

Social Security Amendments of 1967: Summary and Legislative History

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WITH THE SIGNING on January 2, 1968, of H.R. 12080, the Social Security Amendments of 1967 became law. When President Johnson approved the law he stated:

Because of social security, tens of millions of Americans have been able to stand straighter and taller unafraid of their future. . . . Measured in dollars of insurance benefits, the bill enacted into law today is the greatest stride forward since social security was launched in 1935.

These amendments will raise the amount of benefit payments to the almost 24 million beneficiaries now getting benefits and will improve the protection provided under the social security program for all present and future contributors and their families.

The most significant changes in the social security program are:

1. A 13-percent increase in old-age, survivors, and disability insurance benefits, with a minimum monthly benefit of \$55 for a person retiring at or after age 65 (or receiving disability benefits).

2. An increase from \$35 to \$40 in the special age-72 payments.

3. An increase from \$1,500 to \$1,680 in the amount a person may earn in a year and still get full benefits for that year.

4. Monthly cash benefits for disabled widows and disabled dependent widowers at age 50 at reduced rates.

5. A liberalization of the eligibility requirements for benefits for dependents and survivors of women workers.

6. An alternative insured-status test for workers disabled before age 31.

7. New guidelines for determining eligibility for disability insurance benefits.

8. Additional noncontributory wage credits for servicemen.

9. Broadened coverage of clergymen and mem-

bers of religious orders who have not taken a vow of poverty.

10. An increase in the contribution and benefit base from \$6,600 to \$7,800, beginning in 1968.

The amendments include the following significant changes in the welfare and child health provisions of the Social Security Act:

1. Establishment of a new work incentive program for families receiving aid to families with dependent children.

2. Provision of earnings exemptions under the AFDC program.

3. A limitation on Federal matching in AFDC programs for families with an absent parent.

4. Expansion of social services.

5. Modifications in the medical assistance program.

6. Federal support for the training of social work personnel.

7. Increased authorizations for child welfare services.

8. Increased authorizations and improvements in the child health program.

Background and Legislative History of the Insurance Provisions

The history of these amendments reflects a long and thorough evaluation on the part of Congress and the Administration of how the social security

Over the last third of a century in America we have proved that people who earn their living can make their lives better and more secure if they divert part of their incomes to protect themselves from the twists of fortune that face all men. Our challenge for the coming years is to see if we can extend that same human insurance and human dignity to persons who are not able to buy their own protection. Our challenge is to save children.

PRESIDENT LYNDON B. JOHNSON

January 2, 1968

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program could best be improved and expanded in light of both the needs of the American people for more meaningful protection against financial insecurity and the economic impact of these improvements on taxpayers and on the general economy.

This extensive study of the social security program was initiated at the request of President Johnson. On March 15, 1966, the President signed the Tax Adjustment Act of 1966, which included the provision of special payments under the social security program to certain uninsured individuals aged 72 and over. The President announced at that time that he had directed the Secretary of Health, Education, and Welfare "to complete a study of ways and means of making social security benefits more adequate—while keeping the program financially sound." The proposals resulting from this study were to be ready for the President to present to the 90th Congress, which was scheduled to convene in January 1967. In a speech before members of the National Council of Senior Citizens on June 3, 1966, the President reaffirmed his intention to recommend improvements in social security benefit levels, saying that this would be "a major objective of this administration."

During the summer of 1966, the Department of Health, Education, and Welfare conducted studies and investigations into the most vitally needed improvements to the program and the best methods of financing these improvements.

On October 12, 1966, President Johnson gave an address at the Annual Honor Awards Ceremony of the Social Security Administration conducted at the headquarters in Woodlawn, Maryland. In that address he announced some of the major aspects of the social security proposals to be included in his recommendations to Congress. Foremost was a proposal for an increase in social security benefits averaging "at least 10 percent." In addition, a special minimum monthly benefit of \$100 for workers regularly employed for 25 years in jobs covered under social security, a liberalized retirement test, and health insurance for social security disability beneficiaries were recommended. President Johnson emphasized that this was not an inclusive list and that more proposals would be recommended to the new Congress. He also took that occasion to laud the Social Security Administration on its work in implementing the Medicare program.

Under revised estimates for the cash benefits program made in the summer of 1966, almost 75 percent of the cost of the proposals in the President's speech could be financed under the schedule of contribution rates set by the 1965 amendments. The cash benefits program had a favorable actuarial balance under the new cost estimates that took into account higher earnings levels and other favorable factors that had developed since the estimates on which the 1965 legislation was based were made. The new estimates indicated that the regular cash benefits part of the program was overfinanced by about three-fourths of 1 percent of the taxable payroll—an amount sufficient to finance about an 8-percent increase in cash benefits.

The news that an 8-percent benefit increase could be enacted immediately without any additional financing caused a sudden flurry of Congressional activity concerning social security legislation in the closing days of the 89th Congress. In the week following the President's address, several bills were introduced in Congress to increase social security benefits. The House Ways and Means Committee held executive sessions during that week and, at the conclusion of these sessions, Chairman Mills announced that the Ways and Means Committee had decided to postpone further consideration on social security proposals until the new Congress convened the following year. Chairman Mills stated the Committee's view that there should be public hearings concerning the proposals and that there was not time to conduct hearings before adjournment.

PRESIDENT'S RECOMMENDATIONS TO CONGRESS

On January 23, 1967, President Johnson sent to Congress his special Message on Older Americans. This message embodied the President's recommendations concerning elderly citizens, which he had outlined in his State of the Union Address given on January 10.

Included among the President's recommendation for social security were:

- (1) A benefit increase of at least 15 percent for everyone on the rolls.
- (2) An increase in the regular minimum monthly benefit from \$44 to \$70.

(3) A special minimum monthly benefit of \$100 for workers with 25 years of coverage.

(4) An increase to \$50 a month for the "special age-72" payments.

(5) Cash benefits for disabled widows.

(6) Increase in the annual exempt amount under the retirement test to \$1,680 and in the \$1-for-\$2 adjustment span to \$2,880.

(7) Broaden coverage of agricultural employees.

(8) Transfer credits to social security for Federal employment under the civil-service or foreign-service retirement systems if benefits are not payable under the system when the worker retires, becomes disabled, or dies.

(9) Health insurance for social security disability beneficiaries, and a comprehensive study by the Department of Health, Education, and Welfare of the problem of including the cost of prescription drugs under Medicare.

(10) A 3-step increase in the contribution and benefit base to \$7,800 in 1968, \$9,000 in 1971, and \$10,800 in 1974.

(11) Increases in the scheduled contribution rates for cash benefits resulting in an ultimate rate of 5.0 percent in 1973 for employees and employers each instead of 4.85 percent (but no increase in the ultimate contribution rate for the self-employed of 7.0 percent).

ACTION IN THE HOUSE

On February 20, Chairman Mills introduced—on behalf of the Administration—H.R. 5710, embodying the President's recommendations as outlined in the Message on Older Americans, along with a great many other, less significant benefit improvements and a number of technical changes.

On March 1, the Ways and Means Committee began consideration of H.R. 5710 by conducting public hearings on the proposals with Secretary of Health, Education, and Welfare John W. Gardner as the first witness for the Administration. The public hearings ended on April 11 and the Committee went into executive sessions on the bill the following day. The Ways and Means Committee conducted more than 60 sessions of executive hearings during the following months. The Committee explored in detail the various provisions of the bill—some 76 social security and welfare provisions—and also examined various alternative and additional legislative proposals.

Chairman Mills introduced H.R. 12080 on August 3 (cosponsored by Representative John W. Byrnes, the ranking minority member of the

Ways and Means Committee), which reflected the Committee's decisions concerning the President's recommendations. H.R. 12080 was reported to the House of Representatives by the Committee on August 7 and was passed by the House after 2 days of debate on August 17, with only minor technical amendments by a vote of 415 to 3.

The major social security cash-benefits provisions of the House bill were as follows:

(1) A benefit increase of 12½ percent with a \$50 minimum (rather than 15 percent and a \$70 minimum as recommended by the President);

(2) Special age-72 payments of \$40 (rather than \$50);

(3) Benefits for disabled widows and widowers with the benefits reduced and payable only at or after age 50;

(4) Liberalized eligibility requirements for the dependents and survivors of women workers;

(5) An increase in the annual exempt amount in the retirement test to \$1,680;

(6) Extension to all workers disabled before age 31 of the alternative insured-status test provision now provided workers disabled by blindness before age 31 for both freeze and benefit purposes;

(7) A clarification of the basic definition of disability;

(8) Additional noncontributory social security wage credits of \$100 a month for active military service;

(9) Coverage of clergymen and members of religious orders (including those under vows of poverty) automatically unless they elect to be excluded on grounds of conscience;

(10) Liberalization of the reduction of social security disability benefits for certain people also receiving workmen's compensation;

(11) A one-step increase in the contribution and benefit base to \$7,600 in 1968 (rather than three steps ultimately reaching \$10,800).

Several significant cash benefit proposals contained in H.R. 5710 were not in H.R. 12080 as passed by the House. Among these are:

(1) The \$100 special minimum benefit;

(2) Transfer of Federal employment credits;

(3) Broader coverage of agricultural employees;

(4) Cash benefits for the parents of retired and disabled workers and benefits for children who lived with and were dependent on workers who were not their parents.

H.R. 12080 also contained a number of changes in the health insurance provisions of H.R. 5710. The House-passed bill did not contain any provision for covering the disabled under Medicare.

In its report on the bill, the Committee on Ways and Means stated that a major factor in the Committee's decision not to include the Administration's recommendation was that data which first became available while the proposal was being considered indicated that the per capita cost of providing health insurance for the disabled would be considerably higher than the cost of providing it for the aged. The estimated difference between the cost of Medicare for the disabled and for the aged raised questions on the most equitable way of financing Medicare coverage—especially medical insurance coverage, half the total cost of which is met by the beneficiaries themselves. The Committee deferred action on the proposal recommending extension of Medicare to the disabled, and, instead, included in H.R. 12080 a provision under which an Advisory Council would be appointed to study the question of extending Medicare to the disabled, including ways of financing this protection. Recognizing that there was a problem with regard to the financing of medical insurance protection for the disabled, the Administration modified its recommendations in the Senate to request that hospital insurance protection be extended to the disabled immediately and that further study be made of the possible methods of financing supplementary medical insurance protection for the disabled.

Other health insurance changes in the House bill included:

- (1) Addition of a provision under which the number of days of inpatient hospital services covered in a spell of illness would be increased from 90 to 120 days.
- (2) Addition of new medical insurance payment procedures under which the physician, or the patient if the physician fails to submit a proper claim, could in certain circumstances be reimbursed on the basis of an unpaid, itemized bill.
- (3) Addition of a provision under which the Department of Health, Education, and Welfare would be given authority to experiment with alternative methods of reimbursing hospitals under titles V, XVIII, and XIX which would provide incentives to keep costs down while maintaining quality of care.
- (4) Addition of a provision under which the Secretary would be required to conduct a study of the need for, and make recommendations on, the coverage of services of additional types of health practitioners under the supplementary medical insurance program.
- (5) Addition of a provision under which physical therapy services furnished to an outpatient in his

home under the supervision of a hospital would be covered under the supplementary medical insurance program.

(6) Deletion of the provision which would require the coordination of medicare reimbursement with State health facility planning.

(7) Deletion of the provision under which the prohibition against health insurance payments to Federal providers of services would be eliminated.

(8) Revision of provisions of H.R. 5710 simplifying Medicare reimbursement. The revision included provisions (a) making the medical insurance deductible and coinsurance provisions inapplicable to charges for radiology and pathology services furnished by physicians to hospital inpatients and (b) consolidating all coverage of outpatient hospital services under the medical insurance program.

Shortly after House passage of H.R. 12080 on August 17, the Chairman of the Senate Committee on Finance, Russell B. Long, announced that it would hold public hearings on the bill beginning on Tuesday, August 22. The Secretary of Health, Education, and Welfare was the first witness at these hearings. Secretary Gardner recommended the restoration in the bill of the more liberal cash benefit provisions originally proposed by the Administration, including the larger benefit increases, future step increases in the contribution and benefit base to \$10,800, and removal of the age restriction and reduction in benefits in the provision relating to disabled widows and widowers. The Secretary also urged the Committee to include a provision for making hospital insurance benefits available to disabled beneficiaries.

Public hearings on H.R. 12080 before the Finance Committee lasted until September 26 at which time the Committee went into executive sessions on the bill.

EXTENSION OF SMI GENERAL ENROLLMENT PERIOD

As consideration of H.R. 12080 by the Senate Finance Committee continued into September, concern was expressed over the effect the pending legislation might have on the premium rate for the supplementary medical insurance program (SMI) which was scheduled to be announced before October 1. If, as appeared very likely at that time, the pending legislation were not enacted before October 1, a premium rate announced in September would have had to be based on existing law. Some provision then might later

have been needed to modify the premium in order to recognize the cost of the SMI provisions under the amended law.

In the absence of a change in the October-December 1967 general enrollment period, the late enactment of the major social security legislation then pending could have had several untoward results. It could, for instance, have meant that the pending legislation could not be taken into account by persons deciding whether or not to enroll or to terminate their coverage. Many people might have failed to make their decision before the end-of-the-year deadline. Furthermore, it would not have been possible to arrange for the preparation and distribution of informational materials about the new legislation needed by potential enrollees to make an informed choice.

Consequently, on Wednesday, September 20, Representative Mills, Chairman of the House Committee on Ways and Means, introduced a bill, H.R. 13026, which made both permanent and temporary changes in the schedule for announcing the premium rate and in the general enrollment periods. The temporary provision extended to March 31, 1968, the 1967 general enrollment period, scheduled to end December 31, 1967. The Secretary could postpone announcement of the premium rate beyond October 1 but would have to announce it before January 1, 1968. The current \$3 a month premium rate would continue through March 31, 1968, with the new premium rate taking effect the following April 1. (The new premium rate of \$4 was announced on December 30, 1967.

The bill also permanently changed the dates of future general enrollment periods to January-March of each year, rather than October-December of every odd-numbered year. The premium rate announcements and effective dates were also changed to provide that the premium would be announced in December of each year, to take effect the following April 1.

After a brief hearing, the Committee deleted the permanent changes made by the bill and reported out H.R. 13026 with only the temporary changes. (The permanent changes were later incorporated into H.R. 12080.) The bill was passed by the House of Representatives by voice vote on September 27, and by unanimous consent of the Senate on the next day. It was signed as

Public Law 90-97 by President Johnson on September 30, 1967.

THE FINANCE COMMITTEE BILL

The Finance Committee's executive sessions on H.R. 12080 were conducted from October 4 to November 14, at which time the Committee bill was reported to the Senate. The Senate Finance Committee bill contained several of the cash-benefit provisions as they had been recommended by the Administration rather than as they had been modified by the House. They include:

- (1) A 15-percent benefit increase, with a \$70 minimum;
- (2) A three-step increase in the contribution and benefit base to \$8,000 in 1968, to \$8,800 in 1969, and to \$10,800 in 1972;
- (3) An increase to \$50 in the special age-72 payments;
- (4) Full-rate benefits for disabled widows and widowers regardless of age.

The Finance Committee also added a number of provisions to H.R. 12080 and made changes in others. The major additions and modifications in the cash benefits area include:

- (1) Eligibility age for benefits was lowered from age 62 to 60 for all categories of aged beneficiaries, with the benefits payable before age 62 reduced according to the principles applied to benefits payable before age 65.
- (2) An increase in the annual exempt amount of the retirement test to \$1,680 for 1968 and a further increase in the exempt amount to \$2,000 for 1969 were provided.
- (3) Child's insurance benefits were made available to a disabled son or daughter if his disability began before age 22 rather than age 18 under prior law.
- (4) Disability insurance benefits were provided for those blind persons who have at least 6 quarters of coverage, without regard to their ability to work.
- (5) A provision under which a child's benefits would not stop when the child married if the child was under age 22 and a full-time student and, in the case of a girl, if her husband was also a full-time student, was added.
- (6) Coverage was extended to domestic employment performed in an employer-employee relationship by a parent for his son or daughter in circumstances in which it may be assumed that there is a need for the parent to perform the work.
- (7) A number of modifications were made in the provisions under which State and local government employees are covered.
- (8) The provision for coverage of clergymen was

modified by deleting the proposed extension of coverage to members of religious orders who have taken a vow of poverty.

Changes in the health insurance provisions of the House-approved bill adopted by the Committee include the following:

(1) A provision permitting benefits for physicians' services to be paid to the patient on the basis of an unpaid bill was substituted for the similar but more complex provision in the House bill.

(2) A provision for a lifetime reserve of 60 days of inpatient hospital benefits to be available when the beneficiary has exhausted the 90 days of care covered in a "spell of illness" was substituted for a provision in the House bill that would increase to 120 the number of days of inpatient hospital care covered during a "spell of illness."

(3) Adoption of the provision in the House bill to expand the definition of physician to include a doctor of podiatry and further expansion of the definition to include a licensed chiropractor and a doctor of optometry.

(4) A provision to permit the beneficiary to receive partial benefits for services received in certain non-participating hospitals if the patient was admitted before 1968 and a similar provision with respect to emergency admissions occurring after 1967.

(5) Addition of a provision to permit payment to the beneficiary for inpatient hospital services furnished in a country contiguous to the United States by a hospital not more than 50 miles from the United States border and more accessible than the nearest suitable United States hospital.

(6) Expansion of the additional coverage of physical therapy services provided in the House bill to include coverage of outpatient physical therapy services under the SMI program when they are furnished by or under the supervision of providers of services, approved clinics or rehabilitation centers, and local public health agencies.

(7) Addition of a provision to permit States to purchase hospital insurance coverage for State and local government employees (and their dependents aged 65 or over) who do not otherwise have such protection.

(8) Addition of a provision under which the general enrollment periods of the SMI program would be placed on an annual basis, rather than biennial, and run from January 1 through March 31, instead of October 1 through December 31 as under the old law.

(9) Addition of a provision, similar to one in H.R. 5710, under which the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures by hospitals or other health facilities for major capital items in determining the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX of the Social Security Act.

(10) Expansion of the provision in the House bill for incentive reimbursement experimentation to health care organizations under titles V, XVIII, and

XIX to provide authority for experimenting with alternative reimbursement methods for physicians' services.

(11) Addition of a provision to require the Secretary to study and report to the Congress before January 1, 1969, the possible effects of enacting proposals to cover prescription drugs under Medicare and to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the Federal-State assistance programs and the hospital insurance part of Medicare.

ACTION ON THE SENATE FLOOR

On November 15, the Senate began consideration of the bill reported by the Finance Committee. During the Senate debate, which concluded on November 22, a number of amendments were adopted, including the following:

(1) Revision of the liberalization of the retirement test to provide for a \$2,400 annual exempt amount and a \$1-for-\$2 reduction applicable to annual earnings between \$2,400 and \$3,600.

(2) Payment of benefits to a wife or mother with an entitled child aged 18-22 in her care if that child is entitled to benefits as a full-time student and is in an elementary or secondary school.

(3) Elimination of all substantive language clarifying the definition of disability.

(4) Benefits for children who were legally adopted by a worker after he became entitled to disability benefits under certain conditions.

(5) Study by the Social Security Administration on the question of providing an increase in social security benefit amounts for people who delay their retirement.

(6) Disability benefits for a blind individual with at least 6 quarters of coverage even if he is engaging in substantial gainful activity.

(7) Limitation on payment for drugs under the hospital insurance program (and under title XIX) to "qualified drugs," mainly those to be listed in a formulary set up by a Formulary Committee, and establishment of a "reasonable charge" basis for determining the amount of benefits payable for drugs after June 30, 1970.

(8) Option for providers of services for reimbursement on the basis of the average per diem costs for persons of all ages (rather than on the often lower costs for beneficiaries aged 65 and over) or on another basis that would assure the provider reasonable cost but take into account the costs incurred by other institutions in the locality for comparable levels of care.

(9) Expansion of the definition of "physician" to include a State licensed or certified psychologist.

On Wednesday, November 22, the Senate passed H.R. 12080 by a vote of 78 to 6. After the Thanksgiving recess, on December 5, the House and

Senate conferees met to settle the differences between the two versions of the bill.

The bill reported by the conferees was much closer to the House-passed bill than the bill as approved by the Senate. The conference committee agreed to a social security cash benefit increase of 13 percent with a minimum benefit of \$55 and restored various welfare provisions of the House bill that the Senate had deleted. The conference committee report was then quickly agreed to by the House of Representatives, by a vote of 388 to 3. On December 15, after 2 days of debate, the Senate approved the report by a vote of 62 to 14. On January 2, 1968, H.R. 12080 was signed by President Johnson and became Public Law 90-248.

Summary of Major Provisions: OASDI Amendments

BENEFITS

General Benefit Increase

The law provides an increase in benefit payments averaging 14 percent, with an across-the-board increase in cash benefits of at least 13 percent beginning February 1968 and an increase in the minimum primary insurance amount from \$44 to \$45. The average monthly benefit paid to all retired workers (with or without dependents) already on the rolls is increased from \$86 to \$98. The increase for a retired worker with no dependents is from \$82 to \$94, and the increase for a retired worker and his wife is from \$145 to \$164. Monthly benefits will range from the new minimum of \$55 to a maximum of \$168.40 for retired workers on the rolls in January 1968, who began to draw benefits at age 65 or later.

The increase from \$6,600 to \$7,800 (effective January 1, 1968) in the amount of annual earnings that is taxable and that can be used in the benefit computation results in an ultimate maximum monthly benefit of \$218, based on average monthly earnings of \$650. The higher maximum retirement benefit will be payable to workers who are now young and who consequently will be paying contributions on these higher amounts of earnings over a considerable period of time before

they retire. The higher earnings base will also increase benefit amounts significantly for the large proportion of older current contributors earning above \$6,600 though they will be paying on these higher amounts for a shorter time. For example, a man aged 50 in 1968 who earns \$7,800 a year until he is 65 (about one-third of the group earning above \$6,600 is aged 50 or older) will get a benefit of \$188.80 at age 65—21.8 percent higher than he could have gotten under the old law.

Special Payment to Those Aged 72 and Older

The special payments to people aged 72 and older are raised from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Limitation on Spouse's Benefit

The law limits the amounts of the wife's, dependent husband's, remarried widow's, or remarried widower's insurance benefit to a maximum of \$105. This limitation does not affect anyone now on the rolls. For the wives of workers retiring at age 65 the limitation has no effect until 2001. For the wife of a young worker who becomes disabled it can have an effect beginning in 1970. For the wife of a person who works past age 65 it can have an effect beginning in 1972.

Change in Retirement Test

Effective for taxable years ending after 1967, a beneficiary can have annual earnings of \$1,680 and still get all his benefits for the year; if his earnings exceed \$1,680, \$1 in benefits will be withheld for each \$2 of annual earnings up to \$2,880 and for each \$1 of earnings thereafter. He will get benefits, regardless of the amount of his annual earnings, for any month in which he earns \$140 or less in wages and does not render substantial services in self-employment.

Dependents of Women Workers

Dependency of a child on his mother.—The law provides that a child would be deemed dependent

on his mother and could become entitled to benefits based on her earnings if at the time she died, retired, or became disabled, she was either fully or currently insured. Thus, a child could get benefits based on his mother's earnings record under the same conditions as those under which a child can become entitled to benefits based on his father's earnings. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement, or disability) is required unless the mother was actually supporting the child.

Requirements for husbands and widower's insurance benefits.—The law removes the requirement under which a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

Expedited benefit payments.—The law provides for a formal method of expediting payment of retirement and survivors insurance benefits on the basis of a written request. A request can be filed only after a specified time has elapsed after the last requested evidence was submitted and, if payments are due, they will begin within 15 days after the date of the request. The provision is effective July 1, 1968.

Simplification of certain computations using pre-1951 earnings.—The law provides for a simplified method of (a) computing benefits when earnings before 1951 are included in the computation and (b) determining quarters of coverage for the period before 1951 when quarters of coverage in this period are needed to establish insured status. Under this provision, it will be possible to determine insured status and benefit amounts through electronic processes in many cases in which manual processes have been required.

Amendments to the Disability Program

Benefits for disabled widows and widowers.—The law provides that disabled widows (including divorced wives) and disabled dependent widowers of insured workers will be eligible after attain-

ment of age 50 for reduced benefits, with the amount depending on the age at which entitlement begins. A disabled widow or widower entitled to benefits at age 50 will receive a monthly benefit amounting to 50 percent of the spouse's primary insurance amount. Where entitlement begins at a later age the monthly benefit amount will range from up to 71½ percent of the primary insurance amount at age 60 (the same proportion that is received by the widow who chooses to receive actuarially reduced aged widow's benefits at that age) to 82½ percent of the primary insurance amount at age 62 (the same proportion as the full-rate benefit payable to the aged widow or widower at that age). The widow or widower must have become totally disabled before or within 7 years after the spouse's death, or, in the

Major Accomplishments Social Security Amendments of 1965 and 1967

1. Total social security benefits, including Medicare payments, rose from an annual rate of about \$17 billion to an annual rate of about \$30 billion—an increase of about 75 percent.
2. Medicare was created. It now provides hospital insurance for 19½ million people aged 65 and older, and supplementary medical insurance for 17.9 million.
3. Cash benefits were increased an average of 23 percent.
4. The value of benefits, when Medicare is also counted, increased 35 percent for the average beneficiary.
5. The minimum cash benefit payable at age 65 increased 37.5 percent—from \$40 to \$55.
6. The amount of earnings a beneficiary can have in a year without causing the withholding of any benefits increased 40 percent—from \$1,200 to \$1,680.
7. Annual earnings creditable for social security purposes increased 63 percent—from \$4,800 to \$7,800.
8. The ultimate maximum cash benefit for a worker contributing on the basis of higher creditable earnings increased 72 percent—from \$127 to \$218.

9. Whole new categories of beneficiaries were added. These included students 18 to 22, disabled widows and widowers at age 50, and certain persons 72 and older. A total of 2,123,000 beneficiaries was added by the 1965 and 1967 amendments: 1,658,000 by the 1965 legislation (this figure includes 730,000 entitled under a provision enacted in 1966), and 465,000 by the 1967 legislation.

case of a widowed mother, before or within 7 years after the end of her entitlement to benefits as a mother. The 7-year period will protect widows and widowers until they have had a reasonable opportunity to work long enough to be insured for disability benefits through their own earnings.

The test of disability for disabled widows and widowers is somewhat more restrictive than for disabled workers and childhood disability beneficiaries. Determinations of disability in the case of a widow or widower will be made solely on the level of severity of a medically determinable impairment (without regard to such factors as age, education, and work experience, which are considered in disabled worker cases). The disabling impairment must be of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity (as distinguished from "substantial gainful activity"). Once an individual meets the initial test and is found disabled, he would be considered disabled as long as his impairment precluded his engaging in substantial gainful activity.

Insured status for workers disabled while young.—The law extends to all workers disabled before age 31—regardless of the nature of their disability—the alternative insured-status requirement provided under previous law for workers disabled by blindness before age 31. Under this alternative, any worker disabled after attaining age 24 and before age 31 will be insured for disability benefits if he has quarters of coverage in at least half the calendar quarters elapsing after attainment of age 21 and up to and including the quarter of disablement. Any worker disabled before age 24 will be insured if he has quarters of coverage in at least half the 12 quarters ending with the quarter of disablement.

Liberalized definition of blindness.—The law substitutes for disability-freeze purposes the less strict definition of blindness used in the Internal Revenue Code (central visual acuity of 20/200 or less, commonly called "industrial blindness") for the present statutory definition of blindness (central visual acuity of 5/200 or less). This definition of blindness will also apply for benefit purposes in the case of the blind worker who is aged 55 or over and who can meet the alternative

(occupational-type) definition of disability. The worker under age 55 who is industrially blind and able to establish disability for freeze purposes on this basis will still have to meet the regular definition of disability—inability to engage in any substantial gainful activity—for benefit purposes.

Extension of retroactivity of disability applications.—The law allows 36 months (instead of 12 as previously allowed for disability applications) after termination of disability for the filing of a disability-freeze application by an individual whose mental or physical incapacity was the reason for his failure to file a timely application. Applications filed by or on behalf of such individuals within the extended period would not result in additional retroactive benefits but would permit the time during which the individual was disabled to be disregarded in subsequent determinations of whether they are insured for social security benefits or of the amount of such benefits.

Definition of disability.—The law retains the present definition of disability for workers and adults disabled since childhood and adds language that clarifies the definition. It specifies that to be found disabled an individual must have an impairment so severe that he is unable to engage in any kind of substantial gainful work that exists in the national economy. This means work that exists in significant numbers in the region in which he lives or in several regions of the country, but without regard to whether a specific job vacancy exists for him, or whether he would be hired if he had applied for work. The clarifying language will better enable the courts to interpret the law in accordance with the intent of Congress. This more detailed definition of disability is consistent with existing regulations and policy. The effect of the amendment is to provide a statutory basis for these regulations and policies, thus helping to assure uniform evaluation of disability.

Disability benefits affected by the receipt of workmen's compensation.—The law amends the provisions that limit the amount of social security benefits that can be paid to a disabled worker and his family when he is also eligible for workmen's

compensation. In some cases, social security disability benefits are reduced by the amount by which the combined social security and workmen's compensation benefits exceed 80 percent of the disabled worker's average monthly earnings during his 5 consecutive years of highest covered earnings after 1950. Under previous law, this average did not reflect that part of his earnings in excess of the social security earnings base. Thus, for a disabled worker whose actual earnings in covered work during his highest 5-year period exceeded the earnings base, the reduction could result in combined benefits of considerably less than 80 percent of his actual previous earnings. The amendment provides for inclusion of earnings in excess of the earnings base in computing the average earnings over the highest 5-year period for purposes of determining the amount of combined benefits that can be paid.

COVERAGE

Coverage of Clergyman

The services that a clergyman, Christian Science practitioner, or member of a religious order (except a member who has taken a vow of poverty) performs in the exercise of his profession will be covered automatically under the self-employment provisions unless, within specified time limits, he submits a statement that he is opposed to having his professional services covered under social security or other public insurance on grounds of religious principles or conscience. Clergymen who elected coverage under previous law will continue to be covered.

Additional Wage Credits for Servicemen

The covered earnings of a person on active duty in the uniformed services (including active duty for training) will be deemed to be \$300 more than his basic pay in a calendar quarter, except that the deemed additional covered earnings will be \$100 when his basic pay in a calendar quarter is \$100 or less, and \$200 when his basic pay in a quarter is over \$100 but is not over \$200. The deemed additional covered earnings are intended to take into account the fact that the regular con-

tributory social security coverage of a serviceman reflects only his basic pay and does not include certain cash increments or the substantial value of payments in kind, generally counted as wages in other covered employment. The social security trust funds will be reimbursed from general revenues for the additional cost of paying the benefits resulting from this provision.

Retirement Income of Retired Partners

Certain partnership income of retired partners will no longer be taxed or credited for social security purposes. The provision specifies certain conditions that must be met to assure that the income is in fact retirement income.

Exemption From Social Security Tax for Members of Religious Sects

The time is extended for filing for exemption from the social security self-employment tax by members of religious sects (mainly, the Old Order Amish) conscientiously objecting to insurance. Those who had self-employment income for taxable years ended before December 31, 1967, have until December 31, 1968, to file for exemption. For those who first receive self-employment income in a taxable year ending on or after December 31, 1967, an application for exemption will be timely if filed by the due date for the income tax return for the year in question; it will also be valid if filed within 3 months following the month in which the person is notified by the Internal Revenue Service that a timely application has not been filed.

Family Employment

Domestic service by a parent in the employ of his son or daughter is covered when it may be assumed that there is a need for the parent to perform the work. The employment will be covered in a calendar quarter if the employer has in his home a son or daughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, and the em-

ployer either is widowed or divorced, and has not remarried, or has a spouse in the home who is incapable of caring for the employer's son or daughter for at least 4 continuous weeks in the quarter.

Exclusion of Certain Payments under Employer-Established Plans

Payments made to an employee or any of his dependents are excluded from the definition of wages, for social security credits and tax purposes, if (a) the payments are made pursuant to an employer plan; (b) the payments begin upon or after the termination of the employee's employment; and (c) the termination was because of death, or retirement for disability or at an age specified in a plan of the employer. The exclusion does not apply to any payment which would have been made even if the employment relationship had not been terminated, or to any payment made upon or after termination of employment, if such termination is for any reason other than death, or retirement because of age or disability.

State and Local Government Employees

Several improvements were made in the coverage of State and local government employees. These changes include (1) providing for compulsory coverage (under the self-employment provisions) of employees compensated solely on a fee basis, if the State does not cover them; (2) adding Illinois to the States that may extend coverage under the "divided retirement system" and Puerto Rico to the States that may cover policemen and firemen who are under a State or local retirement system; and (3) providing for the coverage of firemen, on a restricted basis, in the States where such coverage is not otherwise permitted.

Other Cash Benefit Changes

Benefits for child adopted by surviving spouse.—The law provides that a child adopted by the surviving spouse of a worker may qualify for benefits on the worker's earnings record if adop-

tion proceedings had begun before the worker died, even if the adoption is not completed within 2 years after the worker's death.

Benefits for child adopted by disabled worker.—The law provides that a child who was legally adopted by a worker after he became entitled to disability benefits may receive child's benefits if all the following conditions are met: (1) the adoption was supervised by a child-placement agency; (2) the adoption was decreed by a court of competent jurisdiction within the United States; (3) the adopting parent had continuously resided in the United States for at least 1 year before the date of adoption; and (4) the child was under age 18 when the adoption took place.

Overpayments.—The law provides that, when the person who received an overpayment is alive, the overpaid benefits may be recovered by requiring the beneficiary to refund the overpayment or by withholding the benefits payable to him or to any other person entitled to benefits on the same earnings record. (Under present law this is specifically authorized only in death cases.) In addition, any beneficiary who is liable for repayment of an overpayment, whether such payment was made to him or to another person, will be able to qualify for waiver of recovery of the overpaid amount if he is without fault, and if he meets the other conditions prescribed in the law.

Under another provision, benefits paid on the basis of erroneous official reports of death issued by the Department of Defense would be lawful payments for months before the reports are corrected.

Underpayments.—The law provides that payment of any amounts due an individual under the cash benefits program that are not paid before his death are to be made in the following uniform order to: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on

the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

Limitation on payment of benefits to aliens outside the United States.—Under the old law, an alien who was outside the United States for 6 consecutive months had his benefits withheld under certain conditions. The new law changes this provision so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days. As under the old law, once the 6-month period has elapsed and benefits have been suspended, a person would have to return to the United States for a full calendar month in order for his benefits to be resumed.

The new law also provides that the 10-year-residence and 40-quarters-of-coverage exceptions to the alien nonpayment provisions will not apply after June 1968 to any alien who is a citizen of a country that has a social security system of general applicability under which benefits would not be paid to United States citizens who are living outside that country. (Payment will continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

In addition, benefits will not be payable for months after June 1968 to an alien living in a country in which the Treasury ban on payments is in effect with respect to benefits for that month. Any amounts accumulated through June 1968 for aliens who are living in countries where payment cannot be made will be limited to benefits for a 12-month period and will not be payable to anyone other than the person from whom they have been withheld or a survivor who is entitled to benefits on the same earnings record.

Summary of Major Provisions: Health Insurance

METHOD OF PAYMENT TO PHYSICIANS UNDER SMI

The two methods for payment of charges by physicians (and others whose services are covered

under the medical insurance program on a reasonable charge basis) provided for under the Social Security Amendments of 1965 have been retained with but one change: The new law eliminates the requirement that the beneficiary must pay the physicians' charges before he can be reimbursed under the program. Thus, the law permits payment either to the patient on the basis of an itemized bill (which can be either paid or unpaid) or to the physician under the assignment method.

ADDITIONAL DAYS OF HOSPITAL CARE

For services furnished after December 31, 1967, the law provides that each Medicare beneficiary will have a lifetime reserve of 60 days of added coverage of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 per day will be applicable to these added days of coverage.

INCENTIVE REIMBURSEMENT EXPERIMENTATION

The law authorized the Secretary of Health, Education, and Welfare to experiment with various methods of reimbursement to organizations and physicians under Medicare, Medicaid, and the child health programs that would provide incentives for limiting costs of the programs while maintaining quality care. The experiments would involve only those physicians and organizations that volunteer to participate in such experiments. No experiments will be initiated until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the possibilities of securing productive results.

SIMPLIFICATION OF REIMBURSEMENT TO HOSPITALS FOR CERTAIN SERVICES

For services furnished after March 31, 1968, the law (1) provides that the full reasonable charges (no deductible or coinsurance payments) will be paid under the SMI program for covered radiology and pathology services furnished by physicians to hospital inpatients; (2) consolidates all coverage of outpatient hospital services under

SMI by transferring coverage of outpatient hospital diagnostic services from the hospital insurance program to SMI.

INCLUSION OF PODIATRISTS' SERVICES

The new law covers beginning January 1, 1968, the services of doctors of podiatry or surgical chiropody under the SMI program. Routine foot care whether performed by a podiatrist or a doctor of medicine is, however, excluded from coverage.

SERVICES IN NONPARTICIPATING HOSPITALS

The law provides limited coverage for inpatient services (whether or not emergency services) furnished to beneficiaries admitted before 1968 to qualified nonparticipating hospitals; under this provision, benefits equal to 60 percent of the room and board charges plus 80 percent of the ancillary charges will be paid directly to the individual. A similar provision relating to hospital admissions on or after January 1, 1968, applies to payment for emergency inpatient services in cases where the hospital does not choose to bill the program for all such services furnished to beneficiaries during the year.

OUTPATIENT PHYSICAL THERAPY SERVICES

For services furnished after June 30, 1968, the law covers, under the SMI program, outpatient physical therapy services furnished by physical therapists employed by or under agreement with and under the supervision of hospitals and other providers of services, as well as approved clinics, rehabilitation centers, and public health agencies. Such services will be covered whether or not the patient is homebound.

SMI ENROLLMENT PERIODS

The law places the general enrollment periods for the SMI program on an annual basis to run, beginning in 1969, from January 1 through March 31. During December of each year, the Secretary of Health, Education, and Welfare will determine and promulgate the premium rate to be applicable for the 12-month period beginning with the fol-

lowing July 1. Persons wishing to disenroll may do so at any time. Such disenrollment will not take effect, however, until the close of the calendar quarter following the quarter in which the notice of disenrollment is filed.

SMI UNDERPAYMENTS

The law authorizes the Secretary of Health, Education, and Welfare to settle claims for unpaid medical insurance benefits in cases where the beneficiary dies and the bill for covered services has not been paid. In such cases, payment would be made to the physician (or other provider of health services), but only if the physician (or other provider of services) agrees to accept the reasonable charge for the services as his full charge.

The law also provides that amounts that are due an individual under the medical insurance program and not paid before his death would be paid first to the person who paid for the services. If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate, if there is one. Then the law provides that the following uniform order of payment (similar to that for cash benefits) be followed: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

Financing Changes

The favorable long-range actuarial balance of 0.74 percent of payroll that the previous program had under the revised cost estimates for the program as amended in 1965 was sufficient to finance a substantial part of the cost of the cash benefit improvement under the new law. The remaining cost of the cash benefit provisions and the cost of the hospital insurance provisions will be financed

by: (1) an increase in the contribution and benefit base from \$6,600 to \$7,800 (effective January 1, 1968) and (2) a revised contribution rate schedule for the cash benefits.

The contribution rate schedule under the law is shown in table 1. The contribution rate increases provided for by the 1967 amendments will be slight. There will be no increase in the total contribution rate (4.4 percent each for employees and employers) for 1968, and the rate for 1969 will actually be reduced—from the 4.9 percent previously scheduled to 4.8 percent for employees and employers, each. The ultimate contribution rate for cash benefits will be increased from 4.85 percent to 5.0 percent beginning in 1973, and the ultimate rate for hospital insurance will be increased from 0.80 percent to 0.90 percent beginning in 1987—a total increase of only one-fourth of 1 percent over the contribution rate scheduled under prior law. The cash benefits part of the social security program, as amended by the 1967 amendments, has a positive actuarial balance of 0.01 percent of taxable payroll, and the hospital insurance part has a positive actuarial balance of 0.03 percent. The changes in SMI under this law also account for part of the premium increase from \$3 to \$4 that was announced December 30, 1967. About 23 cents of the \$1 increase was for this change in SMI benefits. (For a detailed description of the financial basis of the social security amendments, see the article that follows.)

In commenting on the legislation, Wilbur D. Mills, Chairman of the House Committee on Ways and Means, stated on September 27, 1967:

The Committee on Ways and Means has recently completed a most exhaustive reexamination of the contributory wage-related social security program. The program is actuarially and financially sound. Moreover, the revisions incorporated in the House-passed bill not only increase the present benefits for both older retired persons and the future benefits of younger persons now contributing to the program but strengthen both the wage-related and contributory features of the program.

Senator Russell B. Long, Chairman of the Senate Committee on Finance, also endorsed the financing of the program in his statement of December 13, 1967, when he said:

The conferees worked long and hard to make absolutely certain that the social security system is without question financed on an actuarially sound basis.

TABLE 1.—Contribution tax schedule under the new law

[Percent]			
Period	Total	OASDI	HI
Employer-employee (each)			
1968.....	4.4	3.8	0.6
1969-70.....	4.8	4.2	.6
1971-72.....	5.2	4.6	.6
1973-75.....	5.65	5.0	.65
1976-79.....	5.7	5.0	.7
1980-86.....	5.8	5.0	.8
1987 and after.....	5.9	5.0	.9
Self-employed			
1968.....	6.4	5.8	0.6
1969-70.....	6.9	6.3	.6
1971-72.....	7.5	6.9	.6
1973-75.....	7.65	7.0	.65
1976-79.....	7.7	7.0	.7
1980-86.....	7.8	7.0	.8
1987 and after.....	7.9	7.0	.9

Special Studies

Advisory Council Study of Health Insurance for the Disabled

The law establishes an advisory council, to be appointed in 1968, to study the question of providing health insurance protection for the disabled under title XVIII, and to report its findings, together with its recommendations on how such protection should be financed, to the Secretary of Health, Education, and Welfare not later than January 1, 1969.

Study of Retirement Test and Drug Proposals

The law requires the Secretary to study (a) the existing retirement test and proposals for its modification (including proposals for an increase in retirement benefits on account of delayed retirement), and (b) proposals to establish quality and cost standards for drugs for which payments are made under the Social Security Act and to cover drugs under the supplementary medical insurance program. The Secretary is required to report his findings and recommendations to the President and the Congress by January 1, 1969.

Study of Coverage of Services of Health Practitioners

The law requires the Secretary to study the need for the extension of coverage under the SMI program to the services of additional types of

personnel who engage in the independent practice of furnishing health services and to make recommendations to the Congress before January 1, 1969.

Summary of Major Public Welfare Amendments

WORK-INCENTIVE PROGRAM FOR AFDC FAMILIES

The amendments establish for families receiving AFDC payments a new work-incentive program to be administered by the Department of Labor. The State welfare agencies are to determine which families are to be referred, but such referrals are not to include (1) children under age 18 or going to school; (2) any one with illness, incapacity, advanced age, or remoteness from a project that precludes effective participation or training; or (3) persons whose presence in the home is required because of the illness or incapacity of another member of the household.

Under this program, State welfare agencies will refer to work and training projects all persons whom they consider to be "appropriate" except those specifically excluded under the law. Appeal procedures are provided.

The welfare agency is to assure necessary child-care arrangements for the children involved in the referrals. An individual who wishes to participate in such work or training will be considered for assignment and, unless specifically disapproved, be referred to the program.

This program provides for the use of all available manpower services to facilitate the employment or training of individuals in the regular economy or their participation in special work projects. Welfare agencies are to be responsible for providing financial aid and health care, making arrangements for child care, and providing various supportive social services to the families involved.

EARNINGS EXEMPTION IN AFDC

The amendments include a provision requiring the States to disregard in calculating assistance payments the first \$30 a month and one-third of all additional amounts earned by adults in the family. The earned income of each child recipient

who is a full-time student or a part-time student not working full time is excluded in determining the family's need for assistance.

CHILDREN OF UNEMPLOYED FATHERS

The law provides that under State programs for aid to families with dependent children of unemployed parents, Federal matching will be available only for the children of unemployed fathers. The Secretary of Health, Education, and Welfare is to prescribe standards for determining what constitutes unemployment.

CHILDREN OF ABSENT PARENTS

The amendments set a limitation on Federal participation in AFDC that is based on the proportion of the child population under age 18 aided because of the absence of a parent from the home. After June 30, 1968, Federal participation in payments for children of absent parents will be available only for the number bearing the same relation to the total child population under age 18 in the State at the beginning of the year that the number aided in the first quarter of 1968 bore to the total population under age 18 as of January 1, 1968.

EMERGENCY ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

The law authorizes Federal financial participation in the provision of temporary emergency assistance for 30 days for a child under age 21 and his family. This emergency assistance can be in any form—medical aid, money, payment of rent, utilities, food, or clothing.

EXPANSION OF SOCIAL SERVICES

The amendments call for an expansion of social services. Under the law, the States are required to establish a social service program for each child and for each relative in the AFDC family. Previous law required a plan for the child only.

The law permits welfare agencies to purchase social services from other than State agencies. The social services that may be purchased include not only child-care services for the AFDC program but also homemaker and rehabilitation serv-

ices for recipients of aid to the blind, old-age assistance, and aid to the permanently and totally disabled.

USE OF SUBPROFESSIONAL STAFF

A new provision requires the States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for jobs in the public assistance, child welfare, and child health programs. The law also directs the States to use volunteers both in providing services and in assisting advisory committees.

Other provisions in the law assure the involvement of parents in day-care programs. In addition, day-care standards in the child welfare services programs are to be made applicable to day care provided AFDC children.

SOCIAL WORK MANPOWER

The amendments authorize Federal funds for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work to meet part of the cost of developing, expanding, or improving undergraduate programs in social work and programs for the graduate training of professional social work personnel.

INCOME EXEMPTION

The law extends the provision enacted in 1965 that allows States to exempt up to \$5 a month of any type of income in determining eligibility of assistance recipients and the amount of their assistance payment. Under this provision, the States have the option of exempting up to a total of \$7.50 a month for the aged, the blind, and the permanently and totally disabled.

MEDICAL ASSISTANCE CHANGES

The amendments set a limit on Federal participation in the State medical assistance programs under title XIX. In setting income levels for Federal matching purposes, the States are limited to 133 $\frac{1}{3}$ percent of the payment level under aid to families with dependent children. This provision does not affect Federal matching for medical care

for all those who are receiving or eligible to receive cash assistance or who would be eligible if not institutionalized.

The law now requires that States must place assistance recipients only in those licensed nursing homes that meet safety, sanitation, and other standards for improved care. As a further step in upgrading care, the licensing of nursing-home administrators is also required.

A provision of the new law makes Federal matching funds available for institutional care that provides more than board and room but less than skilled nursing care.

CHILD WELFARE AUTHORIZATIONS

The amount authorized for grants to the States for child welfare services is increased by the amendments from \$55 million to \$100 million for the fiscal year 1969 and from \$60 million to \$110 million for later years. Emphasis is to be placed on improvements in foster care. The law also moves the provisions for child welfare services from title V of the Social Security Act to title IV where they form a new part B.

CHILD HEALTH PROVISIONS

Increase in Authorization

Under the amendments, the authorizations for grants to the States for child health under title V of the Social Security Act have been raised to the following amounts:

<i>Fiscal year</i>	<i>Authorization</i>
1969 -----	\$250,000,000
1970 -----	275,000,000
1971 -----	300,000,000
1972 -----	325,000,000
1973 and thereafter -----	350,000,000

The law consolidates the separate child health authorizations under previous law into a single authorization with three general categories. Beginning 1969, 50 percent of the total authorized will be for formula grants, 40 percent for project grants, and 10 percent for research and training. By 1972 the States must take over responsibility for the project grants, and 90 percent of the total authorization will then go to the States as formula grants.

Family Planning Services

Under the new law, at least 6 percent of the amounts appropriated for the maternal and child health programs are to be available for family planning services. States are now required to offer such services to AFDC recipients, and Federal matching funds are available for this purpose.

Other Child Health Provisions

The new law authorizes support of up to 75 percent of the cost of projects to provide comprehensive dental health services for children of low-income families. State plans must also provide for the early identification and treatment of crippled children through intensified case-finding and periodic screening of school children. In addition, the law specifically calls for services to reduce

infant mortality and otherwise promote the health of mothers and children.

Presidential Commission

On January 2, 1968, at the time he approved the new law, President Johnson appointed a Commission on Income Maintenance Programs—under the chairmanship of Ben W. Heineman, chairman and chief executive officer of the Chicago and North Western Railway Company—to look into all aspects of existing welfare and related programs. The Commission has been instructed to make recommendations for constructive improvements, wherever needed and indicated. The President has stated that “we must examine any and every plan, however unconventional, which could promise a constructive advance in meeting the income needs of all the American people.”