90th Congress }
1st Session }

CONFIDENTIAL COMMITTEE PRINT

SOCIAL SECURITY AMENDMENTS OF 1967

PART II—MEDICAID AMENDMENTS

COMMITTEE ON FINANCE UNITED STATES SENATE RUSSELL B. Long, Chairman



OCTOBER 11, 1967

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE WASHINGTON: 1967

COMMITTEE ON FINANCE

VANCE HARTKE, Indiana
J. W. FULBRIGHT, Arkansas
ABRAHAM RIBICOFF, Connecticut
LEE METCALF, Montana GEORGE A. SMATHERS, Florida
CLINTON P. ANDERSON, New Mexico
ALBERT GORE, Tennessee
HERMAN E. TALMADGE, Georgia
EUGENE J. McCARTHY, Minnesota

RUSSELL B. LONG, Louisiana, Chairman JOHN J. WILLIAMS, Delaware FRANK CARLSON, Kansas WALLACE F. BENNETT, Utah CARL T. CURTIS, Nebraska THRUSTON B. MORTON, Kentucky EVERETT MCKINLEY DIRKSEN, Illinois:

FRED R. HARRIS, Oklahoma

H

TOM VAIL, Chief Counsel EVELYN R. THOMPSON, Assistant Chief Clerk

CONTENTS

QUESTIONS FOR COMMITTEE DISCUSSION

Section 220: Limitation on Federal participation in medical assistance

A. THE STATES

PRESENT LAW

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

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

me States would be limited in setting income levels for eligibility for which Federal matching funds would be available. The family income level on could not be higher than either (1) 133% 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% percent of the State per capita income for a family of 4 (with comparable amounts for families of different sizes). The 133% 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% percent and for that period from Jan. 1, 1969 to Jan. 1, 1970, the proportions would be 140 percent.

Alternatives to House-Passed Provision Discussed by Committee Staff and H.E.W. Staff

The first two alternatives listed below may be drafted as either substitutes for the House amendment or as options to the House amendment:

1. Set outside limit at 150% of AFDC cash assistance payment which allows States to exceed level of House bill provisions—133% of AFDC cash assistance payment or 133% of per capita income applied to a family of four—if Secretary of H.E.W. approves deductibles and coinsurance provisions applicable to the medically indigent (but not to cash recipients) which he estimates would yield about the same savings as applying the 133 percent limit.

savings as applying the 133 percent limit.

2. In lieu of House provision, establish a maximum dollar limit on Federal matching for those States which have programs now in effect, related to their actual Title 19 expenditures in a recent month (multiplied by 12) which would be adjusted each year for changes in population. The State would have to provide the 5 basic services required under present law for cash assistance recipients but it would then be free to establish such eligibility requirement and other standards as it deemed appropriate.

3. Substitute for the House amendment, provisions under which adults, age 21 to 65, could not be covered under the program unless they were cash recipients of categorical assistance.

posal).

H.E.W. and Staff agreed that a drafting error in House bill should be corrected so that it is made clear that the title XIX limitation will not have the effect of denying Federal matching for medical payments 150% of AFDC cash assistance standard (Administration pro-

Favor provision in H.R. 12080

made in behalf of any cash recipient.

Δ 107	
A143 1487	Welfare Council of the National Capital Area Philip H. Governor of Vermont (favora
1485	Health Insurance Association of America (prefers 150 percent,
1307	
A220	1 1 0
	Evans, Hon. Daniel J., Governor of Washington (prefers 150
A175	or or remain (brefers 100
1611	Curtis, Hon. Kenneth M. Governor of Mains (profess 189
1517	Council of Jewish Federations & Welfare Funds, Federation of
1617	ments to title 19 without further study)
A10	Community Council of Greater New York (opposes any amond
100	Citizens' Committee for Children of New York
A283	Child Welfare League of America
A78	Chafee. Hon John H. Governor of Bhoda Line and Workers.
1537	Burton, Hon. Phillip, Member of Congress.
1586	Brooke Hon Edward W II'S Smith
	States where a 2-nercent deductible is required for
0201	Brody, Harrison, Chairman, Citizens Emergency Committee
1099	Public Welfare
A251	an St. Louis (
999	Board of Directors. Health and Welfers Council of Material
1529	American Public Welfare Association (prefers 150 percent with
A7	Alabama Department of Pensions and Security American Public Health Association
1412	AFL-CIO. Uppose provision in H.R. 12800
1200	
1450	Council of State Chambers of Commerce
751	are receiving cash assistance)
Hearing	American Medical Association (would not exclude those who are unable to pay for needed health care, expecially those who

Illinois Public Aid Commission....

A158

standards

Burns, Hon. John A., Governor of Hawaii

A213

Favors ceiling based on a national standard, not 133 percent of State assistance payment

Favors eliminating the per capita income standard in bill but retain the controls related to the cash assistance

Administration (as in H.R. 5710)___

211

Hughes, Hon. Harold E., Governor of Iowa (favors a ceiling present)

"Ceiling should be carefully established" Docking, Hon. Robert, Governor of Kansas		Oppose provision in H.R. 12080 AFL-CIO Bonin, Garland L., commissioner, Louisiana Department of Public Welfare
"Ceiling should be carefully established" cking, Hon. Robert, Governor of Kansas "Very likely there would be some increase * * * in the aid to jamukes with dependent children grant so that our allowed income for eligibility would probably not be upset by this provision" partment of Health and Social Services, State of Wisconsin. "The Governors would like to see the proposed ceiling on Medicaid removed or raised at least to 150 percent" tional Governor's Conference	A7 853 A23	s and Security
"Ceiling should be carefully established" oking, Hon. Robert, Governor of Kansas		Favor provision in H.R. 12080 but would also have provision apply to cash assistance recipients
"Ceiling should be carefully established" cking, Hon. Robert, Governor of Kansas	Hearing page	H.R.
Deiling should be carefully established" obert, Governor of Kansas y there would be some increase * * * in the aid les with dependent children grant so that our ncome for eligibility would probably not be upset rovision" ealth and Social Services, State of Wisconsin. "nors would like to see the proposed ceiling on rid removed or raised at least to 150 percent" rision to permit States to set flexible income eligibility standards Nelson A., Governor of New York Section 230: Direct Billing H.B. 12080	sician servent is not at is, is a	directly to furnishing
Deiling should be carefully established" obert, Governor of Kansas		LAW H.R.
Deiling should be carefully established" obert, Governor of Kansas		230:
e carefully established?' r of Kansas	A240	Rockefeller, Hon. Nelson A., Governor of New York
e carefully established" r of Kansas e some increase * * * in the aid lent children grant so that our dity would probably not be upset l Services, State of Wisconsin- e to see the proposed ceiling on aised at least to 150 percent"	me	provision to permit States to set flexible eligibility standards
	-	National Governor's Conference
	on	Governors would like to see the proposed ceiling ledicaid removed or raised at least to 150 percent"
"Ceiling should be carefully established" Robert, Governor of Kansas		Department of Health and Social Services, State of Wisconsi
"Ceiling should be carefully established" Robert, Governor of Kansas	vid set	* * rant bably
"Ceiling should be carefully established"	111	locking, Hon. Robert, Governor of Kansas
		"Ceiling should be carefully established"

Favors requiring that all State title XIX plans contain an option for direct payment to beneficiaries on the basis of an itemized bill

American Medical Association

Hearing

Favors amending to include dentists in direct payment provision under title XIX

American Dental Association ___

STAFF HEW SUGGESTIONS

Deductible and Coinsurance for Hospital Care under Medicaid

PRESENT LAW

to hospital care. No deductibles or coinsurance provisions are permitted with respect

Suggestion

Remove present limitation with respect to medically indigent only.

Christian Scientists

might be required to accept some medical service contrary to his con-It has been suggested that under present law a Christian Scientist

Suggestion

screening or diagnosis except in cases involving infection or contagious disease or environmental health. Provide in title XIX and in the child health provisions of title V that no Christian Scientist will be required to undergo medical

Health Facilities Planning

No planning requirement presently in public assistance or child health titles of Social Security Act.

Suggestion

poses, by a hospital or extended care facility if such expenditure had been specifically disapproved by the State "Partnership for Health" agency established under Public Law 89-749. (This suggestion con-Effective July 1, 1970 (or earlier at State request) titles V and XIX reimbursement to a facility (made on the basis of "reasonable cost") would exclude depreciation and interest expense attributable to a mittee on October 10.) forms to the amendment to title 18 tentatively agreed to by the Comcapital expenditure exceeding \$50,000 or made for certain specified pur-

Rhode Island Department of Social Welfare.....

A283

Essential Persons

PRESENT LAW

OAA recipient who herself is not eligible for assistance because of age, or the wife of a Disability Assistance or Aid to the Blind recipient who is not eligible in her own right for a money payment. to the recipient of a money payment and whose needs are taken into account in determining his budget allowance—such as the wife of an There is no provision in Title XIX which permits a State to pay for medical assistance for "essential persons" and receive Federal Matching. An "essential person" is an individual who is essential or necessary

Suggestion

H KLYK

cash assistance under OAA, AB, and APTD who are determined to be "essential" or necessary to the recipient of the money payment. Cover under title XIX the spouses under age 65 of those eligible for

Section 248: Puerto Rico, Guam, and the Virgin Islands

TREATMENT OF PUERTO RICO

PRESENT LAW

H.R. 12080

Federal matching set at 55 percent. 50 percent. Puerto Rico, the Virgin Islands, and Guam would be exempt from these by dollar ceilings as follows: provisions and would instead be limited Federal matching would be reduced to Virgin Islands Puerto Rico \$20, 000, 000 900, 650, 000

Opposes title XIX provisions, and would make title XIX matching 60 percent Federal

Polanco-Abreu, Puerto Rico_____ Hon. Santiago, Resident Commissioner of Hearing

Favors treating Puerto Rico as a State for medical assistance purposes

Puerto Rico Medical Association ___

Favors greater increase in Federal contributions for Puerto Rico and Virgin Islands than is provided in Puerto Rico H.R. 12080

Burton, Hon. Phillip, Member of Congress Suggestion

House dollar ceilings Continue Federal matching at 55 percent rate. However, retain

SOCIAL SECURITY AMENDMENTS OF 1967

G.A.O. and H.E.W. Audit Authority

The Comptroller General and the Department do not believe that they have authority under existing law to inspect the records and premises of providers of services to public assistance recipients unless a State is willing and capable of arranging such inspection and audit.

Suggestion

in State Plans to review record and premises of providers of services who receive Federal funds through Title XIX and other Titles with vendor payment (State in report that this does not relieve the States from responsibility for regular audits). Authorize G.A.O. and H.E.W. auditors by means of a requirement

Section 224: Required services

PRESENT LAW

H.R. 12080

States must, by July 1, 1967, include coverage of inpatient hospital services, present provision, provide any 7 of 14 outpatient hospital services, other labservices. The 14 services include the 5 oratory and X-ray services, skilled under present law and the following 9 nursing home services and physician's 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; physical therapy and related services; private duty nursing services. rehabilitative services; and inpatient hospital services, and skilled nursing home services, for individuals over age 65 in an institution for mental diseases. diagnostic, screening, preventive, and prosthetic devices, and eyeglasses; other

Suggestion

above. (2) With respect to medically needy persons allow states to choose either the first five services or 7 out of the 14 services authorized selected a State must also cover physician services in those institutions. in present law, except that if nursing home or hospital services are at least the 5 services described under the "present law" (1) For cash assistance recipients require that the state must provide column

Favor provision in H.R. 12080

National Association of Blue Shield Plans_____ National Association of Retail Druggists. planning to required services). Travelers Aid Society of Washington, D.C..... Brooke, Hon. Edward W., U.S. Senator. 8251 Citizens' Committee for Children of New York. 826 Community Council of Greater New York Community Service Society of New York Council of Jewish Federations and Welfare Funds, Federation 1517 of Jewish Philanthropies of New York Episcopal Action Group on Poverty. 1611 Hawaii, State of 1611 National Association of 1611 National Association for Retarded Children National Council of Senior Citizens National Federation of Settlements and Neighborhood Centers National Social Welfare Assembly Pennsylvania Department of Public Welfare United Auto Workers____ Board of Directors, Health and Welfare Council of Metro-American Public Health Association American Public Welfare Association politan St. Louis__ Favors intent to provide greater flexibility in the basic services offered, but believes that by allowing States to have an option of selecting any ? of 14 certain problems may arise, such as exclusion of basic items such as physicians or impatient hospital services; favors requiring these two services Favors making drugs a required service A135 1495 A275 A2411938 A253 1637 10691934 Hearing page 1529

III. HOUSE-PASSED PROVISIONS NOT DISCUSSED PREVIOUSLY

Section 221: Maintenance of State Effort

PRESENT LAW

H.R. 12080

reduced to the extent the excess of me Federal matching for such quarter for cothe new medical program, old-age assistance, aid to needy families with children, aid to the blind, aid to the permanently consolidated program over the corresus ponding quarter in fiscal year 1964 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 over the corresponding quarter over the corresponding quarter over the corresponding quarter or of the average total quarterly expenditures on these programs in fiscal year 1964 or 1965. be termined on the basis of money payof ments alone. Also, current expenditures
or could be measured on the basis of a full
st-fiscal year (rather than a quarter). In
addition, child welfare expenditures
by could be included in the determination
he either with money payments alone or
se-with money payments and medical assistance. Maintenance of effort could be

Oppose provision in H.R. 12080

Oppose provision in law and amendments which do not change nature of provision in that it penalizes States that have been most progressive—Suggest exemption of States who are either providing the required medical services under medicaid to cash recipients or States which are meeting their full standard of need

Kerner, Hon. Otto, Governor of Illinois... Illinois Public Aid Commission

A156

Section 222: Coordination of medical assistance and part B medicare of

PRESENT LAW

H.R. 12080

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

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

Favor provision in H.R. 12080

A200	Texas State Department of Public Welfare
	Favors amendment of bill to eliminate requirement that makes States first apply any income toward personal needs and making the State responsible for the total cost of the buy-in
751	American Medical Association.
	Opposes provision prohibiting Federal matching to States for services which the States did not "buy-in" for under part B
A123	Wants option of buy-in, payment on behalf of, or by cash Hawaii, State of
1517 1517 1543	Community Service Society of New York Wyman, George K., Commissioner, New York State Department of Social Services (recommends full Federal reimbursement)
1	AFL-CIO Oppose provision in H.R. 12080
Hearing page A283	Rhode Island Department of Social Welfare Texas State Department of Public Welfare (except provision that there be no Federal matching as to medically indigent recipients under buy-in)

Section 223: Comparability Provisions

PRESENT LAW

H.R. 12080

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 provisions. insurance program under the buy-in

Favor provision in H.R. 12080

1153	Volpe, Hon. John A., Governor of Massachusetts
A253	Pennsylvania Department of Public Welfare
A100	National PTA
A157	for the aged)
	assistance because the State buys-in SMI physician coverage
	"unlimited" use of physicians service for other categories of
	clarify existing language so that HEW would not require
	lunois rubiic Aid Commission (continue existing law but
A123	THE TRANSPORT OF THE PROPERTY
-	Episcopai Action Group on Foverty
	Conzens Committee for Children of New York.
1415	ALL CIO
	AFI CIO Oppose provision in H.R. 12080
A200	rexas State Department of Fubile Welfare
1388	ruerto nico intedical Association
1397	Davits, Hon. Jacob K., U.S. Senator
751	American Medical Association
A7	Alabama Department of Pensions and Security
Hearing page	
	F

Section 225: Federal participation in administrative expenses

PRESENT LAW

H.R. 12080

and training of professional medical personnel employed by the single State Federal financial participation at the 75-percent rate is available to meet the costs attributable to the compensation agency administering the plan.

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.

1388	Puerto Kico Medical Association
1517	Community Service Society of New York
1529	American Public Health Association
751	American Medical Association
1415	AFL-OIO
Hearing page	Favor provision in H.R. 12080

Hearing page

1597 1517

A123

853

Section 226: Advisory Council on Medical Assistance

No provision.

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 agentics. cies 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.

A A Transport of Social Welfare	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		2 mamban be able to Retail Druggists (provide that at least			1	;	1 1 1 1	of the members be representatives of the fields of health	Amorican Modical Association 7	
A283	1388	A137		1562	A144	A123	517	751		1415	Hearing

Favors combining with Health Insurance Benefits Advisory Council (sec. 162) to form an Advisory Council on

National Association of Social Workers_ Personal Health Services

Section 227: Free choice of medical services

PRESENT LAW

No provision.

H.R. 12080

sistance 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. Individual eligible for medical as-

Alabama I American date for American 1	AFI-CIO
Department of Medical Ass Puerto Rico	Fav
of Pensions ociation (wo	Favor provision in H.R. 12080
and Security buld not def the Virgin l	in H.R. 120
Alabama Department of Pensions and Security—American Medical Association (would not defer the effective date for Puerto Rico, Guam and the Virgin Islands)—American Pharmaceutical Association—	80

Hearing page 1415

751

A7

effective date for Puerto Rico)
National Association of Retail Druggists (make specific provision for patients in nursing homes)______Pennsylvania Department of Public Welfare______Pennsylvania Medical Association (would not delay effect in Association of New York State Physicians and Dentists_____Community Service Society of New York_____ Rhode Island Department of Social Welfare_____ Hawaii, State of Puerto Rico)_____

A253

A136

1562

Opposes application to Puerto Rico, would require Secretary of Health, Education, and Welfare to make a study and then determine when this provision should go into effect for Puerto Rico

Polanco-Abreu, Hon. Santiago, Puerto Rico____ Resident Commissioner of

Section 228: Consultative services for providers of services

PRESENT LAW

H.R. 12080

Title XVIII provides that payments can be made to State health agencies for furnishing consultative services to providers of services in order for the are not included in this provision. providers to meet the participation requirements. Independent laboratories

ies effective July 1, 1969, and effective that to date provide in the medicaid program the that the States must provide such consecutive services to all types of medical ies agencies for purposes of qualifying for participation under titles XVIII, XIX, and the child health programs under title V.

Favor provision in H.R. 12080

	Maine Dengitment of Health and Welfare
A220	Evans, Hon. Daniel J., Governor of Washington
A	Docking, Hon. Robert, Governor of Kansas
A213	Burns, Hon. John A., Governor of Hawaii.
1(Public Welfare.
	Bonin, Garland L., Commissioner, Louisiana Department of

Oppose reduction of medicaid Federal matching from 55

percent to 50 percent

Hearing page

140

"The proposal in H.R. 12080 that changes be made in for medical programs, poses several problems" the mode of providing and paying for consulting services to assist hospitals and nursing homes, to become eligible

Hughes, Hon. Harold E., Governor of Iowa.

Hearing A266

Territory of Guam_

Section 229: Payment for Services by a Third Party

PRESENT LAW

No provision.

H.R. 12080

The Federal Government would be credited with its share of the payment. liability of a third party is established later, the State or local agency must seek a resource of the patient. In addition, for covered services. Where the legal liability is known it would be treated as State or local agency would have to take all reasonable measures to ascertain if medical assistance is granted and lega the legal liabilities of third parties to pay

Favor provision in H.R. 12080

Alabama Department of Pensions and Security_____Puerto Rico Medical Association_____ Rhode Island Department of Social Welfare___ Hearing 1388 page A7

Hawaii, State of Oppose provision in H.R. 12080

A123

Favors coordination of benefits to preclude overpayment in title \overline{XIX}

American Mutual Insurance Alliance, American Insurance Association, National Association of Independent Insurers... Insurance 1570

Section 231: Date on Which the States Must Meet Certain Requirements as to Source of Funds

PRESENT LAW

H.R. 12080

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 Would change the effective date of this provision to July 1, 1969.

Favor provision in H.R. 12080

Community Service Society of New York-Puerto Rico Medical Association.... Hearing-1517

IV. OTHER CHANGES SUGGESTED BY WITNESSES

Opposes special limitations on Puerto Rico

1415

HEARING ON H.R. 12080 AT

Favors amending title XIX to remove exclusion against tuberculosis for future admissions hospitals that specialize in treatment of mental illness or

National Association of State Mental Health Program Direc-

Favors defining hospital under title XIX to include the public mental hospital, the private psychiatric hospital and the community mental health center

American Psychiatric Association, Psychiatric Private Hospitals ... National Association of

National Association of Retail Druggists. Opposes title XIX funds being used for "free drugs" being distributed through OEO neighborhood health centers

Favors assuring that medicaid is available to needy and medically needy with essential services

American Federation of Government Employees_ Opposes inclusion of chiropractors as providers of services under title XIX

Medical Association of Georgia.

Favors removing exclusion for under 65 people in title XIX of inpatient hospital services in mental and TB institu-tions

National Association of Mental Health

131

National Association of Blue Shield Plans. Favors study to determine feasibility of providing assistance by participation in the purchase of coverage for those who cannot afford it needed health-care 1562

Javits, Hon. Jacob K., U.S. Senator_ Favors allowing variable standards within the State

1397

1388

Javits, Hon. Jacob K., U.S. Senator_____ Favors incentives to the States, through increased matching grants, to develop all of the various medical services under title XIX

Brooke, Hon. Edward W., U.S. Senator,____

THE SE SE

1382I

Antik, st

Triallette liberioris

and blair only

one departed and the first bustaparen

Zational Aventument

Hearing page

826