[COMMITTEE PRINT]

MEDICAL CARE FOR THE AGED

COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-SIXTH CONGRESS
SECOND SESSION

SUMMARY OF PROVISIONS IN PUBLIC LAW 86–778 RELATING TO FEDERAL-STATE GRANT-IN-AID MEDICAL ASSISTANCE PROGRAMS FOR THE AGED

COMPILED BY EDUCATION AND PUBLIC WELFARE DIVISION, LEGISLATIVE REFERENCE SERVICE, LIBRARY OF CONGRESS

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
60643 WASHINGTON : 1960

S1496

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SUMMARY SHEET

The new legislation, which amends title I (Old-Age Assistance) of the Social Security Act would provide additional Federal funds to assist the States in either or both of the following Federal-State grant-in-aid programs:

1. NEW PROGRAM OF "MEDICAL ASSISTANCE FOR THE AGED"

ELIGIBLES: Individuals 65 and over who are not on old-age assistance "but whose income and resources are insufficient to meet the costs of necessary medical services."

MAXIMUM MATCHABLE AMOUNT: No limitation.

MATCHING FORMULA: Federal share ranging from 50 percent (for States with per capita income equal to or above the national average) up to 80 percent for lower per capita income States. (See p. 3 for matching percentage for each State.)

EFFECTIVE DATE: October 1, 1960.

2. INCREASED FEDERAL MATCHING FOR MEDICAL CARE FOR OLD-AGE-ASSISTANCE RECIPIENTS (FOR IMPROVEMENT OF EXISTING PROGRAMS OR ESTABLISHMENT OF NEW ONES)

ELIGIBLES: Individuals who are on old-age assistance.

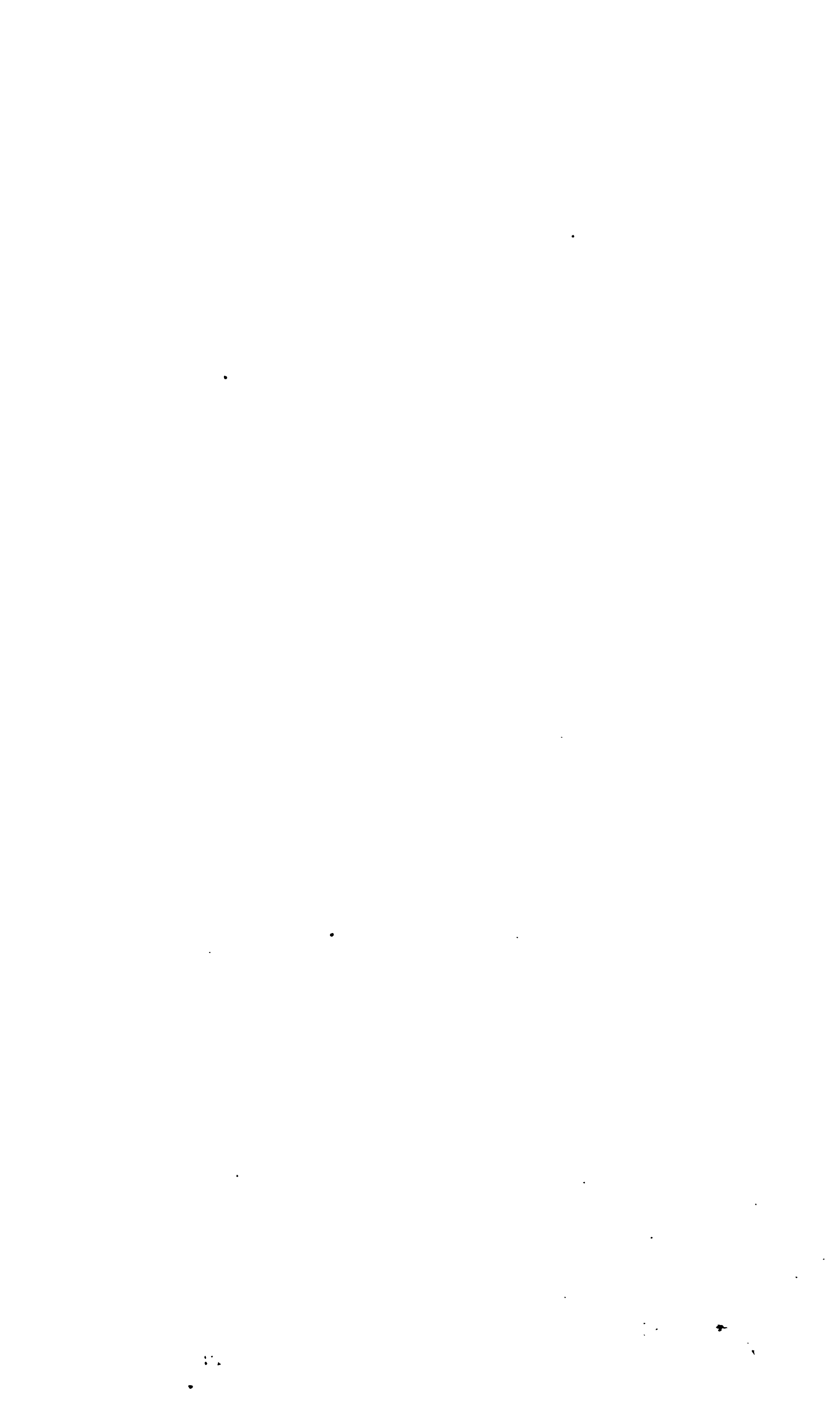
MAXIMUM MATCHABLE AMOUNT: An amount equal to $12 times number of individuals on roll. (This is in addition to matching for old-age assistance payments.)

MATCHING FORMULA: Federal share ranging from 50 percent to 80 percent for States with average monthly old-age-assistance payments of $65 or more (depending upon per capita income of State); Federal share ranging from 65 percent to 80 percent for States with average monthly old-age-assistance payments under $65. (See p. 4 for matching percentage for each State.)

EFFECTIVE DATE: October 1, 1960.

For both programs Federal participation would be restricted to vendor medical payments: i.e., payments made by the States directly to the doctor, hospital, etc., providing medical services. Participation is optional with a State.

(A more detailed explanation follows.)



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MEDICAL CARE FOR THE AGED

SCOPE OF PROVISIONS

The Social Security Amendments of 1960 provide a two-pronged approach to the problems which face persons 65 years of age or older who are in need of medical assistance.

The new legislation, which amends title I of the Social Security Act, would (1) authorize a new program (medical assistance for the aged) in which the Federal Government would provide funds on a matching basis to the States to assist them, in part, in providing medical assistance for individuals who are not on old-age assistance "but whose income and resources are insufficient to meet the costs of necessary medical services," and (2) increase the rate of Federal financial participation in the old-age assistance medical care programs for needy people so as to help improve those programs now operating and to encourage States without such medical programs to undertake them. Federal funds under both the provisions would be available to the States for the quarter beginning October 1, 1960.

Participation is optional with a State, and it would be free to participate in either or both programs. Administration of such programs must be under a single State agency.

The State-Federal grant-in-aid method of the Social Security Act's public assistance program, is used. Participating States thus have broad latitude in determining eligibility for benefits as well as the scope and nature of medical services to be provided as long as their plans are approved by the Secretary of Health, Education, and Welfare as complying with the requirements of Federal law.

A. NEW PROGRAM FOR MEDICAL ASSISTANCE FOR THE AGED

1. Eligibility for benefits

States entering the new program must comply with certain provisions of the law relating to eligibility in order to qualify for Federal matching. The State plan must apply to persons aged 65 years of age and over. It must include "reasonable standards, consistent with the objectives of this title, for determining eligibility." The Senate report states:

> Under this program, it will be possible for States to provide medical services to individuals on the basis of an eligibility requirement that is more liberal than that in effect for the States' old-age assistance programs * * *. A State may, if it wishes, disregard in whole or part, the existence of any income or resources, of an individual for medical assistance. An individual who applies for medical assistance may be deemed eligible by the State notwithstanding the fact he has

> a child who may be financially able to pay all or part of his care, or that he owns or has an equity in a homestead, or that he has some life insurance with a cash value, or that he is receiving an old-age insurance benefit, annuity, or retirement benefit. The State has wide latitude to establish the standard of need for medical assistance as long as it is a reasonable standard consistent with the objectives of the title * * *. The committee intends that States should set reasonable outer limits on the resources an individual may hold and still be found eligible for medical services (S. Rept. 1856, 86th Cong., 2d sess., pp. 6-7).

A State plan may not require a premium or enrollment fee as a condition of eligibility. It must also not impose property liens during the lifetime of the individual receiving benefits (except pursuant to court judgment on account of benefits incorrectly paid), and any recovery provisions under the plan must be limited to the estate of the individual after his death and the death of his surviving spouse.

The State plan must not impose a citizenship requirement which would exclude a citizen of the United States or a requirement which excludes a resident of the State. It must also provide, to the extent required by the Secretary of Health, Education, and Welfare, for inclusion of residents of the State who are absent therefrom.

2. Scope of benefits

The State plan for medical assistance for the aged may specify medical services of any scope and duration, provided that both institutional and noninstitutional services are included.

The law specifies that the Federal Government would share in the expense of providing the following kinds of medical services:

(1) Inpatient hospital services;
(2) Skilled nursing home services;
(3) Physicians' services;
(4) Outpatient hospital or clinic services;
(5) Home health care services;
(6) Private duty nursing services;
(7) Physical therapy and related services;
(8) Dental services;
(9) Laboratory and X-ray services;
(10) Prescribed drugs, eyeglasses, dentures, and prosthetic devices;
(11) Diagnostic, screening, and preventive services; and
(12) Any other medical care or remedial care recognized under State law.

The Senate report states that—

> a State may, if it wishes, include medical services provided by osteopaths, chiropractors, and optometrists, and remedial services provided by Christian Science practitioners (Senate report, p. 7).

The Federal Government would not participate in respect to medical services furnished to an inmate in a nonmedical public institution, or to patients in mental or tuberculosis hospitals. However, included for purposes of Federal matching, will be the services, for his first 42 days of care, to a patient in a medical institution (other than a

tuberculosis or mental institution) as a result of a diagnosis of tuberculosis or psychosis.

3. Federal sharing

The Federal Government will share in the total expenditures made by the State. The Federal share as to vendor medical payments will be determined periodically by the relationship between the per capita income in the State as compared to the national per capita income and will range from 50 to 80 percent. States at or above the national per capita income have a 50-percent Federal share, as do Puerto Rico, Guam, and the Virgin Islands. Currently the Federal share, State by State, is as follows:

[In percent]

State	Percent	State	Percent
Alabama	79.15	Montana	54.07
Alaska	50.00	Nebraska	63.41
Arizona	63.23	Nevada	50.00
Arkansas	80.00	New Hampshire	57.91
California	50.00	New Jersey	50.00
Colorado	53.42	New Mexico	67.99
Connecticut	50.00	New York	50.00
Delaware	50.00	North Carolina	77.46
District of Columbia	50.00	North Dakota	74.18
Florida	59.68	Ohio	50.00
Georgia	74.36	Oklahoma	67.54
Guam	50.00	Oregon	52.58
Hawaii	53.38	Pennsylvania	50.00
Idaho	67.04	Puerto Rico	50.00
Illinois	50.00	Rhode Island	50.00
Indiana	50.00	South Carolina	80.00
Iowa	63.23	South Dakota	75.42
Kansas	60.78	Tennessee	76.55
Kentucky	76.94	Texas	61.36
Louisiana	72.00	Utah	65.00
Maine	65.23	Vermont	65.82
Maryland	50.00	Virgin Islands	50.00
Massachusetts	50.00	Virginia	65.44
Michigan	50.00	Washington	50.00
Minnesota	58.57	West Virginia	72.69
Mississippi	80.00	Wisconsin	54.60
Missouri	53.42	Wyoming	50.92

As in the public assistance programs the Federal Government will share in administrative expenses on a dollar-for-dollar basis.

4. Costs

The Department of Health, Education, and Welfare has estimated that the first-year costs of the program will amount to $60 million in Federal funds and $56 million in State and local funds. It is also estimated that the Federal cost may be $165 million in a full year of operation after the States have had opportunity to develop these programs (and this figure could be somewhat higher if all States had relatively well-developed and comprehensive plans).

B. OLD-AGE ASSISTANCE MEDICAL PROGRAMS

At the present time, under the provisions of the Social Security Act relating to old-age assistance (title I), the States are authorized to make vendor payments to providers of medical services on behalf of persons receiving such welfare payments. These State programs vary greatly. Some States make relatively adequate provisions for

the medical care of needy aged persons; others make little or no provision. This legislation increases Federal participation as to a specified amount of vendor payments for medical services so as to help improve those programs now operating and to encourage States without such medical programs to undertake them.

1. Increased Federal matching

Under previous law, the maximum amount upon which the Federal Government would match for a combined program of money and vendor payments was $65 a month times the number of people on the old-age-assistance rolls.

The amendments provide for Federal financial participation exclusively in expenditures to vendors of medical services up to $12 per month in addition to the existing $65 maximum provision.

For States with average monthly payments over $65, the Federal maximum can thus be increased to $77 if the $12 earmarked for medical vendor payments is added on top of the existing $65 maximum. The Federal share in the excess expenditures for medical care will range from 50 percent to 80 percent under the formula based on per capita income. Based on May (1960) benefit payments, the following States (Federal share noted) would be affected:

[In percent]

State	Percent	State	Percent
California	50.00	New Hampshire	57.91
Colorado	53.42	New Jersey	50.00
Connecticut	50.00	New Mexico	67.99
Idaho	67.04	New York	50.00
Illinois	50.00	North Dakota	74.18
Iowa	63.23	Ohio	50.00
Kansas	60.78	Oklahoma	67.54
Louisiana	72.00	Oregon	52.58
Maine	65.23	Pennsylvania	50.00
Massachusetts	50.00	Rhode Island	50.00
Michigan	50.00	Utah	65.00
Minnesota	58.57	Washington	50.00
Nebraska	63.41	Wisconsin	54.60
Nevada	50.00	Wyoming	50.92

For States with average monthly old-age-assistance payments of $65 or less the Federal share in average vendor medical payments up to $12 will be an additional 15 percentage points over the usual Federal percentage applicable to the amount of payments falling between $30 and $65, which ranges from 50 to 65 percent on the basis of a State's per capita income. This percentage when added to the usual Federal percentage for the second part of the formula for payments, will give a total Federal share of from 65 to 80 percent. Based on May (1960) benefit payments, the following States (Federal share noted) will be affected:

[In percent]

State	Percent	State	Percent
Alabama	80.00	Mississippi	80.00
Alaska	65.00	Missouri	68.42
Arizona	78.23	Montana	69.07
Arkansas	80.00	North Carolina	80.00
Delaware	65.00	Puerto Rico	65.00
District of Columbia	65.00	South Carolina	80.00
Florida	74.68	South Dakota	80.00
Georgia	80.00	Tennessee	80.00
Guam	65.00	Texas	76.36
Hawaii	68.38	Vermont	80.00
Indiana	65.00	Virgin Islands	65.00
Kentucky	80.00	Virginia	80.00
Maryland	65.00	West Virginia	80.00

Provision is also made so that a State with an average payment of over $65 a month would never receive less in additional Federal funds in respect to such medical service costs than if it had an average payment of $65.

As to Puerto Rico, Guam, and the Virgin Islands, their additional matching for vendor medical expenditures will be on an amount up to an additional $6 per month per recipient rather than the additional $12 a month for the States and the District of Columbia. This was done because their matching maximum for old-age assistance is an average of $35 a month per recipient in contrast to $65 for the States. Under existing law there are also dollar maximums applicable to Guam, Puerto Rico, and the Virgin Islands for the public assistance programs. These are increased proportionately on condition that the additional increases are used for vendor medical expenditures under old-age assistance.

2. Costs

The Department of Health, Education, and Welfare has estimated that the provision will result in an additional cost of $142 million to the Federal Government and $4 million to the States and localities in the first year. In the long run the additional Federal cost has been estimated at about $175 million a year.

C. MEDICAL GUIDES AND RECOMMENDATIONS

As recommended by the Advisory Council on Public Assistance, appointed pursuant to the Social Security Amendments of 1958, the law instructs the Secretary of Health, Education, and Welfare to develop guides or recommended standards for the information of the States as to the level, content, and quality of medical care for the public assistance medical programs. He will also prepare such guides and standards for use in the new programs of medical assistance for the medically needy aged.