

SOCIAL SECURITY AMENDMENTS OF 1967

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COMPARISON OF H.R. 12080, AS PASSED BY  
THE HOUSE OF REPRESENTATIVES,  
WITH EXISTING LAW

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COMMITTEE ON FINANCE  
UNITED STATES SENATE  
RUSSELL B. LONG, *Chairman*



AUGUST 23, 1967

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# MAJOR PROVISIONS OF H.R. 12080, SOCIAL SECURITY AMENDMENTS OF 1967, AS PASSED BY THE HOUSE OF REPRESENTATIVES

## I. Old-Age, Survivors, Disability, and Health Insurance Amendments

### A. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

#### 1. INCREASE IN SOCIAL SECURITY BENEFITS

Benefits would be increased by 12½ percent for people now receiving benefits, with a minimum benefit of \$50 a month for a worker who retired at age 65 or later. Under present law benefits range from \$44 to \$142 a month for retired workers who are now receiving benefits and who retired at age 65 or later. Under the provisions of H.R. 12080 these amounts would be increased to \$50 and \$159.80. The average social security benefit now paid to all aged couples—\$145 a month—would be increased to \$164.

The bill provides for an increase in the amount of special payments now given to certain people age 72 and over from \$35 to \$40 for a worker or a widow, and from \$52.50 to \$60 for a couple.

Provision is made in the bill to increase the amount of earnings which would be subject to social security taxes and used in computing benefits. Under present law a person pays taxes on—and will collect benefits on—annual earnings of not more than \$6,600. Under H.R. 12080 this amount would be increased to \$7,600 a year, effective January 1, 1968.

*Effective date.*—The increased benefits would be payable beginning with the second month after the month in which the bill is enacted.

#### 2. BENEFITS TO DISABLED WIDOWS AND WIDOWERS

The bill provides for the payment of monthly benefits to those disabled widows and widowers of covered deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first received benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be determined to be disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, is deemed to be severe enough to preclude any gainful activity.

*Effective date.*—Benefits would be payable for the second month after the month in which the bill is enacted. It is estimated that 65,000 widows and widowers would be eligible for disability benefits upon enactment, and that \$60 million in benefits would be paid in 1968.

#### 3. CHANGE IN THE RETIREMENT TEST

The bill provides for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly wages a person can have (who does not engage in substantial self-employment) and still get a benefit for the month. As in present law, the bill provides that \$1 in benefits be withheld for each \$2 of the first \$1,200 of earnings above the annual exempt amount, and \$1 in benefits for each \$1 in earnings above that amount.

*Effective date.*—The provision would be effective for earnings in 1968. It is estimated that about 760,000 people would receive additional benefits, amounting to \$140 million in the first year.

#### 4. DEPENDENCY OF A CHILD ON THE MOTHER

Under the bill a child would be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child would be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six quarters of work out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

*Effective date:* Benefits would be payable beginning with the second month after the month of enactment. It is estimated that 175,000 children would become entitled to benefits upon enactment and that \$82 million in benefits would be payable in 1968.

#### 5. COVERAGE OF MINISTERS

Under the bill the services of ministers would be covered automatically under social security unless a minister specifically states that he is conscientiously opposed to the acceptance of public insurance benefits based on his service as a minister. In this case he would have to file an application for exemption of coverage within two years after becoming a minister and having ministerial earnings or two years after the enactment of the bill. The services of members of religious orders who have taken vows of poverty would be covered or excluded on the same basis as services of ministers. Effective for taxable years ending after 1967.

Under present law ministers and members of religious orders who have not taken a vow of poverty can elect whether they want coverage under the social security system.

#### 6. DEFINITION OF DISABILITY FOR WORKERS

H.R. 12080 would provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives.

#### 7. INSURED STATUS FOR WORKERS DISABLED BEFORE AGE 31

Under the bill, a worker who became disabled before age 31 could qualify for disability benefits if he had worked in one-half of the quarters between the time he was age 21 and the time he became disabled, if he had a minimum of six quarters of coverage. This would be an alternative to the present requirement that the worker must have worked for a total of 5 years out of the last 10 years in covered employment.

*Effective date.*—Benefits would be payable for the second month after the month in which the bill is enacted.

It is estimated that about 100,000 people, disabled workers and their dependents, would become entitled to benefits upon enactment, and that \$70 million in benefits would be paid in 1968.

#### 8. WAGE CREDITS FOR SERVICEMEN

For social security benefit purposes, the earnings of a person in the uniformed services would be considered to be \$100 a month more than his basic pay. The cost of paying the additional benefits under this provision would be paid from general revenues.

*Effective date.*—For service after 1967.

## 9. UNDERPAYMENTS

The bill would specify the following order of payment of cash benefits due a person who has died: (1) the surviving spouse if she was entitled to benefits on the same earnings record as the deceased beneficiary, (2) his child or children if they were entitled to benefits on the same earnings record as the deceased beneficiary, (3) his parent or parents if they were entitled to benefits on the same earnings record as the beneficiary, (4) the legal representative of the estate, (5) the surviving spouse who is not entitled to benefits on the same earnings record as the deceased beneficiary, and (6) the child or children who are not entitled to benefits on the same earnings record.

### 10. HUSBAND'S AND WIDOWER'S INSURANCE BENEFITS WITHOUT REQUIREMENT OF WIFE'S CURRENTLY INSURED STATUS

H.R. 12080 would repeal the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

## B. HEALTH INSURANCE

### 1. CREATION OF ADVISORY COUNCIL TO STUDY COVERAGE OF THE DISABLED UNDER THE HEALTH INSURANCE PROGRAM

Provision is made for the creation of an Advisory Council to study the problems related to the coverage of the disabled under the health insurance program, including the costs of such coverage. The Council would be appointed by the Secretary of Health, Education, and Welfare, and required to make its report by January 1, 1969.

### 2. INCREASE IN NUMBER OF COVERED HOSPITAL DAYS

The bill provides for an increase from 90 to 120 in the number of hospital days which would be covered in one spell of illness under medicare. However, a patient would have to pay a coinsurance amount of \$20 a day (initially) for each additional day above 90. This amount would be subject to adjustment after 1968 to reflect changes in hospital costs.

*Effective date.*—January 1, 1968.

### 3. METHOD OF PAYING PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Under present law there are two methods of paying for physicians' services: by receipted bill or by assignment. H.R. 12080 would provide a third alternative: A physician could submit his itemized bill to the insurance carrier for payment. If the bill was no more than the reasonable charge for the service as determined by the carrier, then payment would be made to the physician. If the charge was higher than the reasonable charge, the payment would be made to the patient. If the physician was unwilling to submit the bill to the carrier, the patient could submit the itemized bill and receive the payment. As under present law, payment would be 80 percent of the reasonable charge after the \$50 deductible had been met.

*Effective date.*—For payments for services furnished in or after January 1968.

### 4. TRANSFER OF OUTPATIENT HOSPITAL SERVICES FROM THE HOSPITAL INSURANCE PROGRAM TO SUPPLEMENTARY MEDICAL INSURANCE

The bill provides for the transfer of hospital outpatient diagnostic services from coverage under the hospital insurance program to coverage under the supplementary medical insurance program. As a result, all hospital outpatient services would become subject to the deductible (\$50 a year) and coinsurance (20 percent) features of the supplementary medical insurance program.

*Effective date.*—January 1, 1968.



#### 5. HOSPITAL INSURANCE BENEFITS FOR PERSONS NOT MEETING THE INSURED STATUS REQUIREMENT

H.R. 12080 provides for hospital insurance benefits for a person not eligible for cash social security benefits who attains age 65 in 1968 if he has a minimum of three quarters of covered work under social security. The number of quarters of coverage which would be required would increase by three in each year thereafter, until the fully insured status requirement is met. Under present law no benefits are payable unless such a person has a minimum of six quarters of coverage.

#### 6. COVERAGE OF SERVICES BY PODIATRISTS

The definition of physicians would be changed to include a doctor of podiatry with respect to the services he is authorized to perform under the laws of the State. No payment would be made for routine foot care.

*Effective date.*—For services performed on or after January 1, 1968.

#### 7. STUDY OF INCLUSION UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM OF SERVICES BY ADDITIONAL TYPES OF LICENSED PRACTITIONERS

The bill directs the Secretary of Health, Education, and Welfare to study the inclusion under the supplementary medical insurance program of services performed by additional kinds of licensed practitioners who are performing health services in independent practice. The Secretary would have to report his findings and recommendations before January 1, 1969.

#### 8. ELIMINATION OF REQUIREMENT OF PHYSICIAN CERTIFICATION

The bill would eliminate the existing requirement that a physician certify that an inpatient requires hospitalization at the time he enters a general hospital. It would also eliminate the requirement that a physician certify the necessity of hospital outpatient services.

*Effective date.*—January 1, 1968.

#### 9. PAYMENT FOR CERTAIN RADIOLOGICAL OR PATHOLOGICAL SERVICES

The bill would authorize the payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. All physician services and related services are subject to a \$50 deductible and 20-percent coinsurance.

*Effective date.*—January 1, 1968.

#### 10. BILLING BY HOSPITALS FOR SERVICES FURNISHED TO OUTPATIENTS

Under the bill hospitals would be permitted to collect charges from outpatients for services which do not exceed \$50 (subject to final settlement in accordance with existing reimbursable cost provisions).

#### 11. EXPERIMENTS TO STUDY METHODS OF HOSPITAL REIMBURSEMENT

The bill would authorize the Secretary to develop and engage in experiments to study alternative methods of reimbursing hospitals under the medicare, medical assistance and child health programs which would provide incentives to keep costs down while maintaining quality of care.

### C. FINANCING THE SOCIAL SECURITY PROGRAM

Under the bill, there would be an increase in the tax rate, amounting ultimately to 0.5 percent of payroll. In addition, the amount of earnings taxed would be increased from \$6,600 to \$7,600 a year, beginning January 1, 1968.

Also beginning in 1968 there would be an increase in the amount of social security taxes which are allocated to the disability insurance trust fund. The percentage of taxable earnings which would go to that trust fund would increase from the present .70 percent to .95 percent (as to the employer-employee combined rate).

As a safety measure in the first year and one-half of operation, the supplementary medical insurance trust fund was provided with a contingency fund (in the form of a repayable loan from the general fund). Under the bill this fund would be continued until 1969.

## II. Public Welfare

### A. AMENDMENTS RELATED TO THE AID TO DEPENDENT CHILDREN PROGRAM AND CHILD WELFARE

#### 1. REQUIREMENT FOR STATES TO DEVELOP PROGRAMS FOR AFDC RECIPIENTS

The bill would require the States to develop a program for each appropriate relative and dependent child who is receiving aid to dependent children which would assure, to the maximum extent possible, their entry or re-entry into the labor force with the goal of making them self-sufficient. The States would have to give each appropriate adult and each child over age 16 who is not in school such services as employment counseling, testing, and job training. Day care services would have to be provided for the children of mothers who are determined to be able to work or take training, as well as such other services which may be necessary to make the family self-sustaining. A dependent child's adult caretaker who refuses employment or training without good cause would be cut off the rolls, but payment to the child would be made to someone else on the child's behalf.

The bill would also require the State agencies to bring to the attention of appropriate court or law enforcement agencies all situations involving the neglect, abuse, or exploitation of children. Protective or vendor payments would have to be provided in cases where it is determined that the adult relative cannot manage funds in the child's behalf.

States would be required under the bill to develop programs aimed at preventing or reducing the incidence of illegitimate births and strengthening family life. States would have to undertake to establish the paternity of an illegitimate child receiving aid to dependent children and to secure support for him. Family planning services would have to be offered (on a voluntary basis with respect to individuals) to AFDC recipients in all appropriate cases.

These provisions would become effective October 1, 1967, and would be mandatory on all the States after July 1, 1969. Provision is made for 85-percent Federal matching until July 1, 1969, and 75 percent thereafter.

#### 2. COMMUNITY WORK AND TRAINING PROGRAMS

The States would be required, effective July 1, 1969, under H. R. 12080, to have community work and training programs designed to conserve work skills and develop new skills for appropriate relatives and children receiving aid to families with dependent children. Programs would have to be in effect in all political subdivisions of a State in which there is a significant number of AFDC recipients. Assistance would not be paid for any person from whom participation in a work and training program was deemed appropriate if he refused to participate without good cause. The programs would have to conform to standards prescribed by the Secretary. Provision is made for 85-percent Federal matching for training, supervision, and materials until July 1, 1969. Matching would be 75 percent thereafter. Under present law, community work and training programs are optional with the States, and only 12 States have undertaken them. There is no provision in present law for Federal matching for the costs of training, supervision, and materials.

#### 3. EARNINGS EXEMPTIONS

H.R. 12080 would require that each State provide in its program of aid to families with dependent children for an exemption of certain earnings by recipients. In determining the amount of assistance payments, States would have to disregard the first \$30 of earned family income, plus one-third of earnings above that amount for each month. Earnings of children under age

16 and of those age 16 to 21 who are attending school full time would be fully exempt.

In order to qualify initially for assistance and for the earnings exemption a family would have to have an income below the State standard of need. The work exemption would not apply if a person terminated his employment or reduced his earned income without good cause, or if he refused without good cause a bona fide offer of employment.

#### 4. DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

H.R. 12080 would provide that under State programs of aid to families with dependent children of unemployed parents, which are now in effect in 22 States, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The bill also provides that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the bill, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force, as specified in the bill. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good cause to accept employment, or if he is receiving unemployment compensation.

The States would have to assign recipients to work and training programs within 30 days after first providing assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969, and are not required to have community work and training before that date. However, the amendment establishing criteria for persons covered would be effective October 1, 1967, and no Federal matching would be provided for persons who do not meet these criteria.

#### 5. SERVICES FURNISHED BY PUBLIC EMPLOYMENT OFFICES OF THE STATE

The bill directs the Secretary of Health, Education, and Welfare to enter into cooperative agreements with the Secretary of Labor for the provision through the public employment offices in each State of the services specified as necessary to assure that assistance recipients are registered at such offices, are receiving testing and counseling services, and are given job referrals.

#### 6. FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in foster homes, if in the 6 months before court proceedings started the children would have been eligible for AFDC payments if they had lived in the home of a relative. Federal matching would be available for grants up to an average of \$100 a month per child. The provision would be optional with the States before July 1, 1969.

Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were removed from their homes by a court.

#### 7. EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH DEPENDENT CHILDREN

The bill would provide for 50-percent Federal matching for cash payments, and 75-percent matching for services which are needed to provide emergency assistance to needy families with dependent children. The assistance would be

limited to 30 days, and no more than one 30-day period could be provided for in 1 year. Included among the items which could be covered are money payments, payments in kind, payments for medical care, and other services specified by the Secretary.

### 8. CHILD WELFARE SERVICES

The bill would provide for transferring the provisions for all child welfare services from title V to title IV of the Social Security Act, the title which now provides for programs of aid to families with dependent children. At present child welfare services which are for children other than AFDC recipients are provided in title V. States would be required to furnish services to all children through the organizational unit which administers the AFDC program. Federal matching would be 75 percent of the cost of child welfare services to AFDC children. The authorization for services for non-AFDC children would be increased to \$100 million for fiscal year 1969 (\$55 million under present law) and to \$110 million for each year thereafter (\$60 million under present law).

### 9. LIMITATION ON FEDERAL PARTICIPATION IN AFDC PROGRAMS

The bill would provide that the proportion of all children under age 21 who were receiving AFDC payments in each State in January 1967 on the basis of the absence from the home of a parent could not be exceeded after 1967. Payments for any number above this proportion would have to be made without Federal participation.

## B. MEDICAL ASSISTANCE (TITLE XIX) AMENDMENTS

### 1. LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

The bill would provide for a limitation on the income levels which States can establish in determining eligibility for medical assistance. Federal matching would be made only if the family income level determining eligibility was not higher than (1) 133% percent of the highest amount ordinarily paid to a family without any income or resources of the same size under the AFDC program, or (2) 133% percent of the State per capita income for a family with four members (and comparable amounts for families of different sizes). The percentages would be effective July 1, 1968, except that for States which already have medical assistance programs in operation the proportion would be 150 percent from July 1, 1968, to January 1, 1969, and 140 percent from January 1, 1969, to January 1, 1970.

### 2. REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PROGRAMS

The bill would allow the States to provide under their medical assistance programs either those five types of benefits which are now required, or any seven of the first 14 which are specified in the law. See page 42 for list.

### 3. ADVISORY COUNCIL ON MEDICAL ASSISTANCE

H.R. 12080 provides for the creation of an Advisory Council on Medical Assistance to advise the Secretary on questions of administration under the title XIX program. The Council would be composed of 21 persons chosen from outside the Government.

## C. OTHER PUBLIC ASSISTANCE AMENDMENTS

### 1. FEDERAL PAYMENTS FOR REPAIRS TO HOMES OF ASSISTANCE RECIPIENTS

Federal matching of 50 percent could be made for repair of a home owned by an assistance recipient if it is found that the repairs will assure the recipient of continued occupancy of his home, that unless repairs are made rental quarters will be necessary, and that the cost of rental quarters would exceed the cost of repairs needed to make the home habitable. Matching would be available for

expenditures up to \$500. The provision would apply to expenditures made after September 30, 1967.

### 3. SOCIAL WORK MANPOWER AND TRAINING

The bill authorizes \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the three succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

## D. CHILD HEALTH AMENDMENTS

### 1. CONSOLIDATION OF SEPARATE PROGRAMS UNDER TITLE V OF THE SOCIAL SECURITY ACT

The bill would consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

### 2. ADDITIONAL REQUIREMENTS FOR STATE CHILD HEALTH PROGRAMS

The bill would require that State plans provide for the early identification and treatment of crippled children. It would amend title XIX to reflect this requirement. States would also be required to emphasize family planning services and dental care for children in the development of demonstration projects.

### 3. PROJECT GRANTS

There is an authorization for project grants to (1) reduce the incidence of mental retardation and other handicapping conditions of children and reduce infant and maternal mortality, (2) promote the health of children and youth, and (3) provide dental services to children. The authorization for project grants for the dental health of children is new. After July 1972 the responsibility for these projects would be transferred to the States.

### 4. RESEARCH AND TRAINING

The bill would provide for training of personnel to give health care to children and mothers. Priority would be given to undergraduate training. The research authority would be amended to emphasize the study of the use of health personnel with varying levels of training in the performance of maternal and child health services.

## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

### I. COVERAGE

Item	Existing law	H.R. 12080
A. Self-employed.....	<p><i>Covers</i> all self-employed if they have net earnings from self-employment of \$400 a year except that certain types of income, including dividends, interest, sale of capital assets, and rentals from real estate are not covered unless received by dealers in real estate and securities in the course of business dealings.</p> <p>Permits exemption from the social security self-employment tax of individuals who have conscientious objections to insurance (including social security) by reason of their adherence to the established tenets or teachings of a religious sect (or division thereof) of which they are members.</p>	No change.
1. Ministers.....	<p><i>Covers</i> duly ordained, commissioned, or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for U.S. employers or serving a congregation predominantly made up of U.S. citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed.</p>	<p>Services of a clergyman (including members of religious orders who have taken a vow of poverty) would be automatically covered unless he elects not to be covered on the grounds that he is conscientiously opposed to social security coverage. Effective for taxable years after 1967.</p>
B. State and local government employees..	<p><i>Covers</i> employees of State and local governments provided the individual States enter into an agreement with the Federal Government to provide such coverage, with the following special provisions:</p> <p>a. <i>States have the option</i> of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.</p> <p>b. <i>Excludes</i> the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered:</p> <ol style="list-style-type: none"> <li>(1) Employees on work relief projects;</li> <li>(2) Patients and inmates of institutions who are employed by such institutions;</li> <li>(3) Services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, except that agricultural and student services in this category may be covered at the option of the State.</li> </ol>	<p>Emergency services are excluded on a mandatory basis. Also services of election officials who are paid less than \$50 in a calendar quarter would not be covered at the option of the State. Effective Jan. 1, 1968.</p>



members of the retirement system coverage group are covered compulsorily. Also authorize similar treatment of political subdivision retirement systems of these States.

Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may nevertheless elect coverage until 1966, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this amendment would begin on the same date as coverage became effective for the group originally covered. People who are in positions under a retirement system who are not eligible to join the system due to personal disqualifications, such as those based on age or length of service, cannot be covered under the divided retirement system procedure.

C. Members of the Armed Forces-----

Covers members of the uniformed services, after December 1956, while on active duty (including active duty for training), with contributions and benefits computed on basic military pay.

Noncontributory wage credits of \$160 per month are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940-July 24, 1947) and during the postwar emergency period (July 25, 1947-Dec. 31, 1956).

Extends noncontributory wage credits to certain American citizens who, prior to Dec. 9, 1941, entered the active military or naval service of countries that, on Sept. 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after Sept. 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a U.S. citizen throughout the period of his active service or have lost his U.S. citizenship solely because of his entrance into such active service.

D. Retirement payments to retired partners.

Retirement payments made to retired partners are taxed and credited for social security benefit purposes like any other self-employment income even though they are not earnings for retirement test purposes if no services are performed.

Permits States if coverage is extended under the divided retirement system procedure to modify their agreement after 1967 to cover individuals who are not eligible to be members of the retirement system. Effective January 1, 1968.

Provides additional wage credits of \$100 for each \$100, or fraction thereof, of active duty basic pay up to \$300 a quarter. Effective for service in uniformed services after Dec 31, 1967.

Retirement payments received by a retired partner would be excluded for all purposes if the retired partner had no interest in the partnership, and rendered no services to the partnership, and if his share of the capital of the partnership had been paid to him. The payments must be made under a written plan which meets requirements set up by the Secretary of the Treasury; the plan must provide that the payments must be on a periodic basis and continue until the partner's death. Effective for taxable years ending on or after Dec. 31, 1967.



**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**II. PROVISIONS RELATING TO DISABILITY**

Item	Existing law	H. R. 12080
<b>A. Nature of the provisions:</b>		
1. Benefits-----	Provides monthly benefits for disabled workers meeting eligibility requirements. Benefits are computed in the same way as retirement benefits. No provision for monthly benefits for disabled widows and widowers.	Monthly social security benefits would be payable between ages 50 and 62 to disabled widows and widowers of covered deceased workers. If benefits are first payable at age 50, they would be 50 percent of the primary insurance amount. Higher percentages would be payable—depending on the age at which benefits begin—up to 82½ percent of the primary insurance amount at age 62. The reduction would continue to apply to benefits payable after that time.
2. Disability "freeze"-----	Provides that when an individual for whom a period of disability has been established dies, or retires, on account of age or disability, his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes.	No change.
<b>B. Eligibility requirements:</b>		
1. Definition-----	For benefits or for the freeze, an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. (For purposes of the freeze only, a specified degree of blindness is presumed disabling.) The impairment must be medically determinable and one which can be expected to exist for not less than 12 months.	New guidelines would be provided in the law under which a person (other than a disabled widow or widower) could be determined to be disabled only if due to a physical or mental impairment (as defined) he is unable to engage in any kind of substantial gainful work which exists in the national economy even though such work does not exist in the general area in which he lives. A widow or widower would be determined to be disabled only if she or he has a physical or mental impairment that makes it impossible for them to perform any gainful work rather than substantial gainful work. Effective on enactment.
2. Entitlement to other benefits---	A person who becomes entitled before age 65 to a benefit payable on account of old age can later become entitled to disability insurance benefits. If prior benefit was a reduced benefit, disability insurance benefits would be reduced to take account of payment made for prior months.	No change.

**C. Insured status (work requirement)-----**

To be eligible an individual must—  
(1) have at least 20 quarters of coverage in the 40 quarters ending with the quarter in which the period of disability begins;  
(2) be fully insured;  
(3) Young workers who are blind and disabled: May meet an alternative insured status requirement under which workers disabled before age 31 are insured if not less than one-half (and not less than 6) of the quarters during the period elapsing after age 21 and up to the point of disability were quarters of coverage or, in the case of those disabled before age 24, at least one-half of the 12 quarters ending with the quarter in which disability began were quarters of coverage. To qualify for this alternative the worker would have to meet the statutory definition of blindness for the disability "freese." (See above.) Workers will, however, have to meet the other regular requirements for entitlement to disability benefits, including inability to engage in any substantial gainful activity.

No change.

Extends to all young workers the alternative insured status provisions which under present law apply to the blind only. Effective for 2d month after enactment.

**D. Disability benefits offset-----**

The social security disability benefit for any month for which a worker is receiving a periodic workmen's compensation benefit is reduced to the extent that the total benefits payable to him and his dependents under both programs exceed 80 percent of his average monthly earnings covered by social security prior to the onset of disability, but with the reduction periodically adjusted to take account of changes in earnings levels.

Provides that in determining 80 percent of average earnings, earnings in excess of the social security earnings base may be used. Effective for months after the month of enactment.

**III. DEPENDENTS BENEFITS**

**A. Adopted children-----**

An adopted child includes, in addition to a child legally adopted by the worker, a child living in the worker's home at the time the worker dies who is legally adopted by the worker's spouse within 2 years after the worker's death, provided that the child was not receiving regular and substantial contributions toward his support from (a) someone other than the worker or his spouse, or (b) a public or private welfare agency which furnishes assistance or services to children.

Would include in the definition of adopted child a child who was adopted by the worker's spouse more than 2 years after the worker's death, provided that proceedings to adopt the child had been initiated before the worker died. Effective for 2d month after enactment.

**B. Definitions of widow, widower and step-children.**

The relationship of widow, widower, or stepchild must have existed for at least 1 year. This requirement does not apply to the surviving widow or widower if the couple has a child, has adopted a child or if the surviving spouse is actually or potentially entitled to benefits on the earnings record of a previous spouse.

The duration-of-relationship requirements would be reduced to 9 months. The requirement would be further reduced to 3 months in the case of a worker's death by accidental means or if death occurred while he was on active duty in one of the uniformed services unless the Secretary of HEW determines that at the time the marriage occurred the worker could not reasonably have been expected to live for 9 months. Effective for the 2d month after enactment.

## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

### III. DEPENDENTS BENEFITS—Continued

Item	Existing law	H. R. 12080
<b>C. Dependents benefits based on woman worker's earnings record.</b> 1. Children.....	A child is dependent on his father or adopting father if the child is living with the father or the father is making regular and substantial contributions to the child's support. A child is also dependent on his father or adopting father unless the child has been adopted by someone else or the child is neither the worker's legitimate nor adopted child. A child is dependent on his stepfather if he is living with the stepfather or the stepfather is providing at least ½ of the child's support. A child is dependent on his mother or adopting mother if she is currently insured. If she is not currently insured, the child is dependent on her only if: (A) she is contributing at least ¼ of the child's support or (B) she is living with the child or is making regular contributions to the child's support and the child's father is neither living with the child nor making regular contributions to the child's support.	Would provide the same dependency requirements for benefits based on the earnings of a woman worker as present law requires for benefits based on the earnings of a male worker. Effective for 2d month after enactment.
2. Husbands and widowers.....	Husband's and widower's benefits can be paid to a husband or widower who was receiving ½ of his support from his wife at the time she became disabled, retired or died provided she was currently insured at such time.	Would eliminate the requirement that the wife be currently insured. Effective for 2d month after enactment.

### IV. BENEFIT AMOUNTS

<b>A. Creditable earnings</b> .....	Maximum amount of earnings that may be credited for benefit purposes is \$6,600 a year.	Would raise maximum amount to \$7,600 a year. Effective Jan. 1, 1968.
<b>B. Benefit formula</b> .....	The law contains a benefit table which is used to determine benefit amounts for both present and future beneficiaries. Though not stated in the law the formula is approximately 62.97 percent of the 1st. \$110 of average monthly earnings, plus 22.9 percent of the next \$200, plus 21.4 percent of the next \$150.	The table is amended to provide a 12½ percent benefit increase and to take account of the increase in creditable earnings to \$7,300 a year. The new formula is approximately 70.84 percent of the first \$110 of average monthly earnings, plus 25.76 percent of the next \$523. Effective for 2d month after enactment.
<b>C. Maximum primary insurance amount</b> ...	\$168 a month (\$550 average monthly wage).....	Increases to \$189 (\$550 average monthly wage) and eventually to \$212 (\$633 average monthly wage). Effective for 2d month after enactment.
<b>D. Maximum limit on wife's benefit</b> .....	No provision in present law; the wife's benefit is ½ of the primary insurance amount at all levels.	Limits wife's benefit to no more than \$105. Without this limit, the wife's benefit would eventually rise to \$106.
<b>E. Minimum primary insurance amount</b> ...	\$44 a month.	\$50 a month. Effective for 2d month after enactment.

**F. Maximum family benefits**-----

Family maximum benefits are set by a table in the law and range from \$66 a month to \$368.

Extends table to take account of rise in creditable earnings and minimum primary insurance amount. As a result the family maximum would range from \$75 to \$423.60 a month. Effective for 2d month after enactment.

**G. Reduction of disabled widow's and widower's benefits.**

No provision-----

Benefits to disabled widow's and widower's between ages 50 and 62 would be reduced by 43/198 of 1 percent for each month benefits are taken before age 60 and by 5/9 of 1 percent for each month between ages 60 and 62. Because widow's benefits, but not widower's benefits, are payable at the reduced rate between ages 60 and 62, the provision would have no effect on widow's benefits which begin at age 60 or later. Effective for 2d month after enactment.

**H. Limitation on the amounts paid to certain illegitimate children.**

Benefits are payable to the illegitimate child of a male worker if the worker acknowledges the child in writing, or has been found by a court to be the child's father, or has been ordered by a court to contribute to his child's support, or is shown by other satisfactory evidence to be the child's father. Benefits to such children are paid just as the benefits to any legitimate child.

Benefits to an illegitimate child could not exceed the difference between the total amounts payable to other persons on the worker's earnings record and the family maximum amount. Also extends provision to female worker. Effective for 2d month after enactment.

**I. Computation involving 1937-50 wages**---

When it is necessary to use 1937-50 wages to compute a benefit the actual wages shown in the social security records are used. Unlike other wages, yearly wages for this period have not been placed on magnetic tape for electronic data processing. A manual examination of the wages is therefore necessary.

To permit electronic data processing a person would be deemed to have been paid all of the wages credited to him for the period 1937-50 in 9 years before 1951 if his total wages for the period do not exceed \$27,000; if the total wages in the period exceed \$27,000, the wages would be deemed to have been paid at the rate of \$3,000 a year. People who require 7 or more quarters of coverage to be insured would be deemed to have 1 quarter of coverage for each \$400 of wages earned in the period 1937-50. Effective on enactment for benefits due after 1966.

**J. Benefits for certain individuals age 72 and over.**

Monthly benefits of \$35 a month are provided for a single person and \$52.50 a month for a couple in cases where the person has no work, or not enough to be insured, under social security.

Benefits would be increased to \$40 a month for a single person and to \$60 a month for a couple. Effective for 2d month after enactment.

**K. Illustrative benefits:**

Illustrative monthly benefits payable under present law and under H.R. 12080 are shown in the following table

Average monthly earnings	Worker <sup>1</sup>		Man and wife <sup>2</sup>		Widow, widower, or parent, age 62		Widow and 2 children	
	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill <sup>3</sup>
267	\$44.00	\$50.00	\$66.00	\$75.00	\$44.00	\$50.00	\$66.00	\$75.00
150	78.20	88.00	117.30	132.00	64.60	72.60	120.00	132.00
250	101.70	114.50	152.60	171.80	84.00	94.50	202.40	202.40
300	112.40	126.50	168.60	189.80	92.80	104.40	240.00	240.00
350	124.20	139.80	186.30	209.70	102.50	115.40	279.60	280.90
400	135.90	152.90	203.90	229.40	112.20	126.20	306.00	322.40
550	168.00	189.00	252.00	283.50	138.60	156.00	368.00	391.20
633	( <sup>4</sup> )	212.00	( <sup>4</sup> )	317.00	( <sup>4</sup> )	174.90	( <sup>4</sup> )	423.60

<sup>1</sup> For a worker who is disabled or who is age 65 or older at the time of retirement and a wife age 65 or older at the time when she comes on the rolls.

<sup>2</sup> Survivor benefit amounts for a widow and 1 child or for 2 parents would be the same as the benefits for a man and wife, except that the total benefits would always equal 150 percent of the worker's primary insurance amount; it would not be limited to \$317.

<sup>3</sup> For families already on the benefit rolls who are affected by the maximum benefit provisions, the amounts payable under the bill would in some cases be somewhat higher than those shown here.

<sup>4</sup> Not applicable, since the highest possible average earnings amount is \$550.

**V. RETIREMENT TEST**

Item	Existing law	H.R. 12080
A. Test of earnings-----	<p>Provides that benefits will be withheld from a beneficiary under age 72 (and from any dependent drawing on his record) at the rate of \$1 in benefits for each \$2 of annual earnings between \$1,500 and \$2,700 and \$1 in benefits for each \$1 of annual earnings above \$2,700.</p> <p>Benefits not withheld for any month during which the individual neither rendered services for wages in excess of \$125 nor rendered substantial services in a trade or business.</p>	<p>Increases the annual exempt amount from \$1,500 to \$1,680. Permits payment of full benefits to beneficiary, regardless of the amount of his annual earnings, for any month in which he does not earn wages of more than \$140, instead of more than \$125. Increases the uppermost limit of the \$1-for-\$2 "band" from \$2,700 to \$2,880, so that \$1 in benefits would be withheld for each \$2 of earnings between \$1,680 and \$2,880, with \$1-for-\$1 reductions above \$2,880. Effective for taxable years ending after 1967.</p>
B. Age exemption-----	<p>Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.</p>	<p>No change.</p>

**VI. FINANCING**

<p><b>A. Allocation between OASI and DI trust funds.</b></p>	<p>The Federal Old-Age and Survivors Insurance Trust Fund receives all tax contributions other than those allocated for the disability benefit program, from which benefits and administrative expenses are paid for the old-age and survivors insurance program. A separate tax and fund is established for the hospital insurance trust fund.</p> <p>The Federal Disability Insurance Trust Fund receives an amount equal to 0.70 of 1 percent of taxable wages plus 0.525 of 1 percent of self-employment income, from which benefit and administrative expenses are paid for the disability insurance program.</p> <p>These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).</p>	<p>No change.</p> <p>The allocation to the Disability Insurance Trust Fund, for years beginning after 1967, is increased to 0.95 of 1-percent of taxable wages and 0.7125 of 1-percent of taxable self-employment income.</p>
<p><b>B. Maximum taxable amount-----</b></p>	<p>\$6,600 a year.</p>	<p>\$7,600 a year starting with 1968.</p>

**TABLE 1.—Maximum tax contributions under present law and under H.R. 13080**

Period	OASDI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal
<b>By employee:</b>						
1967-----	\$257. 40	\$257. 40	\$33. 00	\$33. 00	\$290. 40	\$290. 40
1968-----	257. 40	296. 40	33. 00	38. 00	290. 40	334. 40
1969-70-----	290. 40	319. 20	33. 00	45. 60	323. 40	364. 80
1971-72-----	290. 40	349. 60	33. 00	45. 60	323. 40	395. 20
1973-75-----	320. 10	380. 00	36. 30	49. 40	356. 40	429. 40
1987 and after-----	320. 10	380. 00	52. 80	68. 40	372. 90	448. 40
<b>By self-employed:</b>						
1967-----	389. 40	389. 40	33. 00	33. 00	422. 40	422. 40
1968-----	389. 40	443. 40	33. 00	38. 00	422. 40	486. 40
1969-70-----	435. 60	478. 80	33. 00	45. 60	468. 60	524. 40
1971-72-----	435. 60	524. 40	33. 00	45. 60	468. 60	570. 00
1973-75-----	462. 00	532. 00	36. 30	49. 40	498. 30	581. 40
1987 and after-----	462. 00	532. 00	52. 80	68. 40	514. 80	600. 40

TABLE 2.—Tax rates under present law and H.R. 12080

Period	OASDI		HI <sup>1</sup>		Total	
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080
Employer-employee, each						
1967.....	3.9%	3.9%	0.5%	0.5%	4.4%	4.4%
1968.....	3.9	3.9	.5	.5	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9
Self-employed						
1967.....	5.9%	5.9%	0.5%	0.5%	6.4%	6.4%
1968.....	5.9	5.9	.5	.5	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

<sup>1</sup> Hospital Insurance.

TABLE 3.—OASDHI income and outgo, present law and H.R. 12080

(In billions)

Year	Contribution Income		Benefit outgo	
	Present law	H.R. 12080	Present law	H.R. 12080
1968.....	\$29.8	\$30.8	\$25.2	\$28.4
1969.....	33.7	34.9	28.6	30.0
1970.....	35.2	36.5	27.8	31.4
1971.....	36.2	40.3	29.1	32.8
1972.....	37.2	42.0	30.4	34.2

VII. MISCELLANEOUS

Item	Existing law	H.R. 12080
<b>A. Underpayments:</b> 1. Cash benefits-----	<p>In the case of cash benefit underpayments where an individual dies before the completion of the payment of amounts due him and such amount at the time of his death does not exceed an amount equal to 1 month's benefit, payment is to be made to his surviving spouse who was living in the same household, or, if they is no such spouse, to the legal representative of his estate.</p>	<p>The amounts due a beneficiary at the time of death would be paid in the following order: (1) to his surviving spouse if she was entitled to monthly benefits on the same earnings record, (2) to his surviving children if they were entitled to benefits on the same earnings record, (3) to his parents if they were entitled to benefits on the same earnings record, (4) to the legal representative of his estate, (5) to the surviving spouse not entitled to benefits on the same earnings record, or (6) to his surviving children not entitled to benefits on the same earnings record. Effective on enactment.</p>
2. Medical insurance-----	<p>No provision for unpaid medical insurance benefits.</p>	<p>Claims for unpaid medical insurance benefits would be in the following order: (1) to the person who paid the bill, (2) to the legal representative of his estate, (3) to the surviving spouse who was living with him at the time he died, (4) to the surviving spouse if she was entitled to monthly benefits on the same earnings record, or (5) to the surviving children. Effective on enactment.</p>
<b>B. Payments to aliens</b> -----	<p>Benefits to an alien are suspended if he is outside the United States continuously for 6 consecutive calendar months. The provision does not apply to aliens who have lived in the United States for at least 10 years, or who have at least 40 quarters of coverage, or if suspension would be contrary to certain treaty obligations, or if their country has a pension system of general application that pays benefits to qualified citizens of the United States while they are outside that country. Also, the Treasury is authorized to withhold payment to beneficiaries in certain Communist-controlled countries; when the Treasury authorizes payments renewed, back payments are made to the beneficiary or his estate.</p>	<p>Once an alien has been outside the United States for 30 consecutive days he will be deemed to be outside the United States until he returns to the United States for 30 consecutive days. An alien who is a citizen of a country that has a pension system of general application which would not pay benefits to qualified citizens of the United States while they are outside of that country would not be paid benefits after he has been outside the United States for 6 months. A citizen of a country without such a system and to which the Treasury prohibition on payment applies, or has applied in the past 5 years, would not be paid benefits after he has been outside the United States for 6 months. Amounts that have been accumulated as due an alien who is living in a Communist-controlled country would be limited to 12-months benefits as of the date of enactment and would be paid only to the beneficiary or to a survivor who is entitled to benefits on the same earnings record. Amounts accumulated for months after enactment would not be paid.</p>
<b>C. Beneficiary reports:</b> 1. Time for filing reports of earnings.	<p>Under the retirement test a person whose earnings in a year were large enough to cause him to lose some or all of his benefits in a year must file a report of his earnings not later than the 15th day of the 4th month following the close of the taxable year in which he had the earnings.</p>	<p>Where a valid reason exists the Secretary may extend the period for filing the report. The extension may not be for more than 3 months.</p>

88-911-07-1



**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued**

**VII. MISCELLANEOUS—Continued**

Item	Existing law	H. R. 12080
<p>2. Penalty for late filing-----</p> <p>D. Advisory Council on Social Security:</p> <p>E. Trustees reports:</p> <p>F. Disclosure of information—deserting parents:</p>	<p>For the first failure to report earnings which are large enough to cause a loss of benefits a penalty of 1 month's benefits is authorized.</p> <p>For failure to report work on 7 or more days in a month outside the United States or that a woman receiving mother's benefits does not have a child in her care a penalty of 1 month's benefits for the first offense is made and for the second and subsequent offenses a penalty of 1 month's benefits for each month for which benefits are to be withheld is authorized.</p> <p>The Commissioner of Social Security is chairman and 12 other persons appointed by the Secretary are members of the Council. The Councils are to be appointed in 1968 and every 5th year thereafter.</p> <p>The reports of the trustees of the social security trust funds are to be sent to the Congress by Mar. 1 of each year.</p> <p>Disclosure must be authorized by regulation. Under regulation disclosure of parent's or his employer's address is authorized to the agency administering the AFDC program if the child is getting AFDC. The law requires disclosure, at the request of a State or local agency participating in any State or local public assistance program, of the most recent address in the social security records for a parent (or his most recent employer or both) who has failed to provide support for his or her destitute child or children under age 16 who are recipients of or applicants for assistance under such public assistance program where there is a court order for the support of the children and the information requested is to be used by the welfare agency or the court on behalf of the children.</p>	<p>Penalty would be reduced to actual amount payable for the month but to not less than \$10.</p> <p>The penalty for second and subsequent offenses would be reduced to 2 months' benefits for the second offense and to 3 months' benefits for the third and subsequent offense. In no event, however, would the penalty exceed the actual number of months for which benefits are withheld.</p> <p>The Secretary would appoint the Chairman as well as the other 12 members of the Council. The Councils would be appointed in February 1969 and in February of every 4th year thereafter.</p> <p>The reports of the trustees would be sent to the Congress by Apr. 1 of each year. Also, the report of the Trustees on the OASI fund would contain a separate actuarial analysis of all disability expenditures.</p> <p>Adds provision for disclosure of address of deserting parent or his employer, on request of an appropriate court, if the information is for the use of the court in issuing a support order against the parent. (The child need not have applied for AFDC.)</p>

**TABLE 4.—Changes in actuarial balance of old-age, survivors, and disability insurance system, expressed in terms of estimated level-cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, present law and H.R. 12080, based on 3.75 percent interest**  
 [Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	- .06	( <sup>1</sup> )	- .06
Disabled widow's benefits at age 50.....	- .03	( <sup>2</sup> )	- .03
Special disability insured status under age 31.....	( <sup>2</sup> )	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	( <sup>1</sup> )	- .07
Benefit increase of 12½ percent.....	- .89	- .10	- .99
Revised contribution schedule.....	- .01	+ .25	+ .24
<b>Total effect of changes in bill.....</b>	<b>- .85</b>	<b>+ .15</b>	<b>- .70</b>
<b>Actuarial balance under bill.....</b>	<b>+ .04</b>	<b>.00</b>	<b>+ .04</b>

<sup>1</sup> Less than 0.005 percent.

<sup>2</sup> Not applicable to this program.

Several benefit-provision changes would have cost effects which are of a magnitude of less than 0.005 percent of taxable payroll when measured in terms of long-range level costs. Such changes involving small increases in cost are the liberalization of eligibility conditions for certain adopted children, the simplification of benefit computations based on 1937-50 wages, the reduction of the length-of-marriage requirement for survivor benefits, the liberalization of the offset provision for disability benefits when workmen's compensation benefits are also payable, and the reduction in the penalties for failure to file timely reports of earnings and other events. Such changes involving small decreases in cost are the maximum wife's benefit of \$105 per month and the additional limitations on payment of benefits to certain aliens outside the United States.

TABLE 5.—Progress of old-age and survivors insurance trust fund, short-range estimate

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year <sup>3</sup>
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-----	447	20,576
1955.....	5,713	4,968	116	-----	454	21,663
1956.....	6,172	5,715	132	-----	526	22,519
1957.....	6,825	7,347	162	-----	556	22,393
1958.....	7,566	8,327	194	-----	552	21,864
1959.....	8,052	9,842	184	-----	532	20,141
1960.....	10,866	10,677	203	-----	516	20,324
1961.....	11,285	11,862	239	-----	548	19,725
1962.....	12,059	13,356	256	-----	526	18,337
1963.....	14,541	14,217	281	-----	521	18,480
1964.....	15,689	14,914	295	-----	569	19,125
1965.....	16,017	16,737	328	-----	593	18,235
1966.....	20,658	18,267	256	-----	644	20,570
Estimated data (short-range estimate), H.R. 12080						
1967.....	\$23,210	\$19,635	\$401	\$508	\$794	\$24,030
1968.....	24,256	23,156	409	477	898	25,142
1969.....	27,308	24,154	405	552	978	28,317
1970.....	28,497	25,119	415	616	1,118	31,782
1971.....	32,089	26,122	427	605	1,353	38,072
1972.....	33,469	27,155	440	587	1,685	45,040
Estimated data (short-range estimate), present law						
1967.....	\$23,210	\$19,635	\$393	\$508	\$794	\$24,038
1968.....	24,085	20,247	378	477	960	27,981
1969.....	28,004	21,053	393	492	1,162	35,239
1970.....	29,270	21,901	404	483	1,522	43,243
1971.....	30,070	22,778	416	460	1,902	51,561
1972.....	30,884	23,676	420	459	2,315	60,196

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level costs, under the intermediate cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

<sup>4</sup> These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of non-contributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over. For the purposes of this table, it is assumed that the enactment date is in October 1957.

TABLE 6.—Progress of disability insurance trust fund, short-range cost estimate

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange <sup>1</sup>	Interest on fund <sup>2</sup>	Balance in fund at end of year
Actual data						
1957.....	\$702	\$57	\$3	-----	\$7	\$649
1958.....	966	249	12	-----	25	1,379
1959.....	891	457	50	-\$22	40	1,825
1960.....	1,010	568	36	-5	53	2,289
1961.....	1,038	887	64	5	66	2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
Estimated data (short-range estimate), H. R. 12080						
1967.....	\$2,813	\$1,920	\$111	\$31	\$73	\$2,063
1968.....	3,215	2,357	128	21	98	2,870
1969.....	3,488	2,404	120	24	136	3,856
1970.....	3,607	2,609	122	23	181	4,890
1971.....	3,732	2,716	126	26	227	5,981
1972.....	3,849	2,820	132	30	275	7,123
Estimated data (short-range estimate), present law						
1967.....	\$2,813	\$1,920	\$107	\$31	\$73	\$2,067
1968.....	2,359	2,039	114	21	86	2,338
1969.....	2,436	2,155	116	24	96	2,575
1970.....	2,512	2,260	119	26	106	2,788
1971.....	2,591	2,357	123	29	115	2,985
1972.....	2,665	2,449	129	32	122	3,162

<sup>1</sup> A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

<sup>2</sup> An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates but in developing the progress of the trust fund a varying rate in the early years has been used.

<sup>3</sup> These figures are artificially low because of the method of reimburse-

ments between the trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service. For the purposes of this table, it is assumed that the enactment date is in October 1967.

TABLE 7.—Estimated additional OASDI benefit payments in Calendar Years 1968 and 1972 under H.R. 12080

[in millions]

Item	1968	1972
12½-percent benefit increase.....	\$2, 812	\$3, 324
Benefit increase for transitional insured.....	7	5
Benefit increase for transitional noninsured.....	52	25
Liberalized benefits with respect to women workers.....	85	100
Special disability insured status under age 31.....	70	77
Disabled widow's benefits at age 50.....	60	72
Earnings test liberalization.....	140	244
Total.....	3, 226	3, 847

**HEALTH INSURANCE**

(Title XVIII of the Social Security Act)

Item	Existing law	H.R. 12080
I. Health insurance for the disabled.....	No provision.....	Would establish an Advisory Council to study the problems relative to including the disabled under medicare.
II. Covered hospital days.....	Up to 90 days in a spell of illness, with the patient paying \$10 a day after the 60th day.	Would cover up to 120 days in a spell of illness, with the patient paying \$26 a day after the 90th day. Effective January 1968.
III. Physician payment method.....	2 methods: to physician on basis of assignment (charge has to be "reasonable charge"), or to patient on basis of receipted bill.	Adds 3d alternative method: Physician could submit his itemized bill to the carrier. Payment would be made to him if the bill was not higher than "reasonable charge"; if higher, or if the physician directs it, the payment would go to the patient; if the physician will not submit the bill to the medicare carrier the patient would receive the payment after submitting an itemized, unpaid bill. Effective January 1968.
IV. Physician certification.....	Physician must certify to need for hospitalization and need for outpatient hospital care.	Would eliminate requirements for certification of need for care in a general hospital. Provisions for certifications with respect to other hospitals and for all long stay cases would be retained. Effective upon enactment.
V. Services of podiatrists.....	Not covered.....	Would amend the definition of physician to include podiatrists for functions he is licensed to practice; no payment for routine foot care would be made no matter by whom performed. Effective January 1968.

**VI. Blood deductibles.....**

Provides for a deductible of three pints of whole blood for each spell of illness applied to HI (hospital insurance) only.

A unit of packed red cells would be treated as a pint of blood; the patient would have to replace the first pint of blood with 2 pints rather than 1 (4 pints for 3 pints where patient receives 3 pints). A similar deductible would apply also to SMI (supplementary medical insurance). Effective January 1968.

**VII. Hospital insurance for the uninsured...**

People ineligible for cash social security benefits attaining age 65 in 1968 need 6 quarters of coverage to be eligible for hospital insurance.

Would give eligibility with 3 quarters of coverage in 1968 with corresponding changes for later years as follows:

**COVERAGE REQUIREMENTS UNDER THE INSURED STATUS PROVISION OF PRESENT LAW AND UNDER H.R. 12080**

Year attains age 65	Men			Women		
	Present law		H.R. 12080	Present law		H.R. 12080
	OASI	HI	HI	OASI	HI	HI
1967 or earlier.....	16	0	0	15	0	0
1968.....	17	6	3	15	6	3
1969.....	18	9	6	15	9	6
1970.....	19	12	9	16	12	9
1971.....	20	15	12	17	15	12
1972.....	21	18	15	18	18	15
1973.....	22	21	18	19	19	18
1974.....	23	24	21	20	20	20
1975.....	24	24	24			

**VIII. Durable medical equipment.....**

Expenses for the rental of durable medical equipment are covered under SMI.

Payment could be made on a purchase or rental basis, whichever is more economical. Effective January 1968.

**IX. Experimentation with reimbursement methods.....**

No provision.....

DHEW would have authority to experiment with alternative methods of reimbursement under medicare, medicaid, and child health programs which would provide incentives for keeping costs down while maintaining quality.

**X. Physical therapy.....**

Covered only when provided as inpatient services or through home health plan.

Would cover physical therapy under SMI when provided in a patient's home under the supervision of a hospital. Effective January 1968.

**HEALTH INSURANCE—Continued**  
**(Title XVIII of the Social Security Act)—Continued**

Item	Existing law	H.R. 12080
XI. Portable X-ray services.....	No provision.....	Diagnostic X-ray services provided in the patient's home or nursing home would be covered if provided under supervision of a physician and subject to health and safety regulations. Effective January 1968.
XII. Enrollment under SMI.....	Must enroll in 7-month period beginning 3 months before age 65 or wait until next open enrollment period.	Would allow an individual who is over 65, but who believes himself to be just 65 on the basis of documentary evidence, to enroll using the date of attainment of age 65 as shown on the documentary evidence. Effective for enrollments after month of enactment.
XIII. Counting days in TB or mental institutions against days of coverage.	The days spent in a TB or mental institution in the period just before entitlement to hospital insurance is counted against the days of coverage an individual would otherwise have.	Would make present provision inapplicable if the patient goes into a general hospital for a condition other than TB or mental illness. Effective January 1968.
XIV. Study of coverage under SMI of additional types of health practitioners.	No provision.....	Secretary of HEW would be required to conduct a study of the need for, and make recommendations on, the coverage of additional types of health practitioners under SMI. Report due by Jan. 1, 1969.
XV. Health Insurance Benefits Advisory Council (HIBAC).	Provides for a National Medical Review Committee (NMRC) as well as HIBAC; duties of NMRC are to study utilization of covered services, and make recommendations on administration and charges in law. (HIBAC has 16 members.)	Eliminates NMRC and gives HIBAC 19 members and the duties of NMRC.
XVI. Reimbursement for civil service annuitants for premium payments under SMI.	No provision.....	Federal employee health benefit plans would be permitted to reimburse civil service retirement annuitants who are members of group health plans for the premium payments they make to the supplementary medical insurance program. Effective upon enactment.
XVII. Appropriations to SMI trust fund..	Beneficiary premium payments are matched by general revenue funds; no specific provision as to when the funds are to be deposited in the trust fund, but legislative intent was for current deposits.	Whenever the transfer of general revenue funds to the SMI trust fund is not made at the time the enrollee payment is made, the general revenues would also pay the fund interest to put the fund in the same position that it would have been had the funds been deposited timely.

<b>XVIII. Contingency fund for SMI trust fund.</b>	Contingency funds available during 1966 and 1967....	Contingency fund would be made available through 1969.
<b>XIX. Exclusion of refractive services.....</b>	Excludes routine physical checkups, eyeglasses, or eye examinations for the purpose of prescribing, fitting or changing eyeglasses.	Excludes also refractive services performed during the course of any eye examination.
<b>XX. SMI simplification of administration:</b> <b>A. Simplified billing for outpatient hospital services.</b>	Hospitals must not bill medicare patients for covered outpatient services.	Hospitals would be permitted, as an alternative to the present procedure, to collect from the patient charges for outpatient hospital services of less than \$50. The payments due the hospitals from the program and patients would be adjusted at intervals to assure that the hospital received its final reimbursement on a cost basis. Effective January 1968.
<b>B. Payment of full charges of inpatient physician services for radiology and pathology.</b>	All physician charges, and all other services covered under SMI, are subject to the \$50 deductible and 20-percent coinsurance feature applied to the reasonable charge as determined by the carrier.	Physician services for radiological and pathological services to hospital inpatients would be reimbursed on the basis of 100 percent of the reasonable charge as determined by the carrier. Effective January 1968.
<b>C. Transfer of outpatient hospital services from hospital insurance to SMI.</b>	Outpatient hospital therapeutic services are covered under SMI subject to the usual \$50 deductible and 20-percent coinsurance. Outpatient hospital diagnostic services are covered under pt. A subject to the following limitations; a \$20 deductible is applied during each 20-day period; 80 percent of the remainder can be reimbursed. The payments made toward the \$20 deductible are creditable as covered expenses under SMI.	All hospital outpatient services would be covered under SMI of medicare, subject to the \$50 deductible and 20-percent coinsurance just as other covered expenses. Effective January 1968.
<b>XXI. Incentives for reduction of hospital costs.</b>	No provision.....	The Department of Health, Education, and Welfare would be given authority to experiment with alternative methods of reimbursing hospitals under medicare, medicaid, and the child health programs which would provide incentives to keep costs down while maintaining quality of care.
<b>XXII. Time limit on filing SMI claims.....</b>	No provision.....	Claims must be filed no later than the close of the calendar year following the year (and the last 3 months of the previous year) in which the services are furnished.



TABLE 8.—Estimated progress of hospital insurance trust fund, intermediate-cost estimate

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$783	\$57	\$34	\$1,105
Estimated data, H.R. 12080					
1967.....	\$2,943	\$2,437	\$90	\$52	\$1,573
1968.....	3,332	2,912	102	69	1,960
1969.....	4,120	3,329	117	92	2,726
1970.....	4,348	3,657	128	121	3,410
1971.....	4,518	3,951	138	145	3,994
1972.....	4,680	4,244	149	162	4,433
1973.....	5,216	4,539	159	182	5,133
1974.....	5,442	4,830	169	204	5,780
1975.....	5,627	5,124	179	222	6,326
1980.....	7,982	6,632	232	366	10,818
1985.....	9,103	8,512	298	603	16,698
1990.....	11,441	10,842	380	818	22,491
Estimated data, present law					
1967.....	\$2,943	\$2,437	\$90	\$52	\$1,573
1968.....	3,150	2,929	103	64	1,755
1969.....	3,274	3,349	117	62	1,635
1970.....	3,394	3,678	129	48	1,260
1971.....	3,516	3,973	139	25	680
1972.....	3,637	4,269	149	(3)	(3)
1973.....	4,100	4,564	160	(3)	(3)
1974.....	4,270	4,856	170	(3)	(3)
1975.....	4,405	5,153	180	(3)	(3)
1980.....	6,379	6,670	233	(3)	(3)
1985.....	7,231	8,560	300	(3)	(3)
1990.....	9,172	10,905	382	(3)	(3)

<sup>1</sup> Including administrative expenses incurred in 1965.

<sup>2</sup> Fund exhausted in 1972.

Note: The transactions relating to the noninsured persons, the costs for

whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund at the end of the year, have been adjusted by an estimated \$158,000,000 on this account.

*Cost estimate for hospital benefits for noninsured persons paid from general funds*

Hospital and related benefits are provided not only for beneficiaries of the old-age, survivors, and disability insurance system and the railroad retirement system, but also for most persons aged 65 and over in 1966 (and for many of those attaining this age in the next few years) who are not insured under either of these two social insurance systems.

The estimated cost to the general fund of the Treasury for the hospital and related benefits for the noninsured group (including the applicable additional administrative expenses) is as follows for the first 5 calendar years of operation (in millions):

	Present law	H.R. 12080
Calendar year:		
1966 (last 6 months, estimate based on actual experience).....	\$170	\$170
1967.....	375	375
1968.....	401	403
1969.....	407	409
1970.....	396	398

*Actuarial cost estimates for supplementary medical insurance*

H.R. 12080 has expanded somewhat the protection provided by the supplementary medical insurance program. The only changes that are significant from a cost standpoint are the transfer of the outpatient diagnostic benefits from the hospital insurance program to this program (except for the professional component thereof, which has always been included in the supplementary medical insurance program) and making the deductible and coinsurance provisions inapplicable to the professional component of pathology and radiology services furnished to inpatients in hospitals.

The increase in cost for these changes, which would be effective after December 1967, will be recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for 1968-69, which in accordance with the provisions of present law will be promulgated before October 1, 1967.

**PUBLIC ASSISTANCE AMENDMENTS**  
**I. AID TO FAMILIES WITH DEPENDENT CHILDREN**

Item	Existing law	H.R. 12080
<b>A. Family and employment services:</b> <b>1. Plan requirement-----</b>	<p>States are required to:</p> <p>(a) provide a description of services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps take to assure maximum utilization of other agencies providing similar or related services, and</p> <p>(b) provide for a program of services for each child as may be necessary in the light of home conditions and other needs of such child, and provide for coordination with child-welfare services under pt. 3 of title V.</p> <p>No provision-----</p> <p>No provision-----</p> <p>No provision-----</p>	<p>Adds the following additional State plan requirements:</p> <p>(a) The development of a program by the State agency for each appropriate relative and child recipient and each appropriate "essential person" (individual living in the house whose needs are taken into account for determining eligibility and amount of assistance) with the objective of (1) assuring, to the maximum extent possible, that these persons will enter the labor force and become self-sufficient, and (2) reducing the incidence of illegitimacy and otherwise strengthening family life. The plan must provide that the employment potential of each such person is evaluated and that they are furnished such services as testing, counseling, basic education, vocational training, and special job development; that day-care service be provided and family planning services in all appropriate cases; and that vendor or protective payment be provided in appropriate cases in order to assure a means for caring for such children. Each such program must be reviewed at least once a year, and the Secretary of Health, Education, and Welfare must be given reports showing the results of such programs. The bill also requires that to the extent such services are provided by State or local agency staff that a single organizational unit be established in such State or local agency for furnishing such services.</p> <p>(b) Provision that where the State agency has reason to believe that the home is unsuitable for a recipient child because of neglect, abuse or exploitation that this be brought to the attention of the appropriate court or law enforcement agency.</p> <p>(c) Development of a program for establishing the paternity of illegitimate children receiving assistance and for securing support for these children as well as those who have been deserted or abandoned by their parents, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. A single organizational unit in the State or local agency administering the plan must carry out this provision.</p> <p>(d) Provision for entering into cooperative arrangements with appropriate courts and law enforcement agencies to assist in securing support for children, including entering into financial arrangements with such courts and agencies in order to obtain optimum results for the program.</p>

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## 2. Federal matching-----

The Federal Government shares with the States on a dollar-for-dollar basis (50 percent) in the administrative costs of carrying out the program. However, the Federal Government will pay 75 percent of the cost of—

(a) certain services, prescribed by the Secretary of Health, Education, and Welfare "to maintain and strengthen family life for children, and to help relatives specified in the act with whom children \* \* \* are living to attain or retain capability for self-support or self-care."

(b) other services provided to applicants or recipients specified by the Secretary as likely to prevent or reduce dependency;

(c) services described in (a) and (b) specified by the Secretary as appropriate for individuals who, within the periods prescribed by the Secretary, have been or are likely to become applicants for or recipients of public assistance and who request such services;

(d) training of personnel employed or preparing for employment with a State or local public assistance agency.

## 3. Providers of welfare services----

Services are to be provided by the staff of the State welfare agency but, in the provision of these services, there must be maximum utilization of other agencies providing similar or related services. Services may also be furnished, pursuant to agreement with the State welfare agency, by a State health or vocational rehabilitation agency or by other State agencies which the Secretary deems appropriate (whether provided by its staff or by contract with nonprofit private or local public agencies). The provision of services by other agencies are subject to limitations by the Secretary and must be services which in the judgment of the State welfare agency, cannot be as economically or effectively provided by its staff and are not otherwise reasonably available to individuals in need of such services.

The Federal Government will pay 75 percent of the cost of—

(a) Services under the new plan requirements set forth above which are provided to a child or relative receiving assistance or to an "essential person."

The Federal matching under this provision shall be 85 percent rather than 75 percent for services provided under these programs during the period October 1, 1967 to July 1, 1969. It reverts thereafter to 75 percent.

(b) Services to a child or relative receiving assistance or applying for assistance or an "essential person"—such services may include child-welfare services, family services, and other services specified by the Secretary, to maintain and strengthen family life for children, and to help relatives and "essential persons" to attain or retain capability for self-support or self-care. Child welfare services are defined on page 43. Family services means "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other service as will assist members of a family to attain or retain capability for the maximum self-support and personal independence."

(c) Any of the services in (a) or (b) above to children, relatives, or "essential persons" who are applicants for assistance or who, within such period as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of assistance.

(d) No change.

The Federal 75-percent matching for services within (a), (b), and (c) is contingent on the establishment of the separate organization unit in the State or local agency administering the plan which was mentioned earlier under I above.

Provides an exception to the requirement of obtaining services from public agencies for child-welfare services, family planning services, and family services, to the extent specified by the Secretary, so that they may be provided from other sources.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**I. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Existing law	H. R. 12080
4. Report to Congress.....	No provision.....	<p>The Secretary of Health, Education, and Welfare, on the basis of a review of the reports from the States, shall report his findings on the effectiveness of programs of services developed by the States. The Secretary shall annually report to the Congress (beginning July 1, 1970) on the programs developed by each State.</p>
5. Effective date.....		<p>The State plan requirements shall be effective October 1, 1967, but a State plan will not be out of compliance because of not meeting these requirements until July 1, 1969. The Federal matching for services implementing the new State plan requirement will be available on or after the modification of the State plan.</p>
B. Income exemption.....	<p>The State agency in determining need, upon which eligibility for and the amount of assistance is based, must take into account any other income (including expenses reasonably attributable to the earning of income) and resources of any child or relative claiming assistance.</p> <p>The States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home. The States also have the option of disregarding up to \$5 of any income before disregarding child's earned income as noted above. Finally, States have the option of permitting all or part of earned or other income to be set aside for future identifiable needs of a child.</p>	<p>To provide incentives to work, the bill sets out the following exemption of earnings:</p> <p>All earned income of each child recipient under age 16 and age 16 to 21 if he is a full-time student attending a school, college, or university, or a course of vocational or technical training to fit him for gainful employment, is exempt.</p> <p>In the case of a child over 16 not in school, a relative, or an "essential person," the first \$30 of earned income of the group in a month plus <math>\frac{1}{4}</math> of the remainder of such income for the month would be exempt. The optional provision for setting aside a portion of income for future identifiable needs is continued, as well as the option of the States to disregard \$5 a month of any type of income. The provision exempting \$50 a month of a child's income is superseded by these provisions.</p> <p>The earnings exemption will not be available in any month for a person who voluntarily terminated his employment or reduced his earned income within such period preceding the month assistance is applied for as may be prescribed by the Secretary (but such period must not be less than 30 days), or to persons who refused without good cause to accept employment in which they were able to engage, offered by or through the public employment office or by a private employer, which is determined to be bona fide by the State or local agency. The earnings exemption will also not be available to persons whose income in the month of application was in excess of their need as determined by the State agency, unless in any of the 4 preceding months they were receiving assistance.</p> <p>Makes specific reference to "essential person" so his income and resources can be taken into account in determining the need of the child or relative claiming aid.</p>

There are a number of income exemptions applicable to the AFDC program in other legislation. For instance, title VII of the Economic Opportunity Act provides that the first \$35 a month of such income and 1/3 of the remainder must be disregarded. Sec. 109 of the Elementary and Secondary School Act of 1965 provides that, for a period of 1 year, the first \$35 a month earned in any month for services under that act shall be disregarded for purposes of determining need under the AFDC program.

C. Families with unemployed fathers.....

For period ending June 30, 1968, Federal participation is authorized in payments to children who are deprived of parental support or care "by reason of the unemployment of a parent" as defined by a State. Program optional with the States, and 22 have such programs.

Permanent provisions of law limit Federal matching to needy dependent children under 18 (and specified relative with whom they are living) who have been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent. (Specified relatives include grandmother, grandfather, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, 1st cousin, nephew, or niece.)

*Effective date:* The earnings exemption must be in effect in the States by July 1, 1969, but will be optional with the States from October 1967 on.

The new provisions override any other provisions of any other law disregarding earned income.

Limits the program to children who need support on the basis of the unemployment of the father. Unemployment will be defined by Secretary of Health, Education, and Welfare. Program made permanent but still optional with the States.

Federal matching specifically authorized to meet needs of "essential persons."

Adds new plan requirement relating to when aid to dependent children assistance will be paid on the basis of an unemployed father:

Requires the payment of aid with respect to a child within such definition when his father has been unemployed for a minimum period of 30 days before receipt of aid, has not without good cause within such period refused a bona fide offer of employment or training, and has at least 6 quarters of work in a 13-calendar quarter period ending within 1 year before the application for aid or, within such 1-year period, received unemployment compensation under any State or Federal program or was "qualified for unemployment compensation."

The bill defines a "quarter of work" as a calendar quarter in which the father received at least \$50 of earned income (or which is a "quarter of coverage" for purposes of the old-age, survivors, and disability insurance program under title II of the act), or in which he participated in a community work and training program.

The father shall be deemed "qualified for unemployment compensation" under the State's unemployment compensation law if he would have been eligible therefor upon application, or if he had been in uncovered work which, had it been covered, would (with his covered work) have made him eligible for such compensation upon application. The bill provides that persons who have fulfilled the requirements at any time after April 1961 (related to the date of enactment of the original unemployed parent legislation) will be considered to be eligible with respect to the quarters of work provision for up to 6 months after a State plan under these provisions becomes operative.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**L AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Existing law	H. R. 12080
<p><b>C. Families with unemployed fathers—Con.</b></p>	<p>The State plan must—</p> <p>(1) no provision;</p> <p>(2) give assurance that assistance will not be granted if, and for as long as, the unemployed parent refuses, without good cause, to accept employment in which he is able to engage and which is offered through either a public employment office or by an employer if the offer is determined by the State agency to be a bona fide offer of such employment;</p> <p>(3) provide for entering into cooperative arrangements with the system of public employment offices in the State looking toward the employment of unemployed parents, including appropriate provision for periodic registration of the unemployed parent and for the maximum utilization of the job placement and other services and facilities of such offices; and</p> <p>(4) provide for entering into cooperative arrangements with the State vocational education agency looking toward maximum utilization of its services and facilities to encourage retraining of such unemployed parent.</p> <p>(5) Any State, at its option, to provide for the denial of all (or any part) of aid under the plan to which any child or relative might be entitled for any month, if the unemployed parent receives compensation under an unemployment compensation law of a State or of the United States for any week, any part of which is included in such month.</p>	<p>Fathers who are now on the rolls, and who met the work requirements at any time after April 1961, would continue to be eligible if other requirements are met.</p> <p>The State plan must—</p> <p>(1) provide for the establishment of a work and training program and for assurances that fathers of children within the above definition are assigned to projects under such program within 30 days after receiving aid;</p> <p>(2) provide for denial of aid if and for as long as such a father fails to register at the public employment office, refuses without good cause to participate in a work and training program, refuses without good cause to accept employment in which he is able to engage (which is offered to him from certain sources), refuses without good cause to undergo retraining under the vocational education program.</p> <p>(3) provide that the services of public employment offices in the States shall be utilized to assist fathers to secure employment and occupational training, including registration and maximum use of job placement services.</p> <p>(4) No change.</p> <p>(5) Receipt of unemployment compensation bars assistance.</p> <p><i>Effective date:</i> Oct. 1, 1967, but no State with an unemployed parent program on July 1, 1967, shall be required to include any additional recipients by reason of this amendment before July 1, 1969, and no State shall be required to deny aid because of not having a community work and training program before July 1, 1969.</p>

**D. Community work and training.**

Federal matching is authorized, for the period July 1, 1961, to June 30, 1968, for payments for work performed by a relative (18 years of age or older) with whom the child is living. Twelve States make such payments. Federal participation in these payments may be made only under limited conditions designed to assure protection of the health and welfare of the children and their relatives:

(1) The work must be performed for the State public assistance agency or another public agency under a program (which need not be in effect throughout the State) administered by or under the supervision of the State public assistance agency.

(2) There must be State financial participation in these expenditures.

(3) The State plan must include provisions which give reasonable assurance that—

(a) appropriate health, safety, and other conditions of work will be maintained;

(b) the rates of pay will be not less than the applicable minimum rate under State law for the same type of work, if there is any such rate, and not less than the prevailing wage rates on similar work in the community;

(c) the work projects will serve a useful public purpose; will not displace regular workers or be a substitute for work that would otherwise be performed by employees of public or private agencies, institutions, or organizations; and (except in the case of emergency or nonrecurring projects) will be of a type not normally undertaken by the State or community in the past;

(d) the additional expenses of going to work will be considered in determining the worker's needs;

(e) the worker will have reasonable opportunities to seek regular employment and secure appropriate training or retraining and will be provided with protection under the State workmen's compensation law or similar protection; and

(f) aid will not be denied because of a relative's refusal with good cause to perform work under the program.

Makes such community work and training programs mandatory on the States effective with July 1, 1968. Age 18 is changed to age 16. Also includes "essential person."

(1) Community work and training programs must be established in every political jurisdiction where a significant number of AFDC families reside.

(2) No change.

(3)

(a) No change.

(b) Federal minimum wage legislation would also apply, except that payments for work by individuals who are learners or handicapped workers may be at special lesser rates that are in accord with such State and Federal laws.

(c) Removes requirement that project will not be of a type normally undertaken.

(d) No change.

(e) No change.

(f) Bill also provides that (1) all appropriate recipients of AFDC to register and periodically reregister at the State employment office, and (2) requires that if any child or relative refuses (a) to register or reregister (b) to accept bona fide offers of employment, or (c) to accept training, the adult relative, essential person or child who so refuses shall not have his needs taken into account, and in the case where the caretaker relative so refuses, his needs cannot be taken into account and the payments can be made to the children only if by a protective payment, vendor payment, or to a foster parent. (However, the usual determination that the caretaker cannot handle the funds would not have to be made.)



**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**I. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Existing law	H. R. 12080
<p><b>D. Community work and training—Con.</b></p>	<p>(4) The State plan must also include provision for—</p> <p>(a) cooperative arrangements with the public employment offices and with the State vocational education and adult education agency or agencies looking toward employment and occupational training of the relatives and maximum use of public vocational or adult education services and facilities in their training or retraining;</p> <p>(b) assuring appropriate arrangements for the care and protection of the child during the relative's absence from the home in order to perform the work under the program;</p> <p>(c) such other provisions as the Secretary finds necessary to assure that the operation of the program will not interfere with the objectives of the aid to dependent children program.</p> <p>(5) A State participating in such a program must also provide (in its State plan) that there will be no adjustment or recovery by the State or any locality on account of any payments which are correctly made for the work.</p> <p>The cost of administration of a State plan for which Federal funds are paid may not include the cost of making or acquiring materials or equipment in connection with work under a community work and training program or the cost of supervision of that work, and may only include those other costs attributable to the programs which are permitted by the Secretary.</p>	<p>(4) Services and facilities under the MDTA and other work programs shall be utilized.</p> <p>(a) Provides also that the Secretary of Health, Education, and Welfare enter into cooperative arrangements with the Secretary of Labor for the provision of the services offered by State employment offices to recipients and applicants for AFDC. The expenses furnished to recipients or applicants for testing, counseling and other individual employment services would be reimbursed at the 75 percent rate (85% until July 1, 1969).</p> <p>(b) No change.</p> <p>(c) Essentially the same.</p> <p>(5) No change.</p> <p>Provides for Federal matching of the costs of materials, training, and supervision at the rate of 75 percent on July 1, 1969, and 85 percent from Oct. 1, 1967 to July 1, 1969 if the program meets the new conditions.</p>
<p><b>E. Program of Federal payments for foster care of dependent children.</b></p> <p>1. Eligibility-----</p>	<p>Allows Federal payments with respect to any child otherwise not eligible who—</p> <p>(1) is removed, after Apr. 30, 1961, from home of specified relative as a result of a judicial determination that continuation therein would be contrary to his welfare;</p>	

(2) is placed in a foster family home (approved by the State), with payment to the child care agency permitted for the period through June 30, 1968 as a result of such determination; or (for the period through June 30, 1968) in a nonprofit private child-care institution, subject to limitations prescribed by the Secretary to include within Federal participation only cost items which are included in foster family home care. Provision is made for payments by the State or local agency for foster care in a foster family home or a child-care institution either directly or through a public or nonprofit private child-placement or child-care agency.

(3) was receiving aid to dependent children in the month when court proceedings were started, and for whose placement and care the State agency administering the program is responsible.

For the period through June 30, 1968, responsibility for the placement and care of dependent children placed in foster care homes may rest either with the State or local agency administering the program under title IV or with any other public agency with whom the administering agency has an agreement. Such agreement must include provision for assuring development of a plan for each child which is satisfactory to the State public assistance agency and such other provisions as may be necessary to assure that the objectives of the State plan approved under title IV are met.

2. Federal matching for foster care.

The Federal share is  $\frac{1}{2}$  of the 1st \$18 per recipient per month with variable grant matching on the amount up to \$32 per recipient per month. Variable grant matching above first \$18 has a Federal share which varies from 50 to 65 percent depending on per capita income of State.

F. Emergency assistance for certain needs.  
1. Definition of assistance.

No provision  
-----  
do

(2) Makes permanent the inclusion of child care institutions and permission for payment for care to an agency in foster family situations.

(3) Modifies provisions to cover children: (1) who were not receiving payments in the month court proceeding started but would have received such aid if they had applied for it, or (2) who had been living with one of the relatives specified in the law within 6 months of the start of the court proceedings and if in the month they were removed from home of the relative they would have been eligible for assistance if they had applied for it.

Makes provision permanent.

Provides an alternative Federal matching maximum of \$100 a month for children in foster care. Effective after September 1967.

Emergency assistance to needy families with children is defined to mean, (1) money payments, payments in kind, or such other payments as the State agency may specify, or medical or remedial care recognized under State law on behalf of an eligible child or any other member of household in which such child is living, and (2) such services as the Secretary may specify. It may be provided where such child and his family are without available resources and the payments, care, or services involved are necessary to avoid destitution of the child or to provide suitable living arrangements in a home for such a child.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**I. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued**

Item	Existing law	H.R. 12080
<p><b>F. Emergency assistance for certain needs—Continued</b></p> <p>2. Duration of assistance.....</p> <p>3. Federal matching.....</p>	<p>No provision.....</p> <p>do.....</p>	<p>Emergency assistance may be given for a period not excess in of 30 days in any 12-month period in the case of a needy child under age 21 who is (or, within a period specified by the Secretary, has been) living with any of the relatives specified in the act in a place of residence maintained by such a relative as his home.</p> <p>The Federal share will be 50 percent of the total expenditures under such plan for such assistance in the form of payments for items, services, and medical care and 75 percent of the total expenditures for such assistance in the form of welfare services. Effective upon enactment.</p>
<p><b>G. Protective and vendor payments and other State action to protect interests of AFDC children.</b></p>	<p>Authorizes protective payments to be made, in a limited number of cases (limited in number to 5 percent of recipients), to a person who is interested in or concerned with the welfare of the dependent child and relative, under a State plan which provides for—</p> <p>(1) determination by the State agency that payments in this form are necessary because the relative is so unable to manage funds that it would be contrary to the child's welfare to make payments to such relative;</p> <p>(2) meeting all the need of individuals (in conjunction with other income and resources), with respect to whom they are made, under rules otherwise applicable under the State plan for determining need and the amount of assistance to be paid;</p> <p>(3) special efforts to improve the ability of the relative to manage funds, and periodical review of the situation to determine whether such payments to another interested person are still necessary—and with provision for judicial appointment of a guardian or legal representative if the need for payments to another interested person continues beyond a period specified by the Secretary;</p> <p>(4) opportunity for a fair hearing before the State agency on the determination that payments to another interested person on behalf of the child and relative are necessary; and</p> <p>(5) aid in the form of foster family care, as provided for in the Social Security Act.</p> <p>Effective until ending June 30, 1968.....</p>	<p>Deletes 5-percent limitation on number of recipients who can be under this method of payment. Adds authority for vendor payments under same conditions for protective payments as outlined below. (Vendor payments are made on behalf of family or child directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such family.)</p> <p>(1) In the case of an individual who refuses to take the steps leading to employment, noted earlier under the community work and training, vendor or protective payments can be provided without meeting the requirements.</p> <p>(2) Deletes requirement of meeting full need.</p> <p>(3) No change.</p> <p>(4) No change.</p> <p>(5) No change.</p> <p>Provision made permanent.</p>

Authorizes the State agency to take the following steps, without losing Federal matching funds, whenever it has reason to believe that payments to a relative for the benefit of a child are not being or may not be used in the best interests of the child.

(1) To provide the relative with counseling and guidance concerning the use of payments and management of other funds to assure their use in the best interests of the child;

(2) To advise the relative that continued misuse of payments will result in substitution of protective payments (described above), or in seeking appointment of a guardian or legal representative; or  
Moreover, the imposition of criminal or civil penalties, under State law, upon determination by a court of competent jurisdiction that the relative is not using, or has not used, payments for the benefit of the child shall not be the basis for withholding of Federal matching funds.

B. Limitation on number of children with respect to which the Federal Government will make matching payments.

There is no limit as to Federal participation in expenditures other than the \$32 a month average maximum for all recipients of AFDC.

No change.

Provides that, for the purposes of Federal matching, the number of dependent children, deprived of parental support or care by reason of a parent's continued absence from the home, for any calendar quarter after 1967 shall not exceed the number bearing the same ratio to the total population of such State under age 21 on Jan. 1 of the year in which such quarter falls as the number of such dependent children with respect to whom such payments were made to such State for the calendar quarter beginning Jan. 1, 1967, bore to the total population of such State under age 21 on that date. No limit is imposed on Federal matching for children qualifying for AFDC based upon the death, incapacity, or unemployment of the parent.

## II. OTHER PUBLIC ASSISTANCE AMENDMENTS

A. Partial payments to States-----

Provides that if a State fails to comply with its State plan under any of the titles of the Social Security Act, the penalty, after hearing, is suspension of Federal funds for entire title.

Provides that Federal funds may be withheld for only that part of the plan which is not being complied with.

B. Private grantees under demonstration projects.

Provides that grants and contracts for demonstration projects under sec. 1110 of the Social Security Act can be made only with respect to public and non-profit agencies.

Would allow contracts to be with private profit agencies.

C. Social work manpower-----

No provision specifically to train social workers-----

Authorizes \$5,000,000 for fiscal year 1969 and the 3 following years to meet the cost of expanding educational programs in social work. At least 1/4 of the funds appropriated each year must be used to support undergraduate training.

**PUBLIC ASSISTANCE AMENDMENTS—Continued**

**OTHER PUBLIC ASSISTANCE AMENDMENTS—Continued**

Item	Existing law	H. R. 12080																														
D. Home repairs.....	No provision.....	Provides that States may, under all federally financed assistance except AFDC, make payments for home repair or capital improvements for an owned home up to a total of \$500 with 50 percent Federal matching. To do so would be more economical than paying rent in other quarters.																														
E. Demonstration projects.....	Authorizes \$2,000,000 for fiscal year before 1969 for demonstration projects to support the objectives of the public assistance titles.	Sets authorization at \$4,000,000 effective with fiscal year 1968 and for years thereafter. Also provides that the Secretary or Under Secretary of Health, Education, and Welfare must personally approve projects which are wholly funded through the Social Security Act and promptly notify the Congress about each of them.																														
F. Partial payments to States.....	Provides that if a State fails to comply with its State plan under any of the titles of the Social Security Act, the penalty, after hearing, is suspension of Federal funds for entire title.	Provides that Federal funds may be withheld for only that part of the plan which is not being complied with.																														
G. Puerto Rico, Guam, and the Virgin Islands.	Imposes dollar limitation of \$9,800,000 each year in Federal funds for matching cash public assistance payments. Figure for Virgin Islands is \$320,000 and for Guam is \$450,000.	Establishes new dollar limits as follows: <table border="1" style="margin: 10px auto; width: 80%;"> <thead> <tr> <th align="center">Fiscal year</th> <th align="center">Puerto Rico</th> <th align="center">Virgin Islands</th> <th align="center">Guam</th> </tr> </thead> <tbody> <tr> <td>1968.....</td> <td align="right">\$12,000,000</td> <td align="right">\$425,000</td> <td align="right">\$575,000</td> </tr> <tr> <td>1969.....</td> <td align="right">15,000,000</td> <td align="right">500,000</td> <td align="right">600,000</td> </tr> <tr> <td>1970.....</td> <td align="right">18,000,000</td> <td align="right">600,000</td> <td align="right">700,000</td> </tr> <tr> <td>1971.....</td> <td align="right">21,000,000</td> <td align="right">700,000</td> <td align="right">800,000</td> </tr> <tr> <td>1972 and thereafter.....</td> <td align="right">24,000,000</td> <td align="right">800,000</td> <td align="right">1,100,000</td> </tr> </tbody> </table> <p>In addition to these amounts, the Secretary is authorized to certify additional payments to be used for services related to community work and training and for family planning services in the following amounts:</p> <table style="margin: 10px auto; width: 80%;"> <tr> <td>Puerto Rico.....</td> <td align="right">\$2,000,000</td> </tr> <tr> <td>Virgin Islands.....</td> <td align="right">65,000</td> </tr> <tr> <td>Guam.....</td> <td align="right">90,000</td> </tr> </table> <p>Federal matching percentage would be 60 percent rather than 75 percent as for the States.</p> <p>The Department of Health, Education, and Welfare would be given authority to experiment with alternative methods of reimbursing hospitals under medicare, medicaid, and the child health programs which would provide incentives to keep costs down while maintaining quality of care.</p>	Fiscal year	Puerto Rico	Virgin Islands	Guam	1968.....	\$12,000,000	\$425,000	\$575,000	1969.....	15,000,000	500,000	600,000	1970.....	18,000,000	600,000	700,000	1971.....	21,000,000	700,000	800,000	1972 and thereafter.....	24,000,000	800,000	1,100,000	Puerto Rico.....	\$2,000,000	Virgin Islands.....	65,000	Guam.....	90,000
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H. Incentives for reduction of hospital costs.	No provision.....																															

## MEDICAL CARE FOR THE NEEDY (MEDICAID)

### I. Limitation on Federal participation in medical assistance.

#### A. The States-----

No limitation on the levels of income which a State can set for determining eligibility.

Federal matching ranges from 50 percent to 83 percent depending upon per capita income of State.

States would be limited in setting income levels for eligibility for which Federal matching funds would be available. The family income level could not be higher than either (1) 133 $\frac{1}{3}$  percent of the highest amount ordinarily paid to a family of the same size without income or resources under the program of aid to families with dependent children, or (2) 133 $\frac{1}{3}$  percent of the State per capita income for a family of 4 (with comparable amounts for families of different sizes). The 133 $\frac{1}{3}$  proportions would go into effect on July 1, 1968, except that for States which had a title XIX program approved before July 26, 1967, for the period from July 1, 1968, to Jan. 1, 1969, the proportions would be 150 rather than 133 $\frac{1}{3}$  percent and for that period from Jan. 1, 1969, to Jan. 1, 1970, the proportions would be 140 percent. See tables 13, 14, and 15 on pages 47, 48, and 50, as to effect on individual States. Puerto Rico, the Virgin Islands, and Guam would be exempt from these provisions and would instead be limited by dollar ceilings as follows:

Puerto Rico-----	\$20,000,000
Virgin Islands-----	650,000
Guam-----	900,000

Federal matching would be reduced to 50 percent.

#### B. Puerto Rico, Guam, and the Virgin Islands.

Federal matching set at 55 percent-----

### II. Maintenance of State effort-----

Federal matching for any State for any quarter prior to July 1, 1969, shall be reduced to the extent the excess of Federal matching for such quarter for the new medical program, old-age assistance, aid to needy families with children, aid to the blind, aid to the permanently and totally disabled, and aid under the consolidated program over the corresponding quarter in fiscal year 1964 or 1965 or average quarterly Federal matching for these programs in fiscal year 1964 or 1965 is greater than the excess of total expenditures (Federal, State, and local) on these programs in such quarter over the corresponding quarter or of the average total quarterly expenditures on these programs in fiscal year 1964 or 1965.

Maintenance of effort could be determined on the basis of money payments alone. Also, current expenditures could be measured on the basis of a full fiscal year (rather than a quarter). In addition, child welfare expenditures could be included in the determination either with money payments alone or with money payments and medical assistance.

### III. Coordination of medical assistance and part B of medicare.

States have until Jan. 1, 1968, to buy in title XVIII medical insurance for persons eligible for medicaid. States can buy in only for those who are receiving cash assistance.

States would have until Jan. 1, 1970, to buy in and could buy in for those eligibles who do not receive cash assistance—the medically needy. Such persons could be bought into the program in the future. Federal matching amounts would not be made to States for services which could have been covered under the medical insurance program but were not. No Federal funds could be used to pay premiums on behalf of medically needy.

### IV. Comparability provisions-----

States must make the same benefits available to all those eligible under the plan.

States would not have to include in medicaid coverage for recipients less than 65 years old the same items which the aged receive under the medical insurance program under the buy-in provisions.

**MEDICAL CARE FOR THE NEEDY (MEDICAID)—Continued**

Item	Existing law	H.R. 12080
<p><b>V. Required services</b>-----</p>	<p>States must, by July 1, 1967, include coverage of inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services and physician's services.</p>	<p>States could, as an alternative to the present provision, provide any 7 of 14 services. The 14 services include the 5 under present law and the following 9 types of services: medical care, or any other type of remedial care recognized under State law, furnished by a licensed practitioner within the scope of his practice as defined by State law: home health care services; private duty nursing services; clinic services; dental services; physical therapy and related services; prescribed drugs, dentures and prosthetic devices, and eyeglasses; other diagnostic, screening, preventive, and rehabilitative services; and inpatient hospital services, and skilled nursing home services, for individuals over age 65 in an institution for mental diseases.</p>
<p><b>VI. Federal participation in administrative expenses.</b></p>	<p>Federal financial participation at the 75-percent rate is available to meet the costs attributable to the compensation and training of professional medical personnel employed by the single State agency administering the plan.</p>	<p>Federal matching at the 75-percent rate would also be made available for the costs attributable to such personnel working on the program but located in another agency, the health agency, for example.</p>
<p><b>VII. Advisory Council on Medical Assistance.</b></p>	<p>No provision-----</p>	<p>Requires Secretary of HEW to appoint an Advisory Council on Medical Assistance to advise the Secretary on administration of the medicaid program. The Council would consist of 21 members with one of the members acting, upon appointment of the Secretary, as Chairman. The members are to include representatives of State and local agencies and nongovernmental groups concerned with health, and consumers of health services, with a majority to consist of consumer representatives. Members are to hold office for 4 years with the 1st offices staggered.</p>
<p><b>VIII. Free choice of medical services</b>-----</p>	<p>No provision-----</p>	<p>Individual eligible for medical assistance is to have free choice of qualified providers of services. The provision would be effective July 1, 1969, except it would be July 1, 1972, for Puerto Rico, Guam, and the Virgin Islands.</p>
<p><b>IX. Consultative services for providers of services.</b></p>	<p>Title XVIII provides that payments can be made to State health agencies for furnishing consultative services to providers of services in order for the providers to meet the participation requirements. Independent laboratories are not included in this provision.</p>	<p>Would repeal the present provisions effective July 1, 1969, and effective that date provide in the medicaid program that the States must provide such consultative services to all types of medical agencies for purposes of qualifying for participation under title XVIII, XIX, and the child health programs under title V.</p>

<b>X. Payment for services by a third party.</b> -----	No provision-----	State or local agency would have to take all reasonable measures to ascertain the legal liabilities of third parties to pay for covered services. Where the legal liability is known it would be treated as a resource of the patient. In addition, if medical assistance is granted and legal liability of a third party is established later, the State or local agency must seek reimbursement from such third party. The Federal Government would be credited with its share of the payment.
<b>XI. Payment of physician bills.</b> -----	All services must be paid directly to the person or organization furnishing the services.	Allows States to make payment directly to the recipient for physician services, but only if the recipient is not receiving cash assistance and is a medically needy person.
<b>XII. Date on which the States must meet certain requirements as to source of funds.</b>	States have until July 1, 1970, either to finance the State share wholly from State funds or to establish a tax equalization plan which accomplishes the same purposes.	Would change the effective date of this provision to July 1, 1967.

**CHILD WELFARE SERVICES**

<b>I. Inclusion of child welfare services in title IV.</b>	Authorizes under pt. 3 of title V of the Social Security Act, \$55,000,000 for fiscal year 1968, \$55,000,000 for fiscal year 1969, and \$60,000,000 for fiscal year 1970 and later years for formula grants to the States to support the provision of child welfare services. Also authorizes such sums as Congress may appropriate to support research, training, and demonstration projects in the child welfare field. "Child welfare services" are defined as public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.	Moves provisions to new pt. B of title IV of the Social Security Act and authorizes \$100,000,000 for fiscal year 1968, and \$110,000,000 for fiscal year 1970 and later years for formula grants to the States. Modifies research, training, and demonstration projects provisions to make possible dissemination of research and demonstration findings into program activity through multiple demonstrations on a regional basis and to encourage State and local agencies administering public child welfare services programs to develop and staff new and innovative services and to provide contract authority to make it possible to direct research into neglected and vital areas
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## CHILD HEALTH

Item	Existing law	H. R. 12080
<p><b>I. Consolidation of separate programs....</b></p>	<p>Provides 2 formula grant programs, 1 for maternal and child health services and another for crippled children's services. Funds authorized at \$55,000,000 for fiscal year 1968 and 1969 and \$60,000,000 for fiscal year 1970 and later years for each program are allocated to the States based, in part, on the proportionate share of live births of each State in the case of maternal and child health services, and the proportionate share of numbers of crippled children in the case of the crippled children's program. Also authorizes \$10,000,000 for fiscal year 1968 and \$17,500,000 for each later year for grants by the Secretary for training of professional personnel for health and care of crippled children (particularly mentally retarded children and children with multiple handicaps). Authorizes \$30,000,000 for 1968 for special project grants for maternity and infant care. Authorizes \$40,000,000 for fiscal year 1968, \$45,000,000 for fiscal year 1969, and \$50,000,000 for fiscal year 1970, for grants to State and local health agencies to promote health of school and preschool children. Authorizes not more than \$8,000,000 each year for research projects in the field of maternal and child health and crippled children's services.</p>	<p>Present provisions are repealed. Provides new title V of the act (without child welfare provisions, which are moved to title IV under another provision, discussed above). New title provides for the following: Authorizes \$250,000,000 for fiscal year 1969, \$275,000,000 for fiscal year 1970, \$300,000,000 for fiscal year 1971, \$325,000,000 for fiscal year 1972 and \$350,000,000 for fiscal year 1973 and later years. 50 percent of the appropriation for fiscal years 1969 through 1972 shall be for allotments to the States for maternal and child health and crippled children's services. 40 percent shall be grants for special project grants for maternity and infant care, special project grants for health of school and preschool children, and special project grants for dental health of children. 10 percent for each such year shall be for grants for training of professional health personnel and for research projects related to maternal and child health services and crippled children's services. 1/2 of 1 percent of the total appropriation can be used by the Secretary for evaluation (directly or through contracts or grants) of the programs. Effective with fiscal year 1973 and for later years 90 percent of the appropriation shall be for maternal and child health services and crippled children's services, and 10 percent shall be for grants and contracts for training of professional health personnel and research in the fields of maternal and child health services and crippled children's services. Secretary is authorized to transfer up to 5 percent of the appropriation for any year from one purpose to another purpose or purposes.</p>

TABLE 9.—*Summary of general fund costs in H.R. 13080*

[Dollars in millions]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Social security.....	\$33	\$72.0	\$106.0	\$152.0	\$146.0
Public welfare.....	-78	-262.2	-414.0	-608.8	-704.5
Child health.....	5	30.5	49.5	74.5	93.5
Net savings in bill.....	-40	-154.7	-258.5	-382.3	-459.0

TABLE 10.—*Social security general fund costs in H.R. 13080*

[Dollars in millions]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Special payments to certain persons 72 and over.....			\$29	\$52	\$41
Military service wage credits before 1957..				20	20
Additional wage credits for military service after 1957.....		\$1	2	2	3
Modification of supplementary medical insurance benefits.....	\$33	70	73	76	80
Modification of transitionally insured status for hospital insurance.....		1	2	2	2
Total, social security.....	33	72	106	152	146

TABLE 11.—*Summary of public welfare costs in H.R. 12080*

[Dollars in millions]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Public welfare costs if there is no change in present law.....	\$4,555	\$5,223.0	\$5,721	\$6,241.0	\$6,791.0
Increase in bill.....	25	259.8	488	709.2	1,069.5
Decreases in bill.....	-103	-526.0	-902	-1,318.0	-1,774.0
Net savings in bill.....	-78	-266.2	-414	-608.8	-704.5
Public welfare costs as amended by bill.....	4,477	4,956.8	5,307	5,632.2	6,086.5

TABLE 12.—*Child health costs in H.R. 12080*

[Dollars in millions]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Formula grants.....	\$110	\$125.0	\$137.5	\$150.0	\$162.5
Project grants.....	75	100.0	110.0	120.0	130.0
Research and training.....	18	25.0	27.5	30.0	32.5
Subtotal, authorizations in bill.....	203	250.0	275.0	300.0	325.0
Authorizations in present law.....	<sup>1</sup> 198	210.5	225.5	225.5	225.5
Increase in bill.....	5	39.5	49.5	74.5	99.5

<sup>1</sup> \$183,100,000 in 1968 budget.

TABLE 13.—Detail of public welfare costs in H.R. 12080

[Dollars in millions]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
<b>Public assistance:</b>					
AFDC costs if there is no change in present law <sup>1</sup> .....	\$1,462	\$1,555.0	\$1,647	\$1,741.0	\$1,837.0
Title XIX costs if there is no change in present law <sup>2</sup> .....	1,391	1,913.0	2,289	2,690.0	3,118.0
All other public assistance costs if there is no change in present law <sup>3</sup> .....	1,647	1,700.0	1,725	1,750.0	1,776.0
Subtotal, present law.....	4,500	5,168.0	5,661	6,181.0	6,731.0
<b>Increases in the bill:</b>					
Day care.....	( <sup>4</sup> )	75.0	155	250.0	470.0
Other social services.....	( <sup>4</sup> )	35.0	70	100.0	125.0
Earnings exemptions.....	( <sup>4</sup> )	20.0	25	30.0	35.0
Work-training.....	( <sup>4</sup> )	45.0	90	135.0	225.0
Foster care under AFDC.....	( <sup>4</sup> )	10.0	20	33.0	40.0
Emergency assistance.....	( <sup>4</sup> )	10.0	20	35.0	35.0
Puerto Rico, et al.....	( <sup>4</sup> )	7.8	11	14.2	17.5
Demonstration projects.....	( <sup>4</sup> )	2.0	2	2.0	2.0
Additional child health require- ments in title XIX.....			30	40.0	50.0
Subtotal, increases.....	<sup>4</sup> 25	204.8	423	639.2	999.5
<b>Decreases in the bill:</b>					
AFDC limitation.....	-18				
AFDC reductions for persons trained.....			-10	-55.0	-130.0
Restrictions on title XIX.....		-336.0	-692	-1,068.0	-1,434.0
Decrease in public assistance due to social security benefit in- crease <sup>5</sup> .....	-85	-190.0	-200	-205.0	-210.0
Subtotal, decreases.....	-103	-526.0	-902	-1,318.0	-1,774.0
Net savings due to public assistance amendments.....	-78	-321.2	-479	-678.8	-774.5
<b>Total, public assistance as amended by bill.....</b>	<b>4,422</b>	<b>4,846.8</b>	<b>5,182</b>	<b>5,502.2</b>	<b>5,956.5</b>
<b>Child Welfare:</b>					
Present law.....	<sup>6</sup> 55	50.0	60	60.0	60.0
Increase for child welfare services.....		45.0	50	50.0	50.0
Increase for child welfare re- search.....		5.0	10	15.0	15.0
Subtotal, increases.....		50.0	60	65.0	65.0
<b>Social work manpower.....</b>		5.0	5	5.0	5.0
<b>Net public welfare savings in bill.....</b>	<b>-78</b>	<b>-266.2</b>	<b>-414</b>	<b>-608.8</b>	<b>-704.5</b>

<sup>1</sup> Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

<sup>2</sup> Includes all medical vendor payments; assumes 5 percent annual increase in unit costs after 1968, assumes implementation in all jurisdictions by fiscal 1969.

<sup>3</sup> Assumes continued decline in number of old-age assistance and aid to the blind recipients, and continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

<sup>4</sup> 1968 cost undistributed.

<sup>5</sup> Assumes that social security benefit increases will fully reduce public assistance payments.

<sup>6</sup> \$46,000,000 in 1968 budget.

NOTE.—Costs are based on 1968 prices except as noted in the assumptions.

**TABLE 14.—Title XIX: Comparison of amount of protected income at proposed level (based on 133.3 percent of AFDC assistance standard) <sup>1</sup> with amount specified in currently approved State plans**

**STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT INCLUDES THE "MEDICALLY NEEDY"**

State	Proposed amount of protected income and difference from amount in currently approved plan for—							
	1 person		2 persons		3 persons		4 persons	
	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present
California.....	\$1, 600	-\$514	\$2, 200	-\$1, 124	\$2, 600	-\$964	\$2, 100	-\$704
Connecticut.....	1, 900	-200	2, 600	-600	3, 200	-300	3, 800	0
Delaware.....	1, 500	0	2, 100	0	2, 600	-100	3, 000	-300
Hawaii.....	1, 800	+360	2, 500	+340	3, 000	+480	3, 600	+600
Illinois.....	1, 400	-400	1, 900	-500	2, 400	-600	2, 800	-800
Iowa.....	1, 200	-400	1, 700	-700	2, 000	-1, 000	2, 400	-1, 200
Kansas.....	1, 900	+300	2, 700	+600	3, 200	+600	3, 800	+800
Kentucky.....	1, 400	-220	1, 900	-320	2, 300	-520	2, 700	-720
Maryland.....	1, 400	-400	1, 900	-380	2, 300	-400	2, 700	-420
Massachusetts.....	2, 200	+40	3, 000	+168	3, 700	+196	4, 300	+124
Michigan.....	1, 500	-400	2, 100	-600	2, 600	-520	3, 000	-540
Minnesota.....	1, 800	+180	2, 500	+280	3, 000	+372	3, 500	+464
Nebraska.....	1, 000	-600	1, 300	-900	1, 600	-1, 000	1, 900	-1, 100
New York.....	2, 000	-900	2, 700	-1, 300	3, 300	-1, 900	3, 900	-2, 100
North Dakota.....	1, 600	0	2, 300	+100	2, 800	+200	3, 200	+200
Oklahoma.....	1, 400	-328	1, 900	-68	2, 300	+92	2, 700	+282
Pennsylvania.....	1, 600	-400	2, 300	-200	2, 700	-550	3, 200	-800
Rhode Island.....	1, 500	-1, 000	2, 100	-1, 400	2, 500	-1, 400	2, 900	-1, 400
Utah.....	1, 500	+300	2, 100	+420	2, 600	+440	3, 000	+360
Washington.....	1, 700	+20	2, 400	+120	2, 900	+260	3, 400	+400
Wisconsin.....	1, 800	0	2, 600	-100	3, 100	-100	3, 600	-100

**STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT DO NOT INCLUDE THE "MEDICALLY NEEDY"**

Idaho <sup>1</sup> .....	\$1, 700		\$2, 300		\$2, 800		\$3, 300
Louisiana.....	1, 000		1, 300		1, 600		1, 900
Maine.....	1, 100		1, 600		1, 900		2, 200
New Mexico.....	1, 500		2, 100		2, 500		2, 900
Ohio.....	1, 500		2, 000		2, 500		2, 900
Vermont.....	1, 200		1, 600		2, 000		2, 300
West Virginia.....	1, 400		1, 900		2, 300		2, 700

**STATES NOT CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX**

Alabama.....	\$500		\$700		\$800		\$1, 000
Alaska.....	900		1, 300		1, 500		1, 800
Arizona.....	900		1, 200		1, 500		1, 800
Arkansas.....	700		900		1, 100		1, 300
Colorado.....	1, 100		1, 500		1, 800		2, 100
District of Columbia.....	1, 300		1, 900		2, 200		2, 600
Florida.....	500		700		800		900
Georgia.....	1, 000		1, 400		1, 600		1, 900
Indiana.....	900		1, 200		1, 500		1, 700
Mississippi.....	400		500		600		700
Missouri.....	800		1, 100		1, 300		1, 500
Montana <sup>1</sup> .....	1, 800		2, 500		3, 000		3, 500
Nevada.....	1, 100		1, 500		1, 800		2, 100
New Hampshire.....	1, 700		2, 400		2, 800		3, 300
New Jersey.....	2, 000		2, 800		3, 400		4, 000
North Carolina.....	1, 200		1, 700		2, 100		2, 400
Oregon.....	1, 600		2, 300		2, 700		3, 200
South Carolina.....	500		700		800		900
South Dakota <sup>1</sup> .....	1, 600		2, 200		2, 700		3, 200
Tennessee.....	900		1, 200		1, 500		1, 700
Texas.....	800		1, 100		1, 300		1, 500
Virginia.....	1, 300		1, 800		2, 200		2, 500
Wyoming.....	1, 600		2, 300		2, 800		3, 200

<sup>1</sup> When 133.3 percent of per capita income was lower than the 133.3 percent of the amount for a 4-person family, this lower amount was used for the 4-person family and comparable adjustments were made for other family sizes.

<sup>2</sup> Program began July 1, 1967; plan not yet approved.

<sup>3</sup> Program began June 1, 1967; plan not yet approved.

<sup>4</sup> Proposed standard based on per capita income rather than AFDC standard.

TABLE 15.—Title XIX: Comparison of amount of protected income at proposed level (based on 140 percent of AFDC assistance standard) <sup>1</sup> with amount specified in currently approved State plans

STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT INCLUDES THE "MEDICALLY NEEDY"

State	Proposed amount of protected income and difference from amount in currently approved plan for—							
	1 person		2 persons		3 persons		4 persons	
	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present
California.....	\$1,700	-\$414	\$2,300	-\$1,024	\$2,800	-\$764	\$3,300	-\$504
Connecticut.....	2,000	-100	2,800	-400	3,400	-100	3,900	+100
Delaware.....	1,600	+100	2,200	+100	2,700	0	3,200	-100
Hawaii.....	1,900	+460	2,600	+440	3,200	+680	3,700	+700
Illinois.....	1,500	-300	2,000	-400	2,500	-500	2,900	-700
Iowa <sup>2</sup> .....	1,300	-300	1,700	-760	2,100	-900	2,500	-1,100
Kansas <sup>3</sup> .....	2,000	+400	2,800	+600	3,400	+800	4,000	+1,000
Kentucky.....	1,400	-220	2,000	-220	2,400	-420	2,800	-620
Maryland.....	1,400	-400	2,600	-280	2,400	-300	2,800	-320
Massachusetts.....	2,300	+140	3,200	+368	3,900	+396	4,600	+324
Michigan.....	1,600	-300	2,200	-500	2,700	-420	3,100	-440
Minnesota.....	1,900	+280	2,600	+380	3,100	+472	3,700	+664
Nebraska.....	1,000	-600	1,400	-800	1,700	-900	2,000	-1,000
New York.....	2,100	-800	2,900	-1,100	3,500	-1,700	4,100	-1,900
North Dakota <sup>4</sup> .....	1,700	+100	2,400	+200	2,900	+300	3,400	+400
Oklahoma.....	1,400	-328	2,000	+32	2,400	+192	2,800	+352
Pennsylvania.....	1,700	-300	2,400	-100	2,900	-350	3,400	-600
Rhode Island.....	1,600	-900	2,200	-1,300	2,600	-1,300	3,100	-1,200
Utah.....	1,600	+400	2,200	+520	2,700	+540	3,200	+560
Washington.....	1,800	+120	2,500	+220	3,000	+360	3,600	+600
Wisconsin.....	1,900	+100	2,700	0	3,300	+100	3,800	+100

**STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT DO NOT INCLUDE THE  
"MEDICALLY NEEDY"**

Idaho <sup>1</sup>	\$1,800		\$2,400		\$3,000		\$3,500
Louisiana	1,000		1,400		1,700		2,000
Maine	1,200		1,700		2,000		2,400
New Mexico	1,600		2,200		2,600		3,100
Ohio	1,500		2,100		2,600		3,000
Vermont	1,200		1,700		2,000		2,400
West Virginia	1,400		2,000		2,400		2,800

**STATES NOT CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX**

Alabama	\$500		\$700		\$900		\$1,000
Alaska	1,000		1,300		1,600		1,900
Arizona	900		1,300		1,600		1,800
Arkansas	700		1,000		1,200		1,400
Colorado	1,010		1,600		1,900		2,200
District of Columbia	1,400		1,900		2,300		2,800
Florida	500		700		800		1,000
Georgia	1,000		1,400		1,700		2,000
Indiana	900		1,300		1,500		1,800
Mississippi	400		500		600		700
Missouri	800		1,100		1,300		1,600
Montana <sup>2</sup>	1,900		2,600		3,200		3,700
Nevada	1,100		1,500		1,900		2,200
New Hampshire	1,800		2,500		3,000		3,500
New Jersey	2,100		2,900		3,500		4,200
North Carolina	1,300		1,800		2,200		2,500
Oregon	1,700		2,400		2,900		3,400
South Carolina	500		700		800		1,000
South Dakota <sup>3</sup>	1,700		2,400		2,900		3,300
Tennessee	900		1,300		1,500		1,800
Texas	800		1,100		1,400		1,600
Virginia	1,400		1,900		2,300		2,700
Wyoming	1,700		2,400		2,900		3,400

<sup>1</sup> When 140 percent of per capita income was lower than the 140 percent of the amount for a 4-person family, this lower amount was used for the 4-person family and comparable adjustments were made for other family sizes.

<sup>2</sup> Program began July 1, 1967; plan not yet approved.

<sup>3</sup> Program began June 1, 1967; plan not yet approved.

<sup>4</sup> Proposed standard based on per capita income rather than the AFDC standard.



TABLE 16.—Title XIX: Comparison of amount of protected income at proposed level (based on 150 percent of AFDC assistance standard) <sup>1</sup> with amount specified in currently approved State plans

STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT INCLUDES THE "MEDICALLY NEEDY"

State	Proposed amount of protected income and difference from amount in currently approved plan for—							
	1 person		2 persons		3 persons		4 persons	
	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present	Proposed amount	Difference from present
California.....	\$1,800	-\$314	\$2,500	-\$824	\$3,000	-\$564	\$3,500	-\$304
Connecticut.....	2,100	0	3,000	-200	3,600	+100	4,200	+400
Delaware.....	1,700	+200	2,400	+300	2,900	+200	3,400	+100
Hawaii.....	2,000	+560	2,800	+640	3,400	+880	4,000	+1,000
Illinois.....	1,600	-200	2,200	-200	2,600	-400	3,100	-500
Iowa <sup>2</sup> .....	1,300	-300	1,900	-500	2,300	-700	2,600	-1,000
Kansas <sup>2</sup> .....	2,200	+600	3,000	+800	3,600	+1,000	4,300	+1,300
Kentucky.....	1,500	-120	2,100	-120	2,600	-220	3,000	-420
Maryland.....	1,500	-300	2,100	-180	2,600	-100	3,000	-120
Massachusetts.....	2,400	+240	3,400	+568	4,100	+596	4,800	+624
Michigan.....	1,700	-200	2,400	-300	2,900	-220	3,400	-140
Minnesota.....	2,000	+380	2,800	+580	3,300	+672	3,900	+864
Nebraska.....	1,100	-500	1,500	-700	1,800	-800	2,100	-900
New York.....	2,200	-700	3,100	-900	3,700	-1,500	4,400	-1,600
North Dakota <sup>4</sup> .....	1,800	+200	2,600	+400	3,100	+500	3,600	+600
Oklahoma.....	1,500	-228	2,100	+132	2,500	+292	3,000	+552
Pennsylvania.....	1,800	-200	2,500	0	3,100	-150	3,600	-400
Rhode Island.....	1,700	-800	2,300	-1,200	2,800	-1,100	3,300	-1,000
Utah.....	1,700	+500	2,400	+720	2,900	+740	3,400	+760
Washington.....	1,900	+220	2,700	+420	3,300	+660	3,800	+800
Wisconsin.....	2,100	+300	2,900	+200	3,500	+300	4,100	+400

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STATES CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX THAT DO NOT INCLUDE THE "MEDICALLY NEEDY"

Idaho <sup>4</sup> .....	\$1,900		\$2,600		\$3,200		\$3,700	
Louisiana.....	1,100		1,500		1,800		2,100	
Maine.....	1,300		1,800		2,100		2,500	
New Mexico.....	1,700		2,300		2,800		3,300	
Ohio.....	1,700		2,300		2,800		3,300	
Vermont.....	1,300		1,800		2,200		2,600	
West Virginia.....	1,500		2,100		2,600		3,000	

STATES NOT CURRENTLY OPERATING MEDICAL ASSISTANCE PROGRAMS UNDER TITLE XIX

	\$600	\$800	\$900	\$1,100
Alabama.....	1,000	1,400	1,700	2,000
Alaska.....	1,000	1,400	1,700	2,000
Arizona.....	800	1,100	1,300	1,500
Arkansas.....	1,200	1,700	2,000	2,400
Colorado.....	1,500	2,100	2,500	2,900
District of Columbia.....	500	700	900	1,000
Florida.....	1,100	1,500	1,800	2,200
Georgia.....	1,000	1,300	1,600	1,900
Indiana.....	400	600	700	800
Mississippi.....	900	1,200	1,400	1,700
Missouri.....	2,000	2,800	3,400	4,000
Montana <sup>1</sup> .....	1,200	1,600	2,000	2,300
Nevada.....	1,900	2,600	3,200	3,700
New Hampshire.....	2,300	3,100	3,800	4,500
New Jersey.....	1,400	1,900	2,300	2,700
North Carolina.....	1,800	2,500	3,100	3,600
Oregon.....	600	800	900	1,100
South Carolina.....	1,800	2,500	3,100	3,600
South Dakota <sup>2</sup> .....	1,000	1,400	1,700	1,900
Tennessee.....	900	1,200	1,500	1,700
Texas.....	1,500	2,000	2,400	2,900
Virginia.....	1,800	2,600	3,100	3,600
Wyoming.....				

<sup>1</sup> When 150 percent of per capita income was lower than the 150 percent of the amount for a 4-person family, this lower amount was used for the 4-person family and comparable adjustments were made for other family sizes.

<sup>2</sup> Program began July 1, 1967; plan not yet approved.

<sup>3</sup> Program began June 1, 1967; plan not yet approved.

<sup>4</sup> Proposed standard based on per capita income rather than AFDC standard.

TABLE 17.—Income and resources levels for medically needy in title XIX plans approved and in operation <sup>1</sup> as of June 30, 1967

1. ANNUAL INCOME

State	Date program began	Income protected for maintenance, by number of persons in family				
		1	2	3	4	Plus amounts for additional
California.....	Mar. 1, 1966	\$2,000	\$3,324	\$3,564	\$3,804	\$240 per person.
Revised.....		2,114				
Connecticut.....	July 1, 1966	2,100	3,200	3,500	3,800	\$300 per person.
Delaware.....	Oct. 1, 1966	1,500	2,100	2,700	3,300	5, \$3,800; 6, \$4,300; 7, \$4,800; plus \$400 for 8th, 9th and 10th person; \$200 each additional person over 10.
Hawaii.....	Jan. 1, 1966	1,440	2,160	2,520	3,090	5, \$3,420; 6, \$3,900; \$480-\$540 per person up to \$8,460 for 15.
Illinois.....	do.	1,800	2,400	3,000	3,600	\$600 for each additional person.
Kentucky.....	July 1, 1966	1,620	2,220	2,820	3,420	5, \$4,020; 6, \$4,500; 7, \$4,980; plus \$360 each additional person.
Maryland.....	do.	1,800	2,280	2,700	3,120	\$420 each additional.
Massachusetts.....	Sept. 1, 1966	2,160	2,832	3,504	4,176	\$672 each additional.
Michigan.....	Oct. 1, 1966	1,900	2,700	3,120	3,540	\$420 each additional.
Minnesota.....	Jan. 1, 1966	1,600	2,200	2,600	3,000	\$400 each additional person (\$406).
Revised.....		1,620	2,220	2,628	3,036	
Nevada.....	Apr. 1, 1967	1,600	2,200	2,600	3,000	\$400 for each additional person.
New York.....	May 1, 1966	2,900	4,000	5,200	6,000	\$850 each additional person.
North Dakota.....	Jan. 1, 1966	1,600	2,200	2,600	3,000	\$400 each additional.
Oklahoma.....	do.	1,728	1,968	2,208	2,448	\$240 each additional member up to 10 persons.
Pennsylvania.....	do.	2,900	2,500	3,250	4,000	\$750 each additional person.
Puerto Rico.....	Jan. 1, 1966	1,500	1,899	2,200	2,600	\$400 each additional person.
Rhode Island.....	July 1, 1966	2,500	3,500	3,900	4,300	\$400 each additional.
Utah.....	do.	1,200	1,680	2,160	2,640	5, \$3,120; \$360 each additional person.
Virgin Islands.....	do.	2,200	2,750	3,190	3,630	\$440 each additional member of family unit.
Washington.....	do.	1,680	2,280	2,640	3,000	\$360 each additional person.
Wisconsin.....	do.	1,800	2,700	3,200	3,700	\$500 each additional legal dependent.

2. CASH OR OTHER LIQUID RESOURCES <sup>4</sup>

State	Plan approved	Value of cash assets or other liquid resources, by number of persons in family				
		1	2	3	4	Plus amounts for additional persons or other assets allowed
California.....	X	\$1,500	\$3,000	\$3,000	\$3,000	
Connecticut.....	X	900	1,300	1,400	1,500	\$100 each additional person. Cash value of life insurance, \$500 maximum per family.
Delaware.....	X	600	900	1,000	1,100	\$100 each additional family member; cash value of life insurance, \$500 for single person, \$1,000 married couple.

Hawaii.....	X							"At least as high as those uniform levels now in effect for the money payment programs."
Illach.....	X	400	600	700	800			\$100 each additional family member.
Kentucky.....	X	500	750	775	800			\$25 each additional person. Life insurance up to \$1,000 cash value, each person.
Maryland.....	X	2,500	2,600	2,700	2,800			\$100 each additional person.
Massachusetts.....	X	2,000	3,000	3,100	3,200			Do.
Michigan.....	X	1,500	2,000	2,200	2,400			\$200 additional, each person. Life insurance up to \$1,000 cash value per family.
Minnesota.....	X	750	1,000	1,150	1,300			\$150 each additional person.
Nebraska.....	X	750	1,500	1,525	1,550			\$25 each additional person. Life insurance per person up to cash value of \$1,000 each. <sup>1</sup>
New York.....	X	* 1,450	2,000	2,600	3,000			\$425 each additional person; plus burial reserve in cash resources or face value of life insurance up to \$1,000 per person.
North Dakota.....	X	* 300	600	650	700			\$50 additional per person up to 10; \$25 additional per person over 10.
Oklahoma.....	X	500	700	800	900			\$100 each additional person up to 10.
Pennsylvania.....	X	2,400	3,840	3,840	3,840			Plus \$500 cash surrender value insurance for each dependent.
Puerto Rico, revised.....	X	500	600	700	800			Plus \$100 for each additional member of the family group.
Rhode Island.....	X	* 4,000	6,000	6,100	6,200			\$100 each additional; plus amount allowed for life insurance, face value, \$4,000—each adult; \$1,000—each child.
Utah.....	X	400	800	900	1,000			\$50 each additional person.
Virgin Islands.....	X	1,500	1,600	1,700	1,800			\$100 each additional person.
Washington.....	X	200	400	425	450			\$25 each additional; or may have combination of liquid assets, cash surrender value of life insurance and equity in car of \$550 single person, \$1,050 for 2, plus \$50 each additional.
Wisconsin.....	X	2,300	3,000	3,500	4,000			\$500 each additional legal dependent.

<sup>1</sup> The following States are not listed since they do not include the "medically needy" in the scope of the program: Idaho, Louisiana, Maine, New Mexico, Ohio, Vermont and West Virginia.

<sup>2</sup> Figures apply in family with 1 wage earner. For families with no wage earner: 1 person, \$2,300; 2, \$3,250; 3, \$4,250; 4, \$5,150; and \$350 for each additional member.

<sup>3</sup> Figures apply to persons owning own home.

<sup>4</sup> Home, household goods, and personal effects are exempt in all jurisdictions. References to other real property which may be retained, unless identified in a title XIX plan as included within the total limitation on resources, have been omitted from this table.

<sup>5</sup> Figures shown here apply in family with 1 wage earner. For family with

no wage earner, resources may be: 1, \$1,150; 2, \$1,625; 3, \$2,175; 4, \$2,575; plus \$425 for each additional dependent.

In addition, may have annual contribution up to \$1,080 from person not residing in the family household.

<sup>6</sup> These maximums on liquid assets are included within the overall limitation of \$2,500 on the equity which a family may have in personal property; the difference may be held in the value of such other property as vehicle, machinery, livestock, and the cash surrender value of life insurance.

<sup>7</sup> Other real and personal assets, up to the value of \$3,000, may be retained if used toward self-support.

<sup>8</sup> In addition, tangible personal property to the value of \$5,000 per household unit may be retained.