
TO AMEND THE WORLD WAR VETERANS' ACT

JUNE 16 (calendar day, JUNE 18), 1926.—Ordered to be printed

Mr. REED of Pennsylvania, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 12175]

The Committee on Finance, to whom was referred the bill (H. R. 12175), heretofore reported, to amend the World War veterans' act, 1924, submits the following report thereon with the recommendation that the bill be passed with certain amendments.

Before analyzing the effect of the bill, certain statistics regarding veterans' relief should be given. The most recent information available is that of May 1, 1926. Up to that time, 1,029,468 claims for compensation for death or disability have been filed, of which 514,110 have been allowed, 504,108 have been disallowed, and 11,250 are pending. Pending cases are being adjudicated at the rate of about 2,000 per month. In the fiscal year 1925 there was paid on active compensation claims \$129,597,457.

The Veterans' Bureau is now maintaining 51 hospitals and has two additional hospitals nearing completion. It now has in these hospitals 16,819 patients. In addition to these, the bureau is maintaining 203 patients in hospitals of the Public Health Service, 1,972 patients in Army hospitals, 1,376 patients in Navy hospitals, 1,975 patients in soldier's homes, 948 patients in St. Elizabeths Hospital, and 3,789 in "contract hospitals," a total of 27,082 patients. On April 30, 1925, the total number of patients was 29,113. Of the patients now in hospitals 8,740 are tubercular, 13,055 are neuropsychiatric patients, and 5,287 are general surgical and medical cases.

Since the war, 121,743 veterans have completed courses of vocational training and rehabilitation. On May 1, 1926, there were still 6,610 veterans in training.

Out of 4,684,922 applications for military insurance received, there are now 549,698 policies in force, of which 142,183 are of the original temporary term insurance type and 407,515 are converted.

The total amount of insurance now in force is \$2,787,787,932, of which \$1,103,444,223 is temporary term insurance and \$1,684,343,709 is converted.

With these facts in mind, the committee now directs specific attention to the various changes in the law proposed by the bill.

1. Section 1 of the bill amends section 10 by authorizing the director to hospitalize women veterans entitled to hospitalization under the World War veterans' act in private hospitals. Your committee felt that this was an economic measure for the reason that the number of women patients is so limited and the diseases with which they are suffering so varied as to make it impracticable to maintain separate institutions for them. Likewise it has been found unsatisfactory to hospitalize women in those hospitals especially adapted and equipped for men patients. The Veterans' Bureau has established a few wards for women in certain of their hospitals. However, it is necessary in most instances for women to travel great distances to reach these few institutions, which often are not equipped to handle the particular disease from which the woman is suffering.

2. Section 1 of the bill also amends section 10 by granting to the director authority to improve, alter, or extend existing facilities, without the approval of the President, where such alteration, improvement, or extension does not materially increase the bed capacity for patients in any hospital. The director under the present law first appears before the President and the Director of the Budget each year in justification of his recommendations that certain alterations, improvements, or extensions are necessary. After approval of the same he then appears before the Appropriations Committees of the House and Senate explaining to such committees the need of the money requested to accomplish these projects. The projects contemplated are clearly indicated in the director's recommendations, both to the President and the congressional committees. It would seem that in view of these facts it is not only unnecessary but administratively unsound to require presidential approval for every minor alteration or repair to be made, appropriations for which have been authorized.

3. Section 1 of the bill as it passed the House of Representatives provided also for the transfer of parts of two hospitals from the National Home for Disabled Volunteer Soldiers to the Veterans' Bureau. Your committee has heard evidence on this subject and is convinced that it would be unwise to establish joint control of these hospitals and for that reason it recommends the amendment striking this provision from the bill.

4. Section 2 of the bill as it passed the House of Representatives gave the director wide authority over the guardians of insane veterans and also gave the director power to appear before the courts which had appointed such guardians. Your committee is of the opinion that the latter provision is wise, but that the former would constitute a serious invasion of the authority of the States and the State courts, and for that reason your committee recommends the elimination of such provisions.

5. Section 3 of the bill amends section 26 of the World War veterans' act by providing that accrued amounts of compensation, insurance, and maintenance and support allowance, which have

become payable but have not been paid prior to the death of the person entitled to receive the same, may be paid, instead of to the personal representative as now required by the law, where the combined amounts payable are \$1,000 or less, to such person or persons as would, under the laws of the State of residence of the decedent, be entitled to his personal property in case of intestacy. This amendment is in the interest of economic administration of small estates.

6. Section 4 of the bill amends section 28 of the World War veterans' act, which relates to the recovery of payments erroneously made by providing that when a recovery of a payment made from the United States Government life insurance fund is waived the fund shall be reimbursed to the extent of the recovery waived. These waivers are in order in those cases where the overpayment was without fault of the beneficiary and where it would be against equity or good conscience or would defeat the purposes of the benefits authorized to recover the same. While your committee felt that such recovery should not be made in this deserving class of cases, nevertheless where the Government life insurance fund, which is a trust fund for the benefit of converted insurance policyholders, is involved, it should not be depleted by the amount waived under this liberal legislation enacted by Congress.

7. Section 5 of the bill adds a new section to Title I of the World War veterans' act, as amended, to be known as section 31, and to provide for reimbursement of beneficiaries hospitalized in Veterans' Bureau hospitals for losses sustained through the destruction of personal effects through fire in bureau hospitals. On several occasions in the past, notably at Gulfport, Miss., and Perryville, Md., fires have occurred in bureau hospitals and personal effects of patients placed in storerooms for safe-keeping during hospitalization have been destroyed. Where the patients themselves carried no insurance on their property the loss was complete and there was no way in which they could be reimbursed by the Government.

8. Section 6 adds a new section to Title I of the World War veterans' act, as amended, to be known as section 33. The provisions of this amendment authorize the director to maintain courses of instructions for the professional personnel of the bureau and to detail employees to attend the same, and also authorize the director to detail a limited number of the professional personnel to attend courses conducted by other than bureau agencies and to defray the expenses incident to such detail, including transportation. As science advances it becomes necessary for persons in professional pursuits who have long since severed their connections with institutions of research, schools, and colleges to have some contact with institutions of learning whereby they may keep in touch with the developments of their particular branch of work. It is only by the authority conferred upon the director by this section that the professional personnel of the Veterans' Bureau may keep in touch with the advances of science and thus enable the bureau to carry on at the acme of efficiency the function of rehabilitating disabled ex-service men.

9. Your committee recommends the striking out from section 7 of the bill the provision inserted by the House of Representatives, which would have the effect of giving compensation to "women assigned to the Medical Department of the United States Army who

served in base hospitals overseas." While the intention of this provision was apparently to take care of American citizens not formally enlisted, but who in effect went from America for hospital service in France, nevertheless the language of the House amendment is such as to include all women of every nationality who performed tasks of any sort in our base hospitals in France and for this reason your committee is not willing to approve this change.

Section 7 of the bill also amends section 200 of the World War veterans' act of 1924 by extending the presumption of good health at enlistment to all classes of cases arising under the act. This presumption has heretofore been limited to compensation claims.

10. Section 8 of this bill amends section 201, subdivision (1), by providing that the Director of the Veterans' Bureau may allow funeral expenses in those cases in which the veteran dies leaving no assets which in the director's judgment should be applied to meet the expenses of burial and funeral and the transportation of the body. Heretofore, before payment could be made, it has been necessary to show that the veteran left insufficient assets to meet the expense of his burial and funeral, and even then there was payable only the difference between any assets that might have been left and the sum of \$100. The committee feels that in cases where the veteran leaves but a small amount of assets, his widow and children should not be required to exhaust this small amount by applying it in payment of funeral expenses, but that the Director of the Veterans' Bureau should be allowed in his discretion to pay the full amount where the assets of the estate are small notwithstanding that they might be sufficient to pay for a \$100 burial. The finding of the director in these cases is made conclusive on the General Accounting Office.

11. Section 9 further amends section 202 by providing that organic loss of speech shall be held to be permanent and total disability. This amendment covers the cases where shrapnel and similar wounds have completely destroyed the power of speech and in most instances left severe facial disfigurement.

12. The committee does not agree with the proposed amendment of the House of Representatives increasing from \$20 to \$30 per month the amount payable to permanently insane veterans who are hospitalized by the United States and who have no dependent relatives, and it recommends that this provision of the law remain as it now is, except that it should be extended to apply to veterans hospitalized in any institutions.

13. Your committee agrees with the amendment made by the House of Representatives that upon recovery of such person of his reason, such additional sum shall be paid to him as will equal the total sum by which his compensation has been reduced. The present law provides that upon recovery of reason the disabled person shall be paid an additional amount of \$60 per month for each month his compensation was reduced. It was felt that such a veteran was entitled to compensation in an amount equal to the difference between what he would have drawn if his compensation had not been reduced by the provisions of said section rather than the flat rate of \$60 additional.

14. Your committee does not agree with the amendment of the House of Representatives, giving free "out-patient treatment" to

all veterans of any war. The expense of this system undoubtedly would eventually be very great and it would constitute in the opinion of your committee an unjustifiable innovation.

15. Section 9 further eliminates the present restrictive date of "1897" making the provision applicable to veterans of all wars without respect to the time of their occurrence. Inasmuch as the Government offers hospitalization, either through the Veterans' Bureau or the National Home for Disabled Volunteer Soldiers, to veterans of any and all wars, it was felt that it would be a saving to the Government to permit hospitalization of all veterans in Veterans' Bureau hospitals. In many instances the Veterans' Bureau hospital is much more conveniently located than the hospitals of the soldiers' homes.

16. The amendment also includes Spanish-American War nurses within the hospitalization provisions. The committee felt that the services performed by these women during the Spanish-American War warrant provision for their care and treatment by the Federal Government.

17. The last amendment to section 202 (10) provides that where veterans hospitalized in Veterans' Bureau hospitals are financially unable to supply themselves with clothing the director may furnish such clothing as he may deem necessary. In many instances veterans enter Government hospitals in the summer time with no clothing other than that which they are wearing. At the time of their discharge the seasons have changed and their clothing is entirely inadequate to their needs, particularly in those cases where the hospital is located in a different section of the country than the one in which the man was residing. An instance is known where a man was discharged from a Veterans' Bureau hospital in midwinter in a palm beach suit and a straw hat.

18. It further amends the law by providing that prosthetic appliances will be furnished to veterans entitled to the benefits of this particular subdivision if they are unable to supply themselves with the same. At the present time the Veterans' Bureau can furnish these men with such appliances while in hospitals, but after they leave the hospital, should it become necessary to renew or replace them, the bureau is unable to do so unless it is necessary to rehospitalize them. This section also provides that veterans entitled to hospitalization under this section shall not have their pensions deducted because of such hospitalization.

19. The section further amends the act by providing for hospitalization in other than Government hospitals in the Territory of Alaska, from which under the existing law it is now necessary to transport veterans entitled to hospitalization to the United States in order to place them in Government institutions.

20. Section 9 of the bill amends section 203 by providing an allowance of \$2.65 per day to men undergoing observation or examination by the bureau. This allowance is to be in lieu of reimbursement for loss of wages now authorized by law. In many instances it has been found that farmers, commission merchants, etc., have been unable to secure reimbursement because no actual loss of wages can be shown. The committee felt that all men should be placed on the same footing. Consequently this amendment is recommended.

21. Your committee does not agree with section 11 of the House bill, which would repeal section 206 of the World War veterans' act. This is the section which denies compensation unless death or disability occurred in service or within one year thereafter, except (a) where tuberculosis, mental trouble, paralysis agitans, encephalitis lethargica, or amœbic dysentery develops prior to January 1, 1925, or (b) where there is official record of injury during the service or at the time of discharge, or (c) where proof was furnished the bureau within one year after June 7, 1924. Your committee feels that these provisions are sufficiently liberal and that to repeal them would be to invite malingering. It is estimated by the bureau that the repeal of this section would cost \$671,000 in the first year and \$1,182,000 in the next year. While there are doubtless a few deserving cases which would be benefited by the repeal of this section, your committee feels that most of this additional cost would go to cases which do not deserve relief.

Section 12 of the House bill would repeal section 209 of the World War veterans' act, which limits the time for filing disability claims to five years after discharge or resignation from the service, but allows the director to extend this period of limitation in his discretion not to exceed two years. Your committee believes that full justice will be done if this discretionary authority is enlarged to permit a five-year extension and believes that the repeal of the entire section is unnecessary and unwise.

22. Section 13 of the bill amends section 212 of the World War veterans' act as amended, first, by making the provision with reference to active service and retirement pay retroactive to April 6, 1917. This amendment is for the purpose of permitting payment of compensation from date of release to inactive duty in those cases where men in the Naval Reserve, who, although entitled to approximately \$1 a month by reason of being in the reserve, have been denied compensation because they were in receipt of service pay. A provision having a similar purpose was inserted in the law of 1924, but as it was not made retroactive it did not accomplish what was sought to be done.

23. This section further amends the law by providing that the scale of disability ratings recently adopted shall be applied to those persons who receive compensation for injuries incurred prior to April 6, 1917, or subsequent to July 2, 1921, under the war risk insurance act as amended, where an accrued right exists. At the present time it is necessary for the bureau to maintain two schedules—one for those men entitled under the World War veterans' act and one for those men entitled under the war risk insurance act. The use of two schedules for rating purposes was thought unwise both by the bureau and your committee. This amendment is recommended to take effect only from the date of the passage of this amendatory act.

24. Section 14 of the House bill would extend the period for application for war risk insurance from 120 days after enlistment to one year after enlistment. The former period has been in the law since the first war risk insurance act was passed in October, 1917, and your committee believes that it is not wise to change the period.

25. This section of the bill further amends section 300 by validating applications made by members of the reserve forces while in attendance at military or naval training camps. Many of these men, upon

application, were granted insurance and are now paying premiums. It is impossible for the bureau to determine just which of the applications received were made by reservists on temporary detail. Under the ruling of the Comptroller General they have been held not entitled to apply. The amendment is for the purpose of guaranteeing to these men who have applied the insurance which has heretofore been granted.

26. The next amendment to section 300 is a proviso granting to members of the Coast Guard the same rights with reference to Government insurance as are now extended to the Army and Navy.

27. Your committee recommends that section 15 of the House bill be stricken out in its entirety, inasmuch as a bill covering the substance of this section has been enacted by the present Congress and has already been signed by the President.

28. Your committee recommends the striking out of section 16 of the House bill in its entirety. This section was inserted to meet a ruling of the Comptroller General, but inasmuch as that official has rescinded his ruling, your committee feels that it is unnecessary to retain this section.

29. Your committee recommends the elision of practically all of section 17 of the House bill, which would give the right to reinstate lapsed insurance without the payment of back premiums. Your committee feels that this is unsound and unwarranted.

30. Section 18 amends section 305 to provide that canceled and surrendered insurance may be kept in force by uncollected compensation as well as "lapsed" insurance. The Comptroller General has recently ruled that canceled and surrendered insurance could not be revived under the terms of this section, but only "lapsed" insurance. The committee believes that disabled ex-service men who pay premiums on their insurance up to the time they are ready to cancel or surrender all or any part of it, should have the same privilege under this section as the men who fail to pay premiums and simply permit the contract to lapse.

31. Section 18 also amends section 305 by providing that insurance revived under the provisions of that section shall not be paid to any persons other than the widow, child, children, dependent mother or father, in the order named. This section is one which revives insurance by the use of uncollected compensation. It is a most liberal provision of the law and it was felt that it should not be permitted to revive insurance where no immediate members of the insured's family were alive to take the same.

32. Your committee recommends the elision of section 19 of the House bill, which would add an additional 30 days to the present 30 days of grace permitted for the payment of insurance premiums. There are one or two cases of hardship which have been brought to the attention of the committee and which are intended to be taken care of by this general provision, but your committee feels that it is preferable that they be acted upon by special bill.

33. Your committee recommends the elision of section 20 of the House bill. This section would permit revival of insurance in cases where the \$60 bonus provided by the act of February 24, 1919, was not paid and which, if applied to the payment of premiums when due, would have equaled or exceeded the same. This is merely another form of constructive reinstatement of policies which the soldier deliberately permitted to lapse. The World War veterans' act

has already taken care of such lapsed insurance where the veteran was disabled. Your committee does not feel that the privilege should now be extended to veterans who were in good health at the time they gave up their insurance.

34. Section 21 amends section 406 by extending the time of training for those men who are now in training. The extension of time for those in placement training is to January 1, 1927, and for those in institutional training two years after the passage of this act. The committee felt that as these men had embarked on courses of education prescribed for them they should be permitted to finish the same notwithstanding that the general provisions for training provided for termination June 30, 1926.

35. Section 22 of the bill adds a new section to be known as section 506. This amendment provides that the penal provisions of the World War veterans' act shall be applicable to the Philippine Islands. At present the penal provisions of the act are not applicable to the islands named, and it was felt by your committee that in view of the large number of claimants residing there, persons attempting to secure the benefits of the statute should be subject thereto for falsification of records, perjury, etc.

36. The committee recommends that a new section, to be known as section 18, should be added to the bill to permit the construction of garages at Veterans' Bureau hospitals, in which space may be rented to employees of the bureau. This has been found by the director to be necessary, but a ruling of the Comptroller General has prohibited the erection of such facilities out of appropriations for hospital construction.

The annual cost of the bill as amended by your committee is estimated by the Director of the Veterans' Bureau to be as follows:

	Cost during—		
	First year	Second year	Third year
Hospitalization of women veterans (sec. 1).....	\$32,000	\$32,000	\$32,000
Reimbursement of life insurance fund for erroneous payments (sec. 4).....	2,500	2,500	2,500
Loss of personal effects by fire (sec. 5).....	7,000		
Instruction of professional personnel (sec. 6).....	20,000	20,000	20,000
Prosthetic appliances (sec. 9).....	10,000	10,000	10,000
Clothing for indigent hospitalized veterans.....	20,000	20,000	20,000
Extension of vocational training.....	4,823,995	1,931,620	
Total.....	4,915,495	2,016,420	84,500

As against the above costs, it should be borne in mind that section 18 of the House bill, which your committee cordially approves, will result in a saving of insurance payments amounting to \$2,362,000 for the first year, \$4,724,000 for the second year, and \$7,086,000 for the third year. It will thus be seen that the net effect of the present bill will be a reduction in the governmental outlay. On the other hand, it should be borne in mind that the act already passed by this Congress and signed by the President, permitting an extension of one year in the time for converting temporary term insurance, will cost the Government \$2,890,000 for the first year, \$5,780,000 for the second year, and \$8,670,000 for the third year.