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SUMMARY OF PROVISIONS

OF

H.R. 12080*

THE "SOCIAL SECURITY AMENDMENTS OF 1967"

As Ordered Reported

TO THE

HOUSE OF REPRESENTATIVES

BY THE

COMMITTEE ON WAYS AND MEANS

ON

AUGUST 3, 1967

*H.R. 12080 AS INTRODUCED BY CHAIRMAN MILLS AND CO-SPONSORED BY MR. BYRNES. THE COMMITTEE REPORT ON THE BILL IS TO BE FILED BY MIDNIGHT MONDAY, AUGUST 7, 1967

Prepared by the staff of the Committee on Ways and Means for the information and use of the Committee and the interested public

U.S. GOVERNMENT PRINTING OFFICE

82-204 WASHINGTON : 1967

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SUMMARY OF H.R. 12080, THE "SOCIAL SECURITY AMENDMENTS OF 1967," AS ORDERED REPORTED BY COMMITTEE ON WAYS AND MEANS, AUGUST 3, 1967

I. MAJOR CHANGES IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND HEALTH INSURANCE PROGRAMS

Increase in social security benefits

A general benefit increase of 12½ percent would be provided for people on the rolls. As a result, the average monthly benefit paid to retired workers and their wives now on the rolls would increase from $145 to $164. The minimum benefit would be increased from $44 to $50 a month. Under the bill monthly benefits would range from $50 to $159.80 for retired workers now on the social security rolls who began to draw benefits at age 65 or later. Under existing law, the benefit range for those now receiving old age benefits is $44 a month to $142.

The special benefit paid to certain uninsured individuals aged 72 and over would be increased from $35 to $40 a month for a single person and from $52.50 to $60 a month for a couple.

The amount of earnings which would be subject to tax and could be used in the computation of benefits would be increased from $6,600 to $7,600 a year, effective January 1, 1968.

The $168 maximum benefit (based on average monthly earnings of $550—or a wage base of $6,600) eventually payable under present law would be increased to $189.00 on the basis of the same monthly earnings. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of $212 (based on average monthly earnings of $633—or a wage base of $7,600) in the future. The maximum benefits payable to a family on a single earnings record would be increased to $423.60, rather than $368 as under present law. Of course, to qualify for the maximum benefits just outlined, a wage earner must have earned the maximum under the new wage base for a number of years in the future.

Effective date: The increased benefits would be payable beginning with the second month after the month in which the bill is enacted. It is estimated that 23.7 million people would be paid new or increased benefits in December 1968 and as a result of the benefit increase $2.9 billion in additional benefits would be paid out in 1968. Of this amount, $52 million would be paid out of general revenues as benefits for 708,000 people over 72 who have not worked long enough to be insured under the social security program.

Illustrative monthly benefits payable under present law and under the committee's bill are shown in the following tables:

Average earnings	Old-age benefits [1]			
	Worker		Husband and wife [2]	
	Present law	Under bill	Present law	Under bill
$67	$44.00	$50.00	$66.00	$75.00
150	78.20	88.00	117.30	132.00
250	101.70	114.50	152.60	171.80
300	112.40	126.50	168.60	189.80
350	124.20	139.80	186.30	209.70
400	135.90	152.90	203.90	229.40
550	168.00	189.00	252.00	283.50
633	([3])	212.00	([3])	317.00

[1] For a worker 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.
[2] Survivor benefit amounts for a widowed mother and 1 child or for 2 parents would be the same as the benefits for a man and wife.
[3] Not applicable, since the highest possible average earnings amount is $550.

Average monthly earnings	Survivors' benefits			
	Widow age 62, widower, or parent		Widowed mother and 2 children	
	Present law	Under bill	Present law	Under bill [1]
$67	$44.00	$50.00	$66.00	$75.00
150	64.60	72.60	120.00	132.00
250	84.00	94.50	202.40	202.40
300	92.80	104.40	240.00	240.00
350	102.50	115.40	279.60	280.80
400	112.20	126.20	306.00	322.40
550	138.60	156.00	368.00	391.20
633	([2])	174.90	([2])	423.60

[1] 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.
[2] Not applicable, since the highest possible average earnings amount is $550.

Benefits to 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 benefit is first payable at age 50, the benefit would be 50 percent of the primary insurance amount. The amount would increase, on a graduated basis, 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 age 62.

A special definition of disability that would apply to a widow and widower would also be provided. Under this definition a person would 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: Monthly benefits for disabled widows would be payable for the second month after the month in which the bill is enacted. An estimated 65,000 disabled widows and widowers would be eligible for benefits on enactment and an estimated $60 million in benefits would be paid in 1968.

Definition of disability for workers

A more detailed definition of disability would be provided than is now in the law. The law would provide guidelines 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.

Insured status for workers disabled while young

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

Effective date: Benefits under this provision 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 on enactment and that $70 million in benefits would be paid in 1968.

Additional wage credits for servicemen

For social security benefit purposes, the pay of a person in the Armed Forces would be deemed to be $100 a month more than he is actually paid. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

Creation of Special Advisory Council to make recommendations concerning health insurance for disability beneficiaries

The Secretary of Health, Education, and Welfare would be required to establish a Special Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

Increase in number of covered hospital days

The number of days of hospitalization which could be covered in a spell of illness would be increased from 90 to 120 days. However, the patient would have to pay a coinsurance amount of $20 per day for those additional days (subject to adjustment after 1968, depending on the trend of hospital costs).

Effective date: January 1, 1968.

Payment to physicians under the supplementary medical insurance program

In addition to the two methods of paying for physicians' services provided under existing law (receipted bill and assignment), the following method would be provided: A physician would be authorized to submit his itemized bill to the insurance carrier for payment. Payment would be made to him if the bill was no more than the reasonable charge for the services as determined by the carrier. If the charge was higher than the reasonable charge, the payment would go to the patient. If the physician does not wish to receive

the payment himself, he may direct that payment be made to the patient. If the physician is unwilling to submit the bill to the carrier, the patient may submit the itemized bill and be paid. As under present law payment would be limited to 80 percent of the reasonable charge.

Effective date: The amendment would be effective with respect to payments for services furnished in or after January 1968.

Transfer of outpatient hospital services to the supplementary medical insurance program

Hospital outpatient diagnostic services would be covered under the supplementary medical insurance program rather than under the hospital insurance program as under present law. The effect of the change is that all hospital outpatient benefits would be covered under the supplementary medical insurance program and thus subject to the deductible ($50 a year) and coinsurance features (20 percent).

Effective date: January 1, 1968.

Earnings limitation

The amount a person may earn without having his social security benefits withheld would be increased. Under the present law, a person who earns more than $1,500 a year loses some or all of his benefits depending on how much he earns. However, he is paid benefits for any month in which he earns not more than $125. The amount a person may earn and still get all of his benefits would be increased from $1,500 to $1,680 a year. The amount to which the $1 for $2 reduction would apply would range from $1,680 to $2,880 a year rather than from $1,500 to $2,700. Also, the amount a person may earn in 1 month and still get full benefits for that month (regardless of how much he earns in the year) would be increased from $125 to $140.

Effective date: The provision would be effective for earnings in 1968.

The dependency of the child on his mother

A child would be deemed dependent on his mother under the same conditions that, under present law, a child is deemed dependent on his father. As a result, a child could become entitled to benefits if at the time his mother dies, or retires, or becomes disabled, she was either fully or currently insured. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement or disability) is required unless the mother was actually supporting the child.

Effective date: Children's benefits would be payable under this provision beginning with the second month after the month in which the bill is enacted. An estimated 175,000 children would become entitled to benefits at that time and an estimated $82 million in additional benefits would be payable in 1968.

Financing

The present and proposed tax schedule is—

[In percent]

Period	OASDI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal
Combined employer-employee contribution rates:						
1967	7.8	7.8	1.0	1.0	8.8	8.8
1968	7.8	7.8	1.0	1.0	8.8	8.8
1969–70	8.8	8.4	1.0	1.2	9.8	9.6
1971–72	8.8	9.2	1.0	1.2	9.8	10.4
1973–75 [1]	9.7	10.0	1.1	1.3	10.8	11.3
1987 and after	9.7	10.0	1.6	1.8	11.3	11.8
Self-employed contribution rates:						
1967	5.9	5.9	.5	.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 [1]	7.0	7.0	.55	.65	7.55	7.65
1987 and after	7.0	7.0	.8	.9	7.8	7.9

[1] The hospital insurance tax rate would increase to 0.7 percent 1976–1979 and to 0.8 percent 1980–1986 under the bill.

Note: Maximum taxable earnings base is $6,600 under present law and $7,600 (beginning in 1968) under proposal.

MAXIMUM TAX CONTRIBUTIONS UNDER PRESENT LAW AND UNDER COMMITTEE BILL

Period	OASDI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal
By employee:						
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
By self-employed:						
1967	389.40	389.40	33.00	33.00	422.40	422.40
1968	389.40	448.40	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

The amount of earnings taxed would be increased from $6,600 to $7,600 a year, effective January 1, 1968.

The portion of social security taxes that is allocated to the disability insurance trust fund would be increased from 0.70 percent of taxable wages to 0.95 percent beginning in 1968.

The supplementary medical insurance trust fund is now provided with a contingency fund for 1966 and 1967. This fund is provided as a safety measure in the early years before the trust fund has had time to build up a surplus, and it would be continued for an additional 2 years.

II. OTHER CHANGES IN THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE, AND THE HEALTH INSURANCE PROGRAMS

A. HEALTH INSURANCE

Requirement that a physician certify the need for hospital services

The requirement in the present law that a physician certify that an in-patient in a hospital requires hospitalization at the time the individual enters the hospital or that a patient requires hospital out-patient services would be eliminated.

Experimentation with hospital reimbursement methods

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.

Payment for purchase of durable medical equipment

Payment for durable medical equipment needed by an individual would be made on a rental basis or a purchase basis, whichever would be more economical.

Blood deductibles

A unit of packed red blood cells would be treated as a pint of blood for deductible purposes under the hospital insurance program; the patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible; and the 3-pint deductible provisions would apply to the supplementary medical insurance program as well as to the hospital insurance program.

Effective date: January 1, 1968.

Enrollment under supplementary medical insurance program

An individual who is over 65, but believes, on the basis of documentary evidence, that he has just reached age 65, would be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in the evidence.

Transitional provisions for uninsured individuals under the hospital insurance program

A person who attains age 65 in 1968 could become entitled to hospital insurance benefits if he has a minimum of three quarters of coverage in 1968 (existing law requires six). The number needed in later years would increase by three in each year until the regular insured status requirement is met.

Reimbursement for civil service retirement annuitants for premium payments under the supplementary medical insurance program

Federal employee health benefit plans would be permitted to reimburse certain civil service retirement annuitants who are members of group helath plans for the premium payments they make to the supplementary medical insurance program.

Appropriation to supplementary medical insurance trust fund

Whenever the transfer of general revenue to the supplementary medical insurance trust fund is not made at the time the employee

contribution is made, the general revenues of the Treasury would pay, in addition to the Government share, an amount equal to the interest that would be paid had the transfer been made on time.

Health Insurance Benefits Advisory Council

The Health Insurance Benefits Advisory Council established under the present law would assume the duties of the National Medical Review Committee called for under present law. (The Medical Review Committee has not yet been formed.) The Health Insurance Benefits Advisory Council membership would be increased from 16 to 19 persons.

Podiatry services

The definition of a physician would be amended to include a doctor of podiatry with respect to the functions he is authorized to perform under the laws of the State in which he works. However, no payment would be made for routine foot care.

Effective date: January 1, 1968.

Payment for certain radiological or pathological services

The payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients would be authorized. Under existing law, a 20-percent coinsurance is applicable.

Effective date: January 1, 1968.

Payment for physical therapy furnished by hospitals

Physical therapy that is furnished to an outpatient in his home or in a nursing home would be provided under the hospital insurance program. The services must be provided under the supervision of a hospital.

Effective date: January 1, 1968.

Payment for portable X-ray services

Diagnostic X-rays taken in a patient's home or in a nursing home would be covered under the hospital insurance program if provided under the supervision of a physician, and subject to health and safety regulations.

Effective date: January 1, 1968.

Study of coverage of services of health practitioners

The bill requires the Secretary of Health, Education, and Welfare to study the need for, and to make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

Limitation on special reduction, allowable days of inpatient hospital services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he became entitled to benefits under the hospital insurance program would be made inapplicable to benefits for hospitals' services furnished outside a psychiatric or tuberculosis institution if the services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

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B. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Coverage of clergymen

Under the present law (beginning with the 1954 amendments) clergymen and members of religious orders (except those who have taken a vow of poverty) can become covered under the social security program at their own option. The bill would change this provision so that the services a clergyman performs in the exercise of his ministry would be covered automatically unless, within 2 years after becoming a clergyman or 2 years after the enactment of the bill, he states that he is conscientiously opposed to social security coverage on religious grounds. The services performed by a member of a religious order who has taken a vow of poverty would be covered or excluded on the same basis as services performed by other clergymen.

Coverage of State and local employees

A State would be permitted to provide social security coverage, under the divided retirment system option, for a person who is in a position for which social security coverage is available but who himself is not personally eligible for coverage. Under present law such a person can only be covered under the regular referendum provisions.

Under the bill, the services of a person who is employed on a temporary basis for certain emergency services (e.g., in time of floods) cannot be covered by social security beginning January 1, 1968. Such an exclusion is now optional with the States.

Also, under the bill, a State may, at its option, exclude from social security coverage election officials or election workers who earn less than $50 in a calendar quarter.

Also, the bill would add Illinois to the list of States which may use the divided retirement system procedure for extending coverage.

Definition of "widow," "widower," and "stepchild"

A widow, widower, or stepchild would be considered as such for social security purposes if the marriage existed for 9 months. In case of death in line of duty in the uniformed service, or in case of accidental death, if the marriage existed for 3 months; unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

Limitation on wife's benefit

There will be instituted a limitation on the wife's benefit of a maximum of $105 a month. The effect of this provision will not be felt until many years into the future.

Requirements for husbands and widowers insurance benefits

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 would be repealed.

Disability benefits affected by the receipt of workmen's compensation

A change would be made so that in reducing the social security benefits payable to a person who is also entitled to workmen's compensation, the computation of his average earnings can include earnings in excess of the annual amount taxable under social security.

Self-employment partnership income

The partnership income of retired partners would not be taxed for social security purposes.

Effective date: Taxable years beginning after 1967.

Underpayments

An order of priority for the payment of benefits due to a person who has died would be provided. The benefits would be paid in the following order: (1) to his surviving spouse if she was entitled to benefits on the same earnings record as the deceased beneficiary, (2) to his child or children if they were entitled to benefits on the same earnings record as the deceased beneficiary, (3) to his parent or parents if they were entitled to benefits on the same earnings record as the beneficiary, (4) to the legal representative of the deceased beneficiary's estate, (5) to his surviving spouse not entitled to benefits on the same earnings record, and (6) to his child or children not entitled to benefits on the same earnings record.

A somewhat different procedure would be followed in the case of claims for benefits on behalf of deceased individuals under the supplementary medical insurance program. For these claims, the benefit would be payable, first, to the person who paid for the services; second, to the estate of the person; and third, to the widow and children of the individual.

Simplification of benefit computation

Where wages earned before 1951 are used in the benefit computation, certain assumptions would be made so that the benefit could be computed by mechanical means.

Extension of time for filing reports of earnings

The Secretary of Health, Education, and Welfare would be authorized to grant an extension of the time in which a person may file his report of earnings for earnings test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

Penalties for failure to file timely reports of earnings

Under the present law, it is possible for a person to be penalized in amounts in excess of the actual benefit payable to him in some months. The amendments would eliminate the possibility of this occurring in the future.

Limitation on payments of benefits to aliens outside the United States

Under present law, an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions. This provision would be changed so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days would be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

An additional provision would be added so that when a person who is not a citizen of the United States is outside the United States for 6 months or more, he could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living in the

United States. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

Disclosure to courts of whereabouts of certain individuals

Upon request, the Social Security Administration would furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support or maintenance order for a child.

Report of Board of Trustees

The date on which the annual report of the trustees of the social security trust funds is due would be changed from March 1 to April 1. The report would contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

Advisory Council on Social Security

The Secretary would appoint a member of the Advisory Council on Social Security to be its chairman. The Commissioner of Social Security would no longer be a member of the Council.

The Advisory Councils on Social Security would be appointed in 1969 and every fourth year thereafter instead of 1968 and every fifth year thereafter as under present law.

General saving provision

Where a person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on that account would not be reduced by the family maximum provision, because the new person became entitled to benefits.

TABLE A: 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

TABLE B: AVERAGE BENEFITS FOR SELECTED BENEFICIARY CATEGORIES IN CURRENT-PAYMENT STATUS, DEC. 31, 1967, UNDER PRESENT AND H.R. 12080

	Present law	Proposed
Family groups:		
Retired worker	$82	$92
Male retired worker	93	105
Retired worker and aged wife	145	164
Aged widow only	75	84
Widowed mother and 2 children	223	251
Disabled worker, wife, and 1 or more children	212	239
Beneficiary group: All retired workers	85	96

III. CHANGES IN PROGRAMS OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) AND CHILD WELFARE

Family employment and other services

Each State would be required to develop a program for each family on the AFDC rolls designed to get the adult members, and older children not attending school, into employment, thus removing the family from the public assistance rolls. Among the specific things the States would be required to do are the following: (1) assure that each adult in the family is furnished employment counseling, testing, and training, (2) offer family planning services in all appropriate cases, (3) establish programs designed to reduce the incidence of illegitimate births, (4) bring to the attention of the appropriate courts or law enforcement agencies situations where children are being neglected or abused with a view to removing the child from the family or correcting the situation, (5) make protective or vendor payments where it is determined that the adult relative cannot manage funds effectively for the benefit of the dependent children, and (6) establish programs, under a single unit of organization, for determining paternity of children and using all laws applicable to obtain support for children from their deserting fathers.

Effective date: These provisions would be effective on an optional basis October 1, 1967, and would be mandatory on the States beginning July 1, 1969.

States would be required to make available day care services when needed for the children of those mothers who are determined to be able to work or take training. States would also be required to furnish other child welfare services which would contribute toward getting the family off the assistance rolls. The Federal Government would match payments for these services on an 85-percent basis prior to July 1, 1969, and at 75 percent thereafter.

Community work and training programs

States would be required to establish community work and training programs in every area of the State where a significant number of AFDC families live. Every adult member and child over 16 not attending school for whom it was determined that work or training is appropriate would be required to participate or face the loss of assistance. Only a few States have work and training programs at the present time, and then only in some areas of the State. All States would be required to have such programs by July 1, 1969. There would be Federal matching of 75 percent (85 percent prior to July 1, 1969) for training, supervision, and materials. Under present law there is no matching for these items.

Work incentives

Under the bill, each State would be required effective July 1, 1969 (optional until then), to have an earnings exemption under its program. Under this provision, the first $30 of earned family income plus one-third of earnings above that amount would be retained by the family. A family would have to fall below the usual assistance levels to qualify initially for assistance and for the earnings exemption. Persons voluntarily quitting a job or reducing their earnings in order to qualify would not receive the exemption. The earnings of children under age

16 and those 16 to 21 attending school full time would be completely exempt.

Needy children of unemployed fathers

Under present law, the States can establish programs for families with dependent children based on the unemployment of a parent and receive Federal matching. The definition of unemployment is left up to the individual States. Under the bill, States would have programs only for the children of unemployed fathers and the definition of unemployment would be made by the Federal Government. In addition, the fathers under these programs would be required to have had a substantial connection with the work force. That is, they must have either exhausted their unemployment compensation rights or have had a year and a half of work during a 3-year period ending in the year before assistance is granted. The assistance would not be available if the father were receiving unemployment compensation. The fathers would not be eligible under the Federal program if the father turned down work, or refused to accept training, or refused to register at the employment office. In addition, each father would have to be enrolled in a work and training program within 30 days after coming on the assistance rolls. States which now have programs for the children of unemployed parents under present law would not have to bring in any new people until July 1, 1969. However, people on the rolls who do not meet the new criteria would have to go off the rolls by October 1, 1967. States starting up programs in the future would have to comply with the new provisions in order to receive Federal matching funds.

Federal payments for foster home care of dependent children

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

Emergency assistance for needy children

Under the bill, Federal funds would be available on a 50–50 basis for cash payments, and 75 percent Federal to 25 percent State and local for services, to meet the costs of providing emergency assistance to dependent children and their families. The assistance would be limited to a 30-day period and no more than one 30-day period in a year would be paid for. Included among the items covered under the provisions would be the following: (1) money payments, (2) payments to purchase items needed by the family immediately (such as emergency living accommodations), (3) medical care, and (4) a wide variety of services for the children and the family to help the family cope with various types of emergencies that may arise.

Child welfare services

Under the bill, child welfare services would be moved to the section of the law which provides for the AFDC program and States would be required to furnish such services to AFDC children through a

single organizational unit in the State and local agency which handles the AFDC program. The Federal Government would provide 75 percent of the cost of such services to AFDC children. The non-AFDC child welfare program would be moved from title V to title IV of the Social Security Act, and the authorization increased to $100 million for fiscal year 1969 ($45 million over the $55 million in present law) to $110 million for each year thereafter ($60 million in present law). Research, training, or demonstration projects would be funded at levels determined by later Congresses.

Limitation on aid to families with dependent children eligibles

The proportion of all children under age 21 who were receiving aid to families with dependent children (AFDC) in each State in January 1967, on the basis that the father was absent from the home, could not be exceeded after 1967. For example, if a State had 4 percent of its minor children on AFDC in January 1967, because the father is absent, the State would not get Federal matching payments for children in excess of 4 percent of the population under 21 in 1968 or later years.

IV. TITLE XIX AMENDMENTS

Limitation on Federal participation in medical assistance

Under the bill, States would be limited in setting income levels for eligibility to medicaid for which Federal matching funds would be available. The income level for medicaid could not be higher than 133⅓ percent of the income level for eligibility for the aid-to-families-with-dependent-children program, or, if lower, for a family with four members 133⅓ percent of the State per capita income (and comparable amounts for families of different size). The 133⅓ percent proportions would go into effect on July 1, 1968, except that for States which now have title XIX plans, for the period from July 1, 1968, to January 1, 1969, the proportion would be 150 percent rather than 133⅓ percent and for the period from January 1, 1969, to January 1, 1970, the proportion would be 140 percent.

Maintenance of State effort

Under the bill, States would be given additional alternatives for measuring State effort under provisions to assure that the State maintains its fiscal effort after new Federal funds become available. Maintenance of effort could be determined on the basis of money payments alone instead of money payments and medical care as under present law. Also, the current expenditure 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.

Coordination of title XIX and the supplementary medical insurance program

Under the bill, States would have until January 1, 1970 (rather than Jan. 1, 1969, as under present law), to buy-in title XVIII supplementary medical insurance for persons eligible for medicaid. Also, the bill would allow people who are eligible for medicaid but who do not receive cash assistance to be included in the group for which the

State can purchase such coverage. There would be no Federal matching toward the State's share of the premium is such cases. The bill would provide that Federal matching amounts would not be available to States for services which could have been covered under the supplementary medical insurance program but were not.

Modification of comparability provisions

Under the bill, 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 supplementary medical insurance program which is furnished to them under the buy-in provisions discussed above.

Required services under State medicaid programs

Under present law, the States are required to include five named types of coverage effective with July 1, 1967. Under the bill, this provision would be made less restrictive, allowing the States to have either any seven of 14 named benefits in the law, or the five types of benefits now required.

Extent of Federal financial participation in State administrative expenses

Under the bill, States would be able to get the same 75-percent Federal matching for physicians and other professional medical personnel working on the medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, the matching is 50 percent in such cases.

Advisory Council on Medical Assistance

Under the bill, an Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, would be established to advise the Secretary of Health, Education, and Welfare in matters of administration of the medicaid program.

Free choice for persons eligible for medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the medicaid program would have free choice of qualified medical facilities and practitioners.

Use of State agencies to assist health facilities to participate in the various health programs under the Social Security Act

Under the bill, States could receive 75-percent Federal matching for the services which State health agencies perform in helping health facilities to qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) would be repealed effective with July 1, 1969, when this provision would go into effect.

Payments for services and care by a third party

Under the bill, States would have to take steps to assure that the medical expenses of a person covered under the medicaid program which a third party had a legal obligation to pay would not be paid or if liability is later determined that steps will be taken to secure reimbursement.

Effective date: January 1, 1968.

Direct billing of patients under medicaid

At the option of the States, medicaid recipients who are not also cash assistance recipients (those who are medically needy) could receive reimbursement directly for physicians' services on the basis of an itemized bill paid or unpaid.

V. OTHER PUBLIC ASSISTANCE AMENDMENTS

Federal payments for repairs to homes of assistance recipients

States would get 50-percent matching payments to meet the cost (not to exceed $500) of repairing the home of an assistance recipient if the home could not be occupied, and the cost of rental quarters would exceed the cost of repairs. The change would be effective October 1, 1967.

Limitation on Federal matching for Puerto Rico, Guam, and Virgin Islands

The dollar limit for Federal financial participation in public assistance for Puerto Rico would be raised from the present $9.8 million to $12.5 million for 1968, $15 million for 1969, $18 million for 1970, $21 million for 1971 and $24 million for 1972 and thereafter. A separate $2 million limit on payments toward family planning services and expenses to support community work and training programs would also apply.

Under medicaid an overall dollar limit of $20 million would be imposed (in lieu of limitation made applicable to the States by the bill) and the ratio of Federal matching would be changed from 55 percent to 50 percent.

Proportionate increases in the dollar maximums for Guam and the Virgin Islands would be made.

Social work manpower and training

The bill would authorize $5 million for the fiscal year ending June 30, 1969, and the 3 following years, for grants to colleges and universities to build up programs for training social workers. At least one-half of the amount appropriated each year would have to be used for undergraduate training.

Permanent authority to support demonstration projects

The amount of Federal funds to support public assistance demonstration projects would be increased from $2 million a year to $4 million and be made permanent.

VI. CHILD HEALTH AMENDMENTS

Consolidation of earmarked authorities

In place of a number of separate earmarked authorities in present law, the bill consolidates all authorities into one single authorization with three broad categories. Beginning with fiscal year 1969, 50 percent of the total authorization will be for formula grants, 40 percent will be for project grants, and 10 percent will be for research and training. By July 1972 the States will be expected to take over the responsibility for the project grants, and 90 percent of the total authorization will go to the States as formula grants. Total authorizations will increase by steps from $250 million in 1969 to $350 million in 1973 and thereafter.

Additional requirements on the States under the formula grant program

The bill requires that State plans provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care in the development of demonstration services.

Project grants

Until July 1972, the bill authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from $30 to $35 million.

Research and training

The bill broadens the training authorization to include training for the health care of mothers and children and to give priority to undergraduate training. The research authority is amended to emphasize projects to study the use of health personnel with varying levels of training in the delivery of comprehensive maternal and child health services.

VII. MAJOR PROVISIONS OF H.R. 5710 NOT INCLUDED IN H.R. 12080

The following provisions of H.R. 5710, the bill embodying the administration's proposals, are not contained in the committee bill, H.R. 12080:

	H.R. 5710 Sec. No.
Elimination of provisions denying benefits to individuals because of membership in certain organization. (Under H.R. 12080, such persons would continued to be barred from coverage as under existing law.)	110
Coverage of agricultural labor	115
Transfer of Federal employment credits	116
Health insurance for the disabled. (Secretary of Health, Education, and Welfare to establish a Special Advisory Council to study the problems involved and report by Jan. 1, 1969.)	125
Health insurance payments to Federal facilities	126
Funding of depreciation allowance and requirement of health facilities planning	129
Requirement for meeting full need under public assistance	202
Tax treatment of the aged (title V). (No changes in the income tax provisions of existing law are included in the bill.)	501–507

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