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MAJOR FEDERAL LEGISLATIVE
AND EXECUTIVE ACTIONS AFFECTING
SENIOR CITIZENS

1965

A STAFF REPORT

PREPARED FOR THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE



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**MAJOR FEDERAL LEGISLATIVE AND EXECUTIVE ACTIONS
AFFECTING SENIOR CITIZENS
1965**

I. INTRODUCTION

This report summarizes actions on aging taken between January 1, 1965, and October 23, 1965 (the date on which the 1st session of the 89th Congress adjourned). It does not list bills on aging which were not reported from committees. Such bills are listed in "Listing of Bills Relating to Programs Under the Social Security Administration," published by the Division of Program Evaluation and Planning of the Social Security Administration and "Digest of Public General Bills," published by the Legislative Reference Service of the Library of Congress. (See index headings "Aged and Aging," "Old Age," "Pensions," "Retirement," "Senior Citizens," and "Social Security.")

Copies of hearings, reports, and other publications of the Special Committee on Aging to which reference is made in this report can be obtained free of charge, while the supply lasts, by requests addressed to:

Senate Special Committee on Aging,
Room G-233, New Senate Office Building,
Washington, D.C. 20510.

II. HEALTH

A. "MEDICARE"

A new program of health care for the elderly (medicare) was enacted as part of the Social Security Amendments of 1965 (Public Law 89-97). This comprehensive health costs financing mechanism is summarized in the appendix, beginning on page 25.

A summary of its history during 1965 follows:

January 1: The Advisory Council on Social Security, in its report on the "Status of the Social Security Program and Recommendations for Its Improvement" recommended amending the Social Security Act to provide inpatient hospital benefits, outpatient diagnostic services, extended-care facilities and home-nursing services for social security and railroad retirement beneficiaries, and others 65 and over.

January 4: President Johnson's State of the Union Message listed as an item of high priority "help for the elderly, by providing hospital care under social security and by raising benefit payments to those struggling to maintain the dignity of their later years."

January 4: Representative King of California introduced H.R. 1 to provide hospital insurance under the social security program and an increase in cash benefits. Senator Anderson of New Mexico introduced S. 1, the Senate companion bill. The bills embodied the administration's hospital insurance proposal and contained many of the same provisions which had been extensively considered by the Congress in 1964.

January 7: The President's message on "Advancing the Nation's Health" assigned top priority to the President's recommendation for a hospital insurance program for the aged, financed through the social security system.

February 4: Representative Byrnes of Wisconsin introduced H.R. 4351 to provide a voluntary health insurance program for persons over 65 with monthly contributions by the Federal Government based on participants' income, with individual contributions ranging from \$5 to \$11.50 monthly.

March 23: The House Ways and Means Committee, after 6 weeks' consideration of H.R. 1, approved by a 17-to-8 vote a bill to modify the administration's proposal with a package of health benefits and social security improvements. This was the first time that this committee had acted favorably on a medical insurance bill for all senior citizens.

March 24: Chairman Wilbur D. Mills, of the Ways and Means Committee, introduced H.R. 6675, as the proposed Social Security Amendments of 1965. The bill proposed two coordinated health insurance programs under the Social Security Act for people 65 and over:

- (1) A *basic* plan of hospital insurance and related care, with financing through a separate payroll tax and trust fund; and

(2) A voluntary *supplementary* plan providing for doctors' fees and other medical and health services, financed by \$3 a month premium payments by each participant matched by an equal amount from Federal general revenues.

March 29: H.R. 6675 was reported from the Ways and Means Committee.

April 8: After 2 days of debate, H.R. 6675 passed the House, without amendment, by a vote of 313 to 115.

April 29: The Senate Finance Committee began public hearings on H.R. 6675, calling Secretary Celebrezze as the first witness.

June 30: The Senate Finance Committee, after adopting 75 amendments, reported H.R. 6675 favorably by a vote of 12 to 5.

July 9: After action upon numerous proposed floor amendments, the Senate passed the bill by a vote of 68 to 21.

July 14: The conference committee to resolve differences between the Senate and House versions convened its first session.

July 21: The conference committee reached agreement upon a compromise bill which conformed in all basic respects to the administration's specifications for a comprehensive medicare program.

July 27: The House ratified the conference agreement on the bill by a vote of 307 to 116.

July 28: The Senate ratified the conference agreement by a vote of 70 to 24, sending the bill to the President.

July 30: President Johnson signed the bill in Independence, Mo., and it thereupon became law (Public Law 89-97).

B. PUBLIC ASSISTANCE HEALTH CARE

The Social Security Amendments of 1965 (Public Law 89-97), in establishing a new title XIX in the act, provided for a more effective Kerr-Mills medical assistance for the aged program and extended its more liberal provisions to the elderly on old-age assistance. Among the new medical assistance provisions are:

1. Increased Federal participation in public assistance medical care.

2. Limitation of the family responsibility test to the spouse of the applicant.

3. Requiring the States to relate their income tests for determination of eligibility to the expenses incurred by the applicant. Many States had employed "in or out" income tests which had the effect of denying eligibility to many needy elderly.

4. Authorizing the Federal Government to match vendor payments to providers of health services in behalf of recipients of old-age assistance without limit on the amount to be matched. Previously, the Federal Government would match only up to \$15 monthly for the elderly on OAA, while no maximum was applicable to those older persons covered under Kerr-Mills medical assistance for the aged (MAA). The new law also specifies that the States may not provide less in health benefits for those on old-age assistance than they provide those on Kerr-Mills medical assistance for the aged (MAA).

5. Requiring the States after July 1, 1967, to include in their vendor payment programs the cost of the deductible under the basic hospital program, as well as inpatient and outpatient

hospital services, other laboratory and X-ray services, skilled nursing home care, and physicians' services.

The prohibition on Federal sharing in assistance payments for the elderly in tuberculosis and mental hospitals was also removed.

These changes in the public assistance titles require, in almost all cases, action by each State to meet the conditions established by the Congress in order to assure that increased Federal payments will not simply be used by the States to reduce their present expenditures. Title 19 may be employed by the States effective January 1, 1966. The new title is mandatory for States effective January 1, 1970, if they are to continue to receive Federal matching funds for vendor medical payments.

C. MENTAL HEALTH

The Community Mental Health Centers Act (Public Law 88-164) provided Federal grants toward the costs of construction of comprehensive community mental health centers. The 1965 amendment of the act (Public Law 89-105, approved Aug. 4, 1965) authorizes Federal matching payments toward the costs of staffing the centers during their first 51 months of operation.

D. HEART DISEASE, CANCER, AND STROKE

The Regional Medical Centers Act (Public Law 89-239, approved Oct. 6, 1965) authorizes \$340 million over a period of 3 years for the establishment of programs in certain medical centers for prevention, detection, and treatment of heart disease, cancer, stroke, and related diseases. For the first year of the program, \$50 million has been appropriated. The original bill included provision for some 400 community units that would have concentrated on the same problems and served as "feeders" for the regional centers. This provision was not included in the final version of the measure.

E. MAJOR ACTIVITIES OF PUBLIC HEALTH SERVICE

1. A new Division of Medical Care Administration was created within the Public Health Service in August 1965. It was assigned the Public Health Service responsibility for the health insurance for the aged program. The Office of Care Services and the Nursing Homes and Related Facilities Branch of the Division of Chronic Diseases were transferred from that Division to the newly created Division of Medical Care Administration.

2. The Gerontology Branch, PHS, launched a cooperative program with the Social Security Administration to provide health-counseling services to applicants for social security benefits. Two pilot projects were begun in July and November, respectively, to demonstrate the effectiveness of providing such services.

3. Curriculum in applied gerontology. One of the high priority areas of the Gerontology Branch is professional education and training in applied gerontology. A curriculum in applied gerontology was completed by the Gerontology Branch in June 1965. This is a comprehensive body of gerontological knowledge assembled for use by organizations which carry on educational activities in gerontology.

Arrangements have been made for the use of this curriculum in 18 seminars for physicians held in various locations throughout the Nation.

4. Student-level curriculum enrichment activities have been undertaken by the Gerontology Branch in the University of Pennsylvania School of Social Work and in the Tulane University School of Medicine.

5. A research project was developed early in 1965 to determine the effect of attitudinal and other factors on the need for and use of health services by the aged in a large urban area. A contract was awarded in July 1965 for the planning of a comparable study in nonmetropolitan communities.

6. As part of the Gerontology Branch's program for professional and public education, the Gerontology Branch, in cooperation with the National Education Television network, produced a film, "Ready for Edna," which depicts the broad range of health services needed for the aged. In September 1965 this film was telecast on the 100 stations of the network. A second film, "The Critical Decades," was produced for the Gerontology Branch by the Center for Mass Communications of the Columbia University Press. This film alerts the public to the importance of health maintenance and suggests to general practitioners the need for taking a positive approach with patients in this regard. "The Critical Decades" was selected as the PHS entry at the International Meeting of the International Scientific Film Association held in Bucharest, Rumania, in October 1965. The American Medical Association is distributing and promoting it through its film library.

F. MAJOR ACTIVITIES OF AGING PROGRAM, NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

1. On May 10, 1965, there was established within the Aging Program an Aging Information Center in Bethesda, Md., to make available to scientists technical information and data needed in research, lists of current research publications, and abstracts of research articles on aging.

2. A Training Committee on Aging was established to review applications for training grants and fellowships in aging.

3. The Aging Program, jointly with the Office of Aging and the Housing and Home Finance Agency, held in Washington, D.C., on March 21-23, 1965, a conference on patterns of housing and living arrangements of the elderly.

4. Through a contact with the Salk Institute, the Aging Program held, at La Jolla, Calif., two conferences and a symposium on the biology of aging.

III. EMPLOYMENT

A. AGE DISCRIMINATION

On June 30, 1965, the Secretary of Labor issued a report entitled "The Older American Worker—Age Discrimination in Employment." The report was prepared and issued pursuant to section 715 of the Civil Rights Act of 1964 (Public Law 88-352) which directed the Secretary to "make a full and complete study of the factors which might tend to result in discrimination in employment because of age and the consequences of such discrimination on the economy and individuals affected * * * [with] recommendations for legislation to prevent arbitrary discrimination in employment because of age."

In the report, action was recommended in four general areas to prevent age discrimination in employment and increase employment opportunities for older workers:

1. Action to eliminate arbitrary age discrimination in employment.
2. Action to adjust institutional arrangements which work to the disadvantage of older workers.
3. Action to increase the availability of work for older workers.
4. Action to enlarge educational concepts and institutions to meet the needs and opportunities of older age.

B. APPROPRIATION FOR OLDER WORKER "PROGRAM INCREASE"

In the fiscal 1966 budget there was a request for \$750,000 for a "program increase" for the older worker program of the Bureau of Employment Security, and this amount was appropriated as an item in Public Law 89-156, the appropriation act of the Departments of Labor and Health, Education, and Welfare, and related agencies.

The Bureau of Employment Security plans to use these funds to allocate 100 additional staff positions to State employment services for improving service to older workers. Thirty-three of these positions will be used to provide full-time older worker specialists in the central offices of State agencies which now lack such positions. The remaining 67 positions will be used to staff demonstration projects in 5 metropolitan areas, each in a different State and region.

C. LIBERALIZING EARNINGS LIMITATIONS

1. Section 310 of the Social Security Amendments of 1965 (Public Law 89-97) liberalized the amount of earnings which can be received by a social security recipient under the age of 72 without loss of benefits. Under the law previously in effect, benefits were withheld from a beneficiary under 72 (and from any beneficiary drawing on his record) at the rate of \$1 in benefits for each \$2 of annual earnings between \$1,200 and \$1,700 and \$1 in benefits for each \$1 of annual earnings above \$1,700. Under the new law, there is no withholding of social

security benefits from such a beneficiary unless he has at least \$1,500 of annual earnings. One dollar of benefits is withheld for each \$2 of annual earnings between \$1,500 and \$2,700, and \$1 in benefits for each \$1 of annual earnings above \$2,700.

2. Section 403(a) of that act liberalized the amount of income which a State may disregard in determining the need of a recipient of old-age assistance. Previously, of the first \$50 per month of earned income, the State was permitted to disregard the first \$10 plus one-half of the next \$40 of earned income. Under the new law, the State is permitted to disregard not more than \$5 per month of any income and, of the first \$80 per month of additional income which is earned, the State may disregard the first \$20 plus one-half of the next \$60.

IV. CIVIL SERVICE RETIREMENT

H.R. 8469, a bill to increase civil service annuities, was passed by the House on August 3, 1965, and by the Senate on September 8, 1965. The House agreed to the Senate amendments on September 9, 1965, and the bill was signed into law on September 27, 1965 (Public Law 89-205).

The three principal provisions of the new law:

1. An 11-percent increase in all annuities having a commencing date prior to October 1, 1956.
2. A 6-percent increase in all annuities having a commencing date after that date and before December 1, 1965.¹
3. A revision of the method of determining cost-of-living increases. Whenever the Consumer Price Index shows an increase of at least 3 percent over the index for September 1965 for each of 3 consecutive months, all annuities must be increased by the highest percentage (to the nearest tenth) shown in the 3-month period.

¹ Public Law 89-314 (Nov. 1, 1965) permits those retiring before Jan. 1, 1966, to receive this increase.

V. HOUSING

Provisions of the Housing and Urban Development Act of 1965 (Public Law 89-117, approved Aug. 10, 1965) which relate to meeting the needs of the elderly:

1. THE RENT SUPPLEMENT PROGRAM

Section 101 authorizes the Administrator of HHFA to enter into contracts with nonprofit, cooperative, or limited-dividend sponsors of housing under which elderly and other eligible tenants would pay only 25 percent of their income toward rent and HHFA would pay the difference between that amount and established fair market rents. The elderly is one of the groups specifically enumerated as eligible for assistance under this section. The act authorized \$30 million in such contracts for fiscal year 1966, and the increase of this limit by \$35 million on July 1, 1966, by \$40 million on July 1, 1967, and by \$45 million on July 1, 1968.

The housing for which rent supplementation will be available will be built primarily under the section 221(d)(3) market rate program of FHA. Rent supplements also will be available on a limited basis to housing built under the section 221(d)(3) below market rate program; the section 231 FHA housing for the elderly program; and the section 202 direct loan program for housing for the elderly. Rent supplements in housing under each of the last three programs will be limited to 5 percent of the aggregate amount of rent supplement contracts authorized.

On August 26, 1965, the President submitted a supplemental budget request for \$30 million in contract authority and \$900,000 in liquidating cash to fund this program during the fiscal year ending June 30, 1966. In passing the first supplemental appropriation bill for 1966 (H.R. 11588) on October 14, the House did not include these items. The Senate, in passing the bill on October 20, included \$12 million for rent supplement contracts and \$400,000 for cash payments. However, the House position prevailed in conference, and the bill in final form included no rent supplement appropriation. Therefore, the rent supplement program cannot become operative pending appropriation of implementing funds.

2. EXPANSION OF PUBLIC HOUSING

Section 503 further amends the U.S. Housing Act of 1937 to increase the authorization for annual contribution contracts to provide for an estimated 60,000 additional public housing units for each of the next 4 fiscal years. This authorization includes new construction, purchase and rehabilitation of existing housing, and leasing of existing housing from private owners for occupancy of low-income families. On the basis of recent experience, it may be expected that as much as half of the new public housing authorized will be devoted to housing for the low-income elderly.

3. THE DIRECT LOAN PROGRAM

Section 105 amends section 202 of the Housing Act of 1959 by placing a ceiling of 3 percent on the interest rate on direct loans to nonprofit sponsors of housing for the elderly. In addition, the amount authorized for this program was increased from \$350 million to \$500 million.

The first supplemental appropriation bill for 1966 appropriated \$50 million to increase the fund from which these loans are made.

4. HOME REHABILITATION GRANTS

Section 106 amends the Housing Act of 1949 to authorize the use of urban renewal capital grant funds for grants to owner-occupants of homes in urban renewal areas to enable them to make repairs required by codes or urban renewal standards. Grants up to a maximum of \$1,500 are available to homeowners whose incomes do not exceed \$3,000 per year. For homeowners whose incomes are more than \$3,000 per year, grants can be made to meet rehabilitation costs in excess of an amount which could be amortized with a maximum of 25 percent of their monthly incomes being devoted to housing expenses. However, in no case may a grant exceed \$1,500.

5. NEIGHBORHOOD FACILITIES

Section 703 establishes a program of grants to local public bodies and agencies to finance projects for neighborhood facilities. Projects may be undertaken directly by local public agencies or through nonprofit organizations approved by such local public agencies. Among the types of facilities which would be eligible are neighborhood center facilities serving low-income elderly persons. Grants would be for two-thirds of the development cost except in areas designated under the Area Redevelopment Act which may receive grants up to three-fourths of the development cost.

The first supplemental appropriation bill for 1966¹ appropriated \$12 million to implement this program.

¹ Public Law 89-309 (Oct. 31, 1965).

VI. FRAUDS AND MISREPRESENTATIONS AFFECTING THE ELDERLY

A. REPORT OF SUBCOMMITTEE

Early in 1965 the Subcommittee on Frauds and Misrepresentations Affecting the Elderly, Senate Special Committee on Aging, issued a report¹ which made recommendations for action in five major areas: health frauds and quackery, interstate mail-order land sales, deceptive or misleading methods in health insurance sales, preneed burial services, and more effective action by Federal regulatory agencies.

These recommendations are based on two major findings:

1. Elderly buyers in this Nation, however small individual incomes may be, now have a purchasing power estimated to be between \$38 and \$40 billion.

2. There is good reason to believe that the elderly have become a major target of those who are looking for new markets to victimize. The elderly, attempting to make every dollar go as far as possible, often are tempted to believe unscrupulous promoters who prey upon their fears, unique needs, and their desire for security in retirement years.

In the months since the report was issued, several of its recommendations have been incorporated in legislative proposals.²

B. FEDERAL TRADE COMMISSION ACTIONS

1. On April 8, 1965, Federal Trade Commission Chairman Paul Rand Dixon announced that the Commission intended to establish an Office of Federal-State Cooperation in order to provide more comprehensive and effective action against deceptive practices.

2. On October 14, 1965, the FTC established a Federal-State Relations Division as one means of effecting a workable division of responsibility between Federal and State resources.

3. The Federal Trade Commission during 1965 authorized publication of a new booklet describing ways in which older buyers are often cheated, and it is now under preparation.

4. The Commission on July 19 opened a Special Consumer Complaints Office in Washington, D.C. Commission attorneys will be on duty in this office from 9 a.m. to 4 p.m. to receive complaints by telephone or in person. The Commission has announced that the new Office is primarily concerned about deceptive trade practices that victimize the poor, and special emphasis is given to practices that prey upon the aged.

¹ "Frauds and Deceptions Affecting the Elderly, Investigations, Findings and Recommendations; A report of the Subcommittee on Frauds and Misrepresentations Affecting the Elderly," Jan. 31, 1965.

² Senator Harrison A. Williams, subcommittee chairman, has introduced the following bills: S. 2350, calling for premarket testing of therapeutic, diagnostic, and prosthetic devices; S. 2672, to require Federal regulation of interstate land sales; and S. 1364, to amend the Postal Administrative Mail Fraud Statute. In addition, talks are underway for an interdepartmental study on attitudes that contribute to the growth of quackery, and Federal representatives are conferring about a proposal for a community education program against health frauds and quackery.

C. FOOD AND DRUG ADMINISTRATION

During 1965 the Food and Drug Administration received the full text of a comprehensive survey—prepared by the Public Administration Service of Chicago—of the relationships between State and Federal laws in broad areas of mutual interest, including regulation of foods, drugs, and therapeutic devices.

The principal finding of the report was that “the interdependency and community of purpose among Federal, State, and local agencies must be expanded and further coordinated through a balanced State-Federal relationship.”

D. CONSUMER PROTECTION

President Johnson, in his message to his Consumer Advisory Council on October 15, asked the Council to give special attention to the elderly who, he said, deserve adequate solutions for their particular problems.

VII. NURSING HOMES AND OTHER LONG-TERM-CARE FACILITIES

A. SOCIAL SECURITY AMENDMENTS OF 1965

Provisions in Public Law 89-97 of particular applicability to nursing homes and other long-term-care facilities:

1. As one of the benefits provided by the new hospital insurance program for the elderly, posthospital extended care is provided for up to 20 days with costs fully paid and up to 80 additional days for which the patient pays \$5 per day.

2. There is a provision that payment to nursing homes and other institutions providing extended care services shall be on the basis of reasonable costs of such services. This represents the first time that the principle of reimbursement of actual cost has been applied to nursing home care through a Federal program.

3. The new law repeats and reaffirms the previously existing statutory requirement that there be a State authority or authorities responsible for establishing and maintaining standards for private or public institutions in which OAA and MAA recipients receive long-term care, as a condition for eligibility for Federal matching funds.

4. The Federal Government was authorized to match vendor payments made in behalf of recipients of old-age assistance without limit on the amount to be matched. Previously the Federal Government would match up to \$15 monthly, while no maximum was applicable to those older persons covered under Kerr-Mills MAA.

5. States were prohibited from providing less in health benefits, including long-term-care benefits, for those on old-age assistance than they provide those on Kerr-Mills MAA.

6. Among the medical benefits which States were required on and after July 1, 1967, to include in their vendor payment programs was skilled nursing home care.

(Amendments summarized in 4, 5, and 6 above are significant in that they make more Federal funds available to States for payment for nursing home care of public assistance recipients and specifically provide for skilled nursing home care.)

The Bureau of Family Services of the Welfare Administration on August 20, 1965, issued to State agencies new guidelines for skilled nursing home care provided under the new legislation.

The new guidelines tighten requirements for availability of medical personnel, for adequate nonmedical personnel to meet patient needs, and for arrangements with hospitals for diagnostic services and for prompt transfer of acutely ill patients.)

7. The Senate Finance Committee adopted an amendment to H.R. 6675 (the bill which later became Public Law 89-97), requiring nursing homes and similar institutions to meet fire protection and safety standards acceptable to the Secretary of Health, Education, and Welfare as a condition to eligibility for Federal matching fund payments in behalf of public assistance recipients in such homes.

The bill as it passed the Senate included this provision, but it was deleted in conference.

B. APPROPRIATION FOR CONSTRUCTION OF LONG-TERM CARE FACILITIES

Included in the President's budget for fiscal 1966 was \$70 million for construction of long-term care facilities with Federal matching funds under the Hill-Harris program, which superseded the Hill-Burton program.

This amount, which represented the full amount authorized for this purpose by the Hill-Harris Act, was included in H.R. 7765, the 1966 appropriation for the Departments of Labor and Health, Education, and Welfare and related agencies, which became Public Law 89-156 on August 31.

C. LONG-TERM CARE HEARINGS

During 1965 the Subcommittee on Long-Term Care of the Senate Special Committee on Aging continued its studies and hearings begun in 1964, with hearings in—

<i>City</i>	<i>Date</i>
Indianapolis, Ind.....	Feb. 11, 1965.
Cleveland, Ohio.....	Feb. 15, 1965.
Los Angeles, Calif.....	Feb. 17, 1965.
Denver, Colo.....	Feb. 23, 1965.
New York, N.Y.....	Aug. 2-3, 1965.
Boston, Mass.....	Aug. 9, 1965.
Portland, Maine.....	Aug. 13, 1965.

A subcommittee report is in preparation, and it is expected that specific legislative recommendations will be made.

VIII. OLDER AMERICANS ACT OF 1965 (PUBLIC LAW 89-73)

The principal sponsors of this legislation were Senator Pat McNamara, of Michigan, and Representative John Fogarty, of Rhode Island.

Favorable reports on it were issued by—

1. House Education and Labor Committee (Rept. No. 145, Mar. 9, 1965); and
2. Senate Labor and Public Welfare Committee (Rept. No. 247, May 26, 1965).

The House passed the measure (H.R. 3708, as amended) on March 31, 1965. The Senate unanimously passed the bill (with amendments) on May 27, 1965. The House agreed unanimously to the Senate amendments on July 6, 1965. It was signed into law by the President on July 14, 1965.

Following is a summary of the provisions of the new public law:

Title I.—In keeping with the traditional American concept of the inherent dignity of the individual in our democratic society, the act sets forth a 10-point declaration of objectives for older Americans. These objectives are—

1. An adequate income.
2. The best possible physical and mental health.
3. Suitable housing.
4. Full restorative services.
5. Opportunity for employment without age discrimination.
6. Retirement in health, honor, and dignity.
7. Pursuit of meaningful activity.
8. Efficient community services when needed.
9. Immediate benefit from proven research knowledge.
10. Freedom, independence, and the free exercise of individual initiative.

Title II.—1. Establishes an operating agency known as the “Administration on Aging” in the Department of Health, Education, and Welfare.

2. Creates a new position of Commissioner on Aging to be head of the Administration on Aging, who is appointed by the President and confirmed by the Senate.¹

3. Functions of the Administration: (a) Serve as a clearinghouse of information on problems of the aged and aging; (b) assist the Secretary in all matters pertaining to the aging; (c) administer grants provided by the act; (d) develop, conduct, and arrange for research and demonstration programs in the field of aging; (e) provide technical assistance and consultation to State and local governments; (f) prepare and publish educational materials dealing with welfare of older persons; (g) gather statistics in the field of aging; (h) stimulate more effective use of existing resources and available services.

¹ William D. Bechill, of California, was appointed by the President to the position on Oct. 1, 1965, was confirmed by the Senate on Oct. 22, and was sworn in on Nov. 2.

Title III.—Authorizes grants to the States by the Secretary, amounting to \$5 million for the fiscal year ending June 30, 1966, \$8 million for the fiscal year 1967, and such sums as may be appropriated by the Congress for each of the 3 succeeding fiscal years, for projects for (a) community planning and coordination of programs for older citizens; (b) demonstration programs or activities relating to aging; (c) training of specialized personnel needed to carry out such programs and activities; and (d) other programs to carry out the purposes of the act, including centers for older persons, exclusive of construction costs. Funds are to be allocated to States based on a standard percent and on a formula considering each State's population aged 65 and over. State plans for project grants must be approved by the Secretary.

Title IV.—Authorizes grants by the Secretary to public or nonprofit private agencies, organizations, institutions, or individuals, for study, development, demonstration, and evaluation projects relating to the needs of older persons.

Title V.—Authorizes grants to organizations and individuals for the specialized training of personnel.

For purposes of carrying out the functions in titles IV and V above, the act authorizes \$1.5 million for the fiscal year ending June 30, 1966, \$3 million for the fiscal year 1967, and such sums as may be appropriated by the Congress for each of the 3 succeeding fiscal years.

Title VI.—Establishes an Advisory Committee on Older Americans consisting of the Commissioner as Chairman, with 15 citizen members who are experienced in or have demonstrated particular interest in special problems of the aging.

IX. MILITARY RETIREMENT

The Military Pay Increase Act (Public Law 89-132, approved Aug. 21, 1965) amended the automatic cost-of-living increase system for retired military personnel by providing an immediate increase to reflect the rise in the Consumer Price Index since 1962 (which increase amounted to 4.4 percent) and by providing that future cost-of-living increases will be given whenever the Consumer Price Index advances by 3 percent or more for 3 consecutive months after a previous increase.

X. PRIVATE PENSIONS

A. REPORT OF PRESIDENT'S COMMITTEE

On January 31, 1965, the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs issued a report entitled "Public Policy and Private Pension Programs." The report culminated a study extending over almost 3 years.

B. EXTENDING PRIVATE PENSION COVERAGE

Hearings were held in Washington, D.C., on March 4, 5, and 10, 1965, by the Subcommittee on Employment and Retirement Incomes, the Senate Special Committee on Aging. As a result, a report including recommendations for extending private pension coverage was subsequently approved by the subcommittee.

XI. RAILROAD RETIREMENT

A. CASH BENEFIT INCREASES

Enactment of a 7-percent increase in social security cash benefits as a provision of the Social Security Amendments of 1965 resulted in an automatic increase in some railroad retirement cash benefits. This resulted from the guarantee provision of the Railroad Retirement Act, which guarantees each beneficiary under that act a cash benefit of at least 110 percent of the social security benefit he would have received if credit for his railroad employment had been under social security rather than under railroad retirement.

B. ELIMINATION OF DUAL BENEFIT RESTRICTION

Section 1 of Public Law 89-212 (Sept. 29, 1965) eliminated the provision which had previously reduced the railroad retirement annuities of spouses of retired railroad employees by the amount of certain social security benefits received by them.

C. FUTURE ANNUITIES

Public Law 89-212 also increased the wage base and decreased the tax rate, which will result in more liberal benefits for rail employees who pay in on the increased tax base and retire later.

XII. SERVICES

A. GRANTS FOR SENIOR CENTERS

Section 703(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117) authorized grants to local public bodies and agencies to assist in financing specific projects for neighborhood facilities. One of the types of facilities for which such grants might be used is senior centers. (For details, see V-5.)

B. HEARINGS ON "SERVICES TO THE ELDERLY ON PUBLIC ASSISTANCE"

On August 18 and 19, 1965, hearings were conducted by the Subcommittee on Federal, State, and Community Services, Special Committee on Aging, on "Services to the Elderly on Public Assistance." The subcommittee plans to issue a report later, based upon these hearings and additional information which it receives.

C. "YOU, THE LAW, AND RETIREMENT"

During April 1965 the Office of Aging published a booklet, "You, the Law, and Retirement," written by an attorney, Virginia Lehman. Its purpose is to inform retired and other older individuals why, how, and when to consult a lawyer. Copies are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402, at 25 cents per copy.

D. RETIREMENT PLANNING BOOKLET

During the autumn of 1965, the Administration on Aging published a retirement planning booklet entitled "Are You Planning On Living the Rest of Your Life?" Regarding it, the Administration on Aging said:

Developed by the Mayor's Commission for Senior Citizens, Chicago, it is a sort of "do-it-yourself planner," that can be used comfortably at home.

Copies are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402, at 30 cents per copy.

E. SENIOR CITIZENS' MONTH

By proclamation, signed April 10, 1965, President Johnson designated May 1965 as Senior Citizens' Month.

XIII. SOCIAL SECURITY

A. HEALTH INSURANCE FOR THE ELDERLY

(See II-A and appendix.)

B. OASDI CASH BENEFITS FOR THE ELDERLY

Provisions of the Social Security Amendments of 1965 which affected old-age, survivors, and disability insurance cash benefits:

1. Section 301 provides a 7-percent across-the-board increase in monthly cash benefits, effective retroactive to January 1, 1965, with a minimum increase of \$4 for retired workers aged 65 and older. As a result, the minimum monthly benefit for workers retiring after reaching 65 became \$44.

2. Section 333 continues entitlement to benefits of widows who remarry after age 60 and widowers who remarry after age 62. Such an individual is now entitled to either one-half the retirement benefit of the former spouse or a spouse's benefit based upon the earnings of the present spouse, whichever benefit is larger.

3. Section 307 made widows eligible for reduced benefits at age 60. Previously, they could not begin receiving cash benefits before reaching age 62.

4. Section 309 reduces the number of quarters of coverage required for eligibility for cash benefits for certain very elderly workers and their widows. A special benefit would be paid beginning at age 72. As a result, eligibility can be based upon as little as three quarters of coverage.

C. LIBERALIZING EARNINGS LIMITATIONS

(See III-C.)

D. PUBLIC ASSISTANCE

1. Health care. (See II-B.)

2. Section 401 of Public Law 89-97 increased Federal payments for public assistance from twenty-nine thirty-fifths of the first \$35 to thirty-one thirty-sevenths of the first \$37. Section 405 required the States to pass along these increases to recipients instead of merely reducing State contributions by the amount of the Federal increase.

3. Section 402 of Public Law 89-79 authorized protective payments to a person who is interested in or concerned with the welfare of a recipient who is unable to handle his own funds, with certain safeguards.

XIV. WAR ON POVERTY

A. HEARINGS ON "THE WAR ON POVERTY AS IT AFFECTS OLDER AMERICANS"

The following full committee hearings of the Senate Special Committee on Aging were held on "The War on Poverty as It Affects Older Americans."

Washington, D.C., June 16 and 17, 1965.

Newark, N.J., July 10, 1965.

When Congress adjourned on October 23, 1965, an additional hearing was planned for Boston, Mass., in January 1966. A report on this subject is planned to be issued during January 1966.

B. AMENDMENT TO ECONOMIC OPPORTUNITY ACT

The Economic Opportunity Act of 1964 was amended by adding a new section entitled "Programs for the Elderly Poor":

SEC. 610. It is the intention of Congress that whenever feasible the special problems of the elderly poor shall be considered in the development, conduct, and administration of programs under this Act.

This was added to H.R. 8283 (which was eventually enacted as Public Law 89-253) when that bill was in the Senate. The need for such an amendment was shown in the hearings which had previously been conducted by the Special Committee on Aging, and several members of the committee were active in adding it to the bill.

C. ELDERLY PROGRAMS ESTABLISHED

On August 29, 1965, the President announced funding of four "war on poverty" projects in the amount of \$41,000,000, to help the elderly out of poverty, as follows:

1. Foster grandparents, a program of compensating the elderly who serve as "substitute parents" for children in institutions who need sustained adult love, attention, and guidance of the type provided other children by their parents. The President announced the immediate beginning of 22 projects in 20 States with \$2,700,000 of economic opportunity grants. He estimated that the program within a year will reach into all 50 States at a total cost of \$10 million.

2. Home health aids: 10,000 elderly individuals will be trained to bring help and comfort to the bedridden sick and disabled, in a program to which \$20,000,000 was allocated.

3. Care for children from broken homes: 1,800 elderly individuals will work in this program to which \$5 million was allocated.

4. Help for mentally retarded children: 2,400 elderly individuals will be trained during late 1965 to meet the needs of

mentally retarded children, for which purpose \$6 million was allocated.

D. REPORT OF TASK FORCE ON PROGRAMS FOR OLDER PERSONS

During August 1965 OEO Director Shriver made public a report of the OEO Task Force on Programs for Older Persons, which contained 10 model programs which could be utilized for combating poverty among the elderly.

APPENDIX

SUMMARY OF PROVISIONS IN SOCIAL SECURITY AMENDMENTS OF 1965 RELATING TO HEALTH INSURANCE FOR THE AGED¹

HEALTH INSURANCE FOR THE AGED

Public Law 89-97 adds to the Social Security Act a new title XVIII establishing two related health insurance programs for persons aged 65 and over: (1) A hospital insurance plan providing protection against the costs of hospital and related care, and (2) a medical insurance plan covering payments for physicians' services and other medical and health services to cover certain areas not covered by the hospital insurance plan.

The hospital insurance plan is financed through a separate earnings tax and a separate trust fund. Benefits for persons who are currently aged 65 and over who are not insured under the social security or the railroad retirement systems will be financed out of Federal general revenues.

Enrollment in the medical insurance plan is voluntary, and the plan is financed by a small monthly premium (\$6 a month initially—\$3 paid by enrollees and an equal amount paid by the Federal Government from general revenues). The premiums for social security and railroad retirement beneficiaries and for civil service retirement annuitants who enroll will be deducted from their monthly benefits. Uninsured persons desiring the medical insurance plan will make the periodic premium payments to the Government. State welfare programs may arrange for uninsured assistance recipients to be covered.

Hospital insurance

Protection, financed by means of an earnings tax, is provided against the costs of inpatient hospital services, posthospital extended care, posthospital home health services, and outpatient hospital diagnostic services for beneficiaries under the social security and railroad retirement systems when they attain age 65. The same protection, financed from general revenues, is provided under a special transitional provision for essentially all persons who are now aged 65 or who will reach age 65 before 1968, but who are not eligible for social security or railroad retirement benefits. Together, these two groups make up virtually the entire aged population.

The persons not protected are Federal employees who are covered under the Federal Employees Health Benefits Act of 1959 or who, if they were retired after February 15, 1965, were covered or could have been covered under that act. Others excluded are aliens who have not been residents of the United States for 5 years, aliens who have not been admitted for permanent residence, and certain subversives.

Benefits will be first available on July 1, 1966, except for services in extended-care facilities, which will become available January 1, 1967.

Benefits.—The services for which payment is to be made under the hospital insurance plan include:

(a) Inpatient hospital services for a maximum of 90 days in each spell of illness. The patient will pay a deductible amount of \$40 for the first 60 days, plus a coinsurance payment of \$10 a day for each day in excess of 60 during each spell of illness. Covered hospital services include almost all those ordinarily furnished by a hospital to its inpatients. Payment will not be made, however, for private-duty nursing or for the hospital services of physicians (including radiologists, anesthesiologists, pathologists, and physiatrists) except those provided by interns or residents in training under approved teaching programs. Inpatient psychiatric hospital services are covered, but a lifetime limitation of 190 days is imposed. Inpatient services in Christian Science sanatoriums are

¹ Reprinted from Social Security Bulletin of September 1965.

covered as inpatient hospital services, but only under such conditions and limitations (in lieu of or in addition to those applicable to hospitals) as are provided by regulations.

(b) Posthospital extended care (in a qualified facility having an arrangement with a hospital for the timely transfer of patients and for furnishing medical information about patients and meeting certain other requirements) after the patient is transferred from a hospital (after at least a 3-day stay) for a maximum of 100 days in each spell of illness. After the first 20 days of care, the patient will pay \$5 a day for the remaining 80 days of extended care in a spell of illness. Under a special provision, extended care in Christian Science sanatoriums is covered for a maximum of 30 days, with the patient paying \$5 a day.

(c) Outpatient hospital diagnostic services, with the patient paying a \$20 deductible amount and making a 20-percent coinsurance payment for each diagnostic study (that is, for diagnostic services furnished to him by the same hospital during a 20-day period).

(d) Posthospital home health services for as many as 100 visits, after discharge from a hospital (after at least a 3-day stay) or from an extended-care facility and before the beginning of a new spell of illness. The person must be in the care of a physician and under a plan calling for such services that was established by a physician within 14 days of the patient's discharge, and the services must be provided by a qualified home health agency. These covered services include intermittent nursing care and physical therapy. The patient must be home-bound except that payment may be made for services furnished at a hospital or extended-care facility or rehabilitation center that requires the use of equipment that cannot ordinarily be taken to the patient's home.

No service is covered as posthospital extended care or as outpatient diagnostic or posthospital home health services if it is of a kind that could not be covered if it were furnished to a patient in a hospital.

A spell of illness is considered to begin when the individual enters a hospital and to end when he has not been an inpatient of a hospital or extended-care facility for 60 consecutive days.

The deductible amounts for inpatient hospital and outpatient hospital diagnostic services will be increased if necessary to keep pace with increases in hospital costs, but no increase will be made before 1969. For administrative simplicity, increases in the hospital deductible will be made only when a \$4 change is called for, and the outpatient deductible will change in \$2 steps.

Basis of reimbursement.—Payment of bills under the hospital insurance plan will be made to the providers of service on the basis of the "reasonable cost" incurred in providing care for beneficiaries.

Administration.—Basic responsibility for administration rests with the Secretary of Health, Education, and Welfare. The Secretary will use appropriate State agencies and private organizations (nominated by providers of services) to assist in administering the program. Provision is made for the establishment of an Advisory Council that will advise the Secretary on policy matters in connection with administration.

Financing.—Contributions to finance the hospital insurance plan, paid by employers, employees, and self-employed persons, are to be placed in a separate hospital insurance trust fund established in the Treasury. The earnings base—the amount of annual earnings subject to the new tax—is the same (\$6,600) as the earnings base for purposes of financing the cash benefits. The same contribution rates apply equally to employers, employees, and self-employed persons and are as follows:

	<i>Percent</i>
1966.....	0.35
1967-72.....	.50
1973-75.....	.55
1976-79.....	.60
1980-86.....	.70
1987 and thereafter.....	.80

The schedule of contribution rates is based on cost estimates that assume that the earnings base will not be increased above \$6,600. If Congress, in later years, should increase the base, the contribution rates established can be reduced under the cost assumptions underlying the law. The cost of hospital insurance benefits for persons who are not beneficiaries under the social security or railroad retirement systems will be paid from general funds of the Treasury.

Medical insurance plan

A package of benefits supplementing those provided under the hospital insurance plan is available to all persons aged 65 and over. Individuals who enroll initially will pay \$3 a month (deducted, where possible, from social security, railroad retirement, or civil-service retirement benefits). The Government will match this amount with \$3 paid from general funds. Since the minimum increase in cash social security benefits for workers who are aged 65 or over when the benefit increase is effective for them is \$4 a month (\$6 a month for man and wife receiving benefits based on the same earnings record), the benefit increase fully covers the amount of monthly premiums.

Enrollment.—For persons aged 65 before January 1, 1966, an enrollment period will begin September 1, 1965, and end March 31, 1966. Persons attaining age 65 after December 31, 1965, will have enrollment periods of 7 months beginning 3 months before they attain age 65. In the future, general enrollment periods will be from October 1 to December 31, in each odd year, beginning in 1967. No person may enroll more than 3 years after the close of the first enrollment period in which he could have enrolled. Persons who are in the plan but drop out will have only one chance to reenroll, and reenrollment must occur within 3 years of termination of the previous enrollment. Coverage may be terminated by the individual, who must file notice during a general enrollment period, or by the Government for nonpayment of premiums. A State can provide the medical insurance protection for its public assistance recipients who are receiving cash assistance if it chooses to do so. Benefits will be available beginning July 1, 1966.

Benefits.—The medical insurance plan covers physicians' services, home health services, and numerous other medical and health services in and out of medical institutions.

The plan covers 80 percent of the patient's bill (above an annual deductible of \$50) for the following services:

- (a) Physicians' and surgeons' services, whether furnished in a hospital, clinic, office, in the home, or elsewhere.
- (b) Home health services under an approved plan (with no requirement of earlier hospitalization) for a maximum of 100 visits during each calendar year.
- (c) Diagnostic X-ray and laboratory tests, and other diagnostic tests.
- (d) X-ray, radium, and radioactive isotope therapy.
- (e) Ambulance services.
- (f) Surgical dressings and splints, casts, and other devices for reduction of fractures and dislocations; rental of durable medical equipment, such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home; prosthetic devices (other than dental) that replace all or part of an internal body organ; and braces and artificial legs, arms, eyes, etc.

There is a special limitation on outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during any calendar year is limited, in effect, to \$250 or 50 percent of the expenses, whichever is smaller.

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