1955, which has not been reported heretofore—

(a) a statement of each claim reconsidered or submitted to the Secretary of the Army in accordance with this Act which has not been settled by him, with supporting papers and a report of his findings of fact and recommendations; and

(b) a report of each claim settled by him and paid pursuant to this Act. The reports shall contain a brief statement concerning the character and justice of each claim, the amount claimed, and the amount approved and paid.

SEC. 7. Claimants shall submit their claims in writing to the Secretary of the Army, under such rules as he prescribes, within ninety days after enactment of this Act.

SEC. 8. The Secretary of the Army is directed to reconsider and settle claims affected by the provisions of this Act without regard to any release of and assignment to the United States heretofore executed by the claimants.

SEC. 9. All departments and agencies of the Government upon the request of the Secretary of the Army or his designee are authorized to furnish any information available relevant to the reconsideration and settlement of claims under this Act.

SEC. 10. The Secretary of the Army, in settling the claims herein directed to be settled, shall proceed to consider the claims heretofore filed, if sufficient in form, and may at his option require the claimant to file an additional claim or submit additional evidence of loss. The Secretary of the Army shall forthwith notify all claimants or their attorneys, if any, whose claims are to be reconsidered under the provisions of this Act that such reconsideration is being undertaken. When a file relating to a claim previously submitted under this Act shows that a person other than a person who submitted the claim would be entitled to recover if he submitted a claim, the Secretary of the Army or his designee shall notify the person of his right to submit a claim.

SEC. 11. In making the settlements authorized by this Act, the Secretary of the Army shall proceed under all of the limitations and directions of the Act of August 12, 1955, except as herein amended, and shall make such settlements under the regulations and procedures used in making settlements under the Act of August 12, 1955, except as to such changes necessitated by this Act, and all of the provisions of the Act of August 12, 1955, except as herein amended, shall apply to settlements made under this Act.

Short title.

SEC. 12. This Act may be cited as the "1959 Amendment to the Texas City Disaster Relief Act".

Approved September 25, 1959.

Public Law 86-382

September 28, 1959
[S. 2162]

AN ACT

To provide a health benefits program for Government employees.

Federal Employees Health Benefits Act of 1959.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Employees Health Benefits Act of 1959".

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DEFINITIONS

SEC. 2. As used in this Act—

(a) "Employee" means an appointive or elective officer or employee in or under the executive, judicial, or legislative branch of the United States Government, including a Government-owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private interests), or of the municipal government of the District of Columbia, and includes an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, and an employee of Gallaudet College, but does not include (1) a member of a "uniformed service" as such term is defined in section 1072 of title 10 of the United States Code, (2) a noncitizen employee whose permanent duty station is located outside a State of the United States or the District of Columbia, or (3) an employee of the Tennessee Valley Authority.

72 Stat. 1446.

(b) "Government" means the Government of the United States of America (including the municipal government of the District of Columbia).

(c) "Annuitant" means—

(1) an employee who on or after the effective date of the provisions referred to in section 16 retires on an immediate annuity, under the Civil Service Retirement Act or other retirement system for civilian employees of the Government, after twelve or more years of service or for disability,

70 Stat. 736. 5 USC 2251 *et seq.*

(2) a member of a family who receives an immediate annuity as the survivor of a retired employee described in clause (1) or of an employee who dies after completing five or more years of service,

(3) an employee who receives monthly compensation under the Federal Employees' Compensation Act as a result of injury sustained or illness contracted on or after such date of enactment and who is determined by the Secretary of Labor to be unable to return to duty, and

39 Stat. 742. 5 USC 751 note.

(4) a member of a family who receives monthly compensation under the Federal Employees' Compensation Act as the surviving beneficiary of (A) an employee who, having completed five or more years of service, dies as a result of illness or injury compensable under such Act or (B) a former employee who is separated after having completed five or more years of service and who dies while receiving monthly compensation under such Act on account of injury sustained or illness contracted on or after such date of enactment and has been held by the Secretary of Labor to have been unable to return to duty.

For the purpose of this subsection, "service" means service which is creditable for the purposes of the Civil Service Retirement Act.

(d) "Member of family" means an employee's or annuitant's spouse and any unmarried child (1) under the age of nineteen years (including (A) an adopted child, and (B) a stepchild or recognized natural child who lives with the employee or annuitant in a regular parent-child relationship), or (2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of nineteen years.

(e) "Dependent husband" means a husband who is incapable of self-support by reason of mental or physical disability which can be expected to continue for more than one year.

(f) "Health benefits plan" means a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar group arrangement provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services.

(g) "Carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization.

(h) "Commission" means the United States Civil Service Commission.

(i) "Employee organization" means an association or other organization of employees which—

(1) is national in scope or

(2) in which membership is open to all employees of a Government department, agency, or independent establishment who are eligible to enroll in a health benefits plan under this Act,

and which on or before December 31, 1959, applies to the Commission for approval of a plan provided for by section 4(3) of this Act.

ELECTION OF COVERAGE

SEC. 3. (a) Any employee may, at such time, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe, enroll in an approved health benefits plan described in section 4 either as an individual or for self and family. Such regulations may provide for the exclusion of employees on the basis of the nature and type of their employment or conditions pertaining thereto, such as, but not limited to, short-term appointments, seasonal or intermittent employment, and employment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous nature of their employment.

(b) Any annuitant who at the time he becomes an annuitant shall have been enrolled in a health benefits plan under this Act—

(1) for a period not less than (A) the five years of service immediately preceding retirement or (B) the full period or periods of service between the last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll in such a plan and the date on which he becomes an annuitant, whichever is shorter, or

(2) as a member of the family of an employee or annuitant

may continue his enrollment under such conditions of eligibility as may be prescribed by regulations of the Commission.

(c) If an employee has a spouse who is an employee, either spouse (but not both) may enroll for self and family, or either spouse may enroll as an individual, but no person may be enrolled both as an employee or annuitant and as a member of the family.

(d) A change in the coverage of any employee or annuitant, or of any employee or annuitant and members of his family, enrolled in a health benefits plan under this Act may be made by the employee or annuitant upon application filed within sixty days after the occurrence of a change in family status or at such other times and under such conditions as may be prescribed by regulations of the Commission.

(e) A transfer of enrollment from one health benefits plan described in section 4 to another such plan may be made by an employee or annuitant at such times and under such conditions as may be prescribed by regulations of the Commission.

HEALTH BENEFITS PLANS

SEC. 4. The Commission may contract for or approve the following health benefits plans:

(1) SERVICE BENEFIT PLAN.—One Government-wide plan (offering two levels of benefits) under which payment is made by a carrier under contracts with physicians, hospitals, or other providers of health services for benefits of the types described in section 5(1) rendered to employees or annuitants, or members of their families, or, under certain conditions, payment is made by a carrier to the employee or annuitant or member of his family.

(2) INDEMNITY BENEFIT PLAN.—One Government-wide plan (offering two levels of benefits) under which a carrier agrees to pay certain sums of money, not in excess of the actual expenses incurred, for benefits of the types described in section 5(2).

(3) EMPLOYEE ORGANIZATION PLANS.—Employee organization plans which offer benefits of the types referred to in section 5(3), which are sponsored or underwritten, and are administered, in whole or substantial part, by employee organizations, which are available only to persons (and members of their families) who at the time of enrollment are members of the organization, and which on July 1, 1959, provided health benefits to members of the organization.

(4) COMPREHENSIVE MEDICAL PLANS.—

(A) GROUP-PRACTICE PREPAYMENT PLANS.—Group-practice prepayment plans which offer health benefits of the types referred to in section 5(4), in whole or in substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians representing at least three major medical specialties who receive all or a substantial part of their professional income from the prepaid funds.

(B) INDIVIDUAL-PRACTICE PREPAYMENT PLANS.—Individual-practice prepayment plans which offer health services in whole or substantial part on a prepaid basis, with professional services thereunder provided by individual physicians who agree, under certain conditions approved by the Commission, to accept the payments provided by the plans as full payment for covered services rendered by them including, in addition to in-hospital services, general care rendered in their offices and the patients' homes, out-of-hospital diagnostic procedures, and preventive care, and which plans are offered by organizations which have successfully operated such plans prior to approval by the Commission of the plan in which employees may enroll.

TYPES OF BENEFITS

SEC. 5. The benefits to be provided under plans described in section 4 may be of the following types:

(1) SERVICE BENEFIT PLAN.—
(A) Hospital benefits.
(B) Surgical benefits.
(C) In-hospital medical benefits.
(D) Ambulatory patient benefits.
(E) Supplemental benefits.
(F) Obstetrical benefits.

(2) INDEMNITY BENEFIT PLAN.—
(A) Hospital care.
(B) Surgical care and treatment.
(C) Medical care and treatment.
(D) Obstetrical benefits.
(E) Prescribed drugs, medicines, and prosthetic devices.
(F) Other medical supplies and services.

(3) EMPLOYEE ORGANIZATION PLANS.—Benefits of the types specified in this section under paragraph (1) or (2) or both.

(4) COMPREHENSIVE MEDICAL PLANS.—Benefits of the types specified in this section under paragraph (1) or (2) or both.

All plans contracted for under paragraphs (1) and (2) shall include benefits both for costs associated with care in a general hospital and for other health service costs of a catastrophic nature.

CONTRACTING AUTHORITY

41 USC 5.

SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, to enter into contracts with qualified carriers offering plans described in section 4. Each such contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

(b) (1) To be eligible as the carrier for the plan described in section 4(2), a company must be licensed to issue group health insurance in all the States of the United States and the District of Columbia.

(2) Each contract for a plan described in paragraph (1) or (2) of section 4 shall require the carrier—

(A) to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance benefit payments in the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commission, or

(B) to allocate its rights and obligations under the contract among such of its affiliates as may elect to participate, in accordance with an equitable formula to be determined by the carrier and such affiliates and approved by the Commission.

(c) Each contract under this Act shall contain a detailed statement of benefits offered and shall include such maximums, limitations, exclusions, and other definitions of benefits as the Commission may deem necessary or desirable.

(d) The Commission is authorized to prescribe regulations fixing reasonable minimum standards for health benefits plans described in section 4 and for carriers offering such plans. Approval of such a plan shall not be withdrawn except after notice, and opportunity for hearing without regard to the Administrative Procedure Act, to the carrier or carriers concerned.

60 Stat. 237.
5 USC 1001 note.

(e) No contract shall be made or plan approved which excludes any person because of race, sex, health status, or, at the time of the first opportunity to enroll, because of age.

(f) No contract shall be made or plan approved which does not offer to each employee and annuitant whose enrollment in the plan is terminated, other than by a cancellation of enrollment, a temporary extension of coverage during which he may exercise the option to convert, without evidence of good health, to a nongroup contract providing health benefits. An employee or annuitant who exercises this option shall pay the full periodic charges of the nongroup contract, on such terms or conditions as are prescribed by the carrier and approved by the Commission.

(g) The benefits and coverage made available pursuant to the provisions of subsection (f) shall, at the option of the employee or annuitant, be noncancelable by the carrier except for fraud, overinsurance, or nonpayment of periodic charges.

(h) Rates charged under health benefits plans described in section 4 shall reasonably and equitably reflect the cost of the benefits provided. Rates under health benefits plans described in section 4 (1) and (2) shall be determined on a basis which, in the judgment of the Commission, is consistent with the lowest schedule of basic rates generally charged for new group health benefit plans issued to large employers; rates determined for the first contract term shall be continued for subsequent contract terms, except that they may be readjusted for any subsequent term, based on past experience and benefit adjustments under the subsequent contract; any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which, in the judgment of the Commission, is consistent with the general practice of carriers which issue group health benefit plans to large employers.

CONTRIBUTIONS

SEC. 7. (a)(1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than $1.25 or more than $1.75 biweekly for an employee or annuitant who is enrolled for self alone, (B) not less than $3 or more than $4.25 biweekly for an employee or annuitant who is enrolled for self and family (other than as provided in clause (C) of this paragraph), and (C) not less than $1.75 or more than $2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband.

(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than $2.50 for an employee or annuitant enrolled for self alone or $6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Government, amounts (in the same ratio as the contributions of such employee or annuitant and the Government

under paragraphs (1) and (2)) which are necessary for the administrative costs and the reserves provided for by section 8(b).

(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health benefits.

(b) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for the waiving of contributions by the employee and the Government.

(c) The sums authorized to be contributed by the Government with respect to any employee shall be paid from—

(1) the appropriation or fund which is used for payment of the salary, wage, or other compensation of such employee,

(2) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment,

(3) in the case of an employee in the legislative branch whose salary, wage, or other compensation is disbursed by the Clerk of the House of Representatives, from the contingent fund of the House, and

(4) in the case of an employee in a leave without pay status, from the appropriation or fund which would be used for the payment of the salary of such employee if he were in a pay status.

The sums authorized by subsection (a)(1) to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

(d) The Commission shall provide for conversion of rates of contribution specified in this section in the cases of employees and annuitants paid on other than a biweekly basis, and for this purpose may provide for adjustment of any such rate to the nearest cent.

EMPLOYEES HEALTH BENEFITS FUND

SEC. 8. (a) There is hereby created an Employees Health Benefits Fund, hereinafter referred to as the "Fund", to be administered by the Commission, which is hereby made available without fiscal year limitation for all payments to approved health benefits plans. The contributions of employees, annuitants, and the Government described in section 7 shall be paid into the Fund.

(b) Portions of the contributions made by employees, annuitants, and the Government shall be regularly set aside in the Fund as follows: (1) a percentage, not to exceed 1 per centum of all such contributions, determined by the Commission as reasonably adequate to pay the administrative expenses made available by section 9; (2) for each health benefits plan, a percentage, not to exceed 3 per centum of the contributions toward such plan, determined by the Commission as reasonably adequate to provide a contingency reserve. The income derived from any dividends, rate adjustments, or other refunds made

by a plan shall be credited to its contingency reserve. The contingency reserves may be used to defray increases in future rates, or may be applied to reduce the contributions of employees and the Government to, or to increase the benefits provided by, the plan from which such reserves are derived, as the Commission shall from time to time determine.

(c) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

SEC. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expenditures from that Fund, for the fiscal years 1960 and 1961, such sums as may be necessary to pay administrative expenses incurred by the Commission in carrying out the health benefits provisions of this Act. Reimbursements to the Employees' Life Insurance Fund for sums so expended, together with interest at a rate to be determined by the Secretary of the Treasury, shall be made from the Employees Health Benefits Fund.

(b) The Employees Health Benefits Fund is hereby made available (1) to reimburse the Employees' Life Insurance Fund for sums expended by the Commission in administering the provisions of this Act for the fiscal years 1960 and 1961 and (2), within such limitations as may be specified annually by the Congress, to pay such expenses for subsequent fiscal years.

ADMINISTRATION

SEC. 10. (a) The Commission is authorized to promulgate such regulations as may be necessary to carry out the provisions of this Act.

(b) Regulations of the Commission shall include regulations with respect to the beginning and ending dates of coverage of employees and annuitants and members of their families under health benefits plans, and for such purpose may permit such coverage to continue, exclusive of the temporary extension of coverage described in section 6(f), until the end of the pay period in which an employee is separated from service or until the end of the month in which an annuitant ceases to be entitled to annuity, and in case of the death of such employee or annuitant may permit a temporary extension of the coverage of the members of his family for a period not to exceed ninety days.

(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted shall not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and appropriate adjustments shall be made in premiums, subscription charges, contributions, and claims.

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(d) The Commission shall make available to each employee eligible to enroll in a health benefits plan under this Act such information, in a form acceptable to the Commission after consultation with the carrier, as may be necessary to enable such employee to exercise an informed choice among the types of plans referred to in section 4. Each employee enrolled in such a health benefits plan shall be issued an appropriate document setting forth or summarizing the services or benefits (including maximums, limitations, and exclusions), to which the employee, or the employee and members of his family, are entitled thereunder, the procedure for obtaining benefits, and the principal provisions of the plan affecting the employee or members of his family.

STUDIES, REPORTS, AND AUDITS

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and on the experience of such plans.

(b) The Commission shall include provisions in contracts with carriers which would require carriers to (1) furnish such reasonable reports as the Commission determines to be necessary to enable it to carry out its functions under this Act, and (2) permit the Commission and representatives of the General Accounting Office to examine records of the carriers as may be necessary to carry out the purposes of this Act.

(c) Each Government department, agency, and independent establishment shall keep such records, make such certifications, and furnish the Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under this Act.

REPORTS TO CONGRESS

SEC. 12. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

ADVISORY COMMITTEE

SEC. 13. The Chairman of the Commission shall appoint a committee composed of five members who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act. Each member of such committee shall be an employee enrolled under this Act or an elected officer of an employee organization.

SEC. 14. (a) The Chairman of the Commission is authorized to appoint in grade 18 of the General Schedule of the Classification Act of 1949, as amended, an officer who shall have such functions and duties with respect to retirement, life insurance, and health benefits programs as the Commission shall prescribe. Such positions shall be in addition to the number of positions otherwise authorized by law to be placed in such grade.

63 Stat. 954.
5 U S C 1071 note.

(b) The rate of basic compensation of the Executive Director of the United States Civil Service Commission shall be $19,000 per annum.

JURISDICTION OF COURTS

SEC. 15. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

EFFECTIVE DATE

SEC. 16. The provisions of this Act relating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

Approved September 28, 1959.

Public Law 86-383

AN ACT

September 28, 1959
[H. R. 8385]

Making appropriations for Mutual Security and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1960, namely:

Mutual Security Appropriation Act, 1960.

TITLE I—MUTUAL SECURITY

FUNDS APPROPRIATED TO THE PRESIDENT

For expenses necessary to enable the President to carry out the provisions of the Mutual Security Act of 1954, as amended, to remain available until June 30, 1960, unless otherwise specified herein, as follows:

68 Stat. 832.
22 USC 1751 note.

Military assistance: For assistance authorized by section 103(a) to carry out the purposes of chapter I (including administrative expenses as authorized by section 103(b), which shall not exceed $25,000,000 for the fiscal year 1960, and purchase for replacement only of passenger motor vehicles for use abroad), $1,300,000,000;

Ante, p. 247

Defense support: For assistance authorized by section 131(b), $650,000,000, and in addition for Defense support for Spain, authorized by section 131(b), $45,000,000, exclusive of technical cooperation;

Ante, p. 248.

Development Loan Fund: For advances to the Development Loan Fund as authorized by section 203, $550,000,000, to remain available until expended;

Ante, p. 248.

Technical cooperation, general authorization: For assistance authorized by section 304, $150,000,000;

Ante, p. 249.

United Nations expanded program of technical assistance and related fund: For contributions authorized by section 306(a), $30,000,000;

Ante, p. 249.

Technical cooperation programs of the Organization of American States: For contributions authorized by section 306(b), $1,200,000;

Ante, p. 249.

Special assistance, general authorization: For assistance authorized by section 400(a), $245,000,000;

Ante, p. 249.

Special assistance, special authorization: For assistance authorized by section 400(c) in the planning for construction of the American Research Hospital for Children in Poland at the University of Krakow, the equivalent of $50,000 in local currencies;

Ante, p. 249.

Intergovernmental Committee for European Migration: For contributions authorized by section 405(a), $7,371,000: *Provided*, That no funds appropriated in this title shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person

22 USC 1925.