

93d Congress }
1st Session }

CONFERENCE COMMITTEE PRINT

H.R. 3153

Social Security Amendments of 1973

Brief Description of Senate Amendments

Prepared for the Use of the Conferees



DECEMBER 10, 1973

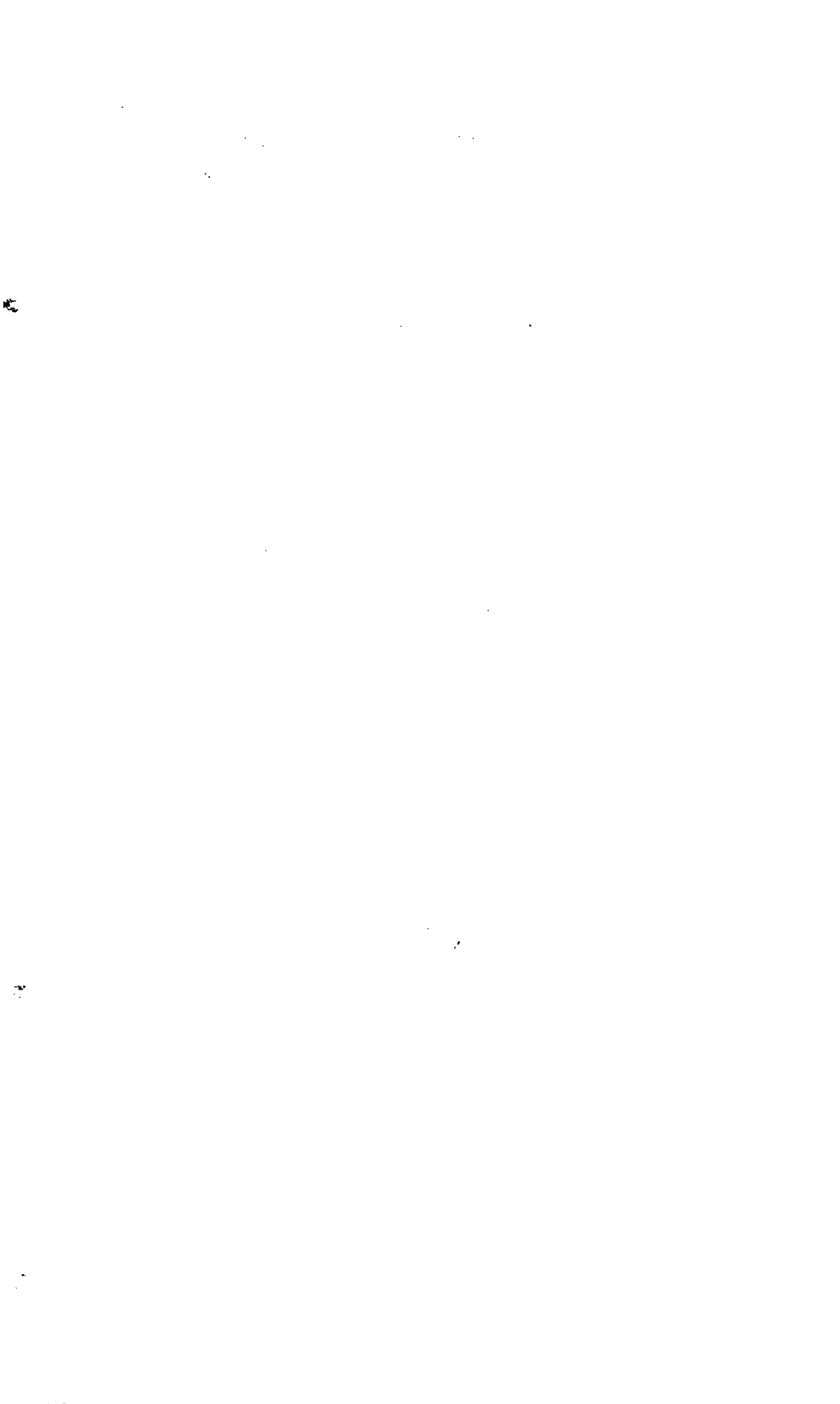
U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

25-060

BEST COPY AVAILABLE

5362-35



CONTENTS

	Page
I. Old age, survivors, and disability insurance.....	1
Short title.....	1
Table of contents.....	1
Interim benefit increase.....	1
Eleven-percent benefit increase.....	1
Automatic cost-of-living increases.....	1
Special minimum benefit.....	2
Tax base increase.....	2
Tax rate changes.....	2
Allocation to disability trust fund.....	4
Social security agreements with other countries.....	4
Treatment of certain farm rental income.....	5
Cost-of-living study.....	5
Policemen in Louisiana.....	5
Policemen and firemen in California.....	5
New Jersey employees.....	5
Actuarially reduced benefits for widows at age 55.....	5
Increase in earnings limitation; lowering of age at which limitation ceases to apply.....	6
Consumer price index for the aged.....	6
Disability insurance for the blind.....	6
II. Tax credit for low-income workers with families.....	6
III. Supplemental security income program.....	8
Increases in SSI benefits.....	8
Food stamp eligibility for SSI recipients.....	8
Limitation on grandfather clause for disabled individuals.....	8
SSI recipients living with AFDC families.....	9
Disregard of certain benefits.....	9
Continuation of demonstration projects.....	9
Combined checks for married couples.....	10
Emergency payments to SSI recipients.....	10
Disregard of certain income for SSI purposes.....	10
Value of an individual's home.....	10
Individual living in another person's household.....	11
Value of resources.....	11
Education expenses.....	11
IV. Social services.....	11
State control of social services.....	11
Prohibition against refinancing of State costs.....	11
Repeal of limit on funding of services to potential recipients.....	12
Fiscal 1974 funding limit on social services.....	12
Elimination of restrictive language.....	13
Annual reports on social services.....	13
Use of donated funds for social services matching.....	13
Minimum mandatory services for aged, blind, and disabled.....	13
Prior reporting requirement.....	13
Effective dates.....	13
Child care standards.....	13
Social work training.....	14
Fair hearing.....	14
Reallotment of social services funds.....	14
V. Child welfare services.....	14
National adoption information exchange system.....	14
Child abuse and neglect; protective services.....	15

IV

	Page
VI. Child support.....	15
Federal duties and responsibilities.....	15
Penalty for State noncompliance.....	16
Locating a deserting parent; access to information.....	16
Collection of support payments by State and local agencies.....	17
Incentives for localities to collect support payments.....	18
Distribution of proceeds.....	19
Blood typing laboratories.....	20
Garnishment and attachment of Federal wages.....	20
Support collection for nonwelfare families.....	20
Effective date.....	21
VII. Aid to families with dependent children.....	21
Pass-along of social security benefit increase to AFDC recipients.....	21
Modification of earnings disregard provision.....	21
Community work and training programs.....	21
State demonstration projects.....	22
Study of minimum AFDC ineligibility rates.....	23
Social security numbers.....	24
AFDC foster care.....	24
VIII. Medicare and Medicaid amendments.....	24
Amendments relating to medicaid eligibility for recipients under the supplemental services income program:	
A. Conforming changes.....	24
B. Mandatory extension of medicaid coverage.....	24
C. Medicaid eligibility determinations.....	25
D. Medicaid coverage of institutionalized individuals.....	26
Health maintenance organizations under medicaid.....	27
Payments to substandard facilities.....	27
Federal matching under medicaid for care to Indians.....	27
Buy-in agreement under medicare.....	28
Payment for supervisory physicians in teaching hospitals.....	28
Medicare administration and policy.....	28
Chronic renal disease.....	28
Capital expenditures planning.....	29
Occupational therapy under medicare.....	29
Basis of medicare payment for services furnished by providers.....	29
Outpatient speech pathology.....	29
Statewide professional standards review organizations.....	30
Priority in designation of professional standards review organiza- tions.....	30
Statewide professional standards review councils.....	30
Reimbursement of physical therapists and other therapists under medicare.....	30
Federal employees' health plan and medicare.....	31
Coverage of diagnostic services by optometrists.....	31
Coverage of drugs under medicare.....	31
Judicial review of decisions of Provider Reimbursement Review Board.....	32
Practitioners refusing to perform abortions.....	33
Medicare lifetime reserve days.....	33
Definition of spell of illness.....	33
Certain disabled spouses.....	33
Study of coverage of home dialysis aides.....	33
Limitation on part A deductible.....	34
Abortions under medicaid.....	34
Medicare coverage for certain persons aged 60 to 64.....	34
Savings clause for railroad retirement beneficiaries.....	34
Facilities providing immediate care.....	34
Home health visits.....	35
IX. Maternal and child health.....	35
Pediatric pulmonary centers.....	35

	Page
X. Miscellaneous clerical and conforming amendments.....	35
Social security cash benefits:	
Automatic increases in earnings test exempt amount.....	35
Increases in certain cases of delayed retirement.....	35
Elimination of special age 72 benefits for people entitled to SSI..	36
Correction of erroneous designations and cross-references.....	36
Supplemental security income:	
Limitations on eligibility determinations under resources tests of State plans.....	36
Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.....	37
Initial payments to presumptively disabled individuals unre- coverable only if individual is ineligible because not disabled..	37
Technical correction of limitation of fiscal liability of States for optional supplementation.....	37
Modification of transitional administrative provisions.....	38
Inclusion of title VI in limitation on grants to States for social services.....	38
Conforming amendments to general provisions of Social Se- curity Act.....	38
Transitional Federal payments.....	38
Aid to families with dependent children:	
Federal matching for AFDC payments to Indians.....	39
Medicare and medicaid:	
Clarification of coverage of hospitalization for dental services..	39
Continuation of State agreements for coverage of certain individuals.....	39
Technical improvement of provisions governing disposition of HMO savings.....	39
Technical improvement of provisions governing allowable HMO premium charges.....	40
Application for assistance on behalf of deceased individuals....	40
Expansion of intermediate care facility ownership disclosure requirements.....	40
Technical modification of extended medicaid eligibility for AFDC recipients.....	40
Limitation on payments to States for expenditures in relation to disabled individuals eligible for medicare.....	40
Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.....	40
Federal payments for family planning expenditures not limited to administrative costs.....	41
Exception to limitation on payments to States for expenditures in relation to individuals eligible for medicare.....	41
Utilization review by medical personnel associated with an institution.....	41
Authority to prescribe standards under title XIX for active treatment of mental illness.....	41
Correction of erroneous designations and cross-references....	41
Deletion of obsolete provisions.....	41
Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.....	41
Technical improvement of authority to include expenses related to capital expenditures in certain cases.....	42
Effective dates.....	42
XI. Other amendments.....	42
Extended unemployment compensation.....	42
Embargo on exportation of oil drilling equipment.....	43

VI

STATISTICAL MATERIAL

1. Social security cash benefit programs: first full year cost of Senate provisions of H.R. 3153.....	Page 46
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, H.R. 11333, and the Senate bill.....	47
3. Old-age, survivors, and disability system: Progress of the combined OASI and DI trust funds, under present law, under H.R. 11333, and under H.R. 3153, calendar years 1976-78.....	48
4. Old-age, survivors, and disability system: Start-of-year trust fund assets as percentage of expenditures for the year.....	49
5. Benefit increases and changes in the earnings base under present law, and the Senate bill.....	50
6. Annual exempt amount for earnings limitation.....	50
7. Costs or savings of Senate bill related to supplemental security income, tax credit for low income workers, aid to families with dependent children, social services, child support, medicaid, and unemployment compensation.....	51
8. Change in the actuarial balance of the HI system under the Senate Finance Committee proposal and under the Senate bill.....	52
9. Estimated outlays for new medicare provisions of Senate passed version of H.R. 3153, by fiscal year.....	53
10. Hospital insurance: Progress of the hospital insurance trust fund under present law, H.R. 11333, Senate Finance Committee bill, and Senate bill, calendar years 1974-78.....	54
11. Estimated operations of the supplementary medical insurance trust fund under present law, fiscal years 1973-78.....	55
12. Estimated operations of the supplementary medical insurance trust fund under H.R. 3153, as amended by the Senate, fiscal years 1973-78.....	56
13. Estimated operations of the hospital insurance trust fund under present law, fiscal years 1973-78.....	57
14. Estimated operations of the hospital insurance trust fund under H.R. 3153, as amended by the Senate, fiscal years 1973-78.....	58

[Note: All amendments are Committee amendments unless otherwise noted.]

I. Old Age, Survivors, and Disability Insurance

Section	Bill page	Description
	9	<i>Short title.</i> —Makes short title of bill “Social Security Amendments of 1973.”
	9-15	<i>Table of contents.</i> —Provides a table of contents corresponding to the Senate bill.
101	15-17	<i>Interim benefit increase.</i> —Provides a 7 percent increase in social security benefits effective for the month of enactment and subsequent months through May 1974. (H.R. 11333 provides a “flat” 7 percent increase for March through May 1974.)
102	17-21	<i>Eleven-percent benefit increase.</i> —Effective June 1974, provides an eleven percent social security benefit increase (over the rates in effect prior to enactment). This is in lieu of the 5.9 percent increase scheduled to take place in June 1974 under existing law. (H.R. 11333 also provides an 11 percent increase effective June 1974.)
103	21-24	<i>Automatic cost-of-living increases.</i> —Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the percentage that the cost of living has risen, beginning with the January following the latter year. The Senate bill would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1975, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.) (H.R. 11333 also includes this provision.)

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

Section	Bill page	Description
103(l)	24	<i>Special minimum benefit.</i> —Present law provides a special minimum social security benefit equal to \$8.50 times the individual's years of coverage under social security over 10 and up to 30 years. The Senate bill makes the 7 and 11 percent benefit increases applicable to the special minimum. This increases the \$8.50 to \$9.10 effective with the month of enactment and to \$9.50 effective June 1974. For a worker with 30 years of coverage this would mean an increase in his special minimum monthly benefit from \$170 under current law to \$182 on enactment and to \$190 effective June 1974. The Senate bill also makes the automatic cost-of-living increases applicable to the special minimum. (H.R. 11333 would provide a one-time increase of about six percent in the special minimum effective March 1974. This would increase the factor to \$9.00 which would provide a worker with 30 years of coverage a special minimum of \$180 per month.)
104	25-27	<i>Tax base increase.</i> —Provides that wages and self-employment income taxable under social security each year would be increased for 1974 from \$12,600 to \$13,200. Thereafter, as under present law, the base would be increased automatically as wage levels rise. (This provision is also included in H.R. 11333.)
105; 194	27-30; 191	<i>Tax rate changes.</i> —The Senate bill changes the social security tax rates as shown in the following table:

I. Old Age, Survivors, and Disability Insurance—Continued
SOCIAL SECURITY TAX RATES

(In percent)

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	Senate bill	Present law	Senate bill	Present law	Senate bill
Employer-employee, each						
1974 to 1977.....	4.85	4.95	1.00	0.95	5.85	5.90
1978 to 1980.....	4.80	4.95	1.25	1.15	6.05	6.10
1981 to 1985.....	4.80	4.95	1.35	1.40	6.15	6.35
1986 to 2010.....	4.80	4.95	1.45	1.55	6.25	6.50
2011 and after....	5.85	5.95	1.45	1.55	7.30	7.50
Self-employed						
1974 to 1977.....	7.00	7.00	1.00	0.95	8.00	7.95
1978 to 1980.....	7.00	7.00	1.25	1.15	8.25	8.15
1981 to 1985.....	7.00	7.00	1.35	1.40	8.35	8.40
1986 to 2010.....	7.00	7.00	1.45	1.55	8.45	8.55
2011 and after....	7.00	7.00	1.45	1.55	8.45	8.55

Section	Bill page	Description
105; 194	27-30; 191	(H.R. 11333 provides for the same tax schedule as the Senate bill for the cash benefit programs; a Ribicoff floor amendment provided for an increase in the hospital insurance tax rates by .05 percent to meet the costs of the amendment relating to coverage of maintenance drugs (sec. 193). Thus the hospital insurance rates—and, therefore, the total tax rates—are in each year .05 percent higher in the Senate bill than in H.R. 11333.)

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

Section	Bill page	Description
106	30-32	<p><i>Allocation to Disability Trust Fund.</i>—Under present law, an amount equal to 1.1 percent of wages taxed is allocated out of social security tax collections to the disability insurance trust fund. This is scheduled to increase to 1.15 percent effective in 1978 and to 1.5 percent effective 2011. Under the Senate bill, the allocation would be increased effective 1974 to 1.15 percent with further increases to 1.2 percent in 1978, to 1.3 percent in 1981, to 1.4 percent in 1986 and to 1.7 percent in 2011. Similarly, current law provides for an allocation to the disability trust fund of an amount equal to 0.795 percent of the amount of self-employment income which is subject to social security tax with increases scheduled to 0.84 percent starting in 1978 and to 0.895 percent starting in 2011. The Senate bill would increase the allocation starting in 1974 to 0.815 percent with subsequent increases to 0.85 percent starting in 1978, to 0.92 percent in 1981, to 0.99 percent in 1986, and to 1 percent in 2011. (H.R. 11333 also includes this provision.)</p>
107	32-38	<p><i>Social security agreements with other countries.</i>—Provides general authority for the President (or the Secretary of Health, Education, and Welfare, as his delegate) to enter into bilateral agreements (generally known as totalization agreements) with interested foreign countries to provide for limited coordination between the U.S. social security system and that of the other country. Each agreement with another country would be reported to the Congress and would become effective not earlier than 90 days later. An agreement would prevent the impairment of social security protection which results when a person works during his lifetime under the social security systems of two countries but is not eligible for benefits on the basis of his work in one of the two countries when he retires, becomes disabled, or dies.</p>

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

Section	Bill page	Description
108	38-40	<i>Treatment of certain farm rental income.</i> —Provides that an individual land owner who enters into an agreement with a person to manage his farm shall not have his rental income under the agreement counted as income for social security purposes, provided that the landowner does not personally participate in the management or production of the farmland.
109	40-41	<i>Cost-of-living study.</i> —Directs the Department of Health, Education, and Welfare (HEW) to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost-of-living differentials among the States or among different areas within a State.
110	41-42	<i>Policemen in Louisiana.</i> —Permits policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security coverage at any time during 1974 without requiring that other employees lose their social security coverage.
111	42-44	<i>Policemen and firemen in California.</i> —Permits policemen and firemen in California to withdraw from social security coverage without requiring that other employees lose their social security coverage. The regular termination procedures, including 2 years' advance notice, would apply.
111A	44	<i>New Jersey employees.</i> —Adds New Jersey to the list of States permitted to divide a public retirement system coverage group to obtain social security coverage for a part of the group. (Williams floor amendment adopted by voice vote.)
111B	44-46	<i>Actuarially reduced benefits for widows at age 55.</i> —Reduces the age of eligibility of widows for reduced social security benefits from age 60 to age 55; applies the same reduction as applies to disabled widows under age 60. (Byrd, W. Va. floor amendment adopted by roll call vote of 74 yeas, 13 nays.)

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

Section	Bill page	Description
111C	46-47	<i>Increase in earnings limitation; lowering of age at which limitation ceases to apply.</i> —(1) Increases from \$2,400 to \$3,000 the amount a social security beneficiary may earn in calendar year 1974 with no reduction in social security benefits; (2) reduces from 72 to 70 the age at which there is no reduction in social security benefits due to earnings. (Byrd, W. Va. floor amendment, modified at the suggestion of Senator Tower to include the second provision, adopted by roll call vote of 83 yeas, 1 nay.)
111D	47-48	<i>Consumer price index for the aged.</i> —Directs the Secretary of Labor to prepare a "consumer price index for the aged", separate from the regular consumer price index, designed to reflect the relative price information for persons 65 and over. Amends the automatic cost-of-living provisions of the social security program to relate the automatic increases to either the consumer price index or the new consumer price index for the aged, whichever is higher. (Buckley floor amendment adopted by voice vote.)
111E	48-53	<i>Disability insurance for the blind.</i> —Provides for paying disability benefits for blind people who have at least 6 quarters of social security coverage and for allowing an alternative method of computing the amount of such benefits. Benefits for the blind would be paid without regard to earnings (both before and after age 65) or ability to work. Blind persons would also not be required to accept vocational rehabilitation services. (Hartke floor amendment adopted by voice vote.)

II. Tax Credit for Low-Income Workers With Families

112	53-64	The Senate amendment adds a new provision to the tax laws which provides that a low-income worker who maintains a household in the United States which includes one or more of his dependent children is to receive a credit equal to a specified percentage of the combined employer-employee social security taxes generated by his employment if his wages do not exceed \$4,000. (This percentage of social security taxes is the equivalent of 10 percent of wages.) In the case of
-----	-------	--

II. Tax Credit for Low-Income Workers With Families—Con.

Section	Bill page	Description
112	53-64	<p>married taxpayers, the tax credit would be computed on the basis of the combined earnings of both the husband and wife. The tax credit 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 credit where the total income equals \$5,600. In determining when an individual's "income" exceeds \$4,000 for purposes of this tax credit, "income" is defined as including all his adjusted gross income, including certain income which is specifically excluded from the income tax base (for purposes of subtitle A of the Internal Revenue Code) and including certain transfer payments and payments for the general support of the taxpayer (such as social security, welfare, and veterans' payments, and food stamps, but not transfer payments for medicare, medicaid, and the furnishing of prosthetic devices). Individuals who are eligible to receive the tax credit 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 the same manner as an overpayment of income tax. Applications for advance refund payments are to be filed with the Internal Revenue Service and are to be made in a manner prescribed by regulations. The Internal Revenue Service is expected to make these payments as promptly as possible after the application (but not less frequently than once every three months). These payments are not to be included in the income of the taxpayer for income tax purposes, and are to be made regardless of any tax liability, or lack of it, on the part of the taxpayer. This amendment would apply in 1974; however, the first advance refund is not to be made before July 1974. Payments under this tax credit provision would reduce AFDC payments on a dollar-for-dollar basis.</p>

III. Supplemental Security Income Program

Section	Bill page	Description
121	64-65	<i>Increases in SSI benefits.</i> —The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least \$130 (\$195 for couples). These amounts are now scheduled to be increased effective July 1974 to \$140 for an individual and \$210 for a couple. The Senate bill would make these higher amounts of \$140 and \$210 effective from the start of the SSI program in January 1974 and provides for a further increase, effective July 1974, to \$146 for an individual and \$219 for a couple. (H.R. 11333 also provides for these increases.)
122	65-68	<i>Food stamp eligibility for SSI recipients.</i> —Repeals the provisions of current law which make some SSI recipients ineligible to participate in the food stamp or surplus commodities programs. (Under present law an individual is ineligible if his SSI benefit, plus any State supplementary payment, is at least equal to what his assistance payment would have been under the former welfare program plus the bonus value of food stamps.) In conformity with this, section 122 also eliminates from the savings clause for State supplementary payments the adjustment for "cashing out" food stamps, since SSI recipients will not be statutorily ineligible for food stamps. (The Senate bill provides for a transitional period until July 1975 during which States could receive this adjustment for cashing out food stamps; during this period SSI recipients in the affected States would be ineligible for food stamps.)
123	68	<i>Limitation on grandfather clause for disabled individuals.</i> —When the SSI program goes into effect in January 1974, disabled persons who were on the welfare rolls in December 1973 would, under existing law, continue to be considered to be disabled even if they did not meet the new definition of disability. The Senate bill would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.

III. Supplemental Security Income Program—Continued

Section	Bill page	Description
124	68-70	<p><i>SSI recipients living with AFDC families.</i>—Under current law, States will be required starting in January 1974 to provide supplementary payments to persons getting aid to the aged, blind, and disabled as of December 1973 in an amount sufficient to assure that such persons will have no reduction in total income when they come under the new SSI program. The Senate bill would permit States to adjust the level of mandatory supplementation in such a way that it assures the same level of total family income (rather than the <i>individual's</i> total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides, however, that the SSI recipient would have to be assured at least as great a total income as a comparable aged, blind or disabled person not living with an AFDC family and having no other income.</p>
125	70	<p><i>Disregard of certain benefits.</i>—Provides that certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit. This provision would apply to such benefits only if they are limited to persons aged 65 or over who have lived in a State at least 25 years. It also applies only to benefit programs which had been established prior to July 1973.</p>
126	70-73	<p><i>Continuation of demonstration projects.</i>—Authorizes the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles under his demonstration project authority in section 1115 of the Act. Section 1115 does not apply to the new SSI program. The Senate bill would permit the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects and would also authorize continued Federal funding of projects to the same</p>

III. Supplemental Security Income Program—Continued

Section	Bill page	Description
126	70-73	extent as such funding would have been available if the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the provision permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.) This section of the bill applies only to projects which were already approved prior to October 1, 1973.
127	73	<i>Combined checks for married couples.</i> —Current law permits the Social Security Administration to enable a surviving spouse to negotiate a social security check which had been issued jointly to the survivor and the deceased spouse. The Senate bill makes this authority also applicable to SSI checks thus making it feasible for the Social Security Administration to issue joint SSI checks to couples who request them.
128	73	<i>Emergency payments to SSI recipients.</i> —Authorizes the Secretary to enter into arrangements with States under which the States will act as the Secretary's agent in emergency circumstances in making SSI benefit payments. (Magnuson floor amendment adopted by voice vote.)
129	74-75	<i>Disregard of certain income for SSI purposes.</i> —Under Public Law 93-66, States are required to guarantee present recipients of aid to the aged, blind, and disabled no reduction in income when the new SSI program goes into effect next January. Section 129 would require States to increase this guarantee level by the amounts that Federal SSI benefits, social security benefits, and railroad retirement benefits have been increased due to the enactment of legislation this year. (Eagleton floor amendment adopted by roll call vote of 49 yeas, 34 nays.)
	75	<i>Value of an individual's home.</i> —Directs the Secretary of HEW, in setting a reasonable upper limit on the value of the home an individual may have and still be eligible for SSI payments, to take into account the value of other homes in the region and area in which the individual lives. (Cranston floor amendment adopted by voice vote.)

III. Supplemental Security Income Program—Continued

Section	Bill page	Description
130A	75-76	<i>Individual living in another person's household.</i> —Present law requires that SSI payments be reduced one-third if the recipient lives in another person's household and receives support and maintenance in-kind from the person. Section 130A decreases this one-third reduction by the amount the recipient actually pays for the support and maintenance. (Cranston floor amendment adopted by voice vote.)
130B	76	<i>Value of resources.</i> —Directs the Secretary, in determining the value of a resource for purposes of the SSI program, to decrease that value by the amount of any encumbrance on the resource. (Cranston floor amendment adopted by voice vote.)
130C	76	<i>Education expenses.</i> —Present law excludes from income, for SSI purposes, that portion of a scholarship which pays for tuition and fees. Section 130C extends the exclusion to that portion of a scholarship used for books, supplies, services, and other expenses reasonably attributable to going to school. (Cranston floor amendment adopted by voice vote.)

IV. Social Services

131(a)	77-87	<i>State control of social services.</i> —Provides effective November 1, 1973 that, subject to the statutory limit on the amount of Federal funding available for social services, the provisions of the Social Security Act are not to be construed as restricting the freedom of States to determine what social services will be made available, who will be eligible for services, or how and under what conditions services will be furnished. Defines "social services" as services which the States find appropriate to meet the goals of self-support, family care or self care, community-based care, or institutional care and lists 24 services which are included in that definition. Provides further that States may also include any other service they find appropriate for meeting the specified goals.
	87	<i>Prohibition against refinancing of State costs.</i> —Provides effective July 1, 1974, that Federal social services funds may not be used for

IV. Social Services—Continued

Section	Bill page	Description
131(a)	87	purchasing services from public agencies which were previously funded with non-Federal funds except in cases where Federal funding had been provided for those services within the past three years.
131(b)	87	<i>Repeal of limit on funding of services to potential recipients.</i> —Repeals the provision under which States must limit their use of Federal funds for social services (except for certain specific types of services) in such a way that at least 90 percent of the funding is used for actual (as opposed to potential) welfare recipients.
132	88-92	<i>Fiscal 1974 funding limit on social services.</i> —For fiscal year 1974 only, reduces the \$2.5 billion limit on Federal funding for social services to \$1.9 billion. Establishes a formula under which each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of its expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining first quarter expenditure levels and \$1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the \$2.5 billion limit enacted in 1972, except that \$50 million would be available for allocation by the Secretary of Health, Education, and Welfare: (1) to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the \$2.5 billion limit under a savings clause in Public Law 92-603) from falling below fiscal 1973 funding levels; (2) to provide additional funding for States which would otherwise be limited under the basic formula to a relatively small part of their regular allocation under the full \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974; and (3) for funding programs with a potential for yielding a high level of benefit in relation to the costs involved.

IV. Social Services—Continued

Section	Bill page	Description
133	92-98	<i>Elimination of restrictive language.</i> —Revises the present provisions of titles I, IV, VI, X, XIV, and XVI of the Social Security Act which deal with the funding of social services provided under those titles by removing language authorizing the Department of Health, Education, and Welfare to place restrictions on State social services programs; these restrictions would be inconsistent with the changes made by section 131 of the Senate bill.
134	99-100	<i>Annual reports on social services.</i> —Requires an annual report by the Secretary of HEW to the Congress on the uses which each State has made of its social services funds.
135	100	<i>Use of donated funds for social services matching.</i> —Permits States to use donated funds (including in-kind contributions) as the State share of matching for social services.
136	100-101	<i>Minimum mandatory services for aged, blind, and disabled.</i> —Requires States to provide at least three types of services for recipients of supplemental security income. (Kennedy floor amendment adopted by voice vote.)
137	101-102	<i>Prior reporting requirement.</i> —Requires that States compile and make public, at least 45 days before the beginning of a fiscal year, a list of the social services to be provided during the fiscal year, indicating the types of service, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type of service. The State may subsequently revise its plan. (Dole floor amendment adopted by voice vote.)
138	102	<i>Effective dates.</i> —Sections 131, 133, and 135 of the Senate bill are effective November 1, 1973.
139	102-103	<i>Child care standards.</i> —Requires that child care provided under the Social Security Act meet the following standards: (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations; and (2) out-of-home day care facilities shall meet State licensing requirements and (with modifications) the provisions of the Federal Interagency Day Care

IV. Social Services—Continued

Section	Bill page	Description
139	102-103	Requirements of 1968. Specifically, section 139 sets a limit of not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 15 children age 6 to 9 per adult; and not more than 20 children age 10 to 14 per adult. Other requirements involve staff qualifications, health services and social services, and parent involvement. (Mondale floor amendment adopted by roll call vote of 67 yeas, 20 nays.)
140	103-104	<i>Social work training.</i> —Present law authorizes 75 percent Federal matching under the Social Security Act for “the training of personnel employed or preparing for employment by the State or local welfare agency.” Under this provision, States have made grants to educational institutions and have given financial assistance to students. Section 140 explicitly authorizes them to do so in the statute. (Nelson floor amendment adopted by voice vote.)
140A	105	<i>Fair hearing.</i> —In the program of services for the aged, blind, and disabled, section 140A requires the State to provide an opportunity for a fair hearing to individuals denied services or otherwise aggrieved. (Cranston floor amendment adopted by voice vote.)
140B	105-107	<i>Reallotment of social services funds.</i> —Provides, in any year after fiscal year 1974 that States do not use the full \$2.5 billion authorized for social services under the Social Security Act, that unused funds may be reallotted, on the basis of population, among the States which can use additional funds. (Cranston floor amendment adopted by voice vote.)

V. Child Welfare Services

141	107	<i>National adoption information exchange system.</i> —Authorizes \$1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. Authorizes 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
-----	-----	--

V. Child Welfare Services—Continued

Section	Bill page	Description
141	107	in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption."
142	108	<i>Child abuse and neglect; protective services.</i> — Adds requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

VI. Child Support

151	110-137	<i>Federal duties and responsibilities.</i> —The Senate amendment leaves basic responsibility for child support and establishment of paternity to the States and provides for a far more active role on the part of the Federal government in monitoring and evaluating State child support programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them. To assist and oversee the operations of State child support programs the Department of Health, Education, and Welfare would be required to set up a separate organizational unit under the direct control of an Assistant Secretary for child support who would report directly to the Secretary. This agency would review and approve State child support plans, evaluate the implementation of the child support program in each State and provide technical assistance to the States to help them to establish effective systems for determining paternity and collecting support. HEW would be specifically required to prescribe the organizational structures, minimum staffing levels (and types of staffing, e.g., attorneys, collection agents, locator personnel), and other program requirements which
-----	---------	---

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p data-bbox="515 354 1122 851">States must have in order to be found in conformity with the law. The Department would also be required to maintain adequate records of and publish periodic reports on the operations of the program in the various States and nationally. HEW duties would also include approving applications from a State for permission to sue in Federal court in a situation where a prosecuting attorney or court in another State does not undertake to enforce the court order against a deserting father within a reasonable time. The originating State, under these circumstances, would be authorized to enforce the order against the deserting father in the Federal courts.</p> <p data-bbox="487 851 1122 1663"><i>Penalty for State non-compliance.</i>—HEW would have the duty of performing an annual audit in each State and of making a specific finding each year as to whether or not the child support program as actually operated in that State conforms to the requirements of law and the minimum standards for an effective support program. These audits are to be conducted by the new child support agency which the bill creates within the Department. A State will not be found to have an acceptable program unless it adequately cooperates in obtaining child support payments from the absent parents of AFDC children who reside in other States. If the minimum standards are not met, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable lead time to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1976.</p> <p data-bbox="480 1663 1116 1850"><i>Locating a deserting parent; access to information.</i>—Establishes a parent locator service within the Department of HEW's separate child support unit. This unit, upon request of (1) a local or State official with support collection responsibility under this program,</p>

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>(2) a court with support order authority, or (3) the agent of a deserted child not on welfare, will make available the most recent address and place of employment of a deserting parent which it can obtain from HEW files or the files of any other Federal agency, or of any State. Information of a national security nature or information in highly confidential files such as those of the Bureau of the Census would not be divulged. Welfare information now withheld from public officials under regulations concerning confidentiality would be made available; this information would also be available for other official purposes. This change would permit a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official to obtain welfare information required in connection with official duties, such as obtaining support payments or prosecuting fraud or other criminal or civil violations.</p>
		<p><i>Collection of support payments by State and local agencies.</i>—Requires that a mother, as a condition of eligibility for welfare, assign her right to support payments to the State and cooperate in identifying and locating the father, in securing support payments, and in obtaining any money or property due the family. (The ineligibility of a non-cooperating mother would apply only to her and not to her children. Assistance payments would be made to the children under a protective payment provision which would assure that the children get the benefit of such payments.) The assignment of support rights will continue as long as the family continues to receive assistance. When the family goes off the welfare rolls, the deserting parent may be required, if the State wishes, to continue for a period not to exceed three months to make payments to the government collection agency (which will pay the money over to the family at no cost to them). This period will allow the collection agency time to notify the father that he will be making support payments in the future directly to the family, and to take any other necessary</p>

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>administrative actions. The support obligation would become a debt owed by the absent father to the State. The amount of this debt would be determined by a court order if one were in existence. In the absence of a court order the amount of the obligation would be an amount determined by the State in accordance with a formula approved by the Secretary of HEW. Also, the rights of the wife and child may not be discharged in bankruptcy merely because the support obligation is a debt to the State. Federal matching of the State administrative costs will be increased from 50 percent to 75 percent; matching will apply to expenditures under the State or local support programs which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent. States would be free to establish such a unit within or outside their welfare agencies. Financial arrangements for costs of law enforcement officials and courts directly related to the child support program will also be subject to 75 percent Federal matching. States would be allowed to use the Federal income tax collection mechanism for collecting support payments. This mechanism would be available only in cases in which the State can establish to the satisfaction of HEW that it has made diligent efforts to collect the payments through other processes but without success. A preexisting court garnishment order for support of another child against the absent father's wages would take precedence over this procedure.</p> <p><i>Incentives for localities to collect support payments.</i>—If the actual collection and deter-</p>

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>mination of paternity is carried out by local authority, the local authority would receive a special bonus based on the amount of any child support payments collected which result in a recapture of amounts paid to the family as AFDC. The bonus based on collections of the parent's support obligation would be 25 percent for the first 12 months of support obligations owed; subsequent collections recovered would result in a bonus of 10 percent. This bonus would come out of the Federal share of the amounts recovered. Similarly, in the situation where the location of runaway parents and the enforcement of support orders is carried out in a State other than that in which the deserted family resides, the State or local authority which actually carries out the location and enforcement functions will be paid the bonus. The Federal Government would have to be reimbursed for any Federal costs (other than for blood typing tests) incurred to aid the States and localities in their support collection and determination of paternity efforts. These costs for welfare recipients would be subject to 75 percent Federal matching.</p> <p><i>Distribution of proceeds.</i>—The amount collected would be retained by the Government to partly offset the current welfare payment (except that for the first year of the program 40 percent of the first \$50 a month collected will go to the family). If the collection is more than what is needed to fully offset the current month's AFDC payment, the additional amount up to the family's support rights as specified in a court order goes to the family. If there is still an excess above this, it is retained by the Government to offset past welfare payments. In any case in which a large collection is made which more than repays all past welfare payments, any such excess would go to the family. The amounts retained by the Government are distributed as between Federal and State Governments according to the proportional matching shares which each has under the AFDC formula. States would be required to make the AFDC payment without a reduction for</p>

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>child support collections until the proceeds for a month equal or exceed the assistance payment for that month. (In such a month the family would not be eligible for AFDC.) All collections of child support would be made to the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance.</p> <p><i>Blood typing laboratories.</i>—The 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 State and local collection agencies and the courts. The services of the laboratories would be available through a court 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.</p> <p><i>Garnishment and attachment of Federal wages.</i>—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. This overrides provisions in various social insurance or retirement statutes which prohibit attachment or garnishment.</p> <p><i>Support collection for non-welfare families.</i>—The procedures adopted for locating absent parents, establishing paternity, and collecting child support would be made available to families even if they are not on the welfare rolls. The expert blood typing services provided for in the bill would be available through a court in non-welfare cases without cost. In the case of parent location services, a fee would be charged in non-welfare cases. For other support collection services, States</p>

VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>could charge an application fee which would have to be approved as reasonable by the Department of Health, Education, and Welfare, and States could deduct the remaining costs of collection from any amounts actually collected. The 75 percent Federal matching for State costs would be provided for this part of the program for the first year of operation.</p> <p><i>Effective date.</i>—The garnishment of Federal wages would be effective January 1, 1974; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1976; and the other child support provisions of section 151 would be effective July 1, 1974.</p>

VII. Aid to Families With Dependent Children

161	137-138	<p><i>Pass-along of social security benefit increase to AFDC recipients.</i>—Requires States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective as of the first month in which increased social security benefits are paid under the bill's social security benefit increase provisions.</p>
162	138-139	<p><i>Modification of earnings disregard provision.</i>—Modifies the earnings disregard formula and allows only day care as a separate deductible work expense (with reasonable limitations on the amount allowable for day care expenses). Under section 162, States would be required 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.</p>
163	139-140	<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</p>

VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
163	139-140	to make AFDC payments in the form of payments for work performed meeting certain statutory criteria) were deleted. Section 163 permits States to have community work and training programs as in prior law, in addition to work and training under the Work Incentive Program. The Senate bill precludes States from requiring participation in a community work and training program by a father who is incapacitated or by a mother who (1) has children under 6; (2) is ill, incapacitated, or of advanced age; (3) is too remote from an employment program to be able to participate in such a program; (4) is needed at home to care for an incapacitated family member; (5) is attending school on a full-time basis; or (6) is participating in a work incentive program. In addition, if a relative with whom a child is living is denied aid because of failure to comply with the requirements of the community work and training program, the child will be eligible for assistance in the form of protective payments. (Committee amendment; exemptions from mandatory participation and protective payment provision added by Long floor amendment on behalf of Senator Cranston, adopted by voice vote.)
164	140-143	<i>State demonstration projects.</i> —Authorizes demonstration projects to permit States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of persons who are on assistance. States would be limited to not more than 3 demonstration projects under this authority; one of the projects could be statewide. None of the projects could last for more than two years, and all authority for the projects would terminate June 30, 1976. States would be permitted for demonstration purposes to waive the requirements of the Aid to Families with Dependent Children program relating to (1) statewideness; (2) administration by a single State agency; (3) the earned income disregard (but in no case could a State offer an earned income disregard of more than 50 percent); and (4) registration

VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
164	140-143	<p>in the Work Incentive Program and other requirements related to that program. The State could waive any or all of these requirements on its own initiative unless and until the Secretary disapproved the waiver as inconsistent with the purposes of section 1115 and the AFDC law. If the waiver was disapproved by the Secretary, the demonstration project would terminate by the end of the month following the month in which it was disapproved. As part of a demonstration project, the State could use welfare funds to pay part of the cost of public service employment. Revenue sharing funds could be used for the non-welfare share of the salaries. Wages of project participants could not be higher than those for similar work in the community. The conditions of public service employment which apply to the Work Incentive Program (relating to health and safety standards, no displacement of employed workers, working conditions, and workmen's compensation) would also apply to public service employment under these demonstration projects. The State welfare agency would also be free to contract with non-profit private institutions organized for a public purpose, such as hospitals, to carry out such projects. When unemployed fathers (as well as other relatives) are placed in public service employment, Federal matching will continue for the portion of the salary equal to the former welfare payments and it will be available for wage payments. Participation by welfare recipients in the demonstration projects would be voluntary. The amount matchable with respect to any participant in the project may not exceed the amount which would otherwise have been payable to him had he continued to receive AFDC.</p>
165	143-144	<p><i>Study of minimum AFDC ineligibility rates.</i>—Directs the Secretary of HEW to study and report to the Congress within one year his recommendations concerning the appropriateness of establishing nationwide rates of ineligibility and overpayment which may reasonably be expected to occur under AFDC. (Bellmon floor amendment adopted by voice vote.)</p>

VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
151(c)(5) (C)	132	<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.
301	234	<i>AFDC foster care.</i> —Under existing law, the Federal Government participates in the cost of foster care under Aid to Families with Dependent Children only if the placement of the child results from a judicial determination that continuation in his own home would be contrary to the welfare of the child. Section 301 would also permit Federal matching if the child is placed in foster care under any other procedures authorized under State law and approved by the Secretary. (Javits floor amendment adopted by voice vote.)

VIII. Medicare and Medicaid Amendments

171	144-159	<p><i>Amendments relating to Medicaid eligibility for recipients under the Supplemental Security Income program: A. Conforming changes.</i>—When Congress passed the Supplemental Security Income (SSI) program, which next January will replace the Federal-State cash assistance programs for the aged, blind and disabled, by oversight the necessary conforming changes were not made in the Medicaid (Title XIX) law to reflect the federalization of the adult categories under Title XVI. Medicaid eligibility is thus linked only to eligibility for cash assistance under the old Federal-State programs which expire December 31, 1973. The bill makes the necessary conforming changes, effective January 1, 1974, to allow Federal matching under Title XIX for persons eligible for the SSI program. (A similar provision is incorporated in the House version of H.R. 3153.)</p> <p><i>B. Mandatory extension of Medicaid coverage.</i>—States are required by P.L. 93-66, as a condition for Medicaid matching, to pay a mandatory supplement to any recipient of assistance in December 1973 who is receiving more than the Federal SSI amount, until such time that his income changes or he otherwise</p>
-----	---------	---

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	<p>becomes ineligible. All persons who would qualify for the mandatory supplement are eligible for Medicaid under current law on the basis of their receipt of cash assistance. Although the Congress required States to pay a mandatory supplement to persons on the rolls in December who receive more than \$130 under the current cash assistance programs (due to rise to \$140 under the Senate bill), it did not specifically require that States continue Medicaid benefits for these persons. Section 171 requires States to continue Medicaid coverage for persons who receive mandatory State supplementary benefits until such time as the person becomes ineligible for the mandatory supplement. For all other recipients of State supplements only (that is, persons coming on the rolls for the first time after December 1973 whose income is too high for them to be eligible for SSI payments but who are eligible for a State supplementary payment), the State could cover them, but would not have to.</p> <p><i>C. Medicaid eligibility determinations.</i>—In Public Law 92-603, a provision was written into Medicaid allowing a State the option of either covering all SSI recipients or not covering the newly eligible SSI recipients who would not have met the State's January 1, 1972 standard for determining Medicaid eligibility. However, the provision did not specify the criteria for Medicaid eligibility which would be applicable to persons receiving State supplemental payments only. Making all persons who receive an SSI payment eligible for Medicaid matching does not automatically assure that all recipients of cash payments authorized under the new Title XVI (SSI program) will be eligible for Medicaid matching. Some persons will receive only a State supplementary payment; because their countable income is more than \$140 (\$146 effective July 1, 1974) they will not receive an SSI benefit. Many of these persons are currently eligible for Medicaid on the basis of their receipt of cash assistance under the current adult titles and therefore would continue their eligibility under the bill.</p>

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	<p>However, persons newly eligible for cash payments as State-supplement-only individuals would be precluded from coverage if States are not allowed Medicaid matching to cover these persons as cash assistance recipients for purposes of Title XIX. Section 171 would allow all States the option of covering all persons or a reasonable classification of persons who receive only State supplementary payments under Medicaid, regardless of whether the supplement is federally or State administered. Eligibility must, however, be based on rational classifications (such as the aged, or the blind, or the disabled or persons in domiciliary care). The Social Security Amendments of 1972 included a provision requiring States who do not cover all SSI recipients under Medicaid to make eligible aged, blind or disabled persons who meet all other eligibility requirements and whose medical expenses reduce their income to the medical assistance eligibility level. Section 171 specifies that persons who become eligible for Medicaid under this "spend-down" provision will be deemed "categorically needy" (that is, the equivalent, for Medicaid purposes, of cash assistance recipients) in States which do not have medically needy programs. In States which cover the medically needy, such persons would be deemed categorically needy if (1) they are receiving or are eligible to receive a State supplementary payment and similarly situated individuals are similarly treated; or (2) they are an individual or spouse eligible to receive a Title XVI benefit. Persons not meeting the income criteria for cash assistance would be deemed medically needy.</p>
		<p><i>D. Medicaid coverage of institutionalized individuals.</i>—Under current law, States are permitted to make institutionalized individuals eligible for Medicaid by declaring that such persons would need cash assistance if they were outside the institution. States establish this standard of need (usually higher than the standard applicable to non-institutionalized individuals) in their cash assistance programs for the aged, blind, and</p>

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	disabled. Section 171 allows a State to deem an institutionalized person in need of a supplementary payment if his income is within 300 percent of the SSI benefit level applicable to a noninstitutionalized individual with no other income. This limitation would not apply to current Medicaid eligibles in nursing homes who were grandfathered into continued Title XIX coverage by Section 231 of P.L. 93-66.
172	159-161	<i>Health Maintenance Organizations under Medicaid.</i> —Requires, beginning July, 1974, that Medicaid payments to HMO's generally be subject to the same requirements as Medicare payments to HMO's, under final regulations prescribed by the Secretary of Health, Education, and Welfare issued no later than April 30, 1974. However, section 172 (1) authorizes incentive capitation payments to otherwise qualified organizations without requiring that they have at least two years of operating experience; and (2) sets a required minimum enrollment of 5,000 individuals, generally at least half of whom may not be Medicare or Medicaid recipients, compared with the 25,000 minimum required for Medicare. (Committee amendment; requirement that regulations be issued by April 30, 1974 added by Cranston floor amendment adopted by voice vote.)
173	161-162	<i>Payments to substandard facilities.</i> —The bill contains a provision which amends Title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State's Medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet Medicaid standards, and is similar to a provision in present law with respect to adult assistance categories.
174	162	<i>Federal matching under Medicaid for care to Indians.</i> —Effective January 1, 1974, provides 100% Federal matching under Medicaid for services provided individuals who at any time during the year preceding the

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
174	162	month in which services were received were eligible under the Indian Health Services Program and resided (1) on or adjacent to a Federal Indian reservation; or (2) in Alaska. (Committee amendment; Alaska added by Gravel floor amendment adopted by voice vote.)
175	163	<i>Buy-in agreement under Medicare.</i> —Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program. The bill provides that, effective January 1, 1974, a State which did not have a Medicaid program as of October 1, 1973 shall be deemed to have a Medicaid program for purposes of Federal matching for the buy-in under Part B of Medicare for covered individuals.
176	164–166	<i>Payment for supervisory physicians in teaching hospitals.</i> —Section 176 directs the Secretary of Health, Education, and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings. While the study is being undertaken, certain provisions of Section 227 of P.L. 92-603, limiting Medicare reimbursements to medical centers for the services of teaching physicians on a fee-for-service basis, would be suspended for 1 year (with the Secretary permitted a further 6-month suspension). However, the suspension would not apply to those hospitals which are reimbursed on the more favorable cost basis under present law.
181	166–167	<i>Medicare administration and policy.</i> —The bill includes a provision formally assigning policy and operating responsibility for the Medicare program to the Social Security Administration.
182	167–168	<i>Chronic renal disease.</i> —In extending Medicare coverage to include chronic renal disease, the Congress authorized the Secretary to establish standards for facilities participating in the renal disease program. Under the law such standards if promulgated must include at least requirements for minimum utilization rates and for medical review boards. The bill requires the Secretary to develop and apply minimum utilization rates

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
182	167-168	for facilities reimbursed under the dialysis and transplantation provision and mandates the Secretary to require that such facilities have independent medical review boards to evaluate the appropriateness of patients for treatment. The bill also requires that payment for dialysis services will be reasonably related to the cost of providing those services.
183	168-169	<i>Capital expenditures planning.</i> —Last year's Social Security Amendments preclude Federal reimbursement for major capital expenditures which have been disapproved by State planning agencies. Section 183 provides that effective July 1, 1974, authorization of reimbursement from Medicare for expenditures incurred in the administration of this capital planning provision shall be limited to those costs directly associated with submitting reports and processing appeals concerning approved or disapproved capital expenditures.
184	169-170	<i>Occupational therapy under Medicare.</i> —Expands the outpatient physical therapy and speech pathology benefits as provided through clinics and other organized settings to include occupational therapy. Additionally, provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.
185	170	<i>Basis of Medicare payment for services furnished by providers.</i> —Present law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public, effective January 1973. Section 185 postpones the effective date to January 1974.
186	170-171	<i>Outpatient speech pathology.</i> —Makes clear that a physician's referral for speech pathology service need not necessarily detail the amount, duration and scope of services required.

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
187	171	<i>Statewide professional standards review organizations.</i> Specifically provides that the Secretary may designate a State as a PSRO area and that he may not refuse to make such designation solely on account of the number of physicians in a State.
188	171-172	<i>Priority in designation of professional standards review organizations.</i> —Specifies that the Secretary shall give priority to designating PSRO areas on a local (medical service area) basis and also give priority to designating qualified local organizations as PSRO's where feasible.
189	172-174	<i>Statewide professional standards review councils.</i> —Present law does not provide for a Statewide Council and, therefore, for an appeals mechanism at the State level, where there are only one or two PSRO's in a State. Section 189 provides that in a State with two PSRO's, a Statewide Council would be established consisting of two physician representatives from each PSRO in the State plus two physicians designated by the State medical society plus two physicians designated by the State hospital association, as well as four persons knowledgeable in health care selected by the Secretary as public representatives. Two of the public representatives would be chosen from nominees recommended by the Governor of the State. In a State with one PSRO, a Statewide Council would be established consisting of two physicians designated by the State hospital association, four physicians nominated and elected from and by the general PSRO membership on an annual basis, plus four public representatives knowledgeable in health care selected by the Secretary. Two of the public representatives would be selected from nominees recommended by the Governor of the State.
190	174	<i>Reimbursement of physical therapists and other therapists under Medicare.</i> —Section 251 of P.L. 92-603, which details the approved means of reimbursing for the services of physical therapists under Medicare, has an effective date of January 1, 1973. Regulations implementing the provisions have not

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
190	174	been issued as yet; section 190 postpones the effective date of Public Law 92-603 until after final regulations have been published.
191	174	<i>Federal employees' health plan and Medicare.</i> —Section 210 of P.L. 92-603 provides that Medicare will not pay for services covered under the Federal employee health programs beginning January 1, 1975, unless the Secretary certifies before then that certain coordination features between the 2 programs have been accomplished. Section 191 changes the effective date of the provision to January 1, 1976.
192	175	<i>Coverage of Diagnostic Services by Optometrists.</i> —Directs the Secretary to conduct a study of the appropriateness of reimbursement under Medicare for diagnostic professional services performed by optometrists on aphakic patients (patients whose natural lenses have been removed), other than refractive services.
193	175-191	<i>Coverage of drugs under Medicare.</i> —Amends Part A of Medicare to cover the costs of certain specified drugs, purchased on an out-patient basis, which are necessary in the treatment of certain 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. The bill 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

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
193	175-191	<p>well. Section 193 would establish a Medicare Formulary. 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. 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. Participating pharmacies would file either their usual and customary markup or professional fee schedules as of June 1, 1972, which would then be applied to the estimated acquisition cost (usually average wholesale price) of the drug product. The usual and customary charge, including mark-up or professional fee, for purposes of program payments and allowances could not exceed the 75th percentile of charges by comparable vendors in an area. (Ribicoff floor amendment adopted by roll call vote of 77 yeas, 11 nays.)</p>
194	191	(See social security tax rates, p. 3.)
195	191-192	<p><i>Judicial review of decisions of Provider Reimbursement Review Board.</i>—Present law grants judicial review to providers of services only when the Secretary of HEW on his own motion reverses or modifies adversely to the provider a decision of the Provider Reimbursement Review Board. Section 195 gives providers the right of judicial review of any board decision or subsequent affirmations, modification, or reversal by the Secretary. In addition, when a provider seeks judicial review the amount in controversy shall be subject to annual interest beginning 6 months after the intermediary has made a final determination or within 6 months after final</p>

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
195	191-192	determination would have been made had it been on a timely basis. (Mondale floor amendment adopted by voice vote.)
196	193-196	<i>Practitioners refusing to perform abortions.</i> —Provides that nothing in the Medicare or Medicaid statute may be construed to require (1) any individual to perform or assist in the performance of any sterilization procedure or abortion if this would be contrary to his religious beliefs or moral convictions; and (2) any provider of services to make its facilities available for these procedures if this is prohibited by the entity on the basis of religious beliefs or moral convictions. (Church floor amendment adopted by voice vote.)
197	196-197	<i>Medicare lifetime reserve days.</i> —Increases lifetime reserve days under Medicare from 60 to 120 days and reduces the co-insurance on lifetime reserve days, effective January 1, 1974, from one-half to one-quarter of the amount of the inpatient hospital deductible. (Church floor amendment adopted by voice vote.)
198	197-198	<i>Definition of spell of illness.</i> —Under present law a "spell of illness" for Medicare purposes ends on the sixtieth consecutive day that an individual is neither in a hospital nor in a skilled nursing facility. Under Section 198, a spell of illness could end following the first period of 180 consecutive days that an individual (1) is an inpatient of a skilled nursing facility; (2) receives neither skilled nursing care or related services nor rehabilitation services; and (3) the facility is not receiving Medicaid payments for skilled nursing services provided to the individual. (Eagleton floor amendment approved by voice vote.)
198A	198-199	<i>Certain disabled spouses.</i> —Extends Medicare coverage to the dependent disabled spouse of an individual who is covered under Medicare because of his disability, if the spouse meets the definition of disability applicable for a widow. (Taft floor amendment adopted by voice vote.)
198B	200	<i>Study of coverage of home dialysis aides.</i> —Directs the Commissioner of Social Security to conduct a study of the feasibility and appropriateness of extending Medicare coverage to

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
198B	200	include the services of home aides to assist patients with kidney disease to perform dialysis in their own homes. (Cranston floor amendment adopted by voice vote.)
198C	200-201	<i>Limitation on Part A deductible.</i> —Holds the Part A deductible at \$72 through December, 1974; beginning January, 1975 the deductible would be increased, to the nearest multiple of \$4, based on the increased cost of hospital care in comparison to 1972 costs (under present law, the increased costs are compared with 1966 costs). (Muskie floor amendment adopted by voice vote.)
198D	201	<i>Abortions under Medicaid.</i> —Prohibits Federal matching under Title XIX for the performance of abortions. (Buckley floor amendment adopted by voice vote.)
198E	201-209	<i>Medicare coverage for certain persons aged 60 to 64.</i> —Provides optional Medicare protection to spouses aged 60 to 64 of Medicare beneficiaries and other persons aged 60 to 64 entitled to benefits under the Social Security Act. Cost of this protection will be fully met by the enrollees. Persons electing coverage would be required to enroll in both Part A and Part B. Effective date: July 1, 1974. (Cranston floor amendment adopted by voice vote.)
198F	209	<i>Savings clause for railroad retirement beneficiaries.</i> —In a savings clause in present law, Medicaid eligibility is continued, until June 30, 1975, for persons who would otherwise become ineligible because of the 20% social security benefit increase enacted in 1972. Section 198F of the Senate bill would extend this savings clause to include railroad retirement beneficiaries who would otherwise lose their Medicaid eligibility because of the 20% railroad retirement increase enacted in 1972. (Cranston floor amendment adopted by voice vote.)
198G, 198H	210-213	<i>Facilities providing immediate care.</i> —Authorizes Medicare and Medicaid payments for care provided in "immediate care facilities" defined in the amendment as including free-standing facilities which provide immediate care facility services on a 24-hour basis. Effective date: January 1, 1974. (Biden floor amendment adopted by voice vote.)

VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
198I	213-215	<i>Home health visits.</i> —Deletes the requirement for prior hospitalization in order to be eligible for 100 home health visits under Part A of Medicare and provides that the 100 visit limitation is applicable to a calendar year rather than to a spell of illness. (Humphrey floor amendment adopted by voice vote.)

IX. Maternal and Child Health

199	215-216	<i>Pediatric pulmonary centers.</i> —Amends Sec. 511 of the maternal and child health program so as to specifically authorize up to \$5 million in each of fiscal years 1975-1979 for support of pediatric pulmonary centers. (Talmadge floor amendment adopted by voice vote.)
-----	---------	---

X. Miscellaneous Clerical and Conforming Amendments

201		The Senate amendment includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments. A number of these are included in the House version of the bill.
-----	--	--

SOCIAL SECURITY CASH BENEFITS

201(a)	216-217	<i>Automatic increases in earnings test exempt amount.</i> —The Senate amendment would provide that the percentage rise in the retirement test exempt amount under the automatic increase provisions (adopted in connection with the automatic cost-of-living benefit increase provisions) will be measured from the last increase in the exempt amount rather than from the last increase in tax base. This amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.
201(b)	217	<i>Increases in certain cases of delayed retirement.</i> —When an individual delays his retirement past age 65, his benefits are increased 1 percent for each year of delay up to age 72. However, this increase for delayed retirement does not apply when a person is eligible for the special minimum benefit for low-wage, long-term workers (now a \$170 monthly

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(b)	217	benefit if the worker has 30 years of covered employment). It is possible that an individual's primary insurance amount may be less than the special minimum benefit he is eligible for, but delaying retirement would yield a higher benefit than the special minimum. Under present law the individual could receive the lower benefit in this case; the Senate amendment would let him take the higher benefit.
201(c)	217-218	<i>Elimination of special age 72 benefits for people entitled to SSI.</i> —This Senate amendment would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits and who are eligible for SSI payments. Under the present law, these special benefits are not payable to people who are receiving welfare payments. The 1972 amendments, however, failed to include a conforming change to prevent the payment of the special benefits to people receiving SSI payments. This amendment is included in H.R. 3153 as it passed the House.

SUPPLEMENTAL SECURITY INCOME

201(d)	218-219	<i>Limitations on eligibility determinations under resources tests of State plans.</i> —The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973, will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. This Senate amendment would remove the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 consecutive months will not be counted).
201(e)	219-220	<i>Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.</i> —The SSI program includes a grandfather clause under which an individual

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(e)	219-220	who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. This Senate amendment would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.
201(f)	220-221	<i>Correction of erroneous designations and cross-references.</i> —This subsection would correct erroneous section numbers and cross references in the present law.
201(g)	221-222	<i>Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.</i> Payments under the SSI program may be made for up to three months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. Such payments are not considered overpayments under any condition under existing law. This Senate amendment would allow such payments to be considered overpayments (and hence subject to recapture) if they were incorrectly made for reasons other than the fact the individual was found not to be disabled.
201(h)	222	<i>Technical correction of limitation of fiscal liability of States for optional supplementation.</i> —Public Law 92-603 includes a savings clause under which States are assured that certain State supplementary costs under the SSI program will not exceed their costs under the old programs of aid to the aged, blind, and disabled during calendar year 1972. This Senate amendment provides that in fiscal 1974, States will be guaranteed that these costs will not exceed an amount equal to one-half of their calendar 1972 costs. This change reflects the fact that the SSI program is in effect for only one-half a year in fiscal 1974. The amendment also restores a word inadvertently dropped from section 401(c)(1) of Public Law 92-603.

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(i)	222-223	<i>Modification of transitional administrative provisions.</i> —Public Law 92-603 included a transitional administrative provision requiring the States to agree to administer all or part of the new SSI program on behalf of the Federal Government, for a 1-year transitional period. As a result of an error in drafting, this 1-year transitional period would begin in July 1974, 6 months after the program is effective. The Senate amendment would add the first 6 months of 1974 to the transitional period (making an 18-month period). This amendment also adds title VI (the new social services title for the aged, blind, and disabled) to the list of titles under which Federal funding would be denied to the States if they refuse to enter into these transitional arrangements.
201(j)	223	<i>Inclusion of title VI in limitation on grants to States for social services.</i> —This Senate amendment would change the social services limitation enacted in Public Law 92-512 to conform it to the transfer of services for the aged, blind, and disabled from the old titles I, X, XIV, and XVI to the new title VI.
201(z-2)	230-232	<i>Conforming amendments to general provisions of Social Security Act.</i> —A number of general provisions in title XI of the Social Security Act dealing with the definition of the term "State", with demonstration projects, and with the procedures for review of State assistance plans do not reflect provisions enacted last year which transfer the services programs for the aged, blind, and disabled to a new title VI of the Act and which make special provision for programs for the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands. The Senate amendment would conform these sections to the law enacted last year. (The House version of H.R. 3153 includes similar provisions.)
202(b)	233-234	<i>Transitional Federal payments.</i> —P.L. 92-603 repeals the existing programs of aid to the aged, blind, and disabled at the same time that the new SSI program is commenced—January 1, 1974. The Senate amendment would authorize the Secretary of HEW to

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
202(b)	233-234	continue to make payments to the States under the repealed programs for two purposes: (1) to meet the Federal matching obligation based on State expenditures prior to the repeal date, and (2) to match State expenditures after the repeal date in connection with closing out the old programs.
AID TO FAMILIES WITH DEPENDENT CHILDREN		
202(a)	232-233	<i>Federal matching for AFDC payments to Indians.</i> —Under an Act of April 19, 1950 the Federal matching for assistance payments for the aged and the blind and for families with children is increased substantially with respect to assistance furnished to Navajo and Hopi Indians. Section 303(c) of P.L. 92-603 repealed this provision effective January 1, 1974 when the new SSI program takes effect. This Senate amendment would restore that Act insofar as it applies to the AFDC program.
MEDICARE AND MEDICAID		
201(k)	223-224	<i>Clarification of coverage of hospitalization for dental services.</i> —The Senate amendment clarifies that Medicare Part A coverage of hospitalization in connection with dental services is available only in behalf of an individual for whom a physician or dentist certifies that his underlying medical condition and clinical status require hospitalization in connection with the provision of such dental services.
201(l)	224	<i>Continuation of State agreements for coverage of certain individuals.</i> —The Senate amendment provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) on behalf of individuals eligible for the supplemental security income program. (The House-passed version of H.R. 3153 includes a similar provision.)
201(m)	224	<i>Technical improvement of provisions governing disposition of HMO savings.</i> —The Senate amendment deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(n)	224–225	<i>Technical improvement of provisions governing allowable HMO premium charges.</i> —The Senate amendment provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.
201(o)	225	<i>Application for assistance on behalf of deceased individuals.</i> —The Senate amendment clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.
201(p)	225	<i>Expansion of intermediate care facility ownership disclosure requirements.</i> —The Senate amendment contains a provision requiring the disclosure of the names of those who own obligations secured by the assets of the intermediate care facility as well as the names of those who are owners of the facility.
201(q)	225–226	<i>Technical modification of extended Medicaid eligibility for AFDC recipients.</i> —P.L. 92–603 included a provision which would require States to provide Medicaid coverage for an additional 4-month period to persons who lose their eligibility for AFDC cash assistance and therefore Medicaid because of increased income. The Senate amendment restricts to applicability of this provision to persons actually receiving AFDC payments (as opposed to persons eligible for but not actually receiving payments). It also extends coverage to persons who become ineligible for AFDC because of increased hours of employment as well as increased income. Section 201(q) also makes technical corrections.
201(r)	226	<i>Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.</i> —The Senate amendment contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicare if such individuals had been enrolled in Part B of Medicare. Current law includes this requirement for the aged.
201(s)	227	<i>Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.</i> —The Senate amendment clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions

X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(s)	227	will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.
201(t)	227	<i>Federal payments for family planning expenditures not limited to administrative costs.</i> —The Senate amendment contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services and not merely for the cost attributable to administering such programs.
201(u)	227	<i>Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.</i> —Current law provides that Federal matching will not be available under Medicaid for amounts expended for medical assistance with respect to individuals 65 or over which would not have been so expended if the individuals involved had been enrolled in Part B of Medicare. The Senate bill has included a provision which would extend this stipulation to disabled persons eligible for Medicare. Section 201(u) clarifies that this stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.
201(v)	227	<i>Utilization review by medical personnel associated with an institution.</i> —The Senate amendment eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.
'201(w)	227-228	<i>Authority to prescribe standards under title XIX for active treatment of mental illness.</i> —The Senate amendment deletes the reference to regulations for active treatment under Medicare (which do not exist in such form) and gives the Secretary authority under Medicaid to establish such regulations. Corrects clerical errors.
201(x)	228-229	<i>Correction of erroneous designations and cross-references.</i> —Corrects clerical errors in title XIX.
201(y)	229-230	<i>Deletion of obsolete provisions.</i> —Deletes obsolete provisions in title XIX.
201(z)	230	<i>Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.</i> —P.L. 92-603 included a provision providing a limitation on Federal participation for dis-

X. Miscellaneous Clerical and Conforming Amendments—Con.

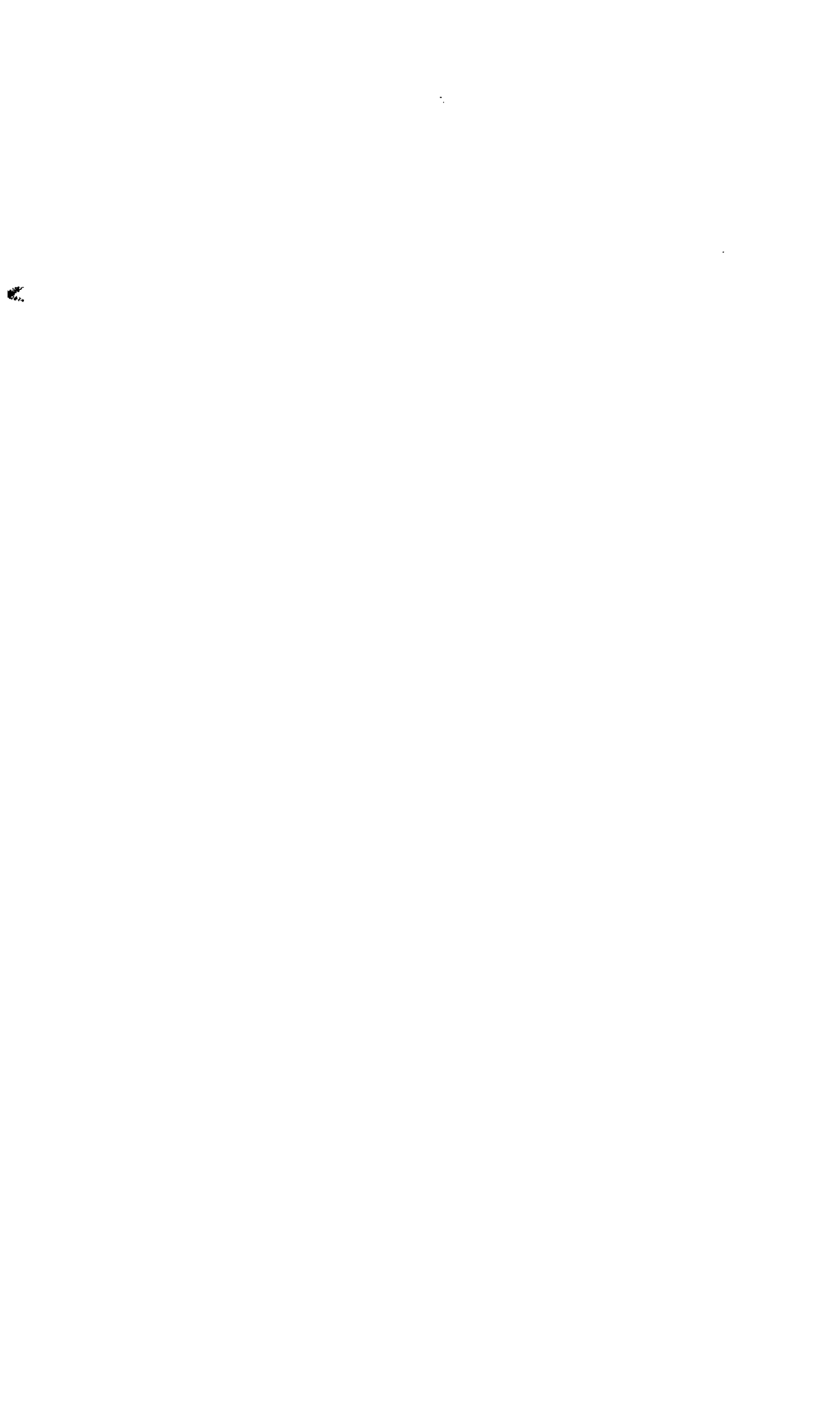
Section	Bill page	Description
		approved capital expenditures. The Senate amendment provides that in the case of disapproved capital expenditures by an institution reimbursed on a fixed fee or negotiated rate basis, the Secretary shall determine the amount by which the reimbursement is to be reduced because of such expenditures. There is currently no provision governing the determination of reductions for institutions reimbursed on a fixed fee or negotiated rate basis rather than a per capita basis.
201(z-1)	230	<i>Technical improvement of authority to include expenses related to capital expenditures in certain cases.</i> —Corrects clerical errors.
201(z-2)	230-232	See page 38.
201(z-3)	232	<i>Effective dates.</i> —Specifies effective dates of clerical and conforming amendments.

XI. Other Amendments

401	234-235	<i>Extended unemployment compensation.</i> —Under present law, 13 weeks of extended unemployment insurance benefits (in addition to the 26 weeks of regular benefits) are available with 50 percent Federal financing if the rate of insured unemployment is high enough either nationally or in a particular State. Under the permanent provisions of present law, as they relate to triggering programs in individual States, insured unemployment in a State must be at least 4 percent and it must be at least 20 percent higher than it was in a comparable period in the two prior years. Under temporary provisions in the law, due to expire at the end of December, 1973, a State whose insured unemployment rate exceeds 4.5 percent may pay extended benefits with 50 percent Federal matching even though the unemployment rate drops to below 120 percent of the rate during the prior two years and may continue to make such payments so long as its insured unemployment rate does not drop below 4 percent. Section 401 modifies permanent law by permitting Federal matching of extended benefits in any State whose insured unemployment rate exceeds 4 percent without regard to the 120 percent requirement. (Javits floor amendment adopted by voice vote.)
-----	---------	---

XI. Other Amendments—Continued

Section	Bill page	Description
402	235	<i>Embargo on exportation of oil drilling equipment.</i> —Prohibits the shipment of articles, materials, and supplies used in the exploration of crude oil, the extraction or refining of crude oil, or the transportation of crude oil or refined petroleum products from the United States to any country prohibiting or limiting the export of crude oil or refined petroleum to the United States, or to any other country exporting these materials to a country prohibiting or limiting the export of crude oil or refined petroleum products to the United States. (Dole floor amendment adopted by roll call vote of 54 yeas, 25 nays.)



Appendix

Statistical Material

TABLE 1.—SOCIAL SECURITY CASH BENEFIT PROGRAMS: 1ST FULL-YEAR COST OF SENATE PROVISIONS OF H.R. 3153

[Amounts in millions; numbers of persons in thousands]

Provision	Additional benefit payments in 1st full year	Present-law beneficiaries immediately affected	New beneficiaries
Finance Committee bill:			
Benefit increases	¹ \$3,400	29,600	
Special minimum benefit increase	23	200	
Senate floor amendments:			
Reduced widows benefits at age 55	600		310
\$3,000 annual earnings limit exempt amount	630	1,230	370
Age 70 exemption from earnings limit ²	240	160	80
Liberalized disability provisions for the blind	470	150	230

¹ Includes \$1 billion payable for the months of December 1973, January and February 1974. The benefit increases under H.R. 11333 would not be effective until March 1974.

² If combined with a \$3,000 exempt amount; with no change in exempt amount, first year cost would be \$280 million.

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, H.R. 11333, AND THE SENATE BILL

[In percent]

Item	OASI	DI	Total
Actuarial balance under present law.....	-0.48	-0.28	-0.76
H.R. 11333 and Finance Committee bill:			
Benefit increase and change in automatics... \$13,200 earnings base in 1974.....	-0.04	(1)	-0.04
Revised tax schedule.....	+0.04	+0.01	+0.05
Finance Committee bill: Modification of special minimum.....	+0.05	+0.19	+0.24
Senate floor amendments:			
Reduced widows' benefits.....	-0.05	(1)	-0.05
Change in disability benefits for blind.....	-0.07	(2)	-0.07
\$3,000 exempt amount... Age 70 limit on retirement test.....	(2)	-0.13	-0.13
Total effect of changes in bill.....	-0.09	(2)	-0.09
Age 70 limit on retirement test.....	-0.07	(2)	-0.07
Total effect of changes in bill.....	-0.23	+0.07	-0.16
Actuarial balance under bill...	-0.71	-0.21	-0.92

¹ Less than 0.005.

² Not applicable under this program.

³ If combined with \$3,000 exempt amount. With \$2,400 exempt amount, cost is 0.08.

TABLE 3.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM: PROGRESS OF THE COMBINED OASI AND DI TRUST FUNDS, UNDER PRESENT LAW, UNDER H.R. 11333, AND UNDER H.R. 3153, CALENDAR YEARS, 1973-78

[In billions]

Calendar year	Income				Outgo			
	Present law	H.R. 11333	Finance Committee bill ¹	Senate bill	Present law	H.R. 11333	Finance Committee bill ¹	Senate bill
1973.....	\$54.8	\$54.8	\$54.8	\$54.8	\$53.4	\$53.4	\$53.4	\$53.4
1974.....	61.4	63.1	63.1	63.1	58.9	61.2	62.4	63.5
1975.....	66.5	68.5	68.3	68.2	66.6	67.6	67.5	69.4
1976.....	72.6	74.8	74.5	74.2	72.7	73.1	72.9	75.0
1977.....	78.4	80.9	80.5	80.2	78.5	77.8	77.6	79.8
1978.....	82.0	85.5	85.2	84.6	82.3	83.7	83.5	85.8

Calendar year	Net increase in funds				Assets, end of year			
	Present law	H.R. 11333	Finance Committee bill ¹	Senate bill	Present law	H.R. 11333	Finance Committee bill ¹	Senate bill
1973.....	\$1.4	\$1.4	\$1.4	\$1.4	\$44.2	\$44.2	\$44.2	\$44.2
1974.....	2.6	1.9	0.7	-0.4	46.8	46.1	45.0	43.8
1975.....	-0.1	0.8	0.8	-1.2	46.7	46.9	45.8	42.5
1976.....	(²)	1.7	1.6	-0.8	46.6	48.6	47.4	41.7
1977.....	-0.2	3.1	2.9	0.3	46.5	51.7	50.3	42.0
1978.....	-0.3	1.9	1.7	-1.2	46.2	53.6	51.9	40.8

¹ Finance Committee bill estimates were based on an assumed November 1973 month of enactment. A December 1973 enactment would reduce calendar year 1974 outgo under that bill by \$0.3 billion.

² Outgo exceeds income by less than \$50,000,000.

**TABLE 4.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM:
START-OF-YEAR TRUST FUND ASSETS AS PERCENTAGE OF
EXPENDITURES FOR THE YEAR**

[In percent]

Calendar year	Present law	H.R. 11333	Finance Committee bill	Senate bill
1973.....	80	80	80	80
1974.....	75	72	71	70
1975.....	70	68	67	63
1976.....	64	64	63	57
1977.....	59	63	61	52
1978.....	56	62	60	49

TABLE 5.—BENEFIT INCREASES AND CHANGES IN THE EARNINGS BASE UNDER PRESENT LAW, AND THE SENATE BILL ¹

Year	General benefit increase (percent)		Contribution and benefit base	
	Present law	Senate bill	Present law	Senate bill
Special increases: ²				
1973.....		7.0	\$10,800	\$10,800
1974.....	5.9		12,600	13,200
Permanent increases: ³				
1974.....		11.0	12,600	13,200
1975.....	⁴ 11.5	⁴ 3.1	⁴ 13,500	⁴ 14,100
1976.....	4.0	3.1	14,400	15,000
1977.....	3.0		15,300	15,900
1978.....		5.8	15,300	15,900

¹ Senate bill is the same as H.R. 11333 except that 7 percent increase would occur in 1974 under H.R. 11333.

² Under present law, as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for June-December 1974; under the Senate bill, the special benefit increase of 7 percent is effective from the month of enactment through May 1974.

³ The first permanent benefit increase (11.5 percent under present law and 11 percent under the Senate bill) will be figured on the benefit rates now in effect and not on top of the special benefit increase (5.9 percent under present law and 7 percent under the Senate bill). Permanent benefit increases under present law become effective for January of the stated year; under the Senate bill they become effective for June.

⁴ Amounts for 1975 and later are estimated.

TABLE 6.—ANNUAL EXEMPT AMOUNT FOR EARNINGS LIMITATION ¹

Year	Exempt amount under present law, H.R. 11333, and Finance Committee bill	Exempt amount under Senate bill
1973.....	\$2,100	\$2,100
1974.....	2,400	3,000
1975.....	2,520	3,240
1976.....	2,640	3,480
1977.....	2,880	3,720
1978.....	2,880	3,720

¹ Amounts for 1975 and later years are estimated.

TABLE 7.—COSTS OR SAVINGS OF SENATE BILL RELATED TO SUPPLEMENTAL SECURITY INCOME, TAX CREDIT FOR LOW INCOME WORKERS, AID TO FAMILIES WITH DEPENDENT CHILDREN, SOCIAL SERVICES, CHILD SUPPORT, MEDICAID AND UNEMPLOYMENT COMPENSATION ¹

<i>Provision</i>	[1st full-year costs; dollars in millions]
Supplemental security income provisions:	<i>cost</i>
Increase in SSI benefits.....	\$130
Eligibility of SSI recipients for food stamps (assumes 50-percent participation).....	70
Limitation on grandfather clause for disabled.....	-150
Limit on benefit reduction for support and maintenance provided in-kind.....	(2)
Tax credit for low-income workers with families.....	600
Social services and child welfare services:	
Reallotment of ceilings under \$2,500,000,000 limit.....	25
National adoption information exchange system.....	1
Requirement of hearings with respect to services for aged, blind, and disabled.....	1
Aid to families with dependent children:	
Pass along of social security increase to AFDC recipients.....	7
Change in AFDC disregard provisions.....	-155
Alternative nonjudicial procedure for AFDC foster care.....	20
Child support program.....	43
Medical assistance program amendments:	
Coverage of persons getting optional SSI State supplements.....	(4)
Increased matching with respect to Indians.....	4
Matching for Medicare buy-in Arizona.....	2
Grandfather clause for certain railroad retirement beneficiaries.....	2
Coverage of services in "immediate care facilities".....	(6)
Prohibition of matching for abortions.....	(6)
Maternal and child health:	
Grants to regional pediatric pulmonary centers.....	5
Unemployment compensation amendment.....	438

¹ Does not include the following provisions for which it is estimated that there will be minimal costs: *SSI amendments*: Regional variation in allowable exclusion from resources of value of home; value of resources—reduction for encumbrances; exclusion from income of certain scholarships. *Social work training*: Specific authorization for grants to colleges and training in educational institutions. *Aid to Families with Dependent Children*: Study of ineligibility.

² The cost of the provision will depend upon the extent to which recipients make payments to persons furnishing them in-kind support and maintenance. The Department's estimates of the cost of the SSI program had included an estimate that SSI benefit costs would in the first year be reduced by \$665 million because of the one-third reduction in benefits to people getting support and maintenance in-kind.

³ HEW estimates that in the 2d full-year instead of a cost there will be a savings of \$148,000,000.

⁴ Public Law 92-603 which established the SSI programs did not make clear the medicaid status of persons getting optional State supplementary payments. The provision in the Senate bill dealing with this issue will not require any increase in the Administration's budget estimates for the program.

⁵ Less than \$1,000,000.

⁶ This amendment could have substantial overall cost impact on both welfare and Medicaid to the extent of increases in the number of families or family members on welfare and the additional cost of medical services associated with delivery, post partum care for the mother, and well baby care generally covered under Medicaid.

⁷ Maximum estimated cost if all eligible States (under October 1973 estimate) utilize provision. Amount is from unemployment trust fund: \$225,000,000 Federal and \$213,000,000 from State accounts.

TABLE 8.—CHANGE IN THE ACTUARIAL BALANCE OF THE HI SYSTEM UNDER THE SENATE FINANCE COMMITTEE PROPOSAL AND UNDER THE SENATE BILL ¹

Item	Finance Committee bill	Senate-passed bill
Actuarial balance under present law..	-0.01	-0.01
Tax base and tax rates.....	+0.01	+0.01
Drugs.....		-.14
Financing for drugs.....		+0.10
Change inpatient deductible.....		-.02
Extend lifetime reserve.....		-.02
Terminate benefit period in SNF.....		-.01
Cover disabled spouses.....		-.02
Change in blind disability.....		-.02
Home health liberalization.....		(²)
Total.....	0	¹ -.13

¹ It has not yet been possible to estimate the cost of covering immediate care facilities.

² Minor.

TABLE 9.—ESTIMATED OUTLAYS FOR NEW MEDICARE PROVISIONS OF SENATE PASSED VERSION OF H.R. 3153 BY FISCAL YEAR

[In millions]

	1974	1975	1976	1977	1978
Hospital insurance:					
Drugs—benefits.....	\$100	\$700	\$708	\$761	\$819
Drugs—administration..	30	70	75	80	86
Redetermine deductible.....	35	105	107	130	170
Extend lifetime reserve..	5	75	85	100	115
Cover disabled spouses..	25	60	71	82	94
Home health without prior stay.....	2	5	5	6	6
Liberalize blind disability.....			10	109	129
Immediate care facilities.....	(¹)	(¹)	(¹)	(¹)	(¹)
Terminate benefit period in SNF.....	10	25	28	31	35
Total hospital insurance (Except for Immediate Care Facilities).....	207	1,040	1,089	1,299	1,454
Supplementary medical insurance:					
Cover disabled spouses..	5	20	24	28	32
Liberalize blind disability.....			3	30	43
Total supplementary medical insurance.....	5	20	27	58	75

¹ No estimate.

TABLE 10.—HOSPITAL INSURANCE: PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW, H.R. 11333, SENATE FINANCE COMMITTEE BILL, AND SENATE BILL, CALENDAR YEARS 1974-78

[In billions]

	Income			Outgo		
	Present law	H.R. 11333, and Finance Committee bill	Senate bill	Present law, H.R. 11333, and Finance Committee bill	Senate bill ¹	
Calendar year:						
1974.....	\$13.1	\$12.1	\$12.7	\$9.8	\$10.6	
1975.....	14.3	13.1	13.7	11.5	12.6	
1976.....	15.7	14.3	14.9	13.0	14.2	
1977.....	17.1	15.4	16.1	14.7	16.1	
1978.....	22.0	19.4	20.1	16.6	18.1	
	Net increase in funds			Assets, end of year		
	Present law	H.R. 11333 and Finance Committee bill	Senate bill ¹	Present law	H.R. 11333 and Finance Committee bill	Senate bill ¹
Calendar year:						
1974.....	\$3.3	\$2.3	\$2.1	\$9.6	\$8.6	\$8.4
1975.....	2.8	1.5	1.1	12.4	10.1	9.5
1976.....	2.7	1.2	.7	15.1	11.3	10.2
1977.....	2.3	.7	17.5	12.0	10.2
1978.....	5.5	2.8	2.0	22.9	14.9	12.2

¹ Estimates do not include costs attributable to provision relating to "immediate care facilities."

TABLE 11.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND
UNDER PRESENT LAW, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
Income:						
Premiums.....	\$1,427	\$1,700	\$1,847	\$2,000	\$2,127	\$2,228
Government contributions.....	1,430	2,031	2,504	2,998	3,522	4,121
Interest.....	45	55	77	99	126	155
Total income.....	2,902	3,786	4,428	5,097	5,775	6,504
Expenditures:						
Benefits.....	2,391	3,003	3,624	4,158	4,745	5,354
Administrative expenses.....	246	392	451	506	558	613
Total disbursements.....	2,637	3,395	4,075	4,664	5,303	5,967
Trust fund at end of year.....	745	1,137	1,490	1,923	2,395	2,932

TABLE 12.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND UNDER H.R. 3153, AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
Income:						
Premiums.....	\$1,427	\$1,702	\$1,935	\$2,068	\$2,179	\$2,282
Government contributions.....	1,430	2,038	2,441	2,945	3,511	4,135
Interest.....	45	55	77	100	125	154
Total income.....	2,902	3,795	4,453	5,113	5,815	6,571
Expenditures:						
Benefits.....	2,391	3,008	3,644	4,185	4,803	5,429
Administrative expenses.....	246	392	451	506	558	613
Total disbursements.....	2,637	3,400	4,095	4,691	5,361	6,042
Trust fund at end of year.....	746	1,141	1,499	1,921	2,375	2,904

81

TABLE 13.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW,
FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
Income:						
Payroll taxes.....	\$7,657	\$11,376	\$12,599	\$13,551	\$14,382	\$17,318
Transfers from railroad retirement account.....	63	105	125	135	136	137
Reimbursement for uninsured persons.....	381	537	530	533	534	527
Premiums for voluntary enrollees.....		82	104	118	144	166
Reimbursement for military wage credits....	48	48	48	48	48	48
Interest on investments.....	196	356	548	723	870	1,039
Total income.....	8,346	12,504	13,954	15,108	16,114	19,235
Disbursements:						
Benefit payments.....	6,648	8,790	10,440	11,860	13,450	15,180
Administrative expenses.....	193	296	353	414	440	469
Total disbursements.....	6,841	9,086	10,793	12,274	13,890	15,649
Trust fund at end of year.....	4,363	7,781	10,942	13,776	16,000	19,586

TABLE 14.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER H.R. 3153,
AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
Income:						
Payroll taxes.....	\$7,657	\$11,077	\$11,939	\$12,945	\$14,224	\$16,690
Transfers from railroad retirement ac- count.....	63	105	121	130	131	131
Reimbursement for uninsured persons....	381	537	530	533	534	527
Premiums for voluntary enrollees.....		82	104	118	144	166
Reimbursement for military wage credits..	48	48	48	48	48	48
Interest on investments.....	196	339	464	531	572	617
Total income.....	8,346	12,188	13,206	14,305	15,653	18,179
Disbursements:						
Benefit payments ¹	6,648	8,967	11,410	12,874	14,669	16,548
Administrative expenses.....	193	326	423	489	520	555
Total disbursements ¹.....	6,841	9,293	11,833	13,363	15,189	17,103
Trust fund at end of year.....	4,363	7,258	8,631	9,573	10,037	11,113

¹ These estimates do not include amounts for "immediate care facilities."

BEST COPY AVAILABLE

