient settings. The require-

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		ments that organizations must meet in order to provide the new outpatient rehabilitation benefit would be similar to the types of standards now imposed on providers of outpatient physical therapy services. Payment for outpatient rehabilitation services will be on the basis of reasonable costs. Benefits would be payable for covered outpatient rehabilitation services furnished beginning January 1, 1973.
534	499	<p><i>Authority for Secretary to Assign Medicare Providers to Fiscal Intermediaries.</i>—</p> <p>(1) Adds a new provision which would authorize the Secretary to assign or reassign providers to available intermediaries in those cases where such assignment or reassignment would result in more effective and efficient administration of the medicare program.</p> <p>(2) Effective date of this provision would be January 1, 1973.</p>
535	499	<p><i>Termination of Medical Assistance Advisory Council.</i>—Adds a new provision terminating the medicaid advisory council.</p>
536	500	<p><i>Modification of Role of Health Insurance Advisory Council.</i>—Adds a new provision which provides for modification of the role of HIBAC so that its role would be that of offering suggestions for the consideration of the Secretary on matters of general policy in the medicare and medicaid programs.</p>
537	501	<p><i>Authority of Secretary to Administer Oaths in Medicare Proceedings.</i>—Adds a new provision which authorizes the Secretary, in carrying out his responsibility for administration of the medicare program, to administer oaths and affirmations in the course of any hearing, investigation, or other proceeding.</p>
538	502	<p><i>Withholding Medicaid Payments to Terminated Medicare Providers.</i>—Adds a new provision authorizing the Secretary upon 60-days' notice to withhold Federal participa-</p>

II. Medicare-Medicaid Amendments--Continued

Amendment	Bill page	Description
		<i>Withholding Medicaid Payments to Terminated Medicare Providers.</i> —Continued. tion in medicaid payments from States with respect to institutions which have withdrawn from medicare without refunding medicare overpayments or submitting medicare cost reports.
539	504	<i>Maternal and Child Health.</i> —Adds a provision extending for an additional fiscal year (through June 30, 1974) the present special project grant authorization for maternal and child health programs.
540	505	<i>Intermediate Care in States Without Medicaid.</i> —Adds a new provision to allow Federal matching for intermediate care in States which, on January 1, 1972, did not have a medicaid program in operation.
541	506	<i>Required Information Relating to Excess Medicare Tax Payments by Railroad Employees.</i> —Adds a new provision deleting requirement that railroads include amount of hospital insurance tax withheld on W-2 forms. Employees would be notified, however, that those with dual employment may be entitled to a refund of excess hospital insurance tax paid.
542	508	<i>Appointment and Confirmation of Administrator of Social and Rehabilitative Service.</i> —Adds a new provision providing that appointments made on or after the enactment of this bill to the office of the Administrator of the Social and Rehabilitative Service will be made by the President, by and with the advice and consent of the Senate.
543	508	<i>Repeal of Section 1903(b)(1).</i> —Adds a new provision which deletes the requirement that States spend at least as much for care of individuals age 65 or over in mental hospitals as in fiscal year 1965.
544	508	<i>Training of Intermediate Care Facility Administrators.</i> —Adds a new provision authorizing expenditure of funds under Title XIX for the two-year period ending June 30, 1974 to

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		provide for supplemental training of ICF administrators who are unable to meet such standards as may be established in regulations by the Secretary.
545	509	<i>Coverage Under Medicaid of Intermediate Care Furnished in Mental and Tuberculosis Institutions.</i> —Adds a new provision which provides that intermediate care can be covered for individuals age 65 or older in mental institutions if such individuals could also be covered when in mental hospitals for hospital or skilled nursing facility care. Effective date: Services furnished after December 31, 1971.
546	509	<i>Independent Review of Intermediate Care Facility Patients.</i> —Adds a new provision clarifying that independent professional review to determine proper patient placement and care of Title XIX patients is mandatory in all intermediate care facilities.
547	509	<i>Intermediate Care Maintenance of Effort in Public Institutions.</i> —Adds a new provision clarifying the designation of the base period for the maintenance of effort requirement pertaining to non-Federal expenditures with respect to patients in public institutions for the mentally retarded to be the four quarters immediately preceding the quarter in which the State elected to make such services available.
548	510	<i>Disclosure of Ownership of Intermediate Care Facilities.</i> —(1) Adds a new provision requiring that intermediate care facilities not otherwise licensed as skilled nursing homes by a State make ownership information available to the State licensing agency. (2) Requires submission of certified statement of provider costs within 120 days of close of fiscal year. (Moss floor amendment by voice vote). (3) Effective date: January 1, 1973.
549	512	<i>Treatment in Mental Hospitals for Medicaid Eligibles Under Age 21.</i> —(1) Adds a new provision authorizing coverage of inpatient care (under specific conditions) in mental

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<p><i>Treatment in Mental Hospitals for Medicaid Eligibles Under Age 21.</i>—Continued.</p> <p>institutions for medicaid eligibles under age 21. (2) Provision also authorizes the Secretary to conduct, through contracts with State agencies, a limited number of demonstration projects to determine the feasibility of extending medicaid mental hospital coverage to mentally ill persons who are otherwise eligible for medicaid and who are between the ages of 21 and 65.</p>
550	514	<p><i>Public Disclosure of Information Concerning Survey Reports of an Institution.</i>—(1) Adds a new provision which requires the Secretary to make reports of an institution's significant deficiencies or the absence thereof (such as in the areas of staffing, fire safety, and sanitation) a matter of public record readily and generally available. Such information would be available for inspection within 90 days of completion of the survey. (2) Effective date: January 1, 1973 or within 6 months following enactment, whichever is later.</p>
551	516	<p><i>Family Planning Services Mandatory Under Medicaid.</i>—</p> <p>(1) Adds a new provision authorizing 100% Federal funding for the costs of family planning services under medicaid and title IV.</p> <p>(2) Provision requires States to make available on a voluntary and confidential basis such counseling, services and supplies, directly and/or on a contract basis with family planning organizations throughout the State, to present, former, or likely recipients who are of child-bearing age and who express a desire for such services.</p> <p>(3) The Federal share of AFDC funds would be reduced by 2%, beginning in fiscal 1974, if a State in the prior year fails to inform the adults in AFDC families of the availability of family planning services or if the State fails to actually provide or arrange for such services for persons desiring to receive them who are applicants or recipients of cash assistance.</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
552	519	<p><i>Penalty for Failure to Provide Child Health Screening Services Under Medicaid.</i>—Adds a new provision which would reduce the Federal share of AFDC matching funds by 2%, beginning in fiscal 1975, if a State—</p> <ul style="list-style-type: none"> (a) fails to inform the adults in AFDC families of the availability of child health screening services; (b) fails to actually provide or arrange for such services; or (c) fails to arrange for or refer to appropriate corrective treatment children disclosed by such screening as suffering illness or impairment.
553	520	<p><i>Treatment for Drug Addicts and Alcoholics.</i>—</p> <ul style="list-style-type: none"> (1) Adds a new title to the House bill which <ul style="list-style-type: none"> (a) precludes eligibility of medically determined alcoholics and addicts for welfare under AFDC and for benefits, on the basis of disability, under the Supplemental Security Income program, and (b) establishes a program under the new title, Title XV of the Social Security Act designed to require appropriate professional care and treatment of alcoholics and addicts utilizing existing agencies and mechanisms. Maintenance payments could be made only as part of a treatment and rehabilitation program. (2) Matching funds under this title would be at the rates otherwise provided for the type of payments made (medical care and treatment would be matched at Medicaid rates and cash payments and defined social services matched at the rates applicable to the category under which the person would otherwise be aided). Social service expenditures would be subject to the \$2.5 billion ceiling contained in the Revenue Sharing bill.
554	533	<p><i>Limitation on Expenditures for Treatment of Drug Addicts and Alcoholics Under Titles XIV and XVII in 1973.</i>—</p> <p>Adds a new provision providing that to the extent that at least 50% of medically determined alcoholics and addicts are not</p>

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
		<i>Limitation on Expenditures for Treatment of Drug Addicts and Alcoholics Under Titles XIV and XVII in 1973.—Continued.</i>
		enrolled and receiving active care and treatment under Title XV within 6 months of enactment of the Act States will lose Federal matching funds for those not in treatment; similarly at least 75% must be enrolled and in treatment within 9 months and all such persons brought into Title XV by the end of 12 months.
555	534	<i>Medicare: Coverage of Persons Needing Kidney Transplantation or Dialysis.—</i> Provides that fully or currently insured workers and their dependents with chronic renal disease would be deemed disabled for purposes of coverage under Parts A and B of medicare. Coverage would begin 6 months after the onset of the condition providing they require hemodialysis or renal transplantation. (Hartke floor amendment adopted by 52 to 3 roll call vote.)
556	536	<i>Medicaid Matching—Alaska and Hawaii.—</i> Adds a provision to the House bill which provides that cost-of-living differentials are to be factored in determining medicaid matching payments to Alaska and Hawaii. (Gravel floor amendment adopted by voice vote.)
557	537	<i>Home Health Coinsurance.—</i> Adds a provision eliminating requirement of coinsurance payment under Part B of medicare for home health services. (Nelson floor amendment adopted by voice vote.)
558-559	537	<i>Long Term Care:</i> (1) Includes as intermediate care facilities under medicaid long-term institutions certified by the Secretary on Indian reservations; and (2) Provides grant program for nurses' aides and orderlies training. (Moss floor amendments adopted by voice vote.)

II. Medicare-Medicaid Amendments—Continued

Amendment	Bill page	Description
560	538	<i>Medicaid "Spend-Down" Level.</i> —Under current law, an individual (otherwise eligible for medicaid except for income) must "spend-down" for medical expenses any income above not more than 133% of the AFDC payment level before he is eligible as "medically-indigent." AFDC payment levels, however, are often lower than old-age, Blind and Disabled payment levels. Adds a new provision whereby an individual otherwise eligible for medicaid except for income must "spend-down" such excess income for health care expenses to the payment standard of the payment standard for the appropriate cash assistance program. (Tunney floor amendment approved by voice vote.)
561	539	<i>Medicare Appeals.</i> —Adds a new provision to the House bill to clarify that there is no authorization for an appeal to the Secretary or for judicial review on matters solely involving amounts of benefits under Part B, and that insofar as Part A amounts are concerned, appeal is authorized only if the amount in controversy is \$100 or more and judicial review only if the amount in controversy is \$1,000 or more. (Bennett floor amendment adopted by voice vote.)
562	541	<i>Medicare: Coverage of Miners Receiving Black Lung Benefits.</i> —Adds a new provision authorizing medicare coverage for miners regardless of age, who are receiving black lung benefits. (R. Byrd floor amendment adopted by voice vote.)
563	544	<i>Occupational Therapy.</i> —New provision to permit medicare home health payment when only occupational therapy services are furnished. (Stevenson floor amendment adopted by voice vote.)

[Note: Senate Amendments 564, 567, and 568 deleted titles III, IV, and V of the House bill and inserted new titles III, IV and V (Senate amendments 565 and 566 were added at the end of title III and amendments 569 through 583 were added at the end of the bill on the Senate floor). Though title III of the Senate bill deals with programs for the aged, blind, and disabled and title IV deals generally with programs for families with children, title V deals with both as well as tax and various other matters. Parts III through VI of this print attempt to group the provisions of the House and Senate bills by subject matter rather than in bill order.]

III. Programs for the Aged, Blind, and Disabled

Both House and Senate bills establish new Federal programs guaranteeing a minimum monthly income to the aged, blind, and disabled persons and programs of grants to States for social services to the aged, blind, and disabled. The bills are compared below.

House Bill

1. Establishes as title XX of the Social Security Act a federally administered program of assistance for the aged, blind, and disabled guaranteeing a minimum monthly income of—

Effective date	Individual	Couple
July 1972.....	\$130	\$195
July 1973.....	140	200
July 1974.....	150	200

2. Excludes from income:

(a) For the *aged*, \$60 of monthly earnings plus one-third of additional earnings;

(b) For the *disabled* and *blind*, \$85 of monthly earnings plus one-half of additional earnings; in addition, any income necessary for the fulfillment of a plan for achieving self-support;

(c) For the *blind*, in addition, work expenses.

3. Eligibility limited to individuals and couples with resources of less than \$1,500.

Senate Bill

1. Establishes as title XVI of the Social Security Act a federally administered supplemental security income program for the aged, blind, and disabled guaranteeing a minimum monthly income of \$130 for an individual and \$195 for a couple, effective January 1, 1974.

2. Excludes from income:

(a) The first \$50 of any income not need-related;

(b) For the *aged*, \$85 of monthly earnings plus one-half of additional earnings;

(c) For the *disabled* and *blind*, same as House bill;

(d) Rebate or return of taxes paid on real property or food purchased.

3. (a) \$2,500 resource test.

(b) Provides that the resources of any aged, blind, or disabled re-

III. Programs for the Aged, Blind, and Disabled—Continued

House Bill

Senate Bill

4. Eligibility for and amount of benefits calculated quarterly.

5. No disabled person is eligible if the disability is medically determined to be due solely to drug addiction or alcoholism unless such individual is undergoing appropriate treatment if available. Provides for monitoring all such individuals getting treatment.

6. No provision.

7. Benefits reduced one-third for any individual who lives in another person's household and receives support and maintenance in kind from such person.

8. Resources excluded:

(a) Home if value does not exceed reasonable amount.

(b) Household goods, personal effects, if total value does not exceed reasonable amount.

ipient who received public assistance in December 1972 and December 1973 shall be considered to meet the resource test if they meet the resource test for the aged, blind, or disabled as in effect for October 1972. (Cranston floor amendment adopted by voice vote.)

4. Same as House bill, except provides for monthly calculations for the first quarter benefits are applied for.

5. No disabled person (unless aged or blind) is eligible if he is medically determined to be a drug addict or alcoholic. Requires referral to appropriate agency under Title XV.

6. No person is eligible who disposed of property of any type to a relative for less than fair market value within one year prior to his application if retention of the property would have made him ineligible.

7. Excludes from the reduction in benefits any individual who makes reasonable payment for such support and maintenance. (Miller floor amendment adopted by voice vote.)

8. Resources excluded:

(a) Home including land surrounding home if value does not exceed reasonable amount.

(b) Adds automobile to items excluded.

(c) In the case of Natives of Alaska, shares of stock held in a Regional or a Village Corporation, during the period of twenty years in which such stock is inalienable, as provided in section 7(h) and section 8(c) of the Alaska Native Claims Settlement Act. (Gravel floor amendment adopted by voice vote.)

III. Programs for the Aged, Blind, and Disabled—Continued

House Bill

9. Requires that an individual to be eligible must be a resident of the United States and a citizen or an alien lawfully admitted for permanent residence.

10. Provides that a blind or disabled person who was on the rolls in June 1972 under existing State definition for blindness or disability would be considered blind for purposes of this title so long as he continues to be blind or disabled.

11. Disabled persons under age 18 eligible.

12. Includes as a child an individual under the age of 22 attending school.

13. Includes Puerto Rico (with a reduced guaranteed minimum income), Guam, and the Virgin Islands.

14. A husband and wife are treated as a couple even if not living together.

15. "Declaration method" of determining eligibility is prohibited by committee report language; bill states that the Secretary shall prescribe such requirements for filing the application, suspending or terminating assistance, furnishing other data and material and reporting of events and changes in circumstances as may be necessary for effective and efficient administration.

16. Secretary and State may make agreement under which he will determine eligibility for medical assistance in any and all cases, including families with children under State title XIX plan.

Senate Bill

9. Expands the citizenship requirement to include an alien permanently residing in the United States under color of law. Defines this so as to include Cuban refugees lawfully present in the United States. (Chiles floor amendment adopted by voice vote.)

10. Provides that a blind or disabled person who was on the rolls in December 1973 and met the State definition for blindness or disability as defined in the State plan in effect October 1972 would be considered blind or disabled for purposes of this title so long as he continues to be blind or disabled.

11. Disabled persons under age 18 ineligible.

12. Includes as a child an individual under the age of 21 attending school.

13. Excludes these 3 territories; current law programs remain applicable.

14. A husband and wife are treated as two individuals if they have been living apart more than 6 months.

15. "Declaration method" is statutorily precluded by requiring that the application or current circumstances of the applicant or recipient will be examined and prompt verification made covering eligibility and other factors from independent or collateral sources necessary to insure that eligibility exists for all persons in the assistance group and the amount of aid furnished is correct.

16. Limits determination to cases of aged, blind, and disabled persons.

III. Programs for the Aged, Blind, and Disabled—Continued

House Bill

17. Makes aged, blind, and disabled beneficiaries ineligible for food stamps; provides Federal funding to States for the costs of any additional benefit they might decide to give beneficiaries so as to make up for the loss of food stamp eligibility to the extent it results in State costs exceeding the 1971 levels.

18. Extends \$4 pass-along until July 1972.

19. States supplementing Federal payment may disregard \$7.50 of any income in addition to other amounts.

20. Provides \$5 million for research and reports.

21. Various provisions related to eligibility, definitions, and administration.

22. Social Services:

(a) Revises title XVI to provide grants to States for social services for aged, blind, and disabled persons and specifies list of services for which Federal matching is available subject to allocation formula (see page 64).

(b) Title XVI is applicable in Puerto Rico, Guam, and the Virgin Islands.

23. Amendments to present law for aid to aged, blind, and disabled persons:

(a) No provision.

Senate Bill

17. Makes ineligible for food stamps or surplus commodities any aged, blind, or disabled person receiving assistance under this title or the new title XV established by the bill (providing care and treatment for drug addicts and alcoholics): pays States the full cost of adjusting any additional benefits they might decide to give beneficiaries so as to make up for the loss of food stamp eligibility. (Effective date postponed indefinitely by Case floor amendment adopted by 44 to 27 rollcall vote.)

18. Extends \$4 pass-along until January 1974.

19. (Incorporated within \$50 disregard of any income in item 2(a) above.)

20. No provision.

21. Same as House bill.

22. Social Services:

(a) Establishes social services under a new title VI to provide social services for aged, blind, and disabled persons, subject to provisions of section 1130 limiting Federal funds available for matching services.

(b) Title VI is not applicable in these 3 territories which, however, remain under current law.

23. Amendments to present law for aid to aged, blind, and disabled persons (effective until January 1, 1974):

(a) Requires States to increase standard of need for purposes of aid to the aged, blind, and disabled between October 1, 1972 and December 31, 1973 by 20 percent, and provides for additional increases if there is a general increase in social security. Also provides that States which increased their standard of need after June 30,

III. Programs for the Aged, Blind, and Disabled—Continued

House Bill	Senate Bill
	1972 because of the 20 percent increase may count that needs standard increase in meeting the above requirement. (Cranston floor amendments adopted by voice vote.)
(b) Requires separation of social services and eligibility determination.	(b) Separation of social services and eligibility determination is specifically not required.
(c) No provision.	(c) At its option, the State may require a charge for reasonable cost of providing manuals and other policy issuances.
(d) No provision.	(d) Provides that the decision of the local agency on the matter considered at an evidentiary hearing may be implemented immediately.
(e) No provision.	(e) Provides that the State may make any person ineligible for money payments who has been absent from the State over 90 consecutive days until such person has been present in the State for 30 consecutive days in the case of an individual who has maintained his residence in the State during such period or 90 days in the case of any other individual.
(f) No provision.	(f) Permits the States, if they elect to do so, to make rent payments directly to a public housing agency on behalf of a recipient or a group or groups of recipients.
(g) No provision.	(g) Permits the use or disclosure of information concerning applicants or recipients to public officials who require such information in connection with their official duties.
(h) No provision.	(h) Provides that the 20 percent social security benefit increase and any future cost-of-living increases not be taken into account in determining eligibility for food stamps, surplus commodities, or Federally subsidized housing programs (amendment 566; section 307, page 640; Mondale floor amendment adopted by voice vote).

IV. Programs for Families With Children and Other Welfare Amendments

A. FAMILY ASSISTANCE PLAN, TEST PROGRAMS, WORK BONUS, WAGE SUPPLEMENT

House Bill

Under the House bill, the existing law relating to Aid to Families with Dependent Children would be repealed and assistance to needy families with children would be provided under two new Federal programs: the Opportunities for Families program and the Family Assistance Plan.

Eligibility and amount of benefits.—Under both new programs, families with children would be eligible for benefits if their countable income (as defined in the bill) fell below the Federal benefit level. The bill provides for annual benefits of \$800 each for the first two family members, \$400 each for the next three, \$300 each for the next two, and \$200 for the next one. Thus a family of four with no other income would have a benefit of \$2,400. Families with other sources of income would have their benefit payment reduced by the amount of that income. However, the bill provides that certain income would not be counted, and therefore would not reduce the amount of the benefit—e.g., the first \$720 of annual earnings plus one-third of additional earnings, part or all of the cost of child care, and student earnings.

Recipients would be allowed to have a home and personal effects of reasonable value; however, other countable resources (as defined in the bill) could not exceed \$1,500.

Benefits would be determined on the basis of the amount of countable income the Secretary estimates the family would receive in the current calendar quarter, taking into consideration also the amount of countable income the family had in the three preceding

Senate Bill

Test of Programs for Families.—Section 401 (page 715) of the Senate bill authorizes \$100 million for each fiscal year for the Secretary of Health, Education, and Welfare to conduct three test programs beginning January 1, 1973. One program would be patterned after Title IV program for families contained in H.R. 1 as it passed the House; one plan would be patterned after the program recommended by the Committee on Finance in Title IV of H.R. 1 as reported by the Committee; and the third plan would be patterned after the Title IV program for families contained in Ribicoff Amendment No. 1669. The three tests would begin at about the same time, would be conducted in reasonably comparable areas, would be of comparable size and duration (but not for less than 24 months or more than 48 months). During the period of these tests, individuals residing in the test area would not be eligible for Aid to Families with Dependent Children, and States would be protected from any increase in their welfare expenditures in the test area. Before the tests are begun, a complete and detailed description of the planned tests must be sent to the Committees on Finance and Ways and Means. The Secretary would report at least once every six months to the Congress on the test programs and would submit a full and complete report on the tests with recommendations for legislative action following the completion of the test programs. The Secretary must consult with the General Accounting Office, and GAO is directed to review the test programs; they must report to

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

quarters. Thus, in general, a family's eligibility would be on the basis of its annual income.

Opportunities for Families Program.—All individuals determined to be available for employment would be required to register for employment or training with the Department of Labor. The Department of Labor would have the responsibility of eligibility determination and of making payments for all families in which any member is registered. Persons who are required to register and who refuse to do so would be subject to penalty of loss of benefits (\$800 on an annual basis). Persons referred to training or employment who refused to accept it without "good cause" would have the same penalty.

All individuals would be required to register except those who are: (1) unable to work or be trained because of illness, incapacity, or age; (2) mothers or other relatives caring for children under age 6 (age 3 beginning July 1974); (3) mothers or other female caretakers of children if the father or other adult male relative is in the home and is registered; (4) children under age 16 (or 22 if a student regularly attending school); (5) needed in the home on a continuous basis because of the illness or incapacity of another family member.

Family Assistance Plan.—All needy families which do not have a member who is determined to be available for employment would be enrolled in the Family Assistance Plan, which would be administered by the Department of Health, Education, and Welfare.

Manpower services, child care, and supportive services.—Both those who are required to register

Senate Bill

the Congress at least once every six months on the tests and submit a report following the completion of the tests. (Part of Roth amendment to Long amendment adopted by 46 to 40 rollcall vote.)

Work Bonus for Low-Income Workers.—Section 534 (page 872) of the Senate bill adds a new provision to the tax laws providing that low income workers (physically present in the United States) who head families having one or more dependent children are to receive a nontaxable work bonus equal to 10 percent of their wages, up to a maximum wage of \$4,000, if they are subject to social security or railroad retirement taxes. In the case of married taxpayers, the bonus is to be computed on the basis of the combined earnings of both. The amendment provides a permanent appropriation for the payment of these bonuses. The work bonus is to be gradually reduced for income over \$4,000 a year by one-fourth of the income (from whatever source derived) of the individual (and of the spouse in the case of a married taxpayer) over this amount. This will result in a complete phaseout of the bonus where the total income equals \$5,600. Individuals who are eligible to receive the bonus may apply for advance payments on a quarterly basis throughout the year, but any payments made in excess of what the individual is entitled to receive would be subject to recapture. An individual could elect to take a credit against his income tax in lieu of the bonus.

This amendment would apply in 1973. It is estimated that the bonus payments and tax credits under this amendment would total approximately \$900 million for calendar year 1973.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

and those who volunteer would be provided necessary employment, training, child care and supportive services. The services would be financed wholly from Federal funds and the Secretary of Labor would have full responsibility for their provision.

State supplementation.—States and political subdivisions would be allowed to have programs to supplement the Federal payments to recipients. The Federal Government could administer a supplementary payment program so long as certain requirements and conditions were agreed upon by the States (or localities) in contracts with the Secretary of Labor and the Secretary of Health, Education, and Welfare. If the Federal Government administered the State supplementary program, it would pay the full cost of administration. If the State chose to administer its own supplement, the State would pay the full cost of administration.

Senate Bill

Wage Supplement Program for Jobs Not Covered Under Minimum Wage.—Section 420 (page 722) of the Senate bill provides a Federal wage supplement for heads of families working in jobs paying no less than the applicable rate (if any) required under Federal, State, or local law, but paying at least 75 percent but less than 100 percent of the minimum wage as defined in the bill. The bill defines the minimum wage to be the amount provided for in the Fair Labor Standards Act (presently \$1.60 per hour) but not more than \$2.00 per hour. The amount of the wage supplement is three-fourths of the difference between the wage paid by the employer and the minimum wage as defined in the bill. In general, the wage supplement would not be available if an employer reduced the rate of compensation during the three months before the individual took the job or within three months after he is in the job. The programs would be administered by the Secretary of Labor, presumably through the Employment Security Offices. The wage supplement would be available in the Virgin Islands and Guam, but not in Puerto Rico.

Tax Credit for Employing Assistance Recipients.—Section 561 (page 908) of the Senate bill extends the application of the work incentive credit of present law. In general, the provision of present law allows an employer an income tax credit equal to 20 percent of the wages he pays to business employees employed under a work incentive program during the first 12 months of their employment. The total credit allowed is limited to the taxpayer's tax liability up to \$25,000 and to 50 percent of his liability over \$25,000.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

The Senate bill makes this credit available for nonbusiness as well as business employees. It also revises the rules with respect to the credit in several respects. Under the amendment the 20-percent credit (in the case of both business and nonbusiness employees) is to apply only with respect to so much of the wages as do not exceed \$4,000. For the business or nonbusiness employer to be eligible for the credit the employees must either be registered for employment under the manpower services and training program or placed in employment under a work incentive program. Generally, the credit is not to apply to more than 15 percent of the aggregate wages paid during the year by the employer to all employees (taking into account only the first \$4,000 of wages paid any employee). This limitation is to be applied separately in the case of business and nonbusiness employees. In addition, each taxpayer is to be permitted to take a full credit with respect to the wages paid to at least one employee. Taxpayers who elect to take the credit with respect to nonbusiness employees are not to be eligible, in the same taxable year, to also take the deduction for expenses for household and dependent care services (sec. 214 of the Code.)

This provision would generally apply to taxable years ending after December 31, 1972, except that the limitations on the credit relating to business employees are not to apply to those employed on or before December 31, 1973. The revenue effect of this provision is difficult to estimate because the incentive effect of this amendment is difficult to measure. However, any revenue loss involved will be offset by savings resulting from reductions in welfare rolls.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

B. CHILD SUPPORT

Both the House bill (sections 401, 525, and 527, pages 611, 824, and 827) and the Senate bill (sections 430, 430A, and 565, pages 727, 752, and 915) contain provisions relating to child support. The provisions are compared below.

1. DESERTION: CRIMINAL OFFENSE

House Bill

Provides that the parent of a child receiving AFDC benefits who moves or travels in interstate commerce for the purpose of avoiding responsibility for support of such child or any other responsibility imposed upon him by any law pertaining to the obligation of a parent to support his child shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

Senate Bill

Any individual who is a parent of a child and who is under a legal duty to provide for the support of such child (as required under State law) who fails to perform such duty and has abandoned such child and the child receives AFDC payments shall upon conviction be fined in an amount equal to 50 percent of the "residual monetary obligation" owed the United States or fined no more than \$1,000 or imprisoned for not more than one year, or any combination of these three penalties. This section does not preempt any State law imposing a civil or criminal penalty for failure to provide support for a child.

2. ADMINISTRATION OF CHILD SUPPORT PROGRAM

Continues the provisions of existing law which require that the State welfare agency (which under the House bill would only administer the social services provisions) establish a separate, identified unit whose purpose is to undertake to determine the paternity of each child receiving welfare who was born out of wedlock, and to secure support for him; if the child has been deserted or abandoned by his parent, the welfare agency is required to secure support for him from the deserting parent, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support.

The State welfare agency is further required to enter into coop-

Continues the basic provisions of existing law but puts their administration and supervisory responsibility under the Attorney General rather than the Secretary of Health, Education, and Welfare. The Attorney General (or his State or locality delegate) shall, to the extent required, locate absent parents, determine paternity in order to establish a duty to support, obtain support orders, collect support payments by use of voluntary agreements or other means and enforce the "residual monetary obligation" owed the United States and the criminal provisions for nonsupport by such parents. The separate administering unit of the State or locality delegate would not have to be in the wel-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

erative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting AFDC parents.

State plan requirements would be subject to the general supervision and review of the Department of Health, Education, and Welfare. The administration of the criminal provisions applicable to runaway fathers would be carried out by the Department of Justice.

Senate Bill

fare agency as required by present law and the House bill. Requires each U.S. attorney to designate an assistant who would be responsible for child support and he would assist and maintain liaison with the States in their support collection efforts and would undertake Federal action if necessary. He would also be required to prepare for submission to Congress quarterly reports on all his activities in his area. Requires the States and political subdivisions to keep full records of their collections and disbursements and to provide such information as will enable the Attorney General to evaluate the effectiveness of their programs. The Attorney General will submit an annual report on his activities in carrying out the program.

3. ASSIGNMENT OF SUPPORT RIGHTS

No provision.

Requires a mother, as a condition of eligibility for welfare, to assign her right to support payments to the Federal Government and requires her cooperation in identifying and locating the absent father and in obtaining any money or property due the family or Government.

The assignment of support rights will continue as long as the family continues to receive AFDC. When the family goes off the welfare rolls, the deserting parent will continue for a three-month period to make payments to the government collection agency (which will pay the money over to the family at no cost to them). If by the end of the three-month period the father has met his support obligation for at least 24 consecutive months, he will begin making payments directly to the family. But if the father has not made pay-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

ments for 24 consecutive months, the mother would have the election of continuing to assign her rights and to utilize the governmental mechanisms for collecting support for an additional period until the father has met his support obligations for 24 consecutive months. If she does so elect, the cost of collection will be deducted from the amount collected and the net balance will be sent to the mother.

The assignment of family support rights would be to the Federal Government, and the Department of Justice would be authorized to delegate these rights to those States which have effective programs of determining paternity and obtaining child support. The Attorney General would also be authorized to delegate such collection rights to counties that have effective programs, but only if the State as a whole did not.

If the Attorney General finds that a State does not have an effective program, the collection rights would remain with the Federal Government. OEO lawyers would be made available to assist Justice Department attorneys in carrying out their responsibilities.

4. OBLIGATION OF DESERTING PARENTS TO FEDERAL GOVERNMENT

Provides that where an individual deserts his spouse or child and they receive FAP benefits, he shall be obligated to the United States in an amount equal to the total amount of benefits paid less any payments he makes to the family during the period which are excluded in determining the amount of benefits, but in no case would his obligation exceed the amount ordered by a court less any payments made under such court order for support.

Past and continuing AFDC payments would serve as a "residual monetary obligation" of the absent parent to the United States. The obligation would generally be the cumulative amount derived from monthly amounts which would be based on the lesser of the welfare assistance paid the family, or 50 percent of the absent spouse's income (but not less than \$50 a month). The obligation would accrue interest at a rate of 6 percent. Would limit the accumulation of further obligations when the ab-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

sent parent makes support payments. All or part of the obligation to the Federal Government might be suspended or forgiven by the Attorney General upon a finding of good cause.

5. ENFORCEMENT AND COLLECTION OF SUPPORT LIABILITY

Provides that the amount due the United States shall be collected, in such manner as may be prescribed by the Secretaries of HEW or Labor, from any amount otherwise due the deserting parent from any officer or agency of the United States under any Federal program.

Provides that the Attorney General shall, in accordance with procedures applicable to the recovery of obligations due the United States, using where appropriate voluntary agreements, collect amounts owed under assigned support obligations and the "residual monetary obligation."

Provides that the Attorney General (or his State or local delegate) may enter into voluntary agreements with deserting parents if (1) there is no court order or (2) there is a court order that cannot reasonably be expected to be enforced or collected. Any such voluntary agreement must provide that support payments will not cease if the family goes off AFDC. If a State or locality utilizes voluntary agreements, it must provide an administrative mechanism for the enforcement of the agreements.

Provides that the Attorney General is authorized to bring civil action in any court of competent jurisdiction (including State courts) against an absent parent to secure (1) the support obligations assigned to him as a condition of AFDC eligibility and (2) the "residual monetary obligation" owed to the United States. State and local delegate agencies which are assigned support rights through the Attorney General would use their normal judicial and administrative processes.

The Attorney General will be able to use the IRS collection pro-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

cedures under section 6305 of the Internal Revenue Code by certifying the amount necessary for collection. States may also use this procedure through the Attorney General but they must have made reasonable efforts in utilizing their own collection mechanisms before the use of the Federal collection facilities would be authorized. If the IRS mechanisms are used, the Federal Government would have to be reimbursed on a cost basis.

6. DISTRIBUTION OF COLLECTIONS

One-third of any payments for children who are family members or payments as alimony to family members will be disregarded.

The first \$20 of any support collected in a month will be disregarded and the remainder will be used to offset or reduce the AFDC payment to the family for the month. If the support payment is sufficient to entirely offset the family's AFDC eligibility for the month, the entire support payment up to the amount of the family's support needs under a court order or voluntary agreement will go to the family and any excess will be returned to the State (or the political division delegated support collection functions by the Attorney General), as a reimbursement for past AFDC payments. Any collections in excess of that needed to offset past AFDC payments will go to the Federal Government (that portion of collections retained by the Federal Government and those retained by States and localities to offset past AFDC payments will reduce the deserting father's residual monetary obligation to the Federal Government). If collection is made by the Attorney General, collections in excess of current support requirements of the family will be retained wholly by the Federal Government.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

7. PARENT LOCATOR SERVICE—ACCESS TO RECORDS

House Bill

No provision, but access is authorized to both Social Security and (if there is a court order) to IRS records in locating absent AFDC parents.

Senate Bill

Requires Attorney General to establish a Parent Locator Service within the Department of Justice which, upon request of (1) a local, State, or Federal official with support collection responsibility under this provision, (2) a court with support order authority, or (3) a deserted spouse not on welfare or her agent, will make available the most recent address and place of employment which can be obtained from Justice Department files or the files of any other Federal agency, or of any State. Priority in requests will be given to locating deserting fathers of families on welfare. Attorney General will be reimbursed by State and local collection agencies for the cost of his services and nonwelfare cases will pay fees for these services.

Provides a clarification of existing AFDC law restricting the use and disclosure of information to make it clear that this provision may not prevent disclosure to (a) public officials who require such information in connection with their official duties or (b) other persons for purposes directly connected with the administration of AFDC.

8. FEDERAL CHILD SUPPORT FUND

No provision. Amounts collected as obligations of deserting parents to the United States would be deposited in the Treasury as miscellaneous receipts.

Establishes in the Treasury a revolving fund to be known as the Federal Child Support Fund which shall be available to the Attorney General to enable him to carry out his responsibilities under the support program. All amounts collected by the Federal Government from absent parents would be deposited in the Fund. Other receipts to the Fund would include reimbursement by the States or political subdivisions for

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

the cost of using Federal location and child support collection facilities, and fees collected from those individuals not on welfare who may use Federal location and child support collection services. The moneys in the Fund would be used for support payments to the families when these payments are made by the Federal Government, and to meet the Federal expenses of location and support collections efforts including the reimbursement of OEO for the services of its attorneys. Appropriations into this Fund would be authorized as necessary to meet any costs not otherwise covered by receipts into the Fund. The Fund would not be used for the 75 percent Federal matching of State or political subdivision expenses nor for the expenses of establishing blood typing laboratories.

9. INCENTIVES FOR STATE AND LOCAL EFFORT TO ENFORCE CHILD SUPPORT

Provides that the Federal matching share for State expenses for establishing paternity, locating absent parents and securing support would be increased from 50 percent under existing law to 75 percent.

Same as House bill but with a proviso that there be no Federal participation in State programs which do not meet the Attorney General's standards of effectiveness. If actual collection is made by local authority, an amount equal to 25 percent of the Federal share would be paid to the local authority. States and localities which are delegated collection rights by Attorney General will retain their matching share of past AFDC payments after current support needs of deserted family are met.

In States which do not meet the Attorney General's standards no return for past payment will be made and the bill requires that the full amount of AFDC payments which would have been made on behalf of the deserted family will

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

be subtracted from HEW's AFDC grant to the State. (The amendment is technically deficient as a result of a floor amendment, only a subtraction in an amount equal to the non-Federal share was intended.)

10. OTHER REQUIREMENTS ON STATE AND LOCAL CHILD SUPPORT PROGRAMS

Existing law requires State to develop a program to secure support for an AFDC child who has been abandoned by his parent, extends requirement so that State must also seek support for abandoned mother in addition to the children.

Same as the House bill with additional plan requirements that State or subdivision delegate: establish a parent locator service utilizing all sources of information available and the Parent Locator Service in the Department of Justice; provide that a father not married to the mother of his child would sign a court recorded affidavit of paternity if he agreed to make support payments voluntarily in order to avoid court action; under standards prescribed by the Attorney General, cooperate with the State or subdivision of another State or with the Attorney General in establishing paternity and in locating an absent parent residing in that State and in securing compliance with a voluntary agreement or court order with respect to a child provided assistance in such other State; and comply with such other requirements as the Attorney General determines to be necessary for the establishment of an effective program.

11. BLOOD TYPING LABORATORIES

No provision.

Provides that Department of Health, Education, and Welfare will establish or arrange for regional laboratories that can perform the blood typing work necessary for purpose of establishing paternity for the Attorney General, State and local delegate

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

agencies and the courts. The services of the laboratories would be available with respect to any paternity proceeding not just a proceeding brought on behalf of a welfare recipient. Services will be provided by the Department of HEW to courts and governmental collection agencies without cost.

12. GARNISHMENT AND ATTACHMENT OF FEDERAL WAGES

No provision.

Provides that the wages of Federal employees, including military personnel, would be subject to garnishment in support and alimony cases. In addition, annuities and other payments under Federal programs in which entitlement is based on employment would also be subject to attachment for support and alimony payments. This provision would be applicable whether or not the family upon whose behalf the proceeding is brought is on AFDC. Overrides provisions in various social insurance or retirement statutes which prohibit attachment or garnishment.

13. CHILD SUPPORT SERVICES FOR FAMILIES NOT ON WELFARE

No provision.

In addition to the provisions which extend locator services and (through the courts) blood typing services to families not on welfare (see items 7 and 11 above, the Senate bill extends child support and paternity determination services to any deserted family. Cost incurred by the Attorney General (or his State or local delegate) shall be paid by deducting such costs from the amount of any recovery made (section 565, page 915; Bellmon floor amendment adopted by voice vote).

14. EFFECTIVE DATE OF PROGRAM

July 1, 1972.

January 1, 1973.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

C. OTHER AFDC AMENDMENTS ADDED BY SENATE BILL

Section	Pages	Description of Senate amendment
1. GENERAL ADMINISTRATIVE PROVISIONS		
430A(c)	753	<i>Social security numbers.</i> —Requires applicants, as a condition of eligibility for assistance, to furnish their social security numbers to the welfare agency and requires welfare agencies to use social security numbers in addition to other means of identification in administering their welfare plans.
505	851	<i>Limitation on authority of Secretary with respect to advisory councils.</i> —Precludes the Secretary of Health, Education, and Welfare from requiring States to establish or pay the expenses of advisory councils to advise the State on any of the cash assistance programs.
2. ELIGIBILITY FOR WELFARE		
572(a)	926	<i>Residency provision.</i> —Prohibits States from furnishing assistance under the program to any individual until he has resided in the State for at least 90 consecutive days. (Omits, apparently by inadvertence, that aspect of the Committee provision under which, Federal matching would not be denied in cases where State law does not in fact impose a duration of residency provision.) Also requires States to continue to provide assistance to individuals who move out of the State until they have been out of the State for a period of 90 days provided that they continue to be eligible for such assistance and are not getting aid in the State to which they have moved on account of the residency requirement. Requires States to enter into reciprocal arrangements for the administration of assistance payments during the 90-day period. (The House bill (section 2156(c)) specifically authorizes States to establish a durational residency requirement in connection with supplemental assistance payments and requires the Secretary of Health, Education, and Welfare to observe any such residency requirements in administering State supplements.)

IV. Programs for Families With Children and Other Welfare Amendments—Continued

Section	Pages	Description of Senate amendment.
572(c)	929	<i>Assistance for aliens.</i> —Makes ineligible for assistance individuals who are neither citizens of the United States nor aliens lawfully admitted for permanent residence (nor otherwise permanently residing in the United States under color of law). Under section 564 (page 914) this provision would be defined specifically to make Cuban refugees eligible. (Section 2155(c) of the House bill would deny assistance to a family unless at least one member of the family was either a citizen or an alien lawfully admitted for permanent residence.)
572(c)	929	<i>Assistance to persons outside the United States.</i> —Makes ineligible for assistance an individual who is outside the United States during all of any month (once an individual has been outside the United States for 30 days he would have to return to the United States for a period of 30 consecutive days before assistance would again be payable). Essentially the same provision is included in the House bill (Section 2155(a) (B)).
572(b)	929	<i>Unborn children.</i> —Makes ineligible for assistance children who have not yet been born. (There is no specific provision comparable to this in the House bill, but the House report indicates that it is the intent of the House bill to deny assistance with respect to unborn children.)
572(c)	929	<i>Drug addicts and alcoholics.</i> —Makes ineligible for AFDC an individual who is medically determined to be a drug addict or an alcoholic. (Such individual could apply under the new Title XV Program described elsewhere.) (Section 2152(g) (2) of the House bill makes drug addicts and alcoholics ineligible for assistance unless they are undergoing appropriate treatment, but only if such treatment is available.)
572(c)	930	<i>Individuals absent from a State.</i> —Permits a State to suspend assistance to an individual who is absent from a State for more than 90 days even if he maintains his official residence in the State. Such suspension can continue until he is back in the State for 30 days.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

Section	Pages	Description of Senate amendment
572(c)	930	<i>Home visits.</i> —Permits States to deny eligibility to recipients or applicants who refuse to permit inspection of their homes at reasonable times and with reasonable notice by duly authorized persons in connection with the administration of the welfare program.
3. DETERMINING ELIGIBILITY AND AMOUNT OF BENEFITS		
572(a)	926	<i>Declaration method prohibited.</i> —Prohibits use of the declaration method in determining AFDC eligibility and requires maximum feasible verification of eligibility factors from independent sources. (The House bill does not include an exactly comparable provision, but the House report indicates that it was the intent of the House bill to preclude the use of the declaration method.)
567	916	<i>Earned income disregard.</i> —Under present law, States are required under the AFDC program to disregard the first \$30 earned monthly by an adult plus one-third of additional earnings; work expenses are also deducted from earnings in calculating the amount of welfare benefit. The Senate bill eliminates the requirement that States deduct work expenses (except for a reasonable amount for child care expenses). Instead, it requires 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. The Family Assistance Program in the House bill similarly eliminates the total disregard of all work expenses and substitutes for it a limited disregard of child care expenses; the House bill provides for a disregard of the first \$60 earned monthly plus one-third of additional earnings. Until the FAP program becomes effective, the House bill (section 523) permits States to make similar changes in their AFDC programs.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

Section	Pages	Description of Senate amendment
573	932	<p><i>Disregarding income of Title XVI recipients.</i>—Requires that an aged, blind, or disabled individual getting benefits under Title XVI, who lives with an AFDC family, not be considered a member of the family for purposes of determining the family need, income, or resources under AFDC (Cranston floor amendment adopted by voice vote). Essentially the same provision is in the House bill (Section 2155(f)).</p>
<p>4. PROVISIONS AFFECTING STATUTORY RIGHTS OF APPLICANTS FOR AND RECIPIENTS OF ASSISTANCE</p>		
430A(c)	753	<p><i>Limit on requirement that aid be furnished promptly.</i>—Section 402(a)(10) requiring welfare agencies to furnish assistance promptly to all eligible applicants would be amended to make this requirement subject to the new provisions relating to use of social security numbers, the assignment of support rights and the requirement of cooperation on the part of the mother in seeking support payments.</p>
572(d)	930	<p><i>Hearings process.</i>—The requirement under present law that an opportunity for a hearing be given to individuals whose claims for AFDC are denied or not acted upon promptly would be replaced by a provision under which State welfare agencies under any of the welfare programs (or local welfare agencies, if the program is locally administered) would be required to reach a final decision after an evidentiary hearing on the appeal of a welfare recipient within thirty days following the day the recipient is notified of the agency's intention to reduce or terminate assistance. The Senate bill would also require the repayment to the agency of amounts which a recipient received prior to the appeal decision if it is determined that the recipient was not entitled to them. In addition, the Senate bill stipulates that the recipient has a right to appeal at a higher administrative level in States which provide for such an appeal, but that payments need not be continued once an initial adverse determination has been made on the local level at a hearing in which evidence can be presented. Also provides that no appeal</p>

IV. Programs for Families With Children and Other Welfare Amendments—Continued

Section	Pages	Description of Senate amendment
430A(b)	752	<p>need be provided where a State limits the duration of eligibility for assistance on the basis of an application and the assistance is terminated because of the expiration of the period specified. In such cases the recipient could reapply and would be entitled to an appeal if his reapplication were denied. (The House bill (section 2171 (c)) provides for a hearing process including a requirement that the decision on the basis of a hearing be made within 90 days after the request for the hearing; the House bill also requires (section 2152(e)) a new application to be filed after a family has been paid benefits for 24 consecutive months.)</p> <p><i>Safeguarding information.</i>—Makes clear that the provisions of present law restricting the disclosure of information do permit disclosure to public officials for purposes connected with their official duties.</p>
5. COMMUNITY WORK AND TRAINING		
401(i)	722	<p><i>Community work and training programs.</i>—When the Work Incentive Program was enacted as part of the Social Security Amendments of 1967, the community work and training provisions of the Aid to Families with Dependent Children program (which permitted States to make AFDC payments in the form of payments for work performed meeting certain statutory criteria) were deleted. The Senate amendment permits States to have community work and training programs as in prior law, in addition to work and training under the Work Incentive Program.</p>
6. EMERGENCY ASSISTANCE		
572(a)	926	<p><i>Emergency assistance for families of migrant workers.</i>—Requires States to provide emergency assistance to needy migrant workers with children on a statewide basis.</p>

IV. Programs for Families With Children and Other Welfare Amendments—Continued

D. CHILD CARE

House Bill

The Secretary of Labor is responsible for providing child care services to mothers in work or training; whenever possible, he must use facilities developed by the Department of Health, Education, and Welfare. (Section 2112.)

The Secretary of Health, Education, and Welfare would have the primary responsibility for child care planning, technical assistance, facility construction and renovation grants, initial operating grants for child care facilities, setting child care standards (with the concurrence of the Department of Labor) and maintaining quality control, and providing child care to vocational rehabilitation participants. (Section 2134.)

The Federal Government could pay up to 100 percent of child care costs for welfare recipients. \$700 million would be authorized for fiscal year 1973. In addition, \$50 million would be authorized annually for alteration, remodeling and construction grants to create new child care facilities.

Both the Secretary of Health, Education, and Welfare and the Secretary of Labor could charge parents fees, related to family income, to pay for part or all of the cost of care.

Senate Bill

Bureau of Child Care.—Section 431 (page 755) of the Senate bill establishes a Bureau of Child Care whose duty it is to arrange for the provision of child care services. The effective date of this provision, however, is postponed indefinitely by section 562 (amendment 569, page 912).

Grants to States for child care.—Section 562 (amendment 569, page 912) authorizes \$800 million in each of the two fiscal years 1973 and 1974 for grants to States for child care services (limited to child care needed to enable a member of the family to work or to take job training or to provide necessary supervision for a child whose mother is dead or incapacitated). Half of the funds would be allotted among the States on the basis of population, and half on the basis of the number of children receiving Aid to Families with Dependent Children; funds not required by one State may be reallocated by the Secretary to other States. The Secretary of Health, Education, and Welfare is directed to insure that no child is the subject of any research or experimentation (other than routine testing and normal program evaluation) unless the child's parent or guardian is informed and given an opportunity to exempt his child from the research or experimentation. The Senate amendment provides that nothing in the Social Security Act may be construed or applied so as to "infringe upon or usurp the moral and legal rights and responsibilities of parents or guardians with respect to the moral, mental, emotional or physical development of their children" or to permit any invasion of privacy otherwise protected by law.

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

Model day care.—Authorizes grants of up to \$400,000 per year during fiscal years 1973, 1974 and 1975 to each State to pay all or part of the cost of developing model child care through the establishment and operation of a child care center or system and to provide training for individuals in the field of child care (Section 432, p. 787).

E. LIMITATION ON SOCIAL SERVICES

Under the House bill (Section 512), Federal funding for social services would be limited to \$800 million for fiscal year 1973 and to such amounts as the Congress would appropriate in subsequent years. (Child care and family planning services, however, would be left on an open-ended basis.) The amount appropriated for services other than child care and family planning would be allocated among the States under a three part formula. Under the first part each State would be allocated Federal funds equal to the amount of Federal funds for services which it received in the prior year (or its proportionate share of that amount if the total appropriation is insufficient to provide the full amount to all States). Any appropriations remaining after the allocations under the first part of the formula would be allocated as follows: The first \$50 million would be allocated in such a way as to increase social service funding in those States having a disproportionately small share of such funding over the first part of the formula and any additional appropriations over that \$50 million would be allocated among the States in proportion to the number of welfare recipients. The House bill (section 511) also sets out a listing of the types of social

Limitation on social services funding.—The Senate bill would add a new section 1130 to the Social Security Act under which Federal funding for any fiscal year after 1972 would be limited to \$2.5 billion with respect to social services provided under AFDC, under the programs of aid to the aged, blind and disabled, and under the new title XV program for alcoholics and drug addicts. This limitation would not be applicable with respect to family planning services, supportive services for the Work Incentive (WIN) Program, or services provided as a part of emergency assistance programs. The limit with respect to any State would be its proportionate share of \$2.5 billion on the basis of population. Within its limit a State could utilize any amount of the Federal funding available to match expenditures for services to former and potential assistance recipients in the categories of child care, mental retardation, drug addiction and alcoholism, and foster care. At least 90 percent of the remaining funds (used for other types of services) would have to be used for such services to recipients of, or applicants for, assistance payments. This provision would apply only to the 50 States and the District of

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

services for which Federal matching funds could be provided.

Senate Bill

Columbia; it is essentially the same as the social services limitation agreed to by the conferees on H.R. 14370, the revenue sharing bill, except that this provision leaves family planning services outside the limitation. Effective January 1, 1974, the provision in the Senate bill would revise the limitation so that it would be applicable to services under the new title VI rather than under the repealed titles I, X, XIV and XVI. (The provision in section 559 of the Senate bill is technically faulty in that it contains incorrect cross-references and fails to continue to exempt services under the work Incentive Program beginning January 1, 1974.) (Section 559, page 901.)

Savings provision for social services.—Under this amendment each State's limit on Federal funding for social services established under the new section 1130 would be adjusted (in fiscal year 1973 only) so that that portion of the 1973 limit which applies to the period between the beginning of the fiscal year and the date section 1130 becomes law (prorated according to the number of days elapsed) would be increased up to the amount of the State's social services expenditures (but not above \$50 million) actually incurred during that period. (Section 569, page 919; Stevens floor amendment adopted by voice vote.)

Reallotment of unused social services funds for 1973.—Under the amendment the amount of any State's share of the limit on Federal funding for social services under section 1130 for the last 2 quarters of fiscal year 1973 which exceeds the amount of Federal funding which will actually be needed

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

for that State's social services program could be reallocated to States which require more Federal funding than is available to them under their share of the \$2.5 billion national limit. No State could have its limit for fiscal 1973 increased under this provision by more than \$15 million, and any Federal funding which a State does receive as a result of this provision would be available only for matching expenditures for social services provided to recipients of assistance. (Section 574, page 933; Stevens floor amendment, adopted by voice vote.)

F. FISCAL RELIEF FOR STATES

Savings clause.—Under the House bill, the basic assistance programs for families with children and for the aged, blind, and disabled would be 100 percent Federal in funding and any payments to supplement the basic assistance levels would be 100 percent non-Federal except that Federal funding of the supplemental payments would be provided to the extent necessary to prevent the State's costs for such payments from rising above the level of the State's costs for assistance payments in calendar year 1971. This provision would be applied to the combined expenses for the aged, blind, and disabled and for families with children. It would be effective only if the State supplemental payments were federally administered and only to the extent that those payments represented assistance levels no higher than those in effect in the State as of January 1971 (except that assistance levels could be raised to provide a food stamp cash-out adjustment). (Section 503.)

20% additional matching.—The amounts payable to the States as the Federal matching share of State expenditures for aid or assistance to the aged, blind, and disabled under titles I, X, and XIV or title XVI and to needy families with dependent children under title IV would be increased by 20 percent. (However, this increase would only be payable to the extent that it did not increase the overall Federal matching with respect to such expenditures above 93 percent.) The additional 20% matching would be effective for fiscal years 1973 and 1974. (In the last six months of fiscal year 1974 it would apply only to AFDC since the federally matched State programs of aid to the aged, blind, and disabled would be replaced by the new Federal title XVI program.) (Section 560, page 907.)

Alternative fiscal relief formula.—For all fiscal years after fiscal 1972, States would be given the option of receiving their Federal funding for AFDC payments in the form of a block grant unrelated to their actual AFDC ex-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

penditures for the year, in place of the grant otherwise payable under the regular AFDC matching formula (including, in fiscal 1973 and 1974, the 20 percent increase in that grant under the other fiscal relief section of the bill). The amount of the block grant payable for any fiscal year would be 120 percent of the amount of the State's calendar year 1972 Federal grant with respect to expenditures for assistance payments under the AFDC program, increased or decreased in proportion to any change in the State population since 1972. A State would not have the option of electing this alternative method of funding for AFDC for any year in which its assistance levels for AFDC were lower than those in effect as of October, 1972. (Section 575, page 934.)

Federal funding of assistance for Indians (Amendment 583, page 936.—Provides full Federal funding of State assistance payments to aged, blind and disabled Indians, Eskimos and Aleuts in supplementation of the basic Federal payments under Title XVI (but only to the extent that the combined Federal and State payments are less than the Federal and State expenditures in the State for aid to the aged, blind and disabled in fiscal 1973). (Sec. 576(a), page 936.)

Provides 100 percent Federal funding of a State's AFDC payments to Indians to the extent that such payments are based on an assistance standard providing a higher level of assistance than \$1,600 per year for a family of 2, \$2,000 for a family of 3, and \$2,400 for a family of 4 or more. (Provision is based on the AFDC funding mechanism in the Finance Committee bill which was elimi-

IV. Programs for Families With Children and Other Welfare Amendments—Continued

House Bill

Senate Bill

nated by the Roth amendment.) (Sec. 576(b), page 937.)

Provides full Federal funding of aid or assistance for Indians under State welfare programs for the aged, blind and disabled (including the new Title VI services program and the new Title XV program for drug addicts and alcoholics). Also provides full Federal funding of medical assistance provided to Indians under Title XIX. (Sec. 577, page 938.) (Metcalf floor amendment adopted by voice vote.) (Note: Amendment is technically faulty in that it would be repealed effective January 1, 1974 by section 303(c), page 635.)

G. CHILD WELFARE SERVICES, FOSTER CARE AND ADOPTIONS

Under present law, \$110 million is authorized annually for grants to States for child welfare services (including foster care and adoption services); \$46 million has been appropriated annually since 1967.

Grants to States.—Retains the child welfare services program under present law, but includes a separate authorization for grants to States for foster care and adoption services, beginning with \$150 million in fiscal year 1972 and rising to \$220 million in 1976 and thereafter. Payments for foster care would include payments for medical care not otherwise available, and adoption service are defined in the bill to include payments to adoptive parents to provide them with assistance in meeting the medical or remedial needs of a child who is hard to place because of a physical or mental handicap. (Section 513.)

Grants to States.—Increases the authorization for child welfare services in lieu of authorizing a separate grant earmarked for foster care and adoption services. Under the Senate bill, \$200 million would be authorized for child welfare services in fiscal year 1973, increasing by \$15 million annually to \$270 million for fiscal year 1977 and thereafter. (Section 433, page 788.)

National adoption information exchange system.—Authorizes \$1 million for fiscal year 1973 and such sums as may be necessary for succeeding fiscal years for the Secretary of Health, Education, and Welfare to "provide information utilizing computers and modern data processing methods through a national adoption information exchange system to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children." (Section 433, page 788.)

V. Other Amendments Related to Social Security and Welfare Programs

House Bill

Senate Bill

Food Stamp Cashout.—Persons eligible for assistance under either the program for the aged, blind, and disabled or for families with children would be ineligible to participate in the food stamp program. Additional Federal funding would be provided for States which adjusted their level of supplemental assistance to compensate for the loss of food stamps to the extent that the adjustment raised their assistance costs over 1971 levels. (Sections 502 and 503.)

Food Stamp and Commodity Cashout.—Persons eligible for assistance under the new Title XV (drug addicts and alcoholics) or for payments under the new Title XVI (aged, blind, and disabled) would be ineligible to participate in the food stamp or commodity distribution programs. Federal funding would be provided to offset State costs in providing supplemental assistance to Title XVI recipients to compensate for the loss of food stamps. (Sections 508 and 509, pages 852ff.)

Under amendment 578 (page 925), these provisions would not become effective until a date designated by subsequent legislation. (Section 571, page 925); Case floor amendment adopted by roll call vote of 44 to 27.)

No provision.

Limitation of Regulatory Authority of the Secretary.—Limits the Secretary's general regulatory authority under the cash assistance programs to rules or regulations related to specific provisions in the law and not inconsistent with any provision in the law. (Section 504, page 851.)

No provision.

Demonstration Projects to Reduce Welfare Dependency.—Requires that one-half of the funds appropriated under the cooperative research or demonstration project (Section 1110 of the Social Security Act) and one-half of the funds appropriated for demonstration projects under Section 1115 of the Social Security Act be used in projects relating to the prevention or reduction of welfare dependency, effective beginning fiscal year 1973. (Section 503, page 850.)

V. Other Amendments Related to Social Security and Welfare Programs—Continued

House Bill	Senate Bill
No provision.	<p><i>Prohibition Against the Use of Federal Funds to Undermine Public Assistance Programs.</i>—Prohibits the use of Federal funds to pay all or part of the compensation or expenses of any attorney or other person who engaged in any activity whose purpose is to nullify, challenge or circumvent through litigation any provision of the Social Security Act or any of the purposes or intentions of the Congress in enacting the Social Security Act. The Attorney General could waive this prohibition sixty days after he has provided the Finance and Ways and Means Committees with notice of his intent to make such a waiver. (Section 512, page 850.)</p>
No provision.	<p><i>Treatment of Rent Under Public Housing.</i>—In 1971 a provision was included in the housing bill which in effect amends the welfare law to prevent any welfare agency from reducing welfare payments if there is a reduction in the cost of public housing rental for welfare recipients. A Committee amendment (section 511, page 857) deleted this provision of the 1971 Act. A floor amendment by Senator Sparkman (adopted by voice vote), however, provides instead a two-year phaseout of the provision (Amendment 573, section 566, page 915.)</p>
No provision.	<p><i>Evaluation of Social Security Programs.</i>—Assigns to the General Accounting Office the basic role of evaluating programs under the Social Security Act; precludes any Federal agency from entering into a contract to evaluate any program under the Social Security Act if an expenditure of more than \$25,000 is involved unless the Comptroller General approves the study in advance. His approval</p>

V. Other Amendments Related to Social Security and Welfare Programs—Continued

House Bill

Senate Bill

would be conditioned upon his determination that:

(a) The conduct of such study or evaluation of such program is justified;

(b) The department or agency cannot effectively conduct the study or evaluation through utilization of regular full-time employees; and

(c) The study or evaluation will not be duplicative of any study or evaluation which is being conducted, or will be conducted within the next twelve months, by the General Accounting Office. (Section 521, page 860.)

No provision.

Offenses by Welfare Employees.—Provides that it would be a crime punishable by a fine of up to \$10,000 or imprisonment of up to five years, or both, in the case of a welfare employee who is found guilty of:

1. Extortion or willful oppression under color of law; or

2. Knowingly allowing the disbursement of greater sums than are authorized by law, or receiving any fee, compensation, or reward, except as prescribed, for the performance of any duty; or

3. Failing to perform any of the duties of his office or employment with intent to defeat the application of any provision of the welfare statute; or

4. Conspiring or colluding with any other person to defraud the United States or any local, county or State government; or

5. Knowingly making opportunity for any person to defraud the United States; or

6. Doing or omitting to do any act with intent to enable any other person to defraud the United States or any local, county or State government; or

V. Other Amendments Related to Social Security and Welfare Programs—Continued

House Bill

Senate Bill

7. Making or signing any fraudulent entry in any book, or making or signing any application, form or statement, knowing it to be fraudulent; or

8. Having knowledge or information of the violation of any provision of the welfare statute which constitutes fraud against the welfare system, and failing to report such knowledge or information to the appropriate official; or

9. Demanding, or accepting, or attempting to collect, directly or indirectly as payment or gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge or complaint for any violation, or alleged violation of law, except as expressly authorized by law.

In addition to these penalties, the employee involved shall be dismissed from office or discharged from employment. (Section 502, page 847.)

No provision.

Report on Quality of Work Performed by Welfare Personnel.—Directs the Secretary of Health, Education, and Welfare to study and report to the Congress by January 1, 1974 on ways of enhancing the quality of work performed by individuals involved in the administration and operation of the cash assistance programs. (Section 501, page 847.)

No provision.

Compensation of Commissioner of Social Security.—Increases the Commissioner of Social Security from a level V to a level IV executive schedule position. (Section 520, page 859.)

V. Other Amendments Related to Social Security and Welfare Programs—Continued

House Bill

No provision.

Senate Bill

Study of Cost-of-Living Differentials.—Directs the Secretary of Health, Education, and Welfare to study the feasibility of varying Social Security benefits in relation to the cost-of-living differentials in different parts of the country. (Section 568; page 917; Gravel floor amendment adopted by voice vote.)

Additional Remedies for State Noncompliance.—Authorizes the Department of Health, Education, and Welfare in cases where it finds State welfare agencies out of compliance with Federal requirements to order retroactive payments to those who lost benefits as a result of the noncompliance and to bring suit to enforce compliance on the part of the States. (Section 521.)

No provision.

Individual Program for Family Services Not Required.—Deletes requirement added in 1967 to Aid to Families With Dependent Children under which State welfare agencies were to draw up an individual program of services for each family getting assistance. (Section 524.)

No provision. (A similar provision in the Committee bill was deleted as a part of the Roth Amendment to the Long floor amendment.)

Payment under AFDC for non-recurring special needs.—Authorizes AFDC payments to be made in the form of vendor payments when and to the extent that such payments are made for the purpose of meeting a nonrecurring special need of the family involving a cost of \$50 or more. (Section 529.)

No provision.

VI. Amendments to the Internal Revenue Code

[**Note:** The provisions of the Senate bill relating to the work bonus and the tax credit for hiring assistance recipients are described in part IV-A of this print (pages 41-45); amendment number 541 (relating to excess medicare tax payments by railroad employees) is described on page 32.]

RETIREMENT INCOME CREDIT

House bill.—The House bill updates and substantially simplifies the retirement income credit (renaming it the tax credit for the elderly) by increasing the maximum amount on which the credit is computed to \$2,500 for single persons age 65 or over (or for married couples filing joint returns where only one spouse is age 65 or over), and to \$3,750 for married couples filing joint returns where both spouses are age 65 or over (\$1,875 in the case of a married individual age 65 or over filing a separate return).¹ These maximum amounts for computing the credit are reduced, as under present law, by social security benefits and other exempt pension income. In addition, the bill reduces these amounts by one-half the earnings over \$2,000 received by a single taxpayer or by each spouse in the case of a married couple filing a joint return (in excess of \$1,000 for married couples filing separate returns).²

The House bill also eliminates the provisions of present law that limited the credit to 15 percent of a taxpayer's retirement income, thus, allowing the credit against minimal amounts of earned income. In addition, the House bill eliminates the requirement that to be eligible for the credit, a taxpayer must have met the test of earning \$600 a year for 10 years. Further, the variation in treatment of married couples depending on whether they are separately eligible for the credit is eliminated.

The bill also liberalizes the credit somewhat in the case of individuals under age 65 receiving public retirement pensions. Here, too, the maximum amount on which the credit is computed is increased to \$2,500 for single persons or where only one person is eligible for the credit. Where both a husband and wife receive public retirement income, the maximum is \$3,750. The other principal change made here is that the earnings for those under age 62 allowed before the credit is reduced on a dollar-for-dollar basis is raised from \$900 to \$1,000 per person.

Senate bill (Section 531).—The Finance Committee accepted the House bill changes with one major modification. The major change reinstated the provision of present law that bases the credit on the amount of retirement income (which has the effect of making all earned income ineligible for the credit). In addition, the Finance Committee expanded the rule in the House bill which provides that the community property laws are to be disregarded (by covering all income derived from personal effort) both in computing the earned income reduction and in computing pension income.

The Finance Committee also postponed the effective date of the provision from 1972 to 1973. It is estimated that these changes will reduce tax liability in calendar year 1973 by \$225 million.

¹ Under present law, the maximum amount on which a credit is computed in the case of a single person is \$1,524. For a married couple, the maximum amount is \$2,280 in the case of one earner and \$3,048 for two earners.

² Under present law, the credit generally is reduced by one-half the earnings over \$1,200 and under \$1,700 and by all of the earnings over \$1,700.

VI. Amendments to the Internal Revenue Code—Continued

EMPLOYEES OF MEMBERS OF AFFILIATED GROUPS OF ORGANIZATIONS

A Finance Committee amendment (Section 533) adds a provision which, for purposes of the social security (FICA) and Federal unemployment (FUTA) taxes, provides that an individual who performs services for more than one member of an affiliated group of corporations is to be treated as an employee only of the member of the group from which he receives his compensation. This ceiling for social security and unemployment taxes, however, is not to apply when an employee is actually transferred from one member of an affiliated group to another member of the group (and no longer performs services as an employee of the first member), or in the case of an employee who is on the payroll of each of two (or more) affiliated corporations.

The amendment applies to wages paid in 1973, and is estimated to decrease tax liability by not more than \$10 million for 1973.

DEFINITION OF DEPENDENT'S SUPPORT

A Senate floor amendment (Section 563) changes the rules in the case of the dependency exemption by allowing a taxpayer to disregard the social security benefits paid with respect to a child (sec. 202(d) of the Social Security Act) in determining whether the child receives more than half of his support from the taxpayer. Present rules allow a dependency exemption for children and others who receive more than half of their support from the taxpayer, but in computing the amount which is contributed for the support of the individual there is included amounts such as benefits received under the Social Security Act which are excluded from gross income.

This floor amendment was offered by Senator Roth and was adopted by voice vote after rejecting a motion to table by 31 to 43. It is estimated to cost \$300 million a year.

DEDUCTION FOR HOUSEHOLD AND DEPENDENCY CARE EXPENSES NECESSARY FOR GAINFUL EMPLOYMENT

The House bill revises the child care deduction in the tax law at the time H.R. 1 passed the House by increasing both the amount of child care expenses which may be deducted and the income a married couple may have and still be eligible for the child care deduction.

The Finance Committee deleted these provisions from the bill because, subsequent to the passage of the bill by the House, the Revenue Act of 1971 substantially liberalized and expanded the child care deduction by permitting a deduction for household and dependent care expenses necessary for gainful employment.

Under the 1971 Act, household service expenses and dependent care expenses incurred in order for a taxpayer to be gainfully employed are allowed as an itemized deduction up to \$400 a month (\$4,800 a year) if the services are provided in the home. If services are provided outside the home, an itemized deduction is allowed for expenses up to \$200 a month for the care of one child, \$300 a month for the care of 2 children, and \$400 a month for the care of 3 or more children. To be eligible for the deduction, the taxpayer's household must

VI. Amendments to the Internal Revenue Code—Continued

include a dependent of the taxpayer under age 15 for whom the taxpayer is entitled to a \$750 dependency deduction, a disabled dependent, or a disabled spouse. In addition, the deduction is reduced 50 cents for each dollar of adjusted gross income of the taxpayer in excess of \$18,000.

A Senate floor amendment by Senator Tunney (section 570; adopted by a vote of 71 to 8) made several changes to the deduction for expenses of gainful employment: (1) It repeals the dollar limitations on the amount deductible; (2) It repeals the 50-percent cut-back for income in excess of \$18,000; (3) It allows the expenses as a deduction in computing adjusted gross income rather than taxable income; (4) It eliminates the requirement that the dependent be an individual for whom the taxpayer is entitled to an additional \$750 dependency exemption; and (5) It allows a deduction to a disabled taxpayer for reasonable expenses incurred for gainful employment such as for the services of attendants if such expenses are ordinary and necessary to enable the taxpayer to be gainfully employed.

This provision applies to taxable years beginning after the date of enactment of this bill. It is estimated that this provision will reduce tax liabilities by \$420 million in 1973.

VII. Summary of Numbered Amendments in Titles III, IV, and V

Amendment	Page Number
564	545
565	637
566	640
567	751
568	789

Subject

Deletes Title III of House bill and inserts Title III of Senate bill. See pages 38-41 of this print.

Automatic increase in standards of need. See page 41 of this print.

Disregard of 20 percent social security increase for food stamp and public housing programs. See page 42 of this print.

Strikes Title IV of House bill and inserts Title IV of Senate bill. See pages 43-57, 61-62 of this print.

Strikes Title V of House bill and inserts Title V of Senate bill through section 561. See pages 56-60 and 62-63 of this print.

VII. Summary of Numbered Amendments in Titles III, IV, and V—Continued

Amendment	Page Number
569	912
570	914
571	914
572	915
573	915
574	916
575	917
576	919
577	920
578	925
579	926
580	932
581	933
582	934
583	936

Subject
Bureau of Child Care (postponement of effective date). See page 61 of this print.
Definition of dependent's support. See page 73 of this print.
Eligibility of Cuban refugees for assistance. See pages 39-40 and 57 of this print.
Child support for families not on welfare. See page 55 of this print.
Treatment of rent under public housing. See page 68 of this print.
Earned income disregard. See page 58 of this print.
Study of cost-of-living differentials. See page 75 of this print.
Savings provision for social services. See page 63 of this print.
Deduction for household and dependency care expenses. See page 73 of this print.
Food stamp and commodity cashout (postponement of effective date). See page 67 of this print.
Amendments to AFDC program. See pages 56-60 of this print (provisions of section 572).
Disregarding income of Title XVI recipients. See page 58 of this print.
Reallotment of unused social services funds for 1973. See page 63 of this print.
Alternative fiscal relief formula. See page 64 of this print.
Federal funding of assistance for Indians. See page 65 of this print.

APPENDIX

STATISTICAL MATERIAL

TABLE 1.—SOCIAL SECURITY PROGRAMS: FIRST FULL-YEAR COST OF SENATE PROVISIONS OF H.R. 1
 [Amounts in millions; numbers of persons in thousands]

Provision	Additional benefit payments in calendar year 1974	Present-law beneficiaries immediately affected ¹	Newly eligible persons ²
Total.....	\$10,208	(³)	(³)
Social security cash benefit programs:			
Finance Committee bill:			
Increased benefits for widows and widowers up to 100 percent of PIA at age 65 (limited to OAIB).....	1,109	3,800	
Retirement test changes ⁴ :			
\$2,400 exempt amount; \$1 for \$2 above \$2,400.....	1,078	1,190	550
Earnings in year of attainment of age 72.....	14	20	
Special minimum PIA up to \$200.....	152	700	
Credit for past and future delayed retirement.....	198	5,000	
Dependent sisters and disabled dependent brothers.....	79		50
Noncontributory credits for military service after 1956.....	46	130	
Eliminate support requirement for divorced wives and surviving divorced wives.....	23		10
Student child benefits payable after age 22 to end of semester ⁴ ..	19	55	6
Age 62 computation point for men.....	14		
Reduce disability waiting period to 4 months ⁴	274	950	8
Liberalized disability provisions for blind workers.....	246		250
Liberalized workmen's compensation offset (80 percent of high 1 year).....	22	40	2
Children disabled at ages 18 to 21.....	17		13
Increased allowance for vocational rehabilitation expenditures ⁵ ..	29		
Subtotal, Finance Committee bill.....	3,320	(³)	889

Senate Floor Amendments:

Reduced benefits payable at age 60.....	1,337	.....	1,040
Reduced benefits payable at age 55.....	515	.....	310
Retirement test \$3,000 exempt amount.....	470	.....	185
	<hr/>		
Subtotal, Floor amendments.....	2,322	(³)	1,535
Subtotal, cash benefit programs.....	5,642	(³)	2,424
	<hr/> <hr/>		

Hospital insurance program:

Finance Committee bill:

Coverage of the disabled.....	1,412	.....	1,696
Coverage of specific prescription drugs.....	740	21,071	1,744
Liberalized extended care benefits.....	110	20,592	1,744
Waiver of beneficiary liability for disallowed claims.....	85	20,592	1,744
Decreased coinsurance on lifetime reserve days.....	79	20,592	1,744
	<hr/>		
Subtotal, Finance Committee bill.....	2,426	(³)	.....
	<hr/> <hr/>		

Senate Floor Amendments:

Coverage of chronic kidney disease patients.....	146	18
Coverage of recipients of black lung benefits.....	20	30
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Subtotal, Floor amendments.....	166	(³)
Subtotal, Hospital insurance.....	2,592	(³)
	<hr/> <hr/>		

Supplementary medical insurance program:

Finance Committee bill:

Coverage of the disabled.....	465	.....	1,696
Coverage of chiropractors services.....	113	20,684	1,744
Consolidation of outpatient rehabilitation care.....	16	20,512	1,744
Coverage of clinical psychologist services.....	7	20,512	1,744
Coverage of speech pathologist services.....	24	20,512	1,744
	<hr/>		
Subtotal, Finance Committee bill.....	625	(³)	.....
	<hr/> <hr/>		

TABLE 1.—SOCIAL SECURITY PROGRAMS: FIRST FULL-YEAR COST OF SENATE PROVISIONS
OF H.R. 1—Continued

[Amounts in millions; numbers of persons in thousands]

Provision	Additional benefit payments in calendar year 1974	Present law beneficiaries immediately affected ¹	Newly eligible persons
Senate Floor Amendments:			
Coverage of chronic kidney disease patients.....	64	.....	18
Coverage of recipients of black lung benefits.....	9	.....	30
Coverage of eyeglasses, dentures, and hearing aids and podiatrists.....	1,250	20,512	1,744
Eliminate coinsurance on home health services.....	15	20,512	1,744
Occupational therapy.....	11	20,512	1,744
Subtotal, Floor amendments.....	1,349	(²)	.....
Subtotal, Supplementary medical insurance.....	1,974	(³)	.....

¹ Except where noted, represents beneficiaries under present law whose benefit for the effective month would be increased.

² Except where noted, represents 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.

³ Figures not additive because a person may be affected by more than one provision.

⁴ Number of present-law beneficiaries immediately affected represents persons who will receive additional benefits for months in the

first full year as a result of the provision. Number of newly eligible persons represents persons who will receive no benefits under present law for months in the first full year, but who would receive some benefits under the provision.

⁵ The allowance for fiscal year 1973 would be increased from 1 percent to 1½ percent of fiscal year 1972 benefit payments to disabled beneficiaries; the allowance for fiscal year 1974 and thereafter would be increased to 1½ percent of the previous fiscal year's benefit payments.

TABLE 2.—CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED AVERAGE COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW AND SENATE BILL

[In percent]

Item	OASDI system
Actuarial balance of present system.....	+0.07
Finance Committee bill:	
Age 62 point for men (prospective).....	— .22
Earnings test changes (\$2,400).....	— .28
Widow's benefits of 100 percent PIA at 65.....	— .24
Special \$200 minimum benefit.....	— .14
Delayed retirement increment.....	— .09
4-month disability waiting period.....	— .09
Liberalized disability benefits for blind.....	— .09
Miscellaneous changes ¹	— .03
Revised contribution schedule.....	+1.12
Total effect of changes in committee bill.....	— .06
Actuarial balance under committee bill.....	+.01
Senate Floor amendments:	
\$3,000 earnings test.....	— .09
Reduced widow's benefits at 55.....	— .07
Reduced retirement benefits at 60.....	— .09
Total effect of Senate Floor amendments.....	— .25
Total effect of Senate bill.....	— .31
Actuarial balance under Senate bill.....	— .24

¹ Includes the following: Workmen's compensation offset based on 80 percent of highest earnings; child's benefits to children disabled at ages 18 to 21; disabled child 7 years reentitlement; broaden definition of adopted child; student's benefits to end of semester of attainment of age 22; child's benefits on grandparent's account if supported by him and both parents are disabled or deceased; benefits to dependent sister and dependent disabled brother; elimination of support requirement for divorced wife's and widow's benefits; and reduced widower's benefits at age 60.

TABLE 3.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE AND DISABILITY INSURANCE TRUST FUNDS, COMBINED, CALENDAR YEARS 1965-77

[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		
Past experience:							
1965.....	\$17,205	\$651	\$18,311	\$418	\$459	-\$1,331	\$19,841
1966.....	22,679	702	20,051	393	469	2,467	22,308
1967.....	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
1970.....	35,202	1,791	31,884	635	589	3,886	38,068
1971.....	38,880	2,027	37,197	719	626	2,366	40,434

Estimated future experience
under committee bill:³

1972.....	43,925	2,238	41,608	883	749	2,923	43,357
1973.....	52,914	2,249	54,602	957	829	-1,225	42,132
1974.....	59,135	2,286	57,910	933	1,019	1,559	43,691
1975.....	63,853	2,420	63,073	977	1,151	1,072	44,763
1976.....	67,360	2,522	66,239	1,020	1,141	1,482	46,245
1977.....	72,872	2,550	72,527	1,064	1,152	679	46,924

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.

³ Based on a contribution rate of 4.9 percent for employer and employee, each, in the calendar years 1973-77, and a contribution and benefit base of \$10,800 in 1973 and \$12,000 in 1974. Under the

automatic increase provisions, the following changes are assumed to occur on January 1 of the stated years:

Year	General benefit increase (percent)	Contribution and benefit base.
1975.....	5.1	\$12,600
1977.....	5.5	14,100

**TABLE 4.—CURRENT COST RATES FOR HOSPITAL INSURANCE
UNDER PRESENT LAW AND SENATE BILL**

(In percent)

Year	Present law	Senate bill
1973.....	1.54	1.93
1974.....	1.61	2.18
1975.....	1.71	2.33
1980.....	2.01	2.77
1985.....	2.12	2.95
1990.....	2.28	3.17
1995.....	2.37	3.32
25-year average.....	2.09	2.91

**TABLE 5.—ACTUARIAL BALANCE FOR HOSPITAL INSURANCE
UNDER PRESENT LAW AND SENATE BILL**

(In percent)

	Present law	Senate bill
Average tax rate.....	2.10	2.83
Average current cost.....	2.09	2.91
Actuarial balance.....	.01	.08

TABLE 6.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW AND UNDER SENATE BILL

[Dollars in millions]

	1972	1973	1974	1975	1976	1977
Present law:						
Income:						
Contributions.....	\$5,576	\$9,349	\$10,635	\$11,493	\$12,114	\$13,127
General revenue contribution for the uninsured.....	504	468	566	572	577	573
Military wage credits.....	48	48	48	48	48	48
Transfer from railroad retirement.....	65	89	112	119	122	122
Interest.....	164	226	388	563	721	860
Total income.....	6,357	10,180	11,749	12,795	13,582	14,730
Disbursements:						
Benefits.....	6,614	7,464	8,486	9,611	10,830	12,119
Administrative costs.....	165	187	212	240	271	303
Total disbursements.....	6,779	7,651	8,698	9,851	11,101	12,422
Fund at end of year.....	2,612	5,141	8,192	11,136	13,617	15,925
Wage base (in dollars).....	9,000	10,800	12,000	12,600	12,600	14,100
Tax rate (percent).....	1.2	1.8	1.8	1.8	1.8	1.8

Senate bill:
Income:

Contributions.....	5,576	11,653	12,998	14,047	14,806	16,044
General revenue contribution for the uninsured.....	504	468	566	572	577	573
Military wage credits.....	48	48	48	48	48	48
Transfer from railroad retire- ment.....	65	103	137	145	149	149
Interest.....	164	262	462	626	753	842
Total income.....	6,357	12,534	14,211	15,438	16,333	17,656
Disbursements:						
Benefits.....	6,614	8,618	10,975	12,734	14,452	16,304
Administrative costs.....	165	260	315	361	408	458
Total disbursements.....	6,779	8,878	11,290	13,095	14,860	16,762
Fund at end of year.....	2,612	5,946	8,834	11,133	12,543	13,350
As a percent of next year's dis- bursements.....	(29)	(53)	(67)	(75)	(75)	.....
Wage base (in dollars).....	9,000	10,800	12,000	12,600	12,600	14,100
Tax rate (percent).....	1.2	2.2	2.2	2.2	2.2	2.2

TABLE 7.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND UNDER PRESENT LAW AND SENATE BILL

[Dollars in millions]

	1972	1973	1974	1975	1976	1977
Present law:						
Income:						
Premiums.....	\$1,392	\$1,508	\$1,674	\$1,862	\$2,067	\$2,292
General revenue.....	1,406	1,511	1,674	1,862	2,067	2,292
Interest.....	31	39	47	57	67	79
Total income.....	2,829	3,058	3,395	3,781	4,201	4,663
Disbursements:						
Benefits.....	2,340	2,572	2,850	3,169	3,519	3,903
Administrative costs.....	330	355	397	442	491	545
Total disbursements.....	2,670	2,927	3,247	3,611	4,010	4,448
Trust fund at end of year.....	609	740	888	1,058	1,249	1,464

Senate bill:
Income:

Premiums.....	1,392	1,642	1,903	1,998	2,093	2,189
General revenue.....	1,406	2,305	3,639	3,350	3,867	4,442
Interest.....	31	54	84	97	107	126
Total income.....	2,829	4,001	5,626	5,445	6,067	6,757
<hr/> <hr/>						
Disbursements:						
Benefits.....	2,340	2,962	4,608	4,750	5,069	5,641
Administrative costs.....	330	402	617	650	696	775
Total disbursements.....	2,670	3,364	5,225	5,400	5,765	6,416
Trust fund at end of year.....	609	1,246	1,647	1,692	1,994	2,335

TABLE 8.—SOCIAL SECURITY GENERAL REVENUE COSTS

[In millions of dollars]

	Calander year				
	1973	1974	1975	1976	1977
Present Law:					
Military service credits (cash benefit programs)	\$191	\$192	\$194	\$274	\$276
Special payments to certain persons age 72 and over	301	322	297	261	229
Hospital insurance for uninsured beneficiaries	468	566	572	577	573
Military service credits (hospital insurance program)	48	48	48	48	48
General fund share of supplementary medical insurance premium	1,511	1,674	1,862	2,067	2,292
Subtotal, present law	2,519	2,802	2,973	3,227	3,418
Increase under Senate bill:					
Military service credits (cash benefit programs)			16	64	67
Hospital insurance for uninsured beneficiaries	80	80	80	80	80
Supplementary medical insurance:					
Coverage of long term disabled	156	380	434	485	542
Eye, ear, dental, and foot care; limit on pt. B premium	575	1,510	953	1,175	1,420
Coverage of kidney dialysis and transplants	60	65	88	125	170
Coverage of people with "Black Lung"	3	10	13	15	18
Subtotal, increases	874	2,045	1,584	1,944	2,297
Total under Senate bill	3,393	4,847	4,557	5,171	5,715

TABLE 9—MEDICAID COSTS (+) AND SAVINGS (-) UNDER HOUSE AND SENATE VERSIONS OF H.R. 1

(In millions of dollars)

	Calendar year 1973		Calendar year 1974	
	House bill	Senate bill	House bill	Senate bill
Federal cost under current law.....	\$5,236	\$5,236	\$6,092	\$6,092
Changes in H.R. 1:				
Coverage of the disabled under Medicare.....	-30	-30	-67	-67
Increase in Medicare pt. B deductible from \$50 to \$60..	+7		+8	
Changing for the first time \$8.50 Medicare copayment from 31st through 60th day of hospitalization.....	+5		+5	
Reduction in Medicaid matching if States fail to perform required utilization review....	-165		-182	-152
Imposition of premium, copayment and deductible requirements on Medicaid recipients.	-121	-31	-242	-62
Families with earnings under Medicaid:				
Additional deductible related to earnings.....			-81	
Eligibility extended 12 months.....				+37
Limitation on nursing home and intermediate care facility reimbursement to 105 percent of last year's payment.....	-22		-22	
Elimination of requirement that States move toward comprehensive Medicaid program by 1977.....	(1)	(1)	(1)	(1)
Elimination of requirement that States maintain their year to year fiscal efforts in Medicaid.	-350	-540	-390	-600
Payments to States under Medicaid for installation and operation of claims processing and information retrieval systems.....	+10		+10	
Increased Medicaid matching for: Puerto Rico and the Virgin Islands.....	+10	+10	+10	+10
Coverage of drugs under Medicare.....				-50
More specific requirements as to eligibility for skilled nursing level of care.....		-12		-14
100 percent reimbursement for the cost of certifying skilled nursing homes under Medicaid.....		+18		+20
75 percent matching for the costs of Medicaid personnel hired on contract of State to aid in administration of Medicaid.....		+5		+5

TABLE 9—MEDICAID COSTS (+) AND SAVINGS (–) UNDER HOUSE AND SENATE VERSIONS OF H.R. 1—Continued

[In millions of dollars]

	Calendar year 1973		Calendar year 1974	
	House bill	Senate bill	House bill	Senate bill
Expansion of Medicaid coverage to include inpatient care for mental ill children.....				+\$110
100 percent Federal funding of family planning.....		+\$19		+38
Coverage of eyeglasses, dentures, hearing aids and routine podiatry services under Medicare.....				–49
Coverage of persons needing renal dialysis or transplantation under Medicare.....		–10		–17
Changing level to which aged, blind or disabled medically indigent person must spend down for Medicaid eligibility from minimum medically needy standard to cash assistance level for relevant welfare category.....		+75		+75
Increased Federal matching in Alaska and Hawaii.....		+2		+2
Preserving Medicaid eligibility for social security beneficiaries.....	(²)	+39	(²)	+42
Subtotal, changes in H.R. 1..	\$–656	–455	–\$951	–672
Total Medicaid costs under H.R. 1.....	4,580	4,781	5,141	5,420

¹ The current law estimates take no account of the effect of the requirement that States move toward comprehensive Medicaid programs by 1977; therefore, no savings are attributed to the repeal of this requirement.

² H.R. 16811, as reported by the Ways and Means Committee, would increase costs \$86,000,000 in 1973 and \$89,000,000 in 1974.

TABLE 10.—GENERAL FUND COST INCREASES UNDER TITLES
III, IV, AND V OF SENATE BILL

[Dollars in billions]

	House bill		Senate bill	
	HEW esti- mate	Senate Finance esti- mate	HEW esti- mate	Senate Finance esti- mate
Aged, blind, and disabled.....	\$2.0	\$2.0	\$3.8	\$3.8
Programs for families.....	2.4	4.4	5.0	3.3
Tax provisions.....	.4	.4	.9	.9
Total.....	4.8	6.8	9.7	8.0

TABLE 11.—WELFARE COSTS OF HOUSE BILL

[First full year cost; dollars in billions]

Current law	Amount	House bill			
		Gross costs		Net costs	
		HEW estimate	Finance Committee estimate	HEW estimate	Finance Committee estimate
Payments to families:					
Assistance payments.....	\$4.8	\$6.0	\$8.0	\$1.2	\$3.2
Work bonus.....					
Wage supplements.....					
Payments to aged, blind, disabled.....	2.1	3.6	3.6	1.5	1.5
Costs of cash assistance.....	6.9	9.6	11.6	2.7	4.7
Fiscal relief provision.....		1.2	1.2	1.2	1.2
Food programs.....	2.4	.7	.7	-1.7	-1.7
Costs of maintenance.....	9.3	11.5	13.5	2.2	4.2
Child care.....	.4	.8	.8	.4	.4
Child welfare services.....	(-)	.2	.2	.2	.2
Training.....	.3	.5	.5	.2	.2
Test programs.....					
Public service jobs ².....		.8	.8	.8	.8
Supportive services.....	.3	.4	.4	.1	.1
Administration.....	.6	1.1	1.1	.5	.5
Total cost of program.....	10.9	15.3	17.3	4.4	6.4

¹ Current law is actually \$46 million.

² Finance Committee estimate is that by 1974 at least \$100 million funding will be provided for public service employment under the Talmadge amendments enacted in December 1971. This would

increase gross costs but not net costs under current law and the Senate bill and would reduce net cost (by the \$100 million) under the House bill.

TABLE 12.—WELFARE COSTS OF SENATE BILL

[First full year cost; dollars in billions]

Current law	Senate bill				
	Amount	Gross costs		Net costs	
		HEW estimate	Finance Committee estimate	HEW estimate	Finance Committee estimate
Payments to families:					
Assistance payments.....	\$4.8	\$4.8	\$4.8		
Work bonus.....		1.1	1.0	\$1.1	\$1.0
Wage supplements.....		1.9	.3	1.9	.3
Payments to aged, blind, disabled.....	2.1	5.2	5.2	3.1	3.1
Costs of cash assistance.....	6.9	13.0	11.3	6.1	4.4
Fiscal relief provision.....		1.4	1.4	1.4	1.4
Food programs.....	2.4	2.4	2.4		
Costs of maintenance.....	9.3	16.8	15.1	7.5	5.8
Child care.....	.4	.8	.8	.4	.4
Child welfare services.....	¹ 0	.2	.2	.2	.2
Training.....	.3	.3	.3		
Test programs.....		.4	.4	.4	.4
Supportive services.....	.3	.3	.3		
Administration.....	.6	.9	.9	.3	.3
Total cost of program.....	10.9	19.7	18.0	8.8	7.1

¹ Current law cost is \$46 million.