[COMMITTEE PRINT]

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ANALYSIS OF MEDICAL CARE FOR AGED AMENDMENTS TO H.R. 11865

GENERAL DESCRIPTION

Amendment 1178, Introduced by Senator Gore and Others (Similar to S. 880)

Under social security (old-age and survivors insurance) and railroad retirement administrative mechanisms, provides (1) hospital, nursing home, home health, and outpatient diagnostic services to persons 65 or over eligible to receive (or receiving) social security or railroad retirement benefits financed by an increase in taxes for workers and employers under these systems; (2) similar benefits out of Federal general revenue for certain uninsured individuals 65 or over.

Benefits are in addition to those provided under House bill.

Amendment 1240, Introduced by Senator Javits and Others (Modification of Amendment 1163)

Contains similar provisions, under the Social Security and Railroad Retirement Acts, and for the uninsured with major differences noted below.

Provides that no person shall be entitled to health insurance benefits unless he signs a certificate irrevocably electing such benefits and agrees to take a 5 percent reduction in cash benefits.

In addition, provides for a program of complementary health benefits for the aged, providing medical, surgical, and related services through the establishment of a national association of private insurance carriers to make available to aged persons a nonprofit, tax-exempt standard health insurance policy at reasonable cost.

Amendment 1233, Introduced by Senator Ribicoff and Others

Contains similar provisions, under the Social Security and Railroad Retirement Acts, and for the uninsured, with major differences noted below.

Removes the 5 percent benefit incease from the House bill.

Provides a $7 a month increase in benefits for all primary beneficiaries, effective for months after June 1965. However, the increase for persons 65 or over is not effective unless irrevocably elected. If election of full cash benefit is not made, the bill provides health insurance benefits (hospital, nursing home, visiting nurse) with reduction of cash benefit by $5 for every beneficiary entitled.

If hospital costs rise after 1965, and the earnings base is not changed proportionately, in 1969 beneficiaries of hospitalization will be charged a daily amount equal to the differential between the national average per diem rates in 1964–65 ($36) and the average per diem rate for the 2 years prior to 1969. This adjustment process will be followed every 2 years thereafter to take into account any later hospital cost increases.

The Secretary of Health, Education, and Welfare is directed to enter into an agreement with a nationwide organization for it to carry out certain administrative functions of the health insurance program.

Modifies House bill provision for payment of children's benefits beyond age 18 by reducing termination age from 22 to 21 and making the receipt of a high school diploma a terminating event.

Amendment 1247, Introduced by Senators Scott and Fong

A voluntary Federally administered (Sec. of H.E.W.) health insurance program under which the Federal Government makes payments up to $90 a year to or on behalf of persons aged 65 or over toward purchase of a qualified private health insurance policy for which they are beneficiary.

Participants have choice between a short-term illness and a long-term illness benefit policy.

Benefits are in additions to those provided under House bill.

I. Benefits Furnished Under Social Security and Railroad Retirement

Scope of Benefits

Gore amendment:

Benefits would consist of payments to health facilities and organizations for services rendered to eligible individuals. Such payments may be made for the following kinds of services:

(1) Inpatient hospital care for 90 days per benefit period [1] subject to deductible of $10 per day for the first 9 days, but not less than $20; *or, upon election,* 45 days per period with no

Javits amendment:

Same as the Gore amendment with the following differences:

(1) Inpatient hospital care may be furnished only for 45 days per benefit period,[2] with no deductible. No provision for election of 90 of 180 days of hospital care with deductibles.

Ribicoff amendment:

Same as the Gore amendment with the following differences:

(1) Inpatient hospital care for 90 days per benefit period [1] subject to deductible of the lesser of (a) 2½ times the average per diem rate for such services throughout the nation under the program

Scott and Fong amendment:

Private companies must offer choice between—

(*a*) *Short-term illness benefits*

The Federal Government will pay one-half of the premium cost or $75, whichever is smaller, for a policy that pays beneficiary at least the following minimum benefits during an enrollment year:

(1) inpatient hospital services, up to 45 days at not more than $30 a day,

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[1] A period of consecutive days beginning with the 1st day an individual is furnished with hospital or nursing home services and ending after he has been out of the hospital or nursing home for 90 days. The 90 days need not be consecutive but must occur within a period of not more than 180 consecutive days.

[2] Same as the definition of benefit period in the Gore amendment except that the period ends after an individual has been out of the hospital or nursing home for 45 days.

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deductible, *or, upon election,* 180 days with a deductible of the lesser of (*a*) 2½ times the average per diem rate for such services throughout the Nation under the program (until 1967 the bill sets the per diem rate at $37, thus the deductible initially will be $92.50) or (*b*) charges customarily made for such services by the hospital which furnished them. There may be only one election under this provision and it is irrevocable. The election must be made during the first two months in the three-month period preceding the month in which the individual has both attained age 65 and is eligible for benefits.

(2) Skilled nursing facility services up to 180 days in a benefit period after transfer from a hospital in an institution which is affiliated or under common control with a hospital; [a]

(3) Home health services up to 240 visits a year;

(4) Outpatient diagnostic services—no durational limit but subject to a $90 deductible per 30-day period.

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(2) Skilled nursing facility services up to 180 days in a benefit period provided (*a*) in an institution which is affiliated or under common control with a hospital, or (*b*) in an institution which need not be affiliated or under common control with a hospital in case of services provided after transfer from a hospital; [a]

(3) Home health services up to 240 visits a year furnished by a home health agency which is affiliated or under common control with a hospital;

(4) Outpatient diagnostic services are not provided.

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(until 1969 the bill sets the per diem rate at $36, thus the deductible initially would be $90) or (*b*) charges customarily made for such services by the hospital which furnished them; or, upon election, 45 days without a deductible.

Subject to cost-sharing device previously noted which would begin in 1969.

(2) Skilled nursing facility services up to 30 days in a benefit period after transfer from a hospital. No requirement of hospital affiliation.

(3) Visiting nurse services up to 30 visits per year.

(4) No provision.

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(2) nursing home care upon transfer from a hospital stay of at least 72 hours, up to 90 days at not more than $15 daily (policy may provide for reducing hospital benefit by 1 day for each 2 days of nursing home care for which it pays),
(3) surgical services, up to $200
(4) up to 3 visits to doctor's office, at no more than $5 per visit,
(5) outpatient hospital services, including diagnostic, X-ray, and laboratory services, up to $60
(6) outpatient surgical services,
(7) visiting nurses' services, up to 10 days.
Additional health benefits could be provided.

(*b*) *Long-term illness benefits*

The Federal Government will pay one-half the premium cost or $90, whichever is smaller, for a policy that pays beneficiary at least the following minimum benefits during an enrollment year:
(1) inpatient hospital services, up to 75 days at not more than $30 a day
(2) nursing home care upon transfer from a hospital stay of at least 72 hours, up to 180 days at not more than $15 daily. (policy may provide for reducing hospital benefit by 1 day for each 2 days of nursing home care for which it pays),
(3) surgical services, up to $300,
(4) up to 5 visits to doctors' office, at no more than $5 per visit,
(5) outpatient hospital services, including diagnosic, X-ray, and laboratory services, up to $90,
(6) outpatient surgical services
(7) visiting nurses' services, up to 30 days
Additional health benefits could be provided.

Eligibility for Benefits

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(1) All persons who—
(a) are age 65 or over; and
(b) are eligible to receive (or receiving) social security or railroad retirement benefits.

(2) All persons not insured under social security or railroad retirement who either—
(a) have reached age 65 before 1967; *or*
(b) have reached age 65 after 1966 if they have 3 quarters of coverage for each year elapsing after 1964 and before the year they reach age 65.

Excluded from (2) would be nonresidents or resident aliens with less than 10 years in the United States, members of certain subversive organizations, persons convicted of certain subversive crimes, employees of the Federal Government, and persons eligible for benefits under the Federal employee or retired Federal employee health plans.

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Same.

Same.

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Same.

Same.

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All Persons who—
(a) are 65 years of age or older and
(b) are the beneficiary of a qualified private health insurance policy at the time they make application under program.

Private health insurance policy

A qualified private health insurance policy is one that—
(a) is approved by Secretary of Health, Education, and Welfare,
(b) is offered by carrier which offers choice between approved long-term illness benefit policy and short-term illness benefit policy,
(c) is offered to all individuals aged 65 or over residing in area which carrier serves,
(d) is guaranteed renewable. Premium changes must apply to all subscribers aged 65 or over regardless of condition of health and cannot be made for 1 year following date individual subscribes to policy.

[a] On the basis of a study, the Secretary of Health, Education, and Welfare may authorize the participation of facilities which, though not affiliated with hospitals, operate under conditions assuring the provision of adequate care, providing this action will not create (or increase) an actuarial imbalance in the trust funds.

Financing

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(1) In order to finance benefits for social security eligibles there would be an increase in the tax on employers and employees and the self-employed, as follows:

Contribution rates

Year	Employer and employee, each			Self-employed		
	Present law	H.R. 11865	Amendment 1178	Present law	H.R. 11865	Amendment 1178
1965	3.625	3.8	4.2	5.4	5.7	6.3
1966–67	4.125	4.0	4.4	6.2	6.0	6.6
1968–70	4.625	4.5	4.9	6.9	6.8	7.4
1971	4.625	4.8	5.2	6.9	7.2	7.8

Under Railroad Retirement Tax Act an increase in social security tax results in comparable increase in railroad retirement tax.

There will be an increase in the maximum taxable earnings under social security from $4,800 to $5,400, effective January 1, 1965. A separate trust fund for the hospital insurance program would be established.

(2) For ineligibles under social security and railroad retirement there would be an authorization of appropriation out of general revenues.

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Same.

Contribution rates

Year	Employer and employee, each			Self-employed		
	Present law	H.R. 11865	Amendment 1163	Present law	H.R. 11865	Amendment 1163
1965	3.625	3.8	4.08	5.4	5.7	6.12
1966–67	4.125	4.0	4.28	6.2	6.0	6.14
1968–70	4.625	4.5	4.78	6.9	6.8	7.22
1971	4.625	4.8	5.08	6.9	7.2	7.62

Same.

Same.

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Contribution rates

Year	Employer and employee, each			Self-employed		
	Present law	H.R. 11865	Amendment 1233	Present law	H.R. 11865	Amendment 1233
1965	3.625	3.8	3.9	5.4	5.7	5.9
1966–67	4.125	4.0	4.3	6.2	6.0	6.5
1968–70	4.625	4.5	4.7	6.9	6.8	7.1
1971	4.625	4.8	5.0	6.9	7.2	7.5

Same.

Same.

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No provision for financing; therefore, financed from Federal general revenues.

II. Complementary Private Health Insurance for the Aged

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No provision.

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Authorizes the establishment of an association of insurance carriers ("National Association of Carriers To Provide Health Insurance for Individuals Aged 65 or Over") whose principal function is to devise and offer for sale through its members a "standard policy" of health insurance for eligible aged persons.

The standard policy *must* provide the following benefits—
(1) Payment of part or all of most charges for physician's services performed in the office or elsewhere;
(2) Payment, in accordance with a fee schedule, for part or all costs of surgery performed in or out of a hospital;
(3) Payment of at least the first $15 of consultation fee of a medical or surgical specialist;
(4) Payment, in accordance with a fee schedule, for part or all charges for diagnostic care, and laboratory and X-ray services.

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No provision.

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No provision.

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No provision.	The benefits that *may* be provided under the standard policy or other policies authorized under the bill include (to the extent they are not covered by the social security hospital benefits program) the following— (1) Physicians', surgeons', dentists', and related services; (2) Diagnostic care and laboratory and X-ray services; (3) Prescribed drugs, eyeglasses, dentures, and prosthetic devices; (4) Private duty nursing; (5) Home health care; (6) Inpatient hospital services; (7) Skilled nursing home services. Member carriers would be allowed to offer for sale, in place of the standard policy, one or more "alternative" policies which meet minimum approved standards requiring such policies to fulfill the same purpose and represent the same dollar value as the standard policy. All premiums paid for standard and alternative policies would go into a "reserve fund" and all benefits and reasonable expenses of administering such policies would be paid from this fund. Member carriers could also offer for sale supplementary health insurance policies to aged individuals at prices which allow for fair profits. Under the rules of the association member carriers would be allowed to form regional divisions to confine their activities to a particular geographic area. Each division would have its own regional reserve fund which would serve the same purpose and be subject to the same requirements as the national reserve fund. The association and each of its members would, with respect to the sale of standard or alternative policies, be exempt from— (1) Regulation by a State or political subdivision; (2) Federal or State income taxation; (3) State taxes on policies or premiums; (4) The provisions of the Sherman Act, the Clayton Act and the Federal Trade Commission Act. Operations exempted above would be subject to exclusive regulation by the Secretary of HEW.	No provision.	No provision.

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