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SUMMARY OF
SOCIAL SECURITY AMENDMENTS OF 1967

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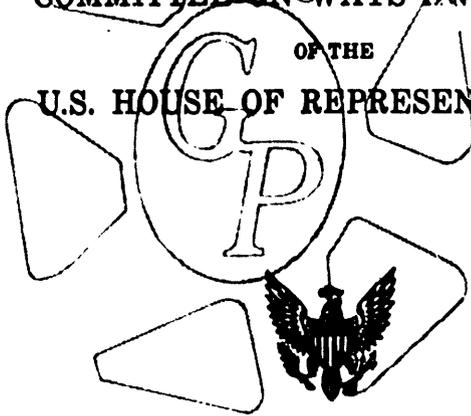
U.S. SENATE

AND

COMMITTEE ON WAYS AND MEANS

OF THE

U.S. HOUSE OF REPRESENTATIVES



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SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

Old-Age, Survivors, and Disability Insurance

Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$550—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

Effective date.—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

Special Benefits for People Age 72 and Over

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Effective date.—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

Limitation on Wife's Benefit

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

The Retirement Test

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

Effective date.—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

Benefits for Disabled Widows and Widowers

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

Effective date.—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

Dependency of a Child on the Mother

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

Effective date.—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

Insured Status for Workers Disabled While Young

The amendments will allow a worker who becomes disabled before the age of 31 to 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, or alternatively if he works in six quarters out of the last 12. 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 would be payable for February 1968 on the basis of applications filed in or after December 1967.

Additional Wage Credits for Servicemen

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

Disability Insurance Trust Fund

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

Extension of Retroactivity of Disability Applications

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

Children Adopted by Disability Beneficiaries

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

Effective date.—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

Coverage of Ministers

The amendments permit a clergyman (other than members of religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

Coverage of State and Local Employees Ineligible for Membership in a State Retirement System

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who

are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

State and Local Coverage in Illinois

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

Firemen in Puerto Rico

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

Firemen in Nebraska

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

Coverage of Firemen

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

Coverage for Erroneously Reported Former State or Local Government Employees

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

State and Local Employees Receiving Fees

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the

self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

Family Employment

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

Employees of the Massachusetts Turnpike Authority

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

Children Adopted by Surviving Spouse

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

Effective date.—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive.

Effective date.—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in case of death in line of duty in the uniformed service, and 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.

Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate 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.

Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement 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.

Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will 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.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more 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 outside that country. (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.

Effective date—The provisions will be effective after June 30, 1968.

Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

Report of Board of Trustees

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

Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established

by employers and made to the employee or his dependents upon retirement, death, or disability.

Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided 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. A special more restrictive definition would apply to widows and widowers.

Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

General Savings Provision

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

Health Insurance Benefits

Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under medicare.

Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

Limitation on Special Reduction in 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 hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

Physical Therapy

The amendments extends the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics,

rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part E, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

Additional Days of Hospital Care

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

Hospital Billing for Outpatient Services

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

Radiologists' and Pathologists' Services

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

Payment for Portable X-ray Services

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

Payment for Purchase of Durable Medical Equipment

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program

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

Date of Attainment of Age 65 of Persons Enrolling in SMI Program

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

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

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

Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

Appropriation to Supplementary Medical Insurance Trust Fund

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

Health Insurance Benefits Advisory Council

The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

Study of Coverage of Services of Health Practitioners

The Secretary of Health, Education, and Welfare will study the need for, and 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.

Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries

The Secretary of Health, Education, and Welfare will establish an 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.

Financing the Social Security and Hospital Insurance Programs

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS
EMPLOYER-EMPLOYEE, EACH
(In percent)

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED

1968.....	5.9	5.8	0.5	0.6	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.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

PUBLIC WELFARE AND HEALTH AMENDMENTS

Work Incentive Program for AFDC Families

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of

the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income,

social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20-percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 of income from any source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus $\frac{1}{2}$ of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good

cause to accept employment, of if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

Limitation on Federal Matching in AFDC Program

The amendments sets a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

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

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family, but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from this overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC shall be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or

separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

Pass Along

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. The amendments increase this amount to \$4 million annually.

Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

Limitation on Federal Participation in Medical Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133½ percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for medicaid. Also, people who are eligible for medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

Modification of Comparability Provisions—Medicaid

States do not have to include in medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will 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, matching is 50 percent in such cases.

Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on 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 will have free choice of qualified medical facilities and practitioners, including community pharmacies.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help these facilities 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) are repealed effective July 1, 1969, when this provision goes into effect.

Payment for Services and Care by a Third Party—Medicaid

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

Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's, existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under medicaid will also be expected to provide home health care services.

Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor-payment matching for people who need institutional care in the intermediate range between that which is provided in a boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments adds to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a

direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed with respect to money payment recipients, as under existing law.

Essential Person—Medicaid

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential persons." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

Licensing of Nursing Home Administrators Under Medicaid

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not

qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

Optometric Services Under Child Health Programs

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

Family Planning

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

Training of Personnel for Health Care and Related Services for Mothers and Children

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

Consolidation and Increase of Child Health Authorizations

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

Additional Requirements on the States Under the Formula Grant Program—Child Health

State plans must 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 for children in the development of demonstration services.

Project Grants—Child Health

Until July 1972, the amendment 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.

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

The dollar limit for Federal financial participation in public assistance for Puerto Rico is 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. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLES

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 ¹ — H.R. 12080
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$72.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$183.90	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	² 105.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00
6. Widow 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.60	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00
8. Disabled widow at age 50.....	22.00	33.40	39.10	44.50	50.90	57.60	56.20	63.60	62.10	70.30	68.00	76.90	84.00	95.00	109.10
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	102.00	132.60	202.40	202.40	240.00	240.00	279.60	280.80	306.00	322.40	368.00	395.60	434.40
11. 1 surviving child.....	44.00	55.00	58.70	65.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

¹ Maximum AME under H.R. 12080.

² Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDI		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20
Self-employed						
1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

Item	[In millions of dollars]		
	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604
Benefit increase for transitional insured.....	6	7	5
Benefit increase for transitional reinsurance.....	43	43	25
Liberalized benefits with respect to women workers.....	73	90	101
Special disability insured status under age 31.....	60	72	77
Disabled widow's benefits at age 50.....	50	63	73
Earnings test liberalization.....	140	221	244
Total.....	2,901	3,696	4,129

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	[In billions of dollars]		
	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law			
1967.....	28.5	24.2	4.3
1968.....	29.6	25.5	4.1
1969.....	33.7	26.9	6.8
1970.....	35.2	28.2	7.0
1971.....	36.2	29.4	6.8
1972.....	37.2	30.8	6.4
Amendments			
1968.....	31.0	28.3	2.7
1969.....	35.2	30.4	4.8
1970.....	36.8	31.8	5.0
1971.....	40.8	33.3	7.5
1972.....	42.5	34.7	7.8

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Public assistance:					
AFDC costs if there is no change in present law ¹	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0
Title XIX costs if there is no change in present law ²	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0
All other public assistance costs if there is no change in present law ³	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0
Increases in the bill:					
Day care.....	(⁴)	35.0	80.0	160.0	350.0
Other social services.....	(⁴)	35.0	70.0	100.0	125.0
Earnings exemptions.....	(⁴)	20.0	25.0	30.0	35.0
Work training.....	30	129.0	165.0	209.0	308.0
Foster care.....	(⁴)	10.0	20.0	33.0	40.0
Emergency assistance.....	(⁴)	10.0	20.0	35.0	35.0
Puerto Rico, et al.....	(⁴)	7.8	11.0	14.2	17.5
Demonstration projects.....	(⁴)	2.0	2.0	2.0	2.0
Additional child health requirements in title XIX.....	-----	-----	30.0	40.0	50.0
OAA, AB, APTD spouses under medicaid.....	(⁴)	14.0	15.0	16.0	17.0
Medical review program for nursing homes.....	-----	2.5	5.0	7.5	10.0
Subtotal, increases.....	4 50	265.3	443.0	646.7	989.5
Decreases in the bill:					
AFDC limitation.....	-----	-----	-----	-----	-----
AFDC reductions for persons trained.....	-----	-11.0	-63.0	-145.0	-257.0
Restrictions on title XIX.....	-----	-329.0	-678.0	-1,037.0	-1,405.0
Decreases in public assistance due to social security bene- fit increase.....	-15	-65.0	-70.0	-75.0	-75.0
Federal participation in cost on care in "intermediate care facilities".....	-----	-10.0	-20.0	-29.0	-29.0
Subtotal decreases.....	-15	-415.0	-831.0	-1,286.0	-1,766.0
Net cost of savings due to public assistance amendments.....	-35	-149.7	-388.0	-639.3	-766.5
Total public assistance as amended by bill.....	4,535	5,018.3	5,237.0	5,541.7	5,954.5
Child welfare:					
Present law.....	55	55.0	60.0	60.0	60.0
Increase for child welfare services.....	-----	45.0	50.0	50.0	50.0
Increase for child welfare research.....	-----	5.0	10.0	15.0	15.0
Subtotal, increases.....	-----	50.0	60.0	65.0	65.0
Social work manpower.....	-----	5.0	5.0	5.0	5.0
Net public welfare cost or savings in bill.....	35	-94.7	-323.0	-569.3	-706.5
Child Health:					
Authorizations in bill.....	203	250.0	275.0	300.0	325.0
Authorization in present law.....	198	210.5	225.5	225.5	225.5
Increase in bill.....	5	39.5	49.5	74.5	99.5

¹ Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

² Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

³ Assumes continued decline in number of old-age assistance and aid to the blind recipients, and continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

⁴ 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	129	-811	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	290	95
Total.....	841	-476	757	250

¹ Does not include recipients on priority III work projects.

² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.