

## INCREASED COMPENSATION AND REINSTATEMENT OF NSLI

---

JULY 7, 1961.—Ordered to be printed

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Mr. LONG of Louisiana, from the Committee on Finance, submitted  
the following

### R E P O R T

[To accompany H.R. 879]

The Committee on Finance, to whom was referred the bill (H.R. 879) to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

#### PURPOSE OF BILL

This bill seeks to provide increases in the rates of service-connected disability compensation to reflect the changes which have occurred in the cost of living since the last compensation increase in 1957 as well as to more adequately compensate the seriously disabled veterans. It would increase the monthly rates payable to veterans of all wars and peacetime service who have a service-connected disability rated between 10 and 100 percent or who are entitled to receive compensation at one of the higher statutory award rates, which presently run to a maximum of \$450 or as much as \$600 monthly if the veteran is entitled to the \$450 rate, needs regular aid and attendance and is not being cared for in a Veterans' Administration hospital.

The exact percentage increases for various degrees of disability and for those eligible to receive statutory awards, as amended by the Committee on Finance, appear in the following table, along with estimates of cost:

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Degree and paragraph	Cases		Current wartime rate	H.R. 879 as amended by Committee on Finance	Percent of increase	Current peacetime rate	H.R. 879, as reported peacetime rate	Total costs, H.R. 879 as amended by Committee on Finance
	Wartime	Peacetime						
10(a)-----	752,739	47,724	\$19	\$19.50	2.6	\$15	\$15.50	\$4,802,778
20(b)-----	285,824	14,410	36	37.00	2.8	29	30.00	3,602,808
30(c)-----	271,120	15,985	55	57.00	3.6	44	46.00	6,890,520
40(d)-----	157,989	6,866	73	77.00	5.5	58	62.00	7,913,040
50(e)-----	105,202	4,885	100	106.00	6.0	80	85.00	7,867,644
60(f)-----	82,416	4,090	120	127.00	5.8	96	102.00	7,217,424
70(g)-----	41,203	2,180	140	148.00	5.7	112	118.00	4,112,448
80(h)-----	25,261	1,010	160	169.00	5.6	128	135.00	2,813,028
90(i)-----	7,122	190	179	190.00	6.1	143	152.00	960,624
100(j)-----	74,987	9,626	225	245.00	8.9	180	196.00	19,845,072
(l)-----	2,775	292	300	335.00	8.4	247	268.00	939,384
(m)-----	2,094	295	359	385.00	7.2	287	308.00	727,668
(n)-----	377	19	401	435.00	8.5	321	348.00	159,000
(o)-----	142	45	450	500.00	11.1	360	400.00	106,800
(p)-----	2,194	160						1,393,200
(o)+(r)-----	3,085	705	150(300)	200.00(700.00)	16.7	480	560.00	4,378,800
(s)-----	10,600	900	265	285.00	7.5	212	228.00	2,716,800
Total-----								76,447,028

(k) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or both buttocks, or blindness of 1 eye, having only light perception, rates (n) to (j) increased monthly by \$47 additional to basic compensation paid monthly for veteran with these disabilities. (*This \$47 rate unchanged.*)

Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or both buttocks, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (l) to (n), rate increased monthly for each loss or loss of use by \$47 additional to basic compensation paid monthly for veteran with these disabilities. (*This \$47 rate unchanged.*)

(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation.

(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place or has suffered blindness in both eyes having only light perception, or has suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation.

(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation.

(o) Suffered disability under conditions which would entitle him to 2 or more rates in (l) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation.

(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of \$450.

(q) Minimum rate for arrested tuberculosis. (*This \$97 monthly rate is unchanged.*)

(r) If entitled to compensation under (o), or the maximum rate under (p), and in need of regular aid and attendance, while not hospitalized at Government expense, additional monthly aid and attendance allowance.

(s) If total disabled and (l) has additional disability independently rated at 60 per centum or more, or (2) is permanently housebound.

### COMMITTEE AMENDMENTS

(a) The committee gave careful consideration to the President's proposal on this general subject and agrees that the least disabled veterans, having generally the ability to supplement their compensation payments, do not require the same assistance as the more seriously disabled. Accordingly, the bill has been amended to provide increases for those veterans whose disabilities are rated as 10, 20, and 30 percent, in line with the rates proposed by the President. This amendment results in very minor decreases in the specific proposed rates for these cases, but in view of the large numbers in these categories (over 72 percent of all veterans on the rolls), the fiscal result is substantial, and will make more funds available for the seriously disabled group. The House-passed bill proposed an increase in monthly compensation of \$1 for the 10-percent disabled, \$2 for the 20-percent disabled, and \$3 for the 30-percent disabled; whereas the bill as amended by the Committee on Finance provides a monthly increase of \$0.50 for the 10-percent disabled, \$1 for the

20-percent disabled, and \$2 for the 30-percent disabled. These changes are in accordance with the recommendations of the Bureau of the Budget in the following report.

BUREAU OF THE BUDGET,  
June 28, 1961.

HON. HARRY F. BYRD,  
Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 879, a bill to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes.

H.R. 879 would provide increases in service-connected disability compensation rates, ranging from 5.3 percent to veterans with a 10-percent disability to 16.7 percent to veterans in receipt of certain statutory awards. The first-year cost of H.R. 879 is estimated at \$87.9 million.

H.R. 879, except for the increases proposed for the lower percentages of disabilities, is generally consistent with the President's recommendation in his message on budget and fiscal policy that legislation be enacted to provide a selective increase in compensation rates for veterans with the more severe service-connected disabilities to offset rises in the cost of living since the last increase in 1957. In our view, in order to be consistent with this recommendation, H.R. 879 should be amended to limit the increases for the 10-, 20-, and 30-percent disabilities to the amounts recommended in a draft of legislation to increase disability compensation rates which the President transmitted to the Congress on April 27, 1961.

H.R. 879 more than doubles the percentage increase recommended by the President for the 10- and 20-percent disabilities, and increases the rate proposed for the 30-percent disability by nearly 50 percent. The basis for such increases over the President's proposal seems to be that of providing an increase (roughly 5 percent) for these lower percentages of disabilities that is equivalent to the increase in cost of living since 1957. However, a full cost-of-living increase for these categories of the disabled is of questionable merit because their compensation rates have risen faster than the increases in cost of living during the past decade and because, particularly in the case of the 10- and 20-percent disabled, the disabilities in many cases may have very little effect on actual earning capacity; thus the economic position of veterans with such minor disabilities is not inevitably worsened by rises in the cost of living.

Further, H.R. 879 would continue to afford preferential treatment to the least severely disabled veterans and those whose earning capacity is least affected by the disability concerned—the 10-percent disabled. Since 1952 the 10-percent disabled have received rate increases amounting to 20.6 percent, or substantially greater increases than for any other disability group except the 100-percent disabled. Under the President's proposal this preferential gap between the 10-percent disabled and others was substantially narrowed; H.R. 879 would broaden it again. It is difficult to see how the least severely disabled veterans warrant such markedly preferential treatment.

Finally, H.R. 879 does not follow the recommendation of the President that proportionately greater increases be given to the more

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severely disabled. Under H.R. 879, each of nine disability categories (10 to 90 percent) receive approximately the same percentage increase.

In summary, H.R. 879 gives unwarranted increases to the less severely disabled, perpetuates the inequities as between the 10-percent disabled and the other categories of disabled, and does not provide proportionately greater increases for the more severely disabled than for the less severely disabled. If the increases for the 10-, 20-, and 30-percent disabled were held to the levels proposed by the President, these objections would be substantially overcome.

Finally, this office concurs in the views of the Veterans' Administration, which are stated in that agency's report to your committee on H.R. 879, indicating the undesirability of extending the period from 3 to 7 years during which presumptive service connection may be granted for multiple sclerosis.

For the foregoing reasons, therefore, we strongly urge that H.R. 879 be amended to limit increases to the 10-, 20-, and 30-percent disabled to those recommended by the President, and that section 3 of H.R. 879, extending the period of presumption for multiple sclerosis, be deleted from the bill. If so amended, the bill would be in accord with the program of the President.

Sincerely yours,

(Signed) PHILLIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

(b) The second committee amendment deletes section 3 of the House-passed bill. This section proposes to increase from 3 to 7 years the period after service during which multiple sclerosis first becoming manifest may be presumed to be service connected. The present law provides a 1-year period for chronic diseases generally and a 3-year period for tuberculosis, leprosy, and multiple sclerosis. It is believed that this statutory period is ample and most liberal in comparison to other chronic diseases. Also, it should be pointed out that under existing law there are administrative provisions whereby chronic diseases generally incurred within a reasonable time after the present presumptive period following military service can be and are handled on an individual basis where there is a likelihood that the condition or disease had its inception during military service. The Veterans' Administration and the Bureau of the Budget do not believe that the proposed extension for multiple sclerosis can be justified and recommend the deletion of this section of the House-passed bill.

(c) The third committee amendment adds a new section, the purpose of which is to restore for 2 years after January 1, 1962, the eligibility of veterans who served between October 8, 1940, and April 24, 1951, to apply for national service life insurance. This amendment is identical to Senate bill S. 977, introduced by Senator Long of Louisiana, and similar to amendments proposed by him and passed by the Senate on four previous occasions. A full explanation of this amendment follows the general statement on the bill.

#### GENERAL STATEMENT

The following table shows a history of compensation increases which have taken place since July 1, 1933.

Sec. 314, title 38, subparagraph	Percent	July 1, 1933	Percent increase	Jan. 19, 1934	Percent increase	Public Law 312, 78C, June 1, 1944	Percent increase	Public Law 182, 79C, Oct. 1, 1945	Percent increase	Public Law 662, 79C, Aug. 1, 1946	Percent increase	Public Law 339, 81C, Dec. 1, 1949	Percent increase	Public Law 356, 82C, July 1, 1952	Percent increase	Public Law 427, 82C, Aug. 1, 1952	Percent increase	Public Law 695, 83C, Oct. 1, 1954	Percent increase <sup>1</sup>	Public Law 85-168, Oct. 1, 1957	Percent increase from Jan. 19, 1934	Percent increase from Apr. 1, 1946	Percent increase from July 1, 1952	Percent increase from Oct. 1, 1954				
	Percent	July 1, 1933	Percent increase	Jan. 19, 1934	Percent increase	Public Law 312, 78C, June 1, 1944	Percent increase	Public Law 182, 79C, Oct. 1, 1945	Percent increase	Public Law 662, 79C, Aug. 1, 1946	Percent increase	Public Law 339, 81C, Dec. 1, 1949	Percent increase	Public Law 356, 82C, July 1, 1952	Percent increase	Public Law 427, 82C, Aug. 1, 1952	Percent increase	Public Law 695, 83C, Oct. 1, 1954	Percent increase <sup>1</sup>	Public Law 85-168, Oct. 1, 1957	Percent increase from Jan. 19, 1934	Percent increase from Apr. 1, 1946	Percent increase from July 1, 1952	Percent increase from Oct. 1, 1954				
(a)	10	9	11.1	10	15	11.50			20	13.80	8.7	15	5	15.75			7.9	17	11.8	19	40.0	37.7	20.6	11.8				
(b)	20	18	11.1	20	25	23.00			20	27.60	8.7	30	5	31.50			4.8	33	9.1	36	80.0	30.4	14.2	9.1				
(c)	30	27	11.1	30	35	34.50			20	41.40	8.7	45	5	47.25			5.8	50	10.0	55	83.3	32.9	16.4	10.0				
(d)	40	38	11.1	40	45	46.00			20	55.20	8.7	60	5	63.00			4.8	66	10.6	73	82.5	32.2	15.9	10.6				
(e)	50	45	11.1	50	55	57.50			20	69.00	8.7	75	15	88.25			5.5	91	9.9	100	100.0	44.9	15.9	9.9				
(f)	60	54	11.1	60	65	69.00			20	82.80	8.7	90	15	103.50			4.3	109	10.1	120	100.0	44.9	15.9	10.1				
(g)	70	62	11.1	70	75	80.50			20	96.60	8.7	105	15	120.75			5.2	127	10.2	140	100.0	44.9	15.9	10.2				
(h)	80	72	11.1	80	85	92.00			20	110.40	8.7	120	15	138.00			5.0	145	10.3	160	100.0	44.9	15.9	10.3				
(i)	90	81	11.1	90	95	103.50			20	124.20	8.7	135	15	155.25			5.0	163	9.8	179	98.9	44.1	15.3	9.8				
(j)	100	90	11.1	100	105	115.00			20	138.00	8.7	150	15	172.50			4.9	181	24.3	225	125.0	63.0	30.4	24.3				
(k)							Subparagraph (s) (housebound cases), Public Law 86-663, effective Sept. 1, 1960																					
(l)							200	20	240.00							10.8	266	4.9	279	<sup>2</sup> 10.8	309	<sup>2</sup> 54.5	<sup>2</sup> 28.8	<sup>4</sup> 16.2	10.8			
(m)							235	20	282.00							11.0	313	5.1	329	<sup>2</sup> 9.1	359	<sup>2</sup> 52.8	<sup>2</sup> 27.3	<sup>4</sup> 14.7	9.1			
(n)							265	20	318.00							11.0	353	5.1	371	<sup>2</sup> 8.1	401	<sup>2</sup> 51.3	<sup>2</sup> 26.1	<sup>4</sup> 13.6	8.1			
(o)							300	20	360.00							11.1	400	5.0	420	<sup>2</sup> 7.1	450	<sup>2</sup> 50.0	<sup>2</sup> 25.0	<sup>4</sup> 12.5	7.1			
(p)							300	20	360.00							11.1	400	5.0	420	<sup>2</sup> 7.1	450	<sup>2</sup> 50.0	<sup>2</sup> 25.0	<sup>4</sup> 12.5	7.1			
(q)																												
(r)							Subparagraph (r), "A and A", nonhospitalization, Public Law 85-782, effective Oct. 1, 1958																					

<sup>1</sup> Varies because of roundoff.  
<sup>2</sup> Flat \$30 increase.

<sup>3</sup> From Oct. 1, 1945.  
<sup>4</sup> From Aug. 1, 1952.

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Since the last compensation increase in 1957 there has occurred a 5.4-percent increase in the cost of living. The bill, as reported by the committee, provides increases ranging from 2.6 to 8.9 percent in the disability compensation rates payable to veterans disabled 10 to 100 percent. For those veterans receiving or entitled to receive one of the statutory award rates other than (k) or (q), the increases range from 7.5 to 16.7 percent. All of the rates for service-connected compensation have been increased with the exceptions noted above of the statutory award rate of \$47 a month, which is in addition to the basic rates of compensation. Inasmuch as all veterans who are entitled to receive this statutory rate will be benefited by the bill by an increase in the basic rate, the committee felt fully justified in taking the action indicated.

The rate for arrested tuberculosis of \$67 a month remains unchanged since the committee believes this is a reasonable rate and the provisions affecting veterans who have service-connected cases of tuberculosis are unusually liberal under existing law. It should be pointed out in this connection that World War I veterans had a presumption of service connection if they contracted tuberculosis any time prior to January 1, 1925—a period of approximately 7 years from the end of the war. World War II and Korean veterans have, in comparison, a 3-year period from the date of discharge in which they are presumed to have contracted the disease in the service. This, too, in view of modern medical practices, is very liberal. In addition, it should be pointed out that under section 356, title 38, United States Code, any veteran who has a service-connected case of tuberculosis, after he has reached a condition of complete arrest, is rated as totally disabled for a period of 2 years following such date of arrest and as 50-percent disabled for an additional period of 4 years and 30-percent disabled for a further period of 5 years. Since the \$67-a-month rate is more than the 30-percent rate of \$55, the veteran receives the \$67 rate in lieu thereof and this is a payment which is made for life. Also, it needs to be pointed out that at any time the veteran's condition results in a recurrence of tuberculosis, he is immediately rated as totally disabled and the whole reduction formula described above starts again as if it were a new case. This is pointed out to indicate that veterans in this category are already receiving liberal treatment and in sharp distinction to other diseases and disabilities.

The committee has adhered to the policy first started in the 82d Congress when Public Law 356 was enacted and granted to those veterans less than 50-percent disabled a 5-percent increase while increasing the rates for those 50-percent or more disabled by 15 percent. The committee in subsequent Congresses has adhered to this practice of paying the more seriously disabled veterans higher rates of compensation than those less seriously impaired. The President in his budget message gave support to this general idea, as is indicated by the report of the Veterans' Administration and the statement of the President which appear at the end of this report. The committee believes this policy to be sound.

Section 2 of the bill provides that veterans who are receiving the statutory award of \$450 and also additional compensation of \$150 while not in a hospital, will have their compensation continued until the first day of the second month which begins after they are hospitalized. Inasmuch as it costs the Veterans' Administration approxi-

mately \$25 a day to hospitalize each patient in a general medical and surgical hospital, and more for those veterans who are in the paraplegic class, it is obvious that the payment of this additional compensation, in lieu of furnishing hospital care, is, in effect, a saving to the Government. It seems reasonable to the committee and also good medical practice to permit these badly disabled service-connected cases to report to a hospital whenever they are in need of care without suffering a financial loss. Even at these rather liberal rates, many paralyzed veterans experience difficulty in making ends meet, since some require 24-hour care in their home and must pay out sizable amounts to individuals employed to take care of them.

Section 2 of the bill had its origin in H.R. 3350. This latter bill, as originally introduced, provided that this allowance would be discontinued (a) on admission for hospitalization if at that time the prognosis of his case indicated it was likely he would be hospitalized for 60 days or more, or (b) the first day of the third calendar month following the month of admission in all other cases. This section, as reported, provides that it will only be discontinued from the first day of the second calendar month which begins after the day of his admission. If the veteran leaves the hospital against medical advice and is thereafter readmitted, the allowance during this period of hospitalization shall be discontinued from the date of such readmission for so long as that hospitalization continues.

Section 3 provides that the first two sections of the bill shall be effective on the first day of the second calendar month which begins after date of enactment and assures that no payments will be made by reason of the act for any period before such effective date.

Following is the text of the President's letter addressed to the President of the Senate in which he urges enactment of certain legislation in the field of veterans' disability compensation rates. It is accompanied by a letter from the Administrator of Veterans' Affairs, submitting his recommendations on the subject.

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THE WHITE HOUSE,  
*April 27, 1961.*

DEAR MR. PRESIDENT: In my recent message on budget and fiscal policy I recommended that the Congress enact selective increases in compensation rates for veterans with service-connected disabilities to offset rises in the cost of living since the last increase in 1957 and to adjust rates in categories which are out of line. The American people have traditionally insisted that those veterans who were injured in the service of their Nation be treated justly and humanely—a policy which will be carried out by this administration.

The Administrator of Veterans' Affairs has prepared and submitted to me a draft of legislation which implements the recommendation in my message. I believe this approach which gives greater increases to those veterans with the more severe injuries is fair and reasonable. I am therefore transmitting the Administrator's letter of justification and the accompanying draft bill. I strongly recommend early enactment of this legislation by the Congress.

Sincerely,

JOHN F. KENNEDY.

VETERANS' ADMINISTRATION,  
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,  
*Washington, D.C., April 25, 1961.*

THE PRESIDENT,  
*The White House, Washington, D.C.*  
(Through Director, Bureau of the Budget).

DEAR MR. PRESIDENT: We have been giving consideration and study as to the appropriate manner of implementing your recent budgetary recommendations for legislation to increase compensation rates for disabled veterans.

Since the last general increase in such rates granted by the Congress in August 1957 we note that the Consumer Price Index (compiled by the Bureau of Labor Statistics) has risen roughly 5 percent. In addition, we find from our study of the rate structure as a whole that there are certain existing disparities which indicate a need for adjustments in some categories. Further, as you indicated in your message, emphasis should be given to providing greater relief for veterans with the more severe service-connected disabilities.

I am therefore pleased to submit for your consideration and approval a legislative proposal geared to the mentioned criteria. There is enclosed a table setting forth the present rates, the specific increases proposed, and an analysis of the cost aspects of the measure. If such legislation is enacted I believe it will result in a reasonable and equitable adjustment in disability compensation rates within the framework of your overall budgetary plans for the next fiscal year.

Respectfully,

J. S. GLEASON, Jr.,  
*Administrator.*

A BILL To amend title 38, United States Code, to provide certain increases in rates of disability compensation and allowances for veterans

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 314 of title 38, United States Code, is amended—*

- (1) by striking out "\$19" in subsection (a) and inserting in lieu thereof "\$19.50";
- (2) by striking out "\$36" in subsection (b) and inserting in lieu thereof "\$37";
- (3) by striking out "\$55" in subsection (c) and inserting in lieu thereof "\$57";
- (4) by striking out "\$73" in subsection (d) and inserting in lieu thereof "\$76";
- (5) by striking out "\$100" in subsection (e) and inserting in lieu thereof "\$104";
- (6) by striking out "\$120" in subsection (f) and inserting in lieu thereof "\$125";
- (7) by striking out "\$140" in subsection (g) and inserting in lieu thereof "\$146";
- (8) by striking out "\$160" in subsection (h) and inserting in lieu thereof "\$167";
- (9) by striking out "\$179" in subsection (i) and inserting in lieu thereof "\$188";
- (10) by striking out "\$225" in subsection (j) and inserting in lieu thereof "\$240";



(11) by striking out "\$450" in subsections (k), (o), and (p) and inserting in lieu thereof "\$480";

(12) by striking out "\$309" in subsection (l) and inserting in lieu thereof "\$324";

(13) by striking out "\$359" in subsection (m) and inserting in lieu thereof "\$376";

(14) by striking out "\$401" in subsection (n) and inserting in lieu thereof "428"; and

(15) by striking out "\$265" in subsection (s) and inserting in lieu thereof "\$282".

SEC. 2. Subsection 315(a)(1) of title 38, United States Code, is amended—

(1) by striking out "\$23" in clause (A) and inserting in lieu thereof "\$24";

(2) by striking out "\$39" in clause (B) and inserting in lieu thereof "\$41";

(3) by striking out "\$50" in clause (C) and inserting in lieu thereof "\$53";

(4) by striking out "\$62" and "\$12" in clause (D) and inserting in lieu thereof "\$65" and "\$13", respectively;

(5) by striking out "\$15" in clause (E) and inserting in lieu thereof "\$16";

(6) by striking out "\$27" in clause (F) and inserting in lieu thereof "\$28";

(7) by striking out "\$39" and "\$12" in clause (G) and inserting in lieu thereof "\$41" and "\$13", respectively; and

(8) by striking out "\$19" in clause (H) and inserting in lieu thereof "\$20".

SEC. 3. Section 334 of title 38, United States Code, is amended by adding the following before the period at the end thereof " , except that the peacetime rate for a disability rated 10 per centum shall be \$15.50".

SEC. 4. The Administrator is hereby authorized to adjust administratively, consistent with the increases authorized by this Act, the rates of disability compensation payable to persons within the purview of section 10, Public Law 85-857, who are not in receipt of compensation pursuant to chapter 11 of title 38, United States Code.

SEC. 5. This Act shall take effect on the first day of the second calendar month following the date of enactment.



## EXPLANATION OF NSLI AMENDMENT

The committee amendment proposes to—

(1) Restore for 2 years after January 1, 1962, the eligibility (in effect prior to April 25, 1951) of veterans who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, for World War II participating national service life insurance.

(2) Authorize for 2 years after January 1, 1962 (and for the first time), the issuance of the same type of postservice participating national service life insurance to veterans who had active service between September 3, 1945, and April 24, 1951, both dates inclusive.

(3) Restore for 2 years after January 1, 1962, the eligibility of persons separated from active service on and after April 25, 1951, and prior to date of enactment of the bill, who have a service-connected disability but are otherwise in good health, for nonparticipating service-disabled veterans insurance.

(4) Provide a 2-year period after January 1, 1962, during which veterans separated from active service on and after April 25, 1951, and prior to January 1, 1957, may be granted nonparticipating national service life insurance on a limited convertible term or permanent plan.

(5) Require that the administrative cost of the insurance granted to persons in the above groups, except the service-disabled veterans, be borne by the insureds by means of (a) reduction in dividends in the participating insurance group and (b) a loading of the premiums in the nonparticipating insurance group.

(6) Provide that a medical examination, when required of an applicant for insurance, other than service-disabled veterans insurance (item (3) above), shall be at the applicant's expense and by a duly licensed physician.

(7) Exclude from eligibility under the bill persons who served (a) before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States, or (b) in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945. This exclusion would be consistent with the longstanding statutory limitations as to such persons (now in 38 U.S.C. 107).

The right to apply for and be granted national service life insurance was originally limited to persons in the active service on or after October 8, 1940. Public Law 589, 79th Congress, approved August 1, 1946, among other things, amended the National Service Life Insurance Act to provide that any individual who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, could be granted such insurance upon application, payment of premiums, and (with the exception of certain service-disabled persons who applied prior to January 1, 1950) a showing of good health at the time of application. This continued to be the law up to April 25, 1951, at which time the authority to issue insurance to persons in the active service and to persons who served during the indicated period was terminated by Public Law 23, 82d Congress.

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Public Law 23, 82d Congress (Servicemen's Indemnity Act of 1951 and Insurance Act of 1951) among other things, provided for the payment of a maximum of \$10,000 free automatic servicemen's indemnity for death in active service, and for the issue of nonparticipating insurance under the National Service Life Insurance Act to persons discharged on or after April 25, 1951. The new postservice insurance was available to two groups. Five-year term insurance (under sec. 621) was authorized for persons who applied therefor within 120 days after discharge from active service. Insurance on term and permanent plans (under sec. 620) was provided for persons with a service-connected disability if applied for within 1 year from the date service connection is determined by the Veterans' Administration. One of the reasons advanced by the Congress for the enactment of Public Law 23 was the desire to remove the Government from the life insurance business as far as practicable.

Public Law 881, 84th Congress (Servicemen's and Veterans' Survivor Benefits Act), effective January 1, 1957, consolidated the fee of \$10,000 servicemen's indemnity program and the death compensation program into a new death benefit program (dependency and indemnity compensation) and terminated authority to issue postservice term insurance under section 621 of the National Service Life Insurance Act, thus limiting the initial issue of postservice insurance to the service-connected disabled (under sec. 620 of that act).

Although persons who served between October 8, 1940, and September 2, 1945, had 4 or 5 years after discharge from service (up to April 25, 1951) within which to apply for national service life insurance, many failed to either take it out or were forced to let it lapse because of financial difficulties and unemployment during a rehabilitation period. Some veterans did not take advantage of the opportunity to apply for such insurance because at the time of discharge they were not married and had no family responsibilities. The Finance Committee amendment merely provides another period of eligibility for these veterans who served during the periods of October 8, 1940, and September 2, 1945, and September 3, 1945, and April 24, 1951.

Under this amendment the administrative costs to be borne by the insured shall include such costs incurred by the Veterans' Administration as well as costs which may be incurred by other Government agencies such as Departments of the Treasury and Justice. The committee has been advised that the administrative expenses of the Department of Insurance of the Veterans' Administration has averaged about \$4 per policy per year over the past few years. However, it is expected that the declining trend in administrative costs will continue due to improved operating techniques and automatic data processing. A study completed about 7 years ago (House Committee Print No. 55, "Insurance Operations of the Veterans' Administration," May 15, 1953), adjusted because of certain changed conditions, indicates that the additional expense incurred by other Veterans' Administration activities and other Government agencies, properly allocable to insurance administrative cost, would average an added 25 percent. It would therefore appear that the total administrative cost to be charged against dividends or added to the premiums for insurance issued under section 723(b) would, at present, be about \$5 per policy per year. A complete study would have to be made of all expense elements in order to arrive at a current figure of the administrative

costs to be charged. Therefore, the committee amendment provides that the period during which applications for insurance may be made is not to begin until after January 1, 1962, so as to allow sufficient time for the Veterans' Administration to complete the cost study and determine the cost factor to be included in the premium.

The Committee on Finance believes that the Veterans' Administration can administer this bill without a material increase in personnel and incurring other additional costs not charged against dividends or included in the amount of the premium to be paid by the insured. To be certain that this intent is carried out, the amendment directs the Administrator of Veterans' Affairs to file with the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on the cost of the program borne by the insured and any additional expenditures resulting from enactment of this amendment.

This amendment embodies the substance of S. 977, a bill introduced by Senator Long of Louisiana on behalf of himself and 31 other Senators. Substantially identical proposals have been approved by the Committee on Finance and passed by the Senate without a dissenting vote on four previous occasions, but were not accepted by the House of Representatives.

The Senate Committee on Finance held public hearings on S. 977 on July 6, 1961. Among those groups testifying in support of the measure were the American Legion, Veterans of Foreign Wars, AMVETS, and the Disabled American Veterans.

While the committee is cognizant of objections voiced by the Veterans' Administration, which are directed to the advisability of veterans taking out insurance policies with private insurance companies, the committee has conferred with the Veterans' Administration and the Bureau of the Budget on this issue previously and adheres to its previously expressed position. Most veterans who would be benefited by this measure can be excused for their previous failure to take out their national service life insurance either because of lesser family obligations at the time their service was terminated or lack of financial capacity to pay the premiums at that time. While the privilege of taking out national service life insurance was terminated April 25, 1951, with respect to World War II, a similar privilege was continued after World War I for veterans of that war for a total of 33 years.

DEPARTMENTAL REPORTS ON S. 977, A SENATE BILL IDENTICAL WITH  
COMMITTEE NSLI AMENDMENT

VETERANS' ADMINISTRATION,  
*July 5, 1961.*

Hon. HARRY F. BYRD,  
*Chairman, Committee on Finance*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BYRD: The following comments are submitted in response to your request for a report on S. 977, 87th Congress.

The bill proposes to—

- (1) Restore for 2 years after January 1, 1962, the eligibility (in effect prior to April 25, 1951) of veterans who had active service between October 8, 1940, and September 2, 1945, both

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dates inclusive, for World War II participating national service life insurance (NSLI).

(2) Authorize for 2 years after January 1, 1962 (and for the first time), the issuance of the same type of postservice participating NSLI to veterans who had active service between September 3, 1945, and April 24, 1951, both dates inclusive.

(3) Restore for 2 years after January 1, 1962, the eligibility of persons separated from active service on and after April 25, 1951, and prior to date of enactment of the bill, who have a service-connected disability but are otherwise in good health, for nonparticipating service disabled veterans insurance.

(4) Provide a 2-year period after January 1, 1962, during which veterans separated from active service on and after April 25, 1951, and prior to January 1, 1957, may be granted nonparticipating NSLI on a limited convertible term or permanent plan.

(5) Require that the administrative cost of the insurance granted to persons in the above groups, except the service disabled veterans, be borne by the insureds by means of (a) reduction in dividends in the participating insurance group and (b) a loading of the premiums in the nonparticipating insurance group.

(6) Provide that a medical examination, when required of an applicant for insurance, other than service disabled veterans insurance (item (3) above), shall be at the applicant's expense and by a duly licensed physician.

(7) Exclude from eligibility under the bill persons who served (a) before July 1, 1946, in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the Armed Forces of the United States, or (b) in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945. This exclusion would be consistent with the longstanding statutory limitations as to such persons (now in 38 U.S.C. 107).

(8) Require the Administrator of Veterans' Affairs to submit to the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on additional costs occasioned by issuance of new policies under the bill.

The right to apply for and be granted NSLI was originally limited to persons in the active service on or after October 8, 1940. Public Law 589, 79th Congress, approved August 1, 1946, among other things, amended the NSLI Act to provide that any individual who had active service between October 8, 1940, and September 2, 1945, both dates inclusive, could be granted such insurance upon application, payment of premiums, and (with the exception of certain service-disabled persons who applied prior to January 1, 1950) a showing of good health at the time of application. This continued to be the law up to April 25, 1951, at which time the authority to issue insurance to persons in the active service and to persons who served during the indicated period was terminated by Public Law 23, 82d Congress.

Public Law 23, 82d Congress (Servicemen's Indemnity Act of 1951 and Insurance Act of 1951), among other things, provided for the payment of a maximum of \$10,000 free automatic servicemen's

indemnity for death in active service, and for the issue of nonparticipating insurance under the NSLI Act to persons discharged on or after April 25, 1951. The new postservice insurance was available to two groups. Five-year term insurance (under sec. 621) was authorized for persons who applied therefor within 120 days after discharge from active service. Insurance on term and permanent plans (under sec. 620) was provided for persons with a service-connected disability if applied for within 1 year from the date service connection is determined by the Veterans' Administration. One of the reasons advanced by the Congress for the enactment of Public Law 23 was the desire to remove the Government from the life insurance business as far as practicable.

The question of the extent to which the Government should issue life insurance to persons after discharge from military service was also considered by the 84th Congress. After extensive studies and hearings Public Law 881 was enacted (Servicemen's and Veterans' Survivor Benefits Act). That law, effective January 1, 1957, consolidated the free \$10,000 servicemen's indemnity program and the death compensation program into a new death benefit program (dependency and indemnity compensation) and terminated authority to issue postservice term insurance under section 621 of the NSLI Act, thus limiting the initial issue of postservice insurance to the service-connected disabled (under sec. 620 of that act).

Persons who served between October 8, 1940, and September 2, 1945, had more than 4 years within which to apply for NSLI after service, in addition to the right to apply at any time during their active service. Further, those persons who were in the active service prior to April 25, 1951, were also eligible to apply for insurance while in such service. Persons separated from service after April 25, 1951, who have a service-connected disability, have had, and will continue to have under existing law (38 U.S.C. 722) a period of 1 year from the date service connection is determined by the Veterans' Administration within which to apply for service disabled veterans insurance. Persons eligible for the veterans special term insurance (except those discharged less than 120 days prior to the cutoff date of January 1, 1957) had a period of 120 days from separation within which to apply.

The bill, if enacted, would make available to World War II veterans, a group approaching their mid-forties, 5-year term insurance without restriction as to the number of terms such insurance can be renewed. As the committee is well aware, the premiums on 5-year term insurance increase each 5 years at renewal and at the older ages become practically prohibitive. The difficulties of the World War I USGLI term policyholders (now in their sixties and seventies) in paying the very high premiums on renewal of their term insurance are well known. The same difficulties are also now being experienced by certain World War II veterans who entered service in their early forties. The Veterans' Administration is greatly concerned with the magnitude of this problem that will develop 20 to 25 years hence when the bulk of the World War II group attains the advanced ages where term premium rates become progressively more burdensome with each renewal.

The concern of the Congress with the term insurance problem of increasing premiums with each renewal is demonstrated by Public Law 85-896, approved September 2, 1958. That act authorized for

the first time conversion of the veterans special term insurance issued within 120 days after discharge to Korean conflict veterans under section 621 of the NSLI Act. It encouraged conversion by providing for insurance on a new and lower premium paying basis. Also, the term insurance issued on the new basis cannot be renewed after the insured's 50th birthday.

This term insurance problem was also considered by the 86th Congress. H.R. 11045, if enacted, would have provided a new permanent plan of NSLI designated as a "modified life plan," primarily for the benefit of World War II term policyholders. The premium rates on the new modified life plan would be much lower than on existing permanent plans because the insurance protection would be reduced by one-half at age 65. H.R. 11045 passed both the House and the Senate during the 86th Congress. However, it was amended in the Senate by the addition of an amendment, similar in purpose to this bill, to reopen NSLI to veterans for 1 year. The amended bill failed of passage in the House. In the present Congress the House passed on March 6, 1961, H.R. 856, a bill similar to H.R. 11045, 86th Congress, prior to the mentioned amendment. H.R. 856 is now pending before your committee and its enactment is favored by the Veterans' Administration.

Under the bill in its present form the period during which applications for insurance may be made would begin immediately after January 1, 1962. If favorably considered it is strongly recommended that the bill be amended to extend the opening date for such period to 1 year after the date of enactment. The Veterans' Administration would need about 1 year in which to prepare for the workload which the bill would create. This time would be needed to recruit and train additional personnel; prepare and print applications, forms, and policies; obtain additional mechanical equipment; reprogram our automatic data processing system; prepare and print procedures; and make a new study of the current administrative cost in order to establish premium rates for the nonparticipating policies to be issued to nondisabled veterans. (The date January 1, 1964, in the proposed subsec. 725(c) should be changed accordingly.)

It is assumed that it is intended to include in the administrative costs to be borne by the insureds such costs incurred by the Veterans' Administration as well as costs which may be incurred by other Government agencies such as the Departments of the Treasury and Justice. The administrative expenses of our Department of Insurance have averaged about \$4 per policy per year over the past few years. A study completed about 8 years ago (House Committee Print No. 55, "Insurance Operations of the Veterans' Administration," May 15, 1953), adjusted because of certain changed conditions, indicates that the additional expense incurred by other Veterans' Administration activities and other Government agencies, properly allocable to insurance administrative cost, would average an added 25 percent. It would therefore appear that the total administrative cost to be charged against dividends or added to the premiums for insurance issued under section 723(b) would, at present, be about \$5 per policy per year. However, if the bill is enacted a complete study would have to be made of all expense elements in order to arrive at a current figure of the administrative costs to be charged.



The cost of the bill, if enacted, would depend upon the number of applications received and the number of policies issued thereunder. We are not able to furnish a reliable estimate of cost in view of these unknown factors. However, there are approximately 16 million veterans who would be eligible to apply for insurance under the bill. The cost of the bill, if enacted, to the Veterans' Administration is based upon an arbitrary assumption of 1 million applications, together with the additional assumptions that (1) the bill will be amended to extend the beginning date of the 2-year period, and (2) three-fourths of the applications will be processed the first year and one-fourth the second year. If the bill is not amended as recommended the administrative cost will be increased. Also, if the number of applications received total 2 million or 5 million the cost will, of course, increase accordingly.

It should be noted that while certain policyholders under the bill will bear the administrative costs of their insurance, the amount of such costs will be transferred each year to the general fund receipts in the Treasury. Accordingly, enactment of the bill will require additional annual appropriations for the general operating expenses of the Veterans' Administration.

Experience to date indicates that insurance issued to nondisabled veterans under section 621 of the NSLI Act is self-supporting but that insurance issued to service disabled veterans under section 620 of that act (now 38 U.S.C. 722(a)) is not. A loss on the latter insurance has averaged about \$90 per policy per year. Hence, the Government will be required to bear the excess cost of claims above income from premiums on the service disabled veterans insurance issued under the bill. If it is assumed that out of each 1 million applications for all types of insurance under the bill about 1,600 policies of service disabled insurance will be issued, it is estimated that the excess claim cost on such insurance would be about \$54,000 for the first year following the start of operations under the bill, about \$126,000 for the second year, and about \$144,000 for each of the next 3 years.

On participating insurance issued under the bill the Government will be required to bear the excess mortality cost, the cost of waiver of premiums, and the cost of the total disability income benefits arising from death or total disability, traceable to the extra hazard of military or naval service. If 1 million applications are received, it is assumed that 725,000 policies of participating insurance will be issued; that the average face amount of such policies will be \$6,500; and that 2 percent of future claims on such insurance will be traceable to the extra hazards of service. On this basis it is estimated that such extra hazard cost to the Government will be \$75,000 for the first year, \$175,000 for the second year, and \$200,000 for each of the next 3 years.

The following summary of the estimated cost of the bill, if enacted, to the Veterans' Administration for the first 5 years of operations thereunder is based upon all of the above-mentioned assumptions. As indicated, if the numbers of applications received and policies issued are greater than assumed above, the cost will, of course, increase accordingly.

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Year	Service-disabled benefit cost	Extra hazard cost	Administrative cost	Total cost
1st year.....	\$54,000	\$75,000	\$7,123,100	\$7,252,100
2d year.....	126,000	175,000	5,638,100	5,939,100
3d year.....	144,000	200,000	3,747,400	4,091,400
4th year.....	144,000	200,000	3,043,600	3,387,600
5th year.....	144,000	200,000	2,894,000	3,238,000

The policy of the executive branch and the Congress in recent years has been to reduce, to the extent feasible, commercial-type activities of the Federal Government. In the field of Government insurance for servicemen and veterans, this policy has found expression, as previously pointed out, in the enactment of Public Law 23 in 1951 and Public Law 881 in 1956. Accordingly, I do not recommend favorable consideration of the proposed legislation by your committee.

The Bureau of the Budget advises that it strongly recommends against enactment of the bill and that there is no objection to the submission of this report to your committee.

Sincerely,

J. S. GLEASON, Jr., *Administrator.*

BUREAU OF THE BUDGET,  
*July 5, 1961.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This will acknowledge your letter of February 24, 1961, requesting a report from the Bureau of the Budget on S. 977, a bill to amend title 38 of the United States Code in order to provide a 2-year period during which certain veterans may be granted national service life insurance.

S. 977 would establish a 2-year period, beginning January 1, 1962, during which nondisabled servicemen and veterans who served during the period between October 8, 1940, and January 1, 1957, would be eligible to apply for insurance under the national service life insurance program. Service-disabled personnel separated on or after April 25, 1951, would likewise be given 2 years beginning on January 1, 1962, to apply for insurance under the nonparticipating service-disabled veterans insurance program. Nondisabled veterans and servicemen who applied for insurance during the 2-year period would be charged for the additional administrative costs resulting from their participation in the insurance program.

The Bureau of the Budget opposes the enactment of S. 977 on the following grounds:

1. Reopening of the veterans' insurance program would provide a non-service-connected veterans' benefit generally unrelated to the facts of military service or to any need which it is the Government's obligation to fulfill. There is no apparent reason for reestablishing a governmental insurance program for veterans 15 years after the end of the war in the case of World War II veterans.

2. Reopening would contravene the longstanding policy of removing the Government from the insurance business as far as practicable and providing survivor protection to servicemen by other means. This policy was the basis of the Servicemen's Indemnity Act of 1951, closing the VA insurance program to new (nondisabled) World War II entrants and providing a free governmental indemnity for deaths in service during the Korean conflict rather than an insurance contract as in World War II. The policy was developed after extensive investigations and hearings by Congress, including comprehensive studies of the national service life insurance program conducted by the House Veterans' Affairs Committee and by the Government Operations Subcommittee of the House Committee on Expenditures in the Executive Departments. We are aware of no new developments since then which would justify a reversal of a position established by Congress after such thorough study.

3. Reopening a voluntary insurance program to certain veterans and servicemen would be inimical to fundamental concepts underlying the enactment of the Servicemen's and Veterans' Survivor Benefits Act of 1956. This act (a) stopped the issuance of post-service insurance policies to (nondisabled) Korean veterans as of January 1957 and (b) provided a comprehensive program of compensation to survivors of veterans who died in or as a result of service. The act was the outgrowth of extensive hearings and studies by a Select Committee on Survivor Benefits which confirmed earlier conclusions that voluntary Government insurance was not the most effective form of survivor benefit protection. The liberal benefits provided under this program are available to all survivors of veterans who died in service or from service-connected causes. The reopening of the veterans' insurance program many years after the period of military service and for the benefit of veterans whose insurance needs are completely unrelated to their military service would be in fundamental conflict with this considered policy. Moreover, by providing Government-subsidized insurance to some still in military service, reopening would create demands and pressures for comparable insurance for those not eligible under the terms of the bill. The end result would, at a minimum, be the duplication of the equitable and reasonable survivor benefits now being provided, and, at a maximum, the complete distortion or overturning of this system.

4. Reopening would duplicate the facilities and resources of commercial insurance companies which presently provide a wide range of insurance plans available to all.

5. In any event, World War II veterans, the large group affected by this legislation, had ample time to apply for insurance—until 1951, or 6 years after the termination of World War II.

6. In spite of the provision for charging administrative costs to the new policyholders, S. 977 would result in substantial costs arising from the Government's obligation to bear the excess mortality and disability costs traceable to the extra hazard of military service.

Sincerely yours,

(Signed) PHILLIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

## CHANGES IN EXISTING LAW

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

## TITLE 38 OF THE UNITED STATES CODE

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED  
DISABILITY OR DEATH

\* \* \* \* \*

## Subchapter II—Wartime Disability Compensation

**§ 310. Basic entitlement**

For disability resulting from personal injury suffered or disease contracted in line of duty, or for aggravation of a preexisting injury suffered or disease contracted in line of duty, in the active military, naval, or air service, during a period of war, the United States will pay to any veteran thus disabled and who was discharged or released under conditions other than dishonorable from the period of service in which said injury or disease was incurred, or preexisting injury or disease was aggravated, compensation as provided in this subchapter, but no compensation shall be paid if the disability is the result of the veteran's own willful misconduct.

**§ 311. Presumption of sound condition**

For the purposes of section 310 of this title, every veteran shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at the time of the examination, acceptance, and enrollment, or where clear and unmistakable evidence demonstrates that the injury or disease existed before acceptance and enrollment and was not aggravated by such service.

**§ 312. Presumptions relating to certain diseases**

For the purposes of section 310 of this title, and subject to the provisions of section 313 of this title, in the case of any veteran who served for ninety days or more during a period of war—

(1) a chronic disease becoming manifest to a degree of 10 per centum or more within one year from the date of separation from such service;

(2) a tropical disease, and the resultant disorders or disease originating because of therapy, administered in connection with such diseases, or as a preventative thereof, becoming manifest to a degree of 10 per centum or more within one year from the date of separation from such service, or at a time when standard or accepted treatises indicate that the incubation period thereof commenced during such service;

(3) active tuberculous diseases developing a 10 per centum degree of disability or more within three years from the date of separation from such service;

(4) multiple sclerosis developing a 10 per centum degree of disability or more within three years from the date of separation from such service;

(5) Hansen's disease developing a 10 per centum degree of disability or more within three years from the date of separation from such service;

shall be considered to have been incurred in or aggravated by such service, notwithstanding there is no record of evidence of such disease during the period of service.

### § 313. Presumptions rebuttable

(a) Where there is affirmative evidence to the contrary, or evidence to establish that an intercurrent injury or disease which is a recognized cause of any of the diseases within the purview of section 312 of this title, has been suffered between the date of separation from service and the onset of any such diseases, or the disability is due to the veteran's own willful misconduct, service connection pursuant to section 312 of this title will not be in order.

(b) Nothing in section 312 of this title or subsection (a) of this section shall be construed to prevent the granting of service-connection for any disease or disorder otherwise shown by sound judgment to have been incurred in or aggravated by active military, naval, or air service.

### § 314. Rates of wartime disability compensation

For the purposes of section 310 of this title—

(a) if and while the disability is rated 10 per centum the monthly compensation shall be ~~[\$19]~~ \$19.50;

(b) if and while the disability is rated 20 per centum the monthly compensation shall be ~~[\$36]~~ \$37;

(c) if and while the disability is rated 30 per centum the monthly compensation shall be ~~[\$55]~~ \$57;

(d) if and while the disability is rated 40 per centum the monthly compensation shall be ~~[\$73]~~ \$77;

(e) if and while the disability is rated 50 per centum the monthly compensation shall be ~~[\$100]~~ \$106;

(f) if and while the disability is rated 60 per centum the monthly compensation shall be ~~[\$120]~~ \$127;

(g) if and while the disability is rated 70 per centum the monthly compensation shall be ~~[\$140]~~ \$148;

(h) if and while the disability is rated 80 per centum the monthly compensation shall be ~~[\$160]~~ \$169;

(i) if and while the disability is rated 90 per centum the monthly compensation shall be ~~[\$179]~~ \$190;

(j) if and while the disability is rated as total the monthly compensation shall be ~~[\$225]~~ \$245;

(k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of a creative organ, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, the rate of compensation therefor shall be \$47 per month independent of any other compensation provided in subsections (a) through (j) of this section; and in the event of anatomical loss or loss of use of a creative organ, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, in addition to the requirement for any of the rates specified in subsections (l)

## 22 INCREASED COMPENSATION AND REINSTATEMENT OF NSLI

through (n) of this section, the rate of compensation shall be increased by \$47 per month for each such loss or loss of use, but in no event to exceed ~~[\$450]~~ \$500 per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both hands, or both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~[\$309]~~ \$335;

(m) If the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or has suffered blindness in both eyes having only light perception, or has suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~[\$359]~~ \$385;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance or has suffered the anatomical loss of both eyes, the monthly compensation shall be ~~[\$401]~~ \$435;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle him to two or more of the rates provided in one or more subsections (l) through (n) of this section, no condition being considered twice in the determination, or has suffered total deafness in combination with total blindness with 5/200 visual acuity or less, the monthly compensation shall be ~~[\$450]~~ \$500;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Administrator, in his discretion, may allow the next higher rate or an intermediate rate, but in no event in excess of ~~[\$450]~~ \$500; and

(q) if the veteran is shown to have had a service-connected disability resulting from an active tuberculous disease, which disease in the judgment of the Administrator has reached a condition of complete arrest, the monthly compensation shall be not less than \$67.

(r) If any veteran, otherwise entitled to the compensation authorized under subsection (o), or the maximum rate authorized under subsection (p), is in need of regular aid and attendance, he shall be paid, in addition to such compensation, a monthly aid and attendance allowance at the rate of ~~[\$150]~~ \$200 per month ~~[for all periods during which he is not hospitalized at Government expense]~~, *subject to the limitations of section 3203(f) of this title*. For the purposes of section 334 of this title, such allowance shall be considered as additional compensation payable for disability.

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disabilities independently ratable at 60 per centum or more, or, (2) by reason of his service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall

be ~~[\$265]~~ \$285. For the purpose of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to his house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will remain throughout his lifetime.

\* \* \* \* \*

**Subchapter IV—Peacetime Disability Compensation**

**§ 331. Basic entitlement**

For disability resulting from personal injury suffered or disease contracted in line of duty, or for aggravation of a preexisting injury suffered or disease contracted in line of duty, in the active military, naval, or air service, during other than a period of war, the United States will pay to any veteran thus disabled and who was discharged or released under conditions other than dishonorable from the period of service in which said injury or disease was incurred, or preexisting injury or disease was aggravated, compensation as provided in this subchapter, but no compensation shall be paid if the disability is the result of the veteran's own willful misconduct.

\* \* \* \* \*

**§ 334. Rates of peacetime disability compensation**

For the purposes of section 331 of this title, the compensation payable for the disability shall be equal to 80 per centum of the compensation payable for such disability under section 314 of this title, adjusted upward or downward to the nearest dollar, counting fifty cents and over as a whole dollar, *except that the peacetime rate for a disability rated 10 per centum shall be \$15.50.*

\* \* \* \* \*

**CHAPTER 19—INSURANCE**

**Subchapter I—National Service Life Insurance**

\* \* \* \* \*

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

(a) (1) *Any person heretofore eligible to apply for participating national service life insurance between October 8, 1940, and April 24, 1951, both dates inclusive, shall, upon application made in writing within two years after January 1, 1962, submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard participating policies of national service life insurance.*

(2) *All premiums paid and other income received on account of national service life insurance granted under the authority contained in this subsection and on any total disability income provision which may be attached thereto shall be segregated in the national service life insurance fund and, together with interest earned thereon, shall be available for the payment of liabilities under such life and disability insurance.*

(3) *Notwithstanding the provisions of section 782 of this title the Administrator shall determine annually the administrative costs which*

*in his judgment are properly allocable to such life and disability insurance and shall thereupon transfer the amount of such costs from any surplus otherwise available for dividends on such life and disability insurance from the national service life insurance fund to the general fund receipts in the Treasury. The Administrator of Veterans' Affairs is directed to submit to the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on additional costs occasioned by issuance of new policies under this section.*

*(b) Any person heretofore eligible to apply for insurance under section 620 of the National Service Life Insurance Act of 1940, as amended, or subsection (a) of section 722 of this title, shall, notwithstanding any time limitation for filing application for insurance contained in such sections, upon application made in writing within two years after January 1, 1962, be granted insurance under subsection (a) of section 722 of this title, subject to the other limitations and conditions applicable to such insurance.*

*(c) Any person heretofore eligible to apply for insurance under section 621 of the National Service Life Insurance Act of 1940, as amended, shall, upon application in writing made within two years after January 1, 1962, and submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application and payment of the required premiums, be granted insurance under subsection (b) of section 723 of this title subject to the limitations and conditions applicable to such insurance, except that (1) until January 1, 1964, limited convertible term insurance may be issued but not renewed after the applicant's fiftieth birthday, and (2) the premiums charged for such insurance and for any total disability income provision which may be attached thereto shall include an additional amount for administrative costs as determined and fixed by the Administrator at the time of issue. The Administrator is authorized to transfer annually an amount representing such administrative costs from the revolving fund to the general fund receipts in the Treasury.*

*(d) Notwithstanding the provisions of section 782 of this title, a medical examination when required of an applicant for issuance of insurance under subsection (a) or (c) of this section shall be at his own expense by a duly licensed physician.*

*(e) No insurance shall be granted under this section to any person referred to in section 107 of this title.*

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## CHAPTER 55—MINORS, INCOMPETENTS, AND OTHER WARDS

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

(a)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration any compensation or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of admission of such veteran for treatment or care. If treatment or care extends beyond that period, the compensation or retirement pay,



if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month, the compensation or retirement pay shall not exceed 50 per centum of the amount otherwise payable or \$30 per month, whichever is the greater. If such veteran is discharged from such treatment or care upon certification by the officer in charge of the hospital, institution, or home, that maximum benefits have been received or that release is approved, he shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section. If treatment or care is terminated by the veteran against medical advice or as the result of disciplinary action the amount by which any compensation or retirement pay is reduced hereunder, shall be paid to him at the expiration of six months after such termination or, in the event of his prior death, as provided in paragraph (2) of this subsection; and the compensation or retirement pay of any veteran leaving against medical advice or as the result of disciplinary action shall, upon a succeeding readmission for treatment or care, be subject to reduction, as herein provided, from the date of such readmission, but if such subsequent treatment or care is continued until discharged therefrom upon certification, by the officer in charge of the hospital, institution, or home in which treatment or care was furnished, that maximum benefits have been received or that release is approved, the veteran shall be paid in a lump sum such additional amount as would equal the total sum by which his compensation or retirement pay has been reduced under this section after such readmission.

(2)(A) In the event of the death of any veteran subject to the provisions of this section, while receiving hospital treatment, institutional or domiciliary care, or before payment of any lump sum authorized herein, such lump sum shall be paid in the following order of precedence: First, to the spouse; second, if the decedent left no spouse, or if the spouse is dead at time of settlement, then to the children (without regard to their age or marital status) in equal parts; third, if no spouse or child, then to the father and mother in equal parts; fourth, if either the father or mother is dead, then to the one surviving; fifth, if there is no spouse, child, father, or mother at the time of settlement, then to the brothers and sisters in equal parts. If there are no persons in the classes named to whom payment may be made under this paragraph, no payment shall be made, except there may be paid only so much of the lump sum as may be necessary to reimburse a person who bore the expenses of last sickness or burial, but no part of the lump sum shall be used to reimburse any political subdivision of the United States for expenses incurred in the last sickness or burial of such veteran.

(B) No payment shall be made under the last two sentences of section 3202(d) of this title or under this paragraph (2) unless claim therefor is filed with the Veterans' Administration within five years after the death of the veteran, except that, if any person so entitled under the last two sentences of section 3203(d) of this title or under this paragraph is under legal disability at the time of death of the veteran, such five-year period of limitation shall run from the termination or removal of the legal disability.

(b)(1) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, and is rated by the

Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness, the compensation or retirement pay of such veteran shall be subject to the provisions of subsection (a) of this section; however, no payment of a lump sum herein authorized shall be made to the veteran until after the expiration of six months following a finding of competency and in the event of the veteran's death before payment of such lump sum no part thereof shall be payable.

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

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

(4) All or any part of the pension, compensation, or retirement pay payable on account of any incompetent veteran who is being furnished hospital treatment, institutional or domiciliary care may, in the discretion of the Administrator, be paid to the chief officer of the institution wherein the veteran is being furnished such treatment or care, to be properly accounted for by such chief officer and to be used for the benefit of the veteran.

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

(d)(1) Where any veteran is being furnished hospital treatment, institutional, or domiciliary care by the Veterans' Administration, no pension in excess of \$30 per month shall be paid to or for the veteran for any period after (a) the end of the second full calendar month following the month of admission for treatment or care or (b) re-admission for treatment or care within six months following termination of a period of treatment or care of not less than two full calendar months.

(2) Where the payment of pension to any veteran is subject to the provisions of paragraph (1) of this subsection the Administrator may apportion and pay to his wife or children the balance of the pension which the veteran would receive but for such paragraph (1).

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

(f) *Where any veteran in receipt of an aid and attendance allowance described in section 314(r) of this title is hospitalized at Government expense, such allowance shall be discontinued from the first day of the second calendar month which begins after the date of his admission for such hospitalization for so long as such hospitalization continues. In case a veteran covered by this subsection leaves a hospital against medical advice and is thereafter readmitted to hospitalization, such allowance shall be discontinued from the date of such readmission for so long as such hospitalization continues.*

