

RETIREMENT INCOME OF THE AGING

HEARINGS
BEFORE THE
SUBCOMMITTEE ON RETIREMENT INCOME
OF THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
SECOND SESSION

Part 9.—Daytona Beach, Fla.

FEBRUARY 14, 1962

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NOTE.—Ten hearings on retirement income were held and are identified as follows:

- Part 1—Washington, D.C.
- Part 2—St. Petersburg, Fla.
- Parts 3 and 4—Port Charlotte and Sarasota, Fla.
- Part 5—Springfield, Mass.
- Part 6—St. Joseph, Mo.
- Part 7—Hannibal, Mo.
- Part 8—Cape Girardeau, Mo.
- Part 9—Daytona Beach, Fla.
- Part 10—Fort Lauderdale, Fla.

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

	Page
Eubank, Mayor John J., mayor of Daytona Beach, Fla.....	718
Entman, Mr. Sidney, representing the Florida Council on Aging.....	721
Webb, Dr. John N., professor of economics, University of Florida.....	726
Cheleden, Dr. John, president, Volusia County Medical Society.....	733
Pounds, Mr. Earl, director, Housing Authority of Daytona Beach, Fla.....	737
Hahn, Dr. T. F., DeLand, Fla., representing the Florida Society of Internal Medicine.....	741
Smiley, Mrs. Edna, coordinator of educational services for senior citizens, Daytona Beach Junior College, Daytona Beach, Fla.....	745
Elliott, Mr. Floyd L., representing the St. Cloud Railroad Club.....	753
Stine, Miss Margaret, representing the National Retired Teachers' Association and National Association of Retired Persons (Director of Hospitality House of AARP-NRTA).....	755
Janson, Mr. Robert, representing Jacksonville area, National Council of Senior Citizens.....	757
Wands, Mr. Clyde A., Daytona Beach, Fla.....	759
Lindquist, Dr. Ruth, Tallahassee, Fla.....	760
Babers, Dr. Henry, associated with the University of Florida Medical School, also on behalf of Blue Cross and Blue Shield.....	761
Hamilton, Mr., Holly Hill, Fla.....	764
Anderson, Mr., Clearwater, Minn.....	765
Smathers, Rex.....	765
Boland, Mr. Frank J., Ormond Beach, Fla.....	765
Schellings, Mr., New Smyrna Beach, Fla.....	767
Bondi, Mr., Charles.....	767
Schellings, Mrs., New Smyrna Beach, Fla.....	767
Tomlins, Mr. George, Columbus, Ohio.....	768
Kiser, Mr., Charles.....	769
McCallum, Mrs. Robert, on behalf of the Daytona Beach YWCA.....	769
Gitlin, Mrs. Helen, representing East Volusia Federation of Community Services, Daytona Beach, Fla.....	770
Schmidt, Mr. J. A., DeLand, Fla.....	770
Moseley, Mrs., representing United Churchwomen of the Halifax Area, Daytona Beach, Fla.....	771
Michelson, Mrs. Agnes, Daytona Beach, Fla.....	771
McMillin, Mr., representing Railroad Retirement Group, New Smyrna Beach, Fla.....	772
Abrams, Mr.....	772
Summers, Mr., DeBary, Fla.....	773
Crabb, Mr., senior vice commodore, chapter 6, District of Disabled American Veterans.....	773
Osgood, Mrs. H. B., Daytona Beach, Fla.....	774
Goebel, Mr. George, Daytona Beach, Fla.....	774
Davies, Mrs. Ayres, Volusia County, Fla.....	775
Andrews, Dr. James, Daytona Beach, Fla.....	776
Isaacs, Mrs.....	776
Thies, Mr. John, Detroit, Mich.....	777
King, Mr.....	777
Stable, Mr. John, Daytona Beach, Fla.....	778
Moon, Mr. Charles T.....	778
Oelgard, Mr., Minneapolis, Minn.....	779
Blais, Dr. Michael, Daytona Beach, Fla.....	780
King, Mr., further statement.....	780

Hefner, Miss Kathleen, representing New Smyrna Chapter Future Home-makers of America, New Smyrna Beach, Fla.....	Page 781
Skeat, Mr. Joseph E., Daytona Beach, Fla.....	782
Fitzgerald, Mr. Peter.....	782
Frazee, Mr., A.A.R.P.....	790
Paul, Mrs. Cornelius, tax collector, Volusia County, Fla.....	791
Cone, Mr. C. J., Daytona Beach, Fla.....	793

STATEMENTS

Abrams, Mr.....	772
Anderson, Mr., Clearwater, Minn.....	765
Andrews, Dr. James, Daytona Beach, Fla.....	776
Babers, Dr. Henry, associated with the University of Florida Medical School, also on behalf of Blue Cross and Blue Shield.....	761
Prepared statement.....	762
Blais, Dr. Michael, Daytona Beach, Fla.....	780
Boland, Mr. Frank J., Ormond Beach, Fla.....	765
Bondi, Mr., Florida.....	767
Cheleden, Dr. John, president, Volusia County Medical Society.....	733
Cone, Mr. C. J., Daytona Beach, Fla.....	793
Crabb, Mr., senior vice president, chapter 6, District of Disabled American Veterans.....	773
Davies, Mrs. Ayres, Volusia County, Fla.....	775
Daytona Beach YWCA, prepared statement submitted by Mrs. Robert Palmer, president.....	793
Elliott, Mr. Floyd L., representing the St. Cloud Railroad Club.....	753
Entman, Mr. Sidney, representing the Florida Council on Aging.....	721
Prepared statement.....	723
Eubank, Mayor John J., mayor of Daytona Beach, Fla.....	718
Fitzgerald, Mr. Peter.....	782
Frazee, Mr., A.A.R.P.....	790
Gitlin, Mrs. Helen, representing East Volusia Federation of Community Services, Daytona Beach, Fla.....	770
Goebel, Mr. George, Daytona Beach, Fla.....	774
Hahn, Dr. T. F., DeLand, Fla., representing the Florida Society of Internal Medicine.....	741
Hamilton, Mr., Holly Hill, Fla.....	764
Hefner, Miss Kathleen, representing New Smyrna Chapter Future Home-makers of America, New Smyrna Beach, Fla.....	781
Isaacs, Mrs.....	776
Janson, Mr. Robert, representing Jacksonville area, National Council of Senior Citizens.....	757
Prepared statement.....	758
King, Mr.....	777, 780
Kiser, Mr., Florida.....	769
Lindquist, Dr. Ruth, Tallahassee, Fla.....	760
McCallum, Mrs. Robert, on behalf of the Daytona Beach Y.W.C.A.....	769
McMillin, Mr., representing railroad retirement group, New Smyrna Beach, Fla.....	772
Michelson, Mrs. Agnes, Daytona Beach, Fla.....	771
Moon, Mr. Charles P.....	778
Moseley, Mrs., representing United Churchwomen of the Halifax Area, Daytona Beach, Fla.....	771
Netschert, William, M. E., retired, prepared statement.....	794
Odum, Ione K., Daytona Beach, Fla., prepared statement.....	793
Oelgard, Mr., Minneapolis, Minn.....	779
Osgood, Mrs. H. G., Daytona Beach, Fla.....	774
Paul, Mrs. Cornelius, tax collector, Volusia County, Fla.....	791
Pounds, Mr. Earl, director, Housing Authority of Daytona Beach, Fla.....	737
Schellings, Mr., New Smyrna Beach, Fla.....	767
Schellings, Mrs., New Smyrna Beach, Fla.....	767
Schmidt, Mr. J. A., DeLand, Fla.....	770
Skeat, Mr. Joseph E., Daytona Beach, Fla.....	782
Smathers, Rex.....	765

CONTENTS

v

	Page
Smiley, Mrs. Edna, coordinator of educational services for senior citizens, Daytona Beach Junior College, Daytona Beach, Fla.....	745
Smith, Charles H., prepared statement.....	792
Stable, Mr. John, Daytona Beach, Fla.....	778
Stine, Miss Margaret, representing the National Retired Teachers' Asso- ciation and National Association of Retired Persons (director of Hos- pitality House of AARP-NRTA).....	755
Summers, Mr., DeBary, Fla.....	773
Thies, Mr. John, Detroit, Mich.....	777
Tomlins, Mr. George, Columbus, Ohio.....	768
United Church Women of the Halifax area, prepared statement.....	793
Volusia County Mental Health Association, represented by Charles T. Moon, prepared statement.....	778
Wands, Mr. Clyde A., Daytona Beach, Fla.....	759
Prepared statement.....	760
Webb, Dr. John, professor of economics, University of Florida.....	726
Prepared statement.....	728

ADDITIONAL INFORMATION

General hospitals in Volusia County, 1961, factual statement submitted by Dr. John Cheleden.....	735
Letter to Senator Oren E. Long of Hawaii from James W. Hanson, Holly Hill, Fla., dated February 15, 1962.....	799
Letters to Senator Smathers from:	
Bradley, George D., St. Petersburg, Fla., dated Feb. 6, 1962.....	799
Isaac, Mrs. J. Frank, Daytona Beach Fla., dated February 1962.....	798
LeGrande, Walter O., Daytona Beach, Fla., dated Feb. 14, 1962.....	764
Program of WNDB and WNDB-FM and the Adult Education Division of Daytona Beach Junior College.....	748
Report of the West Virginia MAA program.....	783

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WEDNESDAY, FEBRUARY 14, 1962

U.S. SENATE,
SUBCOMMITTEE ON RETIREMENT INCOME
OF THE SPECIAL COMMITTEE ON AGING,
Daytona Beach, Fla.

The subcommittee met, pursuant to call, at 10 a.m., at Mainland High School, Daytona Beach, Fla., Senator George A. Smathers (chairman of the subcommittee) presiding.

Present: Senator George A. Smathers, chairman.

Also present: Senator Oren E. Long, Hawaii, and Senator Jennings Randolph, West Virginia, subsequently was in attendance.

Staff members present: Miss Dorothy McCamman, Frank C. Frantz, and John Guy Miller.

Senator SMATHERS. Ladies and gentlemen, the meeting will come to order. I say at the outset that it is a great pleasure to welcome all of you here this morning and particularly Floridians, and I assume all of you are Floridians. We particularly want to welcome you, my distinguished colleague from the beautiful State of Hawaii, Senator Long, sitting on my right. He is the former Governor of that great State before it became a State, but his origins go way back to the State of Tennessee, so he is among us. We are delighted to have you here this morning, particularly on a typical Volusia County, Daytona Beach day, it is warm and nice just like Hawaii. It is a pleasure to announce also that Senator Jennings Randolph, of West Virginia, who is a very active and diligent member of this committee, is on his way here and will be with us for the afternoon session.

It is indeed a pleasure to welcome all of you to this hearing of the Senate Special Committee on Aging. It is very gratifying for me to see the interest in this important subject shown by the fine audience gathered here this morning.

We are here to consider one of the most dramatic and important phenomena of modern times—that being the change that is taking place in the age composition of our population. The achievements of modern medicine in extending the life span and of our economy in making possible more leisure and earlier retirement combine to give us an increasingly large proportion of our people living longer in retirement.

Keeping our elders with us longer should be a great blessing for them and for the young alike. But too often it is a mixed blessing at best, because we have not yet found the ways to assure that our retired people can live their added years in comfort, dignity, and independence.

That is why we are here today. The U.S. Senate has recognized the need to examine the implications of this basic trend in the makeup of our population and to formulate some national policies adequate to meet the new situations which it presents. The Special Committee on Aging was formed to gather information on the problems confronted by our older citizens throughout the country and to report our findings and make recommendations to the Senate. During the past year the committee, in addition to a considerable amount of background research, has held hearings in 14 States—in cities large and small and in rural areas—in all parts of the country.

Here in Florida we don't have a monopoly on this problem, but we certainly do have a State in which the special problems of older people are as numerous and varied as can be found anywhere, and a State in which the population trend, which I mentioned, is more pronounced than in any other. In the last decade, the number of Florida citizens over age 65 increased by 133 percent. This is about four times the percentage increase in the Nation as a whole. Clearly, with this rate of growth, it will not be many years before Florida, which now ranks fourth in the Nation, will have the highest proportion of its population in this older age group.

That is why I have undertaken this rather exhaustive special study in my home State for the Special Committee on Aging. As many of you know, we conducted hearings in three cities on the west coast last November. Our hearing today, and in Fort Lauderdale tomorrow, will complete our Florida hearings and will provide us with information on some of these problems as they are found here on the east coast.

We will hear this morning from expert witnesses who have special knowledge of a number of different aspects of the problems of retired people. This afternoon I am looking forward to hearing from the older people in the audience who will have an opportunity at that time to advise the subcommittee on problems they think are of greatest importance, and what they think should be done about them. We had these "town meeting" style sessions in our hearings in November, and I found them to be very interesting and informative. No one knows more intimately how the problems that come after retirement actually affect the individual than the retired people themselves. This is your opportunity to educate us and our opportunity to learn from you.

Now, our first witness this morning is the very splendid mayor of the city of Daytona Beach, a longtime personal friend of mine, a once great golf player who has now had to give way to the ability of his son in that respect because he's getting too old and I am speaking of the mayor of Daytona Beach, John J. Eubank. Mr. Mayor, we welcome you, have a seat right over there.

STATEMENT OF MAYOR JOHN J. EUBANK, MAYOR OF DAYTONA BEACH, FLA.

MAYOR EUBANK. Thank you, Senator Smathers, and on behalf of our official city family and all the cities of this community, we would like to welcome with great gratitude your decision to hold one of the few hearings of this type in the State of Florida in Daytona Beach

and for that we are sincerely appreciative. I can enter this with a little more enthusiasm now because I feel that I have reached the golden age and am among those here. In addition to the panel we would also like to extend our thanks to such a wonderful audience here to look after your and our affairs.

We feel this problem of the aging or caring for the aged is more than just a local problem but at the same time we feel that it is a problem unique to this area because of our fine climate and all. I understand that Senator Long's real interest in this hearing is second to his spying on the ability of Florida to gain vacationers and tourists and if he goes back with a few more good ideas, well, more power to him if he helps us along the way. Florida itself faces a unique problem and those in public office, I think, realize it clearly. In an independent survey it is predicted that in the early 1970's that Florida will have over 9 million inhabitants and that creates a problem for us locally because even now with our excess of 4 million in population, we have growing pains and growing problems and by these we must ask for help from the outside. In our own city of Daytona Beach we are now petitioning the Federal Government to help us with some of our critical housing problems and some of our water and sewerage expansion problems. I think those of you who have followed this for the past several months realize it's almost an impossibility for the taxpayers of this area to commit themselves to this burden without some outside help and now with the space projects in our proximity, we feel these problems will almost explode and I don't mean that facetiously, but this is the closest metropolitan area to where the Nova project will be and I might say it's the most unexplored area where this problem will be. So, as your municipalities are seeking Federal help it's almost necessary that those of you who have decided to retire in our fair State with our rising costs of living, and I am sure that the members of this panel and the Members of Congress realize since 1930 the dollar which you have been laying aside for future recreation and retirement has now dwindled to where it is now only worth 33 cents and I think the United States with its worldwide program and promotion of human understanding amongst nations and amongst people realizes also that we have a problem here.

Medical science by development and research is adding to the expected life of each individual now and along with those added years of life, we find problems that we were not faced with back in the roaring twenties. I am sure those wise men in a Washington are cognizant of this situation and will do all they can to help, and I think your splendid attendance here today will indicate to them that there is a necessity for taking care of people such as us.

I say that our problem is unique here and this will probably be repetitious and it will probably be brought out later on, but out of the 120,000 people in this county, over 20 percent of those depend on social security for part or most of their income and when you realize our national average is 8 percent or less, you can see this is a unique local problem, in fact it is a Florida problem because with our population growing to the excess of 9 million within 10 years, it is bound to create social problems for you people because the growing cost of living and the original amount that was set up will be greater probably than you can bear.

I might say that Florida has been a pioneer to try and develop a favorable place for you people to come to. I think most of our advertisements beckon you as retirees to move to this State and I think when we started on that, we didn't realize that our weather and the cultural and recreational facilities had been developed to the point that those who were participating in this recreation and culture would overwhelm our finest expectations. So, therefore, we need this help from the U.S. Government and we need your help and, of course, the only way that you people who are unbiased in your thinking on our social and welfare problems can know it is for us to express ourselves.

Our dependency problem in Florida is becoming greater. In 1950 it developed that 1,000 workers supported 252 people; in 1960 it developed that 1,000 people support 1,040 dependents. So, that is the problem that must be studied and I'm certain none of us here today know the answer to this problem, but, thank goodness, due to a few of our Senators and Representatives in Washington who are genuinely interested in the welfare of all people, they have taken their time from busy schedules to come down and listen to our problems and I know each of you who has any word of advice to these gentlemen will certainly get up this afternoon when it is your turn at bat and express yourself.

I will not go into our local housing problems because Mr. Earl Pounds, our director, who has studied this problem for a decade now, has far more favorable answers than I and is much more informative, so at this time I will end my words of welcome by again thanking Senator Smathers, Senator Long, Miss McCamman, Mr. Frantz and Mr. Miller for devoting their time here to our problems and I just want to make one little local announcement before I am through. This session will last all day and our police officers on the little three-wheel scooters are not supposed to put tickets on our cars today for overparking, so, if any of you do get a ticket, if you will just take it, please, into the social security office which is just east of here, we will take care of it for you. It has been a real pleasure for me to have been here with you and, again, thank you all.

Senator SMATHERS. Thank you very much, Mr. Mayor, particularly on that last announcement. That's one of the most practical suggestions that we have had from anybody in a long time but I appreciate what you have had to say and it is wonderful to be in your city.

To go on, we have a long list of witnesses here and I'd like to ask for the benefit of we who sit up here just a couple of impressions. How many of you here this morning, would you hold up your hands, are now on social security and receiving some benefits from social security? I would say that's about 90 percent of those that are here. How many of you receiving social security also receive some other income from a retirement program or pension program? How many of you have any health insurance?

A VOICE FROM THE FLOOR. It doesn't pay.

Senator SMATHERS. How many of you think that your health insurance is adequate? How many think that your health insurance is sufficient to cover your health needs, let's just see those hands? How many of you don't think your health insurance is enough? Well, there seems to be a pretty good difference of opinion on that. How

many of you are—this is additional information—how many of you are permanent residents of Florida? I would say that was about 95 percent. All right, we will ask you other questions as we proceed. Our next witness is Dr. George E. Beauchamp, who is representing the Governor's Committee on the Aging. Dr. Beauchamp is not here, so we are next going to hear from Mr. Sidney Entman, representing the Florida Council on Aging. Mr. Entman.

STATEMENT OF SIDNEY ENTMAN, REPRESENTING THE FLORIDA COUNCIL ON AGING

Mr. ENTMAN. My remarks are going to be limited primarily to the nursing home patient and medical care he is supposed to receive in the nursing home. I think for the limited time I have to testify that it would be helpful if I described the experiences that we have gone through in Duval County where I live.

As a result of the White House Conference on Aging in 1961 there was a tremendous impetus in Duval County to create its own Council on Aging, and in turn became affiliated with the Florida Council on Aging.

The Duval Council on Aging has been in existence about a year and has concentrated upon some of the local problems of the aged and aging. One of the major problems in the community was adequate provisions for health and medical care for the above-mentioned group.

In Duval County the only source of medical services for the aged on welfare assistance, or medically indigent, is the Duval Medical Center, a county hospital. The outpatient clinic is overcrowded and understaffed. Long hours are spent in line by the aged in order to see the doctor and then await for the prescribed medication. What happens to the bedridden or the feeble who cannot come is not known.

Another source of concern is a fragmentation of the medical problems presented by the aged. His illness or disability is not limited to one organic disfunction, but very often he has a host of complaints which requires visits to a number of specialty clinics held on different times and days. The medical and institutional section of the Duval Council on Aging reviewed possible solution to these problems and believed that a geriatric clinic with a broad view and appreciation of the total needs of the aged person would be ideal. However, they recognize that this was an unrealistic goal at this time because of lack of funds, staff, and at best could only be a pilot study.

The primary problem is that the majority of older people cannot afford to purchase proper medical care. Many of them who are not commonly referred to as indigent but when illness does strike, they become "medical indigent." Then there are those who are on categorically welfare assistance and whose limited grant does not permit the purchase of medically care. The remainder who have the means of purchasing medical services are often at a loss to find relief, because the complexity of their problems often transcends medical services.

To these groups, some medical care is available, even though limited. There is a category of aged for whom there are no adequate provisions for medical care, namely, the indigent nursing home patient.

Many of these helpless and infirm patients, mostly bedridden, have not received any medical supervision for long periods of time. So often the nursing home operator must pay herself for a physician's call to an acutely ill patient or impose on a doctor who may be visiting another patient. It is true that medical services are available to them at the Medical Center, but the effort and cost of transportation by ambulance and the hours of waiting with an attendant, does not encourage the use of the medical center.

In the opinion of the Council on Aging this problem of providing medical care is beyond the obligation of the nursing home or the patient himself and is a basic responsibility of the community whether these services are provided through State welfare funds or nonprofit volunteer services. Responsibility for providing the individual with his basic needs has been a recognized principle in American life and the Council on Aging believe that medical care is a basic need for the welfare of the individual.

In the exploration of some solution to this problem, other problems cropped up relative to the management of the nursing home patient. The county health department is responsible for licensure of nursing homes in accordance with the established State health department standards, however the county health department cannot strictly enforce its rules and regulations for the best interests of the patients because there is a lack of planned community program for medical care to the nursing home patient. A review of some efforts at providing medical supervision for these patients points up possible avenues of exploration. The first avenue was the possibility that the Duval County Medical Society provide free care to the medical indigents in the nursing home as a public service. The second, that the medical society should encourage and persuade the county health department to accept this responsibility providing medical care to the nursing home as an additional function of the health department. The third avenue was to request the Community Chest or some other nonprofit organization to underwrite the cost of such a program.

A fourth possibility is to encourage the State legislature to implement "medical" care sections of the Kerr-Mills Act which provides funds for such services.

There are no immediate answers, but the council is conscientiously seeking a solution to this unfortunate lack of communal services.

Basically, I am trying to point out at this hearing, Senator, that there is a fragmentation of the aged individual. We provide him with funds to buy him his bread and butter and a meager roof over his head through our welfare program, but in Duval County do not provide him with the medical care to enjoy what little he has. We often feel that we have discharged our obligation to him when he is placed in a nursing home and forget about his needs as a total human being. To maintain his dignity and self-respect, our attitude toward him must change and we must recognize that the aging nursing home patient has the same needs that we all have. Perhaps even more so because he is helpless to satisfy these needs by himself.

Therefore, it becomes essential in a country like ours, to maintain the dignity of each person and provide those services which will uphold and rebuild self-respect. The most important fact coming out of the deliberations of the Duval Council on Aging is that a better

method of providing medical care for the indigent should receive first priority in our community. Thank you, Senator.

Senator SMATHERS. Thank you.

Senator LONG. I am tremendously impressed by these problems and would like to ask a question. In view of the magnitude of these problems, can they be met successfully by the use exclusively of local resources as supplemented by the State or is it a national problem?

Mr. ENTMAN. Giving medical care to the indigent and infirm aged becomes a national problem in many respects. I tried to limit my remarks to this particular problem. The aged and ailing individual needs medical care, skilled nursing services, medication; and this becomes a very expensive proposition. From my observation, after 16 years in the field of aged care, that very few local communities have the resources or they have other priorities as important in the community, to be able to provide a good ongoing medical care program for the aged. It is my personal opinion, even though we must depend upon grassroots to provide the impetus, leadership, and guidance for such a program, that the grassroots must be nourished and supported from other sources, Senator.

Senator SMATHERS. Mr. Entman, is there a need in Florida for more funds in the nursing home phase of the Hill-Burton Act?

Mr. ENTMAN. Frankly I cannot answer this question. There were only two approved applications for Hill-Burton nursing home category in 1961 and I doubt whether there were any other applications filed during the past year in Florida.

I believe at this time there are very few groups initiating programs which would utilize Hill-Burton funds for the building of nursing homes or medical facilities for the aged. Until churches or other non-profit groups accept the responsibility of providing such care for the infirm aged, the amount of funds needed in Florida for more nursing homes is purely academic.

Our State health department has been doing a yeoman job in trying to encourage church groups particularly to assume some responsibility for nursing homes, or homes for the aged program. As a matter of fact they added a retired minister to their staff to interpret the needs of the aged and how churches could be helped in sponsoring such a program.

There has been some movement on the part of the churches in accepting some responsibility for the aged through the housing for elderly program under the Federal Housing Administration. A few church groups have started this program and once they get into it will probably take on more responsibility than housing per se.

Senator SMATHERS. All right, sir, thank you very much. You have been helpful to us.

(The prepared statement of Mr. Entman follows:)

PREPARED STATEMENT OF SIDNEY ENTMAN, EXECUTIVE DIRECTOR OF THE RIVER GARDEN HEBREW HOME FOR THE AGED, JACKSONVILLE, FLA.

The emerging role of the nursing home as a bona fide medical facility for the care of the long-term chronically ill person has still not been clarified or clearly defined. It is true that we have guidelines, goals, and pilot projects which point up how effective a good nursing home program can be in a coordinated community health plan. However, there are many hurdles and obstacles to be overcome before such objectives can be reached.

It would perhaps be helpful to review the summary of findings and recommendations made on this subject as described in "Florida Presents an Action Program on Aging" prepared for the White House Conference on Aging in August 1960:

SUMMARY OF FINDINGS

The following findings have been excerpted from the comprehensive report of the subcommittee on nursing homes and homes for the aged.

Information was available on 330 nursing homes in Florida with 8,508 available beds. Only 44 of these with a capacity of 811 will accept nonwhite patients.

Eighty-three percent of the nursing homes are privately owned; 11 percent are nonprofit, including church-related homes; 6 percent are city or county institutions.

There are nursing homes in only 36 of Florida's 67 counties.

Although surveys indicate 77 percent occupancy of existing beds, based on density of population, only about 34 percent of Florida's acceptable bed needs have been met.

Accepting the expert opinion that it requires \$150 per month to provide reasonable care in an acceptable environment, more than one-half the patients in Florida nursing homes cannot be provided suitable care for economic reasons.

Very little is done on a planned formal basis for providing leisure time, educational or recreational activities to nursing homes or homes for the aged through a coordinated community program.

With the exception of nonprofit homes, no formalized relationship exists between the nursing home and a social service agency.

A new approach is necessary to the entire problem of the senile patient and his management.

The effective use of hospital facilities for diagnostic, rehabilitative, and therapeutic services for nursing home patients cannot be provided without a coordinated effort of the county medical society, hospitals, welfare departments, community planning councils, and other related volunteer agencies.

Hospital insurance does not include care in a nursing home except in rare instances. Patients with insurance, therefore, find it cheaper to remain in a hospital, especially since many doctors will not visit patients in a nursing home.

"Limited service" hospitals, in association with general hospitals, can provide, at less cost, convalescent or long-continued rehabilitation care. They should be strategically located through the State.

RECOMMENDATIONS

1. A realistic vendor payment system should be established by the State department of public welfare for services to the categorically indigent patients in nursing homes based upon a standardized accounting system.

2. Placement in a nursing home should be based on the recommendation and after consultation with a team to include a doctor and/or psychiatrist and a trained social worker. Such a team should follow up periodically with recommendations for continued care, treatment, or discharge from the home.

3. A social history on each patient should be available in the nursing home with plans jointly arrived at with the operator for the best care and treatment of each individual patient.

4. Better medical records, including physical, medical history, and progress notes should be kept in the nursing home.

5. Services of specialists, such as nutritionists, recreational and occupational therapist, should be available for consultation, for coordinating services, and for training of operators and their staffs as well as volunteers.

6. Casework services with families as well as the patient in the areas of emotional or relationship problems should be provided.

7. Physiotherapy programs with medical supervision should be developed to insure a rehabilitation approach.

8. Operators of proposed nursing homes should be investigated more thoroughly to establish moral and financial stability. The report should include an affidavit of ownership, notarized financial statement, a sworn statement denying previous conviction for a felony or drug or alcoholic addiction.

9. Minimum educational qualifications and experience for operators should be set since the operation of a modern and progressive nursing home requires more than a minimal education background.

10. The question of absentee ownership or management should be further studied in order to determine the trend in "chainstore" operations and whether such nursing homes can provide the warm and friendly environment so essential to the nursing home patient.

11. Since a nursing home is basically a service organization and the nurse the key to all services to patients, the nursing services of a home should meet the standards defined by the National Commission on Chronic Illness.

12. A more intensive study of the nursing needs of the Negro people should be made in order to determine whether more nursing home beds are needed.

13. In order to provide the type of services needed in nursing homes for the recovery of the patient and to assist in his rehabilitation and reinstatement in the general community, governmental support, Federal, State, and local, of such facilities should be extended.

Since this report in August 1960, additional nursing homes have been opened and 361 licenses were approved in 1961, as compared to 330 approved in 1960. There are now 9,700 beds available as compared to 8,508 beds in 1960. During this period 23 nursing homes closed down for various reasons, mainly economic. The State board of health also reported that its nursing home and hospital division reviewed 148 plans for new homes or remodeling. There are now 1,123 additional nursing home beds in the State. However, these new beds are located mainly in populous counties and there are still about 30 counties without any nursing home program.

In the 1961 report of the hospital construction department of the Florida Development Commission regarding nursing home needs under the Hill-Burton program, it pointed out that over 15 percent of the nursing home beds are housed in structures entirely or in part, unsuitable. It points out that nursing home bed needs under the established ratio of 1 bed per thousand State population, giving Florida a total of 19,480 allowable beds. Existing suitable and replaceable beds are shown as 7,028 (approximately 36 percent of beds needed). Additional beds programed for the State according to this formula is 12,452.

In evaluating the suitability of the structure to serve as a nursing home, criteria were set up as suitable, replaceable, and unsuitable:

The criteria used for "replaceable":

- A. 1. Undesirable location (noisy or odorous).
2. Nonfunctional design for the purpose.
3. Beds on the second floors where the following conditions exist:
 - (a) Structure is relatively fire resistive and hallways and exits permit ready evacuation and has automatic sprinklers.
 - (b) Structure has fire resistive walls and partitions. Hallways and exits permit ready evacuation and has automatic fire detection system.
4. One story homes and beds on the first floor of multistory structure where both of the following conditions exist: Structure is relatively fire resistive and hallways and exits permit ready evacuation.

The following criteria was used in determining nursing homes and/or beds as "unsuitable":

- B. 1. Non-fire-resistive structure.
2. Second-story beds in structures not meeting requirements as in "A" above.
3. Facilities of deteriorated construction.
4. Facilities incorporating health hazards.
5. Beds located in nonbed areas.

An evaluation of a total of 7,959 beds in the State indicates that 1,699 beds were rated suitable; 5,329 classified as replaceable and 931 were unsuitable.

These figures point a real dismal picture of the nursing home needs in Florida. Not only is there a need for 12,452 additional beds but 6,260 classified as replaceable or unsuitable must eventually be replaced.

The problem becomes more complex because acceptable building standards require large investments. This in turn increases the cost of operation which over 50 percent of the nursing home patients cannot afford because of their limited welfare grant. This condition creates a limited market for good standard facilities.

No appreciable progress in creating good standard nursing homes can be expected unless departments of welfare accept the responsibility of realistic reimbursement for the cost of good care in good facilities.

Some progress has been made in this area last year when Florida accepted some of the provisions of the Kerr-Mills Act for the care of the nursing home patient and created a vendor payment system of \$100 per month for nursing home care. This was an increase of one-third over the previous maximum allowance of \$66 per month. Payment for prescribed medication and a better administered hospitalization program for the categorical assistance cases improved the lot of the patient.

Of the 13 recommendations made by the citizen's advisory committee on the aged (listed on pp. 2 and 3) only the first item, referring to a vendor payment system by the department of public welfare has been adopted and in general practice in the State since February 1961. In addition, a number of counties also supplements categorical assistance cases in nursing homes. This practice is limited to a few counties only. However, the limitation of \$100 has been noted above and enough studies have indicated that minimum services cannot be purchased under \$150 per month, and more realistically at least \$200 per month is required.

This statement dealt primarily with the needs for better physical facilities but inherent throughout any statement on the care of the nursing home patient is the welfare of the patient himself. What kind of care does he really need? Who determines these needs and how often are they reviewed? What are the goals and objectives of the services he is getting? Is he exposed to meaningful experiences geared to his capacity? Is life still worth living?

The nursing home can only be effective if its climate radiates an element of hope and the feeling that someone cares. These intangible ingredients added to good services and good facilities compound the prescription essential to successful living in a nursing home.

Senator SMATHERS. Our next witness is Dr. John Webb, who is professor of economics at the University of Florida. While Dr. Webb is coming up I would like to recognize in the audience Mr. Fred Karl. He is our State representative from Volusia County and we wanted to give him recognition. I am sorry he left before we could recognize him. All right, Dr. John Webb, you can proceed, sir.

STATEMENT OF DR. JOHN N. WEBB, PROFESSOR OF ECONOMICS, UNIVERSITY OF FLORIDA

Dr. WEBB. I have prepared and submitted to the committee a statement, and in my time before you, I will summarize it very briefly. My statement presents estimates of the expected increase in Florida's older population between now and 1970, and then considers very briefly the extent to which this increase will represent a burden or a benefit to the State's future development. In 1960 Florida ranked first by a census count among States of rapid growth in the proportion of its population that was 65 years of age and older; and this is not in contradiction to your statement, Senator, because the three States that have higher proportions of older population, Iowa, Montana, and Kansas, have higher proportions because they are slow-growth States and have been losing through outward migration some of their younger people, with the result that the older people loom larger in the total. We have been gaining population in older age groups and I don't want to seem to be in contradiction to your statement.

Senator SMATHERS. We always want to have Florida first in everything and you have managed to put it first in that regard. We are grateful to you.

Dr. WEBB. Now, this first rank is the result of the State's attraction for older citizens of other States who have reached retirement age and have had the urge and financial means to move here and live

on accumulated savings, investments, retirement income, insurance benefits, or some combination of these resources.

The population 65 years and older will increase by 27 percent by 1965, compared to 1960, and by 60 percent in 1970. In numbers this means that in place of 553,000 older persons in 1960 there will be 702,000 in 1965 and 880,000 in 1970. This increase alone between 1960 and 1970 will be $1\frac{1}{2}$ times as large as the total number of older persons residing in the State in 1950.

These estimates are held to be more reliable than estimates of the increase of the total population in the State during the decade because the motivation of the older citizen moving to Florida is less likely to be influenced by changing economic conditions than is the motivation of young persons moving here who have accounted for the State's great bulk of the State's population increase in recent years.

The younger person comes to Florida looking for economic opportunity; if he finds it he stays, if he doesn't, he moves on.

The elder migrants come for the amenities of life, drawn here by Florida's resources for good living. He has a far greater degree of financial security in old age than has ever existed before and this security has returned to him some of the mobility and independence of his youth; and he uses this freedom with admirable restraint.

Will this large increase in older population in the State during the current decade be a burden or a benefit to the State's development? A benefit, I think, and a large one that merits careful study.

In calendar 1960, the Social Security Administration reported \$247,666,000 paid to 279,000 old-age insurance beneficiaries residing in Florida. The Florida State Department of Public Welfare in fiscal 1960 reported \$41,238,500 paid to 78,720 cases under its old-age assistance program. But, of this \$41 million expenditures, about \$30 million came from Federal funds. Of the total of \$289 million paid under the two programs, the State's contribution from tax revenues amounted to about 4 percent.

Combined, and with no correction for duplication, the two programs reached less than two-thirds of the persons 65 years and older reported by the last census. What of the other one-third? Some are employed, many are living on personal income from investments, from retirement programs of business, from the Military Establishment, railroad retirement, union funds, State and local units of government. This as yet uncounted income brings the total payments to older persons in the State to well over \$300 million a year.

And this is high-powered money, money spent promptly and regularly for State products, housing, services and, it pays taxes too. This money generates State income far in excess of its total; it has a now recognized "multiplier" effect; and through its total effects it generates tax revenue equal to or more likely in excess of the State's contributions to old-age assistance.

Now, this does not mean there are no burdens created by the older group. Retired persons who can meet ordinary living costs out of income, frequently lack the funds to pay for extensive hospitalization, or for prolonged medical care. And this creates severe and vexing problems at the local level. The fault here lies with the inadequacies of provision for these contingencies, and it reflects the overoptimism of the public about their health in old age; but this burden should not

be charged solely to new residents in the State, because it would exist if there were no gain of older citizens from other States. This is one of the, as yet, unsolved problems of an aging population anywhere.

On balance, then, retirement income in Florida is a large and growing asset in the State's development. It increased at least eightfold between 1950 and 1960, and it could easily increase fourfold again in this decade to reach a total of \$1 billion a year, by 1970, equal in amount to one-eighth of the total personal income in the State at the present time.

Senator SMATHERS. All right, sir, do you have any questions, Senator Long?

Senator LONG. I believe not.

Senator SMATHERS. Doctor, as I gather, the essence of what you are saying is that although the number of these elderly people will grow greater, that they are not a burden on the State, as a matter of fact they make a contribution to the growth of the State?

Dr. WEBB. I feel that that is one of the aspects of this development not fully recognized. Retirement income provides the same kind of expenditures that we do recognize under the heading of tourism; it is money in a sense that comes in from outside. Moreover, I think it is easy to show, and I believe the record does show, that a good many of the newcomers to the State in the older age group are a select group in that they bring financial assets in addition to their retirement income.

(The prepared statement of Dr. John N. Webb follows:)

PREPARED STATEMENT OF JOHN N. WEBB, PROFESSOR OF ECONOMICS, AND HEAD, DIVISION OF POPULATION STATISTICS, BUREAU OF ECONOMIC AND BUSINESS RESEARCH, COLLEGE OF BUSINESS ADMINISTRATION, UNIVERSITY OF FLORIDA

For some years now I have been studying and reporting on the growth and development of Florida with a particular interest in changes in its population. Each year I prepare and publish through the Bureau of Economic and Business Research of the College of Business Administration estimates of the population of the State and of each of the 67 counties of the State.

These estimates are made by methods developed by the Bureau of the Census, Department of Commerce, and we (the Bureau of Economic and Business Research) keep in fairly close touch with the Bureau of the Census on procedures and problems relating to and arising from the preparation of intercensal estimates of population for States and subareas of States. The Bureau of the Census publishes, from time to time, a listing of States and the agencies within these States which prepare intercensal estimates of population. The last report issued by the Bureau was dated June 1958, under the designation Current Population Reports, Population Estimates, Local Population Estimates Prepared by State and City Agencies: 1957-58; series P-25, No. 178. In this report, the Bureau of Economic and Business Research (with my name in parentheses) is listed as the source of State and local estimates for Florida.

The population estimates that we prepare are widely used both inside and outside the State by public agencies, business firms, and private individuals interested in the growth of the State. For example, the Florida State Board of Health uses our annual estimates of county population as the basis for their birth and death rate computations; the State Chamber of Commerce (and many local chambers) publish our estimates; and during the later part of the decade of the 1950's about half of the judicial circuits of the State used our estimates in obtaining additional circuit judges as provided by Florida Statute. My purpose, in this review, is to establish my competence for presenting to your committee some estimates on the older population of Florida.

These estimates were made primarily for use by the officials of the State university system in planning for the needs of higher education in the State during the present and the next decade. What the university officials wanted was an estimate of the college-age population; but this estimate could be made

only as a component of an estimate of the total population of the State. And so the estimate of the older population that is presented here, is to some extent, a byproduct: though it would eventually have been made as part of a study now in process of the State's economic development.

The estimates project the population that was reported by the recent decennial census of April 1, 1960, to July 1, 1965, and to July 1, 1970, by 5-year age groups. These estimates are incorporated in this statement, and they appear in table 1 as series A and series B. The A series assumes that net interstate migration between 1960 and 1970 will be 1,500,000 persons of all ages, about the same as that of the decade 1950 to 1960. The B series assumes that net interstate migration will be 1 million persons between 1960 and 1970. Fertility and mortality are assumed to continue at the rates prevailing in the State in 1959 and 1960.

For the State as a whole and for all ages, the series A (with the higher migration assumption) estimate of Florida's population in 1965 is 5,936,900 persons, an increase of about 20 percent over 1960; and a population of 7,259,900 in 1970, an increase of about 47 percent over 1960.

TABLE 1.—*Actual and projected population of Florida, by age, 1960, 1965, and 1970*

[Figures relate to Apr. 1, 1960, and to July 1, in 1965 and 1970. Series A assumes net interstate migration in the amount of 1,500,000 persons between 1960 and 1970; series B assumes net interstate migration of 1 million persons 1960 to 1970. Fertility and mortality rates are the same in the 2 series]

Series and age	1960 (Apr. 1, census)	1965 (July 1, projected)	1970 (July 1, projected)
SERIES A			
All ages.....	4,951,560	5,936,883	7,259,903
Under 5 years.....	541,101	593,090	741,835
5 to 9 years.....	490,530	634,332	663,956
10 to 14 years.....	435,183	543,083	713,411
15 to 19 years.....	337,487	473,739	601,310
20 to 24 years.....	296,177	378,635	535,662
25 to 29 years.....	298,238	338,892	443,286
30 to 34 years.....	327,730	338,876	400,802
35 to 39 years.....	339,125	368,712	402,061
40 to 44 years.....	313,538	372,490	421,141
45 to 49 years.....	283,620	340,624	415,828
50 to 54 years.....	263,159	313,663	374,984
55 to 59 years.....	241,086	280,627	344,608
60 to 64 years.....	221,457	253,269	313,445
65 years and over.....	553,129	701,861	887,574
SERIES B			
All ages.....	4,951,560	5,721,346	6,740,167
Under 5 years.....	541,101	581,445	701,012
5 to 9 years.....	490,530	611,240	648,023
10 to 14 years.....	435,183	525,270	663,657
15 to 19 years.....	337,487	460,448	563,617
20 to 24 years.....	296,177	364,351	501,017
25 to 29 years.....	298,238	323,998	406,766
30 to 34 years.....	327,730	324,556	364,578
35 to 39 years.....	339,125	353,903	365,665
40 to 44 years.....	313,538	359,519	387,107
45 to 49 years.....	293,620	328,970	385,678
50 to 54 years.....	263,159	303,075	347,865
55 to 59 years.....	241,086	269,865	316,416
60 to 64 years.....	221,457	245,975	284,990
65 years and over.....	553,129	668,733	801,778

Now the changes of most interest here are those in the population 65 years and older. For the higher series (series A) the 553,129 persons reported as 65 years and older on April 1, 1960, will increase to 701,900, in 1965, an increase of about 27 percent; and by 1970, this group will number 887,600, an increase of about 60 percent.

For the lower series (series B) the estimate of the 65 years and older group is 668,700 in 1965, an increase of about 21 percent; and for 1970, the estimate is 801,800, an increase of about 45 percent.

For the higher estimate, series A, the rate of increase in the older group is substantially higher than the rate of increase of the total population, all ages; 27 percent compared with 20 percent in 1965; and 60 percent compared with 47 percent in 1970. For the lower estimate the percentage increases are about the same in 1965 and in 1970. The difference between the high and the low estimate

is explained by the fact that the migrant group has a higher proportion of older persons than does the resident population of the State. The age pattern used in the estimate of net migration during the 1960's was derived from the age data provided by the censuses of 1950 and 1960.

In terms of numbers, rather than percentages, the higher series shows a gain of about 149,000 persons 65 years and older in 1965, and a gain of about 334,000 persons in 1970; for the lower series, the gains are 116,000 in 1965 and 249,000 in 1970. For both the high and the low series, the gains by 1970 exceed the total number of persons 65 years and older in the State—237,000—in 1950.

Your hearings have, I believe, already noted the fact that the proportion of older population living in Florida in 1960 was about 11 percent of the total population of the State, compared with about 9 percent in the United States as a whole. For purpose of comparison at the State level, the proportion of the population 65 years and older was 7.4 percent in the neighboring State of Georgia, which is not surprising, because Georgia has had little or no net gain from migration in recent years. What may be surprising, is that two other States of very rapid growth, which, like Florida, have gained substantial numbers of older persons from interstate migration—the States of Arizona and California—have distinctly lower proportion of older persons than Florida: Arizona with 6.9 percent, and California with 8.8 percent in 1960. In fact, only three States—Missouri, Iowa, and Vermont—had higher proportions of older persons in their population in 1960 than did Florida; and the differences were small. Moreover, all three are slow-growth States, that is, their growth is distinctly below the rate for the Nation; this means that they have been losing part of their natural population increase through outmigration, particularly persons in the age range 25 to 44 years; the result is, of course, that the older group becomes relatively more important because of the outmigration of the younger group. These three States lead Florida in the proportion of older persons in their populations for exactly the opposite reason for Florida's high proportion: Florida has a large net gain from interstate migration, with the greater weight, relatively, with the older population; Missouri, Iowa, and Vermont have moderate net losses from interstate migration with the greater weight, relatively, with the younger group.

In sum, Florida stands first in the proportion of older persons in its population among States of rapid growth; that is, among States with population growth in addition to their natural increase from the excess of births over deaths. This extra growth is the direct result of the State's attraction for citizens from other States, citizens of all ages, but with sufficient weighting of the older age group to raise Florida's proportion of older citizens above that of any other rapid growth State.

There are some important inferences that can be drawn from this brief review of what has been happening in the State as reported by the census of 1960; and from what may happen in the current decade, as suggested by the estimates of older population in 1965 and in 1970. First a few comments on the estimates.

Population estimates for 10 years in the future—or even for 5 years—are notoriously uncertain statistics for any area of rapid growth, and particularly for one—like Florida—where growth is affected so largely by population mobility. A change in the national economy, the impact of the space age, changes in technology, and other contingent circumstances, can accelerate, stop, or—and this should be emphasized because it is so often overlooked—can reverse interstate transfer of population to Florida. Population that is mobile in, is also, potentially, mobile out; and the history of population growth in this country provides many examples of accelerations, checks, and reversals of population mobility.

And so the estimates of total population—all ages—that I have presented may be too low, too high, or—wonder of wonders—just right. I can say this, and if I don't, someone else will, and I can still argue that the uncertainty of the estimates of total population 5 or 10 years hence, does not, of necessity, apply equally to the estimates of the older population.

I make this statement because an important distinction can be drawn between the motives that explain the movement into the State of the majority of the approximately 1,600,000 citizens of all ages who transferred their residence to the State between 1950 and 1960, and the motives of the minority of approximately 300,000 older persons among these interstate migrants, who were the principal cause of the increase in the population 65 years and older from 237,000 in 1950 to 553,000 in 1960.

For the majority of newcomers, the attraction of Florida was, directly or indirectly, economic opportunity: jobs in the expanding trade and service industries, construction, manufacturing, and the space and electronic industries. This is the age-old cause of population redistribution; free land on the frontier, gold and silver in the West, oil in the Southwest, jobs in manufacturing centers. And equally well established, is the fact that these seekers after economic opportunity are, and have been, preponderantly the younger citizens, those with "world enough and time" to start from scratch. It is this young group of highly mobile citizens who are most sensitive to economic changes: the group that will move out as quickly as they moved in; who, in our past, settled a border State in one decade, and move on to the West in the next decade.

But this is not the primary motivation of the older migrant to Florida. In his youth he may or may not have answered the call of opportunity elsewhere; with increasing age, with some degree of economic security, with honorable service rendered according to his talents, his motivation changes. What attracts him now are the amenities of life, the opportunities for good living, a moderate climate perhaps, or recreational facilities, or the society of his friends who have found the right place in the sun. Furthermore, the decision to move is not made as easily as was formerly the case; there is the serious matter of closing out old accounts, of liquidating assets of long standing, of beginning a new and possibly very different way of life.

In short, I feel that the estimates of the older population in the State in 1965 and 1970 are much less likely to be in error, because of unforeseen contingencies, than are the estimates of the total population, and for the reasons given. So long as the State offers, as it now does, a good place to live for those who have the desire and the means to move here, and to live here on earned income or retirement benefits, Florida will attract a steady flow of older population. The one development that could alter this prospect would be an attitude of indifference on the part of Floridians to this continued influx, or, worse, a feeling that a continued high proportion of the aging may now, or eventually, present a threat by way of welfare costs to be met through increased State and local taxes.

On the matter, of indifference, it seems obvious that a State must provide more than sun, sand, and surf to attract and to hold people who are in a position to decide where they will live. Other States have a moderate climate, and other resources for good living. For example, California, long a mecca for the retired, still attracts more older people in terms of numbers than does Florida, though in relative terms—that is migration rates—Florida has the lead. Perhaps the greatest advantage that this State now has, as a desirable place for retirement, is its nearness to the great metropolitan centers of the eastern seaboard and the Middle West, where a majority of the country's population now resides. If, in addition to this advantage, there are available adequate housing for the aging, medical facilities, cultural and recreational resources, for their use and enjoyment, it is difficult to see why the present trend to this State should not continue. But all this should not be left to chance.

On the matter of a possible burden to the State, from the older group, there is some pertinent information that I will refer to, though I believe you have all of this and more in your record. The Bureau of Old-Age and Survivors Insurance of the Social Security Administration reports that for the calendar year 1960, old age insurance benefits in the amount of \$247,666,000 were paid to beneficiaries in the State of Florida. The number of beneficiaries in payment status on December 31, 1960, was 279,000. The Department of Public Welfare of the State of Florida reports that during the fiscal year July 1, 1960, to June 30, 1961, it assisted a total of 78,720 cases under its old age assistance program at a cost (indirect payment) of \$41,238,500. Now, if the sum of these two payments is taken as a rough measure of the money received by Florida's older population from other than private sources, then 86 percent came from the Federal Government and 16 percent from the State. But this greatly overstates the direct cost to the State; of the \$41,238,500 paid out as old age assistance by the State Department of Public Welfare, \$29,677,400 or 72 percent came from Federal funds, and \$11,961,100 came out of State appropriations. If the State cost is computed on the basis of the approximately \$12 million State contribution in the \$289 million paid to the older population of Florida as old-age insurance benefits and as welfare payments, the direct contribution of the State represents about 4 percent of the total.

I realize that there are some local cost—city and county—hospital costs and the costs of prolonged medical care for the aged are particularly vexing local problems that are not included in the 4 percent. But with these costs, as with the State costs, discussed a little later, the burden is small, though the money to meet it may be hard to find, compared with the benefits received from the expenditure of retirement income in local areas by those whose income is in no way dependent on tax sources.

No doubt there is some duplication of recipients reported by the Social Security Administration and the Florida Department of Public Welfare, so that the sum of the beneficiaries under the two programs overstates the total. But if there were no duplication, the two programs combined would cover less than two-thirds of the population 65 years and older reported for the State on April 1, 1960. What about the other one-third plus? How do they live? Some, no doubt, are full or partial burdens on their children or relatives, or they still are actively employed and no burden to anyone. An individual's ability to earn a living does not automatically stop at 65 years. But many others are retired, and are living on private income, or they receive income from one of the many retirement programs created by private industry, by the Military Establishment, by the State and local units of government, by the Railroad Retirement Act, etc.

The important point here is to realize that the approximately one-quarter of a billion dollars that was paid to old-age beneficiaries in Florida under the social security program in 1960 was by no means all of the retirement income that came into the State that year. The amount almost certainly was nearer one-third of a billion dollars, and could easily have been much more.

And this money is high powered money—money that the economist says has a multiplier effect, because it results in total expenditures much in excess of its own amount. This money is not matched by a physical product that must clear the Florida market; it is the same kind of money that is sometimes referred to as "tourist money." It buys Florida produce, it pays wages to workers in the service industries, purchases gasoline and electricity, and—a fact of great importance—it pays State and local taxes, sales taxes, gasoline taxes, excise taxes, real and personal property taxes; and the amount of tax income generated is certainly in excess of total State and local tax contributions to the old-age assistance program.

In this view, the relatively high proportion of older persons in Florida is a large and increasing asset to the State, one that has had and will continue to have a great influence on Florida's future growth and development. Insofar as the income of retired persons represents savings accumulated by insurance payments, pension provisions, and investments made during the active part of the worker's life, the expenditure of this income after retirement represents a burden on no one, in or out of the State. To look only at the cost in taxes, is to overlook completely the benefits to the State, the counties, and the localities from expenditures that generate net income much in excess of the net income generated by a basic industry such as agriculture, including citrus and cattle.

If, then, the movement to this State of retired persons is a potential burden, that burden must develop out of the inadequacies of the benefit payment, not from their source. I realize that monthly payments averaging around \$75 per beneficiary under the OASDI program, and something under \$50 a month for State old-age assistance, will not provide the essentials for the good life in this State. It seems unlikely that many persons, who on reaching retirement age in other States, and having an assured income of no more than the average of \$75 a month, can successfully make the transfer here; and I believe your record shows that in areas of the State where studies have been made, it has been found that many of our new citizens do bring with them income and assets that supplement their insurance and pension income. Certainly the extensive sale of housing to retired persons—and a substantial amount of this for cash—supports this view.

One obvious conclusion is that the newcomers to our older population are a select group financially. There is also an inference to be drawn here. Insofar as the present inadequacies of OASDI benefits are removed, either by legislation, or by the steady increase in the numbers of workers who earn higher benefits at retirement because of more years of participation in the social security program during their working life, the present financial bar to relocation on retirement in any State freely chosen by the individual, will be lowered; perhaps someday, this restriction will be completely removed.

This brings me back to the estimates with which I started. The older population of Florida will increase substantially in numbers during the present decade. And this increase will bring with it a large increase in retirement income, income that will have a great impact on the State's future development.

Provided only that Florida realizes, even partially, the economic benefits to be derived from this "free income," and therefore supplies the amenities of living that attract the older person, this income will increase dramatically. It rose more than eightfold in the 1950's, and even a fourfold increase in this decade would bring in retirement benefits of over \$1 billion a year, an amount equal to approximately 11 percent of total personal income of the State at the present time.

Senator SMATHERS. Thank you very much. Our next witness is Dr. John Cheleden, who is president of the Volusia County Medical Society.

STATEMENT OF DR. JOHN CHELEDEN, PRESIDENT, VOLUSIA COUNTY MEDICAL SOCIETY

Dr. CHELEDEN. Senators, I appreciate this opportunity to present views of the doctors of Volusia County, but not being an "old pro" at this sort of business, I was asked just a few days ago to prepare a statement, which I have done to the best of my ability and it presents facts which I believe that all of us should know. It has no particular recommendation. I think these will become obvious as we go along.

The doctors of Volusia County are proud of their record in making available adequate and complete medical care to all people who live in or visit here in Volusia County.

The county medical society totaling 101 active members is a component of the Florida Medical Association. The Volusia County Medical Society and the Florida Medical Association have long interested themselves in problems of the aged. Special committees have been appointed, both on a statewide and local basis, to study the problems of the aged, particularly in regard to medical care. Our interest in the aged does not wax or wane with the seasons.

As physicians we are concerned with the medical care of the indigent and the near indigent regardless of age.

The Florida Plan of Health Services for the needy sick was established by the legislature in 1955. A State fund is administered by the State board of health available to each county to provide certain health services to the needy sick provided the county will pay for at least 50 percent of the expenditure.

In the fiscal year ending June 30, 1961, 124,837 days of hospital care was provided 14,235 public assistance recipients (PAR) at a cost of \$2,920,158; and for the calendar year 1961, 163,874 days of hospital care was provided 17,261 non-public-assistance recipients (non-PAR) (about 50 percent 65 years and older) at a cost of \$4,100,926.

In a separate program administered by the State welfare board drugs were provided public assistance recipients at a cost of \$4,530,759 for the fiscal year ending June 30, 1961.

During the same fiscal year the 67 counties of Florida spent an additional \$20 million providing health services of all types to the needy sick in Florida.

In Volusia County expenditures for the needy sick during the year 1961, totaled close to \$1 million.

Some 1,575 needy patients of all ages were treated at the Halifax District Hospital here in Daytona Beach during the 12-month period ending October 31, 1961, at a cost of \$324,398.81. The total number of

admissions to this hospital for the fiscal year were 9,951; 7,200 patient visits were made to the out-patient clinics excluding the maternity clinic.

There was no charge for physicians' services.

Additional services for the needy are provided at no cost by other organizations in the county—the orthopedic center and a center established by the Council for the Blind, to name two.

There are five hospitals in Volusia County with a total bed capacity of 469 beds. An additional 50 beds will be made available in West Volusia County within the next 30 days. An additional 100 beds will be made available at the Halifax District Hospital here in Daytona Beach within the coming year. All this has been made possible by local tax raising funds.

There are a total of 17 nursing homes with 509 beds.

It is estimated that approximately 20 percent of the population of Volusia County, or 25,000 people are 65 years of age or older. In all of Florida, 13 percent of the total population are 65 years or more.

The physicians of Volusia County are aware of the problems faced by many of our aged and aging citizens whose assets are meager and whose social security payments are minimized by increasing costs and inflation. We agree that these people need special help—basically financially to provide for their needs.

We are aware that the cost of medical care has increased along with cost of food, clothing, housing, refrigerators, radios, automobiles, and everything else that people want and use.

We are aware that there is a segment of our population, especially among the elderly and retired, who are not indigent and are able to provide for most of their needs, but if and when faced with a major illness or operation, they find their resources taxed beyond their ability to meet the cost. For want of a better term we have called these people medically indigent or near indigent.

We have sought ways to see that they are not denied proper medical care regardless of age.

The Florida Plan of Health Services as mentioned earlier in this report was initiated in 1955. At first it provided only emergency care or treatment for the needy. It was soon realized that other medical needs such as outpatient care, nursing home care were not met by this program.

In 1958 the Florida Medical Association presented the problem to Gov. Leroy Collins as one deserving of additional study. A Citizens Medical Committee on Health was appointed by the Governor, and some of the recommendations were later approved by the State legislature which then authorized \$9¾ million for the biennium to cover the cost of our expanding program.

It was estimated that the value of physician services to this program approximated \$5 million a year.

We submit that the Florida Health Services Plan for the Needy or Near Needy of any age as outlined does not provide all medical services and that further expansion and implementation is required.

We submit that the majority of people with low incomes including these 65 and over can be assured of increasing, greater and more complete coverage by voluntary health insurance plans if only these plans are given the opportunity to do the job.

We submit that any plan based on compulsory contributions to provide medical services to individuals of any age, whether they need it or not, is not businesslike or sensible or logical.

If 4 or 5 million of our citizens 65 years and older are in need of food, clothing, and housing, I feel certain we would all agree that these should be provided by our Government at taxpayers' expense.

But we ask you, would it be reasonable, would it be financially wise—would it be sensible for us to tax the workers of this country to provide food, clothing, and housing for all 16 million people over the age of 65 in order to help and provide for the 4 or 5 million in need?

Any such proposal where the Government, by taxation, provides for a whole segment of our people including those who are able and willing to take care of themselves is pure socialism to which we are opposed.

I would like to offer this factual statement for the record.

(The factual statement follows:)

General hospitals in Volusia County, 1961

Located at Daytona Beach (Halifax area) :	<i>Beds</i>
Halifax Hospital.....	271
Ormond Beach Hospital.....	26
Holly Hill Hospital.....	22
Total.....	319
Located at New Smyrna Beach : Fish Memorial Hospital.....	50
Located at De Land, Fla. : Fish Memorial Hospital.....	50
Total hospitals (5).....	419
Under construction to open Mar. 1, 1962 : West Volusia Hospital, Deland, Fla.	50

Nursing homes operated in Volusia County, Fla., 1961

	<i>Beds</i>
Allen's Nursing Home, De Land.....	29
Bowman's Nursing Home, Ormond Beach.....	9
Bryant's Home for the Aged, Daytona Beach.....	21
Byron's Orange City Manor, Orange City.....	50
Cutt's Nursing Home, De Land.....	20
Fair-Knoll, Inc., Nursing Home, Daytona Beach.....	19
Home for the Aged, South Daytona.....	10
Latimer's Nursing Home, De Land.....	18
Peaceful Haven, De Land.....	13
Restorium, Inc., Daytona Beach.....	35
River Shore Nursing Home, Port Orange.....	12
Riverview Rest Home, Holly Hill.....	12
Shady Rest Nursing Home, De Land.....	17
Turner's Rest Home, Daytona Beach.....	10
Volusia Nursing Home, De Land.....	133
Golden Age Nursing Home, Daytona Beach.....	26
Shore Manor Nursing Home, Daytona Beach.....	75
Total nursing homes.....	(17)
Total number beds.....	509

County expenditures for medical care of the indigent for 1961

[Over and above the county funds in the hospital service for the indigent (HSI) program for participating counties. Show total evidence for nonparticipating counties. Do not include any hospitalization or medical care costs for tuberculosis or mental illness in State institutions]

Purpose	For all ages	For 65 and older (estimate if necessary)
Hospitalization.....	\$667,318.14	\$266,927.72
Home nursing care.....	83,000.00	33,200.00
Outpatient clinics.....	16,000.00	6,400.00
Nursing home service.....	17,000.00	6,800.00
Others (specify) ¹	34,700.00	13,880.00
Direct county expenses, tuberculosis hospital.....	12,000.00	7,200.00
Direct medical care.....	34,700.00	13,880.00
Total.....	860,018.14	346,407.72

¹ American Red Cross, American Cancer, Lions Club, Pilot Club, Family Welfare, Business & Professional Women, Hearing Society, Heart, TB and Health, Blood Bank-Red Cross.

Source: County of Volusia, data provided by D. V. Galloway, M.D., health officer.

Senator SMATHERS. Let me see just for the information of the committee a show of hands of those who agree with the Doctor's statements so far? Those who do not totally agree with him? It is an interesting division, very interesting division. All right, thank you very much, Doctor.

Senator LONG. Doctor, on page —

VOICE FROM THE FLOOR. What was your question?

Senator SMATHERS. The question that I asked?

VOICE FROM THE FLOOR. Yes.

Senator SMATHERS. The question that I asked is, that I am curious to see how thus far, and of course this is a democracy, we like to try to find out how people are thinking about these matters. Now, how many of you after listening to the Doctor's statement generally agree with what he had to say? Let me see your hands. Let's see the hands of those who generally disagree with what the doctor had to say. I would say it is pretty close, but it appears to me that it is in disagreement.

This is the way we develop information and I think that the doctor has demonstrated that his motivations are completely sound and he's trying to find, and all we are arguing about, and all the argument is about, is the best way to do it. Senator Long, would you care to say something?

Senator LONG. Doctor, in your statement you stated "we submit that the majority of people with low incomes, including those 65 and over, can be assured of increasing, greater and more complete coverage by voluntary health insurance plans if only those plans are given the opportunity to do the job."

VOICE FROM THE FLOOR. That is not true.

Senator LONG. Now, I wanted to ask particularly, Doctor, about the Connecticut 65-Plan which I believe represents more study on the part of the health authorities than any other similar study that has had the attention of the Nation. They came out with a statement that it would require a payment on the part of the individual per month of \$17 and some cents, not for complete coverage but a rather complete coverage. Now, the question is this, can a very high percentage of

aged people and aging people pay that much per month? That, of course, is a problem that has to be worked out.

Dr. CHELEDEN. We agree with you, Senator, that that is a high amount of premium to pay for health services month in and month out, but as you very well know the voluntary health programs were initiated in 1928 when we had no help. The doctors put in money of their own to start such plans for insurance here in Florida in 1940, the doctors chipped in and founded the Blue Shield which has been successful. But, to get back, since these plans, you might say, are novel, actuarial experience has to be developed and only with time can we tell whether or not such a premium could be pared down. Right now I agree with you that that would be high, but, again, I would like to point out that I don't think, that is, we as doctors would be against the Government subsidizing such payments for such premiums as long as it's on a voluntary basis.

Senator LONG. Thank you, Doctor, I am increasingly impressed with the fact that this interest in the problem of the senior citizens doesn't rest with any particular group of people, professional people or otherwise, and I think some of the best thinking to date has come from members of the health group, the medical health group. Now, a vast step forward was made when, in a rather general way, the American Medical Association recognized the problems and began working on them and before a problem is to be solved there must be a recognition of that problem. I think we have a long way to go and I appreciate your recognition that it is a problem.

Dr. CHELEDEN. May I make one further statement; it has often been stated that physicians were against old-age security. We are not, we helped to form it. We are not against the Government giving financial aid for any purpose; what we are against, with the law as intended, is the dispensation of services. The Government should not dispense anyone's services through any taxation.

Senator SMATHERS. Thank you very much, Doctor, for your testimony. We will have as our next witness, Dr. Theodore Hahn, who is representing the Florida Society of Internal Medicine. Dr. Hahn is not here. Our next witness then will be Earl Pounds, director of Housing Authority of Daytona Beach.

STATEMENT OF EARL POUNDS, DIRECTOR, HOUSING AUTHORITY OF DAYTONA BEACH

Mr. POUNDS. Mr. Chairman, Senator Smathers, Senator Long, and members of your important committee, ladies and gentlemen, I am E. J. Pounds, Jr., executive director of the Housing Authority of the City of Daytona Beach, Fla. Can you hear me in the back of the room?

VOICE FROM THE FLOOR. Yes.

Mr. POUNDS. The housing authority is a nonprofit public corporation authorized, organized and operating under chapter 421, Florida Statutes. The authority was organized in 1938 and currently owns and operates 629 low-rent dwelling units for low-income families in this community.

The authority is governed by a board of commissioners appointed by the mayor and his appointments are confirmed or ratified by the

Daytona Beach City Commission. Presently serving on the commission are: Mr. George W. Lubke, Jr., chairman; Henry P. Duffett, vice chairman; William H. G. France, James Stephen, and James L. Dixon.

The authority operations are further governed by annual contribution contracts with the Public Housing Administration, Housing and Home Finance Agency, and cooperation agreements with the city of Daytona Beach, Fla.

For the sake of conserving time I would prefer to file a copy of the housing authority's 21st annual report which was published in the Daytona Beach Sunday News Journal on November 12, 1961. This report exceeds the scope and purpose of these hearings on the aging; however, certain data contained therein on our operations could prove beneficial to the committee.

(The report referred to will be found in the files of the committee.)

Mr. POUNDS. Since this hearing is on aging and I am in the field of housing, I shall limit the scope of my remarks, to the extent possible, to aspects of housing and related activities of our senior citizens and specifically to that segment of our senior citizen population which is in the low-income or limited income bracket. This, of course, is a problem which one day could be common to any or all of us in this room.

Prior to the Housing Act of 1956 the authority could not rent to the single elderly person, for one person did not meet the definition of a family as defined in prior housing acts. The 1956 act permitted local housing authorities to admit single persons 65 years of age or over to dwelling units designed to meet their needs by defining such a person as a cohesive family unit. Although the Daytona Beach Housing Authority did not have any units specifically designed for elderly occupancy in 1956, nor do we today, we did have 110 efficiency and one-bedroom units in one development and 18 one-bedroom units in another. We changed our policies with the Public Housing Administration's approval, and began admitting single elderly persons of low-income to these dwelling units. Today we rent to 94 such families (39 white and 55 nonwhite). The average age of this group is 72 years young. Their average gross income annually is \$1,233 per annum per family and their average monthly rental, including utility allowances is \$24 per month or \$288 per annum.

The authority has established income limits to define our low-income families as follows:

Size of family	Annual income limit for admission	Annual income limit for continued occupancy
1 person.....	\$2,400	\$3,000
2 persons.....	2,900	3,625

From the above you can see that we are endeavoring to assist on a most needy basis first, with our limited facilities.

For our elderly applicants there is an average timelag of 5 months between the time of application and the time of admission due to the lack of dwelling units available.

This has, in my opinion, discouraged elderly persons from attempting to find housing within our development. With our average age of 72 years some of these fine people have told us that they would be dead and have a permanent home before the housing authority could assist them.

At the present time we have 69 elderly families awaiting admission (57 white, 12 nonwhite) and the average age of this group is 66 years.

Presently our definition of elderly families, for the purpose of applying preferences for admission and waiving previous housing conditions requirements as established by the Housing Act, means a family the head of which (or his spouse) has attained retirement age as defined in section 216(a) of the Social Security Act or has attained the age of 50 and is under a disability as defined in section 223 of that act or a single person who has the above described age and/or disability limitations.

The authority purchased a special report U.S. Census of Housing: 1960 from the Bureau of the Census. This report presents statistics on characteristics of housing units defined as substandard by the Public Housing Administration and characteristics of families occupying these units. The statistics are based on special tabulations of data from the 1960 Census of Population and Housing taken as of April 1, 1960, for the city of Daytona Beach (does not include the metropolitan area of Daytona Beach).

Although the report is limited to "substandard housing" in Daytona Beach we find therefrom 239 owner occupied substandard housing units with the household head 65 years of age and over and 357 renter occupied substandard housing units with the household head 65 years of age and over. (See table 1.)

Premised upon the above report and other local conditions, in October 1961 the housing authority filed an application with the Public Housing Administration for an additional 420 dwelling units, 200 of which we proposed to design and develop for occupancy by elderly citizens.

On January 26, 1962, we were notified that the Public Housing Administration had approved a program reservation for 250 of these dwelling units which includes 100 dwellings to be designed specifically for elderly occupancy. We have just received approval of a \$42,500 preliminary loan which will permit us to proceed with the planning for these 250 dwelling units.

Also the community of South Daytona has requested that the Housing Authority of the city of Daytona Beach, Fla., file an application for 200 dwelling units specifically designed for the elderly through the Public Housing Administration. This application is in preparation.

During the planning stages for Daytona's 100 elderly units we plan to take advantage of all known community resources in determining design of the facility to meet the needs of the aging.

At present this area does not have a local community organization for aging which in scope is responsible for planning at the community level, i.e., development of needed services; to collect, study and disseminate factual data; to identify areas needing research; to encourage, sponsor, and undertake appropriate research in considering local problems, to stimulate, promote, support, evaluate, and implement the development, operation, and improvement of standards

of direct services for the aging. We need such an organization to serve as a medium through which already established as well as any needed new direct service programs can exchange information, coordinate programs, and engage in joint endeavors and to serve as a liaison with other organizations including those in other localities and at State and National levels.

We do have excellent local direct service organizations in the field of education, health, welfare, recreation, et cetera.

It is our hope that during our planning for this community's first housing development specifically designed and built for our aging that the housing authority will have the opportunity to work with the other direct service organizations in developing one strong organization for aging at the community planning level. From some of my recent experiences and conversations with others in the community engaged in direct service programs to our aging, we recognize the need and I am sure that these hearings will lend even more emphasis to these needs.

Briefly, the foregoing summarizes present and foreseeable future activities by the Daytona Beach Housing Authority in the field of housing and related activities for our elderly citizens.

In concluding my remarks I would like to make two observations.

First, the city of Daytona Beach has recently established by membership appointment an urban renewal agency. I understand that this new agency is in the process of organization and preliminary planning stages of community assistance under State and Federal Urban Renewal Acts. As this new public agency begins to function efficiently within our community and with the cooperation and assistance which the housing authority and the urban renewal agency can lend, one to the other, all citizens of this community should benefit from their public acts and actions including our elderly citizens.

Second and lastly, the Daytona Beach area, like most of the State of Florida is blessed with a climate for year-round living which is most attractive to citizens of retirement age and this includes all income levels upon retirement.

The impact upon our city and area by migration of elderly citizens is increasing proportionately with other factors such as increasing lifespan, decreasing retirement age, increasing ease of transportation, increasing search for a life filled with the pursuit of happiness instead of hardships.

Daytona Beach and environs is presently a family resort area commercializing upon a winter and summer tourist trade in pursuit of pleasure and happiness in our climate and other vacation attractions on a temporary basis. We are desperately attempting to attract industry compatible with our tourist resort activities.

Until our economy is stabilized our permanent retirees on their reduced incomes must, and no doubt will have to continue to, compete with our tourist trade in the marketplace and for a permanent place of residence in our State of sunshine and flowers. If our retirees and aging citizens deserve the opportunity to spend their golden years in our Florida sunshine, and I am convinced that they are so deserving; then it is incumbent upon government, at local, State, and Federal levels to be ever mindful of this increasing migration of our seniors from across our country entering Florida and take public action as

and when required. It is also incumbent upon private enterprise to recognize this greatly expanding population growth in Florida and develop it to the utmost. Daytona Beach, the State of Florida, and the Federal Government can do no less for our people will demand it.

Senator SMATHERS. Thank you very much, Mr. Pounds.

Senator Long, do you have any questions?

Senator LONG. No questions. One comment, I can see why so many of our people who go to Hawaii find it a little difficult to pass over this part of the world. Thank you, Mr. Pounds.

Senator SMATHERS. May I ask you this one question? Last year the Congress in passing the Housing Act amended it to make the special provision for housing for the elderly sort of in the form of multiple living, a cooperative apartment type of thing. Are you aware of that section in the law having been used in this area at all?

Mr. POUNDS. Are you speaking of 100 percent direct loan to non-profit sponsorship?

Senator SMATHERS. Right.

Mr. POUNDS. I understand that there is a possibility of some that may be undertaken in this area or at least some attempts being made. As far as I know now, with possibly one exception, I don't know of any really that has gotten off the ground.

Senator SMATHERS. Do you know of anything more specifically that the Congress should do in order to give impetus to this type of program in order that we can build more practical and more comfortable, or make available to the aged this type of housing? In the law we passed last year we thought that would do it but apparently it has not been sufficient.

Mr. POUNDS. I believe the 1961 Housing Act was an excellent act. It fitted together aspects of the housing program that really needed to be fitted together in the housing field. I have no specific request for legislation as long as you don't let such good legislation as the 1961 Housing Act get away from us the next time around.

Senator SMATHERS. We don't intend to let it get away, we intend for it to be used.

I understand that Dr. Hahn, who was originally scheduled to appear is here; Dr. Hahn, are you here?

Dr. HAHN. I must apologize for being late, I just got out of the hospital so there's been much to do.

STATEMENT OF DR. T. F. HAHN, DE LAND, FLA., REPRESENTING THE FLORIDA SOCIETY OF INTERNAL MEDICINE

At the present time there seems to be much controversy about the proper amount, the proper type, and the proper responsibility for medical care, particularly for the aged.

There is now available the Kerr-Mills program which was set up a few years ago by the Congress; a program which is administered by the States, through Federal matching funds. It is now proposed that this program be replaced by complete coverage of all oldsters over the age of 65 and under the so-called King-Anderson bill, to be financed through increases in social security taxation.

The gist of the King-Anderson bill is that all people over 65 will be automatically guaranteed hospitalization in the case of illness,

whereas the Kerr-Mills program was set up as a program of coverage of illness for anyone over 65 who needed it, but could not afford to pay for it. The two programs are at considerable variance with one another.

The chief defects which seem to be propounded in the King-Anderson bill are that all people, regardless of necessity, would be covered as long as they are over 65 and can qualify for social security. This, of course, immediately eliminates at least a third of the oldsters who are not now covered by social security and who probably are the great mass of people who need help in hospital and medical expense. Moreover, the King-Anderson bill does not cover the costs of illness, but merely the cost of hospitalization. Even this is limited by the fact that a patient would have to pay \$20 for the first 48 hours of emergency care and subsequently \$10 per day for his hospitalization (up to the first 9 days). This certainly would impose a burden upon the needy who could not afford to pay anything. It is in this respect that the Kerr-Mills program is so much better for our oldsters, because it not only pays for emergency care and complete hospital coverage including laboratory and diagnostic work, but also guarantees coverage of doctors' bills. This is a feature which is not recognized in the King-Anderson legislation.

Moreover, the King-Anderson type of program limits hospitalization to a certain number of days, also limits the amount of home nursing care which might be available in the care of the elderly, needy sick. Not only is this a very unfavorable and unhappy system of providing care since many oldsters have illnesses or injuries requiring long hospitalizations, but, under the terms written in the bill, the determination as to how long a patient is to stay in the hospital or nursing home, or when he is to be transferred from one to the other or from either to home care seems to be left up to the decisions and determinations, not of the doctor in charge, but of boards which would be appointed under the authority of the Secretary of Health, Education, and Welfare. This feature of hospitalization care for the aged is one of the factors that leads the medical profession to oppose the King-Anderson legislation on the grounds that it is socialistic and will produce socialized medicine. Moreover, the obvious fact that everyone over 65 will have his hospital bills guaranteed will tend to increase the usage of hospitals by oldsters, for every small ache or pain, for every 12-hour temperature, cold, upper respiratory infection, or perhaps merely for rest periods in the hospital (such as was seen to develop since voluntary prepayment of hospital programs have been developed).

On the other hand, the Kerr-Mills legislation which is already in effect, an expensive procedure, financed through direct taxation, has already shown what it can do and should be further implemented to show that it can adequately cover the needs of our aged who are really needy, when they need hospital or medical care. The partial program as set up in Florida is working well and the advantage of this over King-Anderson is (1) that there is no limitation on the time that the patient is kept in the hospital or nursing home; (2) there is no requirement for deposits or minimums for the first 10 days, and (3) the program also envisages paying some of the medical cost to the physician for these oldsters who are in need. Even with these greater spreads

of payment to the hospitals and doctors for the needy it should be quite obvious that the ultimate costs of the King-Anderson type of social payments will far outweigh and outdistance those contemplated under the Kerr-Mills program. Yet the Kerr-Mills program gives better and more complete coverage to those who actually need it.

The critics of the Kerr-Mills program in the Health, Education, and Welfare Department seem to feel that the chief drawback of the Kerr-Mills program, besides the fact that it does not cover everyone over 65, is that it requires the individual to declare his financial position to prove necessity. It is maintained that this insults the dignity of the American people or the American who may find himself in need. This is a very specious argument. In fact it borders on political cynicism. It should be quite obvious that a government which demands of every individual that he file an income tax every year is already asking every individual to prove not only what his income and status are, but also makes it incumbent upon him to prove that what he says is so. He is, a priori, guilty of misrepresentation if any tax inspector chooses to consider that he has made a fraudulent or incorrect return. It is almost laughable to think that a person who actually needs help would be insulted to ask for it, when in the days when he earned money his government told him "Now you make a good return, because if you are thought guilty of not making a good one, you'll have to prove that you are not guilty." It is almost a question for congressional investigation why a certain branch of our Government should feel it incumbent upon itself to push by all means of TV advertising, radio broadcasting, pamphlets, printing, newspaper advertising the need for a piece of social legislation which will be incomplete when at the present time there is social legislation which will at least guarantee coverage and help for those in need.

I should like to digress a bit on the problem of hospital care for the aged. Most of the illness and sickness of the aged are problems of long-term care. Surgical problems are less frequent except for cancer in the aged and by and large most of the aged require continuous supervision for diseases of degeneration, such as arteriosclerosis, heart disease, kidney disease, and their complications. This type of care is best met by outpatient care, given by careful, adequately trained doctors of internal medicine who are trained to give complete diagnostic investigation to patients, and then give subsequent care by continued and regular supervision. For most oldsters the problem is not hospitalization, but long-term medical care, year in and year out, with adequate care of their needs both mental and physical. Moreover, a large factor in the care of oldsters today is not so much in their medical or physicians' costs, but in the cost of their drugs. It is a common experience that the average routine office call costs the patient \$5 to \$10 and this visit is the average requirement per month; but in the interim he may need \$30 to \$50 worth of medication which he must take continuously and regularly. Under King-Anderson legislation none of this cost would be absorbed or furnished to the oldsters.

Then there is another important aspect of the problem. It is proposed that these costs of the King-Anderson benefits will be met by increased social security taxes. This immediately implies that the youth of our Nation will be paying taxes continuously for benefits they may never receive, since the Supreme Court has already indicated that

social security taxes are not insurance. They are not something laid away for the future. This implies that our young people are going to have increasing and added burdens year after year, so that where they are now paying 30 percent of their income in direct income tax and social security taxes, eventually they will be having 50 percent of their income taken away to pay income tax and these increasing costs of social security benefits for the weak and the unemployed and the oldsters. This increasing burden of social security taxes is the road to inflation. If the financial stability of our country crashes, what will any of our young people realize when they become oldsters? And in the name of my children and grandchildren I protest the King-Anderson type of legislation.

Senator LONG. Doctor, near the end of your speech you protested in the name of youth the proposals in the new bill, the King-Anderson bill, which would require young people to become taxpayers but never look forward to any active participation in its beneficial areas. I must have misunderstood you?

Senator SMATHERS. What I would like to ask, we want to keep this hearing orderly and we would like for expressions from you people. However, I think, let's do this so that it does not get out of hand. I would suggest that we restrain ourselves and when the witness has finished making his statement if you approve of it, why, of course, applaud, but let's not interrupt the questions and answers. Let's wait until it is finished and afterward you can show if you approve. We are not on a program where we have an applause meter, we don't want to get that, we are trying to get information here. So, I don't want to stifle anyone, but let's keep it orderly. Let's only applaud when the witness has finished his statement. Senator Long has asked a question, Doctor, can you answer it?

Dr. HAHN. Well, my only answer can be that 180 years ago our forefathers rebelled against the stamp tax and tea tax because they weren't represented in Parliament. If my grandchildren are taxed by me I don't think they are going to like it very much. I think this is a form of taxation without representation.

Senator SMATHERS. Do you have any other question, Senator Long?

Senator LONG. No, I don't.

Senator SMATHERS. Doctor, I don't quite understand, you say there will be no benefits, is it not actually a fact under social security—Let me ask you this question, Do you agree that the social security that people pay today in which they may or may not receive benefits, which depend on whether they live to be 65 years old, do you put that in the same category?

Dr. HAHN. In a sense, yes, let me answer it this way. Social security has now been in effect some 30 years and the man who has paid all these 30 years can benefit—on a basis that he put in 40 quarters which means 10 years—yet the man who has put in 40 quarters—and no more—is on the same basis. He gets the same return, the same social security benefits. Secondly, as a professional man, if I pay social security, I will pay—oh, \$400 let's use as a rough figure here in social security tax. Yet, my employees pay only half of their social security tax and I pay the other half. Of course, this is, you may say, part of their salary, but at the same time it is money that they realize and they have never seen and I pay.

Senator SMATHERS. Are you opposed to social security?

Dr. HAHN. No, sir.

Senator SMATHERS. You are not opposed to social security but, as I gather, you are opposed to paying this tax which goes into social security?

Dr. HAHN. I am opposed to social security which makes it inequitable on many people. I think a man paying into social security retirement could do better by private insurance but I think it has been proven by generations past that too many of us don't put aside anything and then when we do retire we are wards of our neighbors; this is what social security is designed to prevent.

Senator SMATHERS. So, you are for social security but you are against, as I understand it—

Dr. HAHN. The inequities of it, what you call the inequities.

Senator SMATHERS. All right, could you tell us why it was that the Florida Legislature did not see fit to implement the provisions of the Kerr-Mills bill for which I voted?

Dr. HAHN. I can't answer that for one reason that I don't understand Florida politics, even after 28 years' residence.

Senator SMATHERS. Let me ask you this question, will the Kerr-Mills bill for which the Congress rather overwhelmingly voted and provided it be approved by the various legislatures, and the Florida Legislature continued not to implement it by providing from State money, is it possible for the Kerr-Mills bill to work if the legislature does not act?

Dr. HAHN. I don't know, probably not in Florida but if the Florida Legislature is not contemplating it, I think it is time for us doctors to go to work.

Senator SMATHERS. Well, they didn't act last year, as you know, and it was intended that they do act and they didn't for reasons which I guess they have given sufficient reason. All right, doctor, I don't know of any further questions right at the moment. We thank you very much for your time, Doctor.

The next witness we have is Mrs. Edna Smiley, Coordinator of Educational Services for Senior Citizens, Daytona Beach Junior College. Mrs. Smiley, you may proceed.

STATEMENT OF MRS. EDNA SMILEY, COORDINATOR OF EDUCATIONAL SERVICES FOR SENIOR CITIZENS, DAYTONA BEACH JUNIOR COLLEGE, DAYTONA BEACH, FLA.

Mrs. SMILEY. Thank you, Senator Smathers. The State of Florida and Volusia County in particular, is making an effort to provide an educational climate which will contribute to the well-being of the older citizen and thereby give him an opportunity to retire with dignity and independence.

It is important that we depart from the practice of placing a stereotype on everyone over a certain age. It is important that we have educational programs for all age groups to develop ideas that will lead to positive attitudes toward elderly people. It is equally important that we search our communities and seek out these older persons that for so many years have offered themselves and their talents to us. It is our intention to say to them, "You are a part of our life, our

community, and our country. We need your help, you have the experience and serve as a balance for those of us who lack this experience."

The Volusia County School System recognizes the need for all kinds of education for older people, whether it is pre- or post-retirement counseling, vocational education and retraining for new occupations or adult education for intelligent citizenship, enrichment and the enjoyment of life. In view of this, in September we began to look to our community to try to discover just what we could do for the senior citizen.

In November the adult education division of Daytona Beach Junior College embarked on a project designed to inform the senior citizen of the programs available to him in the Halifax area. This project was launched in cooperation with WNDB and WNDB-FM and the Adult Education Division of Daytona Beach Junior College and consisted of a series of radio programs entitled "Senior Citizens Symposium." Each program in the series was designed especially for the retiree.

The college contacted the speakers, arranged the programs, and prepared a listener's guide for use by the radio audience. The guide was printed by the adult education division of the college and was distributed by the radio station. In order to obtain a guide, the prospective listener had only to mail a postcard bearing his return address to the radio station and one was promptly forwarded at no cost.

Local, county, and State agencies were involved in the programs presented. The tapes, cut several days before the broadcast, were given advance publicity by the Daytona Beach News Journal each Saturday before the program presentation the following Tuesday. Usually photographs of the participants accompanied these news releases. In addition, the radio station made daily spot announcements concerning the series.

Among the speakers were representatives from the following agencies: The Florida State Department of Education, the Florida State Department of Welfare Services, the Social Security Administration and the Volusia County Medical Society. Others included were librarians, recreation workers, psychologists, art teachers, bankers, and students. The Superintendent of Public Instruction of Volusia County participated as did the director of community relations and the coordinator of educational services for senior citizens at the college.

The presentation of this service was a cooperative effort between the college, the radio station, and numerous State, county, and community leaders. In no case was an invitation to participate refused by any local leader. Although originally planned as a 13-week series, it was extended to 18 weeks. Representatives from the Daytona Beach Housing Authority and two attorney are yet to be heard.

It is felt that the series has been successful and, in addition, it has served as a springboard with which to become acquainted with other individuals serving the older adults.

Incidentally, tapes concerning the program are kept out at the college and may be borrowed by contacting the college.

A great deal of the time allotted to me has been spent talking about senior citizens' symposium. This I did because I was specifically asked to do so. The scope of our activity reaches much farther. At the moment we have 25 classes especially designed for the senior citizen of Volusia County. These classes which are already in progress range in size from an enrollment of 125 to an enrollment of 15, which is the minimum allowed. They range in content from art and creative writing to psychology and world geography. Most classes meet in off-campus classrooms. There are two reasons for this: one is that regular classroom facilities are in use in the daytime and this is when the older adult prefers to have classes; and the other reason is to meet the needs of the retiree by taking the class to him so that transportation won't become a problem.

In addition to the classes for senior citizens we have many older adults registered in our other classes. They are invited and encouraged to participate in as many courses as they care to.

Beginning on Wednesday, February 28, we are sponsoring a three-part medical forum right here at Mainland High School. This is a cooperative effort with the Volusia County Medical Society and the Daytona Beach News Journal.

A number of us that are here today are at the present time trying to pull together interested persons and groups to form a local committee to focus on the needs of older people with the hope and the intention of making plans for action to meet these needs.

We know that we are just beginning to scratch the surface in an all-out effort to discover and meet these needs.

We also know that we need more funds to employ professional people to work in this field. We need more research, possibly through pilot programs, on which to build plans for future action. We need buildings to be used during the daytime hours in which to serve our retirees.

We need more adult teachers and supervisors and more training materials.

It is believed that here in Florida and in Volusia County that we, in education, go along with the policy recommended from the White House Conference on Aging that states:

To put total emphasis on the care of the aged as opposed to developing a community in which one can age with dignity and independence would poorly serve the coming generation of Americans. We must not create the continual crisis of problems. A total program of local community awareness and individual responsibility can develop the great opportunity which we presently have in the lengthened lifespan of Americans.

Thank you.

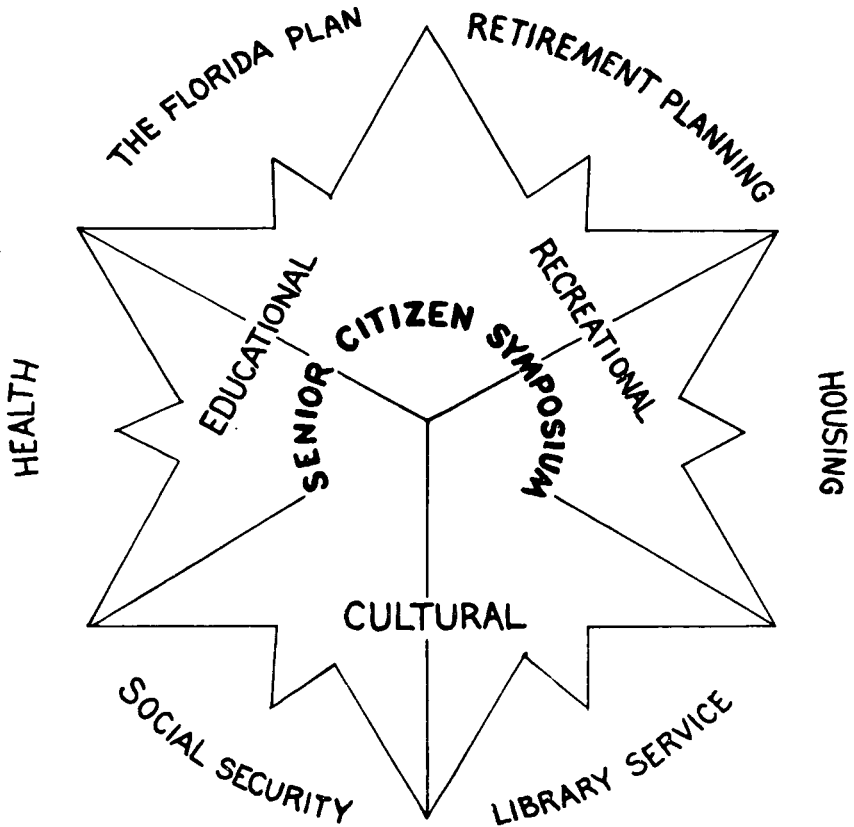
Senator SMATHERS. Thank you. Senator Long, do you have a question?

Senator LONG. Nothing other than to congratulate the community on having a program like this. We never want to get to the point where we are doing things for people, we want a situation where people are doing things for themselves.

Mrs. SMILEY. Thank you so much, Senator Long.

(The program referred to previously follows:)

PROGRAM OF WNDB AND WNDB-FM AND THE ADULT EDUCATION DIVISION OF
DAYTONA BEACH JUNIOR COLLEGE



WNDB, AM AND FM, THE NEWS-JOURNAL STATIONS, DAYTONA BEACH, FLA.

This series of educational programs is a cooperative effort on the part of WNDB and Daytona Beach Junior College. The college has contributed the talents and efforts of their personnel and faculty while the radio station has donated the air time. To you, our listener, this series is offered completely free of charge in the hope that it enriches your daily living and gives you a broader understanding of the world around you.

This is a "first" for WNDB, a venture into the realm of educational radio and is done in keeping with the station's policy of ever striving to offer better quality, more enjoyable, more responsible radio to its listeners.

If you're a new listener, a hearty "welcome aboard." If you're an old friend, let's just say that it's nice to have you with us.

LECTURE I—THE FLORIDA PLAN FOR SENIOR CITIZEN EDUCATION

Mr. Robert E. Palmer from the State department of education will discuss the reasons for having education for senior citizens. He will use the question and answer method to cover such topics as:

1. The kinds of educational activities that are available for the retiree.
2. Other services that are available besides education in the State of Florida.
3. Some of the problems that senior citizens are faced with in attending classes set up for them.

4. Who has the responsibility for setting up these programs—what agency and what persons.

5. The cost to the individual attending adult education classes.

Mr. Palmer holds B.S. and M.A. degrees from Florida State University. He has been a teacher of adults for 7 years and with the State department of education for the past 4 years. In addition to being area coordinator for the State, he is also a specialist in education for senior citizens.

LECTURES II AND III—SOCIAL SECURITY IGNORANCE—KNOWLEDGE WILL SAVE YOU MONEY

What don't you know about social security? If you are the average citizen there is a lot you don't know about this important subject.

Mr. Mell D. Eadie and Mr. James Demer of the Daytona Beach Social Security district office will participate in a radio broadcast aimed at bringing information of value to all. By the use of a question and answer method they will cover such areas as earnings after retirement, amount of work required to receive benefits, events that stop payments, and many other informative topics.

In Volusia County there are over 25,000 individuals receiving old-age, survivors, and disability insurance benefits. The monthly amount approaches \$2 million. It is clear that these payments are an important factor in the economy of the Halifax area. Equally important is the need for the public to be informed as to their rights and responsibilities under the Social Security Act. A well-informed public is a well-protected one.

The Social Security Administration has summarized the social security message with a four times for action theme. Remember, follow, and inform others of the four times for action. They are:

If a worker in your family dies; if you are disabled before 62; when you near retirement age; when you are 72.

Mr. Mell Eadie has been manager of the Daytona Beach Social Security office since 1937. He is a Clemson College graduate. He was born in Georgia but now calls Daytona Beach his home.

Mr. James Demer is a graduate of Maryville College, Maryville, Tenn. He has worked in the Nashville, Tenn., and Montgomery, Ala., district offices.

LECTURE IV—A WAY OF LIFE

Dr. Edward A. Favis of the Volusia County Medical Society will discuss the importance of proper planning for healthful living for senior citizens. He will cover such topics as psychological and medical aspects of growing older. He will discuss the importance of regular physical examinations and will spend some time on three points that all people should beware of, especially if they have passed the 50 mark. These three points are:

1. Eating too much.
2. Smoking too much.
3. Drinking too much.

He will cover in a general way such diseases as arthritis, rheumatism, cancer, heart, and touch on those dealing with the liver and kidneys.

Dr. Favis was born in Philadelphia, Pa. He graduated from the University of Philippine Islands in Manila and completed training in internal medicine at Jefferson Medical College, Philadelphia, Pa., in 1957.

LECTURE V—CONVENTIONAL MORTGAGE FINANCING FOR RETIRED PEOPLE

Mr. Alfred J. Ferrari of Daytona Beach Federal Savings & Loan Association will speak about the needs of financing. He will discuss the types of people who make up the retirees in our area and the kinds of mortgage plans that are available for them. The following is an outline of his discussion:

- I. Evaluating the needs for financing.
- II. Limitations.
 - A. Income
 - B. Location
 - C. Neighborhood
 - D. Recreation
 - E. Real estate taxes
 - F. Price range
 - G. Risk factors
 1. Age
 2. Life insurance
 3. Illness and medical care
- III. Types of people who make up the retirees in our area.
 - A. Prior residence
 - B. Employment
 - C. Age
 - D. Sources of income
- IV. Mortgage plans available.
 - A. Direct loan to buy or build
 - B. Purchase and assume builder mortgage
 - C. Comments and closing remarks

Mr. Ferrari is the vice president and loan officer at Daytona Beach Federal Savings & Loan Association. He has been in the savings and loan business for over 10 years and is a holder of the graduate diploma from the American Savings & Loan Institute.

LECTURE VI—THE LIBRARY'S PLACE IN THE COMMUNITY

The library should be the intellectual center of the community, but even the best possible collection of books and the most devoted library staff cannot alone make the library a success. If the library is not used, it is nothing more than a memorial to learning. An active library-conscious citizenry is necessary if the library is to fulfill its true function.

This program will be a discussion of some of the basic questions about the library's role in the community. Starting with the most fundamental of all, the first part of the discussion will attempt to answer the question, "What is a library?" Both the practical aspects and philosophical background will be covered in this answer. Other questions answered will be:

- "What does the library endeavor to do?"
- "What are library beginnings in the community?"
- "What are the main features or services of the library?"
- "What is to be gained from using the library?"

The development of independent study as a form of creative leisure will be encouraged.

Mr. Leon F. Fordham is the director of library services at the Daytona Beach Junior College. Mr. Fordham obtained his B.A. and M.A. degrees from Vanderbilt University and holds a B.S. in Library Science from Peabody College.

He has been on the Daytona Beach Junior College staff since 1958. Prior to this time, he was librarian at Emory University and at the University of Florida.

Dr. Edgar T. Read is a senior citizen student at Daytona Beach Junior College. He was educated in northern England, majoring in Latin, German, and mathematics. He also attended the University of Toronto.

LECTURE VII—RECREATION FOR SENIOR CITIZENS

Mrs. Marjorie Klein, of the City Recreation Department of Daytona Beach, will talk about the part that the recreation department plays in providing activities for senior citizens. She will cover such topics as the location of the various recreation centers, the age range of those people participating in these programs, and the cost to the individual who wishes to participate.

Mrs. Klein will give the listener a résumé of the types of activities that are available to them and ways in which a new resident may become aware of these activities.

Mrs. Klein has been with the city recreation department for 8 years. Her work has been with senior citizens and with the young people at the youth council. To senior citizens she teaches the art of rugmaking and pine-needle work. She plans and supervises biweekly card parties for senior citizens.

LECTURE VIII—PSYCHOLOGICAL FACTORS FOR GROWING OLD

Dr. Annie Ward and Mr. David Edgar will discuss some of the physical differences that lead to psychological changes. They will cover ways in which these changes affect mental ability and whether or not this affects ability to learn new things.

Dr. Ward and Mr. Edgar will talk about the importance of continuous learning and speak of ways that senior citizens can make contributions through this learning.

Dr. Ward received her Ph. D. from the University of Tennessee. She is now the coordinator of guidance and testing in the Volusia County school system. Dr. Ward came to Volusia County 2 years ago from the previous position of director of the Tennessee State testing program.

Mr. Edgar is the Volusia County school psychologist. He received his B.A. and M.A. degrees from Southern Methodist in Texas and has done postgraduate study at the University of Colorado.

LECTURE IX—HOW ADJUSTMENT TO AGING IS MADE DIFFICULT BY CERTAIN SOCIAL ATTITUDES

All that a person needs to do in order to succeed in aging is to survive from one year to the next. However, successful aging is another question, for successful aging requires optimum personal adjustment.

The speakers for this particular program address themselves to what they consider three basic areas of personal adjustment which most aging persons must deal with. They will mention adjustment to the loosening of family ties, adjustment to impending retirement and actual retirement, and adjustment to the inevitability of death. They will attempt to point out how certain current attitudes held by our society tend to work against the aging person as he tries to evolve a satisfactory solution to these adjustment tasks. Speakers on this program are Dr. J. Sterling Dimmitt and Dr. Paul P. Sidwell.

Dr. Dimmitt is the director of the Division of Mental Health of the Volusia County Health Department. He holds the B.A. and M.A. degrees from the University of Oklahoma and the M.S. and Ph. D. from the University of Florida. His doctoral research consisted of a paper entitled "The Congruence of Past and Ideal Self-Concepts in the Aging Male."

Dr. Sidwell is the director of student personnel at the Daytona Beach Junior College. He holds the B.S. and M.S. degrees from Purdue and a Ph. D. from Michigan State. Prior to entering Michigan State he was the director of counseling at Grand Rapids Junior College in Michigan. Before this he was in charge of industrial personnel at the Reynolds Aluminum Co. in Grand Rapids.

LECTURE X—THE VOLUSIA COUNTY PLAN

Mr. John Smiley, superintendent of public instruction of Volusia County, will use the question-and-answer method to discuss the Volusia County plan of educational services for senior citizens. He will tell us of some of the classes now being offered by the adult education division of the Daytona Beach Junior College and will touch on some of the factors involving in planning. He will talk about courses that will be offered in the near future for the retiree.

He will also state the reasons why Volusia County is interested in educational services for senior citizens.

Mr. Smiley is a native of Florida, having been born in Crescent City. He is a graduate of the University of Tampa and has taken additional work in school community public relations at the University of Colorado. He is currently taking extension work at Stetson University. He has been closely associated with the Volusia County school system since 1945, having served first as a trustee, then on the school board. He has been superintendent of public instruction since 1956.

LECTURE XI—WHY STUDY ANYTHING?

Mr. Don Emery, local artist, will devote his lecture to the exploration of the basic question, "Why study anything?" Then he moves into the more specific area of the study of art. During this broadcast he will discuss factors involved in the study of art. Some of these factors are:

1. Is talent necessary?
2. Is age an important factor?
3. What about the standard of achievement?
4. Is the study of art expensive?
5. How much time is required?

Don Emery is a native of Daytona Beach. He attended Deerfield Prep School and received his B.A. degree from the University of Florida and has studied at the New York Art League. He is currently teaching in the evening college division and in the adult education division of the Daytona Beach Junior College. He has done murals for both the Florida Bank & Trust Co. and Daytona Beach Federal Savings & Loan Association.

LECTURE XII—FINANCIAL PLANNING FOR SENIOR CITIZENS

Never in our history has it been so necessary for our senior citizens to get and follow the best advice available in their investment policy. This is true because many factors affect financial planning today. These would include:

1. The fast-changing economic picture. What may seem to be a good investment today may be considerably less valuable a few years hence.
2. An increasing inclination of people to make investment "tips." Since this is true, the number of "tipsters" seems to be increasing. Occasionally following those tips pays off, but it is a risky business and should not be employed as a method of making investments.
3. Population on the move. With the improvement of transportation facilities, people are inclined to travel a great deal today. This means they see more of the country with the result that they move to other areas more readily. This is especially true of retirees. They are often persuaded to invest in ventures in a new community which don't always prove to be profitable.
4. The increasing "tax bite." Good financial advice can often save money for the investor. This is especially important in the making of wills and the establishment of trusts.

And where does one turn for this advice? I would say to the local banker. I do not mean to imply that the banker is all wise. I do think the banker will be honest in his answers. If he does not know, he will frankly admit it. And in such case, he can often direct the individual to others who are competent to give sound advice and who will be honest in their answers.

Mr. Henry C. Coleman, chairman, Commercial Bank at Daytona Beach, will be the lecturer. Mr. Coleman is a graduate of Clemson College and has done graduate work at Clemson and at Cornell University. He has completed seven courses in American Institute of Banking. He has been in Daytona Beach most of the time since 1926. Mr. Coleman has been secretary-treasurer, cashier, executive vice president, president, and chairman of the Commercial Bank.

LECTURE XIII—IN SUMMATION

Over the past 12 weeks, "Senior Citizens Symposium" has featured a group of lecturers discussing a broad range of topics of importance and vital necessity to the senior members of the Halifax area.

This broadcast will serve to recapitulate what has been covered as well as providing the listener with an up-to-date schedule of junior college activities. Many of these activities can be of great value to the senior citizen. The college, through its three divisions, college, adult, and vocational, provides facilities, instruction, and guidance for more than 10,000 persons each year. Within this broad framework are opportunities for senior citizen participation.

Mrs. Edna Smiley, coordinator-instructor, Educational Services for Senior Citizens of the Adult Education Division of the Daytona Beach Junior College and Mr. R. D. Troup, director, Community Relations at Daytona Beach Junior College, are the speakers.

Senator SMATHERS. Our next witness is Mr. Floyd L. Elliott, who represents the St. Cloud Railroad Club.

STATEMENT OF FLOYD L. ELLIOTT, REPRESENTING THE ST. CLOUD RAILROAD CLUB

Mr. ELLIOTT. Senator Smathers, Senator Long, our people from the railroad group cover the entire Nation, so we believe that we have a cross section of viewpoints covering the entire Nation. Our group at St. Cloud, of course, is a very small group comparatively, but they are from all parts of the country. We recognize that the aged have many problems, but the one that is the greatest in our opinion, is the hospital and medical care to the aged. If that problem is solved many of the other problems go away by themselves. In other words, they become minimized. That, to us, is the most important problem of the aged or retired person today in our opinion. I'm very sorry that Dr. Beauchamp didn't come over. He is a fellow townsman of mine and I'm sure that his statements would have been beneficial to this committee. We don't always agree, but nevertheless, his viewpoint would be valuable. My submission is very brief, my name is Floyd L. Elliott, and I live at 220 Bay Street, Kissimmee, Fla. I am the president of the St. Cloud Railroad Club, at St. Cloud, Fla. This club is composed of retired railroad employees and their wives and was organized primarily for social reasons. At times, however, they find it necessary and advisable to participate in other activities which are of vital interest to its members.

Our present interest is hospitalization and medical care for the aged, and it is our opinion that the most reasonable approach to this problem is through social security and the railroad retirement boards.

In 1954, the railroad organizations negotiated with railroad management for a uniform hospitalization plan to cover the employees on railroads. Subsequent negotiations have amended this plan to also include their dependents for full coverage while in the hospital. The full coverage also covers the employee.

When a railroad employee goes on pension his retirement check is a radical reduction in income and he also forfeits his full coverage under the hospital agreement. Most all retired people are prepared to gear their expenses in accordance with their income, but very few can enjoy the luxury of being sick. With careful planning most retirees manage to live on their retirement checks but sickness cannot be planned.

The railroad organizations negotiated a plan with the railroad managements to permit railroad employees to continue their Travelers hospitalization insurance but such continuance was covered by a separate policy and at greatly reduced coverage. Also the retired railroad employee is also required to pay the monthly premium of \$4.48 for himself and \$4.60 for his dependents or a total of \$9.08 per month. This must be remitted direct to the insurance company, and if he lapses a payment for any reason he cannot renew.

At a recent visit to a doctor by the writer, two booklets were picked up which were put out by the American Medical Association, in which they stated that all of the medical and hospitalization care needed by the aged was covered by the Kerr-Mills law. They did not state anywhere in the booklet that the law was not in effect in the State of Florida. It is my opinion that is hitting below the belt, and should not be permitted. Furthermore, we do not believe that a

retired person should be required to get needed benefits through local or State welfare agencies, as he is not a burden on society in the framework that welfare agencies function.

We believe that hospitalization and medical care should be by right the same as social security and railroad retirement benefits. It makes no difference how much property a man has when he becomes eligible under the law he receives his retirement checks. We believe the same should apply in hospital and medical care.

Prior to the enactment of the Railroad Retirement Act, the employees through their organizations petitioned Congress to pass the proposed law in which they volunteered to tax themselves to pay for a uniform retirement when they reached the age of 65. The employees at that time did not think that the several retirement plans then in effect on railroads were a guarantee that they would receive a pension at age 65. Also, they were not satisfied with the railroads having control over the administration of those plans. They were willing to pay for a guaranteed pension and one they could receive with regularity and with the knowledge that they had paid for it. It is true, that when the law was passed it provided that the railroad would remit matching funds but in all subsequent wage hearings the total amount was charged as part of the employees salary so the end result is the employee pays for his retirement benefits. The railroad employees through their organizations are again petitioning Congress for the right to furnish their retired brothers as well as themselves hospital and medical care in their waning years. We believe that the most reasonable approach to this problem is through the King-Anderson bill, but amended to eliminate the partial payment by the retired person.

In my discussion with our members, and we have clubs throughout Florida, the point most feared by the members is, "Will the surviving person in the family have proper care in case of sickness?" If a plan such as the King-Anderson bill or one in which the same principle was in effect it would relieve many people of the anxiety they now have.

Another reason we believe that a medical plan under social security and railroad retirement should be enacted is that no grants would be needed from the Federal Treasury or matching funds from State governments. The social security and railroad retirement boards are geared to administer a plan of this nature and can do so at no increase in percentage costs of administration.

Such a plan can be had at the total cost of one-half of 1 percent which is the amount suggested to cover the plan as written. This additional tax will be gladly given by most employees with the full knowledge that their retired brothers would have proper hospital and medical care and also they would be insuring themselves that they would be given proper and adequate care when they went on retirement.

Without going into a lot of detail it will readily be seen that proper and required care cannot be purchased by the individual retired person as his retirement pay will not permit it. It is also a matter of record that half of all retired persons are not covered by any hospitalization plan whatsoever. These people are the same people who while working had full coverage for themselves and dependents and should now have the same benefits which would allow them to finish

out their remaining years with the security and dignity they deserve.

All retired persons filled their niches in life to the best of their ability and although some were chosen as leaders with a justified salary the rest were followers with the various wage rates. Those with the lower wage rates, while they were working, now receive a lower pension rate. All persons, however, should have the same right by law to receive proper and sufficient hospital and medical care, when needed.

We do not want to be a burden on society in any way, and do not think it dignified to be required to bare our souls to some county or State welfare board to get hospital or medical care or we should not be required to spend our savings before we are eligible for such benefits.

We further realize that there are many other problems of the elder citizens and we could devote many pages of what we think should be done to remedy them. But it is our firm opinion that the primary project that will give more and lasting benefits to the senior citizen is hospitalization and medical benefits along the lines of the King-Anderson bill and the suggestions in this submission.

We wish to thank you for your patience in considering this report of the feelings of our retired railroad people.

Senator SMATHERS. Senator Long, do you have any questions you would care to ask Mr. Elliott?

Senator LONG. I thoroughly enjoyed it, thank you.

Senator SMATHERS. We thank you, sir.

Mr. ELLIOTT. Thank you, sir.

Senator SMATHERS. Our next witness is Miss Margaret Stine, who represents the National Retired Teachers' Association and American Association of Retired Persons, and who is a director of Hospitality House of AARP-NRTA.

**STATEMENT OF MISS MARGARET STINE, REPRESENTING THE
NATIONAL RETIRED TEACHERS' ASSOCIATION AND AMERICAN
ASSOCIATION OF RETIRED PERSONS (DIRECTOR OF HOSPITALITY
HOUSE OF AARP-NRTA)**

Miss STINE. Senator Smathers and U.S. Senate Special Committee on Aging, in representing these two national associations, the National Retired Teachers' Association and American Association of Retired Persons, whose combined membership reaches approximately 500,000, it is my privilege to emphasize that we are a moving, motivating force in the Nation on behalf of the retired person. I quote from Dr. Ethel Percy Andrus, president of both associations:

We retired teachers discovered during the postwar period that we were a part of the Nation's problem of aging. We determined to make ourselves a part of the national answer.

Our first tangible project was that of breaking the age barrier for hospital insurance. Today the overwhelming response to the NRTA-AARP insurance protection, initiated when there was no hospitalization or medical program exclusively for persons over 65, is positive proof that it fills an urgent need in the lives of members, providing them with security and peace of mind in the face of ever-mounting medical and hospital costs. You are familiar with this project.

Secondly, in the light of mounting drug costs, our nonprofit drug service was inaugurated. This, too, is an accomplishment of widespread knowledge. In this connection, we have recently succeeded in lowering the cost of hearing aids.

As a means of meeting the needs of the loneliness of many aged people, we have our Hospitality House in St. Petersburg. Here is a place where people come from all parts of the United States to meet each other, and to discuss similar problems and interests.

As an outgrowth of this getting together, we have initiated a chapter plan to stimulate action to help retired people to help themselves and to encourage retired persons to actively participate in the betterment of communities. These groups may be organized in any community where there are members having mutual interests. More than 100 chapters throughout the Nation are now chartered under the American Association of Retired Persons.

As we have had brought to our attention various areas that are demanding alleviation, we have endeavored and shall continue to meet those needs insofar as we are able. Some of these projects can be worked out in local situations, while others demand a wider scope which can only be handled through State and Federal legislation. In these areas we are active, as is evidenced by our legislative council. Several items of legislation already scheduled for consideration by this session of Congress are our deep concern. Our president, Dr. Andrus, has testified before both congressional committees and party platforms.

Let me call your attention to the NRTA-AARP legislative objectives as follows: First, Senate passage of the Mills-Mason bill, H.R. 6371. This bill calls for increase in the maximum tax credit on retirement income to \$304.90 instead of \$240. It is designed to remove discrimination which has arisen as changes have been made in the social security program without corresponding changes in retirement income paid. Second, passage of the Kefauver bill, S. 1552. The purpose of this bill is to lower the cost of drug prices by infusing competition into this monopolistic industry. This bill proposes federalizing of all drug manufacturers, Food and Drug Agency inspections of any drug establishment; and one generic name for every new drug, proof of efficacy of every new drug, and reducing the drug manufacturer's monopoly by patent rights from 17 years now in effect, to 3 years. Senator Kefauver has said the fundamental purpose of this bill is to bring about the lower prices of drugs. Our president, Dr. Andrus, testified before the Antitrust and Monopoly Subcommittee in December in urging the committee to approve the provisions of S. 1552 and to make every effort to bring this bill to the floor of the U.S. Senate for early debate and action. Third, amendment of the Social Security Act to provide health benefits on a voluntary basis (H.R. 4222). Fourth, the extension of social security to cover all persons 62 years of age and over who are presently excluded. H.R. 6185 provides social security benefits now denied this group through no choice of their own. Fifth, establishment of a Federal Commission on Aging, H.R. 2238. This is necessary to conduct planning research, training projects in the field of aging. Sixth, raise permissible earnings by the social security recipient, to \$2,400 with unrestricted earnings after age 70. This would ease the problems of persons between the ages of 62 and 70. Seventh, increase the widow's

social security benefit to the full basic benefit of the deceased husband. This would give equity and justice to them. Eighth, requirement that social security benefits be more related to the cost of living index. The purchasing power of the dollar in 1960 is less than half of that of the 1940 dollar. Ninth, exemption from the capital gains tax when an individual age 65 or over sells his home. H.R. 5166 introduced by Representative Howard W. Robinson provides relief from the capital gains tax when a person over 65 sells his home. The existing law is if one sells his home he is liable for capital gains tax unless he purchases another home within the year.

We urge you to study these bills before Congress to let our Senators know how you feel about them, our two associations will continue to work for the best interests of retired people, always stressing the right of the individual to maintain his independence and a status of dignity and usefulness.

Senator SMATHERS. Thank you.

Miss STINE. Thank you, Senator.

Senator SMATHERS. Thank you very much, Miss Stine, may I ask you just one question. In No. 3, you recommend the amendment of the Social Security Act to provide health benefits on a voluntary basis, now, what position does your organization take, if any, with respect to the Kerr-Mills on the one side and the King-Anderson on the other?

Miss STINE. It has been stated by our legislative council that with two modifications, the elimination of the compulsory feature and an amendment to make benefits available to older persons not covered by social security, the King-Anderson bill provides a simple, equitable and economical answer to the health needs of the senior American citizen.

Senator SMATHERS. Except that you wish to make it voluntary rather than compulsory?

Miss STINE. Right.

Senator LONG. One question, supposing that change is not made through an amendment, you would then be against the King-Anderson bill?

Miss STINE. I believe, no, there are too many fine features in it for our association to be against the King-Anderson bill.

Senator SMATHERS. Thank you very much, there is a point of interest here, Miss Stine is the current holder of the National Retired Teachers' award, Retired Teacher of the Year for 1961.

Miss STINE. Thank you very much, Senator Smathers.

Senator SMATHERS. Our next witness is Mr. Robert Janson, who is representing the Jacksonville area of the National Council of Senior Citizens.

STATEMENT OF ROBERT JANSON, REPRESENTING JACKSONVILLE AREA, NATIONAL COUNCIL OF SENIOR CITIZENS

Mr. JANSON. I'm a retired railroader, and I'm just a new member. I have no further report outside of that which I have given in my prepared statement and I would like to submit that to you for the record. I've been in the hospital quite a few times lately and so have some of my friends. My report tells about that.

Senator SMATHERS. Surely, we are delighted to have you and if that is all you care to say, of course, we will accept that, and your statement will be made a part of the record at this point.

(The prepared statement of Mr. Janson follows:)

PREPARED STATEMENT OF ROBERT JANSON, JACKSONVILLE, FLA.

To U.S. Senate Special Committee on Aging:

In submitting the following, I am doing so to aid your committee in determining the necessity for the proposed legislation as represented in Senate bill S. 909 and House bill H.R. 4222.

I am hopeful for an affirmative reaction and report favoring the aforesaid proposal by your committee.

Robert Janson's hospital bill from Dec. 13, 1961, to Dec. 27, 1961-----	\$567. 55
The doctor's bill amounted to-----	545. 00
Apr. 10 and 11, 1961-----	48. 30
Doctor's bill-----	65. 00
Oct. 14-20, 1960, hospital bill-----	260. 40
Doctor's bill-----	78. 00

A report submitted by William Sternberg for hospital care amounted to \$867 and \$560 for doctor's bills in a period of 2 years.

Information that I have from Mr. Benjamin Shannon is that he paid approximately \$5,000 for a period of 1 year for hospital and doctor's care. A bill in 1961 for the same purpose was in the neighborhood of \$800. I personally took care of Mr. Shannon upon two occasions in convalescence after having been dismissed from the hospital. I am presently informed that Mr. Shannon is receiving aid from the welfare department at Duval Medical Center.

Senator SMATHERS. Ladies and gentlemen, I might say that this afternoon we will get into what we call the town meeting of the air where we will ask those who care to in the audience to get up and make an expression as to their own individual views to us, the members of the committee. The only requirements we have are two; first, that those who wish to speak get hold of the counsel or some other member of the staff here prior to the opening session at 2 o'clock and it is most important that everyone limit themselves to 2 minutes because apparently there are a number of people who would like to have something to say. You know, U.S. Senators can scarcely take their breath in 2 minutes, but we are expecting you people who are not exposed to the long conversations that we are exposed to, to take 2 minutes.

(Thereupon, the morning session was adjourned at 11 :57 a.m.)

AFTERNOON SESSION

The committee met, pursuant to call, at 2 p.m., in Daytona Beach, Fla., at Mainland High School, Senator George A. Smathers, chairman, presiding.

Senator SMATHERS. Ladies and gentlemen, this meeting will come to order. We now come to that part of the program which we call the town meeting, where each of you citizens who have something that you would like to say may speak.

It is a real pleasure for me that my old friend, Senator Oren Long of Hawaii, is here with me to hear you. I announced earlier that Senator Jennings Randolph would be present for this part of the program, but we have received word that, unfortunately, his plane has been delayed and he will not be here until later in the afternoon:

Now we will proceed with the town meeting. We ask you to limit yourselves to 2 minutes so that everyone may have an opportunity to speak in the time we have available. Joe Weil, I will turn the microphone over to you.

Mr. WEIL. As you have heard the instructions before, we have a list, the list has 19 names on it. Now, I would like those of you who signed the list to first come down and take a look where you are going to stand and by doing that we will know approximately how you are going to be called. You will be called alternately. Each one has a number assigned to you on that particular microphone. Now, the first gentleman who is going to talk here is Mr. Clyde A. Wands, 1445 North Grandview Avenue, Daytona Beach, Fla.

STATEMENT OF CLYDE A. WANDS, DAYTONA BEACH, FLA.

Mr. WANDS. Friends, my remarks are from observation, I don't represent anybody but myself. My talk is that retirement should not be compulsory, retirement should be an individual problem. It is recounted in Genesis in ancient times, Joseph made a place for himself in affairs of Egypt under Pharaoh, the ruler, under authority he was given permission to transport his father, Jacob and his entire people to Goshen in Egypt from the land of Canaan. In welcoming him then, Pharaoh said to Joseph, Genesis 47, "The land of Egypt is before you, in the best of the land, make thy father and brother to dwell, in the land of Goshen make them dwell and if thou knowest any inactivity among them, make them rulers over my cattle." Pharaoh did not specify any age limit, the only condition was that they be active and left the choosing to Joseph to select active ones, employing ability and integrity. To be continuously active and usefully employed regardless of age is the desire of our countless men and women anywhere. This thought is inbred in the human race. In America the thought seems to dwell in a class among professional people because in looking about, one finds that teachers and lawyers and Members of Congress are not nearly as numerous as those retired citizens otherwise. It appears also that small businessmen who are also self-employed as well as their partnerships, continue to work as long as they care to, and pass their businesses on.

There seems to be several reasons why Florida is chosen by retirees for future living year around to be out and care for home and grounds as an incentive occupation. Then too, the pursuit that one has to be satisfied by hobbies is not always conducive to good thinking, for it is reported around in Florida generally that man cannot live by bread alone, one can't live by fishing alone, that is in the fishing paradise. In my opinion, the solution is for the individual to point his activities toward retirement and be happy and useful as long as he can. I know that there are many corporations that are getting wise to this fact, they are allowing employees to continue to work when they care to. They also, our largest corporation in Florida with the most employees—

Senator SMATHERS. We thank you very much, sir, we are sorry your time has expired.

(The prepared statement of Mr. Wands follows:)

PREPARED STATEMENT OF CLYDE A. WANDS, DAYTONA BEACH, FLA.

RETIREMENT SHOULD NOT BE COMPULSORY; RETIREMENT IS AN INDIVIDUAL PROBLEM

It is recounted in Genesis that in ancient times Joseph made a place for himself in the affairs of Egypt under Pharaoh, the ruler. Under authority he was given permission to transfer his father, Jacob, and his entire family of many people to Goshen in Egypt from the land of Canaan.

In welcoming them, Pharaoh said to Joseph, Genesis 47:6 "The land of Egypt is before thee; in the best of the land make thy father and brethren to dwell; in the land of Goshen let them dwell, and if thou knowest any men of activity among them, make them rulers over my cattle.

Pharaoh did not specify any age limit. The only condition was that they be active, and left the choosing to Joseph to select the active ones implying also a choice from the standpoint of ability, and integrity.

To be continuously active and usefully occupied regardless of age is the desire of countless men and women everywhere. This innate thought is inbred in the human race.

In America this desire seems to prevail as a class among the professions for in looking about, one becomes aware that retired doctors, teachers, lawyers as well as Members of Congress are not nearly as numerous as the class of business and manufacturing provides to the increasing colonies of senior citizens.

Many corporations are revising their compulsory retirement plans to take into consideration the desires and capabilities for continued employment beyond age 65 of their employees.

It appears also that the small business man who is self-employed as well as partnerships, and their partners are content to carry on indefinitely. Many times this enables them to pass along their business establishments to children and other members of their families.

There seems to be several reasons why Florida is chosen by the retiree for readjustment and future living. Year-round opportunity to be out of doors and care for a home and grounds is a useful and healthful occupation, which satisfies many. Then too, the pursuit of hobbies seems to be more easily gratified. However, this pursuit does not satisfy entirely, judging from the phrase which has been coined among the fishermen of, "Man cannot live by fishing alone."

In my opinion the most favorable solution of the entire problem is for the individual to point his or her sights toward the adjustment period with their own particular aims and desires in view. To be able to promote an ultimate goal of semiretirement activity on such a basis as to be partially occupied in a happy and useful occupation is the very most desirable solution, when supplemented with social security income.

Mr. WEIL. Dr. Ruth Lindquist, of Tallahassee, Dr. Lindquist.

STATEMENT OF DR. RUTH LINDQUIST, TALLAHASSEE, FLA.

Dr. LINDQUIST. I live in Tallahassee, but I am not a politician. I'd like to read to you three sentences from one of Florida's greats in the field of aging, greats of all time. I refer to Dr. Samuel Gertman's book, "Wake Up Younger." Accidents of living run side by side with loss of energy, these accidents are slight mishaps that take additional toll on energy and capacity, they are the physical and mental impairment resulting from infection, malnutrition, surgery or other trauma, or injuries. I would like to take you with me to the Greyhound bus station as of 2:20 this morning. I have been there for much of the last 12 hours. At 2:20, an injured or ill woman was taken into the lunch room wanting a cup of tea, she had difficulty in getting there because she was in the way, finally she got her cup of tea and was asked to move from the stool on which she was sitting. Not quite able to get anywhere else, even though her husband was there to help her,

I was there because I got in at 12:20 this morning waiting for the hearing at 10, what I found was this woman had not fallen, but had been kept from falling on the last step of the bus on which she came in in which her husband and herself left Canada on Monday morning, arriving in at 12:20, she was in need of medical attention, that was obvious. First of all it was necessary to get to the person who was the insurance adjuster for the Greyhound bus station. He came, he saw, he took notes and obtained her signature and he said, "From here on out it is your responsibility," turning to the husband, "Any costs, you will have to pay," but he said, "I will take you to the Halifax Hospital." By this time strangers in a strange land, for they were from Canada and had been here just the length of time it takes to get from the border to Florida, were feeling as if they were strangers in a stange land and asked me to go to the hospital with them. I did, there was no one to take an X-ray picture, we were told to leave the hospital and find a place to stay from 4 o'clock this morning until 8. That is enough, thank you very much.

Mr. WEIL. The next name on this list, I know he tendered his testimony in writing this morning, Dr. Henry Babers, of Gainesville, who is associated, not only with the University of Florida Medical School, but also on behalf of Blue Shield and Blue Cross. I don't think he could wait.

Senator SMATHERS. We have the statement here and without objection, we will make it a part of the record.

Mr. WEIL. Here he is now.

Senator SMATHERS. Doctor, we will make your statement a part of the record in full, if there is anything you want to add in 2 minutes, you go right to it.

STATEMENT OF DR. HENRY BABERS, ASSOCIATED WITH THE UNIVERSITY OF FLORIDA MEDICAL SCHOOL, ALSO ON BEHALF OF BLUE CROSS AND BLUE SHIELD

Dr. BABERS. Senator Smathers, Senator Long, thank you for this opportunity. I will do it in 10 minutes and will read it.

Senator SMATHERS. Two minutes.

Dr. BABERS. Two minutes, right. I am Henry Babers, a physician engaged in the practice of medicine in the city of Gainesville, the home of the very fine University of Florida. I remember Senator Smathers when he was there and a mutual friend of ours, Selden Waldo, also described him as the best-looking man on the campus.

(Disturbance in the back of the hall.)

Senator SMATHERS. May I just say this to everyone, we don't want people to make speeches from the audience. If you want to make a speech, if you want to frame a question, come up and see the staff and we will put you on. This is no forum, no football contest, this is no convention, we are trying to get facts here and we would appreciate the courtesy of every one of you people here today, whether you agree with the witness or whether you don't, let him have his 2 minutes, this is the democratic way, this is the American way, and this is the way it is going to be done. Doctor, go ahead.

Dr. BABERS. I don't think there is any controversy about the fact that my home is in Gainesville. Today, as the result of individual

initiative and private enterprise, about 73 percent of the people in the United States have some form of insurance coverage for their health needs. I am a member of the board of directors of Blue Shield of Florida, a board composed of laymen, nondoctors, and doctors who serve without pay, men of integrity and dedication. Blue Shield of Florida is a nonprofit corporation which serves as the administrative agency for processing medical and surgical claims, both outpatient and inpatient, of almost 900,000 Florida residents. As a doctor, I am completely in accord with the contractual relations whereby almost 46 million people in the United States are subscriber-members in the 69 Blue Shield plans, organized for the purpose of paying for medical services rendered to subscribers and their dependents. As a physician, I also know that these Blue Shield plans during 1960 paid over \$670 million for medical and surgical services rendered to Blue Shield subscribers and their dependents. These 69 Blue Shield plans spent only 10 percent of the total Blue Shield subscriber income for necessary operating expenses and building up the required reserves recommended by State insurance departments. The rest of this we will put into the record, Senator, thank you.

Senator SMATHERS. Thank you, Doctor, for making your statement and we will make it part of the record.

(The prepared statement of Dr. Babers follows:)

PREPARED STATEMENT BY HENRY J. BABERS, M.D.

I am Henry Babers, a physician engaged in the practice of medicine in the city of Gainesville, the home of the very fine University of Florida. I am also a member of the board of directors of Blue Shield of Florida, a board composed of laymen and doctors who serve without pay, men of integrity and dedication. Blue Shield of Florida is a nonprofit corporation which serves as the administrative agency for processing the medical and surgical claims, both outpatient and inpatient, of almost 900,000 Florida residents.

Today, in this decade of the 1960's, we, the people of the United States, are engaged in a great debate concerning how to preserve our valuable individual freedom yet grant each individual the right to personal security with dignity. This great debate centers around the value of voluntary effort and individual initiative, and the role of government in strengthening and extending this right of each one of us to use our own individual initiative in providing for the needs of ourselves and our loved ones.

During the 1940's and 1950's most people learned to budget for their tax needs when the practice of withholding part of their income each month for tax purposes became an accepted procedure. This process of budgeting, each month, for a foreseeable need also extended to installment buying of goods and services, and the prepayment through insurance for the health-care needs of policyholders and their dependents.

Today, as a result of individual initiative and private enterprise, about 73 percent of the people in the United States have some form of insurance coverage for their health-care needs. Today about 53 percent of our senior citizens have some type of health-care insurance purchased through private arrangements, and this percentage is still growing.

I believe I am correct when I say that most of the doctors in Florida are in complete agreement with this plan of Americans whereby they prepay as much as possible of their health care expenses through prepayment plans and private insurance. This is the American way, the way of democracy, and way of the free-enterprise system.

As a doctor I am completely in accord with the contractual arrangement whereby almost 46 million people in the United States are subscriber members in 69 Blue Shield plans organized for the purpose of paying for medical services rendered to subscribers and their dependents. As a physician I also know, for example, that these Blue Shield plans, during 1960, paid over \$670 million for medical and surgical services rendered to Blue Shield subscribers and their dependents. To handle the administration of these funds, these 69 Blue Shield

plans spent only 10 percent of the total Blue Shield subscriber income—for necessary operating expenses and building up the required reserves recommended by State insurance departments.

Furthermore, according to the authoritative Taylor Accident and Health Insurance News of January 20, 1962, we are told that commercial insurance companies paid out in the form of medical and surgical expense benefits a total of \$735 million for professional services.

With regard to our growing number of senior citizens in Florida, we are glad to have them. As a matter of fact I, myself, am looking forward to becoming a retiree who has the time and desire to enjoy Florida's pleasant climate.

Now it is regrettable, but I must admit that the health status of the aged has become an active political issue. Perhaps we doctors are in a way responsible for some of the magnitude of this issue. Doctors, hospitals, the drug industry, and our rising standard of living—all have contributed to the fact that our old folks are living longer and more useful lives. Furthermore, I hope all of these agencies will continue to help people remain alive for additional years beyond their generally accepted lifespan.

Speaking for myself and, I hope, for thousands of others who think much as I do, I want to pay my own way throughout my entire lifespan on this earth. And I believe I can do a better job of providing for myself and my family either individually or in cooperation with others in my own free choice of a plan designed to take care of my health-care needs.

Senator Smathers, medicine is fighting for what it believes is a basic moral principle, the right of each individual to provide for himself and his dependents. Medicine is fighting strongly to preserve the freedom of each person to choose his or her own physician and to pay for the services, provided by the physician, freely and without Government regulation. This, to my way of thinking, is the American way.

Yes, I will be the first to admit there are needy aged as well as needy young people. Every physician who subscribes to the Hippocratic oath is more than willing to give his fair share of service to the needy. Physicians take an oath to serve mankind, and the doctors who are members of the Florida Medical Association have agreed to give medical care free of charge to all residents, either young or old, who have been certified to the doctors as being indigent and in need of medical care.

Organized medicine also gives strong support to the basic principle embodied in the Kerr-Mills law wherein there is cooperative State and Federal sharing of some of the health-care costs of the needy.

I do not concur, however, in the idea of a compulsory social security tax levied on every working person that is earmarked for one purpose—providing health care for the aged. Social security, to my way of thinking, is a system for providing retirees with dollars so they may be free to provide for their basic needs as they determine.

I believe that the aged and the young should be free to purchase or not to purchase health-care coverage through a privately operated insuring agency.

Speaking personally, I believe that any free and independent member of our democratic society would get the best possible use of his medical-care dollar if he spent a portion of it for Blue Shield coverage of his medical and surgical needs.

Senator Smathers, this approach through a system of free choice is the best way, in my opinion, and it is free of any compulsion.

In conclusion, may I say that Blue Shield and the physicians of Florida are ready and willing to offer service to the people of Florida, both young and old. The Blue Shield approach toward covering medical expenses is, I believe, democracy at work—a cooperative, nonprofit plan for administering the prepayment of some of the health-care needs of voluntary subscribers to the plan.

Thank you very much for giving me of your time today.

Senator SMATHERS. At this same time, without objection, here is the letter from the Central Florida Pharmaceutical Association. They would like to have their statement incorporated in the record; without objection we will make it part of the record at this point.

LEGRANDE'S PRESCRIPTION SHOP,
246 South Beach Street, Daytona Beach, Fla., February 14, 1962.

Senator GEORGE SMATHERS,
Chairman, U.S. Senate Committee for Aging.

DEAR SENATOR: The membership of the Central Florida Pharmaceutical Association would like to have included in the records of today's meeting, the following:

1. Opposition to the administration sponsored bill for medical care of the aged as a part of the social security program.

2. We disapprove of the Kefauver-Celler bill S. 1552.

3. We believe that those trained in the profession of pharmacy are better qualified to offer advice and counsel than are those who do not possess pharmaceutical knowledge and who are today advocating changes that would lower the standards and excellent pharmaceutical service rendered today.

4. As pharmacists, we recognize that we have responsibilities in caring for the aged and are confident that their needs for our service can best be provided through a prepaid prescription insurance program and which is advocated by the American Pharmaceutical Association.

5. We urge that regulatory bodies of the Government take a close look at the many varied types of pharmaceutical promotion that have come into being in the past few years and has resulted in confusion among many of our senior citizens in regard to price.

6. Within the past 40 years pharmaceutical and medical knowledge have provided for the American public the finest in health care and it is interesting to know that through research, by both groups, specific medications which are in demand today have been voluntarily reduced in price.

Outside pressure groups who are clamoring for recognition have had absolutely nothing to do with the decrease in the price of pharmaceuticals.

Respectfully submitted by the Central Florida Pharmaceutical Association.

WALTER O. LEGRANDE.

Mr. WEIL. Over here is Mr. Hamilton. Mr. Hamilton is from Holly Hill.

STATEMENT OF MR. HAMILTON, HOLLY HILL, FLA.

Mr. HAMILTON. To the Senators, I say, greetings. I am not going back in the ancient age but I want to come down to now.

Senator SMATHERS. Keep the microphone up close to you.

Mr. HAMILTON. Yes, because there is lots of things that could be said in social security and the payments made by the employee and the employer, but they have answered for themselves in taking care of us old folks. I, myself, have paid them for a number of years and now I'm reaping the benefit and thanking them for it, but I do think that they made a mistake by not putting the doctors, the hospitalization, in the social security at the time it was made. I, myself, was employed by a company that had some 50,000 Blue Cross insured employees, in the United States Steel Corp., the category that I came in had a different insurance, we did not have the Blue Cross. At the time I became 65 years of age, that insurance was so high that I could not carry it. Last year, in November, I believe it was, the Blue Cross came out from Washington over a network of TV stations stating that the Blue Cross was going to insure all of us old folks over 65 years of age. Well, with my wife, I took advantage of that offer. On January 12, no, January the 16, rather, 1962, I received this reply back, "Your interest in our program is very much appreciated and

we wish we could accept your application for membership. However, after careful consideration, we find that we are unable to afford coverage to you because of the underwriting requirements." That is because I had angina heart trouble and they was glad to refund my money and all. That is not the only insurance company that I have tried and they all failed so I just wanted to make that part, that insurance is out as far as us old folks is concerned.

Senator SMATHERS. Thank you very much.

Mr. WEIL. The other microphone has Mr. Anderson, who is a visitor from Clearwater, Minn. Mr. Anderson.

STATEMENT OF MR. ANDERSON, CLEARWATER, MINN.

Mr. ANDERSON. Yes, thank you very much, Senators, chairman, and committee. I've got a gripe. The last administration it seems like they changed the World War I pension until the result is now that anyone who has any social security, it practically eats up the possibility of getting a pension, and I think it should be corrected because we need almost the maximum of both. Thank you very much.

Senator SMATHERS. Thank you, sir. Who is our next witness?

Mr. WEIL. Senator, over here we have a namesake of yours, or maybe vice versa on that, Mr. Rex Smathers.

STATEMENT OF REX SMATHERS

Mr. SMATHERS. Thank you, sir. Senators and distinguished guests and friends and so forth in the audience, this aged proposition covers a whole lot of many different things and we could talk if some of us were allowed, a long time about them. I only want to cover one, that's all I would be able to cover. At this morning's meeting equities were mentioned, after all, equities is what we are all interested in and some of these things fit us exactly and some don't fit us exactly. I never dreamed of the time when I would stand up here as one among the old aged, I always thought I was pretty young, I am self-employed in the real estate business, my home is here in Daytona. I would like to say that I'm drawing social security and I'm tickled to death with it, I am very well pleased. I get in about 3 hours of fishing every day when the weather permits. I just want to ask you one question if it is permissible, in my conclusion. May I?

Senator SMATHERS. Yes, you may ask the question but you, being a Smathers, I have to remind you of the 2-minute rule.

Mr. SMATHERS. All right. I don't think I covered the 2 minutes but this question is very short. I want to know if lots of laws on our statute books could not be eliminated should they be very carefully studied and covered all these different points; that is my question.

Senator SMATHERS. I think the answer would be "Yes." Thank you, Mr. Smathers. Who is our witness over here?

Mr. WEIL. Senator, over here we have Frank J. Boland, of Ormond Beach, Fla.

STATEMENT OF FRANK J. BOLAND, ORMOND BEACH, FLA.

Mr. BOLAND. Senator and your staff, I was retired in 1954 with assets of \$65,000. Since 1954 I have had two heart attacks. My wife

has been to Mayo Clinic three times, was operated on twice. Our financial status today is getting down, we're getting down to around \$35,000. If I go along in the next 8 years as I have in the past 8 years, I will be in the poorhouse. Now, this doctor from Gainesville spoke on the Blue Cross and Blue Shield. My experience with them, with my wife in it for a number of years, she was put into the Halifax Hospital here for 6 days by a doctor who was treating her for years and he put on the application, "Diagnosis and tests." Well, she was in there 6 days, the hospital bill was \$278. The doctor's bill was \$90 and the Blue Shield refused to pay 1 penny. Also the Allegheny Mutual, I'm giving a plug here for them, which I canceled, they didn't pay anything. Now, I'm not in Congress, if I was I'd have medical attention and all the pills I wanted free. I have a neighbor that has lived down here 9 years, been retired 10, he got sick and he got a small pension from the company he was with and a small social security which amounts to about \$80 a month. The doctor gave him a prescription amounting to \$14. He had a pill and after the prescription ran out, pills all gone, he had to wait for his check to come in to get more pills. Now, I'm going to ask the Senator a question he don't have to answer. I would like to have you go on record, Senator, as to whether you are in favor of the medical aid bill on social security? Also Senator Long.

Senator SMATHERS. I would say to you, sir, that what we are endeavoring to do and what we are going to insist on doing is, we are here trying to develop facts, we are here trying to get what is the best answer we can get, I speak only for myself and I will let Senator Long speak for himself. We are looking for the most effective, best way possible to provide medical attention for those people who need it. I don't think I'm smart enough to just suddenly sit here in a meeting like this and say, "Here is the total answer to this problem." We are going to continue these hearings and when the time comes for us to vote on it, you can see what my vote will be, but until I get all the facts I am not going to make any quick judgment about it. Here is Senator Long.

Senator LONG. Certainly it is the business of Congress to come up ultimately with the best bill. That's been a dream of my life. I didn't come to Federal Congress until I had been a member for some years of the senior citizens group. I think I appreciate their problems and looking forward, they are the problem of my nieces and nephews and a great many others of the 180 millions of Americans. Now, having said that, that we must have something that is effective, that's fair, that is equitable, I don't mind saying that I voted against the Kerr bill. I was 1 of 11 that voted against it, because I did not think it was the answer and I felt honestly that it raised some false hopes. Until a better method is proposed I am in favor of tying our medical service program, in with social security. [Applause.] To me, so far, it is the best approach that has been found. Thank you.

Senator SMATHERS. Who is our next witness?

Mr. WEIL. Senator, over here we have Mr. Schellings who is here from New Smyrna Beach.

STATEMENT OF MR. SCHELLINGS, NEW SMYRNA BEACH, FLA.

Mr. SCHELLINGS. The Government or social security cannot pay out anything until they take it away from you first. Now, I think that most of us retired people would feel better and more dignified if we could contribute something to this. There are 16½ million people receiving social security checks. Each one of them could afford \$2 a month, that would make \$27 million a month or \$396 million a year. There is approximately 35 million people paying into social security. If they pay \$2 a month between the employer and employee, that would make \$90 million per month or \$1,080 million per year, a total of \$1,475 million that would make a nice kitty to start medical aid. Keep it in a separate fund and we retired people would feel that we were not getting any charity. I think most of us would object to that, we would keep our dignity and pride by contributing to that the same as we contributed to social security which we are receiving now.

Senator SMATHERS. Thank you very much. Over here to the left.

Mr. WEIL. Mr. Bondi, who has been living here in Florida for 7½ years after coming down from Chicago.

STATEMENT OF MR. BONDI

Mr. BONDI. Now, I am retired. I was working for a company in Chicago for 38 years. I paid my social security which I was glad to pay; I am glad that I am on it now and I am glad that the late President Roosevelt passed such a legislation for us people to enjoy life here, he was a great man and I think our President is also one of the greatest men in the United States, as far as I am concerned. I do not see any socialistic ideas the way one of our doctors here this morning put out, I do not see no socialistic idea because I am trying to buy something like I did with social security, paying for years and years. Now, I am not working but I say the young man is working and trying to buy something that is on time payments, that is the American way of life. People here in this country are selling on time everything. I do not care if it is automobiles, radios, or what, and still we are trying to sell something on time to the young generation that which in time they will become citizens like we are, out of the way from the working class. Now, when I hear somebody call me socialistic or socialist, I do not like that, nobody likes that, because we are American, not socialist. The socialists are atheists, not living in this country, they have no business here. So, I say that it will become one of the greatest things if it is passed, to take care of the old people and not have them worrying about their life in their later years.

Senator SMATHERS. Thank you very much. Our next witness?

Mr. WEIL. Senator, over here is the wife of the gentleman that just spoke, this is Mrs. Schellings and she tells me that she has a gripe.

STATEMENT OF MRS. SCHELLINGS, NEW SMYRNA BEACH, FLA.

Mrs. SCHELLINGS. I think it will only take me about 2 minutes to have my say. As I understand, we have been under social security since 1953, fortunately my husband was in the maximum group, but

I know many widows who are getting social security who weren't as fortunate as that. They are getting \$50 a month or \$60 a month and have no other income, they are in a pretty bad shape now, this is one of my contentions, the way I understand it: The indigent people are taken care of, they always have been taken care of. The wealthy people, they are taken care of, in a way, by the Government, too. It is the middle-class people that are unwilling to admit and lose their dignity that they want charity, they perhaps have saved all their lives, and money isn't worth what it was, our money isn't worth what it was, when we planned to retire it is worth—well, we have been saving all our lives for that. I'm not squawking about that, my thought is that many of the wealthy people resent these poor devils that really need it. Take the wealthy class, say, a man that pays taxes and he is past 65 on \$5,000 his taxes, he is in the hospital with a malignant disease which keeps him in there, his bills are \$3,000, he takes that off his tax bill and only pay \$2,000, isn't that subsidy for the wealthy people?

Senator SMATHERS. Thank you very much.

Mrs. SCHELLINGS. Am I right in interpreting that?

Senator SMATHERS. I think many people would interpret it that way, we are here to hear your expressions, that's what we want, your expression. Our next witness over here to the left?

Mr. WEIL. George Tomlins, Columbus, Ohio, and he is a part-time resident.

STATEMENT OF GEORGE TOMLINS, COLUMBUS, OHIO

Mr. TOMLINS. Senator Smathers and Senator Long, I have been following the social security type of service for many years. Primarily because I am in what is called by us the business of insurance. I have been in that work for many years and have done a lot for people in the way of security toward payments of hospital and doctor bills. I'm glad to have this opportunity to tell you and all that I think that with most of you people in Congress that it's what Mr. Roosevelt, former President Franklin D., "fear of fear," now, I think that you should not take much more time in coming to a conclusion, that you can pass a bill to help the aged from the Social Security Department and it will enable you to start a program that was started with fear years ago. I'm old enough to remember when so many Republicans fought the onslaught and the introduction of social security and as our Constitution has been amended many times you will find these youngsters will see the social security law for hospital and benefits will have to be amended many times before the children and my grandchildren and my boy or grandson who is up in Alaska fighting, that he will be able to stand the payments that are needed to take care of us.

Senator SMATHERS. Thank you very much, sir. All right, our next witness over to the right?

Mr. WEIL. Is Mr. Charles Kiser.

Senator SMATHERS. All right, sir, go ahead.

STATEMENT OF CHARLES KISER, FLORIDA

Mr. KISER. Senator Smathers, Senator Long, ladies and gentlemen, I've just gotten out of the hospital. There's no danger of me overdoing the 2-minute limit. However, I do want to say a few words in what I think has been one of the greatest things that has ever happened to a laboring people and even a lot of the small business people, and that is the enactment of social security which at that time was accused of being socialistic back in 1936, that's been a life-saver not only to those that need it, but to the economy of our country because it put in the hands of the older people a buying power. I've heard a lot about the question of the new program that has been on where it is handled by the Department of Public Assistance. I'm familiar with a number of the States on the manner of handling it and for the older people today that have been economy minded enough and have been thrifty enough for them to buy a home to get on the present program as I understand it, you have to take the pauper's oath and you can't do that with a home that you have labored for and tried to prepare yourself for. I am wholeheartedly in support of the President's program of social security and I am sure that the young people would rather put a little bit in that than having the burden of having their old people in the hospital and at the time it is almost prohibitive and it is almost impossible for us people at our age to get, and serious consideration to the senior people and to the burden upon the young people. I thank you a lot.

Senator SMATHERS. Over on the left?

Mr. WEIL. Mrs. Robert McCallum of the Daytona Beach YWCA.

**STATEMENT OF MRS. ROBERT McCALLUM, DAYTONA
BEACH YWCA**

Mrs. McCALLUM. Senator Smathers, Senator Long, the Young Women's Christian Association deals with increasing population of persons over 65 in Florida. The State and county should not have to bear the burden of assistance to persons whose taxes during their earning years were paid in in other States. Furthermore, the individuals would be able to accumulate reserves toward adequate health care during their earning years so that they may be self-sustaining when prolonged and expensive medical care becomes necessary without the exhaustion of all their other resources which would have been sufficient to take care of normal medical expenses for that period of their lives. Therefore, the Young Women's Christian Association goes on record as supporting legislation which would provide health care for the aging under social security. Thank you.

Senator SMATHERS. All right. Over on the right.

Mr. WEIL. Over here we have Mrs. Helen Gitlin from Daytona Beach, representing the East Volusia Federation of Community Services.

STATEMENT OF MRS. HELEN GITLIN, REPRESENTING THE EAST VOLUSIA FEDERATION OF COMMUNITY SERVICES, DAYTONA BEACH, FLA.

Mrs. GITLIN. The East Volusia Federation of Community Services speaks out of accumulative experiences gained by professional social workers in this county who are directly involved with services, health, welfare, recreation, and education. We urge the Federal Government to investigate seriously the relation it should bear to those States where the immigration of nontaxpaying citizens makes it difficult for the State to enter into a matching grant program with the Federal Government. It appears that there exists in Florida a unique state of emergency in this regard and it ought to be treated as such by Federal agencies. We are unanimous in feeling that the Government should hold it to be one of its sacred responsibilities to see that no person living in this land should be denied proper medical care because of lack of funds, or inconveniences be caused through interracial or economic restrictive practices maintained by hospitals or medical personnel or because of the lack of basic information as to the sources of help available. Therefore, the federation calls upon the Federal Government to undertake a program of extensive research and public education in the problems of the need of the aged and to devise constructive methods for meeting these problems, particularly in the area of medical care.

Senator SMATHERS. Thank you very much. I would like to just ask the audience to recognize for a moment the wife of the State Senator from this particular district, Mrs. Ann Gautier. Would she stand up? I understand she is a member of the Government Committee on Aging.

Mr. WEIL. Senator, this is Mr. J. A. Schmidt, who has come over from De Land. Mr. Schmidt.

STATEMENT OF J. A. SCHMIDT, De LAND, FLA.

Mr. SCHMIDT. Thank you. Senator Smathers, U.S. committee, the social security regulations, some of them seem to be singularly unfair to the aging, especially when it comes to penalizing them for having earned over \$1,200 a year from business or from labor, whereas those who have property, the rentals do not count on this. I know a man who has property who came down from the North, bought his home and paid cash for it and has rental income of \$400 a month and no limit on his top social security, whereas I, on the other hand, built my own home, built it myself, and had to borrow money to do it, still owe \$6,000 on it and if I keep it up at this rate it will take me 9 or 10 years. Whereas, I will be able to pay for it by the time I am 72, I hope you will vote for elimination of this restriction on the income.

Senator SMATHERS. I am just wondering out of curiosity how many of you people share this gentleman's view that we ought to raise the limit of the amount of money that you earn while at the same time getting social security. How many of you favor that?

Mr. WEIL. Senator, here is Mrs. Moseley and Mrs. Moseley is with the United Churchwomen of the Halifax area.

STATEMENT OF MRS. MOSELEY, UNITED CHURCHWOMEN OF THE HALIFAX AREA, DAYTONA BEACH, FLA.

Mrs. MOSELEY. Senator Smathers and Senator Long, I have a statement voted on by the United Churchwomen in the monthly business session yesterday, February 15. Because it is during the declining years that individuals face the highest incidence of illness, sometimes unforeseen, often critical and prolonged and because the spiraling cost of medical care makes it impossible for all but a few to finance out of their private means such extensive medical expenses, we feel that health care for the aging should be placed under social security. Adequate health care should be paid for during the earning years, eliminating the requirements for a means test, thus maintaining individual self-respect and dignity. Included should be provision for hospital care with the patient's free choice of hospital and doctor, nursing home care and diagnostic and outpatient services. Therefore, we United Churchwomen of the Halifax area support legislation providing for health care for elderly persons under social security. Signed by the president and myself as chairman of the Christian relations.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Senator, there is a Mrs. Agnes Michelson and she has been a resident of Daytona Beach since 1917.

STATEMENT OF MRS. AGNES MICHELSON, DAYTONA BEACH, FLA.

Mrs. MICHELSON. I want to make just a few remarks regarding this bill in question. The opposition says it will lead to socialism—

VOICE FROM THE FLOOR. Louder.

Senator SMATHERS. You just go right ahead.

Mrs. MICHELSON. 1937 when it went into effect, but we have already many bills, a great many that smack of the least bit of socialism in this country. The opposition objects also, strenuously it seems, to their sons paying for 44 years for something from which they may never get any benefit. Now, he didn't say what was the reason for that. He might have meant that we were going to go bankrupt, the country, or that Khrushchev might have come and wiped us off the map, but he didn't say. Now, there's something, it only amounts to \$1 a month for this added condition for this bill, aid to the aged, which is so very important now, what parent would object to their son's putting out 25 cents a week to a worthy cause like this? They sometimes spend more than that in more wasteful ways. One chief issue of this social security and the aid to the aged is just what it is going to do to our young people, willingly or unwillingly. Now, they are becoming conscious of their fellow man and anything that encourages information and spirit of brotherly love for mankind is certainly to be encouraged.

Senator SMATHERS. That is very, very fine; thank you very, very much.

Mr. WEIL. I have a Mr. McMillin who is from the railroad retirement group of New Smyrna Beach.

**STATEMENT OF MR. McMILLIN, RAILROAD RETIREMENT GROUP,
NEW SMYRNA BEACH, FLA.**

Mr. McMILLIN. Good evening everyone, Senator Long, Senator Smathers—

Senator SMATHERS. You have got to talk into this microphone very closely.

Mr. McMILLIN. I want to ask you to look at these people. They are not here because of Wall Street or they have stock in Wall Street; they are here because they are concerned about existence of medical help before they lose their homes. I do know of two instances of widows that lost two houses to pay for 6 months' hospital and doctors' bills; she is now living on \$45 a month. What does she have to take care of herself with? I have myself been railroading 50 years. I have been married 50 years and in the beginning of my life I asked the Lord that he would keep us together for a long time. Whereas now, I pray to Him that He will take her away from me first so that she won't be left here to fight what we call this medical association. If the AMA is so interested about the future generation about having to pay for social security why don't they show that when they present the bills. Why don't they show that, but they lose heart when it comes to that. If they are so against that, I'm willing to pay, I think many others are willing to pay, \$15 a month. I have been in several companies. I have to go before the board of the State to get them to pay. They welshed on every one of them, I have been in six, I am in another one now, it is costing me \$15 a month and I know they are not going to pay when the time comes that I need it. I'm in favor of giving my \$15 in helping out social security so that me and the rest of us will have some protection. Think it over, doctors.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Senator, before we go any further I think I might tell you that it is 3 o'clock by that clock up on the wall behind the audience and if we want everyone to get in I'd like to have all of the people help by keeping the statement as short and concise as they can. So, speed it up, folks, and we will appreciate it. On the other microphone is Mr. Abrams and I know Mr. Abrams is going to keep his speech short.

STATEMENT OF MR. ABRAMS

Mr. ABRAMS. Senator Smathers, Senator Long, it is a pleasure to be here at this time and I want to say that at this time my hat is off to Senator Long; he has a decision to make and he makes it. I admire a man like that, even though I may not agree with him wholeheartedly in the Government taking over this medical situation. I believe under the system we should have an increase in social security whereby the individual can pay for his own medical insurance. I do not believe in the Government entering any more business. They have gone into the social security. I have paid it and I am not sorry. They have gone into the housing, mortgage; first thing they will be in hospitalization. I believe in the sovereign rights of the individual States and I also believe in the Federal Government and the rights of the Federal Government and we should not and must not allow a socialistic form of government to make it federalized. As an individual I feel we

must have care for the aged, but let the dignity of the man work it out. If you want to increase social security, increase it, let him buy his own hospitalization plan and may the Lord help you in your undertaking. I thank you.

Senator SMATHERS. All right. We are not going to permit that; we are not going to permit any of the booging; we do not have to have these meetings. We can always stop at any time; I hope we don't have to, but let's remember in this system, in this Government, everyone has a right to express his opinion and it doesn't make any difference if you agree with him or not, so let's don't have anything like that; it is not reflective of the good Americanism of you people. All right, sir.

Mr. WEIL. Senator, we have Mr. Summers from DeBary, which is from the southwest corner of Volusia County.

STATEMENT OF MR. SUMMERS, DeBARY, FLA.

Mr. SUMMERS. Senator and friends, we have over in DeBary about 3,000 people, about three-fourths of them are retired, most of whom own their own homes. Many of them are marginal, they are not indigent, some of them are well-to-do. I am thinking of case X, a gentleman and his sister. He was employed by a large corporation in the east. He received a pension. I personally know that this gentleman deferred medical treatment because he felt that his sister, who was not eligible for social security, would have to use their life savings in case she were hospitalized and needed it, and so he passed away last summer without benefit of medicine because of this situation we face. I am not here for or against anybody. I'm trying to present a picture. Just recently in our community a man took his own life. He had just come out of the hospital. His wife is 61 years of age. She's not eligible for social security and he did not further want to dwindle their savings and so he took the road out. I had the man's funeral myself. There needs to be some serious thought of this. I do hope that we can have more light and less heat. Thank you.

Senator SMATHERS. Thank you very, very much.

Mr. WEIL. Senator, over here we have Mr. Crabb. Mr. Crabb is the senior vice commander of chapter 6, District of Disabled American Veterans.

STATEMENT OF MR. CRABB, SENIOR VICE COMMANDER, CHAPTER 6, DISTRICT OF DISABLED AMERICAN VETERANS

Mr. CRABB. Thank you, sir, Senators Smathers and Long, and other distinguished members of the panel and to you folks that are here assembled. My particular question does not have to do with the complete aspect of medical care; it has to do with the problems. It has not been recognized and I want you folks to know the problem. It is the problem of the pensioned widow—I mean the widow of the Government employee or veteran. I know of several cases and perhaps you folks know of some, too, where most of these widows cannot get married because they would lose their entire pension. Is that right? That is the law. Now there are a lot of these widows and I have

talked with many of them. There are a few that, yes, they have their man and they are dead gone on him and they are his housekeeper or some such other plan that will permit them to keep their social security and veteran's pension and any other Government pensions. But far in excess of that view are a great many who would gladly get married if their pensions were not completely cut off. The plan I have in mind is to reduce these pensions by perhaps half. Now these widows will marry a man who cannot support them on what he gets, but the present pension of a widow would go far and there would be an ethical marriage. Of course, these would be conditioned on proof, proof of a legal marriage. Can anyone tell me about how many actual pensioned widows there are in the country?

Senator SMATHERS. I don't know. We are not here to talk about a lot of things. All I can say is what you are saying is probably right, the law is going to be changed this year so that widows will not lose their pensions upon remarriage.

Mr. CRABB. They should lose some of it, I will agree with you.

Senator SMATHERS. Thank you.

Mr. WEIL. Senator, over here we have Mrs. H. B. Osgood, of Daytona Beach. Mrs. Osgood.

STATEMENT OF MRS. H. B. OSGOOD, DAYTONA BEACH, FLA.

Mrs. OSGOOD. Senator Smathers, Senator Long, and the Committee for the Aging, anyone young or old who has had a serious illness has discovered that the private companies, for instance, Blue Cross and Blue Shield, do not offer plans adequate to meet the illness needs of even the young, at prices the average individual can pay. Tremendous bills are often left over for the individual to meet, bills which often take years of sacrifice and self-denial to pay. How much more so is this true for the aged who have more and longer illnesses with hospital and doctor and drug bills. Personally I feel that neither the Kerr-Mills nor the King-Anderson bill is quite adequate to meet the needs that are around us and I hope that someone, some interested Congressman, will introduce a bill and work for its passage to cover both hospital and medical bills under social security.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Senator, over here we have a 91-year-old gentleman and he can't quite stand up for this, so I am going to let him talk sitting down. Mr. Goebel. He doesn't want the microphone, Senator.

Senator SMATHERS. Please be quiet.

STATEMENT OF GEORGE GOEBEL, DAYTONA BEACH, FLA.

Mr. GOEBEL. Just to get the record straight, I am in my 96th year. There is a lot of water thrown over the dam in my period, in my earlier days, smaller communities, everyone knew the other, we needed no security act, we needed no pension, and when anybody was in trouble that trouble was quieted—no legislature, no Rules Committee in Washington to decide whether our peril would even come out for a hearing. There was a lot of people who didn't need it. In other words, it would be rank individualism, but today very few of us would want to go to bed unless we knew there was a policeman along the beach. No man is his own policeman these days. You can go down

the line. Sensible people, that is what we are going through—a social revolution and that sooner or later the form of government will be partly Socialist, partly capitalist, and partly something you can't define, that is being worked out today all over the world. Now I want to thank the Senators that have come here and I want to express at the same time, to give them thanks for coming, I want to express my regrets in something a little bit stronger that the Congressman from this district doesn't see fit or think it important enough to be present. Also, I can't understand the doctors. I think there is nothing more shameful in American history than the manner in which the organized doctors of this country have acted. They spent \$5 million in propaganda, socialized medicine, all that sort of stuff, I don't mean all of them, all doctors, that is why I said organized doctors. I have a good doctor, that's why I'm going to live to be a hundred.

Just this once, if there is any class of people in this country that is entitled to something from this Government, it is us old people, who have been legally robbed over the years. We were induced to go into social security. We were induced to buy Government bonds. We were induced to save our money and take out private insurance. We were induced to do this and do that. In other words, we were induced to do things but when it came time to pay off, it was in fixed dollars. We have seen all society organized against us all legal. We have seen the unions and I fought for the unions. I gave 5 months a year every year for years to get the unions the right to organize so I have a right to speak. I have seen that day when the unions say they wanted a 20-hour week or a 30-hour week, then I think it is time to change my mind about some things just as I have changed them about others, but we have been legally robbed. I seen in the News Journal the other day about the woman being robbed and I darn near called up. My time is about up and I say to you, Mr. Smathers, don't forget that you come from a State that has a lot of people and I have heard themselves express this thought—a lot of people that when they go to bed they are quietly hoping that they will wake up in another world because they are so worried that they are going to be on somebody else for support or be a nuisance to somebody. I have been talking to hundreds of people in this town and they all know me and they all know I have fought for them and, no, I don't need any help at all unless there is an absolute wipeout. How you can be undecided, I say, Senator, on these facts, gets me.

Senator SMATHERS. I think the gentleman's name is Gautier, is it?

Mr. WEIL. That is Mr. Goebel, George Goebel of Daytona.

Senator SMATHERS. Thank you for a fine statement, Mr. Goebel. All right?

Mr. WEIL. Over on the other microphone is Mrs. Ayres Davies, an outstanding Democrat from Volusia County.

STATEMENT OF MRS. AYRES DAVIES, VOLUSIA COUNTY, FLA.

Mrs. DAVIES. Senator Smathers, Senator Long, members of the panel, it seems obvious to me as a result of sitting in on the hearing this morning that a definite need exists for a program of some kind to take care of the indigent and aged and infirm and the only question is, is it more logical to do this under social security or shall we

leave it in the hands of the State or local agencies? I would like to cite to you an experience I had recently as president of a local organization. I was approached along with several other groups, for a contribution to pay for insulin for a known diabetic who had been receiving this medicine from the State welfare agency. There were no other funds available to supply the indigent. Our budget was overextended for the year and we were unable to contribute to this cause on such short notice and, since, I have wondered who these people could have appealed to for help if insulin were not available. The proper scope of the King-Anderson bill would take care of those not now being taken care of by the State and local budgets and already overextended and provide a method whereby those covered can contribute to their own program of medical care needs when they are younger and in their earning years. Thank you.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Over here we have Dr. Moore as the next speaker. He is not apparently here, but we have a gentleman from the Halifax Hospital that said he had the other side of that Greyhound bus story that we heard a few minutes ago; he's here.

STATEMENT OF DR. JAMES ANDREWS, DAYTONA BEACH, FLA.

Dr. ANDREWS. I came to listen, not to talk. I made a phone call—

Senator SMATHERS. Put the microphone up to your mouth.

Dr. ANDREWS. I made a phone call to ask about the lady that was hurt in the Greyhound bus station and I do not have any real knowledge of the case.

Senator SMATHERS. Speak louder.

Dr. ANDREWS. The lady that was injured in the Greyhound bus station was admitted to the hospital this morning, X-rays have been made and her husband apparently is quite satisfied with the treatment that she is receiving, so I don't think there is any sweat on the case right now.

Senator SMATHERS. All right, sir. Over here?

Mr. WEIL. Senator, over here we have Mrs. Isaacs, who is going to talk sitting down.

STATEMENT OF MRS. ISAACS

Mrs. ISAACS. Senator Smathers, Senator Long, this question at first glance may seem irrelevant, it has nothing to do with social security, but upon consideration I believe it will be found to be pertinent and this is very short. Since many elderly people become mentally ill in their waning years and will be confined to mental institutions and since it is a fact that mental institutions do not permit their inmates uncensored communication with the outside world through the U.S. mails, which is the only channel that the patient could use, since the hospital is far removed from his home or family, when can we look forward to legislation which will require mental institutions to insure to their patients the uncensored use of the U.S. mails, remembering these people are sick, not criminal? I would like to make a suggestion, a mail chute in the congregation room of the hospital to which only an employee of the U.S. post office has access. For future informa-

tion on this point I would like to refer you to the article in the current Reader's Digest on this subject.

Senator SMATHERS. Thank you very much. All right, our next witness.

Mr. WEIL. Senator, over here we have Mr. John Thies, he is from Detroit, but he is down here on vacation and I might add before I present him, that we don't seem to be getting any of the people that have signed this list coming down here and we are going to close this microphone if they don't start lining up.

STATEMENT OF JOHN THIES, DETROIT, MICH.

Mr. THIES. We are not living in that brutal Communist state in Russia. We are living in the greatest country in the world, surrounded with money. If this is true, why are millions of senior citizens who are getting less than a thousand dollars a year forced to be humiliated as they are, ending the highway of life. I'm ashamed of these Congressmen and Senators who are fighting free medical aid financed by social security while they, they are enjoying special personal privileges that the rest of the taxpayers are unable to enjoy. I think this, that free medical aid to those that need it through social security is the only problem to this great country surrounded by abundance.

Senator SMATHERS. All right, sir.

Mr. WEIL. Now we have Mr. King, representing old folks.

STATEMENT OF MR. KING

Mr. KING. Senator Smathers, Senator Long, ladies and gentlemen. I think I can best illustrate my point as much as I dislike to, by using myself as an example. I am drawing social security, I am a citizen of my choice in Florida, of 3 years, they didn't send for me, I just come. But, unfortunately, during the past 18 months my wife has been in the hospital six times, I have been in it once. During that time our social security has amounted to approximately \$2,700 and my medical and hospital bills have amounted to more than that. I belong to a large group of men, we love one another and in days gone by, we have been looked after and I didn't have to pay it, so I can still get along all right. My medical bill runs in excess of \$2 a day. For the benefit of these people who are as good as citizen as I or you or anybody else who were not allowed to pay social security until their late forties or early fifties, you know better Senator, when that was, are now drawing the magnificent sum of \$40 a month. Many good citizens, and they can't even eat on that. In the name of God, in the name of humanity, give serious consideration for the benefit of those people to the upper House and use your influence with the lower House of our Government to see if they can't do something about it. I thank you.

Mr. WEIL. John Stable of Daytona Beach.

STATEMENT OF JOHN STABLE, DAYTONA BEACH, FLA.

Mr. STABLE. Gentlemen of the Senate, I'm speaking for myself in what happened to me. I spent many years in New York City but I had a pretty bad accident, the hospitals didn't ask me if I had any money, they just put me there, kept me there for 3 weeks and after asked me how much I got in the house, it is worth \$3,000, I had \$350 in the bank, said forget about it. So, when I left the hospital they give me a bill of \$175 and I told them to charge the city because the hospital was supposed to be paid by city. Now, I came to Daytona Beach 15 years ago with \$10,000 and bought myself an income property. I thought I was going to make money in Daytona Beach on \$10,000. But, it turned out to be a big elephant, I had four renting units. I am collecting \$140 a month for that and I'm getting \$68 in social security and everything besides my home, when my bills get paid I haven't got \$10 left for the rest of the month. At present I owe a loan shark, \$300 I owe more to pay my income, my mortgage interest and some of my bills are piling up. Now, as the doctor says, take out Blue Cross and Blue Shield for \$200 a year or more, where at am I going to get the \$200 a year when I haven't got anything in the ice box to eat. I will be 72 years old, I am thinking of that, I was happy, but suppose I go to this hospital again, they going to ask me, "How much money you got?" And then they going to charge me \$50 a day or more besides expenses. What I am going to do? Thank you.

Senator SMATHERS. Thank you.

Mr. WEIL. Senator, over on the other microphone Mr. Charles T. Moon. Mr. Moon.

STATEMENT OF CHARLES T. MOON

Mr. MOON. Senator Smathers, members of the committee and staff, I am here representing the Volusia County Mental Health Association and simply want to indicate to you that the matter of the problems of the aging is very much a part of our concern and of our program and some details about it I have written out here and will leave with your secretary if I may, and I think it will speak for itself. We very much appreciate on the part of the mental health, that you are here.

Senator SMATHERS. Thank you very much, we will make that a part of the record.

(The prepared statement of Mr. Moon follows:)

**PREPARED STATEMENT OF THE VOLUSIA COUNTY MENTAL HEALTH ASSOCIATION,
REPRESENTED BY CHARLES T. MOON**

Gentlemen, at the request of Mrs. John E. Rice, president, I am here to indicate the deep concern of our association in the seriously unmet needs and particular problems of aged persons in this area of Florida.

Perhaps our summary is best expressed in a recent statement from the First Retirement Foundation of Miami, as follows:

These (aging) problems are well known and acute:

- (1) The heavy burden of high-priced drugs and medicines;
- (2) The soaring costs of medical and hospital care;
- (3) The uncertainties of present-day hospitalization insurance;
- (4) The lack of comfortable retirement housing at reasonable cost;

(5) The need for more enjoyment in living, through friendships, and increased self-worth;

(6) The need for an honest clearinghouse of information on matters for older people all over the country.

In a June 1961 "Survey Approach to Mental Health Problems in Volusia County, Fla.," it pointed out:

"That 1 in 5 Volusia County residents is 65 years of age or older, and about 1 in 6 persons in the area is nonwhite, could also have hampered the growth of social services. Until fairly recent times, senior citizens and members of minority groups have not generally received proportional attention relative to mental health problems as their numbers in the population would suggest. To the extent services have been extended to these people, emphasis has more often been on the physical aspects of their welfare without too much regard for emotional factors.

"The county's economic base upon which to build a constellation of social services also warrants attention. There seems to be a relatively low proportion of the total population in the labor force—a possible consequence of the number of oldsters in the area. Those in the labor force are heavily concentrated in the service trades, primarily tourist oriented, and these types of jobs are known to be relatively low-paying and unstable. Year-round incomes for a large proportion of the residents are, therefore, probably such as to restrict the amounts of money they can invest in the development and/or maintenance of social services. In such areas, therefore, a considerably heavier proportion of these costs must be carried by a relatively small part of the population with more substantial incomes."

A deeply significant fact in our area is that such a large proportion of our medium- and low-income aging persons have spent their productive and taxpaying years elsewhere, and come now into a State of a relatively curtailed economy and hence a limited tax potential for services. Thus, this is a national problem and Florida has not been able to meet the requirements of the Kerr-Mills bill. An individual's accumulation assured during his productive years as under the social security plan, and thus available for his aging needs anywhere, would seem to be the logical solution—and particularly for Florida.

Mr. WEIL. On the other side we have Mr. Oelgard, who is from Minneapolis, Minn., and now staying down here at the Princess Issena.

STATEMENT OF MR. OELGARD, MINNEAPOLIS, MINN.

Mr. OELGARD. Senator Smathers and Senator Long, the thing that impresses me, the doctors have made a great deal of their Blue Cross and Blue Shield and I think it is probably a very fine proposition. The thing is, I have been a member of the Blue Cross and Blue Shield for a period of over 15 years. In the last 6 years, every year they raised the premium on me on the pretext that they have paid so many claims in the past years. Now, when this Blue Cross and Blue Shield organization get complete control of hospitalization and medical expense, I believe there will be no end to what we will have to pay in premiums.

Senator SMATHERS. Thank you very much, sir.

Mr. WEIL. This is Kathleen Hafner, president of the New Smyrna chapter of Future Homemakers of America of the New Smyrna Beach High School. We better use that other microphone over there, I think that microphone is out.

Senator SMATHERS. We would like to hear from the young lady sooner or later.

Mr. WEIL. This is Dr. Blais, Senator. In the meantime we will work out that other microphone.

Senator SMATHERS. All right, let's get the doctor on.

STATEMENT OF DR. MICHAEL BLAIS, DAYTONA BEACH, FLA.

Dr. BLAIS. I would like to introduce myself. I am Dr. Blais, a local urologist. My profession puts me together with senior citizens. First, let's say these senior citizens are my friends. We work together daily in more ways than one. They come to me for help and God gave me the strength and knowledge to help them and I see patients here that can tell you that I don't rob them, they get what they pay for and more. I am not here to brag. I am here to state that these are good people and a lot of them need help, should get help, but the trouble is that social security and this particular bill, H.R. 4222, the King-Anderson bill dilutes available Federal funds over so many that don't need it that those that really need it can't get help. I had a man in my office who has to live on \$89 a month, that's all he has to live on. He has a cancer of the bladder, he needs an operation, he gets an operation. We decided on something that he can pay, not much but he can pay, he's paying his way, he didn't have to beg, borrow, or steal. My quarrel with this is that we are going to take on 16½ million senior citizens who are drawing social security, 12 million of which do not need help, according to 2 national polls. One, the University of Chicago; two, Emory University. These are not a few opinions, this is a national poll, these are facts the senior citizens gave these people. Now, if we go ahead with this we are going to have \$20 billion worth of permanent debt, it is estimated that it will take 20 percent social security tax to pay for socialized medicine and other benefits. Remember, it all started with a 3 percent tax on \$3,000 in 1933. The next step will be a gradual payroll tax if it keeps up. Remember that our forefathers were told that Federal income tax would never go beyond 2 years, that only the rich were being soaked. Now, the basic tax started at 6 percent on an income of \$675, what could an individual do on \$675, these you can find in your figures.

Senator SMATHERS. Thank you.

Mr. WEIL. Senator, we have Mr. King.

STATEMENT OF MR. KING—Resumed

Mr. KING. Senator Smathers, Senator Long, ladies and gentlemen, I am not a doctor, not a lawyer, most of all I am not a politician. I'm just a plain, old cracker boy, born and raised right here in Daytona. Thirty-five years I was a mechanical engineer in construction design and operation of chemical equipment. After the 35 years, due to company policy and excessive insurance costs, I was retired. I do believe that half of this problem could be solved if employers and insurance companies could be educated to believe that at 65 a man doesn't just wilt away and drop down into nothing. He has productive years. I, myself, I'm 72 now. I can go out now and work some of these young fellows, 30-35, into the shade any day of the week. Another thing and probably the most important is this, that the earning limit under social security between the ages of 65 and 72 should, if not lifted entirely, at least be increased 50 percent. This would give our senior citizens—we dislike that term very much, I do myself, I don't like to be called a senior citizen—I am a citizen and thank God I still have the right to vote.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Over here is Kathleen Hefner, a senior from New Smyrna Beach High School with her subject, "Relationships Between Teenagers and Older Citizens."

Senator SMATHERS. Before you start, Miss Hefner, I would like to call the attention of the ladies and gentlemen here that the other member of our subcommittee has arrived, Senator Jennings Randolph, of West Virginia, and we are all delighted that he's here.

All right, young lady, you go right ahead.

**STATEMENT OF MISS KATHLEEN HEFNER, NEW SMYRNA
CHAPTER, FUTURE HOMEMAKERS OF AMERICA**

Miss HEFNER. Thank you. This year as part of my State homemakers degree, I decided to better the relationship between senior citizens and teenagers by showing them their common interest and ways they can help one another. It is becoming common knowledge that teenagers and senior citizens require the same needs: belonging, achievement, freedom from fear, love, and affection, personal integrity, and for understanding and knowledge.

I made out questionnaires and distributed them to the senior citizens at the Retirement Hotel. On the questionnaires I asked their hobbies, home State, previous occupation, willingness to work with teenagers, marital status, and any other special interest they might have. Although the results of my questionnaires have not been completed, those I have received have contained an intense interest and need to know more about teenagers and what they are doing. All of them seem to want to help teenagers in some way or another. I've received letters with several of the questionnaires through the mail saying how much they all appreciate our concern for them. Several even displayed disbelief that teenagers really wanted to associate with them at a closer level. More and more teenagers are becoming aware of the valuable things they can learn from the older members of our community. To further the growing interest even further, I'm organizing a file in our local school of the people who are interested in working with teenagers. By working I mean talking or taking part in any common interest they might have. I'm also organizing entertainment for the senior citizens at the Retirement Hotel. The entertainment will consist entirely of teenagers from our community. Teenagers today have a high regard for senior citizens, but very often they lack the patience and understanding necessary for the close relationship they should have. I think with this project, I will help those in my community to gain this patience and understanding. Vocational home economics makes it possible for teenagers to become acquainted with family problems, child care, budgeting, and many other things through the class, modern family living. We hope that other groups will try this project because we are being prepared for our role in the years. Thank you.

Senator SMATHERS. Thank you very much.

Mr. WEIL. Joseph E. Skeat, of Daytona Beach.

STATEMENT OF JOSEPH E. SKEAT, DAYTONA BEACH, FLA.

Mr. SKEAT. Gentlemen, Senator Smathers, hello. I have just one little gripe, we go to a doctor, I have nothing against the doctors, they put in long years of practice and little or no pay, granted. We go to a doctor, he charges us \$5, he gives us a prescription, we go to five different drugstores and get five different prices. I'd like to know the answer.

Mr. WEIL. Senator, over here we have Mr. Peter Fitzgerald. Mr. Fitzgerald.

STATEMENT OF PETER FITZGERALD

Mr. FITZGERALD. Senator Smathers, Senator Long, Senator Randolph, there was a question of legislative character raised here today and I think it calls for a repudiation and also for an answer. I, more than once, along with the members of the northeast Democratic organization, of which I am legislative chairman, have had occasion, with my other legislators on the courage of Senator Smathers. In 1960, and his political courage, you have no cause as yet, Senator, to regret that stand. I'm glad that Senator Randolph is here because I noticed this morning that the doctors were very much in favor of this Kerr-Mills program. West Virginia was the first State to inaugurate that program. It has not proven a success. But the doctors love it, the hospitals love it and why wouldn't they, Senators?

It will only take me a minute for these statements. They started out under the Kerr-Mills Act. The Federal Government is supplying West Virginia with roughly 70 percent of the medical cost for nonrelief persons 65 and over and 40 percent of the administrative costs, nonetheless, the medical aid to aged has left the officials with a financial ulcer. In the first complete month of operation, November 1960, medical care totaled \$1,340 with West Virginia paying \$336. Now, note these figures, Senators, by June 1961 the monthly cost rocketed to \$391,859 with the State kicking in \$107,016. One second, please. Unpaid bills for the first 14 months of MAA in West Virginia the medical costs came to over three and a half million dollars with the State paying a million, over a million dollars. Now, sir, the doctors' bills, they allow \$35 a day for 30 days under this Kerr-Mills bill and the hospitals sure need it. It is found here that one of the causes for the high cost was that the overwhelming increase in MAA's program at the hospital as there were 108 participating and 132 of the 1,800 physicians. I will break it right down, and the result is that when they tightened down and made the hospital cut it to \$20 a day and 2 prescriptions, only 132 doctors stayed of the 1,800 participating. I wish I had time for the rest but thank you, Senator, for giving me the extra minute.

Mr. WEIL. That was Newsweek of January 22, wasn't it, Mr. Fitzgerald, that you were quoting from? I think I noticed that you had on there that it was Newsweek magazine that he was reading that from, Senator.

Senator RANDOLPH. I realize that this is not the opportune time for me to discuss the West Virginia situation. I shall ask, however, my esteemed chairman of the committee to allow me to place in the record at this point so that it may be read with a continuity of subject matter, the picture in our State as I shall wish it to be factual and

objective. We have had a difficult time and I regret it very much. I believe in medical care for the aged under the social security system, I have advocated such a plan and have so voted. I'm grateful, not for the point of reference to West Virginia because we happen to have a first in a category that places us in a strained situation because of the financial drain on our State budget, because I'm talking in the presence of so many West Virginians who live in Daytona Beach. I know so many of them personally from my home city of Elkins, W. Va., and other areas, I have a relative in the audience who writes in a legible and strong hand a letter of welcome. He is 94 years of age. But he is young in spirit. West Virginia is pointed to as a State that lost population, along with Arkansas, from 1950 to 1960. We rather like to believe that when they came to lovely Florida or to any other State, that we didn't lose our people that they just came amongst you and served as missionaries.

(The report of the West Virginia MAA program follows:)

WEST VIRGINIA DEPARTMENT OF WELFARE,
Charleston, June 18, 1962.

To the People of West Virginia:

Since my action of December 1, 1961, in placing the medical care for the aged program in West Virginia under emergency control for a 2-month period to February 1, 1962, this action has been the subject of considerable controversy throughout the United States. It is extremely unfortunate that this action became involved in the controversy now taking place around the President's program of care for the aged under social security.

However, in view of this controversy and particularly in view of the publication prepared by public relations specialists of the American Medical Association for use by the State medical association, I feel it is absolutely essential that we correct many of the misimpressions created by this propaganda publication. This report reflects the actual financial situation and causes therefore that was presented to me prior to December 1, which resulted in the financial curtailment to reevaluate this program without facing the illegal possibility of overexpending the appropriated funds.

First, I would like to make it absolutely clear that there was no designed attempt to sabotage this program as I believe this report will adequately reveal. This is purely a publicist's term conceived to obscure the real issues involved.

I agree with the Medical Association that medical care under Kerr-Mills can work if almost unlimited funds are appropriated by the State for this program.

While this department and I pledge our efforts to the never-ending task of making this program work for the benefit of all our elderly citizens, I believe it is mandatory for me to point out several inherent dangers to a State in the operation of a program of this type.

The cost of operating this program is extremely high for administration cost to the State since much time and effort on the part of our staff is spent in auditing, authorizing, and reviewing the eligibility for medical aid services and the charges for those services. While it is often stated that 70 percent of this program is financed by the Federal Government, it is not true when you consider the administrative cost involved. While all payments for services are matched on a 70-30 basis, only 40 percent of the administrative costs are met by the Federal Government. Sixty percent of these costs are met by the State. While this program expends only a small portion of the total public assistance fund, it requires 40 percent of all worker time to perform the necessary administrative functions surrounding it. This detracts then from necessary duties regarding other relief programs such as verifying eligibility, completing the necessary investigations and the necessary social casework to validate and reduce the State's relief load.

Another tremendous difficulty in administering this program in a line item budget State such as West Virginia, is that a specific amount of money is made available for the program and the eligibility factors must be continuously adjusted to keep within that appropriation. Since the payment factors, rate of illness and treatment prescribed are not within the control of the department, it is absolutely impossible to estimate with reasonable certainty the expenditures

required. For example, if expenditures increase drastically during a given month, the department is then faced with the decision of cutting eligibility or determining if this increased expenditure is a temporary one and the expenditures for the next month will fall below the allowed expenditure. To remain within the allocated funds, this department is required to impose a tremendous amount of administrative controls to see that we are authorizing only that amount which our budget will allow.

This should be contrasted with the operation of such programs by insurance companies, by States allowing deficit spending, and the Federal Government. In States such as Pennsylvania, New York, and Michigan, the legislature can establish eligibility factors and the services to be authorized, the funds are then available to the extent of usage within the present eligibility criteria. In these States, if the rate of illness increases the necessary funds are available to meet the cost. In West Virginia and other States with constitutional or statutory budget limitation requirements, if the usage increases a curtailment of the program must result to stay within the budgetary limitations. With insurance companies and Blue Cross-Blue Shield, if the rate of usage increases, the premiums for these services are increased thereby making available additional funds for the payment of these increased services. In neither instance is the program altered.

Another interesting ramification of a program of this type upon a line item budget State is that with a decrease of program money available there is a tremendous increase in the amount of administrative time spent upon controlling the expenditures available for such a program. If funds are seriously limited, close administrative checks must be initiated to allow the department to know at all times the amount of expenditures authorized. In West Virginia this fund is never actuarially sound to the point that there is a cushion or surplus available to meet unusual requirements caused by unusual usage.

While the charge has often been made, I want to make it absolutely clear that I am not and will never be in favor of socialized medicine. However, I am in favor of adequate payments for hospital care under a program which is actuarially sound, and will not only aid our elderly citizens in meeting the necessary costs of medical attention, but will also guarantee the hospitals remuneration for the services they extend to these individuals.

I fully recognize that many charity cases are treated by hospitals and physicians. However, if payment is made to hospitals they will be better able to expand their facilities to meet the ever-increasing burdens cast upon them. The physician, the lawyer, and any professional man is, by his oath obligated to render his services to all persons regardless of their ability to pay. This obligation is imposed in return for his professional status.

The question before us is not whether medical care for the aged is to be extended to elderly West Virginians but by what manner or form is this care to be extended. The sole criteria should be which program is the most advantageous to all the people of our State.

Sincerely,

W. BERNARD SMITH, *Commissioner*.

Public Law 86-778, the Social Security Amendments of 1960. Received Presidential approval September 13, 1960. And its provisions for old age medical assistance were designed to provide as many services as possible, for as many persons as possible, as simply as possible.

No matter how we look at the legislation * * * regardless of the language and the length * * * this was the primary purpose of the act.

On October 5, 1960, just 22 days after Public Law 86-778 was approved, a special session of the West Virginia Legislature enabling legislation implementing a medical assistance program for the aged of the Mountain State.

The West Virginia legislation, senate bill No. 1, placed the operation and direction of the program squarely on the shoulders of the department of public assistance, later renamed the department of welfare. And not to be overlooked was language in the bill, dictating that funds earmarked for the program were not to be depleted.

In determining the original appropriation for the program (for the remaining 9 months of fiscal 1960-61) the legislature was presented old-age statistics for West Virginia showing \$4,838,445 would be needed to run the program at 100 percent capacity for the 9 month period. This amount was determined by using the \$5 cost per case, per month of the general medical and hospitalization program for old age assistance already in operation in West Virginia. And considering

the 107,521 elderly persons who could be affected by MAA. The State's share of this amount was \$1,321,379.

With the money made available, West Virginia became the first State in the Nation to get the MAA program off the ground.

At the end of 4 months, utilization of the program was extremely low. Therefore certain revisions were made in the hopes more aged West Virginians would avail themselves of the medical care as insurance against unexpected medical expenses.

By June 30, 1961, and the end of the fiscal, expenditures had increased measurably, but were well within the allotted funds. Total expenditure was but \$1,443,553. Caseload (those persons certified as being eligible for MAA) had increased to more than 20,000 up 14,000 from January. But it must be kept in mind that many of these were an advanced determination of eligibility and did not receive services under the program. This preregistration was done in an attempt to eliminate hardships on the individual and to aid the physician and hospital.

The legislature had appropriated \$1,325,256 to operate the program 6 months—through December 1961. This, coupled with the \$814,021 surplus from the preceding fiscal year, and minus the mandatory 3 percent reserve imposed on all departments by the board of public works amounting to \$567,888 for welfare gave the State a total of \$1,570,889, with which to match Federal funds. So matched, the total fund for this 6-month period amounted to \$5,291,068.

During the first few months of fiscal 1961-62, the program took an abrupt reversal of its former moderate spending trend. Caseload and expenditures began to spiral upward steadily. A later examination revealed usage of the program was on a much larger scale than incoming invoices from vendors indicated. At their insistence physicians, hospitals, and pharmacists had been given 90 days after rendering of service in which to submit their invoices to the department for payment. This delayed billing was magnified by the flash floods in Charleston last summer which left the department without authorization forms, and in many cases, verification for treatment was made over the telephone, putting the department in the position of incurring obligations without incumbrance of funds.

Money paid to vendors during these months, therefore, did not reflect the amount actually obligated. That is, the amount due the vendors for service was an amount unknown by the department by virtue of the vendor's 90-day remittance period.

After receiving complaints of late payments from the vendors, Commissioner Smith ordered reexamination of the balance in the MAA program.

The results showed bills paid by the department in September, October, and November were only a fraction (not even half) of those owed for actual services during these 3 months. It was estimated these outstanding bills totaled \$1,750,000, an astronomical figure to be dumped into the program without notice.

It might be well to note here that after these bills were finally processed and paid the national expenditure for the MAA program was increased 21 percent.

This figure prorated over September, October, and November—to include the vendor's 90-day billing period—increased the actual sum incurred in each month by more than half a million dollars. This increased September and October's obligations to well over \$800,000 each and November to more than a million. An expenditure arrived at 6 months ahead of schedule. The clincher came late in November at a meeting between the Department and the legislative leadership, when it was learned that a previously requested supplemental appropriation could not be granted, Commissioner Smith had requested an appropriation to carry the program an additional 6 months.

The following facts were thus presented to the Commissioner for his consideration:

- (1) Cost per case had risen from \$5 to \$67.57 per month.
- (2) State funds available at the end of November—minus the State's share of the outstanding \$1.75 million—\$489,159.
- (3) Total MAA funds available at the end of November \$1,648,109 with no additional money in sight.

Two days after weighing the outstanding bills, known and unknown—and the present rate of expenditure against available funds, a 2-month emergency condition was put into effect. The program was pulled back within its original GMH framework. That is, the original fee schedule under which the program was based when presented to the legislature in 1960. This was effective December 1, 1961. And even this GMH plan cost had risen from \$5 to \$7.50 per

case per month. Immediately thereafter, at a meeting with the Board of Public Works, it was announced the emergency would exist until February 1, to give the department time to develop a program within the existing revenues without facing the bankruptcy of the medical fund. If this had not been done, bankruptcy would have occurred, many physicians, hospitals, and druggists would have been left with unpaid invoices, and no way in which to collect for their services.

The emergency period was fully explained to all associations and was fully understood by them.

Recognizing the shortage of medical funds and in an attempt to insure some form of medical program for the balance of the fiscal year, Mr. Smith asked the board of public works to release \$1,517,000 for the medical funds. This was done 15 days after the emergency began. However, on January 9 the board released to MAA only \$500,000 of the requested \$1.5 million. Assuming the board had not made the transfer and the program was allowed to continue without the curtailment, MAA would have expired about January 15 with a possible \$2 million outstanding in bills.

The medical association, in its pseudo defense of boycotting the program, constantly refers to a \$963,600 balance of State money at the time of the emergency more than enough they permit when matched with Federal funds—to disregard any great outpouring of payments from the medical fund. They conveniently overlook the fact that this amount was not available on December 1 but only after the \$500,000 release by the board of public works, more than a month later. Also concealed was the fact, that had the association not boycotted the program, a good portion of the balance might well have been paid for their services.

After meetings with all associations new rules were announced on February 1, 1962. And with all the revisions, to eligibility and fees, the medical association was the only vendor to receive a complete restoration of fees. In other words, they're getting paid just as much as before the emergency since they stipulated this as being the only way in which they could participate in the program.

The average monthly spending for the remainder of this fiscal year was cut from the \$1 million plus in November to \$540,000 per month. To remain within this expenditure, hospital stay for MAA patients was cut from 30 to 12 days—and druggists were placed on a fee schedule lower than retail.

Eligibility was cut as follows:

Income—remained the same, \$1,500 for an individual and \$3,000 for a married couple living together.

Liquid assets—from \$5,000 for a single person and \$7,500 for a married couple, to \$1,000 and \$1,500. (Stocks, bonds, cash surrender value of life insurance, etc., is included as assets.)

Life insurance was not previously considered as an asset. Real property—now cannot exceed \$4,000 assessed value. And may consist of the homestead plus other property. (Real and personal property, excluding the homestead, was not figured in the original eligibility factors.)

Hospital payments—was changed from a comprehensive care program to an indemnity program. The department pays up to 12 days per patient per year.

Billing—Vendors, now, must submit invoices within 30 days after services have been performed. This gives the department the tightest possible check on outstanding bills.

The coming fiscal year will more than likely demand still tighter restrictions on the program in view of the fact that the appropriated amount will allow for a monthly expenditure of only \$360,000.

Through the emergency period and even still, the medical association has attempted to create the impression that the department is actively discrediting the AMA program. This is not true—and it provokes the question, What would the position of the association have been if the department allowed the fund to be exhausted, with bills outstanding?

The State medical association's latest effort is a 22-page press release, titled "The West Virginia Story," prepared and printed by public relations representatives of the American Medical Association. Commissioner Smith debated several weeks before deciding that the department's position in the program, past and present, should be known and the department's employees protected from the suggestive rumors of the medical association. It is the exception rather than the rule when the department injects itself into a public squabble with a group or groups with axes to grind. However, it appears the medical association is turning loose its big guns to either save face, make political hay for

itself, or comply with orders from the American Medical Association. In any event, the department feels that enough of this propaganda, declared often and loud enough could bring the comment from an unknowing public that it must be right.

The report begins, as does most of the association's news releases, claiming the department is wrecking the program with adverse publicity. And it goes on to intimate that not only can the department influence the writings by newsmen, but that it is also pushing the social security approach to health care for the aged.

Quoting the report: "It," referring to the publicity, "has left the impression—an incorrect one—that the Federal-State matching-grant program for health care of the needy and near-needy aged in West Virginia has run out of funds."

Fact: The department has never said the program has run out of funds. However, the department has said time and again the program could very well have been bankrupted if the unknown outstanding debts to vendors were much greater. Without curtailment—and continuous operating at the November rate of obligations—bankruptcy would have been a foregone conclusion.

The report * * * states the emergency proved to be exaggerated and that the program, "is again providing health care to the State's needy and near-needy."

Statistics show there was no exaggeration in reporting the emergency—and that the department had not run out of money—however, this was not known that weeks after the emergency and a complete investigation of outstanding bills and available funds was made. The program failed to provide care only during the physician's boycott of it and their boycott of the people seeking health care under the program.

Three major objections to the actions of the department were listed as: (1) The West Virginia State Medical Association and the organizations representing the pharmacies and hospitals were not, "previously informed about the changes in the program."

News accounts of the program show that no one close to the program can say they were not aware of the financial difficulties within the program, as was related in letters to and from the department and news stories over the past few months prior to the crisis. And these stories were echoed by the wire services and radio and television stations throughout the State. Even with this information before them the medical association offered no recommendations for keeping the program within bounds.

(2) "Physicians, pharmacists, and hospitals were convinced that a financial emergency did not exist. * * *"

The department admits it was quite a shock to discover the figures indicated near or possible bankruptcy in the medical fund—and would like to have not believed it itself. However, the facts and figures presented to the commissioner dictated an emergent situation and to disregard them would have shown complete irresponsibility.

And (3), was to a statement distributed by the department to each vendor which the report states, "* * * in effect, stated that physicians and the providers of medical services must accept any fees, as complete compensation, that the State commissioner of welfare might see fit to establish."

The statement actually had no effect. With but one signature, that of the vendor, it could be terminated at any time. It was used by the department as a guide to determine who was participating in the program—a practice employed by Blue Cross hospitalization. It would admittedly be useless to send a client to a nonparticipating vendor—just as it would be to be admitted to a hospital under Blue Cross when the institution was not participating in their program. The department asked for participants to identify themselves because it has been the experience of the department that a great number of the association members do not agree with the decisions made by the association, and therefore would bill the patient over and above what the department would pay for services. This in direct opposition to the objectives of the AMA program; to provide the thousands of our needy aged with medical care without stripping them of their life savings, and thereby reducing them to welfare status, making them dependent on the State.

The report says "* * * most physicians held in abeyance the signing of this contract until the matter could be clarified."

The physicians did not sign the statement after being so advised by a committee of the West Virginia State Medical Association, headed by President D. E. Greenelch of Wheeling.

The report continues that it was stated it was agreed that representatives of the three major vendor groups would be asked to confer with legislative leaders and administrative personnel in the drafting of any future legislation and/or the issuance of regulations concerning the Kerr-Mills program.

The department of welfare has always conferred with these groups concerning permanent changes in programs. It would be irrational to institute any changes in any programs that are conducive to the best interests of the programs or persons involved.

In attempting to show there was adequate money to run the program, the medical group refers to monthly expenditures for the fourth quarter of 1961 as being: "September, \$311,649.77; October, \$301,064.95; November, \$539,833.80. * * *"

Here again the association conveniently or purposely overlooks pertinent facts and figures that enables it to make misleading statements. The above figures do not carry any representation of the \$1.75 million incurred during the 3 months. By prorating the \$1.75 million over the 3 months (to include the 90-day remittance period allowed vendors) adds an estimated \$500,000 to each month's expenditures—putting them all over the \$800,000 mark and November well over \$1 million—a rate of expenditures arrived at 6 months ahead of schedule. The report also does not mention the \$500,000 released to the fund by the board of public works, yet the association's president, in a letter to Commissioner Smith on January 18, 1962, recognized this release and used it as a basis for restoration of physician's fees to the prior December 1 rate.

"Dr. Greenelch and Mr. Lively (president and executive secretary, respectively, of the West Virginia Medical Association) also reiterated two earlier recommendations (in letters to Commissioner Smith): (a) that joint district review committees be established to examine vouchers submitted and settle any local dispute: (b) that a joint conference committee be established to meet at monthly intervals to make periodic evaluations and formulate modifications in the Kerr-Mills program."

This paragraph in the report would leave one to believe these recommendations have long been in the offering. They were not presented until the department requested they be officially submitted. The two specific proposals were drawn up at a meeting of the council of the West Virginia State Medical Association at the Daniel Boone Hotel in Charleston, January 14, 1962.

The report says " * * * no attempt was made to obtain the cooperation of physicians, hospitals, and pharmacists before issuing the orders to cut fees * * *."

Experience dictated there was no need nor was there time to seek cooperation. Expenditures had to be cut sharply and quickly to maintain a balance in the fund, if indeed a balance was left. Past meetings with participating groups nearly always included requests for increased fees.

In the same vein, the association quotes a United Press International story by Carlo Salzano, dated December 6, 1961, quoting Commissioner Smith referring to the hospital association, "Why give them any forewarning? This was an emergency measure and, anyway, I knew they would not agree with it." The association adds its comment: "This does not appear to be a cooperation-seeking attitude."

Quoting two paragraphs above the quotation used by the medical association, Commissioner Smith says that he met with the [hospital] association three or four times during the year to discuss the program and, Smith said, "All they wanted to talk about was raising fees."

Referring to national publications regarding the MAA program in West Virginia, and specifically articles citing abuses of the program by a few physicians, hospitals, and pharmacists, the report says, "It should be pointed out that representatives of the West Virginia State Medical Association had urged the formation of review committees to the State commissioner of welfare long before the alleged 'crisis' was announced. However, the urgings of the physicians were ignored."

The report is inferring the association had knowledge of these abuses—however, again, no committee for the MAA program was mentioned until such was requested by the commissioner. The committees referred to in the report may be those discussed with the commissioner by Dr. James S. Klumpp, chairman of the association's committee on medical economics, for the review of public assistance recipients only.

The report next turns to the appearance of Commissioner Smith before the house of delegates, sitting as a committee of the whole, January 23, 1962. From the transcript, the association lifted specific replies by the commissioner as well as choice comments by the questioners, again, to intimate incompetence by the

department. It says, "The State pharmaceutical association offered to the department 'free of charge' a person to look over any irregularities in vouchers from pharmacists. Commissioner Smith did not accept the offer."

At the time of the offer this would have been a superfluous act, in that the department paid, under their rules, exactly what was billed by pharmacies. This was under an authorized drug list, prepared by a doctor on the department's staff and in the event of a questionable voucher, the auditor merely determined if the drug was on the list.

The committee hearing, the report says, "brought out" that "some 30,000 applications were taken for the Kerr-Mills program in West Virginia, and only 18,000 used the program. This meant, said (Hon. Jack L.) Miller, that "there were 12,000 applications taken that we didn't need."

This is called preregistration, and was done at the request of and to the benefit of the vendors, so that they may know who is eligible. This, while time consuming for the department in the beginning, is a welcome tool for both the vendor and welfare department in the expediting of medical services and care for the acutely needy.

It was "brought out" that "West Virginia had the most liberal MAA criteria among all the States and this was one of the reasons why eligibility requirements had to be tightened. The criteria was under the control of Commissioner Smith."

This is the whole crux of the program: eligibility. To provide medical care for that segment of our population not indigent and yet not solvent to the extent they can financially weather medical problems in their fading years. As Harold B. Meyers, associate editor of the monthly news magazine USA-1, puts it in his article, "The Right To Be Well," the problems surrounding these senior citizens is how to pay their medical bills "without liquidating their economic futures or abdicating their equally vital self-respect." The eligibility requirements had to be tightened for the same reason payments to vendors (with the exception of physicians) had to be reduced; a low balance in the fund.

Inconsistency on the part of Mr. Smith is claimed, and he is quoted as saying, "Kerr-Mills program had not failed in West Virginia" and he would "prefer the social security approach as the only adequate means of financing it"; and later, "I do not feel policies set away from the State can be as effective as those set in a State."

The association has apparently missed the point altogether in this line of testimony before the committee. The commissioner said then, he has said before, and will probably say again the Kerr-Mills program in West Virginia has not failed to meet the needs of the people it has served; and that the social security approach, however, is the only adequate means of financing such a medical care program. His statement concerning policies set away from the State for a State program, refers to the practice of the Federal Government putting blanket rules for all States taking advantage of a particular program. It is very clear that rules suited for West Virginia would not work in the best interests of those concerned for the same program, say in Alaska, for a graphic comparison. Commissioner Smith maintains on any program where a State is involved and responsible, there should be greater latitude with respect to the State's administration of the program. If the Federal Government is providing 100 percent of the cost, it is, of course, their privilege to set the rules and regulations. And it would be reasonable to assume if the Federal percentage is 70 percent, they would be expected to dictate the majority of procedures for dispersing the funds.

The report says, "The record is clear that the medical profession and others interested in success of the operation tried as long ago as last July to persuade Mr. Smith to take a realistic look with them, at the problems attending administration of the medicare program. They got nowhere."

This is without question a breach of truth. The Kanawha Medical Society, the State medical association's committee on medical economics, numerous physicians, the State hospital association, pharmaceutical groups—all, since before last July and on numerous occasions after, conferred with, corresponded with, and talked with the commissioner, and at no time did they indicate any concern or officially suggest any revisions in the administration of the MAA program. Commissioner Smith was in attendance at the pharmaceutical association convention at White Sulphur Springs August 14 and 15, and later on the 25th and 26th, at the same resort hotel, was in attendance at the State medical association convention, and at no time during these two periods was

he approached officially with any suggestion on which to act upon a reasonable curtailment of the program.

The association places strong emphasis on problems attending administration of the medicare program. The association hints at the Department's lack of interest in this area and their vital concern with this phase of the program.

At a May 16, 1961, conference with Dr. P. A. Tuckwiller, Dr. John Lutz, and Dr. William B. Rossman, of the local medical society, Commissioner Smith discussed administrative problems brought to him by these representatives. They included: billing procedure; form procedure; eligibility requirements to be sent to doctors; agreement to the Commissioner's interest in having medical review boards scale eligibility of beneficiaries; more adequate salaries and additional social service workers to help protect the available funds; and coverage and fees—expressed the feeling while some fees considered by many doctors as quite adequate, a few others are considered by many doctors as totally inadequate and unrealistic. And it was pointed out that since two doctors worked out the original schedule they couldn't be considered adequate representation of the medical profession. And in the letter of items discussed at the West Virginia State Medical Association meeting on November 12, 1961, 18 days prior to the 2-month emergency, there was no mention of any concern among the members as to the future of the program. Save for one paragraph saying the council feels the degree of investigation made at the county level, tends toward a positive determination of fiscal eligibility not warranted by the actual conditions. The remainder of the letter, sent to all members of the State association, dealt with the problem of whether a physician has the right to charge fees over and above the MAA service fee if the physician feels the client or his family has the money to do so. To do so, however, would be an infraction of the basic principles, objectives, and rules governing the program in West Virginia.

This report by the medical association is only a part of their vast and concentrated campaign to defeat the bill now before Congress to place the medicare under social security, which surely is the sensible approach to such a vital and long-reaching program. The association's report, thrown loosely together with misleading quotes, totally false information, and distorted figures, designed to throw aspersions on the Department of Welfare for its operation of the program, can only be taken as a representation of other publications and information released by the medical association. And would lead one to question, if not the authenticity, the motive behind the association's overzealous attempts to discount the true reasoning behind the near failure of MAA in West Virginia.

The public service committee of the Ohio County Medical Society summed up the MAA situation in a letter to the editor in the Wheeling News Register, October 8, 1961. The letter was in reply to an editorial previously written and printed in the paper. The letter said in part, " * * * The Kerr-Mills law, referred to in your editorial can be realistically implemented (if our State legislature will really try) to supply almost limitless medical care and facilities to those who need help * * *"

This, the Kerr-Mills bill can do without question, with unlimited financing, an open-end appropriation. But can West Virginia in the midst of its uphill struggle from its depressed condition, afford this bill to the detriment of roads, schools, mental hospitals, and industrial attraction, essential for the final boost and West Virginia's full reawakening during its centennial year?

Mr. WEIL. Senator, we have Mr. Frazee.

STATEMENT OF MR. FRAZEE, AMERICAN ASSOCIATION OF RETIRED PEOPLE

Mr. FRAZEE. Honorable Senators, I am a member of the AARP and my main purpose here this afternoon is to correct a boo-boo that our representative made this morning. I think you were a great enough man, Senator Smathers, and I want you to know that in the opinion of most Floridians, you are just about par with Senator Kefauver. Could I state something about the organization?

Senator SMATHERS. What is it?

Mr. FRAZEE. The American Association of Retired People.

Senator SMATHERS. Oh, sure.

Mr. FRAZEE. Every 2 years they have insurance openings. This year our membership dues are \$2 a year and this year they have new out-of-hospital plans, which start at \$7.50 a month and pays 80 percent of your doctors' bills, your drugs, or other itemized medical expenses after the first \$100 a year. Now, I am living on drugs, the only drawback is you have to be a member 6 months before your present condition is taken care of, but I have looked at a lot of hospital plans, a lot of medical plans and until you people come up with something, this is pretty good. Thank you, sir.

Mr. WEIL. Tax Collector Mrs. Cornelius Paul of Volusia County.

**STATEMENT OF MRS. CORNELIUS PAUL, TAX COLLECTOR,
VOLUSIA COUNTY, FLA.**

Mrs. PAUL. Senator Smathers, Senator Long, Senator Randolph, and members of the panel. I just want to say as tax collector of this county I have many people who come into my office, the year before most of them were rather secure. I just had a lady come in the other day, her husband had been ill for 3 years, she said, "Mrs. Paul, I have mortgaged our home, I know I can't pay the mortgage, I will now get a small amount of money from the social security now that my husband has passed on, now, what would you advise me to do? I know I cannot pay the mortgage, if I could get a little bit of money out of the home, maybe a thousand dollars above what we have in it, then maybe I could go to the old folks' home and spend the rest of my days." And at that she burst into tears. This is just one example, I have many, many problems, I know when they come in and they have been secure, medicine takes it away from them, they can't survive unless they have some help on social security with their medical expenses. I see all these homes and wonder what this home and this home and this home is on this list for and then I know something is wrong, it is not the ability to pay, it is just they haven't got the money to pay. Now, in this hospital in Volusia County I was listening to the doctors this morning, it is very, very nice for them, with due respect to Doctor Blais, we are paying every single cent, you are contributing this year \$1,227,000 to operate these hospitals in Volusia County. Yet, how many of you, unless totally indigent, go to that hospital and get one single bit of medical care, you cannot.

We are living in a changing world, we must regard that, we have got to do things differently than what we did along with the Founding Fathers. Senator Smathers, Senator Randolph, and Senator Long, I hope that you will please do something for our aging citizens. Thank you.

Mr. WEIL. Mr. Smith, over here, is going to give up his right to speak because he was going to take up just a little too much time, but he has handed me his prepared statement.

Senator SMATHERS. Without objection, Mr. Smith's statement will be inserted in the record at this point.

(The prepared statement of Mr. Smith follows:)

PREPARED STATEMENT OF CHARLES H. SMITH

Mr. Chairman, at the outset, I would like to state that while I intend to give the record of our association on medicare, I am speaking only as an individual. During 1958-60 our civic association of retired citizens with a membership of 1,200 citizens, voted to support the Forand bill which provides for a public health insurance program on the national level, administered under the Social Security Act, and I was authorized to indicate our support to your chairman, Senator Smathers, Senator Holland, and Congressman Herlong. I was interested enough to contact also Senators Humphrey, Hart, McNamara, Morse, Kennedy, Case, Congressmen Ford, Forand, Speaker Rayburn, Secretary of Health, Education, and Welfare, Mr. Abraham Ribicoff and others expressing my endorsement of this legislation and requesting their support. In fact, I expressed my great interest and endorsement to everyone whom, I believed, might be a "friend in court"—and later on even to President Kennedy and Vice President Johnson. I personally wrote many editorials which were published in various papers in Florida, Michigan, and Washington, D.C., all in support of the Forand bill and Senator Kennedy, the presidential nominee who had declared for medical aid for the aging. I mention this only to indicate my very great interest in this legislation which I earnestly hope will be enacted into law by the present Congress.

I think everyone here recognizes the great need for legislation which will provide the much-needed assistance in the health field for our 16 million aging citizens. I could hardly believe my eyes when I read in the Congressional Record of January 9 last year, the statement of Senator Humphrey that the average income of persons over 65 years of age is less than \$1,000 per year; that according to Public Health Service among persons 65 and over, only 46 percent have any form of hospitalization insurance and only 37 percent have any kind of surgical insurance. With only these meager financial and insurance resources our aging citizens must meet the rising costs of hospitalization and medical care.

So the only issue, it seems to me, is how these problems of health care for the aging can be solved most efficiently, most economically, and on a sound actuarial basis. I believe the King-Anderson bill will accomplish this objective.

My position regarding this legislation is very ably summarized by Mr. Ribicoff and I quote him very briefly: "With or without Kerr-Mills—the program to cover only the indigent—the indigent always have been taken care of in this country. The wealthy take care of themselves. The people who aren't taking care of themselves are the great middle class. The wealthy are taken care of by the Government through the fact that, after age 65, medical costs are deductible 100 percent from income taxes. So the people who talk most against the social security approach—many of the wealthy of this country—are the greatest beneficiaries, under the tax laws, of medical care for the aging."

Mr. Chairman, these are the citizens I am speaking for—the great middle class of senior citizens. Most of us are able to maintain our modest homes and we are self-supporting until we face the financial and psychological impact of serious and often catastrophic illness which eventually overtakes all of us during these later years. Then, with the high cost of medical care, expensive drugs and hospitalization—we are in serious trouble. The small nest eggs are rapidly absorbed by doctors' fees, expensive prescriptions, and hospital costs. The modest home may have to be mortgaged to meet them, and if the loved one passes on, more heavy funeral expenses are incurred.

Two days ago, on February 12, we celebrated the birthday of a great American President, Abraham Lincoln, who said this and I quote: "The legitimate object of Government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot do so well themselves in their separate and individual capacities."

This principle expressed by Mr. Lincoln applies to this legislation—an adequate public health service program for the aged on the national level—and his words are as valid today as when he uttered them 100 years ago.

Mr. Chairman, I most earnestly and respectfully urge that you give your active support to this legislation. The need is self-evident; the remedy has been long delayed, and we sincerely believe that the great majority of citizens want it and will applaud your favorable action regarding it.

Thank you for your kind attention.

Mr. WEL. Senator, we have Mr. C. J. Cone.

STATEMENT OF C. J. CONE, DAYTONA BEACH, FLA.

Mr. CONE. Gentlemen and ladies, I am not going to mention any names, but my name is C. J. Cone, I am 73 years of age and I have lived here 39 years. I am the man who forgot to grow old. The fallacy in medicine, you are all being blamed and misled into the use of medicine, I never use it, you can by thoughts and food accomplish much. Remember that I am older than you, I have been on pension for many years, but they took my army pension away from me because I made \$28 too much over the \$1,400 after I lost my wife in July of last year.

Senator SMATHERS. Mr. Cone, we would appreciate it if you had something you had to write, we would be glad to accept it, this meeting has got to adjourn, we have to catch a plane at 4:30 and all of us have got to get together and get to the airport.

At this point I will insert various letters I have received and statements from people who were unable to appear in person.

(The material referred to follows:)

PREPARED STATEMENT OF DAYTONA BEACH YOUNG WOMEN'S CHRISTIAN ASSOCIATION, SUBMITTED BY MRS. ROBERT PALMER, PRESIDENT

The Young Women's Christian Association feels that:

With increasing population of persons over 65 in Florida, the State and counties should not have to bear the burden of assistance to persons whose taxes during their earning years were paid in other States.

Furthermore, that individuals should be able to accumulate reserves toward adequate health care during their earning years, so that they may be self-sustaining when prolonged and expensive medical care becomes necessary without the exhaustion of all their resources which would be sufficient to take care of normal living expenses for that period of their lives.

Therefore, the Daytona Beach Young Women's Christian Association goes on record as supporting legislation which would provide health care for the aging under social security.

PREPARED STATEMENT OF IONE K. ODOM, DAYTONA BEACH, FLA.

I am against hospital and medical payments for the future aged (the present are not eligible anyway) through social security because many, as I, are covered through our company group hospitalization insurance now and for as long as we work and live. We would be paying again for something we already have and prefer.

A question I would like answered.

Federal and city employees are not covered by social security. If the social security plan is not good enough for them why should it be forced upon us who are fortunate enough to be employed in private industry?

And please don't let legislation be passed this year or any year, to become effective in future years where social security payments are concerned.

Social security is the biggest "humbug" that ever befell our wonderful country.

PREPARED STATEMENT OF UNITED CHURCH WOMEN OF THE HALIFAX AREA

Because it is during the declining years that individuals face the highest incidence of illness, sometimes unforeseen, often critical and prolonged; and

Because the spiraling costs of medical care make it impossible for all but a few to finance out of their private means such extensive medical expenses;

We feel that health care for the aging should be placed under social security.

Adequate health care can and should be paid for during the earning years, eliminating the requirement for a means test, thus maintaining individual self-respect and dignity.

Included should be provision for hospital care with the patient's free choice of hospital and doctor, nursing home care, also diagnostic and outpatient service. Therefore, we, the United Church Women of the Halifax area, support legislation providing for health care for elderly persons under social security.

Voted by the United Church Women of the Halifax area in monthly business session, Tuesday, February 13, 1962.

PREPARED STATEMENT OF WILLIAM NETSCHERT, M.E., RETIRED

This statement is being submitted after the invitation of the subcommittee, which announced its local hearings at Daytona Beach, Fla., on February 14, 1962, in Mainland High School.

Formerly deputy chief of research and statistics, New Jersey Division of Employment Security. Employment security consultant, Florida Legislature, 1961 session. Unofficial employment security adviser to the Honorable A. S. Herlong, member of the Committee on Ways and Means, of the 85th, 86th, and 87th Congresses. Past president, Central New Jersey Statistical Society, at Princeton University. Former member: American Statistical Association and of the Industrial Relations Research Association. Independent essayist on employment security problems. Correspondence certificate, Industrial College, Armed Forces.

RELATED QUOTATIONS AND EXPRESSIONS OF OPINION

"We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution of the United States of America."

Article I—"Section 3(A). The Senate of the United States shall be composed of two Senator from each State, chosen by the legislature thereof, for 6 years; and each Senator shall have one vote." (Changed by amendment XVII, to make them "elected by the people," in 1913, and thereafter.) "Section 7(A). All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills."

"From each according to his ability, to each according to his need." Paraphrased from recently published reiteration of the Communists manifesto.

* * * "Conceived in liberty and dedicated to the proposition that all men are created equal" (from Abraham Lincoln's Gettysburg address).

"We put those payroll contributions in there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my social security program." (From the Congressional Record for Tuesday, June 21, 1960, p. A5324, col. 1, par. 3; Ray M. Peterson, Actuarial Society of America, quoting President Franklin D. Roosevelt.)

"Has the blend become so bland as to blind us to blunders? We need to know more about the kind of economic organisms that we have created in the social security and railroad retirement systems. Legislation enacted today sets in motion forces which reach far into the future. In order to measure the significance of such forces, we need to appreciate that those retirement programs are dynamic instrumentalities. They are growing economic organisms. They have builtin features which generate and guide the pattern of growth. We must detect symptoms in their growth behavior which may portend future trouble." (From the Congressional Record for Tuesday, June 21, 1960 p. A5324, by Ray M. Peterson, in paper before the Actuarial Society of America.)

"The state, in order to assure a self-reliant and responsible citizenry necessary for democratic government, agreed to enter upon a mutually advantageous contract with each productive citizen. In effect, a contract of cooperation replaced the age-old paternalistic obligation, at least for a large segment of our people. The absence of conscious understanding of the concept of cooperative contract in American insurance programs is most likely to cause error when persons in high places, with the best of intentions, propose modifications in the program which alter this basic concept. This has already occurred in emergency legislation of 1958 to extend unemployment insurance benefits as a substitute for relief." Writing in the same vein in the Cornell Labor Relations quarterly, Dean Brown, of Princeton University, gave four "guidelines for future policy,"

showing his deep concern for "the dignity and responsibility of the individual as opposed to growing sanctions of the state." Dean Brown is one of the surviving authors of social security in the United States.

"Ever since medical care for the aged became a political issue early in 1960, it has generated an atomic lot of heat and a minimum of reality. Even today many people wrongly seem to believe the issue is medical care or no medical care. This is the result of another case of undue emotion in Washington * * * a surge of sympathy misdirected toward an excess of government. There are no facts and figures of course as to how many people there are over 65 who need and want medical or hospital care and don't get it. Whatever their number, no one in this enlightened country wants anyone to suffer from that lack. The problem, has been and now is to find the most sensible way to see that they don't." This by Maurice Stans, former Director of the National Budget, quoted in an article in the Miami Herald.

"If you know what questions to ask, the problem is half solved." This basic principle of investigation was discovered by Lydia Parrish.

"Meat Is More Needed Than Manna * * *. The fate of social security contributory systems has been written. It hinges on repetition or alteration of past policies of fiduciary management. To date that history is an object lesson in what not to do. Unless the lessons learned from past mistakes are heeded, the fate of those systems in social security can be described in two words by Theodore Roosevelt—innocuous desuetude." This I have extracted from my own essay "What Fate for Employment Security in the United States," using an author's privilege of alteration.

"What is past is prologue" has been indelibly fixed in many minds by its inscription on the National Archives Building in Washington. It is pertinent to this discussion.

ARGUMENT

To the above quotations from those whose competence is above question, I wish to add two opposing views by Members of Congress, addressing themselves to recent and current bills before Congress or bills made into law by the 87th Congress.

Senator Harry Byrd, in his release to the press of his March 16, 1961, report to the Senate on H.R. 4806, stated: "* * * through the imposition of a Federal tax, employers of 39 States would be (and now are) required to contribute to the benefits paid unemployed in 9 States where, in violation of the program's principles, employers and States are not taking care of their own."

Congressman Cecil R. King of California, on the Ways and Means Committee of the House, issued a press release on June 14, 1961, to describe his bill, H.R. 7640, as having a purpose to make permanent the "equalization" in Public Law 87-6 (to which Senator Byrd had originally voiced protest) promising: "The bill which I have today introduced * * * would strengthen (?) our existing Federal-State unemployment compensation program (sic) and additional programs and provisions which will constitute sound and desirable bulwarks, etc."

Mr. Stans put his finger on the nub of the issue of enlarged social security. He has cited the problem. Could it be that the old system of 1935, with its presently augmented additional titles XI to XV and the ways and means chapters of the Internal Revenue Code, numbering five, has not yet reached the limit of its potential? Or, may we assume that Congress has run out of issues to put before the people to relieve themselves of responsibility of decision. The question is rhetorical, since social security has been a political football from the very beginning—why else should it have been necessary for President Roosevelt to naively boast—it could not be done?

Have the Members of Congress, especially Senators, who sponsored S. 791 in the 86th and a similar bill in the 85th—have the Members asked themselves why it has been so necessary to continually tinker with social security, and why it cannot simmer down to the canopy of separate titles that distinguish benefits "as a matter of right" based on past contributions, from benefits "as a matter of need" based on grants-in-aid to the States, for that purpose.

Just because the U.S. Supreme Court has put itself into a legalistic corner, is no reason why Congress should be relieved of the responsibility for exercise of prudence. Benefits are paid on a wage base. Yet past "contributions" under the Internal Revenue Code have been declared to be "taxes" on the one hand, while on the other the benefit schedules fit the condemnation in *Lane v. Wilson* that the Constitution "nullifies sophisticated as well as simple-minded

modes of discrimination." For longer than 20 years all the States were deliberately discriminating in their unemployment statutes, in either the simple minded or the sophisticated fashion. Members of the Senate should have copies of my essay in their files. There lies a test of their responsibility to see the "justice" promised by our Constitution. But also, the old-age pension system has been tinkered with since 1935, in 1939, 1946, 1950, 1952, 1954, 1956, 1957, 1958, and 1960. On the record, the citizen seems justified in asking: Does Congress really know what it is doing? Why is all this tinkering necessary? What is behind it? Who is behind it, and for what purpose? Surely Members of Congress cannot be so dumb that nothing they have done will stand up, in law; as "Friendship 7," when put to the test, in engineering.

The answer lies in failure of constitutional trust obligation.

The answer has evaded those with experience in government. They know that Congress has been playing political football with social security, just as did the city machines like Tammany, and the Hagues, and the Prendergasts. Those machines were not theoretical practitioners in sociology, not hemmed in by the narrowing influences of formal higher education, which makes academic sociologists think themselves to be experts in all the branches of social security, contributory and needful, even though they have lacked the practical operating experience needed in each, to become expert.

Congress has taken onto itself so much responsibility in so many directions from Washington, it doesn't have the time to think enough about anything to become effective in it. Why should it be necessary for members of the Senate to say exactly that, in reply, when warned of technical pitfalls in legislation being put before them.

From this viewpoint it does not then seem strange that a subcommittee of the Senate should be holding local hearings on matter before a committee of the House, overlooking the courtesy due a member of that committee from this congressional district to be present. Why put him and the legislative delegation from this county "on the spot," for local criticism, for not promoting what the subcommittee invited the public to tell them, by their own party.

So too has the subcommittee put the better informed and interested citizens "on the spot" by a general invitation to testify on something the committee-at-large cannot discuss until it has been passed by the House, for their "advise and consent." For, if such citizens had not attended, they must forever hold their peace, even though denied an opportunity to testify, because representatives of national lobbies in Washington, on the local level, absorbed all the available time. This is not democracy. Nor is it legitimate operation of a republic, where representation is the mode of government by consent of the governed. Thus the fear of Dean Brown about "errors in high places" can be extended beyond the promotion of programs, to corruption of the processes of government in a republic. Virginia was perfectly fended by Senator Byrd.

It leaves those who are informed with facts, no other alternative but to send statements like this, with the expectation they will be included in the record of the hearings. This writer offers no apology for commenting on old age pensions, from an administrative background in employment security. Has not the Finance Committee called on Prof. Wilbur Cohen of Michigan for a book, full of advise on employment security, out of an academic career in theoretical sociology.

It requires no greater erudition, than that needed by a Senator, to permit one to discover the fraud in the schedule of primary old age monthly benefit allowance, based on past wages. Roosevelt wanted benefits to be allowed as a matter of right from contributions. The contributions, or taxes (whichever you wish) have been uniformly assessed for periods controlled by past amendments cited above. One could expect therefrom some uniform rate of pensions on wages, or to be more exact, some graduated scale of rates based upon past equities. Nothing of the sort is given the public upon inquiry, as will be demonstrated below from agency publications printed in accordance with law.

Primary old-age pensions compared to past wages of record (a demonstration of unconstitutional monetary discrimination)

[This is the most important problem of aging in 1932, since 1935]

Average monthly wages	Percent of wages in pension	Factor of equity	Index of discrimination	Average monthly wages	Percent of wages in pension	Factor of equity	Index of discrimination
\$16.67.....	240	1.000	0.000	\$150.....	48.7	0.199	0.801
\$20.....	200	.833	.167	\$200.....	42	.175	.825
\$30.....	150	.625	.375	\$250.....	38	.158	.842
\$40.....	100	.417	.583	\$300.....	35	.146	.854
\$50.....	80	.333	.667	\$350.....	31.1	.130	.870
\$75.....	60	.250	.75	\$400.....	31.75	.135	.860
\$100.....	59	.246	.754				

NOTES.—Factor of equity is percentage of monthly benefits received at any level in schedule, divided by the highest percentage ratio of benefit evolved by the schedule.

Index of discrimination is one minus the factor of equity. In the present schedule, raising the minimum monthly pension to \$40 increase shows discrimination, because it raised the benefit-to-wages ratio of all who show more than \$50 per quarter, but less than \$40 per month. On the basis of endowment management, with annuity financing, different pensions may be self-insured, without paternalistic Government intervention. Simple mathematics of annuities shows that the present combined tax of 6 percent of wages, compounded quarterly since 1936 (25 years) could provide 15 years of pension (to age 80) at 22.75 percent of a constant wage each quarter. On the same basis, the same 6 percent of wages paid quarterly would insure the same 15 years of pension at 66.5 percent of constant annual wages for 45 years. All this on the assumption of a 4-percent interest rate, now paid on deposits, retained in savings and loan institutions, insured by home loan legislation. Because the trust fund income paid by the Treasury is only 2 percent per annum, it becomes obvious that 50 percent of average monthly wages cannot be supported by the old-age pension system, unless posterity's promise in the Constitution is violated.

When the Government pays 2 percent per annum, the compounding is further reduced to a 38-percent pension for 15 years on a 45-year annuity of 6 percent of wages, and a 20-percent pension for 15 years on a 25-year annuity of 6 percent of wages.

There remains to be considered the fear of aging without adequate medical care. But the word "adequate" has just as much uncertainty in medicine as it has in sociology or in the labor market. Perhaps "satisfactory" would be a better measure of the practice of medicine on the aging.

Beginning with availability, consulting the yellow pages of this little community, on the road to Miami, one will learn that there are 77 physicians and surgeons listed. Of these, 18 say they practice general medicine. But of the 18, 10 will treat by appointment, 2 indicate a speciality on the side. Thus, only 6 out of 77 physicians and surgeons in Daytona Beach unreservedly promise general practice, if called upon.

Then again, who is willing to make house calls. If one has had a cerebral thrombosis and the member of the hospital staff, who certified entrance therein, does not make house calls, whom shall the restricted convalescent call upon, if the office of the hospital staff member considers calls for advice to be a nuisance.

Obviously Congress has no control over the medical profession, save for socialized medicine under which the profession is subject to assignment by some authority of the Federal Government with district responsibility.

Then again, consider oversolicitude in which the patient is periodically reminded that another office call is due, until the patient has to remind the examining physician or specialist that no more attention is needed to repair past damage, healed in recuperation. What can the Government do, if it must compensate for that kind of certified need? Who will be the judge, the adjudicating committee of the county medical society, or the field inspector of the Federal Government, which controls the insurance allotments.

How, too, will the Government determine whose need is less or greater in getting which kind of service—the general practitioner, the surgeon, or the specialist?

Then consider hospital care. As it is now, the hospital knows as much about the private contract a policyholder has, as does the holder of the policy himself, and perhaps more, from more experience with more kinds of policies in force with more companies. Where does the Government fit, if it insures everyone with the same contract, at the same time at any convenient location to someone or some agency of Government?

Finally, are there those who have died or are dying, because they did not get the care they needed or now need from private practice of medicine?

Considering how the Federal Government has taken upon itself the adoption of the skill and ingenuity of the professions of engineering and science to the purposes of the New Frontier, while the art and skill of manufacture of dependable minutia (parts) remains anonymous and unknown, what may be expected. If medicine's art and skill became another facet of that New Frontier, will the shortages in both medicine and engineering be alleviated by bureaucratization, or will they be enhanced, as now, by the threat of conformity in Government supervision and the competition of mediocrity rewarded with high wages and complete security of job.

The Senate of the United States lost its high dignity of office when the Constitution was amended in 1913 to require that its Members run for election or reelection, as virtual representatives at large. There is no need for senatorial committees to travel about the country looking for advice from the electorate who already have Representatives of the people, to whom the people may now express opinion and desire, as originally intended in the Constitution. Senators should be acting in Congress to further the interests of the governments of the States.

The United States of America has thus become the subject States of America because the sovereign States must now lean on the Federal Government for anything and everything of internal import, because they lack that type of advocate in the Halls of Congress. How else could it have been possible for the Senate to have pushed through H.R. 4806, by two lean votes, under Executive pressure, to make it Public Law 87-6; this to create a fiscal fraud upon 39 States, under pressure from the vested interests, which caused 9 of them to incur deficits on top of which they are to receive rebates at the expense of the frugal 39. How else could this senatorial weakness be exploited by the vested interests through expectation that the fraud in Public Law 87-6, might soon become public policy through the passage into law of H.R. 7640 to make it permanent national policy, under the hypocritical premise that it would strengthen the employment security system.

The most important problem of aging now is not the prospect of lack of medical care, because it is not now under social security. The most important problem now facing the aging is not that the old-age contributory pension system lacks provision for medical care. The most important problem of aging, at all ages, is the fact that the contributory old-age pension system has been corrupted by the fraudulent manner in which past wages are being compensated on the basis of taxes uniformly levied upon past wages.

There is no point in making a partisan or other political issue out of medical care in old age, until the inequities of old-age insurance have been removed and an honest system of old-age pensions created out of the ashes of the old one.

Senator SMATHERS:

FEBRUARY 1962.

This question may, at first glance, seem irrelevant, but upon consideration, I believe it will be found to be pertinent.

Since many elderly people will become mentally ill in their waning years and will be confined in mental institutions; and since it is a fact that mental institutions now do not permit their inmates uncensored communication with the outside world through the U.S. mails, which is often the only channel of communication the patient could use since the hospital is usually far removed from his home or family, when can we look forward to legislation which will require mental institutions to insure to their patients the uncensored use of the U.S. mails, remembering these people are sick, not criminal?

I would suggest a mail chute in the congregation rooms of the hospitals, to which only an employee of the U.S. post office has access.

For further information on this point, I refer you to the article in the current Reader's Digest on this subject.

Question asked by:

Mrs. J. FRANK ISAAC,
2009 South Peninsula Drive, Daytona Beach, Fla.

PETERSBURG, FLA., February 6, 1962.

DEAR SENATOR: After the retirement hearings, the writer handed you a prepared statement that time did not permit being read on the allotted TV time.

Basically, it contained the fact that under the Railroad Retirement Act not all wives of a retiree can elect to take a reduced annuity at 62; in fact, nothing at all until their husband is 65; this discriminates against a wife who is older than her husband.

On a related subject: The railroad retirement fund is running at a \$77 million yearly deficiency. Legislation will be necessary to put it on a stable basis; in my opinion the retiree would benefit more from medical care under social security (Florida Blue Cross has increased its rates) (railroad retirement) than an increase in pension pay.

The writer deeply appreciates your past and present interest in the industry, that helps it to compete with its subsidized competition.

With best personal wishes, I am,

Sincerely yours,

GEORGE D. BRADLEY.

1653 CORDOVA AVENUE, HOLLY HILL, FLA.,
February 15, 1962.

Senator OREN E. LONG,
U.S. Senate, Washington, D.C.

DEAR SENATOR LONG: Some of the people who attended the hearing held at the Daytona Beach High School yesterday on medical insurance for the aged wanted me to write to you and to express their sincere appreciation of the open stand you took on the King-Anderson bill.

Evidently they feel that you are one of the real champions of this cause and they are looking forward to you taking an important part in its passage when it comes up in the Senate again.

I have traveled over a good portion of the United States in the last year, and I find a mounting prejudice against the stand the average medical doctor takes and a growing faith in the King-Anderson bill or any plan by which the program would be attached to the social security program. As one of the speakers expressed it at the meeting, the social security program is a success and a growing number of people seem to feel that it can be just as successful as a means of providing hospitalization and other medical care.

I think it was Senator Hubert Humphrey who pointed out that the program could be administered at less cost under social security because the numbers are already established.

Sincerely yours,

JAMES W. HANSON.

Thereupon, Senator Smathers adjourned the subcommittee hearing at 3:40 p.m.

