

RELATING TO VETERANS' PENSION, COMPENSATION, OR RETIREMENT PAY DURING HOSPITALIZATION, INSTI- TUTIONAL, OR DOMICILIARY CARE

JULY 19 (legislative day, JULY 5), 1946.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Finance, submitted
the following

REPORT

[To accompany H. R. 6811]

The Committee on Finance, to whom was referred the bill (H. R. 6811) relating to veterans' pension, compensation, or retirement pay during hospitalization, institutional or domiciliary care, and for other purposes, having considered the same, report favorably thereon, with the following amendments, and recommend that the bill, as so amended, do pass.

On page 2, line 19, after the word "termination", insert "or, in the event of his prior death, as provided in paragraph (2) hereof;"

On page 2, line 20, strike out the word "such" and insert the word "any".

On page 2, line 20, after the word "veteran", insert "leaving against medical advice or as the result of disciplinary action".

On page 2, line 21, strike out the words "any future" and insert "a succeeding".

On page 4, lines 14 and 15, strike out the words "deemed by the Administrator of Veterans' Affairs to be insane" and insert the words "rated by the Veterans' Administration in accordance with regulations as being incompetent by reason of mental illness".

On page 4, line 21, strike out the word "insane" and insert the word "incompetent".

On page 5, line 1, strike out the word "such" and insert the word "incompetent".

On page 5, line 5, strike out the word "maintained" and insert the word "hospitalized".

On page 6, between lines 9 and 10, insert a new subsection (F) as follows:

(F) 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.

On page 6, line 10, strike out the letter "F" and insert the letter "G".

The House report on this bill is self-explanatory and is as follows:

GENERAL STATEMENT

The committee conducted hearings and obtained testimony in open and executive sessions, in subcommittee and full committee, and considered numerous pending bills and proposals covering the subject matter of the bill. Testimony thereon was presented by representatives of major veterans' organizations and the Veterans' Administration.

EFFECTS OF THE BILL

Section 1 of this measure changes the existing law by providing that in the case of any veteran having neither wife, child, nor dependent parent, who is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration any pension, compensation, or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of the bill's enactment, or the month of admission of such veteran for treatment or care, whichever is the later. Under present law all such veterans regardless of the amount of pension, compensation, or retirement pay otherwise due are reduced from the date of admission to an amount not in excess of \$20 per month except that pension for veterans entitled to pension for non-service-connected disabilities under part III of Veterans Regulation No. 1 (a), as amended, cannot exceed \$8 per month. This bill will allow full payments under these conditions for the periods above stated. It is further provided that if the treatment or care extends beyond the first day of the seventh month the pension, compensation, or retirement pay, if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month the payments shall not exceed 50 percent of the amount otherwise payable or \$30 per month, whichever is the greater. It is further provided that at such time as the 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 pension, compensation, or retirement pay has been reduced by virtue of the provisions of the section. In the case where treatment or care is terminated by a veteran against medical advice or as the result of disciplinary action, the amount by which any pension, compensation, or retirement pay has been reduced will be payable to him 6 months after he has so terminated such treatment or care. Should such latter veteran subsequently be readmitted for treatment or care the reduction will be effective the date of readmission. Such a procedure does not work a forfeiture of any of the payments otherwise due but rather is intended to discourage premature departures by deferring payment of the lump sum and by requiring immediate reduction upon readmission. In the latter case, however, if the veteran continues such subsequent treatment or care until discharged upon proper certification he shall then receive in a lump sum the total amount by which his pension, compensation, or retirement pay has been reduced subsequent to such readmission.

Subsection (A) further provides in paragraph 2 that where any veteran subject to the provisions of this section dies, while receiving treatment or care, or where he dies elsewhere prior to the payment of any lump sum authorized by this subsection to which he may have been entitled, such lump sum is made payable to the following classes of persons, in the following order of precedence: First, to the widow, or widower; second, if the decedent left no widow, or widower, or the widow or widower be dead at time of settlement, then to the adult or minor children in equal parts; third, if no widow, widower, or children, then to the father and mother in equal parts; fourth, if either the father or mother be dead, then to the one surviving; fifth, if there be no widow, widower, children, father, or mother at the time of settlement, then to the brothers and sisters in equal parts. Payment of a lump sum may be made only to persons in the classes named, except that if there be no such persons 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 thereof shall be used to reimburse any political subdivision of the United States for such expenses incurred. It is further provided that any claim for payment of the lump sum must be made within 5 years after the death of the veteran; except that if the claimant be under legal disability at the time of death of the veteran, the 5-year period of limitation shall run from the termination or removal of the legal disability.

Subsection (B) deals specifically with any veteran having neither wife, child, nor dependent parent who is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration and who has been deemed by the Administrator of Veterans' Affairs to be insane. In such cases the pension, compensation, or retirement pay is subject to the provisions of subsection (A) as set forth above, provided, however, that if the veteran is subsequently found to be competent, the payment of any lump sum authorized in subsection (A) shall not be made until the expiration of 6 months following a finding of competency. The purpose of this provision is to withhold payment of any lump sum for a reasonable period upon which certainty of competency can be determined. Subsection (B) contains a limitation existing in the present law to the effect that where the estate of such insane veteran derived from any source equal or exceeds \$1,500, further payments of such benefits will not be made until the estate is reduced to \$500.

In the case of any insane veteran subject to the provisions of subsection (B), it is further provided that the Administrator of Veterans' Affairs may, in his discretion, and in accordance with instructions issued by him, pay all or any part of the pension, compensation, or retirement pay payable on account of any such veteran to the chief officer of the institution wherein the veteran is maintained, to be properly accounted for and to be used for the benefit of the veteran; or all or any part of the pension, compensation, or retirement pay may be paid to the guardian of the veteran in accordance with the provisions of paragraph 1 of section 21 of the World War Veterans' Act, 1924, as amended; or in the event the veteran has a wife, child, or dependent parent, the Administrator is authorized to make payment of all or any part to the wife or apportion it on behalf of such wife, child, or dependent parent; or otherwise dispose of it in accordance with the provisions of paragraph 3 of section 21 of the World War Veterans' Act, 1924, as amended.

Subsection (C) of section 1 applies to any veteran who is being furnished hospital treatment, institutional or domiciliary care by the United States or any political subdivision thereof who has a wife, child, or dependent parent and it authorizes the Administrator, in his discretion, to apportion on behalf of such wife, child, or dependent parent, any pension, compensation, or retirement pay. The authority is now contained in the present law, but is reenacted in this measure.

Subsection (D) of section 1 provides that 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, provided that in no event shall increased pension, compensation, or retirement pay of such veteran be granted for any period more than 1 year prior to receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent. Under present law the period within which the veteran must produce such evidence is limited to 6 months. It is believed that the extension of this period to 1 year is necessary to prevent an injustice in the case of those veterans who due to peculiar circumstances are unable to submit such evidence within a shorter period of time.

Subsection (E) of section 1 repeals subparagraphs (A), (B), (C), and (D) of paragraph VI of Veterans Regulation No. 6 (a), as amended. This repeal is necessary because the provisions of section 1 of the bill are substituted for the provisions of those subparagraphs.

JUSTIFICATION FOR SECTION 1

Your committee cites the following principal reasons supporting the provisions of section 1: (1) It appears that many disabled veterans without dependents, leave Government hospitals, before maximum treatment is reached, in order to secure full payments of pension, compensation, or retirement pay; (2) in many instances a veteran who leaves a hospital in this manner may jeopardize his own health and that of others; (3) many single veterans claim that although they have no wife, child, or dependent parent they do have other obligations to meet when they enter the hospital on which they often default in view of the drastic reduction in income; (4) a veteran without dependents is, in effect, required to pay for his hospitalization—the greater the disability the greater the amount—while the veteran with dependents receives that which is held out to be a benefit for all

eligible veterans, namely, free hospitalization; (5) since the reduction requirement fails to take into consideration the veteran's independent income the application thereof penalizes to a greater extent those who are least able to bear it; (6) a particular hardship, for example, exists in cases of service-connected paraplegia and similar disabilities. Veterans with such disabilities, who, while in active service, were in receipt of high rates of pay, can receive but \$20 per month upon their discharge and immediate transfer to veterans' hospitals for further treatment; and (7) the lump-sum payment, upon discharge, of the amount by which the pension, compensation, or retirement pay has been reduced will substantially assist in the veteran's rehabilitation.

After serious consideration of all the factors involved, it is the conclusion of this committee that there is a need for the liberalization of the present law to remove the hardships and inequities which appear to be prevalent in the majority of cases affected thereby and section 1 of this bill is designed to provide that liberalization.

Section 2 of the bill authorizes an increase by 20 percent of all monthly rates of compensation and pension payable to veterans of World War I and World War II and dependents of such veterans which are payable under any laws or regulations administered by the Veterans' Administration. It is provided, however, that such increase shall not apply to subsistence allowances payable under Public Laws Nos. 16 and 346, Seventy-eighth Congress, as amended. The increase provided by this section shall be effective from the first day of the first month following the bill's enactment.

In view of the current substantial rise in the cost of living and the general revision upward of wages and salaries by the Government and private employers, it is clear that the basic rates of pension and compensation are inadequate to meet this rise in the cost of living and to provide the minimum needs for the veterans and their dependents. The underlying principle of pension and compensation is based upon the desire of a grateful Government to supplement the earning capacity of the veteran in civilian life proportionate to the degree of his disability which has directly diminished that capacity. Such supplementation can only be just and adequate when the rates thereof are realistically in line with the cost of living. The Government has recently seen fit to increase the rates of pay for members of the armed forces and Federal employees; it is believed that we can do no less for the disabled veteran who is dependent in whole, or in part, upon his pension or compensation for a decent livelihood.

RAMSEYER RULE

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, there follow in parallel columns the provisions of existing law and the changes proposed:

EXISTING LAW TO BE REPEALED

(Subpars. (A), (B), (C), and (D) of par. VI of Veterans Regulation No. 6 (a) as amended)

(A) Where any disabled veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, any pension, compensation, or retirement pay shall not exceed \$20 per month: *Provided*, That the amount payable for any such disabled veteran, entitled to pension for non-service-connected disability under the provisions of part III of Veterans Regulation Numbered 1 (a), as amended shall not exceed \$8 per month. Where any disabled veteran who is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, has a wife, child, or dependent parent, the pension, compensation, or

PROPOSED LAW

(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 pension, compensation, or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of enactment hereof, or the month of admission of such veteran for treatment or care, whichever is the later. If treatment or care extends beyond that period, the pension, compensation, or retirement pay, if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month, the pension, compensation, or retirement pay shall not exceed 50 per centum of the amount otherwise payable

EXISTING LAW TO BE REPEALED

retirement pay may, in the discretion of the Administrator, be apportioned on behalf of such wife, child, or dependent parent, in accordance with instructions issued by the Administrator.

PROPOSED LAW

or \$30 per month, whichever is the greater: *Provided*, That 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 pension, compensation or retirement pay has been reduced under this section: *Provided further*, That where treatment or care is terminated by the veteran against medical advice or as the result of disciplinary action the amount by which any pension, compensation, or retirement pay is reduced hereunder, shall be paid to him at the expiration of six months after such termination; and the pension, compensation, or retirement pay of such veteran shall, upon any future 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 discharge 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 pension, compensation, or retirement pay has been reduced under this section subsequent to such readmission.

(2) 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 prior to payment of any lump sum authorized herein, such lump sum shall be paid in the following order of precedence: First, to the widow, or widower; second, if the decedent left no widow or widower, or the widow or widower be dead at time of settlement, then to the adult or minor children in equal parts; third, if no widow, widower, or children, then to the father and mother in equal parts; fourth, if either the father or mother be dead, then to the one surviving; fifth, if there be no widow, widower, children, father, or mother at the time of settlement, then to the brothers and sisters in equal parts: *Provided*, That if there be no persons in the classes named to whom payment may be made hereunder, 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

EXISTING LAW TO BE REPEALED

(B) Where any disabled veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, and shall be deemed by the Administrator of Veterans' Affairs to be insane, the pension, compensation, or retirement pay for such veteran shall be in the amounts specified in (A) above: *Provided*, That in any case where the estate of such disabled insane veteran derived from any source equals or exceeds \$1,500, further payments of such benefits will not be made until the estate is reduced to \$500. Any such veteran without such dependent or dependents, when maintained at his own expense in an institution, shall be subject to the foregoing limitations but shall be paid such amount otherwise payable as equals the amount charged for his care and maintenance in such institution not exceeding the amount the Administrator of Veterans' Affairs determines to be the charge as fixed by any applicable statute or valid administrative regulation: *Provided further*, That all or any part of the pension, compensation, or retirement pay payable on account of any such veteran may, in the discretion of the Administrator, and in accordance with instructions issued by the Administrator, be paid to the chief officer of the institution wherein the disabled veteran is maintained, to be properly accounted for by said chief officer and to be used for the benefit of the disabled veteran; or may be paid to the guardian of the disabled veteran in accordance with the provisions of paragraph 1 of section 21 of the World War Veterans' Act, 1924, as amended; or, in the event the disabled veteran has a wife, child, or dependent parent, may, in the discretion of the Administrator, be paid to his wife or apportioned on behalf of such wife, child,

PROPOSED LAW

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: *Provided further*, That no payment shall be made under this paragraph unless claim therefor shall be filed with the Veterans' Administration within five years after the death of the veteran, except that if any person so entitled under this paragraph be under legal disability at the time of death of the veteran, said five-year period of limitation shall run from the termination or removal of the legal disability.

(B) Where any veteran having neither wife, child, nor dependent parent is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration, and shall be deemed by the Administrator of Veterans' Affairs to be insane, the pension, compensation, or retirement pay for such veteran shall be subject to the provisions of subsection (A) of this section: *Provided*, That no payment of a lump sum herein authorized shall be made until after the expiration of six months following a finding of competency: *Provided further*, That in any case where the estate of such insane veteran derived from any source equals or exceeds \$1,500, further payments of such benefits will not be made until the estate is reduced to \$500: *And provided further*, That all or any part of the pension, compensation, or retirement pay payable on account of any such veteran may, in the discretion of the Administrator, and in accordance with instructions issued by the Administrator, be paid to the chief officer of the institution wherein the veteran is maintained, to be properly accounted for by said chief officer and to be used for the benefit of the veteran; or may be paid to the guardian of the veteran in accordance with the provisions of paragraph 1 of section 21 of the World War Veterans' Act, 1924, as amended; or, in the event the veteran has a wife, child, or dependent parent, may, in the discretion of the Administrator, be paid to his wife or apportioned on behalf of such wife, child, or dependent parent; or otherwise be disposed of in accordance with the provisions of paragraph 3 of section 21 of the World War Veterans' Act, 1924, as amended.

EXISTING LAW TO BE REPEALED

PROPOSED LAW

or dependent parent; or otherwise be disposed of in accordance with the provisions of paragraph 3 of section 21 of the World War Veterans' Act, 1924, as amended.

(C) Any veteran subject to the provisions of subparagraph (A) or (B) shall be deemed to be single and without dependents in the absence of satisfactory evidence to the contrary: *Provided*, That in no event shall increased compensation, pension, or retirement pay of such veteran be granted for any period more than six months prior to receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent.

(D) The pension of any disabled veteran who is an inmate of the United States Soldiers' Home or of any National or State soldiers' home on the date of this enactment, shall not be reduced or discontinued by reason of the provisions of (A), (B), or (C) above.

(C) Where any veteran who is being furnished hospital treatment, institutional or domiciliary care by the United States, or any political subdivision thereof, has a wife, child, or dependent parent, the pension, compensation, or retirement pay may, in the discretion of the Administrator, be apportioned on behalf of such wife, child, or dependent parent, in accordance with instructions issued by the Administrator.

(D) Any veteran subject to the provisions of subsections (A) or (B) shall be deemed to be single and without dependents in the absence of satisfactory evidence to the contrary: *Provided*, That in no event shall increased compensation, pension, or retirement pay of such veteran be granted for any period more than one year prior to receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent.

(E) Subparagraphs (A), (B), (C), and (D) of paragraph VI of Veterans Regulation Numbered 6 (a), as amended, are hereby repealed.

(F) The administrative, definitive, penal, and forfeiture provisions of Public Law Numbered 2, Seventy-third Congress, Act of March 20, 1933, and the Veterans Regulations, as now or hereafter amended, not inconsistent with this section, shall be applicable under this section.

Section 2 of H. R. 6811 does not repeal or amend specifically any existing law and therefore as to this section rule XIII is not for application.

The report to the Committee from the Veterans' Administration on the companion bill (S. 2362) is self-explanatory and is as follows:

JULY 18, 1946.

Hon. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR SENATOR GEORGE: Further reference is made to your letter of June 25, 1946, requesting a report on S. 2362, Seventy-ninth Congress, "A bill relating to veterans' pension, compensation, or retirement pay during hospitalization, institutional or domiciliary care, and for other purposes," and to the recent informal request for a report on H. R. 6811, an identical and companion bill, which is now before your committee. The following report on H. R. 6811 may therefore be considered equally applicable to S. 2362.

Subsection (A) of section 1 of H. R. 6811 provides that in the case of any veteran having neither wife, child, nor dependent parent, who is being furnished hospital treatment, institutional or domiciliary care by the Veterans' Administration any pension, compensation, or retirement pay otherwise payable shall continue without reduction until the first day of the seventh calendar month following the month of the bill's enactment, or the month of admission of such veteran for treatment or care, whichever is the later. Under present law payments to all

such veterans maintained by the United States or any political subdivision thereof, regardless of the amount of pension, compensation, or retirement pay otherwise due, are reduced from the date of admission to an amount not in excess of \$20 per month except that pension for veterans entitled to pension for nonservice-connected disabilities under part III of Veterans Regulation No. 1 (a), as amended, cannot exceed \$8 per month. If the treatment or care extends beyond the 1st day of the seventh month the pension, compensation, or retirement pay, if \$30 per month or less, shall continue without reduction, but if greater than \$30 per month the payments shall not exceed 50 percent of the amount otherwise payable or \$30 per month, whichever is the greater. At such time as the 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 pension, compensation, or retirement pay has been reduced by virtue of the provisions of the section. In the case where treatment or care is terminated by a veteran against medical advice or as the result of disciplinary action, the amount by which any pension, compensation, or retirement pay has been reduced will be payable to him 6 months after he has so terminated such treatment or care. Should such veteran subsequently be readmitted for treatment or care the reduction will be effective the date of readmission. In the latter case, however, if the veteran continues such subsequent treatment or care until discharge upon proper certification he shall then receive in a lump sum the total amount by which his pension, compensation, or retirement pay has been reduced subsequent to such readmission.

In connection with termination of treatment or care against medical advice or as the result of disciplinary action, the language of the second proviso on page 2 of the bill relative to immediate reduction upon any future readmission might be construed as applying only to a veteran who has had over 6 months' treatment or care which is so terminated. Under that construction a veteran might leave against medical advice at any time during the first 6 months to avoid the reduction and upon his return be eligible for another 6 months of full payments and continue such a course indefinitely. Furthermore, the words "upon any future readmission" would require an immediate reduction each time the veteran was readmitted regardless of how remote was the original termination of treatment against medical advice. Accordingly, if it is intended to effect a reduction upon a succeeding readmission in the case of any veteran without dependents who has so terminated his treatment or care, regardless of the length of time he has spent in the institution, it is suggested that the bill be amended by deleting the word "such" in line 20, page 2, and substituting therefor the word "any", and inserting after the word "veteran" in line 20, page 2, the words "leaving against medical advice or as the result of disciplinary action"; and that the words "any future" in line 21 of page 2 be deleted and the words "a succeeding" be substituted therefor.

In the case of the veteran's death prior to the payment of any lump sum to which he may have been entitled, such lump sum shall be payable to certain specified classes of persons, and, under stated conditions, it may be used to reimburse other persons for expenses of last sickness or burial. In this connection, it is questionable whether under the present wording of section 1 the payment of the lump sum to these classes would be authorized where the veteran has previously terminated the treatment or care against medical advice or as the result of disciplinary action and dies within 6 months thereafter. For clarification on this point, it is suggested that the bill be amended by adding after the word "termination" in line 19, page 2, the words "or, in the event of his prior death, as provided in paragraph (2) hereof."

Subsection (B) of section 1 deals specifically with any veteran having neither wife, child, nor dependent parent who is being furnished hospital treatment, institutional, or domiciliary care by the Veterans' Administration and who has been deemed by the Administrator of Veterans' Affairs to be insane. In such cases the pension, compensation, or retirement pay is subject to the provisions of subsection (A) as set forth above, provided, however, that if the veteran is subsequently found to be competent, the payment of any lump sum authorized in subsection (A) shall not be made until the expiration of 6 months following a finding of competency. Subsection (B) contains a limitation existing in the present law to the effect that where the estate of such insane veteran derived from any source equals or exceeds \$1,500 further payments of such benefits will not be made until the estate is reduced to \$500.

In the case of any insane veteran subject to the provisions of subsection (B), it is further provided that the Administrator of Veterans' Affairs may, in his discretion, and in accordance with instructions issued by him, pay all or any part of the pension, compensation, or retirement pay payable on account of any such veteran to the chief officer of the institution wherein the veteran is maintained; to be properly accounted for and to be used for the benefit of the veteran; or all or any part of the pension, compensation, or retirement pay may be paid to the guardian of the veteran in accordance with the provisions of paragraph 1 of section 21 of the World War Veterans' Act, 1924, as amended; or in the event the veteran has a wife, child, or dependent parent, the Administrator is authorized to make payment of all or any part to the wife or apportion it on behalf of such wife, child, or dependent parent; or otherwise dispose of it in accordance with the provisions of paragraph 3 of section 21 of the World War Veterans' Act, 1924, as amended.

Subsection (C) of section 1 applies to any veteran who is being furnished hospital treatment, institutional or domiciliary care by the United States or any political subdivision thereof who has a wife, child, or dependent parent and it authorizes the Administrator, in his discretion, to apportion on behalf of such wife, child, or dependent parent any pension, compensation, or retirement pay. The authority is now contained in the present law, but is reenacted in this measure.

Subsection (D) of section 1 provides that 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, provided that in no event shall increased pension, compensation, or retirement pay of such veteran be granted for any period more than 1 year prior to receipt of satisfactory evidence showing such veteran has a wife, child, or dependent parent. Under present law, the period within which the veteran must produce such evidence is limited to 6 months.

Subsection (E) of section 1 repeals subparagraphs (A), (B), (C), and (D), of paragraph VI of Veterans Regulation No. 6 (a), as amended, one of the effects of which will be to restore full pensions to members of State and national soldiers' homes.

By letter dated June 1, 1946, the Veterans' Administration submitted to your committee a report on S. 2078, Seventy-ninth Congress, "A bill to provide that a veteran's pension, compensation, or retirement pay shall not be reduced during his hospitalization or domiciliary care." In that report, a copy of which is enclosed, a comprehensive statement on this subject was presented and the various factors involved were discussed at length. After a thorough study of the problem and serious consideration of the many possible methods of liberalizing the law, it was recommended by the Veterans' Administration that the law be changed to provide that, except in the case of insane veterans, there shall be no reduction of pension, compensation, or retirement pay for any veteran having neither wife child, nor dependent parent, who is being furnished hospital treatment, institutional, or domiciliary care, by the United States or any political division thereof. In the case of a veteran without dependents who is so maintained and who shall be deemed insane, it was recommended that the present provisions of the law as to the reduction, discontinuance, and control of payments shall be applicable, except that if such veteran shall recover his reason and be discharged from such treatment or care as competent, such additional sum shall be paid him as would equal the total sum by which his pension, compensation, or retirement pay has been reduced or discontinued.

Hospitalization records disclose that during the 6-months' period ending December 31, 1945, out of a total load of 149,072 cases, 140,953, or 94.5 percent, were hospitalized for periods of less than 6 months. This group, of course, also includes veterans with dependents. It is, therefore, apparent that the vast majority of hospital cases will be unaffected by the reduction provisions of H. R. 6811. It is doubtful whether the proposed limitations on payments, chiefly for disciplinary purposes, in the remaining small minority of cases, would justify the great additional clerical and fiscal work which would be involved in the administration of the bill. As indicated from the study mentioned above, the Veterans' Administration has concluded that if it is desirable to liberalize the law on this subject the most practicable and feasible solution lies in the allowance of full payments to veterans during the entire period of their maintenance or care, with the exception of mental cases.

The provision that where treatment or care is terminated by the veteran against medical advice or as a result of disciplinary action, the amount by which any pension, compensation, or retirement pay is reduced shall be paid to him at the expiration of 6 months after such termination, represents a weak punitive measure

inasmuch as the veteran concerned ultimately receives the amount withheld. It is not believed that this provision would serve materially to discourage premature departures. The second penalty provided by the bill, namely, that the veteran will be reduced immediately upon any future readmission for treatment or care, is of doubtful value inasmuch as it may deter veterans who require corrective hospital measures to cure or alleviate the disability present from pursuing such proper medical courses or from doing so promptly; thereby practically insuring that many of these cases in the years to come will cost the Government considerably more money in the form of pension or compensation than would have been the case if medical treatment had been sought in time. The provision that such a veteran would ultimately receive in a lump sum the amount of such reduction upon his discharge with approval would not operate in some instances to overcome this objection.

Notwithstanding the provision for a lump-sum payment upon an approved discharge, it is doubtful if the proposed legislation will be effective in assuring the retention of hospital patients until maximum benefit has been attained. In many instances patients whose conditions require a period of hospital treatment in excess of 6 months will be inclined to leave the hospital in order to avoid a reduction in compensation or pension and impoundment of funds.

Since the submission of its recommendations in the mentioned report on S. 2078, the Veterans' Administration has given careful study to the use of the term "insane" in connection with the subject legislation. The term is often considered odious in its connotations and, in many instances, its use is inaccurate and misleading. It is believed that for the purpose of determining competency the governing criteria in cases of mental illness should be an inability on the part of the veteran to manage his own affairs and to protect his own interests due to mental impairment, rather than a judicial or administrative finding of insanity. Accordingly, if further consideration is given to H. R. 6811, or in the event proposed legislation similar to that recommended by the Veterans' Administration is approved, it is recommended that the phrase "deemed by the Administrator of Veterans' Affairs to be insane", in lines 14 and 15, page 4, and the word "insane" in line 21, page 4, be deleted and that the following be substituted in the respective places:

"rated by the Veterans Administration in accordance with regulations as being incompetent by reason of mental illness";
"incompetent".

It is noted that under the provisions of the third proviso of subsection 1 (B) of the two bills there would be no authority to continue or to make institutional awards in behalf of insane veterans hospitalized in State or other institutions in cases in which the hospitalization is not being provided at the expense of the Veterans' Administration, which authority is presently contained in Veterans Regulation 6 (a), paragraph VI (B), as amended by section 13, Public Law 144, Seventy-eighth Congress. It would thus be necessary to obtain the appointment of guardians in many cases of incompetent veterans in State or other institutions who are not being hospitalized at the expense of the Veterans' Administration. This has application specifically to cases in which the incompetent veteran is not entitled to payment of any benefits for his mental illness but is entitled to small monthly payments for a service-connected physical disability, or cases in which apportionments are made to dependents and the appointment of a guardian for the veteran is not indicated to receive his share of the pension or compensation payable. It is highly desirable in the interest of such incompetent veterans, that the appointment of guardians with resulting expenses be avoided and that there be authority to make payment of the compensation or pension through means of institutional awards to the chief officer of the institution wherein the veteran is hospitalized. In the event of further consideration of H. R. 6811, it is recommended that the third proviso of subsection 1 (B) thereof be amended by substituting for the word "such" in line 1, page 5, the word "incompetent", and substituting for the word "maintained" in line 5, page 5, the word "hospitalized".

It is estimated that section 1 will cost approximately \$13,148,000 for the first year affecting approximately 85,200 veterans of all wars and the Regular Establishment.

The purpose of section 2 of the bill is to increase by 20 percent all monthly rates of compensation and pension received by veterans of World War I and World War II and their dependents under the laws or regulations administered by the Veterans' Administration.

The rates of pension and compensation provided for World War I and World War II veterans were increased by 15 percent by Public Law 312, Seventy-eighth

Congress, approved May 27, 1944. With the increase provided by the bill, compensation and pension of World War I and World War II veterans for service-connected disability would be increased by more than 35 percent of the amount payable to them prior to June 1, 1944.

It has been the policy of the Congress to establish rates of pension for service-connected disability incurred in active service during peacetime conditions at approximately 75 percent of the rate provided for disability incurred in wartime service. The bill does not propose any increase in the peacetime rates, and the proposed increase in the wartime rates would impair the ratio heretofore established. Moreover, this section of the bill would authorize 20 percent increase in the special awards and allowances fixed by law, which were specifically excluded by Public Law 312, Seventy-eighth Congress, above referred to. This would also be a departure from the policy heretofore established, and such departure would appear undesirable because statutory awards and allowances bear no direct relationship to the actual degree of existing disability. Such awards and allowances were in conflict with the basic theory that compensation and pension for service-connected disability should be proportionate to the actual degree of disablement resulting therefrom. The proposed increase would lessen the proportion between the compensation or pension and the degree of disability on which the award is based.

The 20-percent increase proposed would also be applicable to the pension provided for non-service-connected permanent total disability under the provisions of part III, Veterans Regulation No. 1 (a), which was increased from \$30 per month to \$40 per month under Public Law 601, Seventy-seventh Congress, approved June 10, 1942, and again increased to \$50 per month, except that where such veterans shall have been rated permanent and total and in receipt of pension for a continuous period or reach the age of 65 years, the amount of pension is \$60 monthly, under Public Law 313, Seventy-eighth Congress, approved May 27, 1944.

The proposed increase would also be applicable to the dependents of deceased World War I veterans entitled to compensation or pension under the provisions of the World War Veterans' Act, 1924, as amended, and restored with limitations by Public Law 141, Seventy-third Congress, approved March 28, 1934, and to the dependents of deceased World War I and World War II veterans under Public Law 2, Seventy-third Congress, March 20, 1933, as amended, and under Public Law 484, Seventy-third Congress, June 28, 1934, as amended. The monthly rates of compensation provided for widows and children of deceased World War I and World War II veterans who die or have died as the result of service-connected disability were increased by Public Law 144, Seventy-eighth Congress, July 13, 1943, to the following amounts: Widow but no child, \$50; widow with one child, \$65, with \$13 for each additional child; no widow but one child, \$25; no widow but two children, \$38, with \$10 for each additional child (total amount not to exceed \$100).

The monthly rates of compensation to widows and children of deceased World War I and World War II veterans under Public Law 484, Seventy-third Congress, were increased by Public Law 312, Seventy-eighth Congress, approved May 27, 1944, to the following amounts: Widow but no child, \$35; widow and one child, \$45, with \$5 for each additional child; no widow but one child, \$18; no widow but two children, \$27; no widow but three children, \$36, with \$4 for each additional child (total amount not to exceed \$74).

The legislative history of the several laws establishing rates of compensation or pension reveals that prior to the enactment thereof the Congress gave consideration to various factors; e. g., the rates being paid to similar groups of veterans under the laws in effect at the time the proposed rates were being considered; differentiation between benefits based upon service-connected disability or death, and those based upon non-service-connected disability or death; historical development of the pension or compensation program of the group involved, including consideration of the program pertaining to similar groups and the effect of the proposed legislation; the estimated expenditure involved, and the ability of the Government to meet the obligation which would be assumed.

It appears that the higher cost of living now prevailing will be urged in support of the increases proposed by section 2 of the bill. It is believed that appropriate recognition of this factor could best be given only in its relationship to other important factors, including prevailing wage levels. Recognition of the factors of the cost of living and prevailing average wages would lead to variations of the basic rates of pension and compensation in accordance with the fluctuations in the cost of living or in the prevailing wage or some combination of such factors. Any

12 VETERANS' COMPENSATION DURING HOSPITALIZATION

such approach to the problem would also involve consideration of further variations because of local differentiation in the cost of living and prevailing wage scales.

The current increase in wage and income levels and the wider spread of employment opportunity make it easier for the partially disabled person and for the less-skilled members of a family to secure employment and earn more money and thus supplement the compensation or pension income. While the present system of fixing rates of compensation or pension for disabled veterans of World Wars I and II is based, to some extent, on the experience of the United States and the several States with workmen's compensation statutes, the rates are not based entirely upon such considerations and, in particular, the various statutory awards are a departure from the plan of compensation and constitute a considerable supplement to the basic rates of compensation. Furthermore, the compensation rates are designed as a supplement to the earning capacity of a veteran, other than one who is totally and permanently disabled, and could not be considered a substitute for the amount which the veteran might have earned. If compensation had been designed as a substitute for earning capacity it would have been necessary to fix the rates on an individual rather than on the average basis.

There is also for consideration the fact that the benefits paid under laws administered by the Veterans' Administration are wholly exempt from taxation and although the rates are fixed, they are not subject, as are other incomes, to reduction by way of income, social security, or other taxes, either Federal or State. Disabled veterans also have the advantages of other benefits from the Government, including insurance, rehabilitation, hospitalization, domiciliary care, and employment preference.

The interests of the veterans are necessarily interwoven with the welfare of the country. If increases are granted on the theory of an increase in the cost of living, it may well happen that if the cost of living should be reduced, there would arise a demand that these increases be wiped out. It is considered that veterans have greater security with a stabilized compensation or pension upon which they can depend.

Based on the estimated disbursements for the fiscal year 1947 for compensation and pension, it is estimated that section 2 of the bill, if enacted, would cost approximately \$285,450,000, for the first year.

In view of the foregoing, the Veterans' Administration is unable to recommend favorable consideration of H. R. 6811.

It should be noted that the proposed amendment to H. R. 6811, introduced by Senator Overton, is now under study by the Veterans' Administration, and a separate report thereon will be made to your committee at an early date.

Due to the urgent request of the committee for a report on this measure, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President. A supplemental report will be furnished later in that connection.

Very truly yours,

OMAR N. BRADLEY,
*General, United States Army,
Administrator.*

The committee approved the amendment introduced by Mr. Overton in support of H. R. 6811 and as an explanation for approving this amendment the letter from Mr. Overton on this amendment is as follows and is self-explanatory:

UNITED STATES SENATE,
Washington, D. C., July 8, 1946.

Re H. R. 6811.

Senator EDWIN C. JOHNSON,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am addressing this letter to you as chairman of the Senate Committee on Finance subcommittee which will consider the above-captioned bill relating to veterans' pension, compensation, or retirement pay during hospitalization, institutional or domiciliary care. I have introduced an amendment to the bill making provision for those veterans suffering from Hansen's disease (leprosy).

As you know, the United States Marine Hospital at Carville, La., under the jurisdiction of the Public Health Service, is the only leprosarium in this country.

While all other patients at the hospital receive free treatment, the Veterans' Administration pays for the hospitalization of the 27 veterans, but in so doing cuts the compensation given them.

The victims of Hansen's disease are, at the minimum, hospitalized for 3 years and very possibly for life. The provisions of H. R. 6811, therefore, will be of little aid.

I quote from a letter received from Mr. Joe Valma, commander of the Marine Hospital Post 188, American Legion, Carville:

"We want to cite you two cases of veterans with dependents which will make very clear to you the plight of the veterans without dependents:

"(1) A single veteran with an aged dependent mother. He receives all his compensation and provides for his mother and is able to pay an orderly. This veteran, though blind, is very active in welfare work and can lead a fairly normal life as much as the confines of this place permit. But when his mother passes on, he will have to go and live in a house where one orderly is furnished for six or eight.

"(2) A blind and totally helpless veteran with a dependent wife who is bed-ridden in another hospital suffering from a different ailment. Veteran pays an orderly and gets reasonably good care. He will probably outlive his wife and you can readily see how far the \$20 he will receive will go. Both of these men have been here 15 years or more so you can see what the veterans without dependents have to look forward to."

I am certain that there can be no objection to my amendment and I shall very much appreciate your having the amendment included in H. R. 6811 as it is reported to the Senate.

Thanking you for your courtesy, I am
Sincerely,

JOHN H. OVERTON,
United States Senator.

COST OF THE BILL

Section 1 of the bill will cost \$13,148,000.

Section 2 of the bill will cost \$285,450,000.

The total cost of the bill will be \$298,598,000.

