

**AMENDMENTS TO
THE SOCIAL SECURITY ACT
1969 – 1972**

**Social Security Amendments of 1972
(Public Law 92-603)
and Related Amendments**

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**Social Security Amendments of 1970
(H.R. 17550 – Not Enacted)**

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H. R. 1

IN THE SENATE OF THE UNITED STATES

OCTOBER 6, 1972

Ordered to be printed with the amendments of the Senate numbered

[Omit the part struck through and in **[black brackets]** and insert the part printed in italic]

AN ACT

To amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act, with the following table of contents, may be
4 cited as the "Social Security Amendments of **(1)**~~1971~~ 1972".

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1 TITLE I—PROVISIONS RELATING TO OLD-AGE,

2 SURVIVORS, AND DISABILITY INSURANCE

3 ~~(3) INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY IN-~~4 ~~SURANCE BENEFITS, AND IN BENEFITS FOR CERTAIN~~5 ~~INDIVIDUALS AGE 72 OR OVER~~6 Sec. 101. ~~(a)~~ Section 215 ~~(a)~~ of the Social Security7 Act ~~(as amended by section 105(c) of this Act)~~ is amended

8 by striking out the table and inserting in lieu thereof the

9 following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	\$16.20	\$70.40		\$76	\$74.00	\$111.00
16.21	16.84	71.50	77	78	75.10	112.70
16.85	17.60	73.10	79	80	76.80	115.20
17.61	18.40	74.50	81	81	78.30	117.50
18.41	19.24	75.80	82	83	79.60	119.40
19.25	20.00	77.40	84	85	81.30	122.00
20.01	20.64	78.80	86	87	82.80	124.20
20.65	21.28	80.10	88	89	84.20	126.30
21.29	21.88	81.70	90	90	85.80	128.80
21.89	22.28	83.10	91	92	87.30	131.00
22.29	22.68	84.50	93	94	88.80	133.20
22.69	23.08	85.80	95	96	90.10	135.20
23.09	23.44	87.40	97	97	91.80	137.70
23.45	23.76	88.90	98	99	93.40	140.10
23.77	24.20	90.60	100	101	95.20	142.80
24.21	24.60	91.90	102	102	96.50	144.80
24.61	25.00	93.40	103	104	98.10	147.20
25.01	25.48	95.10	105	106	99.90	149.90
25.49	25.92	96.60	107	107	101.50	152.30
25.93	26.40	98.20	108	109	103.20	154.80
26.41	26.94	99.70	109	110	104.70	157.10
26.95	27.46	101.10	110	111	106.20	159.30
27.47	28.00	102.70	111	112	107.90	161.90
28.01	28.68	104.20	112	113	109.50	164.30
28.69	29.25	105.90	113	114	111.20	166.90
29.26	29.68	107.30	114	115	112.70	169.10
29.69	30.36	108.70	115	116	114.20	171.50
30.37	30.92	110.40	116	117	116.00	174.00
30.93	31.36	111.90	117	118	117.50	176.30
31.37	32.00	113.30	118	119	119.00	178.50
32.01	32.60	115.00	119	120	120.80	181.20
32.61	33.20	116.40	120	121	122.30	183.50
33.21	33.88	118.00	121	122	123.90	185.90
33.89	34.50	119.50	122	123	125.50	188.30
34.51	35.00	121.00	123	124	127.10	190.70
35.01	35.80	122.60	124	125	128.80	193.20
35.81	36.40	124.00	125	126	130.20	195.30
36.41	37.08	125.70	126	127	132.00	198.10
37.09	37.60	127.20	127	128	133.60	200.40
37.61	38.20	128.60	128	129	135.10	202.70
38.21	39.12	130.30	129	130	136.90	205.40
39.13	39.68	131.80	130	131	138.40	207.60
39.69	40.33	133.10	131	132	139.80	209.70
40.34	41.12	134.80	132	133	141.60	212.40
41.13	41.76	136.30	133	134	143.20	214.80
41.77	42.44	137.90	134	135	144.80	217.30
42.45	43.20	139.40	135	136	146.40	219.60
43.21	43.76	141.10	136	137	148.20	222.30
43.77	44.44	142.50	137	138	149.70	225.60
44.45	44.88	143.90	138	139	151.10	230.20
44.89	45.60	145.60	139	140	152.90	233.90
		147.10	140	141	154.50	238.50
		148.40	141	142	155.90	243.10
		150.10	142	143	157.70	246.80
		151.60	143	144	159.20	251.40
		153.20	144	145	160.90	256.00
		154.70	145	146	162.50	259.70
		156.20	146	147	164.10	264.30
		157.90	147	148	165.80	269.00
		159.20	148	149	167.20	272.60
		160.90	149	150	169.00	277.20
		162.40	150	151	170.60	281.90
		163.80	151	152	172.00	285.60
		165.50	152	153	173.80	290.30
		166.90	153	154	175.30	294.90
		168.30	154	155	176.80	298.60
		170.00	155	156	178.50	303.20
		171.50	156	157	180.10	307.80
		173.20	157	158	181.90	311.50
		174.50	158	159	183.30	316.10
		176.00	159	160	184.80	320.70
		177.70	160	161	186.60	324.40
		179.10	161	162	188.10	329.00
		180.80	162	163	189.90	333.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$182.20	\$362	\$365	\$191.40	\$337.30
		183.60	366	370	192.80	341.90
		185.30	371	375	194.60	346.60
		186.80	376	379	196.20	350.30
		188.50	380	384	198.00	354.90
		189.80	385	389	199.30	359.60
		191.30	390	393	200.90	363.20
		193.00	394	398	202.70	367.90
		194.40	399	403	204.20	372.60
		196.10	404	407	206.00	376.20
		197.40	408	412	207.30	380.80
		198.80	413	417	208.80	385.40
		200.20	418	421	210.30	389.10
		201.80	422	426	211.90	393.70
		203.10	427	431	213.30	398.30
		204.50	432	436	214.80	402.90
		206.10	437	440	216.50	404.80
		207.40	441	445	217.80	407.10
		208.80	446	450	219.30	409.40
		210.40	451	454	221.00	411.20
		211.70	455	459	222.30	413.60
		213.10	460	464	223.80	415.80
		214.50	465	468	225.30	417.70
		216.10	469	473	227.00	420.00
		217.40	474	478	228.30	422.40
		218.80	479	482	229.80	424.20
		220.40	483	487	231.50	426.60
		221.70	488	492	232.80	428.90
		223.10	493	496	234.30	430.70
		224.70	497	501	236.00	433.00
		226.00	502	506	237.30	435.20
		227.40	507	510	238.80	437.20
		228.80	511	515	240.30	439.60
		230.30	516	520	241.90	441.80
		231.70	521	524	243.30	443.60
		233.10	525	529	244.80	445.90
		234.70	530	534	246.50	448.20
		236.00	535	538	247.80	450.10
		237.40	539	543	249.30	452.40
		239.00	544	548	251.00	454.70
		240.30	549	553	252.40	457.00
		241.70	554	556	253.80	458.40
		242.90	557	560	255.10	460.30
		244.20	561	563	256.50	461.60
		245.50	564	567	257.80	463.60
		246.80	568	570	259.20	464.90
		248.00	571	574	260.40	466.70
		249.30	576	577	261.80	468.10
		250.50	578	581	263.10	469.90
		251.80	582	584	264.40	471.30
		253.00	585	588	265.70	473.20
		254.40	589	591	267.20	474.60
		255.60	592	595	268.40	476.40
		256.90	596	598	269.80	477.80
		258.10	599	602	271.10	479.70
		259.40	603	605	272.40	481.10
		260.60	606	609	273.70	482.80
		262.00	610	612	275.10	484.30
		263.20	613	616	276.40	486.10
		264.50	617	620	277.80	488.00
		265.70	621	623	279.00	489.30
		267.00	624	627	280.40	491.20
		268.20	628	630	281.70	492.90
		269.50	631	634	283.00	495.30
		270.80	635	637	284.40	497.60
		272.10	638	641	285.80	500.10
		273.30	642	644	287.00	502.30
		274.60	645	648	288.40	504.70
		276.80	649	652	289.60	506.90
		278.00	653	656	290.50	508.40
		277.40	657	660	291.90	509.80
		278.40	661	665	292.40	511.60
		279.40	666	670	293.40	513.50
		280.40	671	675	294.50	515.30

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM
FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for January 1971)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his pri- mary insur- ance amount (as deter- mined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits pay- able (as pro- vided in sec. 203(a)) on the basis of his wages and self- employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$281.40	\$676	\$680	\$295.50	\$517.20
		282.40	681	685	296.60	519.00
		283.40	686	690	297.60	520.80
		284.40	691	695	298.70	522.60
		285.40	696	700	299.70	524.50
		286.40	701	705	300.80	526.30
		287.40	706	710	301.80	528.20
		288.40	711	715	302.90	530.00
		289.40	716	720	303.90	531.90
		290.40	721	725	305.00	533.70
		291.40	726	730	306.00	535.50
		292.40	731	735	307.10	537.30
		293.40	736	740	308.10	539.20
		294.40	741	745	309.20	541.00
		295.40	746	750	310.20	542.90
		296.40	751	755	311.30	544.70
		297.40	756	760	312.30	546.60
		298.40	761	765	313.40	548.40
		299.40	766	770	314.40	550.20
		300.40	771	775	315.50	552.00
		301.40	776	780	316.50	553.90
		302.40	781	785	317.60	555.70
		303.40	786	790	318.60	557.60
		304.40	791	795	319.70	559.40
		305.40	796	800	320.70	561.30
		306.40	801	805	321.80	563.10
		307.40	806	810	322.80	564.90
		308.40	811	815	323.90	566.70
		309.40	816	820	324.90	568.60
		310.40	821	825	326.00	570.40
		311.40	826	830	327.00	572.30
		312.40	831	835	328.10	574.10
		313.40	836	840	329.10	576.00
		314.40	841	845	330.20	577.80
		315.40	846	850	331.20	579.60"

1 ~~(b) Section 203(a)~~ of such Act is amended by strik-
2 ing out paragraph ~~(2)~~ and inserting in lieu thereof the
3 following:

4 "~~(2)~~ when two or more persons were entitled
5 ~~(without the application of section 202(j)(1) and~~
6 ~~section 223(b))~~ to monthly benefits under section 202
7 or 223 for May 1972 on the basis of the wages and
8 self-employment income of such insured individual and

1 the provisions of this subsection were applicable in
2 January 1971 or any prior month in determining the
3 total of the benefits for persons entitled for any such
4 month on the basis of such wages and self-employment
5 income, such total of benefits for June 1972 or any
6 subsequent month shall not be reduced to less than the
7 larger of—

8 “~~(A)~~ the amount determined under this sub-
9 section without regard to this paragraph, or

10 “~~(B)~~ an amount derived by multiplying the
11 sum of the benefit amounts determined under this
12 title for May 1972 (including this subsection, but
13 without the application of section 222(b), section
14 202(q), and subsections (b), (c), and (d) of this
15 section), by 105 percent and raising such in-
16 creased amount, if it is not a multiple of \$0.10, to
17 the next higher multiple of \$0.10;

18 but in any such case (i) paragraph (1) of this sub-
19 section shall not be applied to such total of benefits after
20 the application of subparagraph (B), and (ii) if sec-
21 tion 202(k)(2)(A) was applicable in the case of any
22 such benefits for June 1972, and ceases to apply after
23 such month, the provisions of subparagraph (B) shall
24 be applied, for and after the month in which section 202

1 ~~(k)(2)(A)~~ ceases to apply, as though paragraph ~~(1)~~
2 had not been applicable to such total of benefits for
3 June 1972, or”.

4 ~~(e)~~ Section 215(a) of such Act is amended by striking
5 out the matter which precedes the table and inserting in lieu
6 thereof the following:

7 ~~“(a)~~ The primary insurance amount of an insured
8 individual shall be determined as follows:

9 ~~“(1)~~ Subject to the conditions specified in sub-
10 sections ~~(b)~~, ~~(c)~~, and ~~(d)~~ of this section and except
11 as provided in paragraph ~~(2)~~ of this subsection, such
12 primary insurance amount shall be whichever of the
13 following amounts is the largest:

14 ~~“(A)~~ the amount in column IV of the follow-
15 ing table on the line on which in column III of such
16 table appears his average monthly wage (as deter-
17 mined under subsection ~~(b)~~);

18 ~~“(B)~~ the amount in column IV of such table
19 on the line on which in column II appears his
20 primary insurance amount (as determined under
21 subsection ~~(c)~~); or

22 ~~“(C)~~ the amount in column IV of such table
23 on the line on which in column I appears his pri-

1 mary insurance benefit (as determined under sub-
2 section (d)).

3 “(2) In the case of an individual who was entitled
4 to a disability insurance benefit for the month before
5 the month in which he died, became entitled to old-age
6 insurance benefits, or attained age 65, such primary
7 insurance amount shall be the amount in column IV of
8 such table which is equal to the primary insurance
9 amount upon which such disability insurance benefit is
10 based; except that if such individual was entitled to a
11 disability insurance benefit under section 223 for the
12 month before the effective month of a new table
13 and in the following month became entitled to an old-
14 age insurance benefit, or he died in such following month,
15 then his primary insurance amount for such following
16 month shall be the amount in column IV of the new
17 table on the line on which in column II of such table
18 appears his primary insurance amount for the month
19 before the effective month of the table (as determined
20 under subsection (c)) instead of the amount in column
21 IV equal to the primary insurance amount on which his
22 disability insurance benefit is based. For purposes of this
23 paragraph, the term ‘primary insurance amount’ with
24 respect to any individual means only a primary insur-

1 ance amount determined under paragraph ~~(1)~~ (and such
2 individual's benefits shall be deemed to be based upon
3 the primary insurance amount as so determined)."

4 ~~(d)~~ Section 215~~(b)~~~~(4)~~ of such Act is amended by
5 striking out "December 1970" each time it appears and
6 inserting in lieu thereof "May 1972".

7 ~~(e)~~ Section 215~~(c)~~ of such Act is amended to read as
8 follows:

9 "Primary Insurance Amount Under Act of March 17, 1971

10 ~~"(e)(1)~~ For the purposes of column II of the table
11 appearing in subsection ~~(a)~~ of this section, an individual's
12 primary insurance amount shall be computed on the basis
13 of the law in effect prior to June 1972.

14 ~~"(2)~~ The provisions of this subsection shall be appli-
15 cable only in the case of an individual who became entitled
16 to benefits under section 202~~(a)~~ or section 223 before June
17 1972, or who died before such month."

18 ~~(f)~~ Section 215~~(f)~~~~(2)~~ of such Act is amended by
19 striking out "~~(a)~~ ~~(1)~~ and ~~(3)~~" and inserting in lieu thereof
20 "~~(a)~~~~(1)~~ ~~(A)~~ and ~~(C)~~".

21 ~~(g)~~~~(1)~~ ~~(A)~~ Section 227~~(a)~~ of such Act is amended by
22 striking out "\$48.30" and inserting in lieu thereof "\$50.80",
23 and by striking out "\$24.20" and inserting in lieu thereof
24 "\$25.40".

1 ~~(B)~~ Section 227(b) of such Act is amended by striking
2 out “\$48.30” and inserting in lieu thereof “\$50.80”.

3 ~~(2)(A)~~ Section 228(b)(1) of such Act is amended by
4 striking out “\$48.30” and inserting in lieu thereof “\$50.80”.

5 ~~(B)~~ Section 228(b)(2) of such Act is amended by
6 striking out “\$48.30” and inserting in lieu thereof “\$50.80”,
7 and by striking out “\$24.20” and inserting in lieu thereof
8 “\$25.40”.

9 ~~(C)~~ Section 228(c)(2) of such Act is amended by
10 striking out “\$24.20” and inserting in lieu thereof “\$25.40”.

11 ~~(D)~~ Section 228(c)(3)(A) of such Act is amended
12 by striking out “\$48.30” and inserting in lieu thereof
13 “\$50.80”.

14 ~~(E)~~ Section 228(c)(3)(B) of such Act is amended
15 by striking out “\$24.20” and inserting in lieu thereof
16 “\$25.40”.

17 ~~(h)~~ The amendments made by this section (other than
18 the amendments made by subsection ~~(g)~~) shall apply with
19 respect to monthly benefits under title II of the Social Se-
20 curity Act for months after May 1972 and with respect to
21 lump-sum death payments under such title in the case of
22 deaths occurring after such month. The amendments made
23 by subsection ~~(g)~~ shall apply with respect to monthly

1 benefits under title II of such Act for months after May
2 1972.

3 AUTOMATIC ADJUSTMENTS IN BENEFITS, THE CONTRIBU-
4 TION AND BENEFIT BASE, AND THE EARNING TEST

5 Adjustments in Benefits

6 SEC. 102. ~~(a)(1)~~ Section 215 of the Social Security
7 Act is amended by adding at the end thereof the following
8 new subsection:

9 "Cost-of-Living Increases in Benefits

10 "~~(i)(1)~~ For purposes of this subsection—

11 "~~(A)~~ the term 'base quarter' means ~~(i)~~ the calen-
12 dar quarter ending on June 30 in each year after 1971,
13 or ~~(ii)~~ any other calendar quarter in which occurs
14 the effective month of a general benefit increase under
15 this title;

16 "~~(B)~~ the term 'cost-of-living computation quarter'
17 means a base quarter, as defined in subparagraph ~~(A)~~
18 ~~(i)~~, in which the Consumer Price Index prepared by
19 the Department of Labor exceeds, by not less than 3
20 per centum, such Index in the later of ~~(i)~~ the last prior
21 cost-of-living computation quarter which was established
22 under this subparagraph, or ~~(ii)~~ the most recent cal-
23 endar quarter in which occurred the effective month of
24 a general benefit increase under this title; except that
25 there shall be no cost-of-living computation quarter in

1 any calendar year in which a law has been enacted pro-
2 viding a general benefit increase under this title or in
3 which such a benefit increase becomes effective; and

4 ~~“(C) the Consumer Price Index for a base quarter,~~
5 ~~a cost-of-living computation quarter, or any other calen-~~
6 ~~dar quarter shall be the arithmetical mean of such index~~
7 ~~for the 3 months in such quarter.~~

8 ~~“(2)(A)(i) The Secretary shall determine each year~~
9 ~~(subject to the limitation in paragraph (1)(B) and to sub-~~
10 ~~paragraph (E) of this paragraph) whether the base quarter~~
11 ~~(as defined in paragraph (1)(A)(i)) in such year is a~~
12 ~~cost-of-living computation quarter.~~

13 ~~“(ii) If the Secretary determines that such base quarter~~
14 ~~is a cost-of-living computation quarter, he shall, effective~~
15 ~~with the month of January of the next calendar year (subject~~
16 ~~to subparagraph (E)) as provided in subparagraph (B),~~
17 ~~increase the benefit amount of each individual who for such~~
18 ~~month is entitled to benefits under section 227 or 228, and~~
19 ~~the primary insurance amount of each other individual under~~
20 ~~this title (including a primary insurance amount determined~~
21 ~~under section 202(a)(3), but not including a primary~~
22 ~~insurance amount determined under subsection (a)(3) of~~
23 ~~this section); by an amount derived by multiplying each~~
24 ~~such amount (including each such individual's primary~~

1 insurance amount or benefit amount under section 227
2 or 228 as previously increased under this subparagraph)
3 by the same percentage (rounded to the nearest one-tenth
4 of 1 percent) as the percentage by which the Consumer
5 Price Index for such cost-of-living computation quarter ex-
6 ceeds such index for the most recent prior calendar quarter
7 which was a base quarter under paragraph (1)(A)(ii) or,
8 if later, the most recent cost-of-living computation quarter
9 under paragraph (1)(B). Any such increased amount which
10 is not a multiple \$0.10 shall be increased to the next higher
11 multiple of \$0.10.

12 “(B) The increase provided by subparagraph (A) with
13 respect to a particular cost-of-living computation quarter
14 shall apply (subject to subparagraph (E)) in the case of
15 monthly benefits under this title for months after December
16 of the calendar year in which occurred such cost-of-living
17 computation quarter, and in the case of lump-sum death
18 payments with respect to deaths occurring after December
19 of such calendar year.

20 “(C) (i) Whenever the level of the Consumer Price
21 Index as published for any month exceeds by 2.5 percent or
22 more the level of such index for the most recent base quarter
23 (as defined in paragraph (1)(A)(ii)) or, if later, the most
24 recent cost-of-living computation quarter, the Secretary shall
25 (within 5 days after such publication) report the amount of

1 such excess to the House Committee on Ways and Means
2 and the Senate Committee on Finance.

3 “(ii) Whenever the Secretary determines that a base
4 quarter in a calendar year is also a cost-of-living computation
5 quarter, he shall notify the House Committee on Ways and
6 Means and the Senate Committee on Finance of such deter-
7 mination on or before August 15 of such calendar year, indi-
8 cating the amount of the benefit increase to be provided, his
9 estimate of the extent to which the cost of such increase
10 would be met by an increase in the contribution and benefit
11 base under section 230 and the estimated amount of the
12 increase in such base, the actuarial estimates of the effect of
13 such increase, and the actuarial assumptions and methodol-
14 ogy used in preparing such estimates.

15 “(D) If the Secretary determines that a base quarter
16 in a calendar year is also a cost-of-living computation quar-
17 ter, he shall publish in the Federal Register on or before
18 November 1 of such calendar year a determination that
19 a benefit increase is resultantly required and the percentage
20 thereof. He shall also publish in the Federal Register at
21 that time (along with the increased benefit amounts which
22 shall be deemed to be the amounts appearing in sections
23 227 and 228) a revision of the table of benefits contained
24 in subsection (a) of this section (as it may have been most
25 recently revised by another law or pursuant to this para-

1 graph); and such revised table shall be deemed to be the
2 table appearing in such subsection (a). Such revision shall
3 be determined as follows:

4 “(i) The headings of the table shall be the same
5 as the headings in the table immediately prior to its
6 revision, except that the parenthetical phrase at the
7 beginning of column II shall reflect the year in which
8 the primary insurance amounts set forth in column IV
9 of the table immediately prior to its revision were
10 effective.

11 “(ii) The amounts on each line of column I and
12 column III, except as otherwise provided by clause
13 (v) of this subparagraph, shall be the same as the
14 amounts appearing in each such column in the table
15 immediately prior to its revision.

16 “(iii) The amount on each line of column II shall
17 be changed to the amount shown on the corresponding
18 line of column IV of the table immediately prior to its
19 revision.

20 “(iv) The amounts on each line of column IV and
21 column V shall be increased from the amounts shown in
22 the table immediately prior to its revision by increasing
23 each such amount by the percentage specified in sub-
24 paragraph (A) of paragraph (2). The amount on each

1 line of column V shall be increased, if necessary, so that
2 such amount is at least equal to one and one-half times
3 the amount shown on the corresponding line in column
4 IV. Any such increased amount which is not a multiple
5 of \$0.10 shall be increased to the next higher multiple
6 of \$0.10.

7 “(v) If the contribution and benefit base (deter-
8 mined under section 230) for the calendar year in
9 which the table of benefits is revised is lower than such
10 base for the following calendar year, columns III, IV,
11 and V of such table shall be extended. The amounts on
12 each additional line of column III shall be the amounts
13 on the preceding line increased by \$5 until in the last
14 such line of column III the second figure is equal to one-
15 twelfth of the new contribution and benefit base for the
16 calendar year following the calendar year in which such
17 table of benefits is revised. The amount on each addi-
18 tional line of column IV shall be the amount on the pre-
19 ceeding line increased by \$1.00 until the amount on the
20 last line of such column is equal to the last line of such
21 column as determined under clause (iv) plus 20 percent
22 of one-twelfth of the excess of the new contribution and
23 benefit base for the calendar year following the calendar
24 year in which such table of benefits is revised (as de-

1 terminated under section 230) over such base for the
2 calendar year in which the table of benefits is revised.
3 The amount on each additional line of column V shall
4 be equal to 1.75 times the amount on the same line of
5 column IV. Any such increased amount which is not
6 a multiple of \$0.10 shall be increased to the next higher
7 multiple of \$0.10.

8 “(E) Notwithstanding a determination by the Secre-
9 tary under subparagraph (A) that a base quarter in any
10 calendar year is a cost-of-living computation quarter (and
11 notwithstanding any notification or publication thereof under
12 subparagraph (C) or (D)), no increase in benefits shall
13 take effect pursuant thereto, and such quarter shall be
14 deemed not to be a cost-of-living computation quarter, if
15 during the calendar year in which such determination is
16 made a law providing a general benefit increase under this
17 title is enacted or becomes effective.

18 “(3) As used in this subsection, the term ‘general
19 benefit increase under this title, means an increase (other
20 than an increase under this subsection) in all primary in-
21 surance amounts (including those determined under section
22 202(a)(3), but not including those determined under sub-
23 section (a)(3) of this section) on which monthly insurance
24 benefits under this title are based.”

25 (2)(A) Effective January 1, 1973, section 203(a)

1 of such Act is amended by striking out "the table in sec-
2 tion 215(a)" in the matter preceding paragraph (1) and
3 inserting in lieu thereof "the table in (or deemed to be in)
4 section 215(a)".

5 (B) Effective January 1, 1973, section 203(a)(2) of
6 such Act (as amended by section 101(b) of this Act) is
7 further amended to read as follows:

8 " (2) when two or more persons were entitled
9 (without the application of section 202(j)(1) and sec-
10 tion 223(b)) to monthly benefits under section 202
11 or 223 of January 1971 or any prior month on the
12 basis of the wages and self-employment income of such
13 insured individual and the provisions of this subsection
14 as in effect for any such month were applicable in de-
15 termining the benefit amount of any persons on the basis
16 of such wages and self-employment income, the total of
17 benefits for any month after January 1971 shall not be
18 reduced to less than the largest of—

19 "(A) the amount determined under this sub-
20 section without regard to this paragraph,

21 "(B) the largest amount which has been deter-
22 mined for any month under this subsection for per-
23 sons entitled to monthly benefits on the basis of such
24 insured individual's wages and self-employment in-
25 come, or

1 “~~(C)~~ if any persons are entitled to benefits on
2 the basis of such wages and self-employment income
3 for the month before the effective month ~~(after~~
4 June 1972) of a general benefit increase under
5 this title ~~(as defined in section 215(i)(3))~~ or a
6 benefit increase under the provisions of section 215
7 ~~(i)~~, an amount equal to the sum of such benefits
8 for the month before such effective month increased
9 by a percentage equal to the percentage of the
10 increase provided under such benefit increase ~~(with~~
11 any such increased amount which is not a multiple
12 of \$0.10 being rounded to the next higher multiple
13 of \$0.10);

14 but in any such case ~~(i)~~ paragraph ~~(1)~~ of this sub-
15 section shall not be applied to such total of benefits after
16 the application of subparagraph ~~(B)~~ or ~~(C)~~, and ~~(ii)~~
17 if section 202(k)(2)(A) was applicable in the case of
18 any such benefits for a month, and ceases to apply for
19 a month after such month, the provisions of subpara-
20 graph ~~(B)~~ or ~~(C)~~ shall be applied, for and after the
21 month in which section 202(k)(2)(A) ceases to apply,
22 as though paragraph ~~(1)~~ had not been applicable to such
23 total of benefits for the last month for which subpara-
24 graph ~~(B)~~ or ~~(C)~~ was applicable, or”.

25 ~~(3)(A)~~ Effective January 1, 1974, section 215

1 ~~(a)~~ of such Act (as amended by section 101(c) of this
2 Act) is further amended—

3 ~~(i)~~ by inserting “(or, if larger, the amount in col-
4 umn IV of the latest table deemed to be such table under
5 subsection ~~(i) (2) (D)~~” after “the following table” in
6 paragraph ~~(1) (A)~~; and

7 ~~(ii)~~ by inserting “(whether enacted by another
8 law or deemed to be such table under subsection ~~(i) (2)~~
9 ~~(D)~~” after “effective month of a new table” in para-
10 graph ~~(2)~~.

11 ~~(B)~~ Effective January 1, 1974, section 215(b)
12 ~~(4)~~ of such Act (as amended by section 101(d) of this
13 Act) is further amended to read as follows:

14 “~~(4)~~ The provisions of this subsection shall be applicable
15 only in the case of an individual—

16 “~~(A)~~ who becomes entitled to benefits under section
17 202(a) or section 223 in or after the month in which
18 a new table that appears in (or is deemed by subsection
19 ~~(i) (2) (D)~~ to appear in) subsection ~~(a)~~ becomes effec-
20 tive; or

21 “~~(B)~~ who dies in or after the month in which such
22 table becomes effective without being entitled to benefits
23 under section 202(a) or section 223; or

24 “~~(C)~~ whose primary insurance amount is required
25 to be recomputed under subsection ~~(f) (2)~~ or ~~(6)~~.”

1 ~~(C)~~ Effective January 1, 1974, section 215~~(e)~~
2 of such Act ~~(as amended by section 101(e) of this Act)~~
3 is further amended to read as follows:

4 “Primary Insurance Amount Under Prior Provisions

5 “~~(e)~~(1) For the purposes of column II of the latest
6 table that appears in ~~(or is deemed to appear in)~~ subsection
7 ~~(a)~~ of this section, an individual's primary insurance amount
8 shall be computed on the basis of the law in effect prior to the
9 month in which the latest such table became effective.

10 “~~(2)~~ The provisions of this subsection shall be appli-
11 cable only in the case of an individual who became entitled
12 to benefits under section 202~~(a)~~ or section 223, or who
13 died, before such effective month.”

14 ~~(4)~~ Effective January 1, 1974, sections 227 and
15 228 of such Act ~~(as amended by section 101(g) of this Act)~~
16 are further amended by striking out “\$50.80” wherever it
17 appears and inserting in lieu thereof “the larger of \$50.80
18 or the amount most recently established in lieu thereof under
19 section 215~~(i)~~”, and by striking out “\$25.40” wherever it
20 appears and inserting in lieu thereof “the larger of \$25.40 or
21 the amount most recently established in lieu thereof under
22 section 215~~(i)~~”.

23 Adjustments in Contribution and Benefit Base

24 ~~(b)~~(1) Title II of the Social Security Act is amended
25 by adding at the end thereof the following new section:

1 “ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT

2 BASE

3 “~~SEC. 230. (a)~~ Whenever the Secretary pursuant to
4 section 215(i) increases benefits effective with the first
5 month of the calendar year following a cost of living com-
6 putation quarter, he shall also determine and publish in the
7 Federal Register on or before November 1 of the calendar
8 year in which such quarter occurs ~~(along with the publica-~~
9 ~~tion of such benefit increase as required by section 215(i)-~~
10 ~~(2)(D))~~ the contribution and benefit base determined
11 under subsection ~~(b)~~ which shall be effective ~~(unless such~~
12 ~~increase in benefits is prevented from becoming effective~~
13 ~~by section 215(i)(2)(E))~~ with respect to remunera-
14 tion paid after the calendar year in which such quarter oc-
15 curs and taxable years beginning after such year.

16 “~~(b)~~ The amount of such contribution and benefit base
17 shall be the amount of the contribution and benefit base in
18 effect in the year in which the determination is made ~~or, if~~
19 ~~larger, the product of—~~

20 “~~(1)~~ the contribution and benefit base which was
21 in effect with respect to remuneration paid in ~~(and tax-~~
22 ~~able years beginning in)~~ the calendar year in which the
23 determination under subsection ~~(a)~~ with respect to such
24 particular calendar year was made, and

1 “~~(2)~~ the ratio of ~~(A)~~ the average of the taxable
2 wages of all employees as reported to the Secretary for
3 the first calendar quarter of the calendar year in which
4 the determination under subsection ~~(a)~~ with respect to
5 such particular calendar year was made to ~~(B)~~ the aver-
6 age of the taxable wages of all employees as reported to
7 the Secretary for the first calendar quarter of 1972 or, if
8 later, the first calendar quarter of the most recent cal-
9 endar year in which an increase in the contribution
10 and benefit base was enacted or a determination result-
11 ing in such an increase was made under subsection ~~(a)~~;
12 with such product, if not a multiple of \$300, being rounded
13 to the next higher multiple of \$300 where such product is
14 a multiple of \$150 but not of \$300 and to the nearest mul-
15 tiple of \$300 in any other case.

16 “~~(c)~~ For purposes of this section, and for purposes of
17 determining wages and self-employment income under sec-
18 tions 209, 211, 213, and 215 of this Act and sections 1402,
19 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue
20 Code of 1954, the ‘contribution and benefit base’ with respect
21 to remuneration paid in ~~(and taxable years beginning in)~~
22 any calendar year after 1971 and prior to the calendar year
23 with the first month of which the first increase in benefits
24 pursuant to section 215~~(i)~~ of this Act becomes effective
25 shall be \$10,200 or ~~(if applicable)~~ such other amount as

1 may be specified in a law enacted subsequent to the Social
2 Security Amendments of 1971."

3 Adjustments in Earnings Test

4 ~~(e)~~ Section 203(f) of such Act is amended by adding
5 at the end thereof the following new paragraph:

6 "~~(8) (A)~~ Whenever the Secretary pursuant to sec-
7 tion 215(i) increases benefits effective with the first
8 month of the calendar year following a cost-of-living
9 computation quarter, he shall also determine and publish
10 in the Federal Register on or before November 1 of the
11 calendar year in which such quarter occurs ~~(along with~~
12 ~~the publication of such benefit increase as required by~~
13 ~~section 215(i) (2) (D))~~ a new exempt amount which
14 shall be effective ~~(unless such new exempt amount is~~
15 ~~prevented from becoming effective by subparagraph (C)~~
16 ~~of this paragraph)~~ with respect to any individual's tax-
17 able year which ends with the close of or after the cal-
18 endar year with the first month of which such benefit
19 increase is effective ~~(or, in the case of an individual who~~
20 ~~dies during such calendar year, with respect to such~~
21 ~~individual's taxable year which ends, upon his death,~~
22 ~~during such year).~~

23 "~~(B)~~ The exempt amount for each month of a par-
24 ticular taxable year shall be whichever of the following
25 is the larger—

1 ~~“(i) the exempt amount which was in effect~~
2 ~~with respect to months in the taxable year in which~~
3 ~~the determination under subparagraph (A) was~~
4 ~~made, or~~

5 ~~“(ii) the product of the exempt amount de-~~
6 ~~scribed in clause (i) and the ratio of (I) the aver-~~
7 ~~age of the taxable wages of all employees as reported~~
8 ~~to the Secretary for the first calendar quarter of the~~
9 ~~calendar year in which the determination under sub-~~
10 ~~paragraph (A) was made to (II) the average of~~
11 ~~the taxable wages of all employees as reported to the~~
12 ~~Secretary for the first calendar quarter of 1972 1973~~
13 ~~or, if later, the first calendar quarter of the most~~
14 ~~recent calendar year in which an increase in the~~
15 ~~contribution and benefit base was enacted or a deter-~~
16 ~~mination resulting in such an increase was made un-~~
17 ~~der section 230(a), with such product, if not a~~
18 ~~multiple of \$10, being rounded to the next higher~~
19 ~~multiple of \$10 where such product is a multiple of~~
20 ~~\$5 but not of \$10 and to the nearest multiple of \$10~~
21 ~~in any other case.~~

22 Whenever the Secretary determines that the exempt
23 amount is to be increased in any year under this para-
24 graph, he shall notify the House Committee on Ways
25 and Means and the Senate Committee on Finance no

1 later than August 15 of such year of the estimated
 2 amount of such increase, indicating the new exempt
 3 amount, the actuarial estimates of the effect of the in-
 4 crease, and the actuarial assumptions and methodology
 5 used in preparing such estimates.

6 “(C) Notwithstanding the determination of a new
 7 exempt amount by the Secretary under subparagraph
 8 (A) (and notwithstanding any publication thereof
 9 under such subparagraph or any notification thereof
 10 under the last sentence of subparagraph (B)), such
 11 new exempt amount shall not take effect pursuant
 12 thereto if during the calendar year in which such deter-
 13 mination is made a law increasing the exempt amount for
 14 providing a general benefit increase under this title (as
 15 defined in section 215(i)(3)) is enacted.”

16 SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT

17 SEC. ~~(4)~~103 101. (a) Section 215 (a) of the Social Secu-
 18 rity Act ~~(5)~~(as amended by section 101(e) of this Act) is
 19 further is amended—

20 (1) by striking out “paragraph (2)” in the mat-
 21 ter preceding subparagraph (A) of paragraph (1) and
 22 inserting in lieu thereof “paragraphs (2) and (3)”;
 23 and

24 (2) by inserting after paragraph (2) the following:

1 “(3) Such primary insurance amount shall be an
2 amount equal to ~~(6)~~^{\$5} \$10 multiplied by the individu-
3 al’s years of coverage ~~(7)~~*in excess of 10* in any case in
4 which such amount is higher than the individual’s pri-
5 mary insurance amount as determined under paragraph
6 (1) or (2).

7 For purposes of paragraph (3), an individual’s ‘years of
8 coverage’ is the number (not exceeding 30) equal to the
9 sum of (i) the number (not exceeding 14 and disregarding
10 any fraction) determined by dividing the total of the wages
11 credited to him ~~(8)~~*(including wages deemed to be paid prior to*
12 *1951 to such individual under section 217, compensation*
13 *under the Railroad Retirement Act of 1937 prior to 1951*
14 *which is creditable to such individual pursuant to this title,*
15 *and wages deemed to be paid prior to 1951 to such individual*
16 *under section 231)* for years after 1936 and before 1951 by
17 \$900, plus (ii) the number equal to the number of years
18 after 1950 each of which is a computation base year (with-
19 in the meaning of subsection (b) (2) (C)) and in each of
20 which he is credited with wages ~~(9)~~*(including wages deemed*
21 *to be paid to such individual under section 217, compensation*
22 *under the Railroad Retirement Act of 1937 which is credit-*
23 *able to such individual pursuant to this title, and wages*
24 *deemed to be paid to such individual under section 229)*
25 and self-employment income of not less than 25 percent of

1 the maximum amount which, pursuant to subsection (c),
2 may be counted for such year.”

3 (b) Section 203 (a) of such Act ~~(10)~~ (as amended by
4 ~~sections 101(b) and 102(a)(2) of this Act~~) is further is
5 amended by striking out “or” at the end of paragraph ~~(11)~~ ~~(2)~~
6 ~~(3)~~, by striking out the period at the end of paragraph ~~(12)~~
7 ~~(3)~~ ~~(4)~~ and inserting in lieu thereof “, or”, and by inserting
8 after paragraph ~~(13)~~ ~~(3)~~ ~~(4)~~ the following new paragraph:
9 ~~(14)~~ ~~(4)~~ ~~(5)~~ whenever the monthly benefits of
10 such individuals are based on an insured individual’s pri-
11 mary insurance amount which is determined under section
12 215 (a) (3) and such primary insurance amount does
13 not appear in column IV of the table in (or deemed to
14 be in) section 215 (a), the applicable maximum amount
15 in column V of such table shall be the amount in such
16 column that appears on the line on which the next higher
17 primary insurance amount appears in column IV, or, if
18 larger, the largest amount determined for such persons
19 under this subsection for any month prior to ~~(15)~~ ~~Febru-~~
20 ~~ary 1971~~ *October 1972.*”

21 (c) Section 215 (a) (2) of such Act ~~(16)~~ (as amended by
22 ~~section 101(e) of this Act~~) is further is amended by striking
23 out “such primary insurance amount shall be” and all that
24 follows and inserting in lieu thereof the following:

25 “such primary insurance amount shall be—

1 “(A) the amount in column IV of such table
2 which is equal to the primary insurance amount upon
3 which such disability insurance benefit is based;
4 except that if such individual was entitled to a dis-
5 ability insurance benefit under section 223 for the
6 month before the effective month of a new table
7 (whether enacted by another law or deemed to be
8 such table under subsection (i) (2) (D)) and in
9 the following month became entitled to an old-age
10 insurance benefit, or he died in such following month,
11 then his primary insurance amount for such follow-
12 ing month shall be the amount in column IV of the
13 new table on the line on which in column II of such
14 table appears his primary insurance amount for the
15 month before the effective month of the table (as de-
16 termined under subsection (c)) instead of the
17 amount in column IV equal to the primary insurance
18 amount on which his disability insurance benefit is
19 based. For purposes of this paragraph, the term ‘pri-
20 mary insurance amount’ with respect to any indi-
21 vidual means only a primary insurance amount
22 determined under paragraph (1) (and such individ-
23 ual’s benefits shall be deemed to be based upon the
24 primary insurance amount as so determined) ; or
25 “(B) an amount equal to the primary insur-

1 ance amount upon which such disability insurance
2 benefit is based if such primary insurance amount
3 was determined under paragraph (3).”

4 (d) Section 215 (f) (2) of such Act ~~(17)~~(as amended
5 ~~by section 101(f) of this Act~~) is further is amended by strik-
6 ing out “subsection (a) (1) (A) and (C)” and inserting
7 in lieu thereof “subsections (a) (1) (A) and (C) and
8 (a) (3)”.

9 ~~(18)~~(e) *Section 215(i)(2)(A)(ii) of such Act is amended*
10 *by striking out “under this title” and inserting in lieu thereof*
11 *“under this title (but not including a primary insurance*
12 *amount determined under subsection (a) (3) of this section)”*.

13 ~~(19)~~(e) (f) Whenever an insured individual is entitled to
14 benefits for a month which are based on a primary insurance
15 amount under paragraph (1) or paragraph (3) of section
16 215 (a) of the Social Security Act and for the following
17 month such primary insurance amount is increased or such
18 individual becomes entitled to benefits on a higher primary
19 insurance amount under a different paragraph of such section
20 215 (a), such individual’s old-age or disability insurance
21 benefit (beginning with the effective month of the increased
22 primary insurance ~~(20)amount, amount~~) shall be increased
23 by an amount equal to the difference between the higher pri-
24 mary insurance amount and the primary insurance amount on

1 which such benefit was based for the month prior to such
 2 effective month, after the application of section 202 (q) of
 3 such Act where applicable to such difference.

4 ~~(21)(f)~~ (g) The amendments made by this section shall ap-
 5 ply with respect to monthly insurance benefits under title II of
 6 the Social Security Act for months after December ~~(22)1971~~
 7 1972 (without regard to when the insured individual became
 8 entitled to such benefits or when he died) and with respect to
 9 lump-sum death payments under such title in the case of
 10 deaths occurring after such month.

11 INCREASED WIDOW'S AND WIDOWER'S INSURANCE
 12 BENEFITS

13 SEC. ~~(23)104~~ 102. (a) (1) Section 202 (e) (1) of the
 14 Social Security Act is amended—

15 (A) by striking out “82½ percent of” wherever it
 16 appears;

17 (B) by striking out “entitled, after attainment of
 18 age 62, to wife’s insurance benefits,” in subparagraph

19 (C) (i) and inserting in lieu thereof “entitled to wife’s
 20 insurance benefits,” and by striking out “or” ~~(24)at the~~
 21 *end of clause (i)* in such subparagraph and inserting in
 22 lieu thereof “and (I) has attained age 65 or (II) is not
 23 entitled to benefits under subsection (a) ~~(25)(other than~~
 24 ~~under paragraph (3) thereof)~~ or section 223, or”; and

25 (C) by striking out “age 62” in subparagraph (C)

1 (ii), and in the matter following subparagraph (G),
2 and inserting in lieu thereof in each instance "age 65"

3 (2) Paragraph (2) of section 202(e) of such Act is
4 amended to read as follows:

5 " (2) (A) Except as provided in subsection (q), para-
6 graph (4) of this subsection, and subparagraph (B) of this
7 paragraph, such widow's insurance benefit for each month
8 shall be equal to the primary insurance amount of such
9 deceased individual.

10 " (B) If the deceased individual (on the basis of whose
11 wages and self-employment income a widow or surviving
12 divorced wife is entitled to widow's insurance benefits under
13 this subsection) was, at any time, entitled to an old-age
14 insurance benefit which was reduced by reason of the appli-
15 cation of subsection (q), the widow's insurance benefit of
16 such widow or surviving divorced wife for any month shall,
17 if the amount of the widow's insurance benefit of such widow
18 or surviving divorced wife (as determined under subpara-
19 graph (A) and after application of subsection (q)) is
20 greater than—

21 " (i) the amount of the old-age insurance benefit to
22 which such deceased individual would have been en-
23 titled (after application of subsection (q)) for such
24 month if such individual were still living, and

1 “(ii) 82½ percent of the primary insurance amount
2 of such deceased individual,
3 be reduced to the amount referred to in clause (i), or (if
4 greater) the amount referred to in clause (ii).”

5 (b) (1) Section 202 (f) (1) of such Act is amended—

6 (A) by striking out “82½ percent of” wherever it
7 appears;

8 (B) by striking out “died,” in subparagraph (C)
9 and inserting in lieu thereof “died, and (I) has attained
10 age 65 or (II) is not entitled to benefits under sub-
11 section (a) or section 223,”; and

12 (C) by striking out “age 62” in the matter follow-
13 ing subparagraph (G) and inserting in lieu thereof
14 “age 65”.

15 (2) Paragraph (3) of section 202 (f) of such Act is
16 amended to read as follows:

17 “(3) (A) Except as provided in subsection (q), para-
18 graph (5) of this subsection, and subparagraph (B) of this
19 paragraph, such widower’s insurance benefit for each month
20 shall be equal to the primary insurance amount of his de-
21 ceased wife.

22 “(B) If the deceased wife (on the basis of whose
23 wages and self-employment income a widower is entitled to
24 widower’s insurance benefits under this subsection) was, at
25 any time, entitled to an old-age insurance benefit which was

1 reduced by reason of the application of subsection (q), the
2 widower's insurance benefit of such widower for any month
3 shall, if the amount of the widower's insurance benefit of
4 such widower (as determined under subparagraph (A) and
5 after application of subsection (q) is greater than—

6 “(i) the amount of the old-age insurance benefit to
7 which such deceased wife would have been entitled
8 (after application of subsection (q)) for such month if
9 such wife were still living; and

10 “(ii) 82½ percent of the primary insurance amount
11 of such deceased wife;
12 be reduced to the amount referred to in clause (i), or (if
13 greater) the amount referred to in clause (ii).”

14 (c) (1) The last sentence of section 203 (c) of such Act
15 is amended by striking out all that follows the semicolon and
16 inserting in lieu thereof the following: “nor shall any de-
17 duction be made under this subsection from any widow's
18 insurance benefits for any month in which the widow or sur-
19 viving divorced wife is entitled and has not attained age 65
20 (but only if she became so entitled prior to attaining age
21 60), or from any widower's insurance benefit for any month
22 in which the widower is entitled and has not attained age 65
23 (but only if he became so entitled prior to attaining age
24 62).”

25 (2) Clause (D) of section 203 (f) (1) of such Act is

1 amended to read as follows: “(D) for which such individual
2 is entitled to widow’s insurance benefits and has not attained
3 age 65 (but only if she became so entitled prior to attaining
4 age 60), or widower’s insurance benefits and has not attained
5 age 65 (but only if he became so entitled prior to attaining
6 age 62), or”.

7 (d) Section 202(k)(3)(A) of such Act is amended by
8 striking out “subsection (q) and” and inserting in lieu
9 thereof “subsection (q), subsection (e)(2) or (f)(3),
10 and”.

11 (e)(1) Section 202(q)(1) of such Act is amended to
12 read as follows:

13 “(1) If the first month for which an individual is
14 entitled to an old-age, wife’s, husband’s, widow’s, or
15 widower’s insurance benefit is a month before the month in
16 which such individual attains retirement age, the amount of
17 such benefit for such month and for any subsequent month
18 shall, subject to the succeeding paragraphs of this subsection,
19 be reduced by—

20 “(A) $\frac{5}{9}$ of 1 percent of such amount if such bene-
21 fits is an old-age insurance benefit, $\frac{25}{36}$ of 1 percent of such
22 amount if such benefit is a wife’s or husband’s insurance
23 benefit, or $\frac{19}{40}$ of 1 percent of such amount if such
24 benefit is a widow’s or widower’s insurance benefit,
25 multiplied by—

1 “(B) (i) the number of months in the reduction
2 period for such benefit (determined under paragraph
3 (6) (A)), if such benefit is for a month before the
4 month in which such individual attains retirement age, or

5 “(ii) if less, the number of such months in the
6 adjusted reduction period for such benefit (determined
7 under paragraph (7)), if such benefit is (I) for the
8 month in which such individual attains age 62, or
9 (II) for the month in which such individual attains
10 retirement age;

11 and in the case of a widow or widower whose first month of
12 entitlement to a widow’s or widower’s insurance benefit is a
13 month before the month in which such widow or widower
14 attains age 60, such benefit, reduced pursuant to the preced-
15 ing provisions of this paragraph (and before the application
16 of the second sentence of paragraph (8)), shall be further
17 reduced by—

18 “(C) $\frac{3}{240}$ of 1 percent of the amount of such
19 benefit, multiplied by—

20 “(D) (i) the number of months in the additional
21 reduction period for such benefit (determined under
22 paragraph (6) (B)), if such benefit is for a month
23 before the month in which such individual attains age
24 62, or

25 “(ii) if less, the number of months in the additional

1 adjusted reduction period for such benefit (determined
2 under paragraph (7)), if such benefit is for the month
3 in which such individual attains age 62 or any month
4 thereafter.”

5 (2) Section 202 (q) (7) of such Act is amended—

6 (A) by striking out everything that precedes sub-
7 paragraph (A) and inserting in lieu thereof the fol-
8 lowing:

9 “(7) For purposes of this subsection the ‘adjusted re-
10 duction period’ for an individual’s old-age, wife’s, husband’s,
11 widow’s, or widower’s insurance benefit is the reduction
12 period prescribed in paragraph (6) (A) for such benefit,
13 and the ‘additional adjusted reduction period’ for an indi-
14 vidual’s, widow’s, or widower’s insurance benefit is the
15 additional reduction period prescribed by paragraph (6)
16 (B) for such benefit, excluding from each such period—”;
17 and

18 (B) by striking out “attained retirement age” in
19 subparagraph (E) and inserting in lieu thereof “attained
20 age 62, and also for any later month before the month in
21 which he attained retirement age,”.

22 (3) Section 202 (q) (9) of such Act is amended to read
23 as follows:

24 “(9) For purposes of this subsection, the term ‘retire-
25 ment age’ means age 65.”

1 (f) Section 202 (m) of such Act is amended to read as
2 follows:

3 “Minimum Survivor’s Benefit

4 “(m) (1) In any case in which an individual is entitled
5 to a monthly benefit under this section on the basis of the
6 wages and self-employment income of a deceased individual
7 for any month and no other person is (without the applica-
8 tion of subsection (j) (1)) entitled to a monthly benefit
9 under this section for such month on the basis of such wages
10 and self-employment income, such individual’s benefit amount
11 for such month, prior to reduction under subsection (k) (3),
12 shall be not less than the first amount appearing in column
13 IV of the table in (or deemed to be in) section 215 (a),
14 except as provided in paragraph (2).

15 “(2) In the case of any such individual who is entitled
16 to a monthly benefit under subsection (e) or (f), such indi-
17 vidual’s benefit amount, after reduction under subsection (q)
18 (1), shall be not less than—

19 “(A) ~~(26)~~\$70.40 \$84.50, if his first month of en-
20 titlement to such benefit is the month in which such indi-
21 vidual attained age 62 or a subsequent month, or

22 “(B) ~~(27)~~\$70.40 \$84.50 reduced under subsection
23 (q) (1) as if retirement age as specified in subsection
24 (q) (6) (A) (ii) were age 62 instead of the age specified
25 in subsection (q) (9), if his first month of entitlement to

1 such benefit is before the month in which he attained
2 age 62.

3 “(3) In the case of any individual whose benefit
4 amount was computed (or recomputed) under the provisions
5 of paragraph (2) and such individual was entitled to benefits
6 under subsection (e) or (f) for a month prior to any month
7 after ~~(28)1971~~ 1972 for which a general benefit increase un-
8 der this title (as defined in section 215 (i) (3)) or a benefit
9 increase under section 215 (i) becomes effective, the benefit
10 amount of such individual as computed under paragraph (2)
11 without regard to the reduction specified in subparagraph
12 (B) thereof shall be increased by the percentage increase
13 applicable for such benefit increase, prior to the application
14 of subsection (q) (1) pursuant to paragraph (2) (B) and
15 subsection (q) (4).”

16 (g) ~~(29)~~(1) In the case of an individual who is entitled
17 to widow's or widower's insurance benefits for the month of
18 ~~(30)December 1971~~ (and whose benefit is not determined
19 under section ~~202(m)~~ of the Social Security Act), December
20 1972, the Secretary shall ~~(31)~~, if it would increase such bene-
21 fits, redetermine the amount of such benefits for months after
22 ~~(32)December 1971~~ December 1972 under title II of the
23 Social Security Act as if the amendments made by this section
24 had been in effect for the first month of such individual's
25 entitlement to such benefits.

1 **(33)**(2) *For purposes of paragraph (1)—*

2 *(A) any deceased individual on whose wages and*
 3 *self-employment income the benefits of an individual*
 4 *referred to in paragraph (1) are based, shall be deemed*
 5 *not to have been entitled to benefits if the record, of in-*
 6 *sured individuals who were entitled to benefits, that is*
 7 *readily available to the Secretary contains no entry for*
 8 *such deceased individual; and*

9 *(B) any deductions under subsections (b) and (c)*
 10 *of section 203 of such Act, applicable to the benefits of*
 11 *an individual referred to in paragraph (1) for any*
 12 *month prior to September 1965, shall be disregarded in*
 13 *applying the provisions of section 202(q)(7) of such*
 14 *Act (as amended by this Act).*

15 **(h) Where—**

16 **(1) two or more persons are entitled to monthly**
 17 **benefits under section 202 of the Social Security Act for**
 18 **December ~~(34)~~1971 1972 on the basis of the wages**
 19 **and self-employment income of a deceased individual,**
 20 **and one or more of such persons is so entitled under sub-**
 21 **section (e) or (f) of such section 202, and**

22 **(2) one or more of such persons is entitled on the**
 23 **basis of such wages and self-employment income to**
 24 **monthly benefits under subsection (e) or (f) of such**

1 section 202 (as amended by this section) for January
2 ~~(35)~~1972 1973, and

3 (3) the total of benefits to which all persons are
4 entitled under section 202 of such Act on the basis of
5 such wages and self-employment income for January
6 ~~(36)~~1972 1973 is reduced by reason of section 203 (a) of
7 such Act, as amended by this Act (or would, but for the
8 penultimate sentence of such section 203 (a), be so
9 reduced),

10 then the amount of the benefit to which each such person
11 referred to in paragraph (1) is entitled for months after
12 December ~~(37)~~1971 1972 shall in no case be less after the
13 application of this section and such section 203 (a) than the
14 amount it would have been without the application of this
15 section.

16 (i) The amendment made by this section shall apply
17 with respect to monthly benefits under title II of the Social
18 Security Act for months after December ~~(38)~~1971 1972.

19 ~~(39)~~INCREASE OF EARNINGS COUNTED FOR BENEFIT

20 AND TAX PURPOSES

21 ~~SEC. 105. (a)(1)(A)~~ Section 209(a)(6) of the
22 Social Security Act is amended—

23 ~~(i)~~ by striking out “\$9,000” and inserting in lieu
24 thereof “\$10,200”, and

25 ~~(ii)~~ by inserting “and prior to 1973” after “1971”.

1 ~~(B)~~ Section 209~~(a)~~ of such Act is further amended by
2 adding at the end thereof the following new paragraph:

3 ~~“(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1972 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;”~~.

11 ~~(2)(A)~~ Section 211~~(b)(1)(F)~~ of such Act is
12 amended—

13 ~~(i)~~ by inserting “and prior to 1973” after “1971”,

14 ~~(ii)~~ by striking out “\$9,000” and inserting in lieu
15 thereof “\$10,200”, and

16 ~~(iii)~~ by striking out “; or” and inserting in lieu
17 thereof “; and”.

18 ~~(B)~~ Section 211~~(b)(1)~~ of such Act is further amended
19 by adding at the end thereof the following new subpara-
20 graph:

21 ~~“(G) For any taxable year beginning in
22 any calendar year after 1972, (i) an amount
23 equal to the contribution and benefit base (as de-
24 termined under section 230) which is effective for~~

1 such calendar year, minus ~~(ii)~~ the amount of the
2 wages paid to such individual during such taxable
3 year; or”.

4 ~~(3)(A)~~ Section 213(a)(2)(ii) of such Act is
5 amended by striking out “\$9,000 in the case of a calendar
6 year after 1971” and inserting in lieu thereof “\$10,200 in
7 the case of a calendar year after 1971 and before 1973, or an
8 amount equal to the contribution and benefit base (as deter-
9 mined under section 230) in the case of any calendar year
10 after 1972 with respect to which such contribution and bene-
11 fit base is effective”.

12 ~~(B)~~ Section 213(a)(2)(iii) of such Act is amended
13 by striking out “\$9,000 in the case of a taxable year begin-
14 ning after 1971” and inserting in lieu thereof “\$10,200 in the
15 case of a taxable year beginning after 1971 and before 1973,
16 or an amount equal to the contribution and benefit base (as
17 determined under section 230) which is effective for the
18 calendar year in the case of any taxable year beginning in
19 any calendar year after 1972”.

20 (4) Section 215(e)(1) of such Act is amended by
21 striking out “and the excess over \$9,000 in the case of any
22 calendar year after 1971” and inserting in lieu thereof “the
23 excess over \$10,200 in the case of any calendar year after
24 1971 and before 1973, and the excess over an amount equal

1 to the contribution and benefit base (as determined under
2 section 230) in the case of any calendar year after 1972
3 with respect to which such contribution and benefit base is
4 effective”.

5 ~~(b)(1)(A)~~ Section 1402(b)(1)(F) of the Internal
6 Revenue Code of 1954 (relating to definition of self-employ-
7 ment income) is amended—

8 (i) by inserting “and before 1973” after “1971”;

9 (ii) by striking out “\$9,000” and inserting in lieu
10 thereof “\$10,200”, and

11 (iii) by striking out “; or” and inserting in lieu
12 thereof “; and”.

13 ~~(B)~~ Section 1402(b)(1) of such Code is further
14 amended by adding at the end thereof the following new
15 subparagraph:

16 “~~(G)~~ for any taxable year beginning in any
17 calendar year after 1972, (i) an amount equal
18 to the contribution and benefit base (as deter-
19 mined under section 230 of the Social Security Act)
20 which is effective for such calendar year, minus (ii)
21 the amount of the wages paid to such individual
22 during such taxable year; or”.

23 ~~(2)(A)~~ Section 3121(a)(1) of such Code (relating
24 to definition of wages) is amended by striking out “\$9,000”

1 each place it appears and inserting in lieu thereof "\$10,200".

2 ~~(B)~~ Effective with respect to remuneration paid after
3 1972, section 3121(a)(1) of such Code is amended—

4 (i) by striking out "\$10,200" each place it appears
5 and inserting in lieu thereof "the contribution and bene-
6 fit base (as determined under section 230 of the Social
7 Security Act)", and

8 (ii) by striking out "by an employer during any
9 calendar year", and inserting in lieu thereof "by an em-
10 ployer during the calendar year with respect to which
11 such contribution and benefit base is effective".

12 ~~(3)(A)~~ The second sentence of section 3122 of such
13 Code (relating to Federal service) is amended by striking
14 out "\$9,000" and inserting in lieu thereof "\$10,200".

15 ~~(B)~~ Effective with respect to remuneration paid after
16 1972, the second sentence of section 3122 of such
17 Code is amended by striking out "the \$10,200 limitation"
18 and inserting in lieu thereof "the contribution and benefit
19 base limitation".

20 ~~(4)(A)~~ Section 3125 of such Code (relating to returns
21 in the case of governmental employees in Guam, American
22 Samoa, and the District of Columbia) is amended by striking
23 out "\$9,000" where it appears in subsections (a), (b), and
24 (c) and inserting in lieu thereof "\$10,200".

1 ~~(B)~~ Effective with respect to remuneration paid after
2 1972, section 3125 of such Code is amended by striking
3 out "the \$10,200 limitation" where it appears in subsec-
4 tions ~~(a)~~, ~~(b)~~, and ~~(c)~~ and inserting in lieu thereof "the
5 contribution and benefit base limitation".

6 ~~(5)~~ Section 6413~~(c)(1)~~ of such Code ~~(relating to~~
7 ~~special funds of employment taxes)~~ is amended—

8 ~~(A)~~ by inserting "and prior to the calendar year
9 1973" after "after the calendar year 1971";

10 ~~(B)~~ by striking out "exceed \$0,000," and inserting
11 in lieu thereof the following: "exceed \$10,200, or ~~(F)~~
12 during any calendar year after the calendar year 1972,
13 the wages received by him during such year exceed
14 the contribution and benefit base (as determined under
15 section 230 of the Social Security Act) which is effec-
16 tive with respect to such year,"; and

17 ~~(C)~~ by striking out "the first \$0,000 of such wages
18 received in such calendar year after 1971" and inserting
19 in lieu thereof "the first \$10,200 of such wages received
20 in such calendar year after 1971 and before 1973, or
21 which exceeds the tax with respect to an amount of such
22 wages received and such calendar year after 1972 equal
23 to the contribution and benefit base (as determined
24 under section 230 of the Social Security Act) which is
25 effective with respect to such year".

1 ~~(6)~~ Section 6413(c)(2)(A) of such Code (relating
2 to refunds of employment taxes in the case of Federal em-
3 ployees) is amended by striking out “or \$0,000 for any
4 calendar year after 1971” and inserting in lieu thereof
5 “\$10,200 for the calendar year 1972, or an amount equal to
6 the contribution and benefit base (as determined under sec-
7 tion 230 of the Social Security Act) for any calendar year
8 after 1972 with respect to which such contribution and bene-
9 fit base is effective”.

10 ~~(7)(A)~~ Section 6654(d)(2)(B)(ii) of such Code
11 (relating to failure by individual to pay estimated income
12 tax) is amended by striking out “\$0,000” and inserting in
13 lieu thereof “\$10,200”.

14 ~~(B)~~ Effective with respect to taxable years beginning
15 after 1972, section 6654(d)(2)(B)(ii) of such
16 Code is amended by striking out “the excess of \$10,200
17 over the amount” and inserting in lieu thereof “the excess of
18 ~~(I)~~ an amount equal to the contribution and benefit base
19 (as determined under section 230 of the Social Security Act)
20 which is effective for the calendar year in which the tax-
21 able year begins, over ~~(II)~~ the amount”.

22 ~~(c)~~ The table in section 215(a) of such Act is amended

1 by adding at the end of columns III, IV, and V the fol-
 2 lowing:

751	755	296.40	518.70
756	760	297.40	520.50
761	765	298.40	522.20
766	770	299.40	524.00
771	775	300.40	525.70
776	780	301.40	527.50
781	785	302.40	529.20
786	790	303.40	531.00
791	795	304.40	532.70
796	800	305.40	534.50
801	805	306.40	536.20
806	810	307.40	538.00
811	815	308.40	539.70
816	820	309.40	541.50
821	825	310.40	543.20
826	830	311.40	545.00
831	835	312.40	546.70
836	840	313.40	548.50
841	845	314.40	550.20
846	850	315.40	552.00".

3 ~~(d) The amendments made by subsections (a)(1)~~
 4 ~~and (a)(3)(A), and the amendments made by subsection~~
 5 ~~(b) (except paragraphs (1) and (7) thereof), shall apply~~
 6 ~~only with respect to remuneration paid after December 1971.~~
 7 ~~The amendments made by subsections (a)(2), (a)~~
 8 ~~(3)(B), (b)(1), and (b)(7) shall apply only with respect~~
 9 ~~to taxable years beginning after 1971. The amendment~~
 10 ~~made by subsection (a)(4) shall apply only with respect~~
 11 ~~to calendar years after 1971. The amendment made by~~
 12 ~~subsection (c) shall apply only with respect to months after~~
 13 ~~December 1971.~~

14 **DELAYED RETIREMENT CREDIT**

15 **SEC. (40)106 103.** (a) Section 202 of the Social Secu-
 16 rity Act is amended by adding after subsection (v) thereof
 17 the following:

1 “Increase in Old-Age Insurance Benefit Amounts on
2 Account of Delayed Retirement

3 “(w) (1) If the first month for which an old-age insur-
4 ance benefit becomes payable to an individual is not earlier
5 than the month in which such individual attains age 65 (or
6 his benefit payable at such age is not reduced under sub-
7 section (q)), the amount of the old-age insurance benefit
8 (other than a benefit based on a primary insurance amount
9 determined under section 215(a)(3)) which is payable
10 without regard to this subsection to such individual shall be
11 increased by—

12 “(A) $\frac{1}{12}$ of 1 percent of such amount, multiplied
13 by

14 “(B) the number (if any) of the increment months
15 for such individual.

16 “(2) For purposes of this subsection, the number of
17 increment months for any individual shall be a number equal
18 to the total number of the months—

19 “(A) which have elapsed after the month before
20 the month in which such individual attained 65 (41)
21 or ~~(if later) December 1970~~ and prior to the month in
22 which such individual attained age 72, and

23 “(B) with respect to which—

24 “(i) such individual was a fully insured indi-
25 vidual (as defined in section 214(a)), and

1 “(ii) such individual either was not entitled to
2 an old-age insurance benefit or suffered deductions
3 under section 203 (b) or 203 (c) in amounts equal
4 to the amount of such benefit.

5 “(3) For purposes of applying the provisions of para-
6 graph (1), a determination shall be made under paragraph
7 (2) for each year, beginning with ~~(42)1971~~, 1972, of the
8 total number of an individual’s increment months through the
9 year for which the determination is made and the total so de-
10 termined shall be applicable to such individual’s old-age insur-
11 ance benefits beginning with benefits for January of the
12 year following the year for which such determination is
13 made; except that the total number applicable in the case of
14 an individual who attains age 72 after ~~(43)1971~~ 1972 shall
15 be determined through the month before the month in which
16 he attains such age and shall be applicable to his old-age insur-
17 ance benefit beginning with the month in which he attains
18 such age.

19 “(4) This subsection shall be applied after reduction
20 under section 203 (a) ~~(44)~~; and, in the case of a husband and
21 wife whose benefits are determined under section 203 (a)-
22 ~~(3)~~, shall be applied separately to the benefit of each as so
23 determined.”

24 (b) ~~(45)Paragraph (2)~~ The matter following paragraph

1 (3) of section 202 (a) of such Act ~~(46)~~~~(as amended by sec-~~
 2 ~~tion 110(a) of this Act)~~ is further is amended by inserting
 3 “and subsection (w)” after “subsection (q)”.

4 ~~(47)~~~~(c)~~ *Effective January 1, 1974, section 203(a)(2)(C)*
 5 *of such Act is amended by striking out “determined under*
 6 *this title” and inserting in lieu thereof “determined under*
 7 *this title (excluding any part thereof determined under sec-*
 8 *tion 202(w))”.*

9 ~~(48)~~~~(e)~~ *(d)* The amendments made by this section shall be
 10 applicable with respect to old-age insurance benefits payable
 11 under title II of the Social Security Act for months begin-
 12 ning after ~~(49)~~~~1971.~~ 1972.

13 AGE-62 COMPUTATION POINT FOR MEN

14 SEC. ~~(50)~~~~107~~ 104. (a) Section 214 (a) (1) of the So-
 15 cial Security Act is amended by striking out “before—” and
 16 all that follows down through “except” and inserting in lieu
 17 thereof the following:

18 “before the year in which he died or (if earlier) the
 19 year in which he attained age 62, except”.

20 (b) Section 215 (b) (3) of such Act is amended by
 21 striking out “before—” and all that follows down through
 22 “For” and inserting in lieu thereof the following:

23 “before the year in which he died, or if it occurred earlier
 24 but after 1960, the year in which he attained age 62.
 25 For”.

1 (c) Section 223 (a) (2) of such Act is amended—

2 (1) by striking out “(if a woman) or age 65 (if
3 a man)”,

4 (2) by striking out “in the case of a woman” and
5 inserting in lieu thereof “in the case of an individual”,
6 and

7 (3) by striking out “she” and inserting in lieu
8 thereof “he”.

9 (d) Section 223 (c) (1) (A) of such Act is amended
10 by striking out “(if a woman) or age 65 (if a man)”.

11 (e) Section 227 (a) of such Act is amended by striking
12 out “so much of paragraph (1) of section 214 (a) as follows
13 clause (C)” and inserting in lieu thereof “paragraph (1)
14 of section 214 (a)”.

15 (f) Section 227 (b) of such Act is amended by striking
16 out “so much of paragraph (1) thereof as follows clause
17 (C)” and inserting in lieu thereof “paragraph (1) thereof”.

18 (g) Sections 209 (i) and 216 (i) (3) (A), of such Act
19 are amended by striking out “(if a woman) or age 65 (if
20 a man)”.

21 (h) Section 303 (g) (1) of the Social Security Amend-
22 ments of 1960 (51) *is (as amended by the Social Security*
23 *Amendments of 1967) is further amended—*

24 (1) by striking out “Amendments of 1965 and
25 1967” and inserting in lieu thereof “Amendments of

1 1965, 1967, ~~(52)1969~~, and ~~1971~~ (and by Public Law
2 ~~92-5~~) and 1972"; and

3 (2) by striking out "Amendments of 1967" wher-
4 ever it appears and inserting in lieu thereof "Amend-
5 ments of ~~(53)1971~~ 1972".

6 (i) Paragraph (9) of section 3121 (a) of the Internal
7 Revenue Code of 1954 (relating to definition of wages) is
8 amended to read as follows:

9 " (9) any payment (other than vacation or sick
10 pay) made to an employee after the month in which he
11 attains age 62, if such employee did not work for the
12 employer in the period for which such payment is
13 made;".

14 (j) (1) The amendments made by this section (except
15 the amendment made by subsection (i), and the amendment
16 made by subsection (g) to section 209 (i) of the Social
17 Security Act) shall apply only in the case of a man who
18 attains (or would attain) age 62 after December ~~(54)1973~~
19 1974. The amendment made by subsection (i), and the
20 amendment made by subsection (g) to section 209 (i) of the
21 Social Security Act, shall apply only with respect to payments
22 after ~~(55)1973~~ 1974.

23 (2) In the case of a man who attains age 62 prior to
24 ~~(56)1974~~, 1975, the number of his elapsed years for pur-
25 poses of section 215 (b) (3) of the Social Security Act shall

1 be equal to (A) the number determined under such section
 2 as in effect on ~~(57) January 1, 1971,~~ *September 1, 1972,* or
 3 (B) if less, the number determined as though he attained age
 4 65 in ~~(58) 1974, 1975,~~ except that monthly benefits under
 5 title II of the Social Security Act for months prior to ~~(59)~~
 6 ~~1972 January 1973~~ payable on the basis of his wages and
 7 self-employment income shall be determined as though this
 8 section had not been enacted.

9 (3) (A) In the case of a man who attains or will attain
 10 age 62 in ~~(60) 1972, 1973,~~ the figure "65" in sections 214
 11 (a) (1), 223 (c) (1) (A), ~~(61) 209 (i),~~ and 216 (i) (3) (A)
 12 of the Social Security Act and section 3121 (a) (9) of the
 13 Internal Revenue Code of 1954 shall be deemed to read "64".

14 (B) In the case of a man who attains or will attain age
 15 62 in ~~(62) 1973, 1974,~~ the figure "65" in sections 214 (a)
 16 (1), 223 (c) (1) (A), ~~(63) 209 (i),~~ and 216 (i) (3) (A) of
 17 the Social Security Act and section 3121 (a) (9) of the In-
 18 ternal Revenue Code of 1954 shall be deemed to read "63".

19 ~~(64) ADDITIONAL DROP-OUT YEARS~~

20 SEC. 108. ~~(a) Section 215 (b) (2) (A) of the Social~~
 21 ~~Security Act is amended by inserting ";~~ and further
 22 ~~reduced by one additional year for each 15 years of coverage~~
 23 ~~of such individual (as determined under the last sentence~~
 24 ~~of subsection (a) without regard to the 30-year limitation~~
 25 ~~contained therein)" immediately after "reduced by five".~~

1 ~~(b)~~ The amendments made by subsection ~~(a)~~ shall be
 2 effective for purposes of computing or recomputing, effective
 3 for months after December 1971, the average monthly wage
 4 of an insured individual who was born after January 1,
 5 1910, and—

6 ~~(1)~~ who becomes entitled to benefits under section
 7 202~~(a)~~ or section 223 of such Act after December 1971;

8 ~~(2)~~ who dies after December 1971; or

9 ~~(3)~~ who was entitled to benefits under section 223
 10 of such Act for December 1971.

11 **ELECTION TO RECEIVE ACTUARIALLY REDUCED BENEFITS**
 12 **IN ONE CATEGORY NOT TO BE APPLICABLE TO CER-**
 13 **TAIN BENEFITS IN OTHER CATEGORIES**

14 **SEC. 109.** ~~(a)~~~~(1)~~ Sections 202~~(b)~~~~(1)~~~~(E)~~ and 202
 15 ~~(c)~~~~(1)~~~~(D)~~ of the Social Security Act are each amended
 16 by striking out “old age or disability insurance benefits based
 17 on a primary insurance amount” and inserting in lieu thereof
 18 “an old age or disability insurance benefit”.

19 ~~(2)~~ Section 202~~(b)~~~~(1)~~~~(K)~~ of such Act and the matter
 20 in section 202~~(c)~~~~(1)~~ of such Act following subparagraph
 21 ~~(D)~~ thereof are each amended by striking out “based on a
 22 primary insurance amount”.

23 ~~(b)~~~~(1)~~ Section 202~~(q)~~~~(3)~~~~(A)~~ of such Act is
 24 amended by striking out all that follows clause ~~(ii)~~ and
 25 inserting in lieu thereof the following: “then ~~(subject to the~~

1 succeeding paragraphs of this subsection) such wife's, hus-
2 band's, widow's, or widower's insurance benefit for each
3 month shall be reduced as provided in subparagraph (B),
4 (C), or (D) of this paragraph, in lieu of any reduction un-
5 der paragraph (1), if the amount of the reduction in such
6 benefit under this paragraph is less than the amount of the
7 reduction in such benefit would be under paragraph (1)."

8 ~~(2)~~ Section 202(q)(3) of such Act is further amended
9 by striking out subparagraphs (E), (F), and (G).

10 ~~(e)~~ Section 202(r) of such Act is repealed.

11 ~~(d)(1)~~ Subject to paragraph (2), subsection (a) of
12 this section and the amendments made thereby shall
13 apply with respect to benefits for months commencing with
14 the sixth month after the month in which this Act is enacted
15 pursuant to applications filed in or after the month in which
16 this Act is enacted.

17 ~~(2)~~ In the case of an individual who became entitled to
18 benefits under subsection (a) of section 202 or section 223 of
19 such Act for a month prior to the month in which he attains
20 age 65 pursuant to an application filed before the month in
21 which this Act is enacted, and who is so entitled for the fifth
22 month following the month of enactment of the Act, and
23 whose entitlement to benefits under subsection (b) or (c) of
24 such section 202 was prevented by subsection (b)(1)(E) or
25 ~~(c)(1)(D)~~ of such section as in effect prior to the enactment

1 of this Act, the benefits to which such individual is entitled for
2 months after such fifth month shall be redetermined in accord
3 ance with subparagraphs ~~(B)~~, ~~(C)~~, ~~(D)~~ of subsection ~~(c)~~
4 ~~(2)~~ of this section, if, in addition to the application required
5 by paragraph ~~(A)~~ of subsection ~~202(b)(1)~~ and ~~202(c)~~
6 ~~(1)~~, he files a written request for such a redetermination.

7 ~~(c)(1)(A)~~ Subject to subparagraph ~~(B)~~, subsection
8 ~~(b)~~ of this section and the amendments made thereby shall
9 apply with respect to benefits for months commencing with
10 the sixth month after the month in which the Act is enacted.

11 ~~(B)~~ Subsection ~~(b)~~ of this section and the amendments
12 made thereby shall apply in the case of an individual whose
13 entitlement to benefits under section 202 of the Social Secu-
14 rity Act began ~~(without regard to sections 202(j)(1) and~~
15 ~~223(b) of such Act)~~ before the sixth month after the month
16 in which this Act is enacted only if such individual files with
17 the Secretary of Health, Education, and Welfare, in such
18 manner and form as the Secretary shall by regulations pre-
19 scribe, a written request that such subsection and such
20 amendments apply. In the case of such an individual who
21 is described in paragraph ~~(2)(A)(i)~~ of this subsection, the
22 request for a redetermination under paragraph ~~(2)~~ shall con-
23 stitute the request required by this subparagraph, and sub-
24 section ~~(b)~~ of this section and the amendments made thereby
25 shall apply pursuant to such request with respect to such

1 individual's benefits as redetermined in accordance with
2 paragraph ~~(2)(B)(i)~~ (but only if he does not refuse to
3 accept such redetermination). In the case of any individual
4 with respect to whose benefits subsection ~~(b)~~ of this section
5 and the amendments made thereby may apply only pursuant
6 to a request made under this subparagraph, such subsection
7 and such amendments shall be effective ~~(subject to para-~~
8 ~~graph (2)(D))~~ with respect to benefits for months com-
9 mencing with the sixth month after the month in which this
10 Act is enacted or, if the request required by this subpara-
11 graph is not filed before the end of such sixth month, with
12 the second month following the month in which the request
13 is filed.

14 ~~(C)~~ Subsection ~~(c)~~ of this section shall apply with
15 respect to benefits payable pursuant to applications filed on
16 or after the date of the enactment of this Act.

17 ~~(2)(A)~~ In any case where an individual—

18 ~~(i)~~ is entitled, for the fifth month following the
19 month in which this Act is enacted, to a monthly insur-
20 ance benefit under section 202 of the Social Security
21 Act ~~(I)~~ which was reduced under subsection ~~(q)(3)~~
22 of such section, and ~~(II)~~ the application for which was
23 deemed ~~(or, except for the fact that an application had~~
24 ~~been filed, would have been deemed)~~ to have been filed

1 by such individual under subsection ~~(r)~~ (1) or (2) of
2 such section; and

3 (ii) files a written request for a redetermination
4 under this subsection, on or after the date of the enact-
5 ment of this Act and in such manner and form as the
6 Secretary of Health, Education, and Welfare shall by
7 regulations prescribe,

8 the Secretary shall redetermine the amount of such benefit,
9 and the amount of the other benefit ~~(reduced under subsec-~~
10 ~~tion (q) (1) or (2) of such section)~~ which was taken into
11 account in computing the reduction in such benefit under
12 such subsection ~~(q) (3)~~, in the manner provided in subpara-
13 graph ~~(B)~~ of this paragraph.

14 ~~(B)~~ Upon receiving a written request for the redeter-
15 mination under this paragraph of a benefit which was re-
16 duced under subsection ~~(q) (1), (2), or (3)~~ of section
17 202 of the Social Security Act ~~(or would have been so~~
18 ~~reduced except for subsection (b) (1) (E) or (c) (1) (D)~~
19 ~~of such section 202 as in effect prior to the enactment of this~~
20 ~~Act)~~ and of the other benefit which was ~~(or would have~~
21 ~~been)~~ taken into account in computing such reduction, filed
22 by an individual as provided in subsection ~~(d) (2)~~ or sub-
23 paragraph ~~(A)~~ of this paragraph, the Secretary shall—

24 (i) determine the highest monthly benefit amount
25 which such individual could receive under the subsec-

1 tions of such section 202 which are involved ~~(or under~~
2 section 223 of such Act and the subsection of such sec-
3 tion 202 which is involved) for the month with which
4 the redetermination is to be effective under subparagraph
5 ~~(D)~~ of this subsection ~~(without regard to sections 202~~
6 ~~(k), 203 (a), and 202 (b) through (l) as if—~~

7 ~~(I)~~ such individual's application for one of such
8 two benefits had been filed in the month in which
9 it was actually filed or was deemed under subsection
10 ~~(r)~~ of such section 202 to have been filed, and his
11 application for the other such benefit had been filed
12 in a later month; and

13 ~~(II)~~ the amendments made by this section had
14 been in effect at the time each such application was
15 filed; and

16 ~~(ii)~~ determine whether the amounts which were
17 actually received by such individual in the form of such
18 benefit or of such two benefits during the period prior
19 to the month with which the redetermination under this
20 paragraph is to be effective were in excess of the
21 amounts which would have been received during such
22 period if the applications for such benefits had actually
23 been filed at the times fixed under clause ~~(i)~~ ~~(I)~~ of this
24 subparagraph, and, if so, the total amount by which ben-
25 efits otherwise payable to such individual under such

1 section 202 ~~(and section 223)~~ would have to be reduced
2 in order to compensate the Federal Old Age and Sur-
3 vivors Insurance Trust Fund ~~(and the Federal Dis-~~
4 ~~ability Insurance Trust Fund)~~ for such excess.

5 ~~(C)~~ The Secretary shall then notify such individual of
6 the amount of each such benefit as computed in accordance
7 with the amendments made by subsections ~~(a)~~, ~~(b)~~, and
8 ~~(c)~~ of this section and as redetermined in accordance with
9 subparagraph ~~(B)(i)~~ of this paragraph, specifying ~~(i)~~ the
10 amount ~~(if any)~~ of the excess determined under subpara-
11 graph ~~(B)(ii)~~ of this paragraph, and ~~(ii)~~ the period during
12 which payment of any increase in such individual's benefits
13 resulting from the application of the amendments made by
14 subsections ~~(a)~~, ~~(b)~~, and ~~(c)~~ of this section would under
15 designated circumstances have to be withheld in order to
16 effect the reduction described in subparagraph ~~(B)(ii)~~. Such
17 individual may at any time within thirty days after such
18 notification is mailed to him refuse ~~(in such manner and~~
19 ~~form as the Secretary shall by regulations prescribe)~~ to
20 accept the redetermination under this paragraph, in which
21 event such redetermination shall not take effect.

22 ~~(D)~~ Unless the last sentence of subparagraph ~~(C)~~
23 applies, a redetermination under this paragraph shall be
24 effective ~~(but subject to the reduction described in subpara-~~
25 ~~graph (B)(ii) over the period specified pursuant to clause~~

1 ~~(ii)~~ of the first sentence of subparagraph ~~(C)~~ beginning
2 with the sixth month following the month in which this Act
3 is enacted, or, if the request for such redetermination is not
4 filed before the end of such sixth month, with the second
5 month following the month in which the request for such
6 redetermination is filed.

7 ~~(E)~~ The Secretary, by withholding amounts from bene-
8 fits otherwise payable to an individual under title II of the
9 Social Security Act as specified in clause ~~(ii)~~ of the first
10 sentence of subparagraph ~~(C)~~ ~~(and in no other manner)~~,
11 shall recover the amounts necessary to compensate the
12 Federal Old Age and Survivors Insurance Trust Fund ~~(and~~
13 ~~the Federal Disability Insurance Trust Fund)~~ for the excess
14 ~~(described in subparagraph (B) (ii))~~ attributable to benefits
15 which were paid such individual and to which a redetermina-
16 tion under this subsection applies.

17 ~~(f)~~ Where—

18 ~~(1)~~ two or more persons are entitled on the basis of
19 the wages and self-employment income of an individual
20 ~~(without the application of sections 202(j)(1) and~~
21 ~~223(b) of the Social Security Act)~~ to monthly benefits
22 under section 202 of such Act for the month preceding
23 the month with which ~~(A)~~ a redetermination under sub-
24 section ~~(e)~~ of this section becomes effective with respect

1 to the benefits of any one of them and ~~(B)~~ such benefits
2 are accordingly increased by reason of the amendments
3 made by subsections ~~(a)~~, ~~(b)~~, and ~~(c)~~ of this section,
4 and

5 ~~(2)~~ the total of benefits to which all persons are
6 entitled under such section 202 on the basis of such
7 wages and self-employment income for the month with
8 ~~which such redetermination and increase becomes effec-~~
9 ~~tive is reduced by reason of section 203(a) of such Act~~
10 ~~as amended by this Act (or would, but for the penulti-~~
11 ~~mate sentence of such section 203(a), be so reduced),~~
12 then the amount of the benefit to which each of the persons
13 referred to in paragraph ~~(1)~~, other than the person with
14 respect to whose benefits such redetermination and increase
15 is applicable, is entitled for months beginning with the
16 month with which such redetermination and increase be-
17 comes effective shall be adjusted, after the application of
18 such section ~~203(a)~~, to an amount no less than the amount
19 it would have been if such redetermination and increase had
20 not become effective.

21 COMPUTATION OF BENEFITS BASED ON COMBINED
22 EARNINGS OF HUSBAND AND WIFE

23 SEC. 110. ~~(a)~~ Section 202~~(a)~~ of the Social Security
24 Act is amended to read as follows:

1 ~~“(a) (1) Every individual who—~~
2 ~~“(A) is a fully insured individual (as defined in~~
3 ~~section 214(a)),~~
4 ~~“(B) has (without regard to section 223(a) (2))~~
5 ~~attained age 62, and~~
6 ~~“(C) has filed application for old-age insurance~~
7 ~~benefits or was entitled to disability insurance benefits~~
8 ~~for the month preceding the month in which he attained~~
9 ~~age 65,~~
10 ~~shall be entitled to an old-age insurance benefit for each~~
11 ~~month beginning with the first month in which such individ-~~
12 ~~ual becomes so entitled to such insurance benefits and ending~~
13 ~~with the month preceding the month in which he dies.~~
14 ~~“(2) Except as provided in subsection (g), such indi-~~
15 ~~vidual’s old-age insurance benefit for any month shall be~~
16 ~~equal to his primary insurance amount for such month as de-~~
17 ~~termined under section 215(a), or as determined under~~
18 ~~paragraph (3) of this subsection if such paragraph is appli-~~
19 ~~eable and its application increases the total of the monthly~~
20 ~~insurance benefits to which such individual and his spouse~~
21 ~~are entitled for the month in which the provisions of para-~~
22 ~~graph (3) are met. If the primary insurance amount of an~~
23 ~~individual or his spouse for any month is determined under~~
24 ~~paragraph (3), the primary insurance amount of each of~~

1 them for such month shall, notwithstanding the preceding
2 sentence, be determined only under paragraph (3).

3 “(3) If an individual and his spouse—

4 “(A) each has at least 20 years of coverage (as
5 determined under the last sentence of section 215(a),
6 with years of coverage determined under clause (i) of
7 such sentence being credited for 1950 and consecutive
8 prior years, and without the application of the last
9 sentence of section 215(b)(2)(C)), taking into ac-
10 count only years occurring during the period beginning
11 with the calendar year in which they were married,

12 “(B) each attained age 62 after 1971,

13 “(C) each is entitled to benefits under this subsec-
14 tion (or section 223), and

15 “(D) each has filed an election to have his primary
16 insurance amount determined under this paragraph,

17 then the primary insurance amount of such individual and
18 the primary insurance amount of such spouse, for purposes
19 of determining the old-age insurance benefit (prior to the
20 application of subsection (w)) or disability insurance benefit
21 of each of them for any month beginning with January 1972
22 or, if later, the month in which their elections under subpara-
23 graph (D) were filed, and ending with the month preceding
24 the month in which either of them dies or they are divorced,

1 shall be equal to 75 percent of the amount (specified in sub-
2 paragraph (G)) derived by—

3 “(E) combining the annual wages and self-employ-
4 ment income of such individual and such spouse (includ-
5 ing any wages and self-employment income taken into
6 account in a recomputation made under section 215(f))
7 for each year in which either or both of them had any
8 such wages or self-employment income, up to the maxi-
9 mum amount prescribed in section 215(e) for such year,

10 “(F) computing (under section 215(b) and (d))
11 an average monthly wage on the basis of the wages and
12 self-employment income determined under subparagraph
13 (E) (or, if any wages and self-employment income have
14 been taken into account in a recomputation under section
15 215(f), recomputing as provided in section 215(a)(1)
16 (A) and (C) as though the year with respect to which
17 such recomputation is made is the last year of the period
18 specified in section 215(b)(2)(C)), as though all of
19 such wages and self-employment income had been earned
20 or derived by such individual or his spouse, whichever is
21 younger, and

22 “(G) determining (under section 215(a)) an
23 amount equal to the primary insurance amount which

1 would result from the average monthly wage determined
2 under subparagraph (F).

3 For purposes of subparagraph (F) if an individual or his
4 spouse is entitled to disability insurance benefits, such indi-
5 vidual or spouse shall be deemed to have attained age 62
6 at the time provided in section 223(a)(2).

7 “(4) No benefits payable under subsections (b), (c),
8 (d), (e), (f), (g), (h), or (i) shall be computed on the
9 basis of a primary insurance amount determined under para-
10 graph (3) of this subsection.

11 “(5) The term ‘primary insurance amount’ as used in
12 the provisions of this title other than this subsection shall not
13 include a primary insurance amount determined under para-
14 graph (3) unless specifically so indicated.”

15 (b)(1) Section 202(e)(1)(C)(i) of such Act (as
16 amended by section 104(a)(1)(B) of this Act) is further
17 amended by striking out “such individual,” and inserting
18 in lieu thereof “such individual or to an old-age or disability
19 insurance benefit determined under subsection (a)(3).”

20 (2) Section 202(e)(2) of such Act (as amended by
21 section 104(a)(2) of this Act) is further amended—

22 (A) by striking out “and subparagraph (B) of
23 this paragraph” in subparagraph (A) and inserting in
24 lieu thereof “and subparagraphs (B) and (C) of this
25 paragraph”; and

1 ~~(B)~~ by adding at the end thereof the following new
2 subparagraph:

3 ~~“(C)~~ In any case where a widow was entitled for the
4 month preceding the month in which the deceased individual
5 died to an old-age insurance benefit or a disability insurance
6 benefit based on a primary insurance amount determined un-
7 der section 202(a)(3), such widow’s insurance benefit for
8 each month shall be determined only on the basis of the
9 wages and self-employment income of her deceased spouse
10 and, for purposes of subparagraph ~~(B)~~, the old-age or dis-
11 ability insurance benefit of the deceased spouse shall be
12 deemed to be the amount it would have been if it had been
13 determined under subsection ~~(a)(1)~~ or section 223, except
14 that after the application of subparagraphs ~~(A)~~ and ~~(B)~~, and
15 subsection 203(a), such widow’s insurance benefit shall be
16 not less than the amount of the old age disability insurance
17 benefit to which she would be entitled for such month ~~(based~~
18 on a primary insurance amount determined under subsection
19 ~~(a)(3)~~) if such individual had not died, disregarding for this
20 purpose the period beginning with the year after the year of
21 such individual’s death and any wages and self-employment
22 income paid to or derived by either of them during such
23 period. This subparagraph shall not apply, in the case of a
24 widow who remarries, with respect to the month in which
25 such remarriage occurs or any subsequent month.”

1 ~~(c)~~ Section 202(f)(3) of such Act ~~(as amended by~~
2 section 104(b)(2) of this Act) is further amended—

3 ~~(A)~~ by striking out “and subparagraph (B) of
4 this paragraph” in subparagraph (A) and inserting in
5 lieu thereof “and subparagraphs (B) and (C) of this
6 paragraph”; and

7 ~~(B)~~ by adding at the end thereof the following new
8 subparagraph:

9 ~~“(C)~~ In any case where a widower was entitled for the
10 month preceding the month in which the deceased individual
11 died to an old-age insurance benefit or a disability insurance
12 benefit based on a primary insurance amount determined
13 under section 202(a)(3), such widower’s insurance benefit
14 for each month shall be determined only on the basis of the
15 wages and self-employment income of his deceased spouse
16 and, for purposes of subparagraph (B), the old-age or dis-
17 ability insurance benefit of the deceased spouse shall be
18 deemed to be the amount it would have been if it had been
19 determined under subsection (a)(1) or section 223, except
20 that after the application of subparagraphs (A) and (B), and
21 subsection 203(a), such widower’s insurance benefit shall be
22 not less than the amount of the old-age or disability insurance
23 benefit to which he would be entitled for such month (based
24 on a primary insurance amount determined under subsection
25 ~~(a)(3)~~) if such individual had not died, disregarding for

1 this purpose the period beginning with the year after the year
2 of such individual's death and any wages and self-employ-
3 ment income paid to or derived by either of them during
4 such period. This subparagraph shall not apply, in the case of
5 a widower who remarries, with respect to the month in
6 which such remarriage occurs or any subsequent month."

7 ~~(d)~~ Section 203(a) of such Act (as amended by sec-
8 tions 101(b), 102(a)(2), and 103(b) of this Act) is
9 further amended by striking out "or" at the end of para-
10 graph (3), by striking out the period at the end of para-
11 graph (4) and inserting in lieu thereof "; or", and by
12 inserting after paragraph (4) the following new paragraph:

13 "5) in applying this subsection in any case where
14 the primary insurance amount of the insured individual
15 was determined under section 202(a)(3) and his entitle-
16 ment under such section has not terminated, the total of
17 monthly benefits to which persons other than such in-
18 dividual may be entitled on the basis of such indi-
19 vidual's wages and self-employment income shall be de-
20 termined as though such individual's primary insurance
21 amount had instead been determined under section 215
22 (a) and without regard to section 202(a)(3)."

23 (e)(1) Section 215(a)(1) of such Act (as amended
24 by sections 101(e) and 103(a)(1) of this Act) is amended
25 by inserting after "this subsection" in the matter preceding

1 subparagraph (A) the following: “and in section 202
2 (a) (3)”.

3 (2) Section 215(a)(2) of such Act (as amended by
4 sections 101(c) and 103(c) of this Act) is further amended—

5 (A) by striking out “or” at the end of subpara-
6 graph (A),

7 (B) by striking out the period at the end of sub-
8 paragraph (B) and inserting in lieu thereof “; or,”

9 and

10 (C) by adding at the end thereof the following new
11 subparagraph:

12 “(C) an amount equal to the primary insur-
13 ance amount on which such disability insurance
14 benefit is based if such primary insurance amount
15 was determined under section 202(a)(3).”

16 (3) Section 215(f)(1) of such Act is amended by
17 inserting “(or section 202(a)(3))” after “determined
18 under this section.”

19 (4) The second sentence of section 215(f)(2) of such
20 Act is amended by inserting before the period at the end
21 thereof the following “, and, in the case of an individual
22 whose primary insurance amount was determined under sec-
23 tion 202(a)(3), as though such amount had instead been
24 determined under subsection (a) of this section and without
25 regard to section 202(a)(3)”.

1 ~~(5) Section 223(a)(2) of such Act (as amended by~~
 2 ~~section 107(c) of this Act) is amended by inserting “(or~~
 3 ~~under section 202(a)(3))” after “under section 215”.~~

4 ~~(f) The amendments made by this section shall apply~~
 5 ~~only with respect to monthly insurance benefits under title~~
 6 ~~II of the Social Security Act for months after December~~
 7 ~~1971.~~

8 LIBERALIZATION ~~(65)~~AND AUTOMATIC ADJUSTMENT OF
 9 EARNINGS TEST

10 SEC. ~~(66)~~111. 105. (a) (1) Paragraphs (1) and (4)
 11 (B) of section 203 (f) of the Social Security Act are each
 12 amended by striking out “\$140” and inserting in lieu thereof
 13 ~~(67)~~“\$166.66 $\frac{2}{3}$ \$250 or the exempt amount as determined
 14 under paragraph (8)”.

15 (2) Paragraph (1) (A) of section 203 (h) of such Act
 16 is amended by striking out “\$140” and inserting in lieu
 17 thereof ~~(68)~~“\$166.66 $\frac{2}{3}$ \$250 or the exempt amount as de-
 18 termined under subsection (f) (8)”.

19 (3) Paragraph (3) of section 203 (f) of such Act is
 20 amended to read as follows:

21 “(3) For purposes of paragraph (1) and subsec-
 22 tion (h), an individual’s excess earnings for a taxable
 23 year shall be 50 per centum of his earnings for such
 24 year in excess of the product of ~~(69)~~“\$166.66 $\frac{2}{3}$ \$250 or
 25 the exempt amount as determined under paragraph (8),

1 multiplied by the number of months in such year. The
2 excess earnings as derived under the preceding sentence,
3 if not a multiple of \$1, shall be reduced to the next
4 lower multiple of \$1.”

5 **(70)(b)** *Section 203(f) of such Act is amended by add-*
6 *ing at the end thereof the following new paragraph:*

7 “(8)(A) *Whenever the Secretary pursuant to section*
8 *215(i) increases benefits effective with the first month of the*
9 *calendar year following a cost-of-living computation quar-*
10 *ter, he shall also determine and publish in the Federal*
11 *Register on or before November 1 of the calendar year in*
12 *which such quarter occurs (along with the publication of*
13 *such benefit increase as required by section 215(i)(2)(D))*
14 *a new exempt amount which shall be effective (unless such*
15 *new exempt amount is prevented from becoming effective by*
16 *subparagraph (C) of this paragraph) with respect to any*
17 *individual’s taxable year which ends with the close of or*
18 *after the calendar year with the first month of which such*
19 *benefit increase is effective (or, in the case of an individual*
20 *who dies during such calendar year, with respect to such*
21 *individual’s taxable year which ends, upon his death, during*
22 *such year).*

23 “(B) *The exempt amount for each month of a particu-*
24 *lar taxable year shall be whichever of the following is the*
25 *larger—*

1 “(i) the exempt amount which was in effect with
2 respect to months in the taxable year in which the de-
3 termination under subparagraph (A) was made, or

4 “(ii) the product of the exempt amount described
5 in clause (i) and the ratio of (I) the average of the
6 taxable wages of all employees as reported to the Secre-
7 tary for the first calendar quarter of the calendar year
8 in which the determination under subparagraph (A) was
9 made to (II) the average of the taxable wages of all
10 employees as reported to the Secretary for the first cal-
11 endar quarter of 1973, or, if later, the first calendar
12 quarter of the most recent calendar year in which an
13 increase in the contribution and benefit base was enacted
14 or a determination resulting in such an increase was
15 made under section 230(a), with such product, if not a
16 multiple of \$10, being rounded to the next higher multiple
17 of \$10 where such product is a multiple of \$5 but not of
18 \$10 and to the nearest multiple of \$10 in any other case.
19 Whenever the Secretary determines that the exempt amount
20 is to be increased in any year under this paragraph, he shall
21 notify the House Committee on Ways and Means and the
22 Senate Committee on Finance no later than August 15 of
23 such year of the estimated amount of such increase, indicat-
24 ing the new exempt amount, the actuarial estimates of the

1 *effect of the increase, and the actuarial assumptions and*
 2 *methodology used in preparing such estimates.*

3 “(C) Notwithstanding the determination of a new exempt
 4 amount by the Secretary under subparagraph (A) (and
 5 notwithstanding any publication thereof under such subpara-
 6 graph or any notification thereof under the last sentence of
 7 subparagraph (B)), such new exempt amount shall not take
 8 effect pursuant thereto if during the calendar year in which
 9 such determination is made a law increasing the exempt
 10 amount or providing a general benefit increase under this
 11 title (as defined in section 215(i)(3)) is enacted.”

12 ~~(71)(b)~~ (c) The amendments made by this section shall
 13 apply with respect to taxable years ending after December
 14 ~~(72)1971~~ 1972.

15 EXCLUSION OF CERTAIN EARNINGS IN YEAR OF ATTAINING
 16 AGE 72

17 SEC. ~~(73)112~~ 106. (a) The first sentence of section
 18 203 (f) (3) of the Social Security Act (as amended by section
 19 ~~(74)111~~ 105 (a) (3) of this Act) is further amended by in-
 20 serting before the period at the end thereof the following: “,
 21 except that, in determining an individual’s excess earnings for
 22 the taxable year in which he attains age 72, there shall be ex-
 23 cluded any earnings of such individual for the month in which
 24 he attains such age and any subsequent month (with any net
 25 earnings or net loss from self-employment in such year being

1 prorated in an equitable manner under regulations of the
2 Secretary)".

3 (b) The amendment made by subsection (a) shall
4 apply with respect to taxable years ending after December
5 ~~(75)1971~~ 1972.

6 REDUCED BENEFITS FOR WIDOWERS AT AGE 60

7 SEC. ~~(76)113~~ 107. (a) Section 202 (f) of the Social
8 Security Act (as amended by section ~~(77)104(b)~~ 102(b) of
9 this Act) is further amended—

10 (1) by striking out "age 62" each place it appears
11 in subparagraph (B) of paragraph (1) and in para-
12 graph (6) and inserting in lieu thereof "age 60";

13 (2) by striking out "or the third month" in the
14 matter following subparagraph (G) in paragraph (1)
15 and inserting in lieu thereof "or, if he became entitled
16 to such benefits before he attained age 60, the third
17 month"; and

18 (3) by striking out "the age of 62" in paragraph
19 (5) and inserting in lieu thereof "the age of 60".

20 (b) (1) The last sentence of section 203 (c) of such
21 Act (as amended by section ~~(78)104(e)(1)~~ 102(c)(1) of
22 this Act) is further amended by striking out "age 62" and
23 inserting in lieu thereof "age 60".

24 (2) Clause (D) of section 203 (f) (1) of such Act as
25 amended by section ~~(79)104(e)(2)~~ 102(c)(2) of this Act

1 is further amended by striking out "age 62" and inserting in
2 lieu thereof "age 60".

3 (3) Section 222 (b) (1) of such Act is amended by
4 striking out "a widow or surviving divorced wife who has
5 not attained age 60, a widower who has not attained age
6 62" and inserting in lieu thereof "a widow, widower or
7 surviving divorced wife who has not attained age 60".

8 (4) Section 222 (d) (1) (D) of such Act is amended
9 by striking out "age 62" each place it appears and inserting
10 in lieu thereof "age 60".

11 (5) Section 225 of such Act is amended by striking
12 out "age 62" and inserting in lieu thereof "age 60".

13 (c) The amendments made by this section shall apply
14 with respect to monthly benefits under title II of the Social
15 Security Act for months after December ~~(80)1971~~, 1972,
16 except that in the case of an individual who was not entitled
17 to a monthly benefit under title II of such Act for December
18 ~~(81)1971~~ 1972 such amendments shall apply only on the
19 basis of an application filed in or after the month in which
20 this Act is enacted.

21 **ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED ON**
22 **DISABILITY WHICH BEGAN BETWEEN AGE 18 AND 22**

23 **SEC. ~~(82)114~~ 108.** (a) Clause (ii) of section 202 (d)
24 (1) (B) of the Social Security Act is amended by striking
25 out "which began before he attained the age of eighteen" and

1 inserting in lieu thereof “which began before he attained the
2 age of 22”.

3 (b) Subparagraphs (F) and (G) of section 202 (d)
4 (1) of such Act are amended to read as follows:

5 “(F) if such child was not under a disability (as
6 so defined) at the time he attained the age of 18, the
7 earlier of—

8 “(i) the first month during no part of which
9 he is a full-time student, or

10 “(ii) the month in which he attains the age of
11 22,

12 but only if he was not under a disability (as so defined)
13 in such earlier month; or

14 “(G) if such child was under a disability (as so
15 defined) at the time he attained the age of 18, or if he
16 was not under a disability (as so defined) at such time
17 but was under a disability (as so defined) at or prior to
18 the time he attained (or would attain) the age of 22,
19 the third month following the month in which he ceases
20 to be under such disability or (if later) the earlier of—

21 “(i) the first month during no part of which
22 he is a full-time student, or

23 “(ii) the month in which he attains the age
24 of 22,

1 but only if he was not under a disability (as so defined)
2 in such earlier month.”

3 (c) Section 202 (d) (1) of such Act is further amended
4 by adding at the end thereof the following new sentence:
5 “No payment under this paragraph may be made to a child
6 who would not meet the definition of disability in section
7 223 (d) except for paragraph (1) (B) thereof for any month
8 in which he engages in substantial gainful activity.”

9 (d) Section 202 (d) (6) of such Act is amended by
10 striking out “in which he is a full-time student and has not
11 attained the age of 22” and all that follows and inserting in
12 lieu thereof “in which he—

13 “(A) (i) is a full-time student or is under a dis-
14 ability (as defined in section 223 (d)), and (ii) had
15 not attained the age of 22, or

16 “(B) is under a disability (as so defined) which
17 began before the close of the 84th month following the
18 month in which his most recent entitlement to child’s
19 insurance benefits terminated because he ceased to be
20 under such disability,

21 but only if he has filed application for such reentitlement.
22 Such reentitlement shall end with the month preceding which-
23 ever of the following first occurs:

1 “(C) the first month in which an event specified in
2 paragraph (1) (D) occurs;

3 “(D) the earlier of (i) the first month during no
4 part of which he is a full-time student, or (ii) the month
5 in which he attains the age of 22, but only if he is not
6 under a disability (as so defined) in such earlier month;
7 or

8 “(E) if he was under a disability (as so defined),
9 the third month following the month in which he ceases
10 to be under such disability or (if later) the earlier of—

11 “(i) the first month during no part of which
12 he is a full-time student, or

13 “(ii) the month in which he attains the age
14 of 22.”

15 (e) Section 202 (s) of such Act is amended—

16 (1) by striking out “which began before he at-
17 tained such age” in paragraph (1); and

18 (2) by striking out “which began before such child
19 attained the age of 18” in paragraphs (2) and (3).

20 (f) The amendments made by this section shall apply
21 only with respect to monthly benefits under section 202 of
22 the Social Security Act for months after December (83)
23 ~~1971~~ 1972 except that in the case of an individual who was
24 not entitled to a monthly benefit under such section 202 for

1 December ~~(84)1971~~ 1972 such amendments shall apply
2 only on the basis of an application filed after September 30,
3 ~~(85)1971~~ 1972.

4 (g) Where—

5 (1) one or more persons are entitled (without
6 the application of sections 202 (j) (1) and 223 (b) of
7 the Social Security Act) to monthly benefits under
8 section 202 or 223 of such Act for December ~~(86)1971~~
9 1972 on the basis of the wages and self-employment in-
10 come of an insured individual, and

11 (2) one or more persons (not included in para-
12 graph (1)) are entitled to monthly benefits under
13 such section 202 or 223 for January ~~(87)1972~~ 1973
14 solely by reason of the amendments made by this section
15 on the basis of such wages and self-employment income,
16 and

17 (3) the total of benefits to which all persons are
18 entitled under such sections 202 and 223 on the basis of
19 such wages and self-employment income for January
20 ~~(88)1972~~ 1973 is reduced by reason of section 203 (a)
21 of such Act as amended by this Act (or would, but for
22 the penultimate sentence of such section 203 (a), be so
23 reduced),

24 then the amount of the benefit to which each person referred
25 to in paragraph (1) of this subsection is entitled for months

1 after December ~~(89)~~1971 1972 shall be adjusted, after the
 2 application of such section 203 (a), to an amount no less than
 3 the amount it would have been if the person or persons re-
 4 ferred to in paragraph (2) of this subsection were not entitled
 5 to a benefit referred to in such paragraph (2).

6 CONTINUATION OF CHILD'S BENEFITS THROUGH END OF
 7 SEMESTER

8 SEC. ~~(90)~~115 109. (a) Paragraph (7) of section 202
 9 (d) of the Social Security Act is amended by adding at the
 10 end thereof the following new subparagraph:

11 " (D) A child who attains age 22 at a time when
 12 he is a full-time student (as defined in subparagraph
 13 (A) of this paragraph ~~(91)~~and without application of
 14 subparagraph (B) of such paragraph) but has not (at
 15 such time) completed the requirements for, or received,
 16 a degree from a four-year college or university shall be
 17 deemed (for purposes of determining whether his en-
 18 titlement to benefits under this subsection has terminated
 19 under paragraph (1) (F) and for purposes of determin-
 20 ing his initial entitlement to such benefits under clause
 21 ~~(92)~~~~(ii)~~ (i) of paragraph (1) (B)) not to have at-
 22 tained such age until the first day of the first month fol-
 23 lowing the end of the quarter or semester in which he is
 24 enrolled at such time (or, if the educational institution
 25 (as defined in this paragraph) in which he is enrolled is

1 not operated on a quarter or semester system, until the
 2 first day of the first month following the completion of
 3 the course in which he is so enrolled or until the first day
 4 of the third month beginning after such time, whichever
 5 first occurs).”

6 (b) The amendment made by subsection (a) shall
 7 apply only with respect to benefits payable under title II
 8 of the Social Security Act for months after December (93)
 9 ~~1971~~ 1972.

10 CHILD'S BENEFITS IN CASE OF CHILD ENTITLED ON MORE
 11 THAN ONE WAGE RECORD

12 SEC. (94)~~116~~ 110. (a) Section 202 (k) (2) (A) of the
 13 Social Security Act is amended to read as follows:

14 (95)~~“(2) (A) (i) Any child who under the preceding provi-~~
 15 ~~sions of this section is entitled for any month to child's in-~~
 16 ~~surance benefits on the wages and self-employment income~~
 17 ~~of more than one insured individual shall, notwithstanding~~
 18 ~~such provisions, be entitled to only one of such child's in-~~
 19 ~~surance benefits for such month. Subject to the succeeding~~
 20 ~~provisions of this subparagraph, such child's insurance bene-~~
 21 ~~fit for such month shall be the largest benefit to which such~~
 22 ~~child could be entitled under subsection (d) (without the ap-~~
 23 ~~plication of section 203(a)).~~

24 ~~“(ii) If the largest benefit to which such child could~~
 25 ~~be entitled under subsection (d) is based on the wages and~~

1 self-employment income of an insured individual other than
2 the insured individual who has the greatest primary insurance
3 amount, but payment of such benefit on the basis of such
4 wages and self-employment income would result in a smaller
5 benefit ~~(after the application of section 203(a))~~ for such
6 month for any other person entitled to benefits based on such
7 wages and self-employment income, such child's insurance
8 benefit for such month shall ~~(subject to clause (iii))~~ be the
9 benefit based on the wages and self-employment income of
10 the insured individual who has the greatest primary insur-
11 ance amount.

12 ~~“(iii) If there are two or more insured individuals~~
13 ~~(other than the insured individual who has the greatest~~
14 ~~primary insurance amount) on the basis of whose wages and~~
15 ~~self-employment income such child could be entitled under~~
16 ~~subsection (d) to a benefit larger than the benefit based on~~
17 ~~the wages and self-employment income of the insured indi-~~
18 ~~vidual who has the greatest primary insurance amount, such~~
19 ~~child's insurance benefit for such month shall be the largest~~
20 ~~benefit to which such child could be entitled under subsection~~
21 ~~(d) (without the application of section 203(a)) on the basis~~
22 ~~of the wages and self-employment income of any of them~~
23 ~~with respect to whom the provisions of clause (ii) are not~~
24 ~~applicable, and shall not be the benefit based on the wages~~
25 ~~and self-employment income of the insured individual who~~

1 ~~has the greatest primary insurance amount as otherwise speci-~~
2 ~~fied in clause (ii) unless the provisions of such clause are~~
3 ~~applicable with respect to all of such insured individuals.”~~

4 “(2)(A) Any child who under the preceding provisions
5 of this section is entitled for any month to child’s insurance
6 benefits on the wages and self-employment income of more
7 than one insured individual shall, notwithstanding such pro-
8 visions, be entitled to only one of such child’s insurance bene-
9 fits for such month. Such child’s insurance benefits for such
10 month shall be the benefit based on the wages and self-
11 employment income of the insured individual who has the
12 greatest primary insurance amount, except that such child’s
13 insurance benefits for such month shall be the largest benefit
14 to which such child could be entitled under subsection (d)
15 (without the application of section 203(a)) or subsection
16 (m) if entitlement to such benefit would not, with respect to
17 any person, result in a benefit lower (after the application
18 of section 203(a)) than the benefit which would be applicable
19 if such child were entitled on the wages and self-employment
20 income of the individual with the greatest primary insurance
21 amount. Where more than one child is entitled to child’s in-
22 surance benefits pursuant to the preceding provisions of this
23 paragraph, each such child who is entitled on the wages and
24 self-employment income of the same insured individuals shall

1 *be entitled on the wages and self-employment income of the*
 2 *same such insured individual."*

3 (b) The amendment made by subsection (a) shall ap-
 4 ply only with respect to monthly benefits under title II of
 5 the Social Security Act for months after ~~(96)December 1971~~
 6 *December 1972.*

7 **ADOPTIONS BY DISABILITY AND OLD-AGE INSURANCE**

8 **BENEFICIARIES**

9 **SEC. ~~(97)117~~ 111.** (a) Section 202 (d) of the Social Se-
 10 curity Act is amended by striking out paragraphs (8) and (9)
 11 and inserting in lieu thereof the following new paragraph:

12 “(8) In the case of—

13 “(A) an individual entitled to old-age insurance
 14 benefits (other than an individual referred to in sub-
 15 paragraph (B)), or

16 “(B) an individual entitled to disability insurance
 17 benefits, or an individual entitled to old-age insurance
 18 benefits who was entitled to disability insurance benefits
 19 for the month preceding the first month for which he
 20 was entitled to old-age insurance benefits,

21 a child of such individual adopted after such individual be-
 22 came entitled to such old-age or disability insurance benefits
 23 shall be deemed not to meet the requirements of clause (i)
 24 or (iii) of paragraph (1) (C) unless such child—

1 “(C) is the natural child or stepchild of such indi-
2 vidual (including such a child who was legally adopted
3 by such individual), or

4 “(D) (i) was legally adopted by such individual in
5 an adoption decreed by a court of competent jurisdiction
6 within the United States,

7 “(ii) was living with such individual in the United
8 States and receiving at least one-half of his support from
9 such individual (I) if he is an individual referred to in
10 subparagraph (A), for the year immediately before the
11 month in which such individual became entitled to old-
12 age insurance benefits or, if such individual had a period
13 of disability which continued until he had become en-
14 titled to old-age insurance benefits, the month in which
15 such period of disability began, or (II) if he is an indi-
16 vidual referred to in subparagraph (B), for the year im-
17 mediately before the month in which began the period of
18 disability of such individual which still exists at the time
19 of adoption (or, if such child was adopted by such indi-
20 vidual after such individual attained age 65, the period
21 of disability of such individual which existed in the
22 month preceding the month in which he attained age

1 65), or the month in which such individual became en-
2 titled to disability insurance benefits, and

3 “(iii) had not attained the age of 18 before he
4 began living with such individual.

5 In the case of a child who was born in the one-year period
6 during which such child must have been living with and
7 receiving at least one-half of his support from such indi-
8 vidual, such child shall be deemed to meet such requirements
9 for such period if, as of the close of such period, such child
10 has lived with such individual in the United States and
11 received at least one-half of his support from such indi-
12 vidual for substantially all of the period which begins on
13 the date of birth of such child.”

14 (b) The amendment made by subsection (a) shall
15 apply with respect to monthly benefits payable under title
16 II of the Social Security Act for months after December
17 1967 on the basis of an application filed in or after the
18 month in which this Act is enacted; except that such amend-
19 ments shall not apply with respect to benefits for any month
20 before ~~(98)the month in which this Act is enacted~~ *January*
21 1973 unless such application is filed before the close of the
22 sixth month after the month in which this Act is enacted.

1 CHILD'S INSURANCE BENEFITS NOT TO BE TERMINATED
2 BY REASON OF ADOPTION

3 SEC. ~~(99)418~~ 112. (a) Paragraph (1) (D) of section
4 202 (d) of the Social Security Act is amended by striking
5 out "marries" and all that follows and inserting in lieu there-
6 of "or marries,".

7 (b) The amendment made by subsection (a) shall apply
8 only with respect to monthly benefits under title II of the
9 Social Security Act for months beginning with the month in
10 which this Act is enacted.

11 (c) Any child—

12 (1) whose entitlement to child's insurance benefits
13 under section 202 (d) of the Social Security Act was
14 terminated by reason of his adoption, prior to the date
15 of the enactment of this Act, and

16 (2) who, except for such adoption, would be en-
17 titled to child's insurance benefits under such section for
18 a month after the month in which this Act is enacted,
19 may, upon filing application for child's insurance benefits
20 under the Social Security Act after the date of enactment of
21 this Act, become reentitled to such benefits; except that no
22 child shall, by reason of the enactment of this section,
23 become reentitled to such benefits for any month prior to
24 the month after the month in which this Act is enacted.

1 BENEFITS FOR CHILD BASED ON EARNINGS RECORD OF
2 GRANDPARENT

3 SEC. ~~(100)~~ 113. (a) The first sentence of section
4 216 (e) of the Social Security Act is amended—

5 (1) by striking out “and” at the end of clause (1),
6 and

7 (2) by inserting immediately before the period at
8 the end thereof the following: “, and (3) a person who
9 is the grandchild or stepgrandchild of an individual or
10 his spouse, but only if (A) ~~(101)~~ neither of such person’s
11 natural or adoptive parents were living at the time there
12 was no natural or adoptive parent (other than such a par-
13 ent who was under a disability, as defined in section 223
14 (d)) of such person living at the time (i) such individual
15 became entitled to old-age insurance benefits or disability
16 insurance benefits or died, or (ii) if such individual had
17 a period of disability which continued until such individ-
18 ual became entitled to old-age insurance benefits or dis-
19 ability insurance benefits, or died, at the time such period
20 of disability began, or (B) such person was legally
21 adopted after the death of such individual by such in-
22 dividual’s surviving spouse in an adoption that was de-
23 creed by a court of competent jurisdiction within the
24 United States and such person’s natural or adopting

1 parent or stepparent was not living in such individual's
2 household and making regular contributions toward such
3 person's support at the time such individual died".

4 (b) Section 202 (d) of such Act (as amended by sec-
5 tion ~~(102)~~¹¹⁷ 111 of this Act) is further amended by adding
6 at the end thereof the following new paragraph:

7 "(9) (A) A child who is a child of an individual under
8 clause (3) of the first sentence of section 216 (e) and is not
9 a child of such individual under clause (1) or (2) of such
10 first sentence shall be deemed not to be dependent on such in-
11 dividual at the time specified in subparagraph (1) (C) of
12 this subsection unless (i) such child was living with such in-
13 dividual in the United States and receiving at least one-half of
14 his support from such individual (I) for the year immediately
15 before the month in which such individual became entitled
16 to old-age insurance benefits or disability insurance benefits
17 or died, or (II) if such individual had a period of disability
18 which continued until he had become entitled to old-age
19 insurance benefits, or disability insurance benefits, or died,
20 for the year immediately before the month in which such
21 period of disability began, and (ii) the period during which
22 such child was living with such individual began before the
23 child attained age 18.

24 "(B) In the case of a child who was born in the one-
25 year period during which such child must have been living

1 with and receiving at least one-half of his support from such
 2 individual, such child shall be deemed to meet such require-
 3 ments for such period if, as of the close of such period, such
 4 child has lived with such individual in the United States and
 5 received at least one-half of his support from such individual
 6 for substantially all of the period which begins on the date
 7 of such child's birth."

8 (c) The amendments made by this section shall apply
 9 with respect to monthly benefits payable under title II of the
 10 Social Security Act for months after December ~~(103)~~1971
 11 1972, but only on the basis of applications filed on or after
 12 the date of the enactment of this Act.

13 ELIMINATION OF SUPPORT REQUIREMENT AS CONDITION
 14 OF BENEFITS FOR DIVORCED AND SURVIVING DIVORCED
 15 WIVES

16 SEC. ~~(104)~~120 114. (a) Section 202 (b) (1) of the
 17 Social Security Act ~~(105)~~~~(as amended by section 109(a)~~
 18 ~~of this Act)~~ is further amended—

- 19 (1) by adding "and" at the end of subparagraph
 20 (C),
 21 (2) by striking out subparagraph (D), and
 22 (3) by ~~(106)~~redesignating, redesignating subpara-
 23 graphs (E) through (L) as subparagraphs (D) through
 24 (K), respectively.

1 (b) (1) Section 202 (e) (1) of such Act (as amended
2 by section ~~(107)104(a)~~ 102(a) of this Act) is further
3 amended—

4 (A) by adding “and” at the end of subparagraph
5 (C),

6 (B) by striking out subparagraph (D), and

7 (C) by redesignating subparagraphs (E) through
8 (G) as subparagraphs (D) through (F), respectively.

9 (2) Section 202 (e) (6) of such Act is amended by
10 striking out “paragraph (1) (G)” and inserting in lieu
11 thereof “paragraph (1) (F)”.

12 (c) Section 202 (g) (1) (F) of such Act is amended
13 by striking out clause (i), and by redesignating clauses (ii)
14 and (iii) as clauses (i) and (ii), respectively.

15 (d) The amendments made by this section shall apply
16 only with respect to benefits payable under title II of the
17 Social Security Act for months after December ~~(108)1971~~
18 1972 on the basis of applications filed on or after the date of
19 enactment of this Act.

20 (e) Where—

21 (1) one or more persons are entitled (without the
22 application of sections 202 (j) (1) and 223 (b) of the
23 Social Security Act) to monthly benefits under section
24 202 or 223 of such Act for December ~~(109)1971~~ 1972

1 on the basis of the wages and self-employment income
2 of an insured individual, and

3 (2) one or more persons (not included in para-
4 graph (1)) are entitled to monthly benefits under such
5 section 202 (g) ~~(110)~~ *as a surviving divorced mother (as*
6 *defined in section 216 (d) (3))* for a month after Decem-
7 ber ~~(111)~~ ~~1971~~ 1972 on the basis of such wages and self-
8 employment income, and

9 (3) the total of benefits to which all persons are en-
10 titled under such sections 202 and 223 on the basis of
11 such wages and self-employment income for any month
12 after December ~~(112)~~ ~~1971~~ 1972 is reduced by reason of
13 section 203 (a) of such Act as amended by this Act (or
14 would, but for the penultimate sentence of such section
15 203 (a), be so reduced),

16 then the amount of the benefit to which each person referred
17 to in paragraph (1) of this subsection is entitled beginning
18 with the first month after December ~~(113)~~ ~~1971~~ 1972 for
19 which any person referred to in paragraph (2) becomes en-
20 titled shall be adjusted, after the application of such section
21 203 (a), to an amount no less than the amount it would
22 have been if the person or persons referred to in paragraph

1 (2) of this subsection were not entitled to a benefit referred
2 to in such paragraph (2).

3 **WAIVER OF DURATION-OF-RELATIONSHIP REQUIREMENT**
4 **FOR WIDOW, WIDOWER, OR STEPCHILD IN CASE OF**
5 **REMARRIAGE TO THE SAME INDIVIDUAL**

6 **SEC. (114)~~124~~ 115.** (a) The heading of section 216
7 (k) of the Social Security Act is amended by adding at the
8 end thereof “, or in Case of Remarriage to the Same In-
9 dividual”.

10 (b) Section 216 (k) of such Act is amended by strik-
11 ing out “if his death—” and all that follows and inserting in
12 lieu thereof “if—

13 “(1) his death—

14 “(A) is accidental, or

15 “(B) occurs in line of duty while he is a mem-
16 ber of a uniformed service serving on active duty
17 (as defined in section 210 (1) (2)),

18 and he would satisfy such requirement if a three-month
19 period were substituted for the nine-month period, or

20 “(2) (A) the widow or widower of such individual
21 had been previously married to such individual and sub-
22 sequently divorced and such requirement would have
23 been satisfied at the time of such divorce if such previous

1 marriage had been terminated by the death of such in-
2 dividual at such time instead of by divorce; or

3 “(B) the stepchild of such individual had been
4 the stepchild of such individual during a previous mar-
5 riage of such stepchild’s parent to such individual which
6 ended in divorce and such requirement would have
7 been satisfied at the time of such divorce if such previous
8 marriage had been terminated by the death of such
9 individual at such time instead of by divorce;

10 except that this subsection shall not apply if the Secretary
11 determines that at the time of the marriage involved the
12 individual could not have reasonably been expected to live
13 for nine months. For purposes of paragraph (1) (A) of this
14 subsection, the death of an individual is accidental if he
15 receives bodily injuries solely through violent, external, and
16 accidental means and, as a direct result of the bodily injuries
17 and independently of all other causes, loses his life not later
18 than three months after the day on which he receives such
19 bodily injuries.”

20 (c) The amendments made by this section shall apply
21 only with respect to benefits payable under title II of the
22 Social Security Act for months after December ~~(115)~~1971

1 1972 on the basis of applications filed in or after the month
2 in which this Act is enacted.

3 REDUCTION FROM 6 TO ~~(116)~~ 4 MONTHS OF WAITING
4 PERIOD FOR DISABILITY BENEFITS

5 SEC. ~~(117)~~¹²² 116. (a) Section 223 (c) (2) of the
6 Social Security Act is amended—

7 (1) by striking out “six” and inserting in lieu
8 thereof ~~(118)~~“~~five~~” “four”, and

9 (2) by striking out “eighteenth” each place it ap-
10 pears and inserting in lieu thereof ~~(119)~~“~~seventeenth~~”
11 “*sixteenth*”.

12 (b) Section 202 (e) (6) of such Act is amended—

13 (1) by striking out “six” and inserting in lieu
14 thereof ~~(120)~~“~~five~~” “four”,

15 (2) by striking out “eighteenth” and inserting in
16 lieu thereof ~~(121)~~“~~seventeenth~~” “*sixteenth*”, and

17 (3) by striking out “sixth” and inserting in lieu
18 thereof ~~(122)~~“~~fifth~~” “fourth”.

19 (c) Section 202 (f) (7) of such Act is amended—

20 (1) by striking out “six” and inserting in lieu
21 thereof ~~(123)~~“~~five~~” “four”,

22 (2) by striking out “eighteenth” and inserting in
23 lieu thereof ~~(124)~~“~~seventeenth~~” “*sixteenth*”, and

24 (3) by striking out “sixth” and inserting in lieu
25 thereof ~~(125)~~“~~fifth~~” “fourth”.

1 (d) Section 216 (i) (2) (A) of such Act is amended by
2 striking out "6" and inserting in lieu thereof, (126)~~"five"~~
3 "*four*".

4 (e) The amendments made by this section shall be
5 effective with respect to applications for disability insurance
6 benefits under section 223 of the Social Security Act, appli-
7 cations for widow's and widower's insurance benefits based on
8 disability under section 202 of such Act, and applications
9 for disability determinations under section 216 (i) of such
10 Act, filed—

11 (1) in or after the month in which this Act is
12 enacted, or

13 (2) before the month in which this Act is enacted
14 if—

15 (A) notice of the final decision of the Sec-
16 retary of Health, Education, and Welfare has not
17 been given to the applicant before such month, or

18 (B) the notice referred to in subparagraph
19 (A) has been so given before such month but a
20 civil action with respect to such final decision is
21 commenced under section 205 (g) of the Social Se-
22 curity Act (whether before, in, or after such
23 month) and the decision in such civil action has
24 not become final before such month;

25 except that no monthly benefits under title II of the Social

1 Security Act shall be payable or increased by reason of
 2 the amendments made by this section for any month before
 3 January ~~(127)~~1972 1973.

4 ~~(128)~~ELIMINATION OF DISABILITY INSURED STATUS RE-
 5 QUIREMENT OF SUBSTANTIAL RECENT COVERED WORK
 6 IN CASE OF INDIVIDUALS WHO ARE BLIND

7 ~~SEC. 123.~~ (a) The first sentence of section 216(i)(3)
 8 of the Social Security Act is amended by striking out all that
 9 follows subparagraph (B) and inserting in lieu thereof the
 10 following:

11 “except that the provisions of subparagraph (B) of this
 12 paragraph shall not apply in the case of an individual who
 13 is blind (within the meaning of ‘blindness’ as defined in
 14 paragraph (1)).”

15 (b) Section 223(c)(1) of such Act is amended by
 16 striking out “coverage.” in subparagraph (B)(ii) and in-
 17 serting in lieu thereof “coverage;”, and by striking out “For
 18 purposes” and inserting in lieu thereof the following:

19 “except that the provisions of subparagraph (B) of
 20 this paragraph shall not apply in the case of an indi-
 21 vidual who is blind (within the meaning of ‘blindness’
 22 as defined in section 216(i)(1)). For purposes”.

23 (c) The amendments made by this section shall be
 24 effective with respect to applications for disability insurance
 25 benefits under section 223 of the Social Security Act, and

1 for disability determinations under section 216(i) of such
2 Act, filed—

3 ~~(1)~~ in or after the month in which this Act is
4 enacted, or

5 ~~(2)~~ before the month in which this Act is enacted
6 if—

7 ~~(A)~~ notice of the final decision of the Secre-
8 tary of Health, Education, and Welfare has not
9 been given to the applicant before such month; or

10 ~~(B)~~ the notice referred to in subparagraph
11 ~~(A)~~ has been so given before such month but a
12 civil action with respect to such final decision is
13 commenced under section 205(g) of the Social
14 Security Act (whether before, in, or after such
15 month) and the decision in such civil action has not
16 become final before such month;

17 except that no monthly benefits under title II of the Social
18 Security Act shall be payable or increased by reason of the
19 amendments made by this section for months before Jan-
20 uary 1972.

21 *DISABILITY BENEFITS FOR THE BLIND*

22 *SEC. 117. (a) The first sentence of section 216(i)(3)*
23 *of the Social Security Act is amended by striking out all*
24 *that follows subparagraph (B) and inserting in lieu thereof*
25 *the following:*

1 “except that the provisions of subparagraph (B) of this
2 paragraph shall not apply in the case of an individual who
3 is blind (within the meaning of ‘blindness’ as defined in
4 paragraph (1)).”

5 (b) The first sentence of section 222(b)(1) of the
6 Social Security Act is amended by inserting “(other than
7 such an individual whose disability is blindness, as defined
8 in section 216(i)(1)(B))” after “an individual entitled
9 to disability insurance benefits”.

10 (c) Section 223(a)(1) of such Act is amended—

11 (1) by amending subparagraph (B) to read as
12 follows:

13 “(B) in the case of any individual other than
14 an individual whose disability is blindness (as de-
15 fined in section 216(i)(1)(B)), has not attained
16 the age of 65,”;

17 (2) by striking out “the month in which he attains
18 age 65” and inserting in lieu thereof “in the case of
19 any individual other than an individual whose dis-
20 ability is blindness (as defined in section 216(i)(1)
21 (B)), the month in which he attains age 65”; and

22 (3) by striking out the last sentence thereof.

23 (d) That part of section 223(a)(2) of such Act which
24 precedes subparagraph (A) thereof is amended by inserting
25 immediately after “age 62” the following: “, and, in the

1 case of any individual whose disability is blindness (as
2 defined in section 216(i)(1)(B)), as though he were a
3 fully insured individual.”

4 (e) Section 223(c)(1) of such Act is amended—

5 (1) by inserting “(other than an individual whose
6 disability is blindness, as defined in section 216(i)(1)
7 (B)),” after “An individual”; and

8 (2) by adding at the end thereof (after the sen-
9 tence following subparagraph (B)) the following new
10 sentence: “An individual whose disability is blindness
11 (as defined in section 216(i)(1)(B)) shall be insured
12 for disability insurance benefits in any month if he had
13 not less than six quarters of coverage before the quarter
14 in which such month occurs.”

15 (f) Section 223(d)(1)(B) of such Act is amended
16 to read as follows:

17 “(B) blindness (as defined in section 216(i)
18 (1)(B)).”

19 (g) The second sentence of section 223(d)(4) of such
20 Act is amended by inserting “(other than an individual
21 whose disability is blindness, as defined in section 216(i)
22 (1)(B))” immediately after “individual”.

23 (h) The amendments made by this section shall be effec-
24 tive with respect to individuals entitled to disability insurance
25 benefits under section 223 of the Social Security Act for the

1 month of January 1973, and with respect to applications for
 2 disability insurance benefits under section 223 of such Act
 3 filed—

4 (1) in or after the month in which this Act is en-
 5 acted, or

6 (2) before the month in which this Act is en-
 7 acted if—

8 (A) notice of the final decision of the Secretary
 9 of Health, Education, and Welfare has not been
 10 given to the applicant before such month; or

11 (B) the notice referred to in subparagraph (A)
 12 has been so given before such month but a civil action
 13 with respect to such final decision is commenced un-
 14 der section 205(g) of the Social Security Act
 15 (whether before, in, or after such month) and the
 16 decision in such civil action has not become final be-
 17 fore such month;

18 except that no monthly benefits under title II of the Social
 19 Security Act shall be payable or increased by reason of the
 20 amendments made by this section for months before January
 21 1973.

22 **APPLICATIONS FOR DISABILITY INSURANCE BENEFITS**

23 **FILED AFTER DEATH OF INSURED INDIVIDUAL**

24 **SEC. (129)124 118.** (a) (1) Section 223 (a) (1) of the
 25 Social Security Act is amended by adding at the end thereof

1 the following new sentence: "In the case of a deceased indi-
2 vidual, the requirement of subparagraph (C) may be satis-
3 fied by an application for benefits filed with respect to such
4 individual within 3 months after the month in which he died."

5 (2) Section 223 (a) (2) of such Act is amended by
6 striking out "he filed his application for disability insurance
7 benefits and was" and inserting in lieu thereof "the applica-
8 tion for disability insurance benefits was filed and he was".

9 (3) The third sentence of section 223 (b) of such Act
10 is amended by striking out "if he files such application" and
11 inserting in lieu thereof "if such application is filed".

12 (4) Section 223 (c) (2) (A) of such Act is amended by
13 striking out "who files such application" and inserting in
14 lieu thereof "with respect to whom such application is filed".

15 (b) Section 216 (i) (2) (B) of such Act is amended
16 by adding at the end thereof the following new sentence:
17 "In the case of a deceased individual, the requirement of an
18 application under the preceding sentence may be satisfied
19 by an application for a disability determination filed with
20 respect to such individual within 3 months after the month
21 in which he died."

22 (c) The amendments made by this section shall apply
23 in the case of deaths occurring after December 31, 1969.
24 For purposes of such amendments (and for purposes of sec-
25 tions 202 (j) (1) and 223 (b) of the Social Security Act),

1 any application with respect to an individual whose death
 2 occurred after December 31, 1969, but before the date of the
 3 enactment of this Act which is filed ~~(130)~~ *within 3 months in*
 4 ~~or after the~~ *in, or within 3 months after, the month in which*
 5 this Act is enacted shall be deemed to have been filed in the
 6 month in which such death occurred.

7 WORKMEN'S COMPENSATION OFFSET FOR DISABILITY

8 INSURANCE BENEFICIARIES

9 SEC. ~~(131)~~¹²⁵ 119. (a) The next to last sentence of
 10 section 224 (a) of the Social Security Act is amended—

11 (1) by striking out "larger" and inserting in lieu
 12 thereof "largest",

13 (2) by striking out "or" before "(B)", and

14 (3) by inserting before the period at the end
 15 thereof the following: ", or (C) one-twelfth of the
 16 total of his wages and self-employment income (com-
 17 puted without regard to the limitations specified in sec-
 18 tions 209 (a) and 211 (b) (1)) for the calendar year
 19 in which he had the highest such wages and income
 20 during the period consisting of the calendar year in
 21 which he became disabled (as defined in section 223
 22 (d)) and the five years preceding that year".

23 (b) The last sentence of section 224 (a) of such Act
 24 is amended by striking out "clause (B)" and inserting in
 25 lieu thereof "clauses (B) and (C)".

1 (c) The amendments made by subsections (a) and (b)
 2 shall apply with respect to monthly benefits under title II of
 3 the Social Security Act for months after December
 4 ~~(132)1971~~ 1972.

5 WAGE CREDITS FOR MEMBERS OF THE UNIFORMED
 6 SERVICES

7 SEC. ~~(133)126~~ 120. (a) Subsection 229 (a) of the So-
 8 cial Security Act is amended—

9 (1) by striking out “after December 1967” and
 10 inserting in lieu thereof “after December ~~(134)1971~~”
 11 1972”;

12 (2) by striking out “after 1967” and inserting in
 13 lieu thereof “after 1956”; and

14 (3) by striking out all that follows “(in addition to
 15 the wages actually paid to him for such service)” and
 16 inserting in lieu thereof “of \$300.”

17 (b) The amendments made by subsection (a) shall
 18 apply with respect to monthly benefits under title II of the
 19 Social Security Act for months after December ~~(135)1971~~
 20 1972 and with respect to lump-sum death payments under
 21 such title in the case of deaths occurring after December
 22 ~~(136)1971~~ 1972 except that, in the case of any individual
 23 who is entitled, on the basis of the wages and self-employment
 24 income of any individual to whom section 229 of such Act ap-
 25 plies, to monthly benefits under title II of such Act for the

1 month in which this Act is enacted, such amendments shall
 2 apply (1) only if a written request for a recalculation of such
 3 benefits (by reason of such amendments) under the provi-
 4 sions of section 215 (b) and (d) of such Act, as in effect at
 5 the time such request is filed, is filed by such individual, or
 6 any other individual, entitled to benefits under such title II on
 7 the basis of such wages and self-employment income, and (2)
 8 only with respect to such benefits for months beginning with
 9 whichever of the following is later: January ~~(137)~~1972 1973
 10 or the twelfth month before the month in which such request
 11 was filed. Recalculations of benefits as required to carry
 12 out the provisions of this ~~(138)~~paragraph section shall be made
 13 notwithstanding the provisions of section 215 (f) (1) of the
 14 Social Security Act, and no such recalculation shall be re-
 15 garded as a recomputation for purposes of section 215 (f)
 16 of such Act.

17 **OPTIONAL DETERMINATION OF SELF-EMPLOYMENT**

18 **EARNINGS**

19 **SEC. ~~(139)~~127 121.** (a) (1) Section 211 (a) of the So-
 20 cial Security Act is amended by adding at the end thereof the
 21 following new paragraph:

22 “The preceding sentence and clauses (i) through (iv)
 23 of the second preceding sentence shall also apply in the case
 24 of any trade or business (other than a trade or business
 25 specified in such second preceding sentence) which is car-

1 ried on by an individual who is self-employed on a regular
2 basis as defined in subsection (g), or by a partnership of
3 which an individual is a member on a regular basis as de-
4 fined in subsection (g), but only if such individual's net
5 earnings from self-employment in the taxable year ~~(140)~~~~(not~~
6 ~~counting any net earnings derived from a trade or business~~
7 ~~specified in such second preceding sentence)~~ as determined
8 without regard to this sentence are less than \$1,600 and less
9 than 66 $\frac{2}{3}$ percent of the sum (in such taxable year) of such
10 individual's gross income derived from all ~~(141)~~the trades or
11 businesses carried on by him ~~(142)~~to which this sentence re-
12 fers and his distributive share of the income or loss from
13 ~~(143)~~such all trades or businesses carried on by all the part-
14 nerships of which he is a member; except that this sentence
15 shall not apply to more than 5 taxable years in the case of any
16 individual, and in no case in which an individual elects to de-
17 termine the amount of his net earnings from self-employment
18 for a taxable year under the provisions of the two preceding
19 sentences with respect to a trade or business to which the
20 second preceding sentence applies and with respect to a trade
21 or business to which this sentence applies shall such net
22 earnings for such year exceed \$1,600."

23 (2) Section 211 of such Act is amended by adding at
24 the end thereof the following new subsection:

1 “Regular Basis

2 “(g) An individual shall be deemed to be self-employed
3 on a regular basis in a taxable year, or to be a member of a
4 partnership on a regular basis in such year, if he had net
5 earnings from self-employment, as defined in the first sen-
6 tence of subsection (a), of not less than \$400 in at least two
7 of the three consecutive taxable years immediately preceding
8 such taxable year from trades or businesses carried on by
9 such individual or such partnership.”

10 (b) (1) Section 1402 (a) of the Internal Revenue Code
11 of 1954 (relating to definition of net earnings from self-
12 employment) is amended by adding at the end thereof the
13 following new paragraph:

14 “The preceding sentence and clauses (i) through (iv)
15 of the second preceding sentence shall also apply in the case
16 of any trade or business (other than a trade or business speci-
17 fied in such second preceding sentence) which is carried on
18 by an individual who is self-employed on a regular basis as
19 defined in subsection (i), or by a partnership of which an
20 individual is a member on a regular basis as defined in sub-
21 section (i), but only if such individual’s net earnings from
22 self-employment ~~(144) (excluding any net earnings derived~~
23 ~~from a trade or business specified in such second preceding~~
24 ~~sentence)~~ as determined without regard to this sentence in the
25 taxable year are less than \$1,600 and less than 66 $\frac{2}{3}$ percent

1 of the sum (in such taxable year) of such individual's gross
2 income derived from all (145)the trades or businesses carried
3 on by him (146)to which this sentence refers and his distrib-
4 utive share of the income or loss from (147)such all trades
5 or businesses carried on by all the partnerships of which he
6 is a member; except that this sentence shall not apply to
7 more than 5 taxable years in the case of any individual, and
8 in no case in which an individual elects to determine the
9 amount of his net earnings from self-employment for a tax-
10 able year under the provisions of the two preceding sentences
11 with respect to a trade or business to which the second pre-
12 ceding sentence applies and with respect to a trade or busi-
13 ness to which this sentence applies shall such net earnings
14 for such years exceed \$1,600."

15 (2) Section 1402 of such Code (definitions relating to
16 Self-Employment Contributions Act of 1954) is amended by
17 adding at the end thereof the following new subsection:

18 "Regular Basis

19 "(i) An individual shall be deemed to be self-employed
20 on a regular basis in a taxable year, or to be a member of a
21 partnership on a regular basis in such year, if he had net
22 earnings from self-employment, as defined in the first sen-
23 tence of subsection (a), of not less than \$400 in at least
24 two of the three consecutive taxable years immediately pre-

1 ceding such taxable year from trades or businesses carried on
2 by such individual or such partnership.”

3 (c) The amendments made by this section shall apply
4 only with respect to taxable years beginning after Decem-
5 ber 31, ~~(148)1971~~, 1972.

6 PAYMENTS BY EMPLOYER TO SURVIVOR OR ESTATE OF
7 FORMER EMPLOYEE

8 SEC. ~~(149)128~~ 122. (a) Section 209 of the Social Secu-
9 rity Act is amended by striking out “or” at the end of subsec-
10 tion (l), by striking out the period at the end of subsection
11 (m) and inserting in lieu thereof “; or”, and by inserting
12 after subsection (m) the following new subsection:

13 “(n) Any payment made by an employer to a survivor
14 or the estate of a former employee after the calendar year
15 in which such employee died.”

16 (b) Section 3121(a) of the Internal Revenue Code of
17 1954 (relating to definition of wages) is amended by strik-
18 ing out “or” at the end of paragraph (12), by striking out
19 the period at the end of paragraph (13) and inserting in
20 lieu thereof “; or”, and by inserting after paragraph (13)
21 the following new paragraph:

22 “(14) any payment made by an employer to a sur-
23 vivor or the estate of a former employee after the cal-
24 endar year in which such employee died.”

1 (c) The amendments made by this section shall apply
2 in the case of any payment made after December ~~(150)1971~~.
3 1972.

4 COVERAGE FOR VOW-OF-POVERTY MEMBERS OF
5 RELIGIOUS ORDERS

6 SEC. ~~(151)129~~ 123. (a) (1) Section 210(a) (8) (A)
7 of the Social Security Act is amended by inserting before the
8 semicolon at the end thereof the following: “, except that this
9 subparagraph shall not apply to service performed by a mem-
10 ber of such an order in the exercise of such duties, if an elec-
11 tion of coverage under section 3121 (r) of the Internal
12 Revenue Code of 1954 is in effect with respect to such order,
13 or with respect to the autonomous subdivision thereof to
14 which such member belongs”.

15 (2) Section 3121 (b) (8) (A) of the Internal Revenue
16 Code of 1954 (relating to definition of employment) is
17 amended by inserting before the semicolon at the end
18 thereof the following: “, except that this subparagraph shall
19 not apply to service performed by a member of such an
20 order in the exercise of such duties, if an election of cover-
21 age under subsection (r) is in effect with respect to such
22 order, or with respect to the autonomous subdivision thereof
23 to which such member belongs”.

24 (b) Section 3121 of such Code (definitions relating to
25 Federal Insurance Contributions Act) is amended by adding
26 at the end thereof the following new subsection:

1 “(r) ELECTION OF COVERAGE BY RELIGIOUS
2 ORDERS.—

3 “(1) CERTIFICATE OF ELECTION BY ORDER.—

4 A religious order whose members are required to take a
5 vow of poverty, or any autonomous subdivision of such
6 order, may file a certificate (in such form and manner,
7 and with such official, as may be prescribed by regula-
8 tions under this chapter) electing to have the insurance
9 system established by title II of the Social Security Act
10 extended to services performed by its members in the
11 exercise of duties required by such order or such sub-
12 division thereof. Such certificate of election shall pro-
13 vide that—

14 “(A) such election of coverage by such order
15 or subdivision shall be irrevocable;

16 “(B) such election shall apply to all current
17 and future members of such order, or in the case of
18 a subdivision thereof to all current and future mem-
19 bers of such order who belong to such subdivision;

20 “(C) all services performed by a member of
21 such an order or subdivision in the exercise of duties
22 required by such order or subdivision shall be
23 deemed to have been performed by such member
24 as an employee of such order or subdivision; and

25 “(D) the wages of each member, upon which

1 such order or subdivision shall pay the taxes imposed
2 by sections 3101 and 3111, will be determined as
3 provided in subsection (i) (4).

4 “(2) DEFINITION OF MEMBER.—For purposes of
5 this subsection, a member of a religious order means
6 any individual who is subject to a vow of poverty as a
7 member of such order and who performs tasks usually
8 required (and to the extent usually required) of an ac-
9 tive member of such order and who is not considered re-
10 tired because of old age or total disability.

11 “(3) EFFECTIVE DATE FOR ELECTION.—(A) A
12 certificate of election of coverage shall be in effect, for
13 purposes of subsection (b) (8) (A) and for purposes of
14 section 210 (a) (8) (A) of the Social Security Act, for
15 the period beginning with whichever of the following
16 may be designated by the order or subdivision thereof:

17 “(i) the first day of the calendar quarter in
18 which the certificate is filed,

19 “(ii) the first day of the calendar quarter suc-
20 ceeding such quarter, or

21 “(iii) the first day of any calendar quarter pre-
22 ceding the calendar quarter in which the certificate
23 is filed, except that such date may not be earlier
24 than the first day of the twentieth calendar quarter

1 preceding the quarter in which such certificate is
2 filed.

3 Whenever a date is designated under clause (iii), the
4 election shall apply to services performed before the
5 quarter in which the certificate is filed only if the mem-
6 ber performing such services was a member at the time
7 such services were performed and is living on the first
8 day of the quarter in which such certificate is filed.

9 “(B) If a certificate of election filed pursuant to
10 this subsection is effective for one or more calendar quar-
11 ters prior to the quarter in which such certificate is filed,
12 then—

13 “(i) for purposes of computing interest and for
14 purposes of section 6651 (relating to addition to tax
15 for failure to file tax return), the due date for the re-
16 turn and payment of the tax for such prior calendar
17 quarters resulting from the filing of such certificate
18 shall be the last day of the calendar month follow-
19 ing the calendar quarter in which the certificate is
20 filed; and

21 “(ii) the statutory period for the assessment of
22 such tax shall not expire before the expiration of
23 3 years from such due date.

24 “(4) COORDINATION WITH COVERAGE OF LAY EM-
25 PLOYEES.—Notwithstanding the preceding provisions of

1 this subsection, no certificate of election shall become
2 effective with respect to an order or subdivision thereof,
3 unless—

4 “(A) if at the time the certificate of election is
5 filed a certificate of waiver of exemption under sub-
6 section (k) is in effect with respect to such order or
7 subdivision, such order or subdivision amends such
8 certificate of waiver of exemption (in such form and
9 manner as may be prescribed by regulations made
10 under this chapter) to provide that it may not be
11 revoked, or

12 “(B) if at the time the certificate of election is
13 filed a certificate of waiver of exemption under such
14 subsection is not in effect with respect to such order
15 or subdivision, such order or subdivision files such
16 certificate of waiver of exemption under the provi-
17 sions of such subsection except that such certificate
18 of waiver of exemption cannot become effective at a
19 later date than the certificate of election and such
20 certificate of waiver of exemption must specify that
21 such certificate of waiver of exemption may not be
22 revoked. The certificate of waiver of exemption
23 required under this subparagraph shall be filed not-
24 withstanding the provisions of subsection (k) (3).”

25 (c) (1) Section 209 of the Social Security Act is

1 amended by adding at the end thereof the following new
2 paragraph:

3 “For purposes of this title, in any case where an indi-
4 vidual is a member of a religious order (as defined in section
5 3121 (r) (2) of the Internal Revenue Code of 1954) per-
6 forming service in the exercise of duties required by such
7 order, and an election of coverage under section 3121 (r)
8 of such Code is in effect with respect to such order or with
9 respect to the autonomous subdivision thereof to which such
10 member belongs, the term ‘wages’ shall, subject to the pro-
11 visions of subsection (a) of this section, include as such indi-
12 vidual’s remuneration for such service the fair market value
13 of any board, lodging, clothing, and other perquisites fur-
14 nished to such member by such order or subdivision thereof
15 or by any other person or organization pursuant to an agree-
16 ment with such order or subdivision, except that the amount
17 included as such individual’s remuneration under this para-
18 graph shall not be less than \$100 a month.”

19 (2) Section 3121 (i) of the Internal Revenue Code of
20 1954 (relating to computation of wages in certain cases)
21 is amended by adding at the end thereof the following new
22 paragraph:

23 “(4) SERVICE PERFORMED BY CERTAIN MEMBERS
24 OF RELIGIOUS ORDERS.—For purposes of this chapter,
25 in any case where an individual is a member of a

1 religious order (as defined in subsection (r) (2)) per-
 2 forming service in the exercise of duties required by such
 3 order, and an election of coverage under subsection (r)
 4 is in effect with respect to such order or with respect
 5 to the autonomous subdivision thereof to which such
 6 member belongs, the term 'wages' shall, subject to the
 7 provisions of subsection (a) (1), include as such indi-
 8 vidual's remuneration for such service the fair market
 9 value of any board, lodging, clothing, and other perqui-
 10 sites furnished to such member by such order or subdi-
 11 vision thereof or by any other person or organization
 12 pursuant to an agreement with such order or subdivision,
 13 except that the amount included as such individual's
 14 remuneration under this paragraph shall not be less than
 15 \$100 a month."

16 **SELF-EMPLOYMENT INCOME OF CERTAIN INDIVIDUALS**
 17 **TEMPORARILY LIVING OUTSIDE THE UNITED STATES**

18 **SEC. (152)130 124.** (a) Section 211 (a) of the Social
 19 Security Act is amended—

20 (1) by striking out "and" at the end of paragraph
 21 (8);

22 (2) by striking out the period at the end of para-
 23 graph (9) and inserting in lieu thereof "; and"; and

24 (3) by inserting after paragraph (9) the following
 25 new paragraph:

1 “(10) In the case of an individual who has been
2 a resident of the United States during the entire taxa-
3 ble year, the exclusion from gross income provided by
4 section 911 (a) (2) of the Internal Revenue Code of
5 1954 shall not apply.”

6 (b) Section 1402 (a) of the Internal Revenue Code of
7 1954 (relating to definition of net earnings from self-employ-
8 ment) is amended—

9 (1) by striking out “and” at the end of paragraph
10 (9) ;

11 (2) by striking out the period at the end of para-
12 graph (10) and inserting in lieu thereof “; and”; and

13 (3) by inserting after paragraph (10) the follow-
14 ing new paragraph:

15 “(11) in the case of an individual who has been
16 a resident of the United States during the entire taxable
17 year, the exclusion from gross income provided by sec-
18 tion 911 (a) (2) shall not apply.”

19 (c) The amendments made by this section shall apply
20 with respect to taxable years beginning after December 31,
21 (153)~~1971~~ 1972.

22 **COVERAGE OF FEDERAL HOME LOAN BANK EMPLOYEES**

23 SEC. (154)~~131~~ 125. (a) The provisions of section 210

24 (a) (6) (B) (ii) of the Social Security Act and section 3121

25 (b) (6) (B) (ii) of the Internal Revenue Code of 1954,

1 insofar as they relate to service performed in the employ of
2 a Federal home loan bank, shall be effective—

3 (1) with respect to all service performed in the
4 employ of a Federal home loan bank on and after the
5 first day of the first calendar quarter which begins on
6 or after the date of the enactment of this Act; and

7 (2) in the case of individuals who are in the em-
8 ploy of a Federal home loan bank on such first day,
9 with respect to any service performed in the employ of
10 a Federal home loan bank after the last day of the sixth
11 calendar year preceding the year in which this Act is
12 enacted; but this paragraph shall be effective only if an
13 amount equal to the taxes imposed by sections 3101 and
14 3111 of such Code with respect to the services of all such
15 individuals performed in the employ of Federal home
16 loan banks after the last day of the sixth calendar year
17 preceding the year in which this Act is enacted are
18 paid under the provisions of section 3122 of such Code
19 by July 1, ~~(155)1972~~, 1973, or by such later date as
20 may be provided in an agreement entered into before
21 such date with the Secretary of the Treasury or his dele-
22 gate for purposes of this paragraph.

23 (b) Subparagraphs (A) (i) and (B) of section 104
24 (i) (2) of the Social Security Amendments of 1956 are
25 repealed.

POLICEMEN AND FIREMEN IN IDAHO

1
2 SEC. ~~(156)132~~ 126. Section 218 (p) (1) of the Social
3 Security Act is amended by inserting "Idaho," after
4 "Hawaii,".

COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN

5
6
7 SEC. ~~(157)133~~ 127. Notwithstanding any provisions of
8 section 218 of the Social Security Act, the Agreement with
9 the State of New Mexico heretofore entered into pursuant to
10 such section may at the option of such State be modified at
11 any time prior to the first day of the fourth month after the
12 month in which this Act is enacted, so as to apply to the
13 services of employees of a hospital which is an integral part
14 of a political subdivision to which an agreement under this
15 section has not been made applicable, as a separate coverage
16 group within the meaning of section 218 (b) (5) of such
17 Act, but only if such hospital has prior to 1966 withdrawn
18 from a retirement system which had been applicable to the
19 employees of such hospital.

COVERAGE OF CERTAIN EMPLOYEES OF THE**GOVERNMENT OF GUAM**

20
21
22 SEC. ~~(158)134~~ 128. (a) Section 210 (a) (7) of the Social
23 Security Act is amended by striking out "or" at the end of
24 subparagraph (C), by striking out the semicolon at the end
25 of subparagraph (D) and inserting in lieu thereof ", or", and
26 by adding at the end thereof the following new subparagraph :

1 “(E) service performed in the employ of the
2 Government of Guam (or any instrumentality which
3 is wholly owned by such Government) by an
4 employee properly classified as a temporary or
5 intermittent employee, if such service is not covered
6 by a retirement system established by a law of
7 Guam; except that (i) the provisions of this sub-
8 paragraph shall not be applicable to services per-
9 formed by an elected official or a member of the
10 legislature or in a hospital or penal institution by a
11 patient or inmate thereof, and (ii) for purposes of
12 this subparagraph, clauses (i) and (ii) of subpara-
13 graph (C) shall apply;”.

14 (b) Section 3121 (b) (7) of the Internal Revenue Code
15 of 1954 is amended by striking out “or” at the end of
16 subparagraph (B), by striking out the semicolon at the
17 end of subparagraph (C) and inserting in lieu thereof
18 “, or”, and by adding at the end thereof the following new
19 subparagraph:

20 “(D) service performed in the employ of the
21 Government of Guam (or any instrumentality which
22 is wholly owned by such Government) by an em-
23 ployee properly classified as a temporary or inter-
24 mittent employee, if such service is not covered by a

1 retirement system established by a law of Guam;
 2 except that (i) the provisions of this subparagraph
 3 shall not be applicable to services performed by an
 4 elected official or a member of the legislature or in a
 5 hospital or penal institution by a patient or inmate
 6 thereof, and (ii) for purposes of this subparagraph,
 7 clauses (i) and (ii) of subparagraph (B) shall
 8 apply;”.

9 (c) The amendments made by this section shall apply
 10 with respect to service performed on and after the first day of
 11 the first calendar quarter which begins on or after the date
 12 of the enactment of this Act.

13 **COVERAGE EXCLUSION OF STUDENTS EMPLOYED BY NON-**
 14 **PROFIT ORGANIZATIONS AUXILIARY TO SCHOOLS,**
 15 **COLLEGES, AND UNIVERSITIES**

16 **SEC. (159)~~135~~ 129.** (a) (1) Section 210 (a) (10) (B)
 17 of the Social Security Act is amended to read as follows:

18 “(B) **(160)** ~~service~~ *Service* performed in the em-
 19 ploy of—

20 “(i) a school, college, or university, or

21 “(ii) an organization described in section 509
 22 (a) (3) of the Internal Revenue Code of 1954 if
 23 the organization is organized, and at all times there-
 24 after is operated, exclusively for the benefit of, to
 25 perform the functions of, or to carry out the pur-
 26 poses of a school, college, or university and is oper-

1 ated, supervised, or controlled by or in connection
2 with such school, college, or university, unless it is
3 a school, college, or university of a State or a
4 political subdivision thereof and the services in its
5 employ performed by a student referred to in sec-
6 tion 218 (c) (5) are covered under the agreement
7 between the Secretary of Health, Education, and
8 Welfare and such State entered into pursuant to
9 section 218;

10 if such service is performed by a student who is enrolled
11 and regularly attending classes at such school, college,
12 or university;”.

13 (2) Section 3121 (b) (10) (B) of the Internal Revenue
14 Code of 1954 is amended to read as follows:

15 “(B) service performed in the employ of—

16 “(i) a school, college, or university, or

17 “(ii) an organization described in section 509

18 (a) (3) if the organization is organized, and at all

19 times thereafter is operated, exclusively for the bene-

20 fit of, to perform the functions of, or to carry out

21 the purposes of a school, college, or university and is

22 operated, supervised, or controlled by or in connec-

23 tion with such school, college, or university, unless it

24 is a school, college, or university of a State or a

1 political subdivision thereof and the services per-
2 formed in its employ by a student referred to in sec-
3 tion 218 (c) (5) of the Social Security Act are
4 covered under the agreement between the Secretary
5 of Health, Education, and Welfare and such State
6 entered into pursuant to section 218 of such Act;
7 if such service is performed by a student who is enrolled
8 and regularly attending classes at such school, college,
9 or university;”.

10 (b) The amendments made by subsection (a) shall
11 apply to services performed after December 31, ~~(161)1971~~.
12 1972.

13 **PENALTY FOR FURNISHING FALSE INFORMATION TO OB-**
14 **TAIN SOCIAL SECURITY ACCOUNT NUMBER(162), AND**
15 **FOR DECEPTIVE PRACTICES INVOLVING SOCIAL SECU-**
16 **RITY ACCOUNT NUMBERS**

17 **SEC. ~~(163)136~~ 130.** (a) Section 208 of the Social
18 Security Act is amended by adding “or” after the semicolon
19 at the end of subsection (e), and by inserting after subsection
20 (e) the following new ~~(164)subsection~~ *subsections*:

21 “(f) willfully, knowingly, and with intent to deceive
22 the Secretary as to his true identity (or the true identity of
23 any other person) furnishes or causes to be furnished false
24 information to the Secretary with respect to any information
25 required by the Secretary in connection with the establish-

1 ment and maintenance of the records provided for in section
2 ~~(165)(205)(e)(2);~~ 205(c)(2); or
3 (166)“(g) for the purpose of causing an increase in any pay-
4 ment authorized under this title (or any other program
5 financed in whole or in part from Federal funds), or for
6 the purpose of causing a payment under this title (or any
7 such other program) to be made when no payment is author-
8 ized thereunder, or for the purpose of obtaining (for himself
9 or any other person) any payment or any other benefit to
10 which he (or such other person) is not entitled—

11 “(1) willfully, knowingly, and with intent to de-
12 ceive, uses a social security account number, assigned by
13 the Secretary (in the exercise of his authority under sec-
14 tion 205(c)(2) to establish and maintain records) on
15 the basis of false information furnished to the Secretary
16 by him or by any other person; or

17 “(2) with intent to deceive, falsely represents a
18 number to be the social security account number as-
19 signed by the Secretary to him or to another person,
20 when in fact such number is not the social security ac-
21 count number assigned by the Secretary to him or to
22 such other person;”.

23 (b) The amendments made by subsection (a) shall

1 apply with respect to information furnished to the Secretary
2 after the date of the enactment of this Act.

3 ~~(167)~~ GUARANTEE OF NO DECREASE IN TOTAL FAMILY
4 BENEFITS

5 SEC. 137. ~~(a)~~ Section 203~~(a)~~ of the Social Security
6 Act ~~(as amended by sections 101(b), 102(a)(2), 103(b),~~
7 ~~and 110(d) of this Act)~~ is further amended by striking out
8 “or” at the end of paragraph ~~(4)~~, by striking out the period
9 at the end of paragraph ~~(5)~~ and inserting in lieu thereof
10 “, or”, and by inserting after paragraph ~~(5)~~ the following
11 new paragraph:

12 “~~(6)~~ notwithstanding any other provision of law,
13 when—

14 “~~(A)~~ two or more persons are entitled to
15 monthly benefits for a particular month on the basis
16 of the wages and self-employment income of an
17 insured individual and ~~(for such particular month)~~
18 the provisions of this subsection and section 202~~(q)~~
19 are applicable to such monthly benefits, and

20 “~~(B)~~ such individual’s primary insurance
21 amount is increased for the following month under
22 any provision of this title,

23 then the total of monthly benefits for all persons on the
24 basis of such wages and self-employment income for
25 such particular month, as determined under the provi-

1 sions of this subsection, shall for purposes of determin-
2 ing the total of monthly benefits for all persons on the
3 basis of such wages and self-employment income for
4 months subsequent to such particular month be con-
5 sidered to have been increased by the smallest amount
6 that would have been required in order to assure that
7 the total monthly benefits payable on the basis of such
8 wages and self-employment income for any such subse-
9 quent month will not be less (after application of the
10 other provisions of this subsection and section 202(q))
11 than the total of monthly benefits (after the application
12 of the other provisions of this subsection and section 202
13 (q)) payable on the basis of such wages and self-
14 employment income for such particular month."

15 (b) In any case in which the provisions of section 1002
16 (b)(2) of the Social Security Amendments of 1969 were
17 applicable with respect to benefits for any month in 1970,
18 the total of monthly benefits as determined under section
19 203(a) of the Social Security Act shall, for months after
20 1970, be increased to the amount that would be required in
21 order to assure that the total of such monthly benefits (after
22 the application of section 202(q) of such Act) will not be
23 less than the total of monthly benefits that was applicable

1 ~~(after the application of such sections 203(a) and 202(q))~~
 2 for the first month for which the provisions of such section
 3 1002(b)(2) applied.

4 INCREASE OF AMOUNTS IN TRUST FUNDS AVAILABLE TO
 5 PAY COSTS OF REHABILITATION SERVICES

6 SEC. ~~(168)~~¹³⁸ 131. The first sentence of section 222
 7 (d) (1) of the Social Security Act (as amended by section
 8 ~~(169)~~¹¹³~~(b)(4)~~ 107(b)(4) of this Act) is further
 9 amended by striking out “except that the total amount so
 10 made available pursuant to this subsection in any fiscal year
 11 may not exceed 1 percent of the total of the benefits under
 12 section 202 (d) for children who have attained age 18 and
 13 are under a disability” and inserting in lieu thereof the follow-
 14 ing: “except that the total amount so made available pur-
 15 suant to this subsection may not exceed—

16 “(i) 1 percent in the fiscal year ending June 30,
 17 ~~(170)~~¹⁹⁷¹ 1972,

18 “(ii) 1.25 percent in the fiscal year ending June
 19 30, ~~(171)~~¹⁹⁷² 1973,

20 “(iii) 1.5 percent in the fiscal year ending June
 21 30, ~~(172)~~¹⁹⁷³ 1974, and thereafter,

22 of the total of the benefits under section 202 (d) for children
 23 who have attained age, 18 and are under a disability”.

1 ACCEPTANCE OF MONEY GIFTS MADE UNCONDITIONALLY
2 TO SOCIAL SECURITY

3 SEC. ~~(173)~~¹³⁹ 132. (a) The second sentence of section
4 201 (a) of the Social Security Act is amended by inserting
5 after "in addition," the following: "such gifts and bequests as
6 may be made as provided in subsection (i) (1), and".

7 (b) The second sentence of section 201 (b) of such
8 Act is amended by inserting after "consist of" the follow-
9 ing: "such gifts and ~~(174)~~^{bequest} *bequests* as may be made
10 as provided in subsection (i) (1), and".

11 (c) Section 201 of such Act is further amended by
12 adding after subsection (h) the following new subsection:

13 " (i) (1) The Managing Trustee of the Federal Old-
14 Age and Survivors Insurance Trust Fund, the Federal Dis-
15 ability Insurance Trust Fund, the Federal Hospital Insur-
16 ance Trust Fund, and the Federal Supplementary Medical
17 Insurance Trust Fund is authorized to accept on behalf of
18 the United States money gifts and bequests made uncondi-
19 tionally to any one or more of such Trust Funds or to the
20 Department of Health, Education, and Welfare, or any part
21 or officer thereof, for the benefit of any of such Funds or
22 any activity financed through such Funds.

23 " (2) Any such gift accepted pursuant to the authority

1 granted in paragraph (1) of this subsection shall be de-
2 posited in—

3 “(A) the specific trust fund designated by the
4 donor or

5 “(B) if the donor has not so designated, the Fed-
6 eral Old-Age and Survivors Insurance Trust Fund.”

7 (d) The second sentence of section 1817 (a) of such
8 Act is amended by inserting after “consist of” and before
9 “such amounts” the following: “such gifts and bequests as
10 may be made as provided in section 201 (i) (1), and”.

11 (e) The second sentence of section 1841 (a) of such
12 Act is amended by inserting after “consist of” and before
13 “such amounts” the following: “such gifts and bequests as
14 may be made as provided in section 201 (i) (1), and”.

15 (f) The amendments made by this section shall apply
16 with respect to gifts and bequests received after the date
17 of enactment of this Act.

18 (g) For the purpose of Federal income, estate, and gift
19 taxes, any gift or bequest to the Federal Old-Age and Survi-
20 vors Insurance Trust Fund, the Federal Disability Insurance
21 Trust Fund, the Federal Hospital Insurance Trust Fund,
22 or the Federal Supplementary Medical Insurance Trust
23 Fund, or to the Department of Health, Education, and
24 Welfare, or any part or officer thereof, for the benefit of any
25 of such Funds or any activity financed through any of such

1 Funds, which is accepted by the Managing Trustee of such
2 Trust Funds under the authority of section 201 (i) of the
3 Social Security Act, shall be considered as a gift or bequest
4 to or for the use of the United States and as made for exclu-
5 sively public purposes.

6 PAYMENT IN CERTAIN CASES OF DISABILITY INSURANCE
7 BENEFITS WITH RESPECT TO CERTAIN PERIODS OF
8 DISABILITY

9 SEC. ~~(175)~~140 133. (a) If an individual would (upon
10 the timely filing of an application for a disability determina-
11 tion under section 216 (i) of the Social Security Act and of an
12 application for disability insurance benefits under section 223
13 of such Act) have been entitled to disability insurance bene-
14 fits under such section 223 for a period which began after
15 1959 and ended prior to 1964, such individual shall, upon
16 filing application for disability insurance benefits under such
17 section 223 with respect to such period not later than 6
18 months after the date of enactment of this section, be entitled,
19 notwithstanding any other provision of title II of the Social
20 Security Act, to receive in a lump sum, as disability insur-
21 ance benefits payable under section 223, an amount equal to
22 the total amounts of disability insurance benefits which would
23 have been payable to him for such period if he had timely
24 filed such an application for a disability determination and

1 such an application for disability insurance benefits with
2 respect to such period; but only if—

3 (1) prior to the date of enactment of this section
4 and after the date of enactment of the Social Security
5 Amendments of 1967, such period was determined
6 (under section 216 (i) of the Social Security Act) to
7 be a period of disability as to such individual; and

8 (2) the application giving rise to the determination
9 (under such section 216 (i)) that such period is a period
10 of disability as to such individual would not have been
11 accepted as an application for such a determination ex-
12 cept for the provisions of section 216 (i) (2) (F).

13 (b) No payment shall be made to any individual by
14 reason of the provisions of subsection (a) except upon the
15 basis of an application filed after the date of enactment of
16 this section.

17 RECOMPUTATION OF BENEFITS BASED ON COMBINED
18 RAILROAD AND SOCIAL SECURITY EARNINGS

19 SEC. ~~(176)~~¹⁴⁴ 134. (a) Section 215 (f) of the So-
20 cial Security Act is amended—

21 (1) by striking out subparagraph (B) of paragraph
22 (2) and inserting in lieu thereof the following:

23 “(B) in the case of an individual who died in such
24 year, for monthly benefits beginning with benefits for
25 the month in which he died.”; and

1 (A) by striking out "1978" in paragraph (3) and
2 inserting in lieu thereof "1973"; and

3 (B) by striking out paragraphs (4) and (5) and
4 inserting in lieu thereof the following:

5 “(4) in the case of any taxable year beginning after
6 December 31, ~~(179)1971, 1972, (180)and before Jan-~~
7 uary 1, 1975, the tax shall be equal to ~~(181)6.3~~ 7.0
8 percent of the amount of the self-employment income for
9 such taxable ~~(182)year; and year.~~”

10 ~~(183)“(5) in the case of any taxable year beginning~~
11 after December 31, 1974, the tax shall be equal to 7.0
12 percent of the amount of the self-employment income
13 for such taxable year.”

14 (2) Section 3101 (a) of such Code (relating to rate of
15 tax on employees for purposes of old-age, survivors, and
16 ~~(184)disability insurance~~) is amended—*disability insurance*
17 is amended (A) by striking out “any of the calendar years
18 1971 through 1977” and inserting in lieu thereof “the cal-
19 endar years 1971 and 1972” and (B) by striking out para-
20 graphs (4) and (5) and inserting in lieu thereof the
21 following:

22 ~~(185)(A) by striking out “the calendar years 1971 and~~
23 1972” in paragraph (3) and inserting in lieu thereof
24 “the calendar year 1971”; and

25 ~~(B) by striking out paragraphs (4) and (5) and~~
26 inserting in lieu thereof the following:

1 “(4) with respect to wages received during the
2 calendar years ~~(186)1972~~, 1973, ~~(187)and~~ 1974,
3 ~~(188)1975, 1976, and 1977~~, the rate shall be ~~(189)4.2~~
4 4.9 percent;

5 “(5) with respect to wages received during the
6 calendar years ~~(190)1975 and 1976~~, 1978 through
7 2010 the rate shall be ~~(191)5.0~~ 4.95 percent; and

8 “(6) with respect to wages received after Decem-
9 ber 31, ~~(192)1976, 2010~~, the rate shall be ~~(193)6.1~~
10 6.05 percent.”

11 (3) Section 3111 (a) of the such Code (relating to rate
12 of tax on employers for purposes of old-age, survivors, and
13 ~~(194)disability insurance~~) is amended—

14 ~~(A) by striking out “the calendar years 1971 and~~
15 ~~1972” in paragraph (3) and inserting in lieu thereof~~
16 ~~“the calendar year 1971”; and~~

17 ~~(B) by striking out paragraphs (4) and (5) and~~
18 ~~inserting in lieu thereof the following:~~

19 ~~disability insurance) is amended (A) by striking out “any~~
20 ~~of the calendar years 1971 through 1977” and inserting in~~
21 ~~lieu thereof “the calendar years 1971 and 1972” and (B)~~
22 ~~by striking out paragraphs (4) and (5) and inserting in~~
23 ~~lieu thereof the following:~~

24 “(4) with respect to wages paid during the calen-
25 dar years ~~(195)1972~~, 1973, ~~(196)and~~ 1974,
26 ~~(197)1975, 1976, and 1977~~, the rate shall be ~~(198)4.2~~
27 4.9 percent;

1 “(5) with respect to wages paid during the calen-
2 dar years ~~(199)1975~~ and ~~1976~~, *1978 through 2010*, the
3 rate shall be ~~(200)5.0~~ 4.95 percent; and

4 “(6) with respect to wages paid after December 31,
5 ~~(201)1976~~, *2010*, the rate shall be ~~(202)6.1~~ 6.05
6 percent.”

7 (b) (1) Section 1401 (b) of such Code (relating to rate
8 of tax on self-employment income for purposes of hospital
9 ~~(203)insurance~~) is amended—

10 ~~(A)~~ by striking out “and before January 1, 1973”
11 in paragraph ~~(1)~~ and inserting in lieu thereof “and be-
12 fore January 1, 1972”; and

13 ~~(B)~~ by striking out paragraphs ~~(2)~~ through ~~(5)~~
14 and inserting in lieu thereof the following:

15 ~~“(2)~~ in the case of any taxable year beginning after
16 December 31, 1971, and before January 1, 1977, the
17 tax shall be equal to 1.2 percent of the amount of the
18 self-employment income for such taxable year; and

19 ~~“(3)~~ in the case of any taxable year beginning
20 after December 31, 1976, the tax shall be equal to 1.3
21 percent of the amount of the self-employment income for
22 such taxable year.”

23 *insurance*) is amended by striking out paragraphs (2)
24 through (5) and inserting in lieu thereof the following:

25 “(2) in the case of any taxable year beginning after

1 *December 31, 1972, and before January 1, 1978, the*
 2 *tax shall be equal to 1.1 percent of the amount of the*
 3 *self-employment income for such taxable year;*

4 *“(3) in the case of any taxable year beginning after*
 5 *December 31, 1977, and before January 1, 1981, the*
 6 *tax shall be equal to 1.3 percent of the amount of the*
 7 *self-employment income for such taxable year;*

8 *“(4) in the case of any taxable year beginning after*
 9 *December 31, 1980, and before January 1, 1993, the*
 10 *tax shall be equal to 1.5 percent of the amount of the*
 11 *self-employment income for such taxable year;*

12 *“(5) in the case of any taxable year beginning after*
 13 *December 31, 1992, the tax shall be equal to 1.6 percent*
 14 *of the amount of the self-employment income for such*
 15 *taxable year.”*

16 (2) Section 3101 (b) of such Code (relating to rate of
 17 tax on employees for purposes of hospital insurance) is
 18 ~~(204) amended—~~

19 ~~(A) by striking out “1971, and 1972” in para-~~
 20 ~~graph (1) and inserting in lieu thereof “and 1971”;~~
 21 ~~and~~

22 ~~(B) by striking out paragraphs (2) through (5)~~
 23 ~~and inserting in lieu thereof the following:~~

24 ~~“(2) with respect to wages received during the~~
 25 ~~calendar years 1972, 1973, 1974, 1975, and 1976, the~~
 26 ~~rate shall be 1.2 percent; and~~

1 ~~“(3) with respect to wages received after Decem-~~
2 ~~ber 31, 1976, the rate shall be 1.3 percent.”~~

3 *amended by striking out paragraphs (2) through (5) and*
4 *inserting in lieu thereof the following:*

5 “(2) with respect to wages received during the
6 calendar years 1973, 1974, 1975, 1976, and 1977, the
7 rate shall be 1.1 percent;

8 “(3) with respect to wages received during the
9 calendar years 1978, 1979, and 1980, the rate shall
10 be 1.3 percent;

11 “(4) with respect to wages received during the
12 calendar years 1981, 1982, 1983, 1984, 1985, 1986,
13 1987, 1988, 1989, 1990, 1991, and 1992, the rate shall
14 be 1.5 percent; and

15 “(5) with respect to wages received after Decem-
16 ber 31, 1992, the rate shall be 1.6 percent.”

17 (3) Section 3111 (b) of such Code (relating to rate
18 of tax on employers for purposes of hospital insurance) is
19 ~~(205)amended—~~

20 ~~(A) by striking out “1971, and 1972” in paragraph~~
21 ~~(1) and inserting in lieu thereof “and 1971”; and~~

22 ~~(B) by striking out paragraphs (2) through (5)~~
23 ~~and inserting in lieu thereof the following:~~

24 ~~“(2) with respect to wages paid during the calen-~~
25 ~~dar years 1972, 1973, 1974, 1975, and 1976, the rate~~
26 ~~shall be 1.2 percent; and~~

1 ~~“(3) with respect to wages paid after December 31,~~
2 ~~1976, the rate shall be 1.3 percent.”~~

3 *amended by striking out paragraphs (2) through (5) and*
4 *inserting in lieu thereof the following:*

5 *“(2) with respect to wages paid during the calen-*
6 *dar years 1973, 1974, 1975, 1976, and 1977, the rate*
7 *shall be 1.1 percent;*

8 *“(3) with respect to wages paid during the calendar*
9 *years 1978, 1979, and 1980, the rate shall be 1.3*
10 *percent;*

11 *“(4) with respect to wages paid during the calen-*
12 *dar years 1981, 1982, 1983, 1984, 1985, 1986, 1987,*
13 *1988, 1989, 1990, 1991, and 1992, the rate shall be 1.5*
14 *percent; and*

15 *“(5) with respect to wages paid after December 31,*
16 *1992, the rate shall be 1.6 percent.”*

17 (c) The amendments made by subsections (a) (1) and
18 (b) (1) shall apply only with respect to taxable years be-
19 ginning after December 31, ~~(206)1971~~ 1972. The remaining
20 amendments made by this section shall apply only with re-
21 spect to remuneration paid after December 31, ~~(207)1971~~
22 1972.

23 **ALLOCATION TO DISABILITY INSURANCE TRUST FUND**

24 ~~(208)Sec. 143. (a) Section 201(b)(1) of the Social Secur-~~
25 ~~ity Act is amended—~~

1 ~~(1)~~ by striking out “and ~~(D)~~” and inserting in
2 lieu thereof “~~(D)~~”, and

3 ~~(2)~~ by striking out “1969, and so reported” and
4 inserting in lieu thereof “1969, and before January 1,
5 1972, and so reported, ~~(E)~~ 0.90 of 1 per centum of the
6 wages ~~(as so defined)~~ paid after December 31, 1971,
7 and before January 1, 1975, and so reported, ~~(F)~~ 1.05
8 per centum of the wages ~~(as so defined)~~ paid after De-
9 cember 31, 1974, and before January 1, 1977, and so
10 reported, and ~~(G)~~ 1.25 per centum of the wages ~~(as~~
11 so defined) paid after December 31, 1976, and so
12 reported.”.

15 ~~(b)~~ Section 201~~(b)~~~~(2)~~ of such Act is amended—

14 ~~(1)~~ by striking out “and ~~(D)~~” and inserting in lieu
15 thereof “~~(D)~~”, and

16 ~~(2)~~ by striking out “beginning after December 31,
17 1969,” and inserting in lieu thereof “beginning after De-
18 cember 31, 1969, and before January 1, 1972, ~~(E)~~
19 0.675 of 1 per centum of the amount of self-employment
20 income ~~(as so defined)~~ so reported for any taxable year
21 beginning after December 31, 1971, and before Janu-
22 ary 1, 1975, and ~~(F)~~ 0.735 of 1 per centum of the
23 amount of self-employment income ~~(as so defined)~~ so
24 reported for any taxable year beginning after Decem-
25 ber 31, 1974.”.

1 *SEC. 136. (a) Section 201(b)(1) of the Social Security*
 2 *Act is amended—*

3 *(1) by striking out “(E) 1.0” and inserting in lieu*
 4 *thereof “(E) 1.15”,*

5 *(2) by striking out “(F) 1.1” and inserting in lieu*
 6 *thereof “(F) 1.40”, and*

7 *(3) by striking out “(G) 1.4” and inserting in lieu*
 8 *thereof “(G) 1.60”.*

9 *(b) Section 201(b)(2) of such Act is amended—*

10 *(1) by striking out “(E) 0.75” and inserting in*
 11 *lieu thereof “(E) 0.83”,*

12 *(2) by striking out “(F) 0.825” and inserting in*
 13 *lieu thereof “(F) 1.00”, and*

14 *(3) by striking out “(G) 0.915” and inserting in*
 15 *lieu thereof “(G) 0.935”.*

16 **(209)METHOD OF ISSUANCE OF SOCIAL SECURITY**

17 **ACCOUNT NUMBERS**

18 *SEC. 137. (a) Section 205(c)(2) of the Social Secu-*
 19 *rity Act is amended—*

20 *(1) by inserting “(A)” immediately after “(2)”;*
 21 *and*

22 *(2) by adding at the end thereof the following*
 23 *new subparagraph:*

24 *“(B) (i) In carrying out his duties under subparagraph*

1 *(A), the Secretary shall take affirmative measures to assure*
2 *that social security account numbers will, to the maximum*
3 *extent practicable, be assigned to all members of appropriate*
4 *groups or categories of individuals by assigning such num-*
5 *bers (or ascertaining that such numbers have already been*
6 *assigned):*

7 *“(I) to or on behalf of children who are below*
8 *school age at the request of their parents or guardians;*

9 *“(II) to children of school age at the time of their*
10 *first enrollment in school;*

11 *“(III) to aliens at the time of their lawful admission*
12 *to the United States either for permanent residence or*
13 *under other authority of law permitting them to engage in*
14 *employment in the United States and to other aliens at*
15 *such time as their status is so changed as to make it law-*
16 *ful for them to engage in such employment;*

17 *“(IV) to any individual who is an applicant for or*
18 *recipient of benefits under any program financed in whole*
19 *or in part from Federal funds including any child on*
20 *whose behalf such benefits are claimed by another person;*
21 *and*

22 *“(V) to any other individual when it appears that*
23 *he could have been but was not assigned an account num-*
24 *ber under the provisions of subclauses (I), (II), (III),*
25 *or (IV) but only after such investigation as is neces-*

1 sary to establish to the satisfaction of the Secretary, the
 2 identity of such individual, the fact that an account num-
 3 ber has not already been assigned to such individual, and
 4 the fact that such individual is a citizen or a noncitizen
 5 who is not, because of his alien status, prohibited from
 6 engaging in employment.

7 “(ii) The Secretary shall require of applicants for
 8 social security account numbers such evidence as may be
 9 necessary to establish the age, citizenship, or alien status,
 10 and true identity of such applicants, and to determine which
 11 (if any) social security account number has previously been
 12 assigned to such individual.

13 “(iii) In carrying out the requirements of this sub-
 14 paragraph, the Secretary shall enter into such agreements
 15 as may be necessary with the Attorney General and other
 16 officials and with State and local welfare agencies and school
 17 authorities (including non-public school authorities).”

18 **(210) SISTER'S AND BROTHER'S INSURANCE BENEFITS**

19 SEC. 138. (a) Section 202 of the Social Security Act is
 20 amended by adding after subsection (w) thereof (as added
 21 by section 106(a) of this Act) the following new subsection:

22 “Sister's and Brother's Insurance Benefits

23 “(x)(1) Every sister or brother (as defined in this
 24 subsection) of an individual entitled to old-age or disability

1 insurance benefits, or of an individual who died a fully
 2 insured individual, if such brother or sister—

3 “(A)(i) is under a disability (as defined in section
 4 223(d)) which began before he or she attained the age
 5 of 22, or (ii) in the case of a sister, has attained age 62,

6 “(B) was receiving at least one-half of his or her
 7 support, as determined in accordance with regulations
 8 prescribed by the Secretary, from such deceased or
 9 insured individual—

10 “(i) if such individual is living, at the time
 11 such individual became entitled to old-age or dis-
 12 ability insurance benefits,

13 “(ii) if such individual has died, at the time
 14 of such death, or

15 “(iii) if such individual had a period of dis-
 16 ability which continued until he became entitled to
 17 old-age or disability insurance benefits, or (if he has
 18 died) until the month of his death, at the beginning of
 19 such period of disability or at the time of such death,
 20 and has filed proof of such support within two years after
 21 the month in which such individual filed application with
 22 respect to such period of disability, became entitled to such
 23 benefits, or died, as the case may be, or (if later) within
 24 two years after the month in which the Social Security
 25 Amendments of 1972 is enacted,

26 “(C) is not entitled to old-age or disability insurance

1 *benefits, or is entitled to old-age or disability insurance*
2 *benefits each of which is (i) less than one-half of the pri-*
3 *mary insurance amount of such individual if he is*
4 *entitled to old-age or disability insurance benefits, or (ii)*
5 *less than 82½ per centum of the primary insurance*
6 *amount of such individual if he is deceased where the*
7 *amount of the sister's or brother's insurance benefit is*
8 *determinable under paragraph (2)(A) (or 75 per*
9 *centum of such primary insurance amount if such indi-*
10 *vidual is deceased in any other case),*

11 *“(D) has filed application for sister's or brother's*
12 *insurance benefits, and*

13 *“(E) has not married after the date such individual*
14 *became entitled to old-age or disability insurance benefits*
15 *or died,*

16 *shall be entitled to a sister's or brother's insurance benefit*
17 *for each month, beginning with the first month he or she*
18 *becomes so entitled to such insurance benefits and ending*
19 *with the month preceding whichever of the following first*
20 *occurs—*

21 *“(F) the month in which such sister or brother dies,*

22 *“(G) (i) if such individual is entitled to old-age*
23 *or disability insurance benefits, the first month in which*
24 *such sister or brother becomes entitled to an old-age*
25 *insurance benefit or a disability insurance benefit which*
26 *is equal to or exceeds one-half of the primary insurance*

1 amount of such individual, or (ii) if such individual
2 has died, the first month in which such sister or brother
3 becomes entitled to an old-age insurance benefit or a
4 disability insurance benefit which is equal to or exceeds
5 $82\frac{1}{2}$ per centum of the primary insurance amount of
6 such individual if the sister's or brother's insurance
7 amount is determinable under paragraph (2)(A) (or
8 75 per centum of such primary insurance amount in any
9 other case),

10 “(H) the first month in which such individual is
11 alive and is not entitled to disability insurance benefits
12 and is not entitled to old-age insurance benefits,

13 “(I) in the case of a sister who has not attained
14 the age of 62 or of a brother, the third month following
15 the month in which such sister or brother ceases to
16 be under a disability (as defined in section 223(d))
17 unless, in the case of such sister, she attains age 62 on
18 or before the last day of such third month, or

19 “(J) the month in which such sister or brother
20 marries.

21 “(2)(A) Except as provided in subparagraphs (B) and
22 (C) of this paragraph, such sister's or brother's insurance
23 benefit for each month shall be equal to—

24 “(i) if the individual on the basis of whose wages
25 and self-employment income the sister or brother is
26 entitled to such benefit has not died prior to the end of

1 *such month, one-half of the primary insurance amount*
2 *of such individual for such month, or*

3 “(ii) *if such individual has died in or prior to*
4 *such month, 82½ per centum of the primary insurance*
5 *amount of such individual.*

6 “(B) *For any month for which more than one person*
7 *is entitled to sister’s or brother’s insurance benefits on the basis*
8 *of the wages and self-employment income of an individual*
9 *who died in or prior to such month, such benefit for each*
10 *such person for each such month shall be equal to 75 per*
11 *centum of the primary insurance amount of such insured*
12 *individual.*

13 “(3) *As used in this subsection—*

14 “(A) *the term ‘sister’ means a sister by the whole-*
15 *blood, a sister by the halfblood, a stepsister by a mar-*
16 *riage contracted before the sister attained age 18, or an*
17 *adopted sister by an adoption that took place before the*
18 *sister attained age 18; and*

19 “(B) *the term ‘brother’ means a brother by the*
20 *wholeblood, a brother by the halfblood, a stepbrother by*
21 *a marriage contracted before the brother attained age 18,*
22 *or an adopted brother by an adoption that took place*
23 *before the brother attained age 18.*

24 “(4) *In the case of a sister or brother who marries—*

25 “(A) *an individual entitled to benefits under this*

1 subsection or subsection (b), (e), (f), (g), or (h),

2 “(B) an individual who attained the age of 18 and
3 is entitled to benefits under subsection (d), or

4 “(C) an individual entitled to benefits under sub-
5 section (a) of this section or section 223(a) but, with
6 respect to a sister, only if she is under a disability (as
7 defined in section 223(d)),

8 such sister’s or brother’s entitlement to benefits under this
9 subsection shall, notwithstanding the provisions of paragraph
10 (1) but subject to subsection (s), not be terminated by reason
11 of such marriage; except that, in the case of such a marriage
12 to an individual entitled to benefits under subsection (d),
13 the preceding provisions of this paragraph shall not apply
14 with respect to benefits for months after the last month dur-
15 ing all of which such individual was under a disability (as
16 defined in section 223(d)) unless he ceases to be so entitled
17 by reason of his death.”

18 (b) Section 201(h) of such Act is amended by striking
19 out “or (d)” and inserting in lieu thereof “(d), or (x)”.

20 (c)(1) Section 202(b)(3)(A) of such Act is amended
21 by striking out “or (h)” and inserting in lieu thereof “, (h),
22 or (x)”.

23 (2) Section 202(c)(2)(A) and section 202(e)(3)(A)
24 of such Act are each amended by striking out “or (h)” and
25 inserting in lieu thereof “, (h), or (x)”.

1 (3) Sections 202(d)(5)(A) and 202(f)(4)(A) of
2 such Act are each amended by striking out “or (h)” and
3 inserting in lieu thereof “(h), or (x)”.

4 (4) Section 202(f)(2)(A) of such Act is amended by
5 inserting immediately before the semicolon “or (x)”.

6 (5) Section 202(g)(3)(A) of such Act is amended
7 by striking out “or (h)” and inserting in lieu thereof “(h),
8 or (x)”.

9 (6) Section 202(h)(4)(A) of such Act is amended
10 by striking out “or (g)” and inserting in lieu thereof “(g),
11 or (x)”.

12 (7) Section 202(j)(1) of such Act is amended by strik-
13 ing out “or (h)” and inserting in lieu thereof “(h), or (x)”.

14 (8) Section 202(k)(2)(B) of such Act is amended by
15 striking out “preceding”.

16 (9) Section 202(o) of such Act is amended by striking
17 out “or (h)” each place it appears and inserting in lieu
18 thereof “(h), or (x)”.

19 (10) Section 202(p) of such Act is amended by strik-
20 ing out “or subparagraph (B) of subsection (h)(1),” and
21 inserting in lieu thereof “subparagraph (B) of subsection
22 (h)(1), subparagraph (B) of subsection (x)(1),”.

23 (11) Section 216(b)(3)(A) of such Act is amended
24 by striking out “or (h)” and inserting in lieu thereof “(h),
25 or (x)”.

1 (12) Section 216(c)(6)(A) of such Act is amended
2 by striking out “or (h)” and inserting in lieu thereof “(h),
3 or (x)”.

4 (13) Section 216(f)(3)(A) of such Act is amended
5 by striking out “or (h)” and inserting in lieu thereof “, (h),
6 or (x)”.

7 (14) Section 216(g)(6)(A) of such Act is amended
8 by striking out “or (h)” and inserting in lieu thereof “, (h),
9 or (x)”.

10 (d) Section 203(d)(1) of such Act is amended by strik-
11 ing out “or child’s” wherever it appears and inserting in lieu
12 thereof “child’s, sister’s, or brother’s” and by striking out “or
13 child” and inserting in lieu thereof “child, sister, or brother”.

14 (e) Where—

15 (1) one or more persons are entitled (without the
16 application of sections 202(j)(1) and 223(b) of the
17 Social Security Act) to monthly benefits under section
18 202 or 223 of such Act for December 1972 on the basis
19 of the wages and self-employment income of an insured
20 individual, and

21 (2) one or more persons (not included in paragraph
22 (1)) are entitled to monthly benefits under section 202
23 (x) of such Act for a month after December 1972 on
24 the basis of such wages and self-employment income,
25 and

1 (3) the total of benefits to which all persons are
2 entitled under such sections 202 and 223 on the basis of
3 such wages and self-employment income for any month
4 after December 1972 is reduced by reason of section
5 203(a) of such Act as amended by this Act (or would
6 but for the penultimate sentence of such section 203(a)
7 be so reduced),
8 then the amount of the benefit to which each person referred
9 to in paragraph (1) of this subsection is entitled beginning
10 with the first month after December 1972 for which any
11 person referred to in paragraph (2) becomes entitled shall
12 be adjusted, after the application of such section 203(a),
13 to an amount no less than the amount it would have been if
14 the person or persons referred to in paragraph (2) of this
15 subsection were not entitled to a benefit referred to in such
16 paragraph (2).

17 (g) The amendments made by this section shall apply
18 with respect to monthly insurance benefits under section 202
19 (x) of the Social Security Act for months after December
20 1972 on the basis of applications for such benefits filed on
21 or after the date of enactment of this Act.

22 **(211) REFUND OF SOCIAL SECURITY TAX TO MEMBERS OF**
23 **CERTAIN RELIGIOUS GROUPS OPPOSED TO INSURANCE**
24 SEC. 139. (a) (1) Section 6413 of the Internal Revenue
25 Code of 1954 (relating to special rules applicable to certain

1 *employment taxes) is amended by adding at the end thereof*
 2 *the following new subsection:*

3 “(e) *SPECIAL REFUNDS OF SOCIAL SECURITY TAX*
 4 *TO MEMBERS OF CERTAIN RELIGIOUS FAITHS.—*

5 “(1) *IN GENERAL.—An employee who receives*
 6 *wages with respect to which the tax imposed by section*
 7 *3101 is deducted during a calendar year for which an*
 8 *authorization granted under this subsection applies shall*
 9 *be entitled (subject to the provisions of section 31(b))*
 10 *to a credit or refund of the amount of tax so deducted.*

11 “(2) *AUTHORIZATION FOR CREDIT OR REFUND.—*
 12 *Any individual may file an application (in such form*
 13 *and manner, and with such official, as may be prescribed*
 14 *by regulations under this subsection) for an authoriza-*
 15 *tion for credit or refund of the tax imposed by section*
 16 *3101 if he is a member of a recognized religious sect or*
 17 *division thereof described in section 1402(h)(1) and*
 18 *is an adherent of established tenets or teachings of such*
 19 *sect or division described in such section. Such authoriza-*
 20 *tion may be granted only if—*

21 “(A) *the application contains or is accom-*
 22 *panied by evidence described in section 1402(h)(1)*
 23 *(A) and a waiver described in section 1402(h)(1)*
 24 *(B), and*

25 “(B) *the Secretary of Health, Education, and*

1 *Welfare makes the findings described in section 1402*
2 *(h) (1) (C), (D), and (E).*

3 *An authorization may not be granted to any individual*
4 *if any benefit or other payment referred to in section*
5 *1402(h) (1) (B) became payable (or, but for section 203*
6 *or 222(b) of the Social Security Act, would have be-*
7 *come payable) at or before the time of filing of such*
8 *waiver.*

9 “(3) *EFFECTIVE PERIOD OF AUTHORIZATION.—*
10 *An authorization granted to any individual under this*
11 *subsection shall apply with respect to wages paid to such*
12 *individual during the period—*

13 “(A) *commencing with the first day of the first*
14 *calendar year after 1972 throughout which such in-*
15 *dividual meets the requirements specified in para-*
16 *graph (2) and in which such individual files appli-*
17 *cation for such authorization (except that if such*
18 *application is filed on or before the date prescribed*
19 *by law, including any extension thereof, for filing an*
20 *income tax return for such individual's taxable year,*
21 *such application may be treated as having been filed*
22 *in the calendar year in which such taxable year*
23 *begins), and*

24 “(B) *ending with the first day of the calendar*
25 *year in which (i) such individual ceases to meet the*

1 requirements of the first sentence of paragraph (2),
2 or (ii) the sect or division thereof of which such in-
3 dividual is a member is found by the Secretary of
4 Health, Education, and Welfare to have ceased to
5 meet the requirements of subparagraph (B) of
6 paragraph (2).

7 “(4) APPLICATION BY FIDUCIARIES OR SUR-
8 VIVORS.—If an individual who has received wages with
9 respect to which the tax imposed by section 3101 has been
10 deducted during a calendar year dies without having
11 filed an application under paragraph (2) an application
12 may be filed with respect to such individual by a fidu-
13 ciary acting for such individual's estate or by such in-
14 dividual's survivor (within the meaning of section 205
15 (c)(1)(C) of the Social Security Act).”

16 (2) Section 31(b)(1) of such Code (relating to credit
17 for special refunds of social security tax) is amended by
18 striking out “section 6413(c)” and inserting in lieu thereof
19 “section 6413 (c) or (e)”.

20 (b)(1) Sections 201(g)(2) and 1817(f)(1) of the
21 Social Security Act are each amended by striking out “sec-
22 tion 6413(c)” and inserting in lieu thereof “sections 6413
23 (c) and (e)”.

24 (2) Section 202(v) of the Social Security Act is
25 amended—

1 (1) by inserting “(1)” after “(v)” ; and

2 (2) by adding at the end thereof the following new
3 paragraph:

4 “(2) Notwithstanding any other provisions of this title,
5 in the case of any individual who files a waiver pursuant to
6 section 6413(e) of the Internal Revenue Code of 1954 and
7 is granted an authorization for credit or refund thereunder,
8 no benefits or other payments shall be payable under this title
9 to him, no payments shall be made on his behalf under part A
10 of title XVIII, and no benefits or other payments under this
11 title shall be payable on the basis of his wages and self-em-
12 ployment income to any other person, after the filing of such
13 waiver; except that, if thereafter such individual’s authoriza-
14 tion under such section 6413(e) ceases to be effective, such
15 waiver shall cease to be applicable in the case of benefits and
16 other payments under this title and part A of title XVIII to
17 the extent based on his wages beginning with the first day of
18 the calendar year for which such authorization ceases to
19 apply and on his self-employment income for and after his
20 taxable year which begins in or with the beginning of such
21 calendar year.”

22 **(212) PAYMENTS BY EMPLOYER TO DISABLED FORMER**

23 **EMPLOYEE**

24 *SEC. 140. (a) Section 209 of the Social Security Act*

25 *(as amended by section 128(a) of this Act) is further*

1 amended by striking out "or" at the end of subsection (m),
2 by striking out the period at the end of subsection (n) and
3 inserting in lieu thereof "; or", and by inserting after
4 subsection (n) the following new subsection:

5 " (o) Any payment made by an employer to an em-
6 ployee, if at the time such payment is made such employee
7 is entitled to disability insurance benefits under section
8 223(a) and such entitlement commenced prior to the calen-
9 dar year in which such payment is made, and if such em-
10 ployee did not perform any services for such employer during
11 the period for which such payment is made."

12 (b) Section 3121(a) of the Internal Revenue Code of
13 1954 (relating to definition of wages, and as amended by
14 section 128(b) of this Act) is further amended by striking
15 out "or" at the end of paragraph (13), by striking out the
16 period at the end of paragraph (14) and inserting in lieu
17 thereof "; or", and by inserting after paragraph (14)
18 the following new paragraph:

19 "(15) any payment made by an employer to an
20 employee, if at the time such payment is made such
21 employee is entitled to disability insurance benefits under
22 section 223(a) of the Social Security Act and such en-
23 titlement commenced prior to the calendar year in which
24 such payment is made, and if such employee did not

1 *perform any services for such employer during the period*
 2 *during which such payment is made.”*

3 *(c) The amendments made by this section shall apply*
 4 *in the case of any payment made after December 1972.*

5 **(213)**LUMP-SUM DEATH PAYMENT TO COVER MEMORIAL
 6 SERVICES WHERE BODY IS UNAVAILABLE FOR BURIAL

7 SEC. 141. *(a) Section 2 of Public Law 92-223 (ap-*
 8 *proved December 28, 1971) is amended by striking out*
 9 *“1970” and inserting in lieu thereof “1960”.*

10 *(b) The amendment made by subsection (a) shall apply*
 11 *only on the basis of applications for lump-sum death payments*
 12 *under title II of the Social Security Act filed on or after the*
 13 *date of enactment of this Act.*

14 **(214)**UNDERPAYMENTS

15 SEC. 142. *Section 204(d)(7) of the Social Security*
 16 *Act is amended by striking out “, if any” and inserting in*
 17 *lieu thereof “or, if none, to the person or persons, if any,*
 18 *who are determined by the Secretary, in accordance with*
 19 *regulations, to be related to the deceased individual by blood,*
 20 *marriage, or adoption and to be the appropriate person or*
 21 *persons to receive payment on behalf of the estate”.*

22 **(215)**DISREGARD, FOR PURPOSES OF EARNINGS TEST, OF
 23 CERTAIN INCOME FROM SALE OF COPYRIGHTS, LITER-
 24 RARY COMPOSITIONS, ETC.

25 SEC. 143. *(a) Section 203(f)(5) of the Social Security*

1 Act is amended by inserting after subparagraph (D) the fol-
 2 lowing new subparagraph:

3 “(E) For purposes of this section, there shall be
 4 excluded from the gross income of any individual for
 5 any taxable year the gain from the sale or other dis-
 6 position, during such year, of any property of such
 7 individual which is not, by reason of the provisions of
 8 section 1221(3) (A) or (B) of the Internal Revenue
 9 Code of 1954, a capital asset of such individual as a
 10 taxpayer if—

11 “(i) such individual attained age 65 on or
 12 before the last day of such taxable year; and

13 “(ii) such individual shows to the satisfaction
 14 of the Secretary that such property was created by
 15 him, or (in the case such property consists of a
 16 letter, memorandum, or similar property) was pre-
 17 pared or produced for him prior to the taxable
 18 year in which such individual attained age 65.”

19 (b) The amendment made by this section shall be effective
 20 in the case of taxable years beginning after December 31,
 21 1972.

22 **(216)TERMINATION OF COVERAGE OF REGISTRARS OF**
 23 **VOTERS IN LOUISIANA**

24 SEC. 144. (a) Notwithstanding the provisions of section
 25 218(g)(1) of the Social Security Act, the Secretary may,
 26 under such conditions as he deems appropriate, permit the

1 *State of Louisiana to modify its agreement entered into*
 2 *under section 218 of such Act so as to terminate the coverage*
 3 *of all employees who are in positions under the Registrars*
 4 *of Voters Employees' Retirement System, effective after De-*
 5 *cember 1975, but only if such State files with him notice of*
 6 *termination on or before December 31, 1973.*

7 (b) *If the coverage of such employees in positions under*
 8 *such retirement system is terminated pursuant to subsection*
 9 *(a), coverage cannot later be extended to employees in posi-*
 10 *tions under such retirement system.*

11 **(217) COMPUTATION OF INCOME OF AMERICAN MINISTERS**
 12 **AND MEMBERS OF RELIGIOUS ORDERS PERFORMING**
 13 **SERVICES OUTSIDE THE UNITED STATES**

14 *SEC. 145. (a) Section 211(a)(7) of the Social Secu-*
 15 *rity Act is amended—*

16 (1) *by striking out “and section 119” and inserting*
 17 *in lieu thereof “, section 119”;*

18 (2) *by striking out “of the Internal Revenue Code*
 19 *of 1954 and, in addition, if he is a citizen of the United*
 20 *States performing such service as an employee of an*
 21 *American employer (as defined in section 210(e)) or*
 22 *as a minister in a foreign country who has a congrega-*
 23 *tion which is composed predominantly of citizens of*
 24 *the United States, without regard to” and inserting in*
 25 *lieu thereof a comma; and*

26 (3) *by striking out “such code” and inserting in*

1 *lieu thereof "the Internal Revenue Code of 1954".*

2 *(b) Section 1402(a)(8) of the Internal Revenue Code*
3 *is amended—*

4 *(1) by striking out "and section 119" and inserting*
5 *in lieu thereof ", section 119"; and*

6 *(2) by striking out "and, in addition, if he is a*
7 *citizen of the United States performing such service as*
8 *an employee of an American employer (as defined in*
9 *section 3121(h)) or as a minister in a foreign country*
10 *who has a congregation which is composed predomi-*
11 *nantly of citizens of the United States, without regard*
12 *to" and inserting in lieu thereof a comma.*

13 *(c) The amendments made by this section shall apply*
14 *with respect to taxable years beginning after December 31,*
15 *1972.*

16 **(218) MODIFICATION OF STATE AGREEMENTS WITH RESPECT**
17 **TO CERTAIN STUDENTS AND CERTAIN PART-TIME EM-**
18 **PLOYEES**

19 *SEC. 146. (a) Notwithstanding any provision of section*
20 *218 of the Social Security Act, the agreement with any*
21 *State (or any modifications thereof) entered into pursuant*
22 *to such section may, at the option of such State, be modified*
23 *at any time prior to January 1, 1974, so as to exclude*
24 *either or both of the following:*

25 *(1) service in any class or classes of part-time*
26 *positions; or*

1 (2) *service performed in the employ of a school,*
2 *college, or university if such service is performed by*
3 *a student who is enrolled and is regularly attending*
4 *classes at such school, college, or university.*

5 (b) *Any modification of such agreement pursuant to*
6 *this section shall be effective with respect to services performed*
7 *after the end of the calendar quarter following the calendar*
8 *quarter in which such agreement is modified.*

9 (c) *If any such modification terminates coverage with*
10 *respect to service in any class or classes of part-time posi-*
11 *tions in any coverage group, the Secretary of Health, Edu-*
12 *cation, and Welfare and the State may not thereafter modify*
13 *such agreement so as to again make the agreement applicable*
14 *to service in such positions in such coverage group; if such*
15 *modification terminates coverage with respect to service per-*
16 *formed in the employ of a school, college, or university, by*
17 *a student who is enrolled and regularly attending classes at*
18 *such school, college, or university, the Secretary of Health,*
19 *Education, and Welfare and the State may not thereafter*
20 *modify such agreement so as to again make the agreement*
21 *applicable to such service performed in the employ of such*
22 *school, college, or university.*

23 (219) BENEFITS IN CASE OF CERTAIN INDIVIDUALS

24 INTERNED DURING WORLD WAR II

25 SEC. 147. (a) *Title II of the Social Security Act (as*

1 amended by this Act) is amended by adding at the end
2 thereof a new section as follows:

3 “SEC. 231. (a) For the purposes of this section the
4 term ‘internee’ means an individual who was interned during
5 any period of time from December 7, 1941, through Decem-
6 ber 31, 1946, at a place within the United States operated
7 by the Government of the United States for the internment
8 of United States citizens of Japanese ancestry.

9 “(b)(1) For purposes of determining entitlement to
10 and the amount of any monthly benefit for any month after
11 December 1972, or entitlement to and the amount of any
12 lump-sum death payment in the case of a death after such
13 month, payable under this title on the basis of the wages
14 and self-employment income of any individual, and for pur-
15 poses of section 216(i)(3), such individual shall be deemed
16 to have been paid during any period after he attained age 18
17 and for which he was an internee, wages (in addition to any
18 wages actually paid to him) at a weekly rate of basic pay
19 during such period as follows—

20 “(A) in the case such individual was not employed
21 prior to the beginning of such period, 40 multiplied
22 by the minimum hourly rate or rates in effect at
23 any such time under section 206(a)(1) of title 29,
24 United States Code, for each full week during such
25 period; and

1 “(B) in the case such individual who was em-
2 ployed prior to the beginning of such period, 40 multi-
3 plied by the greater of (i) the highest hourly rate re-
4 ceived during any such employment, or (ii) the mini-
5 mum hourly rate or rates in effect at any such time under
6 section 206(a)(1) of title 29, United States Code, for
7 each full week during such period.

8 “(2) This subsection shall not be applicable in the case
9 of any monthly benefit or lump-sum death payment if—

10 “(A) a larger such benefit or payment, as the case
11 may be, would be payable without its application; or

12 “(B) a benefit (other than a benefit payable in a
13 lump-sum unless it is a computation of, or a substitute
14 for, periodic payments) which is based, in whole or in
15 part, upon internment during any period from Decem-
16 ber 7, 1941, through December 31, 1946, at a place
17 within the United States operated by the Government of
18 the United States for the internment of United States citi-
19 zens of Japanese ancestry, is determined by any agency
20 or wholly owned instrumentality of the United States to
21 be payable by it under any other law of the United States
22 or under a system established by such agency or instru-
23 mentality.

24 The provisions of clause (B) shall not apply in the case of
25 any monthly benefit or lump-sum death payment under this
26 title if its application would reduce by \$0.50 or less the pri-

1 *mary insurance amount (as computed under section 215*
2 *prior to any recomputation thereof pursuant to subsection (f)*
3 *of such section) of the individual on whose wages and self-*
4 *employment income such benefit or payment is based. The*
5 *provisions of clause (B) shall also not apply for purposes*
6 *of section 216(i)(3).*

7 “(3) Upon application for benefits, a recalculation of
8 benefits (by reason of this section), or a lump-sum death
9 payment on the basis of the wages and self-employment
10 income of any individual who was an internee, the Secretary
11 of Health, Education, and Welfare shall accept the certifica-
12 tion of the Secretary of Defense or his designee concerning
13 any period of time for which an internee is to receive
14 credit under paragraph (1) and shall make a decision
15 without regard to clause (B) of paragraph (2) of this sub-
16 section unless he has been notified by some other agency
17 or instrumentality of the United States that, on the basis of
18 the period for which such individual was an internee, a bene-
19 fit described in clause (B) of paragraph (2) has been de-
20 termined by such agency or instrumentality to be payable
21 by it. If the Secretary of Health, Education, and Welfare
22 has not been so notified, he shall then ascertain whether some
23 other agency or wholly owned instrumentality of the United
24 States has decided that a benefit described in clause (B) of
25 paragraph (2) is payable by it. If any such agency or instru-
26 mentality has decided, or thereafter decides, that such a

1 *benefit is payable by it, it shall so notify the Secretary of*
2 *Health, Education, and Welfare, and the Secretary shall*
3 *certify no further benefits for payment or shall recompute the*
4 *amount of any further benefits payable, as may be required*
5 *by this section.*

6 “(4) Any agency or wholly owned instrumentality of
7 the United States which is authorized by any law of the
8 United States to pay benefits, or has a system of benefits
9 which are based, in whole or in part, on any period for
10 which any individual was an internee shall, at the request
11 of the Secretary of Health, Education, and Welfare, certify
12 to him, with respect to any individual who was an internee,
13 such information as the Secretary deems necessary to carry
14 out his functions under paragraph (3) of this subsection.

15 “(c) There are authorized to be appropriated to the
16 Trust Funds and the Federal Hospital Insurance Trust
17 Fund for the fiscal year ending June 30, 1978, such sums as
18 the Secretary determines would place the Trust Funds and
19 the Federal Hospital Insurance Trust Fund in the position
20 in which they would have been if the preceding provisions
21 of this section had not been enacted.”

22 (b) Section 215(d)(1)(C) of such Act is amended by
23 striking out “and” at the end of clause (ii), by striking out
24 the period at the end of clause (iii), and inserting in lieu
25 thereof “, and”, and by inserting after clause (iii) the fol-
26 lowing new clause:

1 “(iv) wages deemed paid prior to 1951 to such
2 individual under section 231.”.

3 (c) Section 215(d)(2) of such Act (as amended by sec-
4 tion 134 of this Act) is further amended by striking out the
5 period at the end thereof and inserting in lieu thereof “or
6 section 231.”.

7 **(220) MODIFICATION OF AGREEMENT WITH WEST VIRGINIA**
8 **TO PROVIDE COVERAGE FOR CERTAIN POLICEMEN AND**
9 **FIREMEN**

10 SEC. 148. (a) Notwithstanding the provisions of sub-
11 section (d)(5)(A) of section 218 of the Social Security
12 Act and the references thereto in subsections (d)(1) and
13 (d)(3) of such section 218, the agreement with the State
14 of West Virginia heretofore entered into pursuant to such
15 section 218 may, at any time prior to 1974, be modified
16 pursuant to subsection (c)(4) of such section 218 so as
17 to apply to services performed in policemen's or firemen's
18 positions covered by a retirement system on the date of the
19 enactment of this Act by individuals as employees of any
20 class III or class IV municipal corporation (as defined
21 in or under the laws of the State) if the State of West
22 Virginia has at any time prior to the date of the enactment
23 of this Act paid to the Secretary of the Treasury, with respect
24 to any of the services performed in such positions by indi-
25 viduals as employees of such municipal corporation, the
26 sums prescribed pursuant to subsection (e)(1) of such

1 *section 218. For purposes of this subsection, a retire-*
2 *ment system which covers positions of policemen or firemen,*
3 *or both, and other positions, shall, if the State of West*
4 *Virginia so desires, be deemed to be a separate retirement*
5 *system with respect to the positions of such policemen or*
6 *firemen, or both, as the case may be.*

7 *(b) Notwithstanding the provisions of subsection (f) of*
8 *section 218 of the Social Security Act, any modification in*
9 *the agreement with the State of West Virginia under sub-*
10 *section (a) of this section, to the extent it involves services*
11 *performed by individuals as employees of any class III or*
12 *class IV municipal corporation, may be made effective with*
13 *respect to—*

14 *(1) all services performed by such individual, in*
15 *any policeman's or fireman's position to which the modi-*
16 *fication relates, on or after the date of the enactment of*
17 *this Act; and*

18 *(2) all services performed by such individual in*
19 *such a position before such date of enactment with*
20 *respect to which the State of West Virginia has paid*
21 *to the Secretary of the Treasury the sums prescribed*
22 *pursuant to subsection (e)(1) of such section 218 at the*
23 *time or times established pursuant to such subsection*
24 *(e)(1), if and to the extent that—*

25 *(A) no refund of the sums so paid has been*
26 *obtained, or*

1 (B) a refund of part or all of the sums so
 2 paid has been obtained but the State of West Vir-
 3 ginia repays to the Secretary of the Treasury the
 4 amount of such refund within ninety days after the
 5 date that the modification is agreed to by the State
 6 and the Secretary of Health, Education, and
 7 Welfare.

8 **(221)**TERMINATION OF COVERAGE FOR POLICEMEN

9 OR FIREMEN

10 SEC. 149. (a)(1) Section 218(g)(1) of the Social
 11 Security Act is amended by striking out "either" after "Sec-
 12 retary", by striking out the period at the end of subpara-
 13 graph (B) and inserting in lieu thereof "; or", and by in-
 14 serting after subparagraph (B) the following new
 15 subparagraph:

16 "(C) with respect to services of—

17 "(i) all employees included under the agree-
 18 ment as a single coverage group within the meaning
 19 of subsection (d)(4) which is composed entirely of
 20 positions of policemen or firemen or both;

21 "(ii) all employees in positions of policemen
 22 or firemen or both which are included under the
 23 agreement as a part of a coverage group within
 24 the meaning of subsection (d)(4); or

25 "(iii) all employees in positions of policemen

1 or firemen or both which were included under the
2 agreement as a part of a coverage group as defined
3 in subsection (b)(5) and which were covered by
4 a retirement system after the date coverage was
5 extended to such group.

6 but only if the agreement has been in effect with respect
7 to employees in such positions for not less than five years
8 prior to the receipt of such notice.”

9 (2) Section 218(g)(3) of such Act is amended by
10 adding at the end thereof the following sentence: “If any
11 such agreement is terminated with respect to services of
12 employees in positions of policemen or firemen as described
13 in paragraph (1)(C), the Secretary and the State may not
14 thereafter modify such agreement so as to again make the
15 agreement applicable to services performed by employees
16 in such positions.”

17 (b) Notwithstanding any provision of section 218 of
18 the Social Security Act, any agreement with a State under
19 such section may, if the State so desires, be modified at
20 any time prior to July 1, 1975, so as to again make the
21 agreement applicable to services performed by employees,
22 other than employees in policemen’s or firemen’s positions,
23 in a coverage group with respect to which the agreement
24 was terminated by the State prior to the enactment of this

1 *Act if the Governor of the State, or an official designated by*
 2 *him, certifies that the following conditions have been met:*

3 (1) *the majority of such employees have indicated*
 4 *a desire to have their coverage reinstated, and*

5 (2) *the termination of the agreement with respect*
 6 *to the coverage group was for the purpose of terminating*
 7 *coverage for those employees in policemen's or firemen's*
 8 *positions, or both.*

9 *Notwithstanding the provisions of section 218(f)(1) of such*
 10 *Act, any such modification shall be effective as of the date*
 11 *coverage was previously terminated for those members of*
 12 *the coverage group who meet the conditions prescribed in*
 13 *section 218(f)(2) of such Act.*

14 **(222)** *PERFECTING AMENDMENTS RELATED TO THE 20-PER-*
 15 *CENT INCREASE PROVISION ENACTED IN PUBLIC LAW*
 16 *92-336*

17 *SEC. 150. (a)(1) The table in section 215(a) of the*
 18 *Social Security Act (as inserted by section 201(a) of Public*
 19 *Law 92-336) is amended—*

20 (A) *in column II of such table, by striking out*
 21 *“251.40” and inserting in lieu thereof “254.40”, and*

22 (B) *in column III of such table, by striking out*
 23 *“699” and inserting in lieu thereof “696”.*

24 (2) *Section 203(a)(2)(B) of such Act (as amended by*
 25 *section 201(b) of Public Law 92-336) is amended by strik-*

1 *ing out "for each person" and inserting in lieu thereof "for*
2 *each such person".*

3 *(3) Section 203(a)(2)(C) of such Act (as amended by*
4 *section 202(a)(2)(B) of Public Law 92-336) is amended*
5 *by striking out "month including" and inserting in lieu*
6 *thereof "month (including)".*

7 *(4) Section 203(b)(2) of such Act (as added by section*
8 *202(b)(1) of Public Law 92-336) is amended by striking*
9 *out "or" at the end of clause (A) and inserting in lieu thereof*
10 *"of".*

11 *(b) The amendments made by each of the paragraphs in*
12 *subsection (a) shall be effective in like manner as if such*
13 *amendment had been included in title II of Public Law*
14 *92-336 in the particular provision of such title referred to in*
15 *such paragraph.*

16 *(c) Section 203(b)(6) of Public Law 92-336 is*
17 *amended, effective July 1, 1972, by striking out "Section*
18 *6413(a)(2)(A)" and inserting in lieu thereof "Section*
19 *6413(c)(2)(A)".*

20 **(223)REDUCTION, FROM 62 TO 60, IN THE AGE AT WHICH**
21 **INDIVIDUALS MAY RECEIVE ACTUARIALLY REDUCED**
22 **BENEFITS**

23 *SEC. 151. (a)(1) Section 202(a)(2) of the Social Se-*
24 *curity Act is amended by striking out "62" and inserting in*
25 *lieu thereof "60".*

1 (2) Section 202(b)(1) of such Act (as amended by
2 section 114(a) of this Act) is amended by striking out “62”
3 wherever it appears therein and inserting in lieu thereof
4 “60”.

5 (3) Section 202(c) (1) and (2) of such Act is amended
6 by striking out “62” wherever it appears therein and in-
7 serting in lieu thereof “60”.

8 (4) Section 202(f)(1)(C) of such Act (as amended
9 by section 102(b)(1) of this Act) is amended by striking
10 out “or was entitled” and inserting in lieu thereof “or was
11 entitled, after attainment of age 62.”.

12 (5) (A) Section 202(h)(1)(A) of such Act is amended
13 by striking out “62” and inserting in lieu thereof “60”.

14 (B) Section 202(h)(2)(A) of such Act is amended
15 by inserting “subsection (q) and” after “Except as provided
16 in”.

17 (C) Section 202(h)(2)(B) of such Act is amended
18 by inserting “subsection (q) and” after “except as provided
19 in”.

20 (D) Section 202(h)(2)(C) of such Act is amended
21 by—

22 (i) striking out “shall be equal” and inserting in
23 lieu thereof “shall except as provided in subsection (q),
24 be equal”; and

25 (ii) inserting “and section 202(q)” after “section
26 203(a)”;

1 (b)(1) *The first sentence of section 202(q)(1) of such*
2 *Act (as amended by section 102(e)(1) of this Act) is*
3 *amended (A) by striking out “husband’s, widow’s, or wid-*
4 *ower’s” and inserting in lieu thereof “husband’s, widow’s,*
5 *widower’s, or parent’s”, and (B) by striking out, in sub-*
6 *paragraph (A) thereof, “widow’s or widower’s” and insert-*
7 *ing in lieu thereof “widow’s, widower’s, or parent’s”.*

8 (2)(A) *Section 202(q)(3)(A) of such Act is amended*
9 *(i) by striking out “husband’s, widow’s, or widower’s” each*
10 *place it appears therein and inserting in lieu thereof “hus-*
11 *band’s, widow’s, widower’s, or parent’s”, (ii) by striking out*
12 *“age 62” and inserting in lieu thereof “age 60”, and (iii)*
13 *by striking out “wife’s or husband’s” and inserting in lieu*
14 *thereof “wife’s, husband’s, or parent’s”.*

15 (B) *Section 202(q)(3)(C) is amended by striking out*
16 *“or widower’s” each place it appears therein and inserting*
17 *in lieu thereof “widower’s, or parent’s”.*

18 (C) *Section 202(q)(3)(D) of such Act is amended by*
19 *striking out “or widower’s” and inserting in lieu thereof*
20 *“widower’s, or parent’s”.*

21 (D) *Section 202(q)(3)(E) of such Act is amended (i)*
22 *by striking out “(or would, but for subsection (e)(1) in the*
23 *case of a widow or surviving divorced wife or subsection*
24 *(f)(1) in the case of a widower, be) entitled to a widow’s or*
25 *widower’s insurance benefit to which such individual was first*

1 entitled for a month before she or he” and inserting in lieu
2 thereof “(or would, but for subsection (e)(1), (f)(1), or
3 (h)(1), be) entitled to a widow’s, widower’s, or parent’s in-
4 surance benefit to which such individual was first entitled for
5 a month before such individual,” (ii) by striking out “the
6 amount by which such widow’s or widower’s insurance benefit
7 was reduced for the month in which such individual attained
8 retirement age and”, and inserting in lieu thereof “the amount
9 by which such widow’s, widower’s, or parent’s insurance
10 benefit would be reduced under paragraph (1), plus”, and
11 (iii) by striking out “over such widow’s or widower’s insur-
12 ance benefit” and inserting in lieu thereof “over such widow’s,
13 widower’s, or parent’s insurance benefit”.

14 (E) Section 202(q)(3)(F) of such Act is amended
15 (i) by striking out “(or would, but for subsection (e)(1) in
16 the case of a widow or surviving divorced wife or subsection
17 (f)(1) in the case of a widower, be) entitled to a widow’s or
18 widower’s insurance benefit to which such individual was first
19 entitled for a month before she or he” and inserting in lieu
20 thereof “(or would, but for subsection (e)(1), (f)(1), or
21 (h)(1), be) entitled to a widow’s, widower’s, or parent’s in-
22 surance benefit for which such individual was first entitled for
23 a month before such individual”, (ii) by striking out “the
24 amount by which such widow’s or widower’s insurance
25 benefit” and inserting in lieu thereof “the amount by which

1 *such widow's, widower's, or parent's insurance benefit*”,
 2 *(iii) by striking out “over such widow's insurance benefit”*
 3 *and inserting in lieu thereof “over such widow's, widower's,*
 4 *or parent's insurance benefit”, and (iv) by striking out “62”*
 5 *and inserting in lieu thereof “60”.*

6 *(F) Section 202(q)(3)(G) of such Act is amended—*

7 *(i) by striking out “(or would, but for subsection*
 8 *(e)(1) in the case of a widow or surviving divorced wife*
 9 *or subsection (f)(1) in the case of a widower, be) en-*
 10 *titled to a widow's or widower's insurance benefit,” and*
 11 *inserting in lieu thereof “(or would, but for subsection*
 12 *(e)(1), (f)(1), or (h)(1) be) entitled to a widow's,*
 13 *widower's, or parent's insurance benefits,”; and*

14 *(ii) by striking out “such widow's insurance bene-*
 15 *fit” and inserting in lieu thereof “such widow's, wid-*
 16 *ower's, or parent's insurance benefit,”.*

17 *(3) Section 202(q)(5)(B) of such Act is amended by*
 18 *striking out “62” and inserting in lieu thereof “60”.*

19 *(4) Section 202(q)(6) of such Act is amended (i)*
 20 *by striking out “husband's, widow's, or widower's” and in-*
 21 *serting in lieu thereof “husband's, widow's, widower's, or*
 22 *parent's”, and (ii) by striking out, in clause (III), “widow's*
 23 *or widower's” and inserting in lieu thereof “widow's, wid-*
 24 *ower's, or parent's”.*

1 (5) Section 202(q)(7) of such Act (as amended by
2 section 102(e)(2) of this Act) is amended—

3 (A) by striking out “husband’s, widow’s, or wid-
4 ower’s” and inserting in lieu thereof “husband’s, widow’s,
5 widower’s, or parents”; and

6 (B) by striking out, in subparagraph (E), “wid-
7 ow’s or widower’s” and inserting in lieu thereof “wid-
8 ow’s, widower’s, or parent’s”.

9 (c) Section 215(f)(5) of such Act is amended (A) by
10 inserting after “attained age 65,” the following: “or in the
11 case of a woman who became entitled to such benefits and died
12 before the month in which she attained age 62,” (B) by
13 striking out “his” each place it appears therein and inserting
14 in lieu thereof “his or her”; and (C) by striking out “he”
15 each place after the first place it appears therein and insert-
16 ing in lieu thereof “he or she”.

17 (d)(1) Section 216(b)(3)(A) of such Act is amended
18 by striking out “62” and inserting in lieu thereof “60”.

19 (2) Section 216(c)(6)(A) of such Act is amended by
20 striking out “62” and inserting in lieu thereof “60”.

21 (3) Section 216(f)(3)(A) of such Act is amended by
22 striking out “62” and inserting in lieu thereof “60”.

23 (4) Section 216(g)(6)(A) of such Act is amended by
24 striking out “62” and inserting in lieu thereof “60”.

1 (e)(1) Section 202(q)(5)(A) of such Act is amended
2 by striking out "No wife's insurance benefit" and inserting
3 in lieu thereof "No wife's insurance benefit to which a wife
4 is entitled".

5 (2) Section 202(q)(5)(C) of such Act is amended by
6 striking out "woman" and inserting in lieu thereof "wife".

7 (3) Section 202(q)(6)(A)(i)(II) of such Act is
8 amended (A) by striking out "wife's insurance benefit" and
9 inserting in lieu thereof "wife's insurance benefit to which a
10 wife is entitled", and (B) by striking out "or" at the end and
11 inserting in lieu thereof the following: "or in the case of a
12 wife's insurance benefit to which a divorced wife is entitled,
13 with the first day of the first month for which such individual
14 is entitled to such benefit, or".

15 (4) Section 202(q)(7)(B) of such Act is amended by
16 striking out "wife's insurance benefits" and inserting in lieu
17 thereof "wife's insurance benefits to which a wife is entitled".

18 (f) Section 224(a) of such Act is amended by striking
19 out "62" and inserting in lieu thereof "60".

20 (g) The amendments made by this section shall apply
21 with respect to monthly benefits under title II of the Social
22 Security Act for months after December 1972, but only on
23 the basis of applications for such benefits filed after Sep-
24. tember 1972.

1 **(224)** *AGE 55—COMPUTATION POINT FOR WIDOWS*

2 *SEC. 152. (a) (1) Section 202(e)(1)(B) of the Social*
3 *Security Act is amended to read as follows:*

4 *“(B) has attained age 55,”.*

5 *(2) So much of section 202(e)(1) of such Act (as*
6 *amended by section 102 of this Act) as follows subparagraph*
7 *(E) is amended to read as follows: “shall be entitled to a*
8 *widow’s insurance benefit for each month, beginning with the*
9 *first month in which she becomes so entitled to such insurance*
10 *benefits and ending with the month preceding the first month*
11 *in which any of the following occurs: she remarries, dies, or*
12 *becomes entitled to an old-age insurance benefit equal to or*
13 *exceeding the primary insurance amount of such deceased*
14 *individual.”*

15 *(3) Paragraphs (5) and (6) of section 202(e) of such*
16 *Act are hereby repealed.*

17 *(b) The last sentence of section 203(c) of such Act (as*
18 *amended by section 102(c)(1) of this Act) is amended by*
19 *striking out “from any widow’s insurance benefits for any*
20 *month in which the widow or surviving divorced wife is*
21 *entitled and has not attained age 65 (but only if she became*
22 *so entitled prior to attaining age 60), or”.*

23 *(c) Clause D of section 203(f)(1) of such Act (as*
24 *amended by section 102(c)(2) of this Act) is amended by*

1 *striking out “widow’s insurance benefits and has not at-*
2 *tained age 65 (but only if she became so entitled prior to*
3 *attaining age 60), or”.*

4 *(d) The first sentence of section 216(i)(1) of such*
5 *Act is amended by striking out “202(e),”.*

6 *(e) Section 222(a) of such Act is amended by strik-*
7 *ing out “benefits, widow’s insurance benefits,” and inserting*
8 *in lieu thereof “benefits”.*

9 *(f) The first sentence of section 222(b)(1) of such*
10 *Act is amended by striking out “a widow or surviving*
11 *divorced wife who has not attained age 60,”.*

12 *(g)(1) Section 222(d)(1) of such Act is amended (A)*
13 *by striking out subparagraph (C) thereof, and (B) by*
14 *redesignating subparagraph (D) thereof as subparagraph*
15 *(C).*

16 *(2) Such section 222(d)(1) is further amended by*
17 *striking out “the benefits under section 202(e) for widows*
18 *and surviving divorced wives who have not attained age 60*
19 *and are under a disability,”.*

20 *(h) Section 225 of such Act is amended (1) by striking*
21 *out “or that a widow or surviving divorced wife who has*
22 *not attained age 60 and is entitled to benefits under section*
23 *202(e),” and (2) by striking out “202(d), 202(e),” and*
24 *inserting in lieu thereof “202(d),”.*

25 *(i) The amendments made by subsection (a) shall*

1 *apply with respect to monthly benefits under title II of the*
2 *Social Security Act for the months following the month*
3 *after the month in which this Act is enacted, but only on*
4 *the basis of applications for such benefits filed in or after*
5 *the month in which this Act is enacted. The amendments*
6 *made by subsections (b) through (h) shall apply with*
7 *respect to months after the month in which this Act is*
8 *enacted.*

9 **(225)STUDY OF EARNINGS TEST**

10 *SEC. 153. (a) The Secretary shall conduct either di-*
11 *rectly or by way of grant or contract, a full and complete*
12 *study of the matter of earnings of individuals entitled to*
13 *monthly insurance benefits under section 202 of the Social*
14 *Security Act with a view to determining the feasibility of the*
15 *elimination or extensive revision of those provisions of title II*
16 *of such Act which provide for deductions from such benefits*
17 *on account of earnings. Such study shall give special atten-*
18 *tion to (A) the extent to which life expectancy is increasing,*
19 *and the resultant need of individuals to extend the period of*
20 *their working life; (B) the extent to which individuals entitled*
21 *to monthly insurance benefits under such section 202 are*
22 *not eligible for benefits under private pension plans, and the*
23 *resultant need for individuals to continue work after retire-*
24 *ment age; and (C) the desirability of relating any deduc-*

1 tions from benefits under such section on account of earnings
 2 to the annual income needs of the individuals entitled to
 3 such benefits.

4 (b) The Secretary shall complete the study authorized
 5 by subsection (a) and shall submit to the Congress, not later
 6 than January 1, 1974, a full and complete report on such
 7 study and the findings resulting therefrom, together with
 8 such recommendations for the elimination or revision of the
 9 provisions of title II of the Social Security Act relating to
 10 deductions from benefits on account of earnings as the Sec-
 11 retary deems appropriate.

12 **(226)ELIMINATION OF DURATION-OF-RELATIONSHIP RE-**
 13 **QUIREMENT IN CERTAIN CASES INVOLVING SURVIVOR**
 14 **BENEFITS (WHERE INSURED'S DEATH WAS ACCI-**
 15 **DENTAL OR OCCURRED IN LINE OF DUTY WHILE HE**
 16 **WAS A SERVICEMAN)**

17 *SEC. 154. (a) The first sentence of section 216(k) of*
 18 *the Social Security Act (as amended by section 115 of this*
 19 *Act) is further amended—*

20 (1) by striking out “and he would satisfy such re-
 21 quirement if a three-month period were substituted for
 22 the nine-month period” and inserting in lieu thereof “un-
 23 less the Secretary determines that at the time of the mar-

1 riage involved the individual could not have reasonably
2 been expected to live for nine months"; and

3 (2) by striking out "except that this subsection shall
4 not apply" and inserting in lieu thereof "except that
5 paragraph (2) of this subsection shall not apply".

6 (b) The amendments made by this section shall apply
7 only with respect to benefits payable under title II of the
8 Social Security Act for months after December 1972 on
9 the basis of applications filed in or after the month in which
10 this Act is enacted.

11 **TITLE II—PROVISIONS RELATING TO MEDI-**
12 **CARE, MEDICAID, AND MATERNAL AND**
13 **CHILD HEALTH**

14 **(227)PART A ELIGIBILITY AND PAYMENT FOR BENEFITS**
15 **COVERAGE FOR DISABILITY BENEFICIARIES UNDER**
16 **MEDICARE**

17 **SEC. 201. (a) (1) (A) The heading of title XVIII of**
18 **the Social Security Act is amended to read as follows:**

19 **"TITLE XVIII—HEALTH INSURANCE FOR THE**
20 **AGED AND DISABLED"**.

21 **(B) The heading of part A of such title is amended to**
22 **read as follows:**

23 **"PART A—HOSPITAL INSURANCE BENEFITS FOR THE**
24 **AGED AND DISABLED"**.

25 **(C) The heading of part B of such title is amended to**
26 **read as follows:**

1 “PART B—SUPPLEMENTARY MEDICAL INSURANCE
2 BENEFITS FOR THE AGED AND DISABLED”.

3 (2) The text of section 1811 of such Act is amended
4 to read as follows:

5 “SEC. 1811. The insurance program for which entitle-
6 ment is established by section 226 provides basic protection
7 against the costs of hospital and related posthospital services
8 in accordance with this part for (1) individuals who are age
9 65 or over and are entitled to retirement benefits under title
10 II of this Act or under the railroad retirement system and
11 (2) individuals under age 65 who have been entitled for not
12 less than 24 (228) *consecutive* months to benefits under title
13 II of this Act or under the railroad retirement system on the
14 basis of a disability.”

15 (3) Section 1831 of such Act is amended—

16 (A) by inserting “AND THE DISABLED” after
17 “AGED” in the heading, and

18 (B) by striking out “individuals 65 years of age
19 or over” and inserting in lieu thereof “aged and dis-
20 abled individuals”.

21 (b) (1) Section 226 (a) of such Act is amended to
22 read as follows:

23 “(a) (1) Every individual who—

24 “(A) has attained age 65, and

25 “(B) is entitled to monthly insurance benefits un-
26 der section 202 or is a qualified railroad retirement
27 beneficiary,

1 shall be entitled to hospital insurance benefits under part A
 2 of title XVIII for each month for which he meets the con-
 3 dition specified in subparagraph (B), beginning with the
 4 first month after June 1966 for which he meets the con-
 5 ditions specified in subparagraphs (A) and (B).

6 ~~(229)~~~~(2)~~ “(b) Every individual who—

7 ~~(230)~~~~(A)~~ “(1) has not attained age 65, ~~(231)~~~~but and~~
 8 ~~(232)~~~~(B)~~ (2) (A) is entitled to, and has for 24 consec-
 9 ~~(233)~~~~has been~~
 10 ~~entitled to~~ disability insurance benefits under section 223
 11 ~~(234)~~~~for not less than 24 consecutive months,~~ or (ii)
 12 ~~(235)~~~~has been entitled for not less than 24 consecutive~~
 13 ~~months to~~ child’s insurance benefits under section 202 (d)
 14 ~~(236)~~ or sister’s and brother’s benefits under section 202
 15 (x) by reason of a disability (as defined in section 223
 16 (d)) ~~(237)~~~~which began before he attained age 22,~~ or
 17 (iii) ~~(238)~~~~has been entitled for not less than 24 con-~~
 18 ~~secutive months to~~ widow’s insurance benefits under sec-
 19 tion 202 (e) or widower’s insurance benefits under sec-
 20 tion 202 (f) by reason of a disability (as defined in sec-
 21 tion 223 (d)) or ~~(239)~~~~(iv)~~ (B) is, and has been for not
 22 less than 24 consecutive months, a disabled qualified rail-
 23 road retirement beneficiary, within the meaning of section
 24 22 of the Railroad Retirement Act of 1937,

25 shall be entitled to hospital insurance benefits under part A
 26 of title XVIII for each month beginning with the later of

1 (I) July ~~(240)~~1972 1973 or (II) the twenty-fifth con-
 2 secutive month of his entitlement ~~(241)~~*or status as a qualified*
 3 *railroad retirement beneficiary* described in ~~(242)~~subpara-
 4 ~~graph (B)~~, *paragraph (2)*, and ending with the month
 5 ~~(243)~~*in which his entitlement described in subparagraph (B)*
 6 *ceases or, if earlier, with the month before the month in which*
 7 *he attains age 65 following the month in which notice of termi-*
 8 *nation of such entitlement to benefits or status as a qualified*
 9 *railroad retirement beneficiary described in paragraph (2) is*
 10 *mailed to him, or if earlier, with the month before the month in*
 11 *which he attains age 65."*

12 (2) Section 226 (b) of such Act is amended by striking
 13 out "occurred after June 30, 1966, or on or after the first
 14 day of the month in which he attains age 65, whichever is
 15 later" and inserting in lieu thereof "occurred (i) after
 16 June 30, 1966, or on or after the first day of the month in
 17 which he attains age 65, whichever is later, or (ii) if he
 18 was entitled to hospital insurance benefits pursuant to para-
 19 graph (2) of subsection (a), at a time when he was so
 20 entitled".

21 (3) Section 226 (b) (2) of such Act is amended by
 22 striking out "an individual shall be deemed entitled to
 23 monthly insurance benefits under section 202," and inserting
 24 in lieu thereof "an individual shall be deemed entitled to
 25 monthly insurance benefits under section 202 or section
 26 223,".

1 (4) Section 226 (c) of such Act is amended by inserting
2 “or section 22” after “section 21” wherever it appears.

3 (5) Section 226 of such Act is further amended by
4 redesignating subsection ~~(244)~~(b) as subsection (c), subsec-
5 tion (c) as subsection (d), and subsection (d) as subsection
6 ~~(245)~~(e) (f), and by inserting after subsection ~~(246)~~(e)
7 (d) the following new subsection:

8 ~~(247)~~(d)-(1) (e) (1) For purposes of determining entitle-
9 ment to hospital insurance benefits under subsection (a)
10 (2) in the case of widows and widowers described in sub-
11 paragraph (B) (iii) thereof—

12 “(A) the term ‘age 60’ in sections 202 (e) (1)
13 (B) ~~(248)~~(ii), (ii) and 202 (e) (5), ~~(249)~~and the
14 term ‘age 62’ in sections 202 (f) (1) (B) (ii) and 202
15 (f) (6) shall be deemed to read ‘age 65’; and

16 “(B) the phrase ‘before she attained age 60’ in
17 the matter following subparagraph (F) of section 202
18 (e) (1) shall be deemed to read ‘based on a disability’.

19 “(2) For purposes of determining entitlement to hospi-
20 tal insurance benefits under subsection (a) (2) in the case
21 of an individual under age 65 who is entitled to ~~(250)~~old age
22 insurance benefits ~~(251)~~under section 202 and who was en-
23 titled to widow’s insurance benefits or widower’s insurance
24 benefits based on disability for the month before the first
25 month in which such individual was so entitled to old-age

1 insurance benefits (but ceased to be entitled to such widow's
 2 or widower's insurance benefits upon becoming entitled to
 3 such old-age insurance benefits), such individual shall be
 4 deemed to have continued to be entitled to such widow's
 5 insurance benefits or widower's insurance benefits for and
 6 after such first ~~(252)month.~~²² month.

7 **(253)**“(3) *For purposes of determining entitlement to hospi-*
 8 *tal insurance benefits under subsection (a)(2) any disabled*
 9 *widow age 50 or older who is entitled to mother's insurance*
 10 *benefits (and who would have been entitled to widow's insur-*
 11 *ance benefits by reason of disability if she had filed for such*
 12 *widow's benefits) shall, upon application therefor, be deemed*
 13 *to have filed for such widow's benefits at the time she filed*
 14 *for mother's insurance benefits and shall, upon furnishing*
 15 *proof of such disability prior to July 1, 1974, under such*
 16 *procedures as the Secretary may prescribe, be deemed to*
 17 *have been entitled to such widow's benefits as of the time she*
 18 *would have been entitled to such widow's benefits if she had*
 19 *filed a timely application therefor.*”

20 (c) (1) Section 1836 of such Act is amended to read
 21 as follows:

22 “ELIGIBLE INDIVIDUALS

23 “SEC. 1836. Every individual who—

24 “(1) is entitled to hospital insurance benefits under
 25 part A, or

1 “(2) has attained age 65 and is a resident of the
2 United States, and is either (A) a citizen or (B) an
3 alien lawfully admitted for permanent residence who
4 has resided in the United States continuously during the
5 5 years immediately preceding the month in which he
6 applies for enrollment under this part,
7 is eligible to enroll in the insurance program established by
8 this part.”

9 (2) (A) The first sentence of section 1837 (c) of such
10 Act is amended by striking out “paragraphs (1) and (2)”
11 and inserting in lieu thereof “paragraph (1) or (2)”.

12 (B) The second sentence of section 1837 (c) of such
13 Act is amended to read as follows: “For purposes of this
14 subsection and subsection (d), an individual who has at-
15 tained age 65 and who satisfies paragraph (1) of section
16 1836 but not paragraph (2) of such section shall be treated
17 as satisfying such paragraph (1) on the first day on which
18 he is (or on filing application would have been) entitled
19 to hospital insurance benefits under part A.”

20 (C) The first sentence of 1837 (d) of such Act is
21 amended by striking out “paragraphs (1) and (2)” and
22 inserting in lieu thereof “paragraph (1) or (2)”.

23 (3) (A) Section 1838 (a) of such Act is amended by
24 striking out “July 1, 1966” in paragraph (1) and inserting
25 in lieu thereof “July 1, 1966 or (in the case of a disabled

1 individual who has not attained age 65) July 1, ~~(254)1972~~
2 1973”.

3 (B) Section 1838 (a) of such Act is further amended—

4 (i) by striking out “paragraphs (1) and (2)” in
5 paragraph (2) (A) and inserting in lieu thereof “para-
6 graph (1) or (2)” ; and

7 (ii) by striking out “such paragraphs” in subpara-
8 graphs (B), (C), and (D) and inserting in lieu
9 thereof “such paragraph”.

10 (C) Section 1838 of such Act is further amended by
11 redesignating subsection (c) as subsection (d), and by
12 inserting after subsection (b) the following new subsection:

13 “(c) In the case of an individual satisfying paragraph
14 (1) of section 1836 whose entitlement to hospital insurance
15 benefits under part A is based on a disability rather than
16 on his having attained the age of 65, his coverage period
17 (and his enrollment under this part) shall be terminated as
18 of the close of the last month for which he is entitled to
19 hospital insurance benefits.”

20 (4) Section 1839 (c) of such Act is amended—

21 (A) by inserting “(in the same continuous period
22 of eligibility)” after “for each full 12 months”; and

23 (B) by adding at the end thereof the following new
24 sentence: “Any increase in an individual’s monthly
25 premium under the first sentence of this subsection with

1 respect to a particular continuous period of eligibility
2 shall not be applicable with respect to any other con-
3 tinuous period of eligibility which such individual may
4 have.”.

5 (5) Section 1839 of such Act is further amended by
6 adding at the end thereof the following new subsection:

7 “(e) For purposes of subsection (c) (and section 1837
8 (g) (1)), an individual’s ‘continuous period of eligibility’ is
9 the period beginning with the first day on which he is eligible
10 to enroll under section 1836 and ending with his death; ex-
11 cept that any period during all of which an individual satis-
12 fied paragraph (1) of section 1836 and which terminated in
13 or before the month preceding the month in which he at-
14 tained age 65 shall be a separate ‘continuous period of eligi-
15 bility’ with respect to such individual (and each such period
16 which terminates shall be deemed not to have existed for
17 purposes of subsequently applying this section).”

18 (6) (A) Section 1840 (a) (1) of such Act is amended
19 by striking out “section 202” and inserting in lieu thereof
20 “section 202 or 223”.

21 (B) Section 1840 (a) (2) of such Act is amended by
22 striking out “section 202” and inserting in lieu thereof “sec-
23 tion 202 or 223”.

24 (7) Section 1875 (a) of such Act is amended by strik-
25 ing out “aged” and inserting in lieu thereof “aged and the
26 disabled”.

1 (d) The Railroad Retirement Act of 1937 is amended
2 by adding after section 21 the following new section:

3 “HOSPITAL INSURANCE BENEFITS FOR THE DISABLED

4 “SEC. 22. Individuals under age 65—

5 “(1) who have been entitled to annuities for not
6 less than 24 consecutive months during each of which the
7 first proviso of section 3 (e) could have applied on the
8 basis of an application which has been filed under para-
9 graph 4 or 5 of section 2 (a), and are currently entitled
10 to such annuities, or who are entitled to annuities under
11 paragraph 2 or 3 of section 2 (a) and could have been
12 paid annuities for not less than 24 consecutive months
13 under section 223 of the Social Security Act if their
14 service as employees were included in the term ‘employ-
15 ment’ as defined in that Act, or

16 “(2) who have been entitled to annuities under sec-
17 tion 5 (a) on the basis of disability, or could have been so
18 entitled had they not been entitled on the basis of age or
19 had they not been entitled under section 5 (b) on the
20 basis of having the custody of children, for not less than
21 24 consecutive months during each of which the first
22 proviso of section 3 (e) could have been applied on the
23 basis of disability if an application for disability bene-
24 fits had been filed, or

25 “(3) who have been entitled to annuities for not
26 less than 24 consecutive months under section 5 (c) on

1 the basis of a disability (within the meaning of section
2 5 (1) (1) (ii)) or who could have been includible as dis-
3 abled children for not less than 24 consecutive months in
4 the computation of an annuity under the first proviso in
5 section 3 (e) and could currently be includible in such a
6 computation,

7 shall be certified by the Board in the same manner, for the
8 same purposes, and subject to the same conditions, restric-
9 tions, and other provisions as individuals specifically de-
10 scribed in section 21, and also subject to the same conditions,
11 restrictions, and other provisions as are disability benefi-
12 cians under title II of the Social Security Act in connection
13 with their eligibility for hospital insurance benefits under part
14 A of title XVIII of such Act and their eligibility to enroll
15 under part B of such title XVIII; and for the purposes of
16 this Act and title XVIII of the Social Security Act, individ-
17 uals certified as provided in this section shall be considered
18 individuals described in and certified under such section 21.
19 Notwithstanding the other provisions of this section it shall
20 not apply to any individual who could not be taken into
21 account on the basis of disability in calculating the annuity
22 under the first proviso of section 3 (e) without regard to the
23 second paragraph of such section.”

24 HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDI-
25 VIDUALS NOT ELIGIBLE UNDER TRANSITIONAL PRO-
26 VISION

1 SEC. 202. Title XVIII of the Social Security Act is
2 amended by adding after section 1817 the following new
3 section:

4 “HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDI-
5 VIDUALS NOT OTHERWISE ELIGIBLE

6 “SEC. 1818. (a) Every individual who—

7 “(1) has attained the age of 65,

8 (255)“(2) is enrolled under part B of this title,

9 (256)“~~(2)~~ (3) is a resident of the United States, and is
10 either (A) a citizen or (B) an alien lawfully admitted
11 for permanent residence who has resided in the United
12 States continuously during the 5 years immediately
13 preceding the month in which he applies for enrollment
14 under this section, and

15 (257)“~~(3)~~ (4) is not otherwise entitled to benefits under
16 this part,

17 shall be eligible to enroll in the insurance program estab-
18 lished by this part.

19 “(b) An individual may enroll under this section only
20 in such manner and form as may be prescribed in regula-
21 tions, and only during an enrollment period prescribed in
22 or under this section.

23 “(c) The provisions of section 1837 (258) (*except sub-*
24 *section (f) thereof*), section 1838, subsection (c) of section
25 1839, and subsections (f) and (h) of section 1840 shall ap-
26 ply to persons authorized to enroll under this section except
27 that—

1 “(1) individuals who meet the conditions of sub-
 2 section (a) ~~(259)~~(1), (3), and (4) on or before the
 3 last day of the seventh month after the month in which
 4 this section is enacted may enroll ~~(260)~~*under this part*
 5 *and (if not already so enrolled) may also enroll under*
 6 *part B* during an initial general enrollment period which
 7 shall begin on the first day of the second month which
 8 begins after the date on which this section is enacted
 9 and shall end on the last day of the tenth month after the
 10 month in which this Act is enacted;

11 “(2) in the case of an individual who first meets
 12 the conditions of eligibility under this section on or
 13 after the first day of the eighth month after the month
 14 in which this section is enacted, the initial enrollment
 15 period shall begin on the first day of the third month
 16 before the month in which he first becomes eligible and
 17 shall end 7 months later;

18 “(3) in the case of an individual who enrolls pur-
 19 suant to paragraph (1) of this subsection, entitlement
 20 to benefits shall begin on—

21 “(A) the first day of the second month after
 22 the month in which he enrolls,

23 “(B) ~~(261)~~January 1, July 1, ~~(262)~~1972,
 24 1973, or

25 “(C) the first day of the first month in which

1 he meets the requirements of subsection (a),
2 whichever is the latest;

3 “(4) termination of coverage under this section by
4 the filing of notice that the individual no longer wishes
5 to participate in the hospital insurance program shall
6 take effect at the close of the month following the month
7 in which such notice is filed; ~~(263)~~and

8 “(5) an individual’s entitlement under this section
9 shall terminate with the month before the first month in
10 which he becomes eligible for hospital insurance benefits
11 under section 226 of this Act or section 103 of the Social
12 Security Amendments of 1965; and upon such termina-
13 tion, such individual shall be deemed, solely for purposes
14 of hospital insurance entitlement, to have filed in such
15 first month the application required to establish such
16 ~~(264)entitlement.~~ *entitlement; and*

17 ~~(265)~~“(6) *termination of coverage for supplementary*
18 *medical insurance shall result in simultaneous termina-*
19 *tion of hospital insurance benefits for uninsured individ-*
20 *uals who are not otherwise entitled to benefits under this*
21 *Act.*

22 “(d) (1) The monthly premium of each individual for
23 each month in his coverage period before July ~~(266)~~1972
24 1974 shall be ~~(267)~~\$31 \$33.

25 “(2) The Secretary shall, ~~(268)~~during December of

1 ~~1971 and of each year thereafter~~, *during the last calendar*
2 *quarter of each year, beginning in 1973*, determine and pro-
3 mulgate the dollar amount (whether or not such dollar
4 amount was applicable for premiums for any prior month)
5 which shall be applicable for premiums for months occurring
6 in the 12-month period commencing July 1 of the next year.
7 Such amount shall be equal to ~~(269)\$31~~, \$33, multiplied by
8 the ratio of (A) the inpatient hospital deductible for such
9 next year, as promulgated under section 1813 (b) (2), to
10 (B) such deductible promulgated for ~~(270)1971~~ 1973. Any
11 amount determined under the preceding sentence which is
12 not a multiple of \$1 shall be rounded to the nearest multiple
13 of \$1, ~~(271)~~*or if midway between multiples of \$1 to the next*
14 *higher multiple of \$1.*

15 “(e) Payment of the monthly premiums on behalf of
16 any individual who meets the conditions of subsection (a)
17 may be made by any public or private agency or organi-
18 zation under a contract or other arrangement entered into
19 between it and the Secretary if the Secretary determines
20 that payment of such premiums under such contract or
21 arrangement is administratively feasible.

22 “(f) Amounts paid to the Secretary for coverage under
23 this section shall be deposited in the Treasury to the credit
24 of the Federal Hospital Insurance Trust Fund.”

1 **AMOUNT OF SUPPLEMENTARY MEDICAL INSURANCE**2 **PREMIUM**

3 **SEC. 203.** (a) Section 1839 (b) (1) of the Social Secu-
4 rity Act is amended by inserting "and before July 1,
5 ~~(272)1972,~~ 1973," after "1967".

6 (b) Section 1839 (b) (2) of such Act is amended by
7 striking out "thereafter" and inserting in lieu thereof "end-
8 ing on or before December 31, ~~(273)1970,~~ 1971".

9 (c) Section 1839 of such Act (as amended by section
10 201 (c) (4) and (5) of this Act) is further amended by
11 redesignating subsections (c), (d), and (e) as subsections
12 (d), (e), and (f), respectively, and by inserting after sub-
13 section (b) the following new subsection:

14 "(c) (1) The Secretary shall, during December of
15 ~~(274)1971~~ 1972 and of each year thereafter, determine the
16 monthly actuarial rate for enrollees age 65 and over which
17 shall be applicable for the 12-month period commencing
18 July 1 in the succeeding year, Such actuarial rate shall be the
19 amount the Secretary estimates to be necessary so that the
20 aggregate amount for such 12-month period with respect to
21 those enrollees age 65 and over will equal one-half of the total
22 of the benefits and administrative costs which he estimates
23 will be payable from the Federal Supplementary Medical In-
24 surance Trust Fund for services performed and related admin-
25 istrative costs incurred in such 12-month period. In calcu-

1 lating the monthly actuarial rate, the Secretary shall include
2 an appropriate amount for a contingency margin.

3 “(2) The monthly premium of each individual enrolled
4 under this part for each month after June ~~(275)1972~~ 1973
5 shall, ~~(276)~~*except as provided in subsection (d)*, be the
6 amount determined under paragraph (3).

7 “(3) The Secretary shall, during December of ~~(277)~~
8 ~~1971~~ 1972 and of each year thereafter, determine and pro-
9 mulgate the monthly premium applicable for the individuals
10 enrolled under this part for the 12-month period commenc-
11 ing July 1 in the succeeding year. The monthly premium
12 shall be equal to the smaller of—

13 “(A) the monthly actuarial rate for enrollees age
14 65 and over, determined according to paragraph (1) of
15 this subsection, for that 12-month period, or

16 “(B) the monthly premium rate most recently pro-
17 mulgated by the Secretary, under this paragraph ~~(278)~~
18 *or, in the case of the determination made in December*
19 *1971, such rate promulgated under subsection (b)(2)*
20 multiplied by the ratio of (i) the amount in column IV
21 of the table which, ~~(279)~~*by reason of the law in effect at*
22 *the time the promulgation is made, will be in effect as of*
23 June 1 next following such determination appears (or
24 is deemed to appear) in section 215 (a) on the line
25 which includes the figure ‘750’ in column III of such
26 table to (ii) the amount in column IV of the table

1 which appeared (or was deemed to appear) in section
2 215 (a) on the line which included the figure '750'
3 in column III as of June 1 of the year in which such
4 determination is made.

5 Whenever the Secretary promulgates the dollar amount
6 which shall be applicable as the monthly premium for any
7 period, he shall, at the time such promulgation is announced,
8 issue a public statement setting forth the actuarial assump-
9 tions and bases employed by him in arriving at the amount
10 of an adequate actuarial rate for enrollees age 65 and over
11 as provided in paragraph (1) and the derivation of the dol-
12 lar amounts specified in this paragraph.

13 “(4) The Secretary shall also, during December of
14 (280)1971 1972 and of each year thereafter, determine the
15 monthly actuarial rate for disabled enrollees under age 65
16 which shall be applicable for the 12-month period com-
17 mencing July 1 in the succeeding year. Such actuarial rate
18 shall be the amount the Secretary estimates to be necessary
19 so that the aggregate amount for such 12-month period with
20 respect to disabled enrollees under age 65 will equal one-half
21 of the total of the benefits and administrative costs which he
22 estimates will be incurred by the Federal Supplementary
23 Medical Insurance Trust Fund for such 12-month period with
24 respect to such enrollees. In calculating the monthly actuarial
25 rate under this paragraph, the Secretary shall include an
26 appropriate amount for a contingency margin.”

1 (d) (1) Section 1839 (d) of such Act, as redesignated
 2 by subsection (c) of this section, is amended by inserting
 3 “or (c)” after “subsection (b)”.

4 (2) Section 1839 (f) of such Act, as redesignated by
 5 subsection (c) of this section, is amended by striking out
 6 “subsection (c)” and inserting in lieu thereof “subsection

7 (e) Effective with respect to ~~(281)~~*enrollee premiums*
 8 *payable for months after June* ~~(282)~~*1972, 1973*, section
 9 1844 (a) (1) of such Act is amended to read as follows:

10 “(1) (A) a Government contribution equal to the
 11 aggregate premiums payable ~~(283)~~*for a month* for en-
 12 rollees age 65 and over under this part and deposited in
 13 the Trust Fund, multiplied by the ratio of—

14 “(i) twice the dollar amount of ~~(284)~~*an the*
 15 *actuarially adequate rate per enrollee age 65 and*
 16 *over as determined under section 1839 (c) (1) for*
 17 ~~(285)~~*the such month* ~~(286)~~*in which such aggre-*
 18 *gate premiums are deposited in the Trust Fund,*
 19 *minus the dollar amount of the premium per enrollee*
 20 *for such month* ~~(287)~~*as determined under section*
 21 *1839 (c) (3), to*

22 “(ii) the dollar amount of the premium per
 23 enrollee for such month, plus

24 “(B) a Government contribution equal to the aggre-
 25 gate premiums payable ~~(288)~~*for a month* for enrollees

1 under age 65 under this part and deposited in the Trust
2 Fund, multiplied by the ratio of—

3 “(i) twice the dollar amount of ~~(289)~~ *an the*
4 actuarially adequate rate per enrollee under age 65
5 as determined under section 1839 (c) (4) for
6 ~~(290)~~ *the such* month ~~(291)~~ *in* which such aggre-
7 gate premiums are deposited in the Trust Fund,
8 minus the dollar amount of the premium per enrollee
9 for such month ~~(292)~~ *as determined under section*
10 *1839(c)(3), to*

11 “(ii) the dollar amount of the premium per
12 enrollee for such month.”

13 ~~(293)~~ CHANGE IN SUPPLEMENTARY MEDICAL INSURANCE
14 DEDUCTIBLE

15 SEC. 204. ~~(a)~~ Section ~~1833(b)~~ of the Social Security
16 Act is amended by striking out “shall be reduced by a de-
17 ductible of \$50” and inserting in lieu thereof “shall be
18 reduced by a deductible of \$60”.

19 ~~(b)~~ Section ~~1835(e)~~ of such Act is amended by strik-
20 ing out “but only if such charges for such services do not
21 exceed \$50” and inserting in lieu thereof “but only if such
22 charges for such services do not exceed the applicable sup-
23 plementary medical insurance deductible”.

24 ~~(c)~~ The amendments made by this section shall be
25 effective with respect to calendar years after 1971 ~~(except~~

1 that, for purposes of applying clause ~~(1)~~ of the first sentence
 2 of section 1833 ~~(b)~~ of the Social Security Act, such amend-
 3 ments shall be deemed to have taken effect on January 1,
 4 1971).

5 ~~(294)~~ INCREASE IN LIFETIME RESERVE DAYS AND CHANGE
 6 IN HOSPITAL INSURANCE COINSURANCE AMOUNT
 7 UNDER MEDICARE

8 SEC. 205. ~~(a)~~ ~~(1)~~ Section 1812 ~~(a)~~ ~~(1)~~ of the Social
 9 Security Act is amended by striking out "up to 150 days"
 10 and inserting in lieu thereof "up to 210 days".

11 ~~(2)~~ Section 1812 ~~(b)~~ ~~(1)~~ of such Act is amended by
 12 striking out "for 150 days" and inserting in lieu thereof
 13 "for 210 days".

14 ~~(b)~~ Section 1813 ~~(a)~~ ~~(1)~~ of such Act is amended—

15 ~~(1)~~ by redesignating subparagraphs ~~(A)~~ and ~~(B)~~
 16 as subparagraphs ~~(B)~~ and ~~(C)~~, respectively; and

17 ~~(2)~~ by inserting after "a coinsurance amount equal
 18 to—" the following new subparagraph:

19 " ~~(A)~~ one eighth of the inpatient hospital de-
 20 ductible for each day ~~(before the 61st day)~~ on which
 21 such individual is furnished such services during
 22 such spell of illness after such services have been
 23 furnished to him for 30 days during such spell;".

24 ~~(c)~~ The amendments made by this section shall be effec-
 25 tive with respect to inpatient hospital services furnished dur-

1 ing inpatient hospital stays beginning after December 31,
2 1971.

3 *REDUCTION IN COINSURANCE APPLICABLE TO LIFETIME*
4 *RESERVE DAYS OF INPATIENT HOSPITAL SERVICES*
5 *UNDER MEDICARE*

6 *SEC. 205. (a) Section 1813(a)(1)(B) of the Social*
7 *Security Act is amended by striking out "one-half" and*
8 *inserting in lieu thereof "one-fourth".*

9 *(b) The amendments made by this section shall be*
10 *effective with respect to inpatient hospital services furnished*
11 *during spells of illness beginning after December 31, 1972.*

12 *AUTOMATIC ENROLLMENT FOR SUPPLEMENTARY MEDICAL*
13 *INSURANCE*

14 *SEC. 206. (a) Section 1837 of the Social Security*
15 *Act is amended by adding at the end thereof the following*
16 *new subsections:*

17 *"(f) Any individual—*

18 *"(1) who is eligible under section 1836 to enroll*
19 *in the medical insurance program by reason of entitle-*
20 *ment to hospital insurance benefits as described in para-*
21 *graph (1) of such section, and*

22 *"(2) whose initial enrollment period under subsec-*
23 *tion (d) (295) begins on or after the first day of the*
24 *second month following the month in which this subsec-*
25 *tion is enacted, or October 1, 1971, whichever is later,*
26 *begins after March 31, 1973, and*

1 (296)“(3) *who is residing in the United States, exclu-*
2 *sive of Puerto Rico,*

3 shall be deemed to have enrolled in the medical insurance
4 program established by this part.

5 “(g) All of the provisions of this section shall apply
6 to individuals satisfying subsection (f), except that—

7 “(1) in the case of an individual who satisfies sub-
8 section (f) by reason of entitlement to disability insur-
9 ance benefits described in section 226 (a) (2) (B), his
10 initial enrollment period shall begin on the first day of
11 the later of (A) April (297)1972 1973 or (B) the third
12 month before the 25th consecutive month of such entitle-
13 ment, and shall reoccur with each continuous period of
14 eligibility (as defined in section 1839 (e)) and upon
15 attainment of age 65;

16 “(2) (A) in the case of an individual who is en-
17 titled to monthly benefits under section 202 or 223 on
18 the first day of his initial enrollment period or becomes
19 entitled to monthly benefits under section 202 during the
20 first 3 months of such period, his enrollment shall be
21 deemed to have occurred in the third month of his initial
22 enrollment period, and

23 “(B) in the case of an individual who is not entitled
24 to benefits under section 202 on the first day of his
25 initial enrollment period and does not become so entitled

1 during the first 3 months of such period, his enrollment
2 shall be deemed to have occurred in the month in which
3 he files the application establishing his entitlement to
4 hospital insurance benefits provided such filing occurs
5 during the last 4 months of his initial enrollment period;
6 and

7 “(3) in the case of an individual who would other-
8 wise satisfy subsection (f) but does not establish his
9 entitlement to hospital insurance benefits until after the
10 last day of his initial enrollment period (as defined in
11 subsection (d) of this section), his enrollment shall be
12 deemed to have occurred on the first day of the earlier
13 of the then current or immediately succeeding general
14 enrollment period (as defined in subsection (e) of this
15 section).”

16 (b) Section 1838 (a) of such Act is amended—

17 (1) by striking out the period at the end of sub-
18 section (a) and by inserting in lieu thereof “; or”;
19 and

20 (2) by adding at the end of subsection (a) the
21 following new paragraph:

22 “(3) (A) in the case of an individual who is
23 deemed to have enrolled on or before the last day
24 of the third month of his initial enrollment period, the
25 first day of the month in which he first meets the appli-

1 cable requirements of section 1836 or ~~(298)~~ January 1,
2 ~~1972~~, July 1, 1973, whichever is later, or

3 “(B) in the case of an individual who is deemed
4 to have enrolled on or after the first day of the fourth
5 month of his initial enrollment period, as prescribed
6 under subparagraphs (B), (C), (D), and (E) of
7 paragraph (2) of this subsection.”

8 (c) Section 1838 (b) of such Act (as amended by sec-
9 tion 257 (a) of this Act) is further amended by adding at
10 the end thereof the following new paragraph:

11 “Where an individual who is deemed to have enrolled
12 for medical insurance pursuant to section 1837 (f) files a
13 notice before the first day of the month in which his coverage
14 period begins advising that he does not wish to be so enrolled,
15 the termination of the coverage period resulting from such
16 deemed enrollment shall take effect with the first day of the
17 month the coverage would have been effective and such
18 notice shall not be considered a disenrollment for the pur-
19 poses of section 1837 (b). Where an individual who is
20 deemed enrolled for medical insurance benefits pursuant to
21 section 1837 (f) files a notice requesting termination of his
22 deemed coverage in or after the month in which such cover-
23 age becomes effective, the termination of such coverage shall
24 take effect at the close of the calendar quarter following the
25 calendar quarter in which the notice is filed.”

1 ~~(299)~~ ESTABLISHMENT OF INCENTIVES FOR STATES TO
 2 EMPHASIZE COMPREHENSIVE HEALTH CARE UNDER
 3 ~~MEDICAID~~
 4 INCENTIVES FOR STATES TO ESTABLISH EFFECTIVE UTILI-
 5 ZATION REVIEW PROCEDURES UNDER MEDICAID

6 SEC. 207. (a) (1) Section 1903 of the Social Security
 7 Act is amended by adding at the end thereof the following
 8 new subsections:

9 ~~(300)~~“(g) The amount determined under subsection ~~(a)~~ (1)
 10 for any State shall be adjusted as follows:

11 “~~(1)~~ with respect to amounts paid for services fur-
 12 nished under the State plan after June 30, 1971, pur-
 13 suant to a contract with ~~(A)~~ a health maintenance
 14 organization as defined in section 1876, or ~~(B)~~ a com-
 15 munity health center or other similar facility providing
 16 comprehensive health care, the Federal medical assist-
 17 ance percentage shall be increased by 25 per centum
 18 thereof, except that the Federal medical assistance per-
 19 centage as so increased may not exceed 95 per centum,
 20 and except that such percentage shall be so increased
 21 only if such contract provides that payments for serv-
 22 ices provided under the contract will not exceed the
 23 payment levels for similar services provided in the same
 24 geographical area and rendered under the plan ap-
 25 proved under section 1902; and

1 ~~“(2)~~ with respect to amounts paid for the following
2 services furnished under the State plan after June 30,
3 1971 ~~“(other than services furnished pursuant to a con-~~
4 ~~tract with a health maintenance organization as defined~~
5 ~~in section 1876)~~, the Federal medical assistance per-
6 centage shall be decreased as follows:

7 ~~“(A)~~ after an individual has received inpatient
8 hospital services ~~“(including services furnished in an~~
9 ~~institution for tuberculosis)~~ on sixty days ~~“(whether~~
10 ~~or not such days are consecutive)~~ during any fiscal
11 year ~~“(which for purposes of this section means the~~
12 ~~four calendar quarters ending with June 30)~~, the
13 Federal medical assistance percentage with respect
14 to amounts paid for any such services furnished
15 thereafter to such individual in the same fiscal year
16 shall be decreased by $33\frac{1}{3}$ per centum thereof;

17 ~~“(B)~~ after an individual has received care as an
18 inpatient in a skilled nursing home on sixty days
19 ~~“(whether or not such days are consecutive)~~ during
20 any fiscal year, the Federal medical assistance per-
21 centage with respect to amounts paid for any such
22 care furnished thereafter to such individual in the
23 same fiscal year shall be decreased by $33\frac{1}{3}$ per
24 centum thereof unless the State agency responsible
25 for the administration of the plan makes a showing

1 satisfactory to the Secretary that, with respect to
2 each calendar quarter for which the State submits a
3 request for payment at the full Federal medical
4 assistance percentage for amounts paid for skilled
5 nursing home services furnished beyond sixty days,
6 there is in operation in the State an effective pro-
7 gram of control over utilization of skilled nursing
8 home services; such a showing must include evi-
9 dence that—

10 “(i) in each case for which payment is
11 made under the State plan, a physician certi-
12 fies at the time of admission, or, if later, the
13 time the individual applies for medical assist-
14 ance under the State plan (and recertifies,
15 where such services are furnished over a period
16 of time, in such cases, at least every sixty days,
17 and accompanied by such supporting material,
18 appropriate to the case involved, as may be
19 provided in regulations of the Secretary), that
20 such services are or were required to be given on
21 an inpatient basis because the individual needs
22 or needed such services; and

23 “(ii) in each such case, such services were
24 furnished under a plan established and periodi-
25 cally reviewed and evaluated by a physician;

1 ~~“(iii)~~ such State has in effect a continuous
2 program of review of utilization pursuant to
3 section ~~1902(a)(30)~~ whereby the necessity
4 for admission and the continued stay of each
5 patient in a skilled nursing home is periodically
6 reviewed and evaluated ~~(with such frequency~~
7 as may be prescribed in regulations of the Secre-
8 tary) by medical and other professional person-
9 nel who are not themselves directly responsible
10 for the care of the patient and who are not
11 employed by or financially interested in any
12 skilled nursing home; and

13 ~~“(iv)~~ such State has an effective program
14 of medical review of the care of patients in
15 skilled nursing homes pursuant to section 1902
16 ~~(a)(26)~~ whereby the medical management of
17 each case is reviewed and evaluated at least
18 annually by independent medical review teams;

19 ~~“(C)~~ after an individual has received inpatient
20 services in a hospital for mental diseases on ninety
21 days ~~(whether or not such days are consecu-~~
22 tive), occurring after June 30, 1971, and on up to
23 an additional thirty days if the State agency re-
24 sponsible for the administration of the plan demon-
25 strates to the satisfaction of the Secretary that the

1 individual is continuing to receive active treatment
2 in such hospital and that the prognosis with respect
3 to such individual is one of continued therapeutic
4 improvement, the Federal medical assistance per-
5 centage with respect to amounts paid for any such
6 services furnished to such individual shall be de-
7 creased by $33\frac{1}{3}$ per centum thereof and no payment
8 may be made under this title for any such services
9 furnished to such individual after such services have
10 been furnished to him for three hundred and sixty-
11 five days.

12 *“(g)(1) With respect to amounts paid for the follow-*
13 *ing services furnished under the State plan after June 30,*
14 *1973 (other than services furnished pursuant to a contract*
15 *with a health maintenance organization as defined in section*
16 *1876), the Federal medical assistance percentage shall be*
17 *decreased as follows: After an individual has received care*
18 *as an inpatient in a hospital (including an institution for*
19 *tuberculosis), skilled nursing home or intermediate care facil-*
20 *ity on 60 days, or in a hospital for mental diseases on 90*
21 *days (whether or not such days are consecutive), during any*
22 *fiscal year, which for purposes of this section means the four*
23 *calendar quarters ending with June 30, the Federal medical*
24 *assistance percentage with respect to amounts paid for any*
25 *such care furnished thereafter to such individual in the same*

1 *fiscal year shall be decreased by 33 $\frac{1}{3}$ per centum thereof un-*
2 *less the State agency responsible for the administration of the*
3 *plan makes a showing satisfactory to the Secretary that, with*
4 *respect to each calendar quarter for which the State submits*
5 *a request for payment at the full Federal medical assistance*
6 *percentage for amounts paid for inpatient hospital services*
7 *(including tuberculosis hospitals), skilled nursing home serv-*
8 *ices, or intermediate care facility services furnished beyond*
9 *60 days (or inpatient mental hospital services furnished be-*
10 *yond 90 days), there is in operation in the State an effec-*
11 *tive program of control over utilization of such services; such*
12 *a showing must include evidence that—*

13 *“(A) in each case for which payment is made under*
14 *the State plan, a physician certifies at the time of ad-*
15 *mission, or, if later, the time the individual applies for*
16 *medical assistance under the State plan (and recertifies,*
17 *where such services are furnished over a period of time,*
18 *in such cases, at least every 60 days, and accompanied*
19 *by such supporting material, appropriate to the case*
20 *involved, as may be provided in regulations of the Secre-*
21 *tary), that such services are or were required to be given*
22 *on an inpatient basis because the individual needs or*
23 *needed such services; and*

24 *“(B) in each such case, such services were furnished*
25 *under a plan established and periodically reviewed and*
26 *evaluated by a physician;*

1 “(C) such State has in effect a continuous program
2 of review of utilization pursuant to section 1902(a)(30)
3 whereby the necessity for admission and the continued
4 stay of each patient in such institution is periodically re-
5 viewed and evaluated (with such frequency as may be
6 prescribed in regulations of the Secretary) by medical
7 and other professional personnel who are not themselves
8 directly responsible for the care of the patient and who
9 are not employed by or financially interested in any such
10 institution; and

11 “(D) such State has an effective program of medical
12 review of the care of patients in mental hospitals, skilled
13 nursing homes, and intermediate care facilities pursuant
14 to section 1902(a)(26) and (31) whereby the profes-
15 sional management of each case is reviewed and evaluated
16 at least annually by independent professional review
17 teams.

18 In determining the number of days on which an individual
19 has received services described in this subsection, there shall
20 not be counted any days with respect to which such indi-
21 vidual is entitled to have payments made (in whole or in
22 part) on his behalf under section 1812.

23 (301)“(2) The Secretary shall, as part of his validation
24 procedures under this subsection, conduct sample onsite
25 surveys of private and public institutions in which recipients

1 of medical assistance may receive care and services under a
2 State plan approved under this title, and his findings with
3 respect to such surveys (as well as the showings of the State
4 agency required under this subsection) shall be made avail-
5 able for public inspection.

6 “(h) (1) If the Secretary determines for any calendar
7 quarter beginning after ~~(302)December 31, 1971~~ June 30,
8 1973, with respect to any State that there does not exist a
9 reasonable cost differential between the ~~(303)~~statewide aver-
10 age cost of skilled nursing home services and the ~~(304)~~state-
11 wide average cost of intermediate care facility services in such
12 State, the Secretary may reduce the amount which would
13 otherwise be considered as expenditures under the State plan
14 by an amount which in his judgment is a reasonable equiva-
15 lent of the difference between the amount of the expenditures
16 by such State for intermediate care facility services and the
17 amount that would have been expended by such State for
18 such services if there had been a reasonable cost differential
19 between the cost of skilled nursing home services and the
20 cost of intermediate care facility services.

21 “(2) In determining whether any such cost differential
22 in any State is reasonable the Secretary shall take into con-
23 sideration the range of such cost differentials in all States.

24 “(3) For the purposes of this subsection, the term ‘cost
25 differential’ for any State for any quarter means, as deter-
26 mined by the Secretary on the basis of the data for the most

1 recent calendar quarter for which satisfactory data are avail-
2 able, the excess of—

3 “(A) the average amount paid in such State (re-
4 gardless of the source of payment) per inpatient day
5 for skilled nursing home services, over

6 “(B) the average amount paid in such State (re-
7 gardless of the source of payment) per inpatient day
8 for intermediate care facility ~~(305)~~services.” *services.*

9 ~~(306)~~“(4) For purposes of this subsection, the term ‘cost’
10 shall mean amounts reimbursable by the State under a State
11 plan approved under this title.”

12 (2) Section 1903 (a) (1) of such Act is amended by
13 inserting “, subject to subsections (g) and (h) of this sec-
14 tion” after “section 1905 (b)”.

15 (b) The amendments made by subsection (a) shall, ex-
16 cept as otherwise provided therein, be effective July 1,
17 ~~(307)~~1971 1973.

18 COST-SHARING UNDER MEDICAID

19 SEC. 208. (a) Section 1902 (a) (14) of the Social Se-
20 curity Act is amended to read as follows:

21 (“14) effective January 1, ~~(308)~~1972 1973, pro-
22 vide that—

23 “(A) in the case of individuals receiving aid
24 or assistance under a State plan approved under
25 title I, X, XIV, or XVI, or part A of title IV,

1 or who meet the income and resources requirements
 2 **(309)**, and **(310)** of the one of such State plans
 3 which is appropriate—

4 “~~(i)~~ no enrollment fee, premium, or simi-
 5 lar charge, and no deduction, cost sharing, or
 6 similar charge with respect to the care and serv-
 7 ices listed in clauses ~~(1)~~ through ~~(5)~~ and ~~(7)~~
 8 of section 1905 ~~(a)~~, will be imposed under the
 9 plan, and

10 “~~(ii)~~ any deduction, cost sharing, or simi-
 11 lar charge imposed under the plan with respect
 12 to other care and services will be nominal in
 13 amount ~~(as determined in accordance with~~
 14 standards approved by the Secretary and in-
 15 eluded in the plan), and

16 “(B) with respect to individuals who are not
 17 receiving aid or assistance under any such State
 18 plan and who do not meet the income and resources
 19 requirements of the one of such State plans which
 20 is appropriate **(311)** or who, after December 31,
 21 1973, are included under the State plan for medi-
 22 cal assistance pursuant to section 1902(a)(10)
 23 (B)—approved under title XIX

24 “(i) there shall be imposed an enrollment
 25 fee, premium, or similar charge which (as de-

1 terminated in accordance with standards pre-
 2 scribed by the Secretary) is related to the in-
 3 dividual's income, and

4 “ (ii) ~~(312)~~no other enrollment fee or pre-
 5 mium will be imposed under the plan any de-
 6 ductible, cost-sharing, or similar charge imposed
 7 under the plan will be nominal and limited to
 8 those elective services (such as initial office visits
 9 to physicians and dentists) which are usually—
 10 but not necessarily—initiated by such individu-
 11 als;”.

12 (b) The amendment made by subsection (a) shall be
 13 effective January 1, ~~(313)~~1972 1973 (or earlier if the State
 14 plan so provides).

15 ~~(314)~~DETERMINATION OF PAYMENTS UNDER MEDICAID

16 ~~SEC. 209. (a)~~ Section 1902(a)(10) of the Social Secu-
 17 rity Act is amended by striking out everything which pre-
 18 cedes “except that” immediately following subparagraph
 19 ~~(B)~~ and inserting in lieu thereof the following:

20 “~~(10)~~ effective July 1, 1972, provide, subject to
 21 paragraph ~~(14)~~ of this subsection and to subsection ~~(e)~~
 22 of this section, and in accordance with the provisions of
 23 section 1903(f)—

24 “~~(A)~~ for making medical assistance available
 25 ~~(in equal amount, duration, and scope)~~ to all indi-

1 individuals who are receiving assistance to needy fam-
2 ilies with children as defined in section 405(b) or
3 receiving assistance for the aged, blind, and disabled
4 under title ~~XX~~, or with respect to whom payments
5 for foster care are made in accordance with section
6 406;

7 “~~(B)~~ if the standard for medical assistance
8 established under the State plan is more than 100
9 percent (but less than $133\frac{1}{3}$ percent) of the com-
10 bined amount specified in clauses ~~(A)~~ and ~~(B)~~ of
11 paragraph ~~(2)~~ of section 1903(f), provide—

12 “(i) for making medical or remedial care
13 and services available to—

14 “~~(I)~~ individuals who are aged, blind,
15 or disabled as defined in title ~~XX~~, and
16 families (as defined in title ~~XXI~~), not re-
17 ceiving assistance under title ~~XX~~ or ~~XXI~~,
18 and

19 “~~(II)~~ children who are members of
20 families (other than needy families with
21 children as defined in section 405(b)) re-
22 ceiving assistance under title ~~XXI~~,

23 in cases where the income of the individual or
24 the income of all the members of the family is
25 (after deducting such individual's or such fam-

1 ily's incurred medical expenses as defined in
2 section 213 of the Internal Revenue Code of
3 1954) less than such standard, and

4 ~~“(ii) that the medical or remedial care~~
5 ~~and services made available to all such indi-~~
6 ~~viduals and families shall be equal in amount,~~
7 ~~duration, and scope, and shall not be more~~
8 ~~than the medical assistance made available to~~
9 ~~individuals described in subparagraph (A);~~
10 ~~and~~

11 ~~“(C) if medical or remedial care or services~~
12 ~~are included for any group of individuals who are~~
13 ~~not included in subparagraphs (A) and (B), pro-~~
14 ~~vide—~~

15 ~~“(i) for making medical or remedial care~~
16 ~~and services available to all such individuals~~
17 ~~who would, if needy, be eligible for assistance~~
18 ~~under title XX or XXI and who have insuffi-~~
19 ~~cient income and resources to meet the costs~~
20 ~~of necessary medical or remedial care and~~
21 ~~services, and~~

22 ~~“(ii) that the medical or remedial care and~~
23 ~~services made available to all such individuals~~
24 ~~shall be equal in amount, duration, and scope,~~
25 ~~and shall not be more than the medical assist-~~

1 ance made available to individuals described in
2 subparagraph (A);”.

3 ~~(b)(1)~~ Section 1902(a)~~(14)~~ of such Act ~~(as~~
4 amended by section 208(a) of this Act) is amended by
5 striking out “provide that” in the matter preceding sub-
6 paragraph (A) and inserting in lieu thereof “provide, sub-
7 ject to section 1903(f), that”.

8 ~~(2)~~ Section 1902(a)~~(17)~~ of such Act is amended—
9 (A) by striking out “and (in the case of any ap-
10 plicant” and all that follows in clause (B) and inserting
11 in lieu thereof a comma, and

12 (B) by striking out “provide for flexibility” and
13 inserting in lieu thereof “provide, in the case of in-
14 dividuals to whom section 1903(f) does not apply, for
15 flexibility”.

16 ~~(c)~~ Section 1903(f) of such Act is amended to read as
17 follows:

18 “~~(f)(1)~~ Payment under the preceding provisions of
19 this section shall not be made for amounts expended as medi-
20 cal assistance in any calendar quarter in any State—

21 “~~(A)~~ for any individual who is aged, blind, or dis-
22 abled, as defined in title XX, and who is not receiving
23 assistance under such title, or

24 “~~(B)~~ for any member of a family as defined in title
25 XXI (whether or not such family is receiving assistance
26 under such title);

1 unless the income of any such individual or the income of all
2 the members of any such family (after deducting such indi-
3 vidual's or such family's incurred expenses for medical care
4 as defined in section 213 of the Internal Revenue Code of
5 1954) is not in excess of the standard for medical assistance
6 established under the State plan in accordance with the pro-
7 visions of this subsection.

8 ~~(2)~~ Such standard for medical assistance shall not be
9 less than ~~(nor more than 133 $\frac{1}{3}$ percent of)~~ ~~(A)~~ the highest
10 amount that would be payable under title XXI to an eligi-
11 ble family of the same size without any income or resources,
12 plus ~~(B)~~ the amount of the supplementary payment, if any,
13 made by such State in accordance with section 2156 to such
14 an eligible family.

15 ~~“(3)~~ In determining the income of any individual who
16 is aged, blind, or disabled as defined in title XX, there shall
17 be excluded ~~(A)~~ the first \$1,020 per year of such individ-
18 ual's earned income (or proportionately smaller amounts for
19 shorter periods) if he is an individual described in subpara-
20 graph ~~(A)~~ or ~~(B)~~ of section 2012(b)(3) or the first \$720
21 of such individual's earned income or (proportionately
22 smaller amounts for shorter periods) if he is an individual de-
23 scribed in subparagraph ~~(C)~~ of such section, and ~~(B)~~ any
24 amounts that would be excluded under section 2012(b) other
25 than under paragraphs ~~(3)~~ and ~~(4)~~ thereof.

26 ~~“(4)~~ In determining the income of any family as defined

1 in title XXI, there shall be excluded ~~(A)~~ the first \$720 per
2 year of earned income ~~(or proportionately smaller amounts~~
3 ~~for shorter periods)~~ of all members of the family, and ~~(B)~~
4 any amounts that would be excluded under section 2153(b)
5 other than under paragraphs ~~(4)~~ and ~~(5)~~ thereof."

6 ~~(d)~~ Section 1902 of such Act is amended by adding at
7 the end thereof the following new subsection:

8 "~~(c)~~ Notwithstanding any other provision of this title,
9 no State shall be required to provide medical assistance to
10 any individual or any member of a family for any month
11 unless such State would be ~~(or would have been)~~ required
12 to provide medical assistance to such individual or family
13 member for such month had its plan for medical assistance
14 approved under this title and in effect on January 1, 1971,
15 been in effect in such month, except that for this purpose
16 any such individual or family member shall be deemed eligi-
17 ble for medical assistance under such State plan if ~~(in addi-~~
18 ~~tion to meeting such other requirements as are or may be~~
19 ~~imposed under the State plan)~~ the income of any such
20 individual or the income of all of the members of any such
21 family as determined in accordance with section 1903(f)
22 ~~(after deducting such individual's or such family's incurred~~
23 ~~expenses for medical care as defined in section 213 of the~~
24 ~~Internal Revenue Code of 1954)~~ is not in excess of the
25 standard for medical assistance established under the State
26 plan as in effect on January 1, 1971."

1 ~~(e) The amendments made by this section shall become~~
2 ~~effective on July 1, 1972.~~

3 MEDICAID CONDITIONS OF ELIGIBILITY FOR CERTAIN EM-
4 PLOYED FAMILIES AND NEWLY ELIGIBLE ADULT WEL-
5 FARE RECIPIENTS

6 SEC. 209. (a) Section 1902 of the Social Security
7 Act is amended by adding at the end thereof the following new
8 subsection:

9 “(e) Notwithstanding any other provision of this title,
10 effective January 1, 1974, each State plan approved under
11 this title must provide that—

12 “(1) each family which was eligible for assistance
13 pursuant to part A of title IV in at least 3 of the 6
14 months immediately preceding the month in which such
15 family became ineligible for such assistance because of
16 increased income from employment shall, while a member
17 of such family is employed, remain eligible for such as-
18 sistance for 12 calendar months following the month in
19 which such family would otherwise be determined to be
20 ineligible for such assistance because of the income and
21 resources limitations contained in such plan;

22 “(2) upon the expiration of such 12 calendar
23 months, any such family may at its option continue to
24 be eligible for medical assistance upon payment of a
25 monthly premium, to the State agency responsible for

1 respect to any item or service furnished to or on behalf of
 2 any individual on or after January 1, 1975, if such item or
 3 service is covered under a health benefits plan in which such
 4 individual is enrolled under chapter 89 of title 5, United
 5 States Code, unless prior to the date on which such item or
 6 service is so furnished the Secretary shall have determined
 7 and certified that such plan or the Federal employees health
 8 benefits program under chapter 89 of such title 5 has been
 9 modified so as to assure that—

10 “(1) there is available to each Federal employee or
 11 annuitant enrolled in such plan, upon ~~(315)~~or after at-
 12 taining age ~~65~~ becoming entitled to benefits under part A
 13 or B, or both parts A and B of this title, in addition to
 14 the health benefits plans available before he ~~(316)~~attains
 15 such age becomes so entitled, one or more health bene-
 16 fits plans which offer protection supplementing the
 17 ~~(317)~~combined protection ~~(318)~~provided he has under
 18 ~~(319)~~parts A and B of this title ~~(320)~~and one or more
 19 health benefits plans which offer protection supplement-
 20 ing the protection provided under part B of this title
 21 alone; and

22 “(2) the Government or such plan will make avail-
 23 able to such Federal employee or annuitant a contribu-
 24 tion in any amount at least equal to the contribution
 25 which the Government makes toward the health insur-

1 ance of any employee or annuitant enrolled for high op-
 2 tion coverage under the Government-wide plans estab-
 3 lished under chapter 89 of such title 5, with such
 4 contribution being in the form of (A) a contribution
 5 toward the supplementary protection referred to in
 6 paragraph (1), (B) a payment to or on behalf of such
 7 employee or annuitant to offset the cost to him of
 8 (321)his coverage under (322)parts A and B (or part
 9 B alone) of this title, or (C) a combination of such con-
 10 tribution and such payment.”

11 PAYMENT UNDER MEDICARE FOR CERTAIN INPATIENT
 12 HOSPITAL AND RELATED PHYSICIANS' SERVICES FUR-
 13 NISHED OUTSIDE THE UNITED STATES

14 SEC. 211. (a) Section 1814 (f) of the Social Security
 15 Act is amended to read as follows:

16 “Payment for Certain Inpatient Hospital Services Furnished
 17 Outside the United States

18 “(f) (1) Payment shall be made for inpatient hospital
 19 services furnished to an individual entitled to hospital in-
 20 surance benefits under section 226 by a hospital located
 21 outside the United States, or under arrangements (as de-
 22 fined in section 1861 (w)) with it, if—

23 “(A) such individual is a resident of the United
 24 States, and

25 “(B) such hospital was closer to, or substantially
 26 more accessible from, the residence of such individual

1 “except for purposes of sections 1814 (d), 1814 (f), and
2 1835 (b)”;

3 (2) by inserting “section 1814 (f) (2),” immedi-
4 ately after “For purposes of sections 1814 (d) and 1835
5 (b) (including determination of whether an individual
6 received inpatient hospital services or diagnostic services
7 for purposes of such sections),”; and

8 (3) by inserting immediately after the third sen-
9 tence the following new sentence: “For purposes of sec-
10 tion 1814 (f) (1), such term includes an institution
11 which (i) is a hospital for purposes of sections 1814 (d),
12 1814 (f) (2), and 1835 (b) and (ii) is accredited by the
13 Joint Commission on Accreditation of Hospitals, or is
14 accredited by or approved by a program of the country
15 in which such institution is located if the Secretary finds
16 the accreditation or comparable approval standards of
17 such program to be essentially equivalent to those of the
18 Joint Commission on Accreditation of Hospitals.”

19 (c) (1) Section 1862 (a) (4) of such Act is amended—

20 (A) by striking out “emergency”; and

21 (B) by inserting after “1814 (f)” the following:

22 “and, subject to such conditions, limitations, and require-
23 ments as are provided under or pursuant to this title, phy-
24 sicians’ services and ambulance services furnished an indi-
25 vidual in conjunction with such inpatient hospital services

1 but only for the period during which such inpatient hospital
2 services were furnished”.

3 (2) Section 1861 (r) of such Act (as amended by sec-
4 tions 256 (b) and 264 of this Act) is further amended by
5 adding at the end thereof the following new sentence: “For
6 the purposes of section 1862 (a) (4) and subject to the
7 limitations and conditions provided in the previous sentence,
8 such term includes a doctor of one of the arts, specified in
9 such previous sentence, legally authorized to practice such
10 art in the country in which the inpatient hospital services
11 (referred to in such section 1862 (a) (4)) are furnished.”

12 (3) Section 1842 (b) (3) (B) (ii) of such Act is
13 amended by striking out “service;” and inserting in lieu
14 thereof the following: “service (except in the case of phy-
15 sicians’ services and ambulance service furnished as described
16 in section 1862 (a) (4) , other than for purposes of section
17 1870 (f)) ;”.

18 (4) Section 1833 (a) (1) of such Act is amended by
19 striking out “and” before “(B)”, and by inserting before
20 the semicolon at the end thereof the following: “, and (C)
21 with respect to expenses incurred for those physicians’ serv-
22 ices for which payment may be made under this part that
23 are described in section 1862 (a) (4) , the amounts paid
24 shall be subject to such limitations as may be prescribed
25 by regulations”.

1 *In each such case the Secretary shall notify both such in-*
2 *dividual and such provider of services or such other person,*
3 *as the case may be, of the conditions under which payment*
4 *for such items or services was made and in the case of com-*
5 *parable situations arising thereafter with respect to such*
6 *individual or such provider or such other person, each shall,*
7 *by reason of such notice (or similar notices provided before*
8 *the enactment of this section), be deemed to have knowledge*
9 *that payment cannot be made for such items or services or*
10 *reasonably comparable items or services.*

11 “(b) *In any case in which the provisions of paragraphs*
12 *(1) and (2) of subsection (a) are met, except that such*
13 *provider or such other person, as the case may be, knew,*
14 *or could be expected to know, that payment for such services*
15 *or items could not be made under such part A or part B,*
16 *then the Secretary shall, upon proper application filed*
17 *within such time as may be prescribed in regulations, in-*
18 *demnify the individual (referred to in such paragraphs),*
19 *subject to the deductible and coinsurance provisions of this*
20 *title, for any payments received from such individual by*
21 *such provider or such other person, as the case may be,*
22 *for such items or services. Any payments made by the Sec-*
23 *retary as indemnification shall be deemed to have been made*
24 *to such provider or such other person, as the case may be,*
25 *and shall be treated as overpayments, recoverable from such*

1 provider or such other person, as the case may be, under
2 applicable provisions of law. In each such case the Secretary
3 shall notify such individual of the conditions under which
4 indemnification is made and in the case of comparable
5 situations arising thereafter with respect to such individual,
6 he shall, by reason of such notice (or similar notices pro-
7 vided before the enactment of this section), be deemed to
8 have knowledge that payment cannot be made for such items
9 or services.

10 “(c) No payments shall be made under this title in any
11 cases in which the provisions of paragraph (1) of subsection
12 (a) are met, but both the individual to whom the items or
13 services were furnished and the provider of service or other
14 person, as the case may be, who furnished the items or serv-
15 ices knew, or could reasonably have been expected to know,
16 that payment could not be made for items or services under
17 part A or part B by reason of section 1862 (a)(1) or
18 (a)(9).

19 “(d) In any case arising under subsection (b) (but
20 without regard to whether payments have been made by the
21 individual to the provider or other person) or subsection (c),
22 the provider or other person shall have the same rights that
23 an individual has under section 1869(b) (when the determi-
24 nation is under part A) or section 1842(b)(3)(C) (when
25 the determination is under part B) when the amount of

1 “(ii) subsections (d), (e), (f), or (x), of
2 section 202 based on disability,
3 but who has not met the conditions of section 226
4 (a)(2)(B); and

5 “(3) is enrolled under part B of this title shall be
6 eligible to enroll in the insurance program established by
7 this part.

8 “(b)(1) An individual may enroll only once under this
9 section and only in such manner and form as may be pre-
10 scribed in regulations, and only during an enrollment period
11 prescribed in or under this section.

12 “(2) In the case of an individual who satisfies para-
13 graph (1) of subsection (a) of this section and either sub-
14 paragraph (A) or subparagraph (C) of paragraph (2) of
15 such subsection, his enrollment period shall begin with which-
16 ever of the following is the latest:

17 “(A) April 1, 1973, or

18 “(B) the date such individual first meets the condi-
19 tions in such paragraph (2), or

20 “(C) the date the Secretary sends notice to such in-
21 dividual that he is entitled to any monthly insurance ben-
22 efits as specified in subparagraph (A) or subparagraph
23 (C) of such paragraph (2)

24 and shall end at the close of the—

25 “(D) 90th day thereafter, if such enrollment period

1 *begins on the date specified in subparagraph (B) or*
 2 *(C) of this paragraph, or*

3 *“(E) the 180th day thereafter, if such enrollment*
 4 *period begins on April 1, 1973.*

5 *“(3) In the case of an individual satisfying paragraph*
 6 *(1) and paragraph (2)(B) of subsection (a) of this section,*
 7 *his enrollment period shall begin on whichever of the follow-*
 8 *ing is the later: (A) April 1, 1973, or (B) the date such*
 9 *individual first meets the conditions specified in such para-*
 10 *graphs, and shall end at the close of the (C) 90th day there-*
 11 *after, if such enrollment period begins on the date specified*
 12 *in clause (B) of this paragraph or (D) the 180th day there-*
 13 *after, if such enrollment period begins on April 1, 1973.*

14 *“(c)(1) In the case of an individual who enrolls pur-*
 15 *suant to the provisions of this section, the coverage period*
 16 *during which he is entitled to benefits under this part shall*
 17 *begin on the first day of the second month after the month*
 18 *in which he enrolls, or July 1, 1973, whichever is later.*

19 *“(2) An individual's coverage period shall terminate at*
 20 *the earlier of the following—*

21 *“(A) for failure to make timely premium pay-*
 22 *ments, at such time as may be prescribed in regula-*
 23 *tions which may include a grace period in which over-*
 24 *due premiums may be paid and coverage continued, but*
 25 *such grace period shall not exceed 30 days, except that it*

1 *may be extended to not to exceed 60 days in any case*
2 *where the Secretary determines that there was good*
3 *cause for failure to pay overdue premiums within such*
4 *30-day period; or*

5 *“(B) at the close of the month following the month*
6 *in which an individual files a notice with the Secretary*
7 *that he no longer desires to be enrolled under this sec-*
8 *tion; or*

9 *“(C) with the month before the month he no longer*
10 *meets the conditions specified in subsection (a).*

11 *Notwithstanding the preceding provisions of this paragraph,*
12 *an individual's coverage period shall terminate with the month*
13 *before the first month in which such individual becomes eligible*
14 *for hospital insurance benefits under section 226 of this Act*
15 *or section 103 of the Social Security Amendments of 1965;*
16 *and upon such termination such individual shall be deemed,*
17 *solely for purposes of hospital insurance entitlement, to have*
18 *filed in such month the application required to establish such*
19 *entitlement.*

20 *“(d)(1) The monthly premium of each individual*
21 *under this section for each month in his coverage period*
22 *before July 1974 shall be \$33.*

23 *“(2) The Secretary shall, during December of 1973 and*
24 *of each year thereafter, determine and promulgate the dollar*
25 *amount (whether or not such dollar amount was applicable*

1 for premiums for any prior month) which shall be applicable
2 for premiums chargeable to individuals for months occurring
3 in the 12-month period commencing July 1 of the next suc-
4 ceeding year. Such amount shall be actuarially adequate on a
5 per capita basis to meet the estimated amounts of incurred
6 claims and administrative expenses for individuals enrolled
7 under this section during such period; and such amount shall
8 take into consideration underwriting losses or gains incurred
9 during prior years. Any amount determined under the pre-
10 ceding sentence which is not a multiple of \$1 shall be rounded
11 to the nearest \$1, or if midway between multiples of \$1, to
12 the next higher multiple of \$1.

13 “(e) Payment of the monthly premiums on behalf of any
14 individual who meets the conditions of subsection (a) may be
15 made by any public or private agency or organization under
16 a contract or other arrangement entered into between it and
17 the Secretary if the Secretary determines that payment of
18 such premiums under such contract or other arrangement is
19 administratively feasible.

20 “(f)(1) The provisions of section 1840 shall apply to
21 individuals enrolled under this section if such individuals are
22 entitled to monthly insurance benefits under section 202 or
23 223. The provisions of subsections (e), (f), (g), and (h) of
24 such section 1840 shall apply to any other individuals so
25 enrolled.

1 “(2) Where an individual enrolled under this section
2 meets the provisions of paragraph (2)(B) of subsection
3 (a) (but does not meet the provisions of paragraph (2)(A)
4 or (2)(C) of such subsection) and the person referred to in
5 such paragraph (2)(B) is entitled to monthly insurance
6 benefits under section 202 or section 223, the provisions of
7 section 1840(a)(1) shall apply to such benefits as though
8 such husband or wife were entitled to such benefits, unless
9 such person files a notice with the Secretary that the deduc-
10 tions provisions of such section 1840(a)(1) shall not apply.

11 “(g) The term ‘wife’ or ‘husband’ as used in this
12 section shall have the meaning assigned to those terms by
13 subsection (b) and subsection (f) of section 216, as the case
14 may be, except that the provisions of clause (2) of such
15 subsection (b) and clause (2) of such subsection (f) shall
16 not apply.”

17 (b) Title XVIII of the Social Security Act (as amended
18 by other provisions of this Act) is further amended by add-
19 ing after section 1844 the following new section:

20 “ELIGIBILITY OF INDIVIDUALS, AGE 60 THROUGH 64, WHO
21 ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR
22 WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO
23 HOSPITAL INSURANCE

24 “SEC. 1845. (a) Any individual who meets the condi-
25 tions of paragraphs (1) and (2) of section 1819(a) shall

1 *be eligible to enroll in the insurance program established by*
2 *this part. The provisions of subsections (b), (c), (e), (f),*
3 *and (h) of section 1819 shall apply to individuals author-*
4 *ized to enroll under this section.*

5 “(b) *An individual’s coverage period shall also termi-*
6 *nate when (A) he no longer meets the conditions specified*
7 *in paragraphs (1) and (2) of section 1819(a) or (B)*
8 *his enrollment under section 1819 is terminated. Where*
9 *termination occurs pursuant to this subsection, the coverage*
10 *period shall terminate with the close of whichever of the fol-*
11 *lowing months is the earliest: (C) the month before the month*
12 *the individual attains the age of 65 or (D) the month fol-*
13 *lowing the month in which such individual no longer meets*
14 *the conditions of paragraph (2) of section 1819(a) or (E)*
15 *the month in which his enrollment under section 1819*
16 *terminates.*

17 “(c)(1) *The monthly premium of each individual un-*
18 *der this section for each month in his coverage period before*
19 *July 1974 shall be 200 per centum of the premium payable*
20 *by an individual who has attained age 65 for such month.*

21 “(2) *The Secretary shall, during December of each*
22 *year beginning in 1973, determine and promulgate the dollar*
23 *amount (whether or not such dollar amount was applicable*
24 *for premiums for any prior month) which shall be applicable*
25 *for premiums for months occurring in the 12-month period*

1 commencing July 1 of the next year. Such amount shall be
2 actuarially adequate on a per capita basis to meet the estimated
3 amounts of incurred claims and administrative expenses for
4 individuals enrolled under this section during such period,
5 and such amount shall take into consideration underwriting
6 losses or gains incurred during prior years. Any amount
7 determined under the preceding sentence which is not a
8 multiple of \$1 shall be rounded to the nearest \$1 or if
9 midway between multiples of \$1, to the next higher multiple
10 of \$1.

11 “(d) All premiums collected from individuals enrolled
12 pursuant to this section shall be deposited in the Federal
13 Supplementary Medical Insurance Trust Fund.”

14 **(328) COVERAGE OF DRUGS UNDER MEDICARE**

15 SEC. 215. (a) Section 226(c)(1) of the Social Security
16 Act (as amended by section 201 of this Act) is further
17 amended by striking out “and post-hospital home health
18 services” and inserting in lieu thereof “post-hospital home
19 health services, and eligible drugs”.

20 (b) Section 1811 of the Social Security Act is amended
21 by inserting “and eligible drugs” after “related post-hospital
22 services”.

23 (c) Section 1812(a) of the Social Security Act is
24 amended—

25 (1) by striking out “and” at the end of paragraph

26 (2);

1 (2) by striking out the period at the end of para-
2 graph (3) and inserting in lieu thereof “; and”; and

3 (3) by adding after paragraph (3) the following
4 new paragraph:

5 “(4) eligible drugs.”.

6 (d) Section 1813(a) of the Social Security Act is
7 amended by adding at the end thereof the following new
8 paragraph:

9 “(4) The reasonable allowance, as defined in section
10 1823, for eligible drugs furnished an individual pursuant
11 to any one prescription (or each renewal thereof) and pur-
12 chased by such individual at any one time shall be reduced
13 by an amount equal to the applicable prescription copayment
14 obligation which shall be \$1.”

15 (e)(1) Section 1814(a) of the Social Security Act is
16 amended—

17 (A) by striking out “and” at the end of paragraph
18 (6);

19 (B) by striking out the period at the end of para-
20 graph (7) and inserting in lieu thereof “; and”; and

21 (C) by inserting after paragraph (7) the following
22 new paragraph:

23 “(8) with respect to drugs or biologicals furnished
24 pursuant to and requiring (except for insulin) a physi-
25 cian’s prescription, such drugs or biologicals are eligible
26 drugs as defined in section 1861(t) and the participating

1 *pharmacy (as defined in section 1861(dd)) has such*
2 *prescription in its possession, or some other record*
3 *(in the case of insulin) that is satisfactory to the Sec-*
4 *retary.”*

5 *(2) Section 1814(b) of such Act is amended—*

6 *(A) by inserting “(1)” after “(b)”,*

7 *(B) by inserting “(other than a pharmacy)” im-*
8 *mediately after “provider of services”, and*

9 *(C) by adding at the end thereof the following new*
10 *paragraph:*

11 *“(2) The amount paid to any participating pharmacy*
12 *which is a provider of services with respect to eligible drugs*
13 *for which payment may be made under this part shall, sub-*
14 *ject to the provisions of section 1813, be the reasonable*
15 *allowance (as defined in section 1823) with respect to such*
16 *drugs.”*

17 *(f) Section 1814 of the Social Security Act (as*
18 *amended by section 227(b)(2) and 228(a) of this Act)*
19 *is further amended by adding at the end thereof the following*
20 *new subsection:*

21 *“Limitation on Payment for Eligible Drugs*

22 *“(j) Payment may be made under this part for eligible*
23 *drugs only when such drugs are dispensed by a participating*
24 *pharmacy; except that payment under this part may be*
25 *made for eligible drugs dispensed by a physician where the*

1 *Secretary determines, in accordance with regulations, that*
2 *such eligible drugs were required in an emergency or that*
3 *there was no participating pharmacy available in the com-*
4 *munity, in which case the physician (under regulations pre-*
5 *scribed by the Secretary) shall be regarded as a participating*
6 *pharmacy for purposes of this part with respect to the dis-*
7 *persing of such eligible drugs.”*

8 *(g) Part A of title XVIII of the Social Security Act*
9 *is further amended by adding after section 1819 (as added*
10 *by section 214 of this Act) the following new sections:*

11 *“MEDICARE FORMULARY COMMITTEE*

12 *“SEC. 1820. (a) (1) There is hereby established, within*
13 *the Department of Health, Education, and Welfare, a*
14 *Medicare Formulary Committee (hereinafter referred to*
15 *as the ‘Committee’), a majority of whose members shall be*
16 *physicians and which shall consist of the Commissioner of*
17 *Food and Drugs and of four individuals (not otherwise*
18 *in the employ of the Federal Government) who do not have*
19 *a direct or indirect financial interest in the composition of the*
20 *Formulary established under this section and who are of*
21 *recognized professional standing and distinction in the fields*
22 *of medicine, pharmacology, or pharmacy, to be appointed*
23 *by the Secretary without regard to the provisions of title 5,*
24 *United States Code, governing appointments in the competi-*
25 *tive service. The Chairman of the Committee shall be elected*

1 *annually from the appointed members thereof, by majority*
2 *vote of the members of the Committee.*

3 “(2) *Each appointed member of the Committee shall*
4 *hold office for a term of five years, except that any member*
5 *appointed to fill a vacancy occurring prior to the expiration*
6 *of the term for which his predecessor was appointed shall*
7 *be appointed for the remainder of such term, and except*
8 *that the terms of office of the members first taking office shall*
9 *expire, as designated by the Secretary at the time of ap-*
10 *pointment, one at the end of each of the first five years. A*
11 *member shall not be eligible to serve continuously for more*
12 *than two terms.*

13 “(b) *Appointed members of the Committee, while at-*
14 *tending meetings or conferences thereof or otherwise serving*
15 *on business of the Committee, shall be entitled to receive*
16 *compensation at rates fixed by the Secretary (but not in*
17 *excess of the daily rate paid under GS-18 of the General*
18 *Schedule under section 5332 of title 5, United States Code),*
19 *including traveltime, and while so serving away from their*
20 *homes or regular places of business they may be allowed*
21 *travel expenses, as authorized by section 5703 of title 5,*
22 *United States Code, for persons in the Government service*
23 *employed intermittently.*

24 “(c) (1) *The Committee is authorized, with the approval*
25 *of the Secretary, to engage or contract for such technical*

1 assistance as may be required to carry out its functions, and
 2 the Secretary shall, in addition, make available to the Com-
 3 mittee such secretarial, clerical, and other assistance as the
 4 Formulary Committee may require to carry out its functions.

5 “(2) The Secretary shall furnish to the Committee such
 6 office space, materials, and equipment as may be necessary
 7 for the Formulary Committee to carry out its functions.

8 “MEDICARE FORMULARY

9 “SEC. 1821. (a) (1) The Committee shall compile, pub-
 10 lish, and make available a Medicare Formulary (hereinafter
 11 in this title referred to as the ‘Formulary’).

12 “(2) The Committee shall periodically revise the Formu-
 13 lary and the listing of drugs so as to maintain currency in
 14 the contents thereof.

15 “(b) (1) The Formulary shall contain an alphabetically
 16 arranged listing, by established name, of those drug entities
 17 within the following therapeutic categories:

18 “Adrenocorticoids

19 “Anti-anginals

20 “Anti-arrhythmics

21 “Anti-coagulants

22 “Anti-convulsants (excluding phenobarbital)

23 “Anti-hypertensives

24 “Anti-neoplastics

25 “Anti-Parkinsonism agents

- 1 “*Anti-rheumatics*
- 2 “*Bronchodilators*
- 3 “*Cardiotonics*
- 4 “*Cholinesterase inhibitors*
- 5 “*Diuretics*
- 6 “*Gout suppressants*
- 7 “*Hypoglycemics*
- 8 “*Miotics*
- 9 “*Thyroid hormones*
- 10 “*Tuberculostatics*

11 *which the Committee decides are necessary for individuals*
12 *using such drugs. The Committee shall exclude from the*
13 *Formulary any drug entities (or dosage forms and*
14 *strengths thereof) which the Committee decides are not*
15 *necessary for proper patient care, taking into account other*
16 *drug entities (or dosage forms and strengths thereof) which*
17 *are included in the Formulary.*

18 “(2) *Such listing shall include the specific dosage forms*
19 *and strengths of each drug entity (included in the Formu-*
20 *lary in accordance with paragraph (1)) which the Com-*
21 *mittee decides are necessary for individuals using such drugs.*

22 “(3) *Such listing shall include the prices at which the*
23 *products (in the same dosage form and strength) of such drug*
24 *entities are generally sold by the suppliers thereof and the*

1 *limit applicable to such prices under section 1823(b)(1)*
2 *for purposes of determining the reasonable allowance.*

3 “(4) *The Committee may also include in the Formulary,*
4 *either as a separate part (or parts) thereof or as a supple-*
5 *ment (or supplements) thereto, any or all of the following*
6 *information:*

7 “(A) *A supplemental list or lists, arranged by diag-*
8 *nostic, prophylactic, therapeutic, or other classifications,*
9 *of the drug entities (and dosage forms and strengths*
10 *thereof) included in the listing referred to in paragraph*
11 *(1).*

12 “(B) *The proprietary names under which products*
13 *of a drug entity listed in the Formulary by established*
14 *names (and dosage form and strength) are sold and the*
15 *names of each supplier thereof.*

16 “(C) *Any other information with respect to eligible*
17 *drug entities which in the judgment of the Committee*
18 *would be useful in carrying out the purposes of this part.*

19 “(c) *In considering whether a particular drug entity*
20 *(or strength or dosage form thereof) shall be included in or*
21 *excluded from the Formulary, the Committee is authorized*
22 *to obtain (upon request therefor) any record pertaining to*
23 *the characteristics of such drug entity which is available*
24 *to any other department, agency, or instrumentality of the*

1 *Federal Government, and to request suppliers or manufac-*
2 *turers of drugs and other knowledgeable persons or organiza-*
3 *tions to make available to the Committee information relating*
4 *to such drug. If any such record or information (or any*
5 *information contained in such record) is of a confidential*
6 *nature, the Committee shall respect the confidentiality of such*
7 *record or information and shall limit its usage thereof to*
8 *the proper exercise of its authority.*

9 *“(d) (1) The Committee shall establish such procedures*
10 *as it determines to be necessary in its evaluation of the appro-*
11 *priateness of the inclusion in or exclusion from the Formu-*
12 *lary, of any drug entity (or dosage form or strength thereof).*
13 *For purposes of inclusion in or exclusion from the Formu-*
14 *lary the principal factors in the determination of the Com-*
15 *mittee shall be:*

16 *“(A) the factor of clinical equivalence in the case*
17 *of the same dosage forms in the same strengths of the*
18 *same drug entity, and*

19 *“(B) the factor of relative therapeutic value in the*
20 *case of similar or dissimilar drug entities in the same*
21 *therapeutic category.*

22 *“(2) The Committee, prior to making a final decision*
23 *to remove from listing in the Formulary any drug entity*
24 *(or dosage forms or strengths thereof) which is included*
25 *therein, shall afford a reasonable opportunity for a formal*

1 or informal hearing on the matter to any person engaged in
2 manufacturing, preparing, compounding, or processing such
3 drug entity who shows reasonable ground for such a hearing.

4 “(3) Any person engaged in the manufacture, prepara-
5 tion, compounding, or processing of any drug entity (or dos-
6 age forms or strengths thereof) not included in the Formu-
7 lary which such person believes to possess the requisite
8 qualities to entitle such drug to be included in the Formulary
9 pursuant to subsection (b), may petition for inclusion of
10 such drug entity and, if such petition is denied by the
11 Formulary Committee, shall, upon request therefor, showing
12 reasonable grounds for a hearing, be afforded a formal or
13 informal hearing on the matter in accordance with rules
14 and procedures established by such Committee.

15 “LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF
16 PROVIDERS OF SERVICES

17 “SEC. 1822. (a) Any provider of services as defined in
18 section 1861(u), whose services are otherwise reimbursable,
19 under any program under this Act in which there is Federal
20 financial participation on the basis of ‘reasonable cost’, shall
21 not be entitled to a professional fee or dispensing charge or
22 reasonable billing allowance as determined pursuant to this
23 part.

24 “(b) A fee, charge, or billing allowance shall not be
25 payable under this section with respect to any drug entity that

1 *(as determined in accordance with regulations) is furnished*
2 *as an incident to a physician's professional service, and is of*
3 *a kind commonly furnished in physicians' offices and com-*
4 *monly either rendered without charge or included in the*
5 *physicians' bills.*

6 *“REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS*

7 *“SEC. 1823. (a) For purposes of this part, the term*
8 *'reasonable allowance' when used in reference to an eligible*
9 *drug (as defined in subsection (h) of this section) means the*
10 *following:*

11 *“(1) When used with respect to a prescription legend*
12 *drug entity, in a given dosage form and strength, such term*
13 *means the lesser of—*

14 *“(A) an amount equal to the customary charge at*
15 *which the participating pharmacy sells or offers such*
16 *drug entity, in a given dosage form and strength, to*
17 *the general public, or*

18 *“(B) the price determined by the Secretary, in*
19 *accordance with subsection (b) of this section, plus the*
20 *professional fee or dispensing charges determined in*
21 *accordance with subsection (c) of this section.*

22 *“(2) When used with respect to insulin such term means*
23 *the charge not in excess of the reasonable customary price at*
24 *which the participating pharmacy offers or sells the product*
25 *to the general public, plus a reasonable billing allowance.*

1 “(b)(1) For purposes of establishing the reasonable
2 allowance in accordance with subsection (a) the price shall
3 be (A) in the case of a drug entity (in any given dosage
4 form and strength) available from and sold by only one
5 supplier, the price at which such drug entity is generally sold
6 (to establishments dispensing drugs), and (B) in any case
7 in which a drug entity (in any given dosage form and
8 strength) is available and sold by more than one supplier,
9 only each of the lower prices at which the products of such
10 drug entity are generally sold (and such lower prices shall
11 consist of only those prices of different suppliers sufficient to
12 assure actual and adequate availability of the drug entity,
13 in a given dosage form and strength, at such prices in a
14 region).

15 “(2) If a particular drug entity (in a given dosage
16 form and strength) in the Formulary is available from more
17 than one supplier, and the product of such drug entity as
18 available from one supplier possesses demonstrated distinct
19 therapeutic advantages over other products of such drug
20 entity as determined by the Committee on the basis of its scien-
21 tific and professional appraisal of information available to it,
22 including information and other evidence furnished to it by
23 the supplier of such drug entity, then the reasonable allow-
24 ance for such supplier's drug product shall be based upon

1 *the price at which it is generally sold to establishments*
2 *dispensing drugs.*

3 “(3) *If the prescriber, in his handwritten order, has*
4 *specifically designated a particular product of a drug entity*
5 *(and dosage form and strength) included in the Formulary*
6 *by its established name together with the name of the supplier*
7 *of the final dosage form thereof, the reasonable allowance*
8 *for such drug product shall be based upon the price at which*
9 *it is generally sold to establishments dispensing drugs.*

10 “(c)(1) *For the purpose of establishing the reasonable*
11 *allowance (in accordance with subsection (a)) a participat-*
12 *ing pharmacy, shall, in the form and manner prescribed*
13 *by the Secretary, file with the Secretary, at such times as he*
14 *shall specify, a statement of its professional fee or other dis-*
15 *persing charges.*

16 “(2) *A participating pharmacy, which has agreed*
17 *with the Secretary to serve as a provider of services under*
18 *this part, shall, except for subsection (a)(1)(A), be reim-*
19 *bursed, in addition to any price provided for in subsection*
20 *(b), the amount of the fee or charges filed in paragraph*
21 *(1), except that no fee or charges shall exceed the highest*
22 *fee or charges filed by 75 per centum of participating phar-*
23 *macies (with such pharmacies classified on the basis of (A)*
24 *lesser dollar volume of prescriptions and (B) all others)*
25 *in a census region which were customarily charged to the*

1 *general public as of June 1, 1972. Such prevailing profes-*
2 *sional fees or dispensing charges may be modified by the*
3 *Secretary in accordance with criteria and types of data com-*
4 *parable to those applicable to recognition of increases in rea-*
5 *sonable charges for services under section 1842.*

6 *“(3) A participating pharmacy shall agree to certify*
7 *that, whenever such pharmacy is required to submit its usual*
8 *professional fee or dispensing charge for a prescription, such*
9 *charge does not exceed its customary charge.”*

10 *(h) Section 1861(t) of the Social Security Act is*
11 *amended—*

12 *(1) by inserting “, or as are approved by the For-*
13 *mulary Committee” after “for use in such hospital”; and*

14 *(2) by adding at the end thereof the following new*
15 *sentence: “The term ‘eligible drug’ means a drug or*
16 *biological which (A) can be self-administered, (B) re-*
17 *quires a physician’s prescription (except for insulin),*
18 *(C) is prescribed when the individual requiring such*
19 *drug is not an inpatient in a hospital or extended care*
20 *facility, during a period of covered care, (D) is in-*
21 *cluded by strength and dosage forms among the drugs and*
22 *biologicals approved by the Formulary Committee, (E)*
23 *is dispensed (except as provided by section 1814(j)), by*
24 *a pharmacist from a participating pharmacy, and (F)*

1 *is dispensed in quantities consistent with proper medical*
2 *practice and reasonable professional discretion.”*

3 *(i) Section 1861(u) of the Social Security Act (as*
4 *amended by section 227(d)(1) of this Act) is further*
5 *amended by striking out “or home health agency” and insert-*
6 *ing in lieu thereof “home health agency, or pharmacy”.*

7 *(j) Section 1861 of the Social Security Act is further*
8 *amended by adding at the end thereof the following new*
9 *subsection:*

10 *“Participating Pharmacy*

11 *“(dd) The term ‘participating pharmacy’ means a*
12 *pharmacy, or other establishment (including the outpatient de-*
13 *partment of a hospital) providing pharmaceutical services,*
14 *(1) which is licensed as such under the laws of the State*
15 *(where such State requires such licensure) or which is other-*
16 *wise lawfully providing pharmaceutical services in which*
17 *such drug is provided or otherwise dispensed in accordance*
18 *with this title, (2) which has agreed with the Secretary to act*
19 *as a provider of services in accordance with the requirements*
20 *of this section, and which complies with such other require-*
21 *ments as may be established by the Secretary in regulations to*
22 *assure the proper, economical, and efficient administration of*
23 *this title, (3) which has agreed to submit, at such frequency*
24 *and in such form as may be prescribed in regulations, bills for*

1 amounts payable under this title for eligible drugs furnished
2 under part A of this title, and (4) which has agreed not to
3 charge beneficiaries under this title any amounts in excess of
4 those allowable under this title with respect to eligible drugs
5 except as is provided under section 1813(a)(4), and except
6 for so much of the charge for a prescription (in the case of a
7 drug product prescribed by a physician, of a drug entity
8 in a strength and dosage form included in the Formulary
9 where the price at which such product is sold by the supplier
10 thereof exceeds the reasonable allowance) as is in excess of
11 the reasonable allowance established for such drug entity in
12 accordance with section 1823.”

13 (k)(1) the first sentence of section 1866(a)(2)(A)
14 of the Social Security Act is amended by striking out “and
15 (ii)” and inserting in lieu thereof the following: “(ii) the
16 amount of any copayment obligation and excess above the
17 reasonable allowance consistent with section 1861(dd)(4)
18 and (iii)”.

19 (2) The second sentence of section 1866(a)(2)(A) of
20 such Act is amended by striking out “clause (ii)” and in-
21 serting in lieu thereof “clause (iii)”.

22 (l) The amendments made by this section shall apply
23 with respect to eligible drugs furnished on and after the
24 first day of July 1973.

1 (d)(1) *The amendments made by this section shall be*
2 *effective only with respect to (A) individuals from families*
3 *with annual adjusted gross incomes which do not exceed*
4 *\$5,000, and (B) individuals who are not members of fami-*
5 *lies with annual adjusted gross incomes of \$3,000. Determi-*
6 *nations of annual adjusted gross income under the preceding*
7 *sentence shall be made by the Secretary of Health, Educa-*
8 *tion, and Welfare in accordance with regulations promul-*
9 *gated by him.*

10 (2) *The Secretary shall establish reasonable limitations*
11 *with respect to the provision of such services, the frequency*
12 *thereof, and the amounts payable.*

13 (3) *The amendments made by this section shall be effec-*
14 *tive on July 1, 1973.*

15 **(330)INSPECTOR GENERAL FOR HEALTH ADMINISTRATION**

16 *SEC. 216. (a) Title XI of the Social Security Act is*
17 *amended by adding after section 1123 (as added by section*
18 *241 of this Act) and before section 1151 (as added by sec-*
19 *tion 249(F) of this Act) the following new section:*

20 **“INSPECTOR GENERAL FOR HEALTH ADMINISTRATION**

21 **“SEC. 1124. (a) (1) In addition to other officers within**
22 *the Department of Health, Education, and Welfare, there*
23 *shall be, within such Department, an officer with the title of*

1 *'Inspector General for Health Administration' (hereinafter*
2 *in this section referred to as the 'Inspector General'), who*
3 *shall be appointed or reappointed by the President, by and*
4 *with the advice and consent of the Senate. In addition, there*
5 *shall be a Deputy Inspector General for Health Adminis-*
6 *tration (hereinafter referred to as the 'Deputy Inspector*
7 *General'), and such additional personnel as may be required*
8 *to carry out the functions vested in the Inspector General by*
9 *this section.*

10 “(2) *The term of office of any individual appointed or*
11 *reappointed to the position of Inspector General shall expire*
12 *6 years after the date he takes office pursuant to such appoint-*
13 *ment or reappointment.*

14 “(b) *The Inspector General shall report directly to the*
15 *Secretary of Health, Education, and Welfare (hereinafter*
16 *in this section referred to as the 'Secretary'); and, in carry-*
17 *ing out the functions vested in him by this section, the Inspec-*
18 *tor General shall not be under the control of, or subject to*
19 *supervision by, any officer of the Department of Health,*
20 *Education, and Welfare, other than the Secretary.*

21 “(c) (1) *It shall be the duty and responsibility of the*
22 *Inspector General to arrange for, direct, or conduct such re-*
23 *views, inspections, and audits of the health insurance pro-*
24 *gram established by title XVIII, the medical assistance*
25 *programs established pursuant to title XIX, and any other*

1 *programs of health care authorized under any other title of*
2 *this Act as he considers necessary for ascertaining the effi-*
3 *ciency and economy of their administration, their consonance*
4 *with the provisions of law by or pursuant to which such pro-*
5 *grams were established, and the attainment of the objectives*
6 *and purposes for which such provisions of law were enacted:*

7 “(2) *The Inspector General shall maintain continuous*
8 *observation and review of programs with respect to which he*
9 *has responsibilities under paragraph (1) of this subsection for*
10 *the purpose of—*

11 “(A) *determining the extent to which such programs*
12 *are in compliance with applicable laws and regulations;*

13 “(B) *making recommendations for the correction of*
14 *deficiencies in, or for improving the organization, plans,*
15 *procedures, or administration of, such programs; and*

16 “(C) *evaluating the effectiveness of such programs*
17 *in attaining the objectives and purposes of the provisions*
18 *of law by or pursuant to which such programs were*
19 *established.*

20 “(d)(1) *For purposes of aiding in carrying out his*
21 *duties under this section, the Inspector General shall have*
22 *access to all records, reports, audits, reviews, documents,*
23 *papers, recommendations, or other material of or available*
24 *to the Department of Health, Education, and Welfare which*

1 *relate to the programs with respect to which the Inspector*
2 *General has responsibilities under this section.*

3 “(2) *The head of any Federal department, agency, of-*
4 *fice, or instrumentality shall, and the head of any State*
5 *agency administering or supervising the administration of*
6 *any State plan approved under title XIX shall, at the request*
7 *of the Inspector General, provide any information which*
8 *the Inspector General determines will be helpful to him in*
9 *carrying out his responsibilities under this section.*

10 “(e) (1) *The Inspector General shall have authority to*
11 *suspend any regulation, practice, or procedure employed in*
12 *the administration of any program with respect to which he*
13 *has responsibilities under this section if, as a result of any*
14 *study, investigation, review, or audit of such program, he*
15 *determines that—*

16 “(A) *the suspension of such regulation, practice, or*
17 *procedure will promote efficiency or economy in the*
18 *administration of such program; or*

19 “(B) *such regulation, practice, or procedure is con-*
20 *trary to applicable provisions of law, or does not carry*
21 *out the objectives and purposes of the provisions of law*
22 *by or pursuant to which there was established the program*
23 *in connection with which such regulation, practice, or*
24 *procedure is promulgated, instituted, or applied.*

25 “(2)(A) *Any order of suspension by the Inspector*

1 *General of any regulation, practice, or procedure pursuant to*
2 *this subsection shall remain in effect until the Inspector Gen-*
3 *eral issues an order reinstating such regulation, practice, or*
4 *procedure; except that the Secretary shall receive not less than*
5 *30 days notice of the proposed suspension and may, at any*
6 *time prior to or after any such suspension by the Inspector*
7 *General, issue an order revoking such suspension.*

8 “(B) *Whenever the Secretary issues an order revoking*
9 *any such actual or proposed order of suspension by the In-*
10 *spector General, he shall promptly notify the Committee on*
11 *Finance of the Senate and the Committee on Ways and*
12 *Means of the House of Representatives (and, in case such*
13 *order relates to any State regulation, practice, or procedure*
14 *employed by a State in the administration of its State plan*
15 *approved under title XIX, the Governor, or other chief*
16 *executive officer, of such State) of such order and shall submit*
17 *to each such committee information explaining his reasons for*
18 *the issuance of such order.*

19 “(f) *If—*

20 “(1) *the Inspector General issues any order sus-*
21 *pending any State regulation, practice, or procedure em-*
22 *ployed by a State in the administration of its State plan*
23 *approved under title XIX, and*

24 “(2) *for any period that such order is in effect,*
25 *such State fails to comply with such order, then, not-*

1 *withstanding any other provision of law, the amount of*
2 *the Federal payments otherwise payable to such State*
3 *under section 1903 with respect to such period shall be*
4 *reduced by an amount equal to the amount (if any) of*
5 *the excess of—*

6 *“(3) the amount of Federal funds payable to such*
7 *State with respect to such period under section 1903, as*
8 *determined without regard to this subsection, over*

9 *“(4) the amount of the Federal funds which would*
10 *have been payable to such State under such section with*
11 *respect to such period if, for all of such period, such*
12 *State had complied with such order.*

13 *For purposes of the preceding sentence, an order of the In-*
14 *spector General shall not be deemed to be in effect for any*
15 *period if such order has been revoked by an order of the*
16 *Secretary issued in accordance with subsection (e)(2).*

17 *“(g)(1) The Inspector General may, from time to time,*
18 *submit such reports to the Committee on Finance of the Senate*
19 *and the Committee on Ways and Means of the House of*
20 *Representatives relating to his activities as he deems to be*
21 *appropriate.*

22 *“(2) Whenever either of the committees referred to in*
23 *paragraph (1) makes a request to the Inspector General to*
24 *furnish such committee with any information, or to conduct*
25 *any study or investigation and report the findings resulting*

1 *therefrom to such committee, the Inspector General shall com-*
2 *ply with such request.*

3 “(3) *Whenever the Inspector General issues an order*
4 *suspending or reinstating any regulation, practice, or proce-*
5 *dures pursuant to subsection (e), he shall promptly notify the*
6 *Committee on Finance of the Senate and the Committee on*
7 *Ways and Means of the House of Representatives (and, in*
8 *case such order relates to any State regulation, practice or*
9 *procedure employed by a State in the administration of its*
10 *State plan approved under title XIX, the Governor, or other*
11 *chief executive officer, of such State) of such order and shall*
12 *submit to each such committee information explaining his*
13 *reasons for the issuance of such order.*

14 “(h) *The Inspector General may make expenditures*
15 *(not in excess of \$50,000 in any fiscal year) of a confidential*
16 *nature when he finds that such expenditures are in aid of*
17 *inspections, audits, or reviews under this section; but such*
18 *expenditures so made shall not be utilized to make payments,*
19 *to any one individual, the aggregate of which exceeds \$2,000.*
20 *The Inspector General shall submit annually a confidential*
21 *report on expenditures under this provision to the Committee*
22 *on Finance of the Senate and the Committee on Ways and*
23 *Means of the House of Representatives.*

24 “(i) (1) *Expenses of the Inspector General relating to*
25 *the health insurance program established by title XVIII shall*

1 *be payable from the Federal Hospital Insurance Trust Fund*
2 *and from the Federal Supplementary Medical Insurance*
3 *Trust Fund, with such portions being paid from each such*
4 *Fund as the Secretary shall deem to be appropriate. Expenses*
5 *of the Inspector General relating to medical assistance pro-*
6 *grams established pursuant to title XIX shall be payable from*
7 *funds appropriated to carry out such title; and expenses of the*
8 *Inspector General relating to any program of health care*
9 *authorized under any title of this Act (other than titles XVIII*
10 *and XIX) shall be payable from funds appropriated to carry*
11 *out such program.*

12 “(2) *There are hereby authorized to be appropriated*
13 *such sums as may be necessary to carry out the purposes of*
14 *this section.*

15 “(j) *The Secretary shall provide the Inspector General*
16 *and his staff with appropriate and adequate office space within*
17 *the facilities of the Department of Health, Education, and*
18 *Welfare, together with such equipment, office supplies, and*
19 *communications facilities and services, as may be necessary*
20 *for the operation of such office and shall provide necessary*
21 *maintenance services for such office and the equipment and*
22 *facilities located therein.”*

23 “(b) *Section 5315 of title 5, United States Code, is*
24 *amended by inserting at the end thereof:*

1 “(95) Inspector General for Health Administra-
2 tion.”

3 **(331)PART B—IMPROVEMENTS IN OPERATING**
4 **EFFECTIVENESS**

5 **LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL**
6 **EXPENDITURES**

7 SEC. 221. (a) Title XI of the Social Security Act is
8 amended by adding at the end thereof the following new
9 section:

10 “**LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL**
11 **EXPENDITURES**

12 “SEC. 1122. (a) The purpose of this section is to assure
13 that Federal funds appropriated under titles V, XVIII, and
14 XIX are not used to support unnecessary capital expendi-
15 tures made by or on behalf of health care facilities or health
16 maintenance organizations which are reimbursed under any
17 of such titles and that, to the extent possible, reimbursement
18 under such titles shall support planning activities with re-
19 spect to health services and facilities in the various States.

20 “(b) The Secretary, after consultation with the Gover-
21 nor (or other chief executive officer) and with appropriate
22 local public officials, shall make an agreement with any
23 State which is able and willing to do so under which a
24 designated planning agency (which shall be an agency de-
25 scribed in clause (ii) of subsection (d) (1) (B) that has a

1 governing body or advisory board at least half of whose
2 members represent consumer interests) will—

3 “(1) make, and submit to the Secretary together
4 with such supporting materials as he may find necessary,
5 findings and recommendations with respect to capital
6 expenditures proposed by or on behalf of any health
7 care facility or health maintenance organization in such
8 State within the field of its responsibilities,

9 “(2) receive from other agencies described in
10 clause (ii) of subsection (d) (1) (B), and submit to the
11 Secretary together with such supporting material as he
12 may find necessary, the findings and recommendations of
13 such other agencies with respect to capital expenditures
14 proposed by or on behalf of health care facilities or
15 health maintenance organizations in such State within
16 the fields of their respective responsibilities, and

17 “(3) establish and maintain procedures pursuant
18 to which a person proposing any such capital expendi-
19 ture may appeal a recommendation by the designated
20 agency and will be granted an opportunity for a fair
21 hearing by such agency or person other than the desig-
22 nated agency as the Governor (or other chief executive
23 officer) may designate to hold such hearings,

24 whenever and to the extent that the findings of such desig-
25 nated agency or any such other agency indicate that any
26 such expenditure is not consistent with the standards, criteria,

1 or plans developed pursuant to the Public Health Service
2 Act (or the Mental Retardation Facilities and Community
3 Mental Health Centers Construction Act of 1963) to meet
4 the need for adequate health care facilities in the area covered
5 by the plan or plans so developed.

6 “(c) The Secretary shall pay any such State from the
7 Federal Hospital Insurance Trust Fund, in advance or by
8 way of reimbursement as may be provided in the agreement
9 with it (and may make adjustments in such payments on
10 account of overpayments or underpayments previously
11 made), for the reasonable cost of performing the functions
12 specified in subsection (b).

13 “(d) (1) Except as provided in paragraph (2), if the
14 Secretary determines that—

15 “(A) neither the planning agency designated in
16 the agreement described in subsection (b) nor an
17 agency described in clause (ii) of subparagraph (B) of
18 this paragraph had been given notice of any proposed
19 capital expenditure (in accordance with such procedure
20 or in such detail as may be required by such agency)
21 at least sixty days prior to obligation for such expendi-
22 ture; or

23 “(B) (i) the planning agency so designated or
24 an agency so described had received such timely notice
25 of the intention to make such capital expenditure and
26 had, within a reasonable period after receiving such

1 notice and prior to obligation for such expenditure, noti-
2 fied the person proposing such expenditure that the ex-
3 penditure would not be in conformity with the standards,
4 criteria, or plans developed by such agency or any other
5 agency described in clause (ii) for adequate health care
6 facilities in such State or in the area for which such other
7 agency has responsibility, and

8 “(ii) the planning agency so designated had, prior
9 to submitting to the Secretary the findings referred to
10 in subsection (b)—

11 “(I) consulted with, and taken into considera-
12 tion the findings and recommendations of, the State
13 planning agencies established pursuant to sections
14 314 (a) and 604 (a) of the Public Health Service
15 Act (to the extent that either such agency is not
16 the agency so designated) as well as the public or
17 nonprofit private agency or organization responsi-
18 ble for the comprehensive regional, metropolitan
19 area, or other local area plan or plans referred to in
20 section 314 (b) of the Public Health Service Act
21 and covering the area in which the health care facil-
22 ity or health maintenance organization proposing
23 such capital expenditure is located (where such
24 agency is not the agency designated in the agree-
25 ment), or, if there is no such agency, such other
26 public or nonprofit private agency or organization

1 (if any) as performs, as determined in accordance
2 with criteria included in regulations, similar func-
3 tions, and

4 “(II) granted to the person proposing such
5 capital expenditure an opportunity for a fair hear-
6 ing with respect to such findings;

7 then, for such period as he finds necessary in any case to
8 effectuate the purpose of this section, he shall in determin-
9 ing the Federal payments to be made under titles V, XVIII,
10 and XIX with respect to services furnished in the health
11 care facility for which such capital expenditure is made, not
12 include any amount which is attributable to depreciation,
13 interest on borrowed funds, a return on equity capital (in the
14 case of proprietary facilities), or other expenses related to
15 such capital expenditure. With respect to any organization
16 which is reimbursed on a per capita basis, in determining
17 the Federal payments to be made under titles V, XVIII, and
18 XIX, the Secretary shall exclude an amount which in his
19 judgment is a reasonable equivalent to the amount which
20 would otherwise be excluded under this subsection if pay-
21 ment were to be made on other than a per capita basis.

22 “(2) If the Secretary, after submitting the matters
23 involved to the advisory council established or designated
24 under subsection (i), determines that an exclusion of ex-
25 penses related to any capital expenditure of any health care

1 facility or health maintenance organization would discourage
2 the operation or expansion of such facility or organization,
3 or of any facility of such organization, which has demon-
4 strated to his satisfaction proof of capability to provide
5 comprehensive health care services (including institutional
6 services) efficiently, effectively, and economically, or would
7 otherwise be inconsistent with the effective organization and
8 delivery of health services or the effective administration
9 of title V, XVIII, or XIX, he shall not exclude such ex-
10 penses pursuant to paragraph (1).

11 “(e) Where a person obtains under lease or comparable
12 arrangement any facility or part thereof, or equipment for
13 a facility, which would have been subject to an exclusion
14 under subsection (d) if the person had acquired it by pur-
15 chase, the Secretary shall (1) in computing such person’s
16 rental expense in determining the Federal payments to be
17 made under titles V, XVIII, and XIX with respect to serv-
18 ices furnished in such facility, deduct the amount which in his
19 judgment is a reasonable equivalent of the amount that would
20 have been excluded if the person had acquired such facility
21 or such equipment by purchase, and (2) in computing such
22 person’s return on equity capital deduct any amount deposited
23 under the terms of the lease or comparable arrangement.

24 “(f) Any person dissatisfied with a determination by the

1 Secretary under this section may within six months follow-
2 ing notification of such determination request the Secretary
3 to reconsider such determination. A determination by the
4 Secretary under this section shall not be subject to adminis-
5 trative or judicial review.

6 “(g) For the purposes of this section, a ‘capital expendi-
7 ture’ is an expenditure which, under generally accepted
8 accounting principles, is not properly chargeable as an ex-
9 pense of operation and maintenance and which (1) exceeds
10 \$100,000, (2) changes the bed capacity of the facility with
11 respect to which such expenditure is made, or (3) sub-
12 stantially changes the services of the facility with respect to
13 which such expenditure is made. For purposes of clause
14 (1) of the preceding sentence, the cost of the studies, sur-
15 veys, designs, plans, working drawings, specifications, and
16 other activities essential to the acquisition, improvement,
17 expansion, or replacement of the plant and equipment with
18 respect to which such expenditure is made shall be in-
19 cluded in determining whether such expenditure exceeds
20 \$100,000.

21 “(h) The provisions of this section shall not apply
22 to Christian Science sanatoriums operated, or listed and
23 certified, by the First Church of Christ, Scientist, Boston,
24 Massachusetts.

1 “(i) (1) The Secretary shall establish a national advi-
2 sory council, or designate an appropriate existing national
3 advisory council, to advise and assist him in the prepara-
4 tion of general regulations to carry out the purposes of this
5 section and on policy matters arising in the administration
6 of this section, including the coordination of activities under
7 this section with those under other parts of this Act or under
8 other Federal or federally assisted health programs.

9 “(2) The Secretary shall make appropriate provision
10 for consultation between and coordination of the work of
11 the advisory council established or designated under para-
12 graph (1) and the Federal Hospital Council, the National
13 Advisory Health Council, the Health Insurance Benefits
14 Advisory Council, (332)the Medical Assistance Advisory
15 Council, and other appropriate national advisory councils with
16 respect to matters bearing on the purposes and administration
17 of this section and the coordination of activities under this
18 section with related Federal health programs.

19 “(3) If an advisory council is established by the Secre-
20 tary under paragraph (1), it shall be composed of members
21 who are not otherwise in the regular full-time employ of the
22 United States, and who shall be appointed by the Secretary
23 without regard to the civil service laws from among leaders

1 in the fields of the fundamental sciences, the medical sciences,
2 and the organization, delivery, and financing of health
3 care, and persons who are State or local officials or are
4 active in community affairs or public or civic affairs or who
5 are representative of minority groups. Members of such ad-
6 visory council, while attending meetings of the council or
7 otherwise serving on business of the council, shall be entitled
8 to receive compensation at rates fixed by the Secretary, but
9 not exceeding the maximum rate specified at the time of such
10 service for grade GS-18 in section 5332 of title 5, United
11 States Code, including traveltime, and while away from their
12 homes or regular places of business they may also be allowed
13 travel expenses, including per diem in lieu of subsistence, as
14 authorized by section 5703 (b) of such title 5 for persons in
15 the Government service employed intermittently.”

16 (b) The amendment made by subsection (a) shall ap-
17 ply only with respect to a capital expenditure the obligation
18 for which is incurred by or on behalf of a health care facility
19 or health maintenance organization subsequent to whichever
20 of the following is earlier: (A) ~~(333) June 30, 1972, Decem-~~
21 *ber 31, 1972*, or (B) with respect to any State or any part
22 thereof specified by such State, the last day of the calendar
23 quarter in which the State requests that the amendment

1 made by subsection (a) of this section apply in such State
2 or such part thereof.

3 (c) (1) Section 505 (a) (6) of such Act (as amended
4 by section 232 (b) of this Act) is further amended by in-
5 serting “, consistent with section 1122,” after “standards”
6 where it first appears.

7 (2) Section 506 of such Act (as amended by sections
8 224 (d), 229 (d), 233 (d), and 237 (b) of this Act) is
9 further amended by adding at the end thereof the following
10 new subsection :

11 “(g) For limitation on Federal participation for capital
12 expenditures which are out of conformity with a comprehen-
13 sive plan of a State or areawide planning agency, see sec-
14 tion 1122.”

15 (3) Clause (2) of the second sentence of section 509
16 (a) of such Act is amended by inserting “, consistent with
17 section 1122,” after “standards”.

18 (4) Section 1861 (v) of such Act is amended by adding
19 at the end thereof the following new paragraph :

20 “(5) For limitation on Federal participation for capital
21 expenditures which are out of conformity with a compre-
22 hensive plan of a State or areawide planning agency, see
23 section 1122.”

1 (5) Section 1902 (a) (13) (D) of such Act (as
2 amended by section 232 (a) of this Act) is further amended
3 by inserting “, consistent with section 1122,” after “stand-
4 ards” where it first appears.

5 (6) Section 1903 (b) of such Act is amended by add-
6 ing at the end thereof the following new paragraph:

7 “(3) For limitation on Federal participation for capital
8 expenditures which are out of conformity with a compre-
9 hensive plan of a State or areawide planning agency, see
10 section 1122.”

11 **(334)***(d) In the case of health care facility providing health*
12 *care services as of December 18, 1970, which on such date*
13 *is committed to a formal plan of expansion or replacement,*
14 *the amendments made by the preceding provisions of this*
15 *section shall not apply with respect to such expenditures as*
16 *may be made or obligations incurred for capital items in-*
17 *cluded in such plan where preliminary expenditures toward*
18 *the plan of expansion or replacement (including payments*
19 *for studies, surveys, designs, plans, working drawings, spec-*
20 *ifications, and site acquisition, essential to the acquisition,*
21 *improvement, expansion, or replacement of the health care*
22 *facility or equipment concerned) of \$100,000 or more, had*
23 *been made during the three-year period ended December*
24 *17, 1970.*

1 ~~(335)~~REPORT ON PLAN FOR PROSPECTIVE REIMBURSE-
2 MENT; EXPERIMENTS AND DEMONSTRATION PROJECTS
3 TO DEVELOP INCENTIVES FOR ECONOMY IN THE PROVI-
4 SION OF HEALTH SERVICES

5 DEMONSTRATIONS AND REPORTS; PROSPECTIVE REIM-
6 BURSEMENT; EXTENDED CARE; INTERMEDIATE CARE
7 AND HOMEMAKER SERVICES; AMBULATORY SURGICAL
8 CENTERS; PHYSICIANS' ASSISTANTS; PERFORMANCE
9 INCENTIVE CONTRACTS

10 SEC. 222. (a) (1) The Secretary of Health, Education,
11 and Welfare, directly or through contracts ~~(336)~~*with with, or-*
12 *grants to*, public or private agencies or organizations, shall
13 develop and carry out experiments and demonstration proj-
14 ects designed to determine the relative advantages and dis-
15 advantages of various alternative methods of making pay-
16 ment on a prospective basis to hospitals, ~~(337)~~*extended care*
17 *skilled nursing* facilities, and other providers of services for
18 care and services provided by them under title XVIII of the
19 Social Security Act and under State plans approved under
20 titles XIX and V of such Act, including alternative methods
21 for classifying providers, for establishing prospective rates of
22 payment, and for implementing on a gradual, selective, or
23 other basis the establishment of a prospective payment sys-

1 tem, in order to stimulate such providers through positive
2 **(338)***(or negative)* financial incentives to use their facilities
3 and personnel more efficiently and thereby to reduce the total
4 costs of the health programs involved without adversely affect-
5 ing the quality of services by containing or lowering the rate
6 of increase in provider costs that has been and is being experi-
7 enced under the existing system of retroactive cost
8 reimbursement.

9 (2) The experiments and demonstration projects devel-
10 oped under paragraph (1) shall be of sufficient scope and
11 shall be carried out on a wide enough scale to permit a thor-
12 ough evaluation of the alternative methods of prospective
13 payment under consideration while giving assurance that the
14 results derived from the experiments and projects will obtain
15 generally in the operation of the programs involved (with-
16 out committing such programs to the adoption of any pro-
17 spective payment system either locally or nationally).

18 (3) In the case of any experiment or demonstration
19 project under paragraph (1), the Secretary may waive com-
20 pliance with the requirements of titles XVIII, XIX, and V
21 of the Social Security Act insofar as such requirements relate
22 to methods of payment for services provided; and costs in-
23 curred in such experiment or project in excess of those which
24 would otherwise be reimbursed or paid under such titles may

1 be reimbursed or paid to the extent such waiver applies
2 to them (with such excess being borne by the Secretary).
3 No experiment or demonstration project shall be developed
4 or carried out under paragraph (1) until the Secretary ob-
5 tains the advice and recommendations of specialists who are
6 competent to evaluate the proposed experiment or project as
7 to the soundness of its objectives, the possibilities of securing
8 productive results, the adequacy of resources to conduct it,
9 and its relationship to other similar experiments or projects
10 already completed or in process (339); *and no such experi-*
11 *ment or project shall be actually placed in operation unless at*
12 *least 30 days prior thereto a written report, prepared for pur-*
13 *poses of notification and information only, containing a full*
14 *and complete description thereof has been transmitted to the*
15 *Committee on Ways and Means of the House of Representa-*
16 *tives and to the Committee on Finance of the Senate.*

17 (4) Grants, payments under contracts, and other ex-
18 penditures made for experiments and demonstration projects
19 under this subsection shall be made in appropriate part
20 from the Federal Hospital Insurance Trust Fund (estab-
21 lished by section 1817 of the Social Security Act) and the
22 Federal Supplementary Medical Insurance Trust Fund
23 (established by section 1841 of the Social Security Act)

1 ~~(340)~~ *and from funds appropriated under titles V and XIX*
2 *of such Act.* Grants and payments under contracts may be
3 made either in advance or by way of reimbursement, as may
4 be determined by the Secretary, and shall be made in such in-
5 stallments and on such conditions as the Secretary finds nec-
6 essary to carry out the purpose of this subsection. With
7 respect to any such grant, payment, or other expenditure,
8 the amount to be paid from each of such trust funds ~~(341)~~
9 *(and from funds appropriated under such titles V and XIX)*
10 shall be determined by the Secretary, giving due regard to
11 the purposes of the experiment or project involved.

12 (5) The Secretary shall submit to the Congress no later
13 than July 1, ~~(342)1973,~~ 1974, a full report on the experi-
14 ments and demonstration projects carried out under this sub-
15 section and on the experience of other programs with respect
16 to prospective reimbursement together with any related data
17 and materials which he may consider appropriate. Such re-
18 port shall include detailed recommendations with respect to
19 the specific methods which could be used in the full imple-
20 mentation of a system of prospective payment to providers of
21 services under programs involved.

22 (b) (1) Section 402 (a) of the Social Security Amend-
23 ments of 1967 is amended to read as follows:

24 “(a) (1) The Secretary of Health, Education, and Wel-
25 fare is authorized, either directly or through grants to public

1 or nonprofit private agencies, institutions, and organizations
2 or contracts with public or private agencies, institutions, and
3 organizations, to develop and engage in experiments and
4 demonstration projects for the following purposes:

5 “(A) to determine whether, and if so which,
6 changes in methods of payment or reimbursement (other
7 than those dealt with in section 222 (a) of the Social
8 Security Amendments of ~~(343)1971~~ 1972) for health
9 care and services under health programs established by
10 the Social Security Act, including a change to methods
11 based on negotiated rates, would have the effect of in-
12 creasing the efficiency and economy of health services
13 under such programs through the creation of additional
14 incentives to these ends without adversely affecting the
15 quality of such services;

16 “(B) to determine whether payments for services
17 other than those for which payment may be made under
18 such programs (and which are incidental to services for
19 which payment may be made under such programs)
20 would, in the judgment of the Secretary, result in more
21 economical provision and more effective utilization of serv-
22 ices for which payment may be made under such pro-
23 gram, where such services are furnished by organizations
24 and institutions which have the capability of providing—

25 “(i) comprehensive health care services,

1 “(ii) mental health care services (as defined
2 by section 401 (c) of the Mental Retardation Facil-
3 ities and Community Health Centers Construction
4 Act of 1963),

5 “(iii) ambulatory health care services
6 (344)(including surgical services provided on an
7 outpatient basis), or

8 “(iv) institutional services which may substi-
9 tute, at lower cost, for hospital ~~care~~; care;

10 “(C) to determine whether the rates of payment or
11 reimbursement for health care services, approved by a
12 State for purposes of the administration of one or more
13 of its laws, when utilized to determine the amount to be
14 paid for services furnished in such State under the health
15 programs established by the Social Security Act, would
16 have the effect of reducing the costs of such programs
17 without adversely affecting the quality of such services;

18 “(D) to determine whether payments under such
19 programs based on a single combined rate of reimburse-
20 ment or charge for the teaching activities and patient
21 care which residents, interns, and supervising physicians
22 render in connection with a graduate medical education
23 program in a patient facility would result in more
24 equitable and economical patient care arrangements
25 without adversely affecting the quality of such care;

1 (345)“(E) to determine whether peer review, utiliza-
 2 tion review, and medical review mechanisms estab-
 3 lished on an areawide or communitywide basis would
 4 have a beneficial effect in helping to assure that services
 5 provided conform to appropriate professional standards
 6 for the provision of health care and that payment for
 7 such services will be made—

8 “(i) only when, and to the extent, medically
 9 necessary, as determined in the exercise of reason-
 10 able limits of professional discretion, and

11 “(ii) in the case of services provided by a hos-
 12 pital or other health care facility on an inpatient
 13 basis, only when and for such period as such serv-
 14 ices cannot, consistent with professionally recog-
 15 nized health care standards, effectively be provided
 16 on an outpatient basis or more economically in an
 17 inpatient health care facility of a different type; as
 18 determined in the exercise of reasonable limits of
 19 professional discretion; and

20 “(E) to determine whether coverage of intermediate
 21 care facility services and homemaker services would pro-
 22 vide suitable alternatives to posthospital benefits presently
 23 provided under title XVIII of the Social Security Act;
 24 such experiment and demonstration projects may include:

25 “(i) counting each day of care in an intermedi-

1 *ate care facility as one day of care in a skilled nurs-*
2 *ing facility, if such care was for a condition for*
3 *which the individual was hospitalized,*

4 *“(ii) covering the services of homemakers for a*
5 *maximum of 21 days, if institutional services are*
6 *not medically appropriate,*

7 *“(iii) determining whether such coverage would*
8 *reduce long-range costs by reducing the lengths of*
9 *stay in hospitals and skilled nursing facilities, and*

10 *“(iv) establishing alternative eligibility require-*
11 *ments and determining the probable cost of applying*
12 *each alternative, if the project suggests that such*
13 *extension of coverage would be desirable;*

14 **“(F) to determine whether, and if so which type**
15 **of, fixed price or performance incentive contract would**
16 **have the effect of inducing to the greatest degree effec-**
17 **tive, efficient, and economical performance of agencies**
18 **and organizations making payment under agreements**
19 **or contracts with the Secretary for health care and serv-**
20 **ices under health programs established by the Social**
21 **Security Act.**

22 **(346)“(G) to determine under what circumstances pay-**
23 **ment for services would be appropriate and the most**
24 **appropriate, equitable, and noninflationary methods and**
25 **amounts of reimbursement under health care programs**

1 *established by the Social Security Act for services, which*
 2 *are performed independently by an assistant to a physi-*
 3 *cian, including a nurse practitioner (whether or not per-*
 4 *formed in the office of or at a place at which such physi-*
 5 *cian is physically present), and—*

6 *“(i) which such assistant is legally authorized*
 7 *to perform by the State or political subdivision*
 8 *wherein such services are performed, and*

9 *“(ii) for which such physician assumes full*
 10 *legal and ethical responsibility as to the necessity,*
 11 *propriety, and quality thereof;*

12 **(347)** *“(H) to establish an experimental program to pro-*
 13 *vide day-care services, which consist of such personal*
 14 *care, supervision, and services as the Secretary shall by*
 15 *regulation prescribe, for individuals eligible to enroll in*
 16 *the supplemental medical insurance program established*
 17 *under part B of title XVIII and title XIX of the Social*
 18 *Security Act, in day-care centers which meet such*
 19 *standards as the Secretary shall by regulation establish;*

20 *“(I) to establish an experimental program of sub-*
 21 *sidization of families who agree to care for their de-*
 22 *pendents who are 65 years of age or older and who would*
 23 *otherwise require, because of physical and mental in-*
 24 *firmities, the services of a skilled nursing facility, in their*
 25 *own homes, and to pay such subsidies directly, in the*

1 *form of grants, to families who are determined (in ac-*
2 *cordance with regulations prescribed by the Secretary)*
3 *to be eligible for such subsidization;*

4 *“(J) to determine whether payments for psycho-*
5 *logical and psychiatric services to residents of skilled*
6 *nursing facilities and intermediate care facilities (which*
7 *are receiving payments under title XIX of the Social*
8 *Security Act) are adequate and provide sufficient finan-*
9 *cial resources to meet the mental health needs of such*
10 *residents and (upon a finding that such expenditures*
11 *are inadequate) to recommend programs for adequate*
12 *psychological and psychiatric assistance to such residents;*

13 *“(K) to develop methods and programs designed to*
14 *expedite and improve the rehabilitation of patients in*
15 *skilled nursing facilities or other institutions for long-*
16 *term health care; and to develop appropriate alternatives*
17 *to institutional care (in skilled nursing facilities, inter-*
18 *mediate care facilities, or similar facilities for long-term*
19 *health care) for patients in need of rehabilitation or long-*
20 *term health care (including, but not limited to, the use of*
21 *day-care, night-care, or full-time care centers, and the*
22 *use of voluntary cooperative centers which are organized*
23 *for the care of patients by their relatives); and*

24 *“(L) to determine whether the services of clinical*
25 *psychologists may be made more generally available to*
26 *persons eligible for services under titles XVIII and XIX*

1 *of this Act in a manner consistent with quality of care*
2 *and equitable and efficient administration.*

3 For purposes of this subsection, 'health programs established
4 by the Social Security Act' means the program established
5 by title XVIII of such Act, a program established by a plan
6 of a State approved under title XIX of such Act, and a
7 program established by a plan of a State approved under
8 title V of such Act.

9 “(2) Grants, payments under contracts, and other ex-
10 penditures made for experiments and demonstration projects
11 under paragraph (1) shall be made in appropriate part from
12 the Federal Hospital Insurance Trust Fund (established by
13 section 1817 of the Social Security Act) and the Federal
14 Supplementary Medical Insurance Trust Fund (established
15 by section 1841 of the Social Security Act) (348) *and from*
16 *funds appropriated under titles V and XIX of such Act.*
17 Grants and payments under contracts may be made either in
18 advance or by way of reimbursement, as may be determined
19 by the Secretary, and shall be made in such installments
20 and on such conditions as the Secretary finds necessary to
21 carry out the purpose of this section. With respect to any
22 such grant, payment, or other expenditure, the amount to be
23 paid from each of such trust funds (349) *(and from funds ap-*
24 *propriated under such titles V and XIX)* shall be determined
25 by the Secretary, giving due regard to the purposes of the ex-
26 periment or project involved.”

1 (2) Section 402 (b) of such amendments is amended—

2 (A) by striking out “experiment” each time it ap-
3 pears and inserting in lieu thereof “experiment or dem-
4 onstration project”;

5 (B) by striking out “experiments” and inserting in
6 lieu thereof “experiments and projects”; and

7 (C) by striking out “reasonable charge” and insert-
8 ing in lieu thereof “reasonable charge, or to reimburse-
9 ment or payment only for such services or items as may
10 be specified in the experiment”.

11 (c) Section 1875 (b) of the Social Security Act is
12 amended—

13 (1) by striking out “experimentation” and insert-
14 ing in lieu thereof “experiments and demonstration
15 projects”, and

16 (2) by inserting “and the experiments and demon-
17 stration projects authorized by section 222 (a) of the
18 Social Security Amendments of ~~(350)1971~~ 1972” after
19 “1967”.

20 LIMITATIONS ON COVERAGE OF COSTS UNDER MEDICARE

21 SEC. 223. (a) The first sentence of section 1861 (v) (1)
22 of the Social Security Act is amended by inserting immedi-
23 ately before “determined” where it first appears the fol-
24 lowing: “the cost actually incurred, excluding therefrom any
25 part of incurred cost found to be unnecessary in the efficient
26 delivery of needed health services, and shall be”.

1 (b) The third sentence of section 1861 (v) (1) of such
2 Act is amended by striking out the comma after “services,”
3 where it last appears and inserting in lieu thereof the follow-
4 ing: “may provide for the establishment of limits on the
5 direct or indirect overall incurred costs or incurred costs
6 of specific items or services or groups of items or services
7 to be recognized as reasonable based on estimates of the
8 costs necessary in the efficient delivery of needed health
9 services to individuals covered by the insurance programs
10 established under this title.”.

11 (c) The fourth sentence of section 1861 (v) (1) of such
12 Act is amended by inserting after “services” where it first
13 appears the following: “(excluding therefrom any such costs,
14 including standby costs, which are determined in accordance
15 with regulations to be unnecessary in the efficient delivery
16 of services covered by the insurance programs established
17 under this title)”.

18 (d) The fourth sentence of section 1861 (v) (1) of such
19 Act is further amended by striking out “costs with respect”
20 where it first appears and inserting in lieu thereof the fol-
21 lowing: “necessary costs of efficiently delivering covered
22 services”.

23 (e) Section 1866 (a) (2) (B) of such Act is amended
24 (1) by inserting “(i)” after “(B)”, and (2) by adding
25 at the end thereof the following new clause:

1 “(ii) Where a provider of services customarily fur-
2 nishes an individual items or services which are (351)*sub-*
3 *stantially* more expensive than the items or services deter-
4 mined to be necessary in the efficient delivery of needed health
5 services under this title and which have not been requested
6 by such individual, such provider may (352)(*except with re-*
7 *spect to emergency services*) also charge such individual or other
8 person for such more expensive items or services to the
9 extent that the costs of (or, if less, the customary charges
10 for) such more expensive items or services experienced by
11 such provider in the second fiscal period immediately pre-
12 ceding the fiscal period in which such charges are imposed
13 exceed the cost of such items or services determined to be
14 necessary in the efficient delivery of needed health services,
15 but only if—

16 “(I) the Secretary has provided notice to the pub-
17 lic of any charges being imposed on individuals entitled
18 to benefits under this title on account of costs (353)*sub-*
19 *stantially* in excess of the costs determined to be necessary
20 in the efficient delivery of needed health services under
21 this title by particular providers of services in the area
22 in which such items or services are furnished, and

23 “(II) the provider of services has identified such
24 charges to such individual or other person, in such man-
25 ner as the Secretary may prescribe, as charges to meet

1 costs ~~(354)~~*substantially* in excess of the cost determined
2 to be necessary in the efficient delivery of needed health
3 services under this title.”

4 (f) Section 1861 (v) of such Act (as amended by sec-
5 tion 221 (c) (4) of this Act) is further amended by redesi-
6 gnating paragraphs (4) and (5) as paragraphs (5) and
7 (6), respectively, and by inserting after paragraph (3) the
8 following new paragraph :

9 “(4) If a provider of services furnishes items or services
10 to an individual which are ~~(355)~~*substantially* in excess of or
11 more expensive than the items or services determined to be
12 necessary in the efficient delivery of needed health services
13 and charges are imposed for such more expensive items or
14 services under the authority granted in section 1866 (a) (2)
15 (B) (ii), the amount of payment with respect to such items
16 or services otherwise due such provider in any fiscal period
17 shall be reduced to the extent that such payment plus such
18 charges exceed the cost actually incurred for such items or
19 services in the fiscal period in which such charges are
20 imposed.”

21 (g) (1) Section 1866 (a) (2) of such Act is amended
22 by inserting after subparagraph (C) the following new
23 subparagraph :

24 “(D) Where a provider of services customarily fur-
25 nishes items or services which are ~~(356)~~*substantially* in excess
26 of or more expensive than the items or services with respect

1 to which payment may be made under this title, such pro-
 2 vider, notwithstanding the preceding provisions of this para-
 3 graph, may not, under the authority of section 1866 (a) (2)
 4 (B) (ii), charge any individual or other person any amount
 5 for such items or services in excess of the amount of the
 6 payment which may otherwise be made for such items or
 7 services under this title if the admitting physician has a
 8 direct or indirect financial interest in such provider.”

9 (2) The last paragraph of section 1866 (a) (2) is
 10 amended by striking out “clause (iii) of the preceding sen-
 11 tence” and inserting in lieu thereof “subparagraph (C)”.

12 (h) The amendments made by this section shall be
 13 effective with respect to accounting periods beginning after
 14 (357) ~~June 30, 1972~~ *December 31, 1972.*

15 LIMITS OF PREVAILING CHARGE LEVELS

16 SEC. 224. (a) Section 1842 (b) (3) of the Social Secu-
 17 rity Act is amended by adding at the end thereof the follow-
 18 ing new sentences: “No charge may be determined to be
 19 reasonable in the case of bills submitted or requests for pay-
 20 ment made under this part after December 31, 1970, if it
 21 exceeds the higher of (i) the prevailing charge recognized
 22 by the carrier and found acceptable by the Secretary for simi-
 23 lar services in the same locality in administering this part on
 24 December 31, 1970, or (ii) the prevailing charge level that,
 25 on the basis of statistical data and methodology acceptable
 26 to the Secretary, would cover 75 percent of the customary

1 charges made for similar services in the same locality during
2 the last preceding calendar year elapsing prior to the start of
3 the fiscal year in which the bill is submitted or the request for
4 payment is made. (358) *The In the case of physician services*
5 *the prevailing charge level determined for purposes of clause*
6 *(ii) of the preceding sentence for any fiscal year beginning*
7 *after June 30, (359)1972, 1973, may not exceed (in the ag-*
8 *gregate) the level determined under such clause for the fiscal*
9 *year ending June 30, (360)1972, 1973, except to the extent*
10 *that the Secretary finds, on the basis of appropriate eco-*
11 *nomic index data, that such higher level is justified by eco-*
12 *nomic changes. (361)In the case of medical services, sup-*
13 *plies, and equipment that, in the judgment of the Secretary,*
14 *do not generally vary significantly in quality from one sup-*
15 *plier to another, the charges incurred after June 30, 1972, de-*
16 *termined to be reasonable may exceed the lowest charge*
17 *levels at which such services, supplies, and equipment are*
18 *widely available in a locality only to the extent and under the*
19 *circumstances specified by the Secretary. In the case of medi-*
20 *cal services, supplies, and equipment (including equipment*
21 *servicing) that, in the judgment of the Secretary, do not gen-*
22 *erally vary significantly in quality from one supplier to*
23 *another, the charges incurred after December 31, 1972,*
24 *determined to be reasonable may not exceed the lower charge*
25 *levels at which such services, supplies, and equipment*

1 *are widely and consistently available in a locality except to*
2 *the extent and under the circumstances specified by the*
3 *Secretary.”*

4 (b) The Health Insurance Benefits Advisory Council
5 established under section 1867 of the Social Security Act
6 shall conduct a study of the methods of reimbursement for
7 physicians' services under Medicare for the purpose of eval-
8 uating their effects on (1) physicians' fees generally, (2)
9 the extent of assignments accepted by physicians, and (3)
10 the share of total physician-fee costs which the Medicare
11 program does not pay and which the beneficiary must
12 assume. The Council shall report the results of such study to
13 the Congress no later than ~~(362) July 1, 1972~~ *January 1,*
14 *1973*, together with a presentation of alternatives to the pres-
15 ent methods and its recommendations as to the preferred
16 method.

17 (c) Section 1903 of such Act is amended by adding
18 at the end thereof (after the new subsections added by
19 section 207 (a) (1) of this Act) the following new sub-
20 section:

21 “(i) Payment under the preceding provisions of this
22 section shall not be made with respect to any amount paid
23 for items or services furnished under the plan after ~~(363)~~
24 ~~June 30, 1971~~ *December 31, 1972*, to the extent that such

1 amount exceeds the charge which would be determined to be
 2 reasonable for such items or services under the third, fourth,
 3 and fifth sentences of section 1842 (b) (3).”

4 (d) Section 506 of such Act is amended by adding
 5 at the end thereof the following new subsection:

6 “(f) Notwithstanding the preceding provisions of this
 7 section, no payment shall be made to any State thereunder
 8 with respect to any amount paid for items or services fur-
 9 nished under the plan after ~~(364) June 30, 1971~~ *December 31,*
 10 *1972*, to the extent that such amount exceeds the charge
 11 which would be determined to be reasonable for such items
 12 or services under the third, fourth, and fifth sentences of
 13 section 1842 (b) (3).”

14 ~~(365)~~ LIMITS ON PAYMENT FOR SKILLED NURSING HOME
 15 AND INTERMEDIATE CARE FACILITY SERVICES

16 ~~SEC. 225.~~ Section ~~1903~~ of the Social Security Act is
 17 amended by adding at the end thereof ~~(after the new sub-~~
 18 ~~section added by section 224(c) of this Act)~~ the following
 19 new subsection:

20 ~~“(j) Notwithstanding the preceding provisions of this~~
 21 ~~section—~~

22 ~~“(1) in determining the amount payable to any~~
 23 ~~State with respect to expenditures for skilled nursing~~
 24 ~~home services furnished in any calendar quarter begin-~~
 25 ~~ning after December 31, 1971, there shall not be in-~~

1 cluded as expenditures under the State plan any amount
2 in excess of the product of ~~(A)~~ the number of inpatient
3 days of skilled nursing home services provided under the
4 State plan in such quarter, and ~~(B)~~ 105 per centum
5 of the average per diem cost of such services for the
6 fourth calendar quarter preceding such calendar quarter;
7 and

8 ~~“(2)~~ in determining the amount payable to any
9 State with respect to expenditures for intermediate care
10 facility services furnished in any calendar quarter begin-
11 ning after December 31, 1971, there shall not be in-
12 cluded as expenditures under the State plan any amount
13 in excess of the product of ~~(A)~~ the number of inpatient
14 days of intermediate care facility services provided in
15 such quarter under each of the plans of such State ap-
16 proved under titles I, X, XIV, XVI, and XIX, and ~~(B)~~
17 105 per centum of the average per diem cost of such
18 services for the fourth calendar quarter preceding such
19 calendar quarter.

20 For purposes of determining the amount payable to any
21 State with respect to any quarter under paragraphs ~~(1)~~ and
22 ~~(2)~~, the Secretary may by regulation increase the percentage
23 specified in clause ~~(B)~~ of each such paragraph to the extent
24 necessary to take account of increases in per diem costs which
25 result directly from increases in the Federal minimum wage;

1 ~~or which otherwise result directly from provisions of Federal~~
 2 ~~law enacted (or amendments to Federal law made) after the~~
 3 ~~date of the enactment of the Social Security Amendments of~~
 4 ~~1971."~~

5 PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

6 SEC. 226. (a) Title XVIII of the Social Security Act
 7 is amended by adding at the end thereof the following new
 8 section:

9 "PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

10 "SEC. 1876. (a) (1) In lieu of amounts which would
 11 otherwise be payable pursuant to sections 1814 (b) and
 12 1833 (a), the Secretary is authorized to determine, by
 13 actuarial methods, as provided in this section, but only with
 14 respect to a health maintenance organization with which he
 15 has entered into a contract under subsection (i), a ~~(366)~~pro-
 16 spective per capita rate of payment—

17 "(A) for services provided under parts A and B for
 18 individuals enrolled with such organization pursuant to
 19 subsection (e) who are entitled to hospital insurance
 20 benefits under part A and enrolled for medical insurance
 21 benefits under part B, and

22 "(B) for services provided under part B for indi-
 23 viduals enrolled with such organization pursuant to sub-
 24 section (e) who are not entitled to benefits under part A
 25 but who are enrolled for benefits under part B.

1 ~~(367)~~~~“(2) (A)~~ Each such rate of payment shall be deter-
2 mined annually in accordance with regulations and shall be
3 equal to 95 per centum of the amount that the Secretary
4 estimates ~~(with appropriate adjustments to assure actuarial~~
5 ~~equivalence)~~ would be payable for services covered under
6 this title ~~(including administrative costs incurred by orga-~~
7 ~~nizations described in sections 1816 and 1842)~~ if such serv-
8 ices were to be furnished by other than health maintenance
9 organizations.

10 ~~“(B)~~ In order to assure that health maintenance orga-
11 nizations will not be permitted to retain revenues in excess
12 of expenses with respect to such individuals at a rate greater
13 than that applicable to their other enrollees, any contract
14 with a health maintenance organization under this title shall
15 provide that the Secretary shall require, at such time follow-
16 ing the expiration of each accounting period of a health
17 maintenance organization ~~(and in such form and in such~~
18 ~~detail)~~ as he may prescribe:

19 ~~“(i)~~ that such organization report to him in a cer-
20 tified public statement the amount retained ~~(as herein~~
21 ~~defined)~~ and the rate of retention ~~(as herein defined)~~ for
22 the preceding accounting period with respect to ~~(I)~~
23 individuals enrolled with such organization under this
24 section, considered as a group, and ~~(II)~~ all other individ-

1 uals enrolled with such organization, considered as a
2 group;

3 ~~“(ii) that an audit (meeting requirements pre-~~
4 ~~scribed by the Secretary) be conducted with respect to~~
5 ~~any such organization which has a rate of retention with~~
6 ~~respect to individuals enrolled under this section which is~~
7 ~~in excess of 90 per centum of such organization’s rate of~~
8 ~~retention with respect to all other individuals enrolled~~
9 ~~with such organization;~~

10 ~~“(iii) that such part of the amount retained by any~~
11 ~~health maintenance organization with respect to indi-~~
12 ~~viduals enrolled under this section which is attributable~~
13 ~~to an excessive rate of retention (as herein defined) shall~~
14 ~~be repaid by such organization unless used by it to pro-~~
15 ~~vide benefits to enrollees under this section in addition to~~
16 ~~those specified in subsection (e) or to reduce the pre-~~
17 ~~mium rates charged by such organization to such en-~~
18 ~~rollees pursuant to subsection (g).~~

19 For purposes of this section—

20 ~~“(iv) the term ‘amount retained’ means the differ-~~
21 ~~ence between (I) the revenues (irrespective of the~~
22 ~~source of such revenues) of any health maintenance or-~~
23 ~~ganization (for any accounting period as defined in regu-~~
24 ~~lations) with respect to any group of individuals who are~~
25 ~~enrolled with such organization and (II) the expenses~~

1 of such organization (for such accounting period) with
2 respect to such group of individuals;

3 “(v) the term ‘rate of retention’ means the ratio of
4 such amount retained to such revenues, expressed as a
5 percentage; and

6 “(vi) the term ‘excessive rate of retention’ means
7 (I) any rate of retention of any health maintenance or-
8 ganization with respect to individuals enrolled under this
9 section which is greater than such organization’s rate of
10 retention with respect to all other individuals enrolled
11 with such organization, or (II) with respect to any
12 health maintenance organization to which subsection (h)
13 applies, any rate of retention with respect to individuals
14 enrolled under this section which is greater than a rea-
15 sonable rate of retention as determined in accordance
16 with regulations, taking into account the rate of reten-
17 tion experienced by comparable organizations with re-
18 spect to other individuals enrolled with such comparable
19 organizations.

20 “(2) *An interim per capita rate of payment for each*
21 *health maintenance organization shall be determined annually*
22 *by the Secretary on the basis of each organization’s annual*
23 *operating budget and enrollment forecast which shall be*
24 *submitted (in such form and in such detail as the Secretary*

1 *may prescribe) at least 90 days before the beginning of each*
2 *contract year. Each interim rate shall be equal to the esti-*
3 *mated per capita cost (based upon types and components of*
4 *expenses otherwise reimbursable under this title) of providing*
5 *services defined in paragraph (3)(A)(iv). In the event*
6 *that the data requested to be furnished by a health mainte-*
7 *nance organization are not furnished timely, such reduction*
8 *in interim payments may be made by the Secretary as is*
9 *appropriate, until such time as a reasonable estimate of per*
10 *capita costs can be made. Each month, the Secretary shall*
11 *pay each such organization its interim per capita rate, in*
12 *advance, for each individual enrolled with it pursuant to*
13 *subsection (e). Each such organization shall submit interim*
14 *estimated cost reports and enrollment data on a quarterly*
15 *basis in such form and manner satisfactory to the Secretary,*
16 *and the Secretary shall adjust each interim per capita rate*
17 *to the extent necessary to maintain interim payments at the*
18 *level of current costs. Interim payments made under this*
19 *paragraph shall be subject to retroactive adjustment at the*
20 *end of each contract year as provided in paragraph (3).*

21 “(3)(A) With respect to any health maintenance orga-
22 nization which has entered into a risk sharing contract with
23 the Secretary pursuant to subsection (i)(2)(A), payments

1 made to such organization shall be subject to the following
2 adjustments at the end of each contract year:

3 “(i) if the Secretary determines that the per capita
4 incurred cost of any such organization in any contract
5 year for providing services described in paragraph (1)
6 is less than the adjusted average per capita incurred cost
7 (as defined herein) of providing such services, the result-
8 ing difference (hereinafter referred to as ‘savings’) shall
9 be apportioned following the close of a contract year for
10 such year between such organization and the Federal
11 Hospital Insurance Trust Fund and the Federal Sup-
12 plementary Medical Insurance Trust Fund (hereinafter
13 collectively referred to as the ‘Medicare Trust Funds’)
14 as follows:

15 “(I) savings up to 10 percent of the adjusted
16 average per capita costs shall be apportioned equally
17 between such organization and the Medicare Trust
18 Funds;

19 “(II) savings between 10 and 20 percent shall
20 be apportioned one-quarter to such organization and
21 three-quarters to such Trust Funds;

22 “(III) savings in excess of 20 percent of the
23 adjusted average per capita cost shall be apportioned
24 entirely to such Trust Funds;

1 “(ii) if the Secretary determines that the per capita
2 incurred cost of any such organization in any contract
3 year for providing services described in paragraph (1)
4 is greater than the adjusted average per capita incurred
5 cost of providing such services, the resulting difference
6 (hereinafter referred to as ‘losses’) shall be apportioned
7 between such organization and the Medicare Trust Funds
8 as follows:

9 “(I) losses up to 10 percent over the adjusted
10 average per capita cost shall be borne equally by such
11 organization and such Trust Funds;

12 “(II) losses between 10 and 20 percent over
13 the adjusted average per capita cost shall be borne
14 three-quarters by such Trust Funds and one-quarter
15 by such organization;

16 “(III) losses in excess of 20 percent over the
17 adjusted average per capita cost shall be borne en-
18 tirely by such Trust Funds;

19 “(iii) losses absorbed by such organization or by
20 the Medicare Trust Funds in any year shall be carried
21 forward and shall be offset from savings realized in later
22 years, with the apportionment of savings being propor-
23 tional to the losses absorbed and not yet offset;

24 “(iv) determination of any amounts payable at the

1 *close of the contract year to such organization or to the*
2 *Trust Funds shall be made as follows:*

3 *“(I) within 90 days after close of a contract*
4 *year, interim determination of the amount of esti-*
5 *mated savings or losses and apportionment thereof*
6 *shall be made, actuarially, on the basis of interim re-*
7 *ports of costs incurred by an organization, and ad-*
8 *justed average per capita costs incurred (as defined*
9 *herein), and other evidence acceptable to the Secre-*
10 *tary and one-half of any amounts deemed payable*
11 *to such organization or the Trust Funds shall be*
12 *paid by such organization or the Secretary as ap-*
13 *propriate;*

14 *“(II) final settlement and payment by the Sec-*
15 *retary or organization, as appropriate, of any addi-*
16 *tional amounts due on basis of such final settlement*
17 *will be made where adequate data for actuarial*
18 *computation are available, in timely fashion follow-*
19 *ing submission by such organization of reports spec-*
20 *ified in subparagraph (C) of this paragraph; and*

21 *“(III) where such final settlement is reached*
22 *more than 90 days following submission of reports*
23 *specified in subparagraph (C) of this paragraph,*
24 *any amount payable by the Secretary or organiza-*
25 *tion shall be increased by an interest amount, accru-*

1 *ing from the 91st day following submission of such*
2 *report, equal to the average rate of interest payable*
3 *on Federal obligations if issued on such 91st day for*
4 *purchase by the Trust Funds.*

5 *“(v) The term ‘adjusted average per capita cost’*
6 *means the average per capita amount that the Secretary*
7 *determines (on the basis of actual experience, or retro-*
8 *spective actuarial equivalent based upon an adequate*
9 *sample and other information and data, in the geographic*
10 *area served by a health maintenance organization or in a*
11 *similar area, with appropriate adjustment to assure ac-*
12 *tuarial equivalence, including adjustments relating to age*
13 *distribution, sex, race, institutional status, disability*
14 *status, and any other relevant factors) would be payable*
15 *in any contract year for services covered under this title*
16 *and types of expenses otherwise reimbursable under this*
17 *title (including administrative costs incurred by orga-*
18 *nizations described in sections 1816 and 1842) if such*
19 *services were to be furnished by other than such health*
20 *maintenance organization.*

21 *“(B) With respect to any health maintenance organiza-*
22 *tion which has entered into a reasonable cost reimbursement*
23 *contract with the Secretary pursuant to subsection (i)(2)*
24 *(B), payments made to such organization shall be subject*

1 to suitable retroactive corrective adjustments at the end of
2 each contract year so as to assure that such organization is
3 paid for the reasonable cost actually incurred (excluding
4 therefrom any part of incurred cost found to be unnecessary
5 in the efficient delivery of health services) for the types of ex-
6 penses otherwise reimbursable under this title for providing
7 services covered under this title to individuals described in
8 paragraph (1).

9 “(C) Any contract with a health maintenance organiza-
10 tion under this title shall provide that the Secretary shall
11 require, at such time following the expiration of each account-
12 ing period of a health maintenance organization (and in
13 such form and in such detail) as he may prescribe:

14 “(i) that such health maintenance organization re-
15 port to him in an independently certified financial state-
16 ment its per capita incurred cost based on the types and
17 components of expenses otherwise reimbursable under
18 this title for providing services described in paragraph
19 (1), including therein, in accordance with accounting
20 procedures prescribed by the Secretary, its methods of al-
21 locating costs between individuals enrolled under this
22 section and other individuals enrolled with such
23 organization;

24 “(ii) that failure to report such information as may
25 be required may be deemed to constitute evidence of

1 *likely overpayment on the basis of which appropriate*
2 *collection action may be taken;*

3 “(iii) *that in any case in which a health mainte-*
4 *nance organization is related to another organization by*
5 *common ownership or control, a consolidated financial*
6 *statement shall be filed and that the allowable costs for*
7 *such organization may not include costs for the types of*
8 *expense otherwise reimbursable under this title, in excess*
9 *of those which would be determined to be reasonable*
10 *in accordance with regulations (providing for limiting*
11 *reimbursement to costs rather than charges to the health*
12 *maintenance organization by related organizations and*
13 *owners) issued by the Secretary in accordance with*
14 *section 1861(v) of the Social Security Act; and*

15 “(iv) *that in any case in which compensation is*
16 *paid by a health maintenance organization substantially*
17 *in excess of what is normally paid for similar services*
18 *by similar practitioners (regardless of method of com-*
19 *ensation), such compensation may as appropriate be*
20 *considered to constitute a distribution of profits.*

21 (368)“(3) (4) *The payments to health maintenance organi-*
22 *zations under this subparagraph with respect to individuals*
23 *described in subsection (a) (1) (A) shall be made from the*
24 *Federal Hospital Insurance Trust Fund and the Federal*
25 *Supplementary Medical Insurance Trust Fund. The portion*

1 of such payment to such an organization for a month to be
 2 paid by the latter trust fund shall be equal to 200 percent of
 3 the sum of—

4 “(A) the product of (i) the number of covered
 5 enrollees of such organization for such month (as de-
 6 scribed in paragraph (1)), who have attained age 65,
 7 and (ii) the monthly actuarial rate for supplementary
 8 medical insurance for such month as determined under
 9 section 1839(c) (1), and

10 “(B) the product of (i) the number of covered
 11 enrollees of such organization for such month (as de-
 12 scribed in paragraph (1)) who have not attained age
 13 65, and (ii) the monthly actuarial rate for supple-
 14 mentary medical insurance for such month as deter-
 15 mined under section 1839(c) (4).

16 The remainder of such payment shall be paid by the former
 17 trust fund. For limitation on Federal participation for capi-
 18 tal expenditures which are out of conformity with a com-
 19 prehensive plan of a State or areawide planning agency, see
 20 section 1122.

21 “(b) The term ‘health maintenance organization’ means
 22 a public or private organization which—

23 “(1) provides, either directly or through arrange-
 24 ments with others, health services to individuals en-
 25 rolled with such organization (369) under subsection (c)

1 ~~on a per capita prepayment basis~~ *on the basis of a predeter-*
2 *mined periodic rate without regard to the frequency*
3 *or extent of services furnished to any particular enrollee;*

4 “(2) provides, either directly or through arrange-
5 *ments with others, to the extent applicable in subsection*
6 *(c) (through institutions, entities, and persons meeting*
7 *the applicable requirements of section 1861), (370)all of*
8 *the services and benefits covered under parts A and B of*
9 *this title (371)which are generally available to individ-*
10 *uals residing in the geographic area served by the health*
11 *maintenance organization;*

12 “(3) provides physicians’ services (372)*primarily*
13 *(A) directly through physicians who are either employees*
14 *or partners of such organization, or (B) under arrange-*
15 *ments with one or more groups of physicians (organized*
16 *on a group practice or individual practice basis) under*
17 *which each such group is reimbursed for its services*
18 *primarily on the basis of an aggregate fixed sum or on a*
19 *per capita basis, regardless of whether the individual*
20 *physician members of any such group are paid on a fee-*
21 *for-service or other basis;*

22 “(4) *provides either directly or under arrange-*
23 *ments with others, the services of a sufficient number of*
24 *primary care and specialty care physicians to meet the*
25 *health needs of its members; for purposes of this section*

1 *the term 'specialty care physician' means a physician*
2 *who is either board certified or eligible for board certifica-*
3 *tion, except that the Secretary may by regulation prescribe*
4 *conditions under which physicians who have a record of*
5 *demonstrated proficiency but who are not eligible for*
6 *board certification may, on the basis of training and ex-*
7 *perience, be recognized as specialty care physicians;*

8 *“(5) has effective arrangements to assure that its*
9 *members have access to qualified practitioners in those*
10 *specialties which are generally available in the geo-*
11 *graphic area served by the health maintenance organiza-*
12 *tion;*

13 **(374)**~~“(4)~~ *(6) demonstrates to the satisfaction of the*
14 *Secretary proof of financial responsibility and proof of*
15 *capability to provide comprehensive health care serv-*
16 *ices, including institutional services, efficiently, effec-*
17 *tively, and economically;*

18 **(375)**~~“(5)~~ *(7) except as provided in subsection (h),*
19 *has at least half of its enrolled members consisting of*
20 *individuals under age 65;*

21 **(376)**~~“(6)~~ *(8) assures that the health services required*
22 *by its members are received promptly and appropriately*
23 *and that the services that are received measure up to*
24 *quality standards which it establishes in accordance with*
25 *regulations; and*

1 (377)“~~(7)~~ (9) has an open enrollment period at least
 2 every year under which it accepts up to the limits of its
 3 capacity and without restrictions, except as may be
 4 authorized in regulations, individuals who are eligible to
 5 enroll under subsection (d) in the order in which they
 6 apply for enrollment unless to do so would result in
 7 failure to meet the requirements of paragraph (378)~~(5)~~
 8 (7) (379)or would result in enrollment of enrollees sub-
 9 stantially nonrepresentative, as determined in accordance
 10 with regulations of the Secretary, of the population in the
 11 geographic area served by such health maintenance
 12 organization.

13 “(c) The benefits provided under this section (380)to
 14 enrollees of an organization which has entered into a risk
 15 sharing contract with the Secretary pursuant to subsection
 16 (i)(2)(A) shall consist of—

17 “(1) in the case of an individual who is entitled to
 18 hospital insurance benefits under part A and enrolled
 19 for medical insurance benefits under part B—

20 “(A) entitlement to have payment made on
 21 his behalf for all services described in section 1812
 22 and section 1832 which are furnished to him by the
 23 health maintenance organization with which he is
 24 enrolled pursuant to subsection (e) of this section;
 25 and

1 “(B) entitlement to have payment made by
2 such health maintenance organization to him or on
3 his behalf for ~~(381)~~(i) such emergency services (as
4 defined in regulations), ~~(382)~~~~or~~ (ii) *such urgently*
5 *needed services (as defined in regulations) furnished*
6 *to him during a period of temporary absence (as de-*
7 *fined in regulations) from the geographic area served*
8 *by the health maintenance organization with which*
9 *he is enrolled, and (iii) such other services as may*
10 be determined, in accordance with subsection (f), to
11 be services which the individual was entitled to have
12 furnished by the health maintenance organization, as
13 may be furnished to him by a physician, supplier,
14 or provider of services, other than the health main-
15 tenance organization with which he is enrolled; and

16 “(2) in the case of an individual who is not en-
17 titled to hospital insurance benefits under part A but
18 who is enrolled for medical insurance benefits under part
19 B, entitlement to have payment made for services de-
20 scribed in paragraph (1), but only to the extent that
21 such services are also described in section 1832.

22 “(d) Subject to the provisions of subsection (e), every
23 individual described in subsection (c) (1) and (2) shall be
24 eligible to enroll with any health maintenance organization

1 (as defined in subsection (b)) which serves the geographic
2 area in which such individual resides.

3 “(e) An individual may enroll with a health mainte-
4 nance organization under this section, and may terminate
5 such enrollment, as may be prescribed by regulations.

6 “(f) Any individual enrolled with a health maintenance
7 organization under this section who is dissatisfied by reason
8 of his failure to receive without additional cost to him any
9 health service to which he believes he is entitled, shall, if
10 the amount in controversy is \$100 or more, be entitled
11 to a hearing before the Secretary to the same extent as is
12 provided in section 205 (b) and in any such hearing the
13 Secretary shall make such health maintenance organization
14 a party thereto. If the amount in controversy is \$1,000
15 or more, such individual or health maintenance organization
16 shall be entitled to judicial review of the Secretary’s final
17 decision after such hearing as is provided in section 205 (g) .

18 “(g) (1) If the health maintenance organization pro-
19 vides its enrollees under this section only the services de-
20 scribed in subsection (c), its premium rate ~~(383)~~ *or other*
21 *charges* for such enrollees shall not exceed the actuarial value
22 of the deductible and coinsurance which would otherwise be
23 applicable to such enrollees under part A and part B, if they
24 were not enrolled under this section.

1 “(2) If the health maintenance organization provides
2 to its enrollees under this section services in addition to those
3 described in subsection (c), ~~(384)~~ *it election of coverage for*
4 *such additional services shall be optional for such enrollees and*
5 *such organization shall furnish such enrollees with informa-*
6 *tion on the portion of its premium rate (385) or other charges*
7 *applicable to such additional services. The portion applicable*
8 *to the services described in subsection (c) may not*
9 *exceed (386)(i) the actuarial value of the deductible and*
10 *coinsurance which would otherwise be applicable to such*
11 *enrollees under part A and part B if they were not en-*
12 *rolled under this section (387) less (ii) the actuarial value of*
13 *other charges made in lieu of such deductible and coinsurance.*

14 “(h) The provisions of paragraph ~~(388)(5)(7)~~ of sub-
15 section (b) shall not apply with respect to any health mainte-
16 nance organization for such period not to exceed three years
17 from the date such organization enters into an agreement with
18 the Secretary pursuant to subsection (i), as the Secretary may
19 permit, but only so long as such organization demonstrates
20 to the satisfaction of the Secretary by the submission of its
21 plans for each year that it is making continuous efforts and
22 progress toward achieving compliance with the provisions
23 of such paragraph ~~(389)(5)(7)~~ within such three-year
24 period.

1 “(i) (1) ~~(390)~~The Secretary *Subject to the limitations*
2 *contained in subparagraphs (A) and (B) of paragraph (2),*
3 *the Secretary is authorized to enter into a contract with any*
4 *health maintenance organization which undertakes to pro-*
5 *vide, on ~~(391)~~ an interim per capita prepayment basis, the*
6 *services described in section 1832 (and section 1812, in the*
7 *case of individuals who are entitled to hospital insurance bene-*
8 *fits under part A) to individuals enrolled with such organi-*
9 *zation pursuant to subsection (e).*

10 ~~(392)~~“(2) (A) *If the health maintenance organization (i) has*
11 *a current enrollment of not less than 25,000 members on a*
12 *prepaid capitation basis and has been the primary source*
13 *of health care of at least 8,000 persons in each of the two*
14 *years immediately preceding the contract year, or (ii) serves*
15 *a nonurban geographic area, has a current enrollment of not*
16 *less than 5,000 members on a prepaid capitation basis and*
17 *has been the primary source of health care for at least 1,500*
18 *persons in each of the three years immediately preceding the*
19 *contract year, the Secretary may enter into a risk sharing*
20 *contract with such organization pursuant to which any sav-*
21 *ings and losses, as determined pursuant to subsection (a) (3)*
22 *(A), are shared between such organization and the Medicare*
23 *Trust Funds in the manner prescribed in such subsection.*
24 *For purposes of this subparagraph, a health maintenance*
25 *organization shall be considered to serve a nonurban geo-*

1 *graphic area if it is located in a nonmetropolitan county*
2 *(that is, a county with fewer than 50,000 inhabitants), or*
3 *if it has at least one such county in its normal service area, or*
4 *if it is located outside of a metropolitan area and its facilities*
5 *are within reasonable travel distance (as defined by the Sec-*
6 *retary) of fewer than 50,000 individuals. No health main-*
7 *tenance organization which has entered into a risk-sharing*
8 *contract with the Secretary under this subparagraph and*
9 *has voluntarily terminated such contract may again enter into*
10 *such a contract.*

11 *“(B) If the health maintenance organization does not*
12 *meet the requirements of subparagraph (A), or if the Secre-*
13 *tary is not satisfied that the health maintenance organization*
14 *has the capacity to bear its proportionate share of risk of*
15 *potential losses as determined under clause (ii) of subsec-*
16 *tion (a)(3)(A), or if the health maintenance organization*
17 *meeting the requirements of subparagraph (A) so elects, or*
18 *if an organization does not fully meet the requirements*
19 *of section 1876(b) but has demonstrated to the satisfaction of*
20 *the Secretary that it is making reasonable efforts to meet, and*
21 *is developing the capability to fully meet, such requirements,*
22 *and that it fully meets such basic requirements as the Secre-*
23 *tary shall prescribe in regulations, the Secretary may, if he is*
24 *otherwise satisfied that the health maintenance organization or*
25 *other organization is able to perform its contractual obliga-*

1 *tions effectively and efficiently, enter into a contract with such*
2 *organization pursuant to which such organization is re-*
3 *imbursed on the basis of its reasonable cost (as defined in*
4 *section 1861(v)) in the manner prescribed in subsection*
5 *(a)(3)(B).*

6 “(3) Such contract may, at the option of such organiza-
7 tion, provide that the Secretary (A) will reimburse hospitals
8 and extended care facilities for the reasonable cost (as de-
9 termined under section 1861(v)) of services furnished
10 to individuals enrolled with such organization pursuant to
11 subsection (e), and (B) will deduct the amount of such
12 reimbursement from payments which would otherwise be
13 made to such organization. If a health maintenance organiza-
14 tion pays a hospital or extended care facility directly, the
15 amount paid shall not exceed the reasonable cost of the serv-
16 ices (as determined under section 1861(v)) unless such
17 organization demonstrates to the satisfaction of the Secre-
18 tary that such excess payments are justified on the basis of
19 advantages gained by the organization.

20 ~~(393)~~“(2)“(4) Each contract under this section shall be for a
21 term of at least one year, as determined by the Secretary,
22 and may be made automatically renewable from term to term
23 in the absence of notice by either party of intention to ter-
24minate at the end of the current term; except that the Sec-
25retary may terminate any such contract at any time (after

1 such reasonable notice and opportunity for hearing to the
 2 health maintenance organization involved as he may provide
 3 in regulations), if he finds that the organization (A) has
 4 failed substantially to carry out the contract, (B) is carrying
 5 out the contract in a manner inconsistent with the efficient
 6 and effective administration of this section, or (C) no longer
 7 substantially meets the applicable conditions of subsec-
 8 tion (b).

9 ~~(394)~~~~(3)~~ “(5) The effective date of any contract executed
 10 pursuant to this subsection shall be specified in such contract
 11 pursuant to the regulations.

12 ~~(395)~~~~(4)~~ “(6) Each contract under this section—

13 “(A) shall provide that the Secretary, or any per-
 14 son or organization designated by him—

15 “(i) shall have the right to inspect or other-
 16 wise evaluate the quality, appropriateness, and
 17 timeliness of services performed under such con-
 18 tract; and

19 “(ii) shall have the right to audit and inspect
 20 any books and records of such health maintenance
 21 organization which pertain to services performed
 22 and determinations of amounts payable under such
 23 contract; ~~(396)~~and

24 ~~(397)~~“(B) shall provide that no reinsurance costs (other
 25 than those with respect to out-of-area services), includ-

1 *ing any underwriting of risk relating to costs in excess*
 2 *of adjusted average per capita cost, as defined in clause*
 3 *(iv) of subsection (a)(3)(A), shall be allowed for*
 4 *purposes of determining payments authorized under this*
 5 *section; and*

6 **(398)**~~“(B)~~ *“(C) shall contain such other terms and*
 7 *conditions not inconsistent with this section as the Sec-*
 8 *retary may find necessary.*

9 *“(j) The function vested in the Secretary by subsection*
 10 *(i) may be performed without regard to such provisions of*
 11 *law or of other regulations relating to the making, perform-*
 12 *ance, amendment, or modification of contracts of the United*
 13 *States as the Secretary may determine to be inconsistent*
 14 *with the furtherance of the purposes of this title.”*

15 (b) **(399)**(1) *Notwithstanding the provisions of section*
 16 *1814 and section 1833 of the Social Security Act, any health*
 17 *maintenance organization which has entered into a contract*
 18 *with the Secretary pursuant to section 1876 of such Act shall,*
 19 *for the duration of such contract **(400)**(except as provided in*
 20 *paragraph (2)), be entitled to reimbursement only as pro-*
 21 *vided in section 1876 of such Act for individuals who are*
 22 *members of such organizations **(401)**; except that with respect*
 23 *to individuals who were members of such organization prior to*
 24 *January 1, 1972, and who, although eligible to have payment*
 25 *made pursuant to section 1876 of such Act for services rend-*

1 dered to them, chose ~~(in accordance with regulations)~~ not to
2 have such payment made pursuant to such section, the Secre-
3 tary shall, for a period not to exceed three years commencing
4 on January 1, 1972, pay such organization on the basis of a
5 per capita rate, determined in accordance with the provisions
6 of section 1876(a) of such Act, with appropriate actuarial ad-
7 justments to reflect the difference in utilization of out-of-plan
8 services between such individuals and individuals who are
9 enrolled with such organization pursuant to section 1876 of
10 such Act.

11 **(402)(2)** *With respect to individuals who are members of*
12 *organizations which have entered into a risk-sharing contract*
13 *with the Secretary pursuant to subsection (i)(2)(A) prior*
14 *to July 1, 1973, and who, although eligible to have payment*
15 *made pursuant to section 1876 of such Act for services ren-*
16 *dered to them, chose (in accordance with regulations) not*
17 *to have such payment made pursuant to such section, the*
18 *Secretary shall, for a period not to exceed three years com-*
19 *mencing on July 1, 1973, pay to such organization on the*
20 *basis of an interim per capita rate, determined in accordance*
21 *with the provisions of section 1876(a)(2) of such Act, with*
22 *appropriate actuarial adjustments to reflect the difference in*
23 *utilization of out-of-plan services, which would have been*
24 *considered sufficiently reasonable and necessary under the*
25 *rules of the health maintenance organization to be provided*

1 *by that organization, between such individuals and individ-*
2 *uals who are enrolled with such organization pursuant to*
3 *section 1876 of such Act. Payments under this paragraph*
4 *shall be subject to retroactive adjustment at the end of each*
5 *contract year as provided in paragraph (3).*

6 (3) *If the Secretary determines that the per capita cost*
7 *of any such organization in any contract year for providing*
8 *services to individuals described in paragraph (2), when*
9 *combined with the cost of the Federal Hospital Insurance*
10 *Trust Fund and the Federal Supplementary Medical In-*
11 *surance Trust Fund in such year for providing out-of-plan*
12 *services to such individuals, is less than or greater than the*
13 *adjusted average per capita cost (as defined in section 1876*
14 *(a)(3) of such Act) of providing such services, the result-*
15 *ing savings or losses (as the case may be) shall be appor-*
16 *tioned between such organization and such Trust Funds in*
17 *the manner prescribed in section 1876(a)(3) of such Act.*

18 (c) (1) Section 1814(a) of such Act is amended by
19 striking out "Except as provided in subsection (d)," and
20 inserting in lieu thereof the following: "Except as provided
21 in subsection (d) and in section 1876,".

22 (2) Section 1833(a) of such Act is amended by strik-
23 ing out "Subject to" and inserting in lieu thereof the follow-
24 ing: "Except as provided in section 1876, and subject to".

1 **(403)**(d) *Section 1875(b) of the Social Security Act, as*
 2 *amended by section 222(c) of this Act, is further amended—*

3 *(1) by inserting “the operation and administration*
 4 *of health maintenance organizations authorized by sec-*
 5 *tion 226 of the Social Security Amendments of 1972,”*
 6 *after the word “including”; and*

7 *(2) by striking out “1971” and inserting in lieu*
 8 *thereof “1972”.*

9 *(e) Section 1903 of such Act, as amended by sections*
 10 *207, 224, and 290 of this Act, is further amended by adding*
 11 *after subsection (j) the following new subsection:*

12 *“(k) The Secretary is authorized to provide at the re-*
 13 *quest of any State (and without cost to such State) such tech-*
 14 *nic and actuarial assistance as may be necessary to assist*
 15 *such State to contract with any health maintenance organiza-*
 16 *tion which meets the requirements of section 1876 for the*
 17 *purpose of providing medical care and services to individuals*
 18 *who are entitled to medical assistance under this title.”*

19 **(404)**~~(d)~~ *(f) The amendments made by this section shall*
 20 *be effective with respect to services provided on or after*
 21 **(405)**~~January 1, 1972.~~ *July 1, 1973.*

22 PAYMENT UNDER MEDICARE FOR SERVICES OF PHYSICIANS
 23 RENDERED AT A TEACHING HOSPITAL

24 SEC. 227. (a) Section 1861 (b) of the Social Security
 25 Act is amended by striking out the second sentence and in-
 26 serting in lieu thereof the following:

1 "Paragraph (4) shall not apply to services provided in a
2 hospital by—

3 " (6) an intern or a resident-in-training under a
4 teaching program approved by the Council on Medical
5 Education of the American Medical Association or, in
6 the case of an osteopathic hospital, approved by the
7 Committee on Hospitals of the Bureau of Professional
8 Education of the American Osteopathic Association, or,
9 in the case of services in a hospital or osteopathic hos-
10 pital by an intern or resident-in-training in the field of
11 dentistry, approved by the Council on Dental Education
12 of the American Dental Association; or

13 " (7) a physician where the hospital has a teaching
14 program approved as specified in paragraph (6), unless
15 (A) such inpatient is a private patient (as defined in
16 regulations), or (B) the hospital establishes that
17 during the two-year period ending December 31, 1967,
18 and each year thereafter all inpatients have been regu-
19 larly billed by the hospital for services rendered by
20 physicians and reasonable efforts have been made to
21 collect in full from all patients and payment of reason-
22 able charges (including applicable deductibles and coin-
23 surance) has been regularly collected in full or in sub-
24 stantial part from at least 50 percent of all inpatients."

1 (b) (1) So much of section 1814 (a) of such Act as
2 precedes paragraph (1) (as amended by section 226 (c)
3 (1) of this Act) is further amended by striking out “sub-
4 section (d)” and inserting in lieu thereof “subsections (d)
5 and (g)”.

6 (2) Section 1814 is further amended by adding at the
7 end thereof the following new subsection:

8 “Payment for Services of a Physician Rendered in a
9 Teaching Hospital

10 “(g) For purposes of services for which the reasonable
11 cost thereof is determined under section 1861 (v) (1) (D),
12 payment under this part shall be made to such fund as may
13 be designated by the organized medical staff of the hospital
14 in which such services were furnished or, if such services
15 were furnished in such hospital by the faculty of a medical
16 school, to such fund as may be designated by such faculty,
17 but only if—

18 “(1) such hospital has an agreement with the Sec-
19 retary under section 1866, and

20 “(2) the Secretary has received written assurances
21 that (A) such payment will be used by such fund solely
22 for the improvement of care of hospital patients or for
23 educational or charitable purposes and (B) the individ-
24 uals who were furnished such services or any other per-

1 sons will not be charged for such services (or if charged,
2 provision will be made for return of any moneys in-
3 correctly collected).”

4 (c) Section 1861 (v) (1) of such Act (as amended by
5 section 223 of this Act) is amended—

6 (1) by inserting “(A)” after “(1)”;

7 (2) by striking out “(A) take” and “(B) pro-
8 vide” in the fourth sentence and inserting in lieu thereof
9 “(i) take” and “(ii) provide”, respectively;

10 (3) by inserting “(B)” immediately preceding
11 “Such regulations in the case of extended care services”;
12 and

13 (4) by adding at the end thereof the following new
14 subparagraphs:

15 “(C) Where a hospital has an arrangement
16 with a medical school under which the faculty of
17 such school provides services at such hospital, an
18 amount not in excess of the reasonable cost of such
19 services to the medical school shall be included in
20 determining the reasonable cost to the hospital of
21 furnishing services—

22 “(i) for which payment may be made un-
23 der part A, but only if—

24 “(I) payment for such services as
25 furnished under such arrangement would

1 be made under part A to the hospital had
2 such services been furnished by the hospital,
3 and

4 “(II) such hospital pays to the medi-
5 cal school at least the reasonable cost of
6 such services to the medical school, or

7 “(ii) for which payment may be made
8 under part B, but only if such hospital pays to
9 the medical school at least the reasonable cost of
10 such services to the medical school.

11 “(D) Where (i) physicians furnish services
12 which are either inpatient hospital services (includ-
13 ing services in conjunction with the teaching pro-
14 grams of such hospital) by reason of paragraph
15 (7) of subsection (b) or for which entitlement
16 exists by reason of clause (II) of section 1832 (a)
17 (2) (B) (i) and (ii) such hospital (or medical
18 school under arrangement with such hospital) incurs
19 no actual cost in the furnishing of such services, the
20 reasonable cost of such services shall (under regula-
21 tions of the Secretary) be deemed to be the cost
22 such hospital or medical school would have incurred
23 had it paid a salary to such physicians rendering
24 such services approximately equivalent to the aver-
25 age salary paid to all physicians employed by such

1 hospital (or if such employment does not exist, or is
2 minimal in such hospital, by similar hospitals in a
3 geographic area of sufficient size to assure reason-
4 able inclusion of sufficient physicians in develop-
5 ment of such average salary).”

6 (d) (1) Section 1861 (u) of such Act is amended by
7 inserting before the period at the end thereof the following:
8 “, or, for purposes of section 1814 (g) and section 1835 (e),
9 a fund”.

10 (2) So much of section 1866 (a) (1) of such Act as
11 precedes subparagraph (A) is amended by inserting “(ex-
12 cept a fund designated for purposes of section 1814 (g) and
13 section 1835 (e))” after “provider of services”.

14 (e) (1) Section 1832 (a) (2) (B) of such Act is amend-
15 ed to read as follows:

16 “(B) medical and other health services fur-
17 nished by a provider of services or by others under
18 arrangements with them made by a provider of serv-
19 ices, excluding—

20 “(i) physician services except where fur-
21 nished by—

22 “(I) a resident or intern of a hospital,
23 or

24 “(II) a physician to a patient in a
25 hospital which has a teaching program ap-

1 proved as specified in paragraph (6) of sec-
2 tion 1861 (b) (including services in con-
3 junction with the teaching programs of
4 such hospital whether or not such patient
5 is an inpatient of such hospital), unless
6 either clause (A) or (B) of paragraph
7 (7) of such section is met, and

8 “(ii) services for which payment may be
9 made pursuant to section 1835 (b) (2) ; and”.

10 (2) (A) So much of section 1835 (a) of such Act as
11 precedes paragraph (1) is amended by striking out “sub-
12 sections (b) and (c),” and inserting in lieu thereof “sub-
13 sections (b), (c), and (e),”.

14 (B) Section 1835 of such Act is further amended by
15 adding at the end thereof the following new subsection:

16 “(e) For purposes of services (1) which are inpatient
17 hospital services by reason of paragraph (7) of section 1861
18 (b) or for which entitlement exists by reason of clause (II)
19 of section 1832 (a) (2) (B) (i), and (2) for which the rea-
20 sonable cost thereof is determined under section 1861 (v)
21 (1) (D), payment under this part shall be made to such fund
22 as may be designated by the organized medical staff of the
23 hospital in which such services were furnished or, if such
24 services were furnished in such hospital by the faculty of a

1 medical school, to such fund as may be designated by such
2 faculty, but only if—

3 “(1) such hospital has an agreement with the
4 Secretary under section 1866, and

5 “(2) the Secretary has received written assurances
6 that such payment will be used by such fund solely for
7 the improvement of care to patients in such hospital
8 or for educational or charitable purposes and (B) the
9 individuals who were furnished such services or any
10 other persons will not be charged for such services (or if
11 charged provision will be made for return for any moneys
12 incorrectly collected).”

13 (3) Section 1842 (a) of such Act is amended by in-
14 serting after “which involve payments for physicians’ serv-
15 ices” the following: “on a reasonable charge basis”.

16 (f) Section 1861 (q) of such Act is amended by striking
17 out the parenthetical phrase “(but not including services
18 described in the last sentence of subsection (b))” and in-
19 serting in lieu thereof “(but not including services described
20 in subsection (b) (6))”.

21 (g) The amendments made by this section shall apply
22 with respect to accounting periods beginning after (406)

23 ~~June 30, 1971~~ December 31, 1972.

1 ADVANCE APPROVAL OF EXTENDED CARE AND HOME

2 HEALTH COVERAGE UNDER MEDICARE

3 SEC. 228. (a) Section 1814 of the Social Security Act
4 (as amended by section 227 (b) (2) of this Act) is amended
5 by adding at the end thereof the following new subsections:

6 “Payment for Posthospital Extended Care Services

7 “(h) (1) An individual shall be presumed to require the
8 care specified in subsection (a) (2) (C) of this section for
9 purposes of making payment to an extended care facility
10 (subject to the provisions of section 1812) for posthospital
11 extended care services which are furnished by such facility
12 to such individual if—

13 “(A) the certification referred to in subsection (a)
14 (2) (C) of this section is submitted prior to or at the
15 time of admission of such individual to such extended
16 care facility,

17 “(B) such certification states that the medical con-
18 dition of the individual is a condition designated in
19 regulations,

20 “(C) such certification is accompanied by a plan
21 of treatment for providing such services, and

1 “(D) there is compliance with such other require-
2 ments and procedures as may be specified in regulations,
3 but only for services furnished during such limited periods
4 of time with respect to such conditions of the individual as
5 may be prescribed in regulations by the Secretary, taking
6 into account the medical severity of such conditions, the
7 degree of incapacity, and the minimum length of stay in an
8 institution generally needed for such conditions, and such
9 other factors affecting the type of care to be provided as the
10 Secretary deems pertinent.

11 “(2) If the Secretary determines with respect to a
12 physician that such physician is submitting with some fre-
13 quency (A) erroneous certifications that individuals have
14 conditions designated in regulations as provided in this sub-
15 section or (B) plans for providing services which are inap-
16 propriate, the provisions of paragraph (1) shall not apply,
17 after the effective date of such determination, in any case
18 in which such physician submits a certification or plan re-
19 ferred to in subparagraph (A), (B), or (C) of paragraph
20 (1).

21 “Payment for Posthospital Home Health Services

22 “(i) (1) An individual shall be presumed to require
23 the services specified in subsection (a) (2) (D) of this
24 section for purposes of making payment to a home health
25 agency (subject to the provisions of section 1812) for post-

1 hospital home health services furnished by such agency to
2 such individual if—

3 “(A) the certification and plan referred to in sub-
4 section (a) (2) (D) of this section are submitted in
5 timely fashion prior to the first visit by such agency,

6 “(B) such certification states that the medical
7 condition of the individual is a condition designated in
8 regulations, and

9 “(C) there is compliance with such other require-
10 ments and procedures as may be specified in regulations,
11 but only for services furnished during such limited numbers
12 of visits with respect to such conditions of the individual as
13 may be prescribed in regulations by the Secretary, taking into
14 account the medical severity of such conditions, the degree
15 of incapacity, and the minimum period of home confinement
16 generally needed for such conditions, and such other factors
17 affecting the type of care to be provided as the Secretary
18 deems pertinent.

19 “(2) If the Secretary determines with respect to a phy-
20 sician that such physician is submitting with some frequency
21 (A) erroneous certifications that individuals have conditions
22 designated in regulations as provided in this subsection or
23 (B) plans for providing services which are inappropriate, the
24 provisions of paragraph (1) shall not apply, after the effec-
25 tive date of such determination, in any case in which such

1 physician submits a certification or plan referred to in sub-
2 paragraph (A) or (B) of paragraph (1).”

3 ~~(407)(b)~~ The amendment made by subsection ~~(a)~~ shall be
4 effective with respect to admissions to extended care facilities,
5 and home health plans initiated, on or after January 1, 1972.

6 *(b) The amendment made by subsection (a) and any*
7 *regulations adopted pursuant to such amendment shall apply*
8 *with respect to plans of care initiated on or after Janu-*
9 *ary 1, 1973, and with respect to admission to extended care*
10 *facilities and home health plans initiated on or after such*
11 *date.*

12 **AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS**
13 **TO SUPPLIERS OF SERVICES**

14 **SEC. 229.** (a) Section 1862 of the Social Security Act
15 (as amended by section 210 of this Act) is further amended
16 by adding at the end thereof the following new subsection:

17 “(d) (1) No payment may be made under this title
18 with respect to any item or services furnished to an individ-
19 ual by a person where the Secretary determines under this
20 subsection that such person—

21 “(A) has knowingly and willfully made, or
22 caused to be made, any false statement or representa-
23 tion of a material fact for use in an application for
24 payment under this title or for use in determining the
25 right to a payment under this title;

1 “(B) has submitted or caused to be submitted (ex-
2 cept in the case of a provider of services), bills or re-
3 quests for payment under this title containing charges
4 (or in applicable cases requests for payment of costs to
5 such person) for services rendered which the Secretary
6 finds, with the concurrence of the appropriate program
7 review team appointed pursuant to paragraph (4), to be
8 substantially in excess of such person’s customary
9 charges (or in applicable cases substantially in excess of
10 such person’s costs) for such services, unless the Secre-
11 tary finds there is good cause for such bills or requests
12 containing such charges (or in applicable cases, such
13 costs) ; or

14 “(C) has furnished services or supplies which are
15 determined by the Secretary, with the concurrence of the
16 members of the appropriate program review team ap-
17 pointed pursuant to paragraph (4) who are physicians
18 or other professional personnel in the health care field, to
19 be substantially in excess of the needs of individuals or to
20 be harmful to individuals or to be of a grossly inferior
21 quality.

22 “(2) A determination made by the Secretary under
23 this subsection shall be effective at such time and upon such
24 reasonable notice to the public and to the person furnishing
25 the services involved as may be specified in regulations. Such

1 determination shall be effective with respect to services fur-
2 nished to an individual on or after the effective date of such
3 determination (except that in the case of inpatient hospital
4 services, posthospital extended care services, and home
5 health services such determination shall be effective in the
6 manner provided in section 1866 (b) (3) and (4) with
7 respect to terminations of agreements), and shall remain in
8 effect until the Secretary finds and gives reasonable notice
9 to the public that the basis for such determination has been
10 removed and that there is reasonable assurance that it will
11 not recur.

12 “(3) Any person furnishing services described in para-
13 graph (1) who is dissatisfied with a determination made by
14 the Secretary under this subsection shall be entitled to rea-
15 sonable notice and opportunity for a hearing thereon by
16 the Secretary to the same extent as is provided in section
17 205 (b), and to judicial review of the Secretary’s final deci-
18 sion after such hearing as is provided in section 205 (g)

19 “(4) For the purposes of paragraph (1) (B) and (C)
20 of this subsection, and clause (F) of section 1866 (b) (2),
21 the Secretary shall, after consultation with appropriate State
22 and local professional societies, the appropriate carriers and
23 intermediaries utilized in the administration of this title, and
24 consumer representatives familiar with the health needs of
25 residents of the State, appoint one or more program review

1 teams (composed of physicians, other professional personnel
2 in the health care field, and consumer representatives) in
3 each State which shall, among other things—

4 “(A) undertake to review such statistical data on
5 program utilization as may be submitted by the
6 Secretary,

7 “(B) submit to the Secretary periodically, as may
8 be prescribed in regulations, a report on the results of
9 such review, together with recommendations with re-
10 spect thereto,

11 “(C) undertake to review particular cases where
12 there is a likelihood that the person or persons furnish-
13 ing services and supplies to individuals may come within
14 the provisions of paragraph (1) (B) and (C) of this
15 subsection or clause (F) of section 1866 (b) (2), and

16 “(D) submit to the Secretary periodically, as may
17 be prescribed in regulations, a report of cases reviewed
18 pursuant to subparagraph (C) along with an analysis
19 of, and recommendations with respect to, such cases.”

20 (b) Section 1866 (b) (2) of such Act is amended by
21 striking out the period at the end thereof and inserting in
22 lieu thereof the following: “, or (D) that such provider
23 has made, or caused to be made, any false statement or rep-
24 resentation of a material fact for use in an application for
25 payment under this title or for use in determining the right

1 to a payment under this title, or (E) that such provider
2 has submitted, or caused to be submitted, requests for pay-
3 ment under this title of amounts for rendering services sub-
4 stantially in excess of the costs incurred by such provider
5 for rendering such services, or (F) that such provider has
6 furnished services or supplies which are determined by the
7 Secretary, with the concurrence of the members of the ap-
8 propriate program review team appointed pursuant to sec-
9 tion 1862 (d) (4) who are physicians or other professional
10 personnel in the health care field, to be substantially in excess
11 of the needs of individuals or to be harmful to individuals or
12 to be of a grossly inferior quality.”

13 (c) Section 1903 (i) of such Act (as added by section
14 224 (c) of this Act) is further amended by striking out
15 “shall not be made” and all that follows and inserting in
16 lieu thereof the following: “shall not be made—

17 “(1) with respect to any amount paid for items or
18 services furnished under the plan after ~~(408) June 30,~~
19 ~~1971, December 31, 1972,~~ to the extent that such amount
20 exceeds the charge which would be determined to be
21 reasonable for such items or services under the third,
22 fourth, and fifth sentences of section 1842 (b) (3) ; or

23 “(2) with respect to any amount paid for services
24 furnished under the plan after ~~(409) June 30, 1971, De-~~

1 *cember 31, 1972*, by a provider or other person during any
2 period of time, if payment may not be made under title
3 XVIII with respect to services furnished by such pro-
4 vider or person during such period of time solely by
5 reason of a determination by the Secretary under section
6 1862 (d) (1) or under clause (D), (E), or (F) of
7 section 1866 (b) (2).”

8 (d) Section 506 (f) of such Act (as added by section
9 224 (d) of this Act) is further amended by striking out “no
10 payment shall be made” and all that follows and inserting in
11 lieu thereof the following: “no payment shall be made to
12 any State thereunder—

13 “(1) with respect to any amount paid for items
14 or services furnished under the plan after ~~(410) June 30,~~
15 ~~1971,~~ *December 31, 1972*, to the extent that such amount
16 exceeds the charge which would be determined to be rea-
17 sonable for such items or services under the fourth and
18 fifth sentences of section 1842 (b) (3) ; or

19 “(2) with respect to any amount paid for services
20 furnished under the plan after ~~(411) June 30, 1971,~~ *De-*
21 *cember 31, 1972*, by a provider or other person during any
22 period of time, if payment may not be made under title
23 XVIII with respect to services furnished by such pro-
24 vider or person during such period of time solely by

1 reason of a determination by the Secretary under section
 2 1862 (d) (1) or under clause (D), (E), or (F) of
 3 section 1866 (b) (2).”

4 ELIMINATION OF REQUIREMENT THAT STATES MOVE
 5 TOWARD COMPREHENSIVE MEDICAID PROGRAMS

6 SEC. 230. Section 1903 (e) of the Social Security Act,
 7 and section 2 (b) of Public Law 91-56 (approved August 9,
 8 1969), are repealed.

9 ~~(412)~~REDUCTIONS IN CARE AND SERVICES UNDER
 10 MEDICAID

11 ~~SEC. 231. Section 1902(d) of the Social Security Act~~
 12 ~~is amended—~~

13 ~~(1) by inserting “required to be included pursuant~~
 14 ~~to subsection (a)(13) and” after “extent of the care~~
 15 ~~and services” in the matter preceding paragraph (1);~~

16 ~~(2) by striking out “or to terminate any of such~~
 17 ~~care and services,”; and~~

18 ~~(3) by inserting “with respect to care and services~~
 19 ~~required to be included pursuant to subsection (a)(13)”~~
 20 ~~after “under the plan” in paragraph (1).~~

21 REPEAL OF SECTION 1902(d) OF MEDICAID

22 *SEC. 231. Section 1902(d) of the Social Security Act*
 23 *is repealed.*

1 ~~(413)~~ DETERMINATION OF REASONABLE COST OF INPATIENT
2 HOSPITAL SERVICES UNDER MEDICAID AND UNDER
3 MATERNAL AND CHILD HEALTH PROGRAM

4 SEC. 232. ~~(a)~~ Section 1902 ~~(a)~~ ~~(13)~~ ~~(D)~~ of the Social
5 Security Act is amended to read as follows:

6 ~~“(D)~~ for payment of the reasonable cost of in-
7 patient hospital services provided under the plan, as
8 determined in accordance with methods and stand-
9 ards which shall be developed by the State and in-
10 eluded in the plan, except that the reasonable cost of
11 any such services as determined under such methods
12 and standards shall not exceed the amount which
13 would be determined under section 1861 ~~(v)~~ as the
14 reasonable cost of such services for purposes of title
15 XVIII;”.

16 ~~(b)~~ Section 505 ~~(a)~~ ~~(6)~~ of such Act is amended to read
17 as follows:

18 ~~“(6)~~ provides for payment of the reasonable cost of
19 inpatient hospital services provided under the plan, as
20 determined in accordance with methods and standards
21 which shall be developed by the State and included in
22 the plan, except that the reasonable cost of any such

1 services as determined under such methods and stand-
 2 ards shall not exceed the amount which would be deter-
 3 mined under section 1861(v) as the reasonable cost of
 4 such services for purposes of title XVIII;”.

5 (e) The amendments made by this section shall be
 6 effective July 1, 1972 (or earlier if the State plan so
 7 provides).

8 AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR
 9 SERVICES FURNISHED ARE LESS THAN REASONABLE
 10 COST

11 SEC. 233. (a) Section 1814(b)(1) of the Social Se-
 12 curity Act (414) is (as amended by section 215 of this Act) is
 13 further amended to read as follows:

14 “Amount Paid to Providers

15 “(b) (415)(1) The amount paid to any provider of serv-
 16 ices (416) (other than a pharmacy) with respect to services for
 17 which payment may be made under this part shall, subject to
 18 the provisions of section 1813, be—

19 “(A) the lesser of (i) the reasonable cost of such
 20 services, as determined under section 1861(v), or (ii),
 21 the customary charges with respect to such services; or

22 “(B) if such services are furnished by a public
 23 provider of services free of charge or at nominal charges
 24 to the public, the amount determined on the basis of
 25 those items (specified in regulations prescribed by the

1 Secretary) included in the determination of such reason-
2 able cost which the Secretary finds will provide fair com-
3 pensation to such provider for such services.”

4 (b) Section 1833 (a) (2) of such Act is amended to
5 read as follows:

6 “(2) in the case of services described in section
7 1832 (a) (2)—80 percent of—

8 “(A) the lesser of (i) the reasonable cost of
9 such services, as determined under section 1861 (v),
10 or (ii) the customary charges with respect to such
11 services; or

12 “(B) if such services are furnished by a public
13 provider of services free of charge or at nominal
14 charges to the public, the amount determined in
15 accordance with section 1814 (b) (2).”

16 (c) Section 1903 (i) of such Act (as added by section
17 224 (c) and amended by section 229 (c) of this Act) is fur-
18 ther amended by striking out the period at the end of para-
19 graph (2) and inserting in lieu thereof “; or”, and by
20 adding after paragraph (2) the following new paragraph:

21 “(3) with respect to any amount expended for in-
22 patient hospital services furnished under the plan to the
23 extent that such amount exceeds the hospital’s customary
24 charges with respect to such services or (if such services

1 are furnished under the plan by a public institution free
2 of charge or at nominal charges to the public) exceeds
3 an amount determined on the basis of those items (speci-
4 fied in regulations prescribed by the Secretary) included
5 in the determination of such payment which the Secre-
6 tary finds will provide fair compensation to such insti-
7 tution for such services.”

8 (d) Section 506 (f) of such Act (as added by section
9 224 (d) and amended by section 229 (d) of this Act) is
10 further amended by striking out the period at the end of
11 paragraph (2) and inserting in lieu thereof “; or”, and
12 by adding after paragraph (2) the following new paragraph:

13 “(3) with respect to any amount expended for in-
14 patient hospital services furnished under the plan to the
15 extent that such amount exceeds the hospital’s customary
16 charges with respect to such services or (if such services
17 are furnished under the plan by a public institution free
18 of charge or at nominal charges to the public) exceeds
19 an amount determined on the basis of those items (speci-
20 fied in regulations prescribed by the Secretary) in-
21 cluded in the determination of such payment which the
22 Secretary finds will provide fair compensation to such
23 institution for such services.”

24 (e) Clause (2) of the second sentence of section 509 (a)
25 of such Act (as amended by section 221 (c) (3) of this Act)

1 is further amended by inserting “(A)” before “the reason-
 2 able cost”, and by inserting after “under the project,” the fol-
 3 lowing: “or (B) if less, the customary charges with respect
 4 to such services provided under the project, or (C) if such
 5 services are furnished under the project by a public institu-
 6 tion free of charge or at nominal charges to the public, an
 7 amount determined on the basis of those items (specified in
 8 regulations prescribed by the Secretary) included in the
 9 determination of such reasonable cost which the Secretary
 10 finds will provide fair compensation to such institution for
 11 such services”.

12 (f) The amendments made by subsections (a) and
 13 (b) shall apply to services furnished by hospitals, extended
 14 care facilities, and home health agencies in accounting
 15 periods beginning after (417) ~~June 30, 1971~~ *December 31,*
 16 *1972*. The amendments made by subsections (c), (d), and
 17 (e) shall apply with respect to services furnished by hospi-
 18 tals in accounting periods beginning after (418) ~~June 30,~~
 19 ~~1971~~ *December 31, 1972*.

20 INSTITUTIONAL PLANNING UNDER MEDICARE

21 SEC. 234. (a) The first sentence of section 1861 (e) of
 22 the Social Security Act is amended—

23 (1) by striking out “and” at the end of paragraph
 24 (7);

1 (2) by redesignating paragraph (8) as paragraph
2 (9) ; and

3 (3) by inserting after paragraph (7) the following
4 new paragraph:

5 “(8) has in effect an overall plan and budget that
6 meets the requirements of subsection (z) ; and”.

7 (b) Section 1861 (f) (2) of such Act is amended to
8 read as follows:

9 “(2) satisfies the requirements of paragraphs (3)
10 through (9) of subsection (e) ;”.

11 (c) Section 1861 (g) (2) of such Act is amended to
12 read as follows:

13 “(2) satisfies the requirements of paragraphs (3)
14 through (9) of subsection (e) ;”.

15 (d) The first sentence of section 1861 (j) of such Act
16 is amended—

17 (1) by striking out “and” at the end of paragraph
18 (9) ;

19 (2) by redesignating paragraph (10) as paragraph
20 (11) ; and

21 (3) by inserting after paragraph (9) the following
22 new paragraph:

23 “(10) has in effect an overall plan and budget
24 that meets the requirements of subsection (z) ; and”.

25 (e) Section 1861 (o) of such Act is amended—

1 for at least a 3-year period (including the year to
2 which the operating budget described in subparagraph
3 (1) is applicable) which includes and identifies in detail
4 the anticipated sources of financing for, and the objec-
5 tives of, each anticipated expenditure in excess of
6 \$100,000 related to the acquisition of land, the improve-
7 ment of land, buildings, and equipment, and the replace-
8 ment, modernization, and expansion of the buildings and
9 equipment which would, under generally accepted ac-
10 counting principles, be considered capital items;

11 “(3) provides for review and updating at least
12 annually; and

13 “(4) is prepared, under the direction of the gov-
14 erning body of the institution or agency, by a committee
15 consisting of representatives of the governing body, the
16 administrative staff, and the medical staff (if any) of
17 the institution or agency.”

18 (g) (1) Section 1814(a) (2) (C) and section 1814
19 (a) (2) (D) of such Act are each amended by striking out
20 “and (8)” and inserting in lieu thereof “and (9)”.

21 (2) Section 1863 of such Act is amended by striking
22 out “subsections (e) (8), (f) (4), (g) (4), (j) (10), and

1 (o) (5)” and inserting in lieu thereof “subsections (e) (9),
2 (f) (4), (g) (4), (j) (11), and (o) (6)”.

3 (h) Section 1865 of such Act is amended—

4 (1) by striking out “(except paragraph (6)
5 thereof)” in the first sentence and inserting in lieu
6 thereof “(except paragraphs (6) and (8) thereof”,
7 and

8 (2) by striking out the second sentence and insert-
9 ing in lieu thereof the following: “If such Commission,
10 as a condition for accreditation of a hospital, (1) re-
11 quires a utilization review plan as defined in section
12 1861 (k) or imposes another requirement which serves
13 substantially the same purpose, or (2) requires insti-
14 tutional plans as defined in section 1861 (z) or imposes
15 another requirement which serves substantially the same
16 purpose, the Secretary is authorized to find that all insti-
17 tutions so accredited by the Commission comply also
18 with section 1861 (e) (6) or 1861 (e) (8), as the case
19 may be.”

20 (i) The amendments made by this section shall apply
21 with respect to any provider of services for fiscal years (of

1 such provider) beginning after the fifth month following the
2 month in which this Act is enacted.

3 PAYMENTS TO STATES UNDER MEDICAID FOR ~~(419)~~IN-
4 STALLATION AND OPERATION OF CLAIMS PROCESSING
5 AND INFORMATION RETRIEVAL SYSTEMS DEVELOP-
6 MENT OF COST DETERMINATION SYSTEMS FOR STATE-
7 OWNED GENERAL HOSPITALS

8 SEC. 235. (a) Section 1903 (a) of the Social Security
9 Act is amended by redesignating paragraph (3) as para-
10 graph (4), and by inserting after paragraph (2) the
11 following new paragraph:

12 ~~(420)~~~~“(3)~~ and amount equal to—

13 ~~“(A) (i)~~ 90 per centum of so much of the sums
14 expended during such quarter as are attributable
15 to the design, development, or installation of such
16 mechanized claims processing and information re-
17 trieval systems as the Secretary determines are
18 likely to provide more efficient, economical, and
19 effective administration of the plan and to be com-
20 patible with the claims processing and information
21 retrieval systems utilized in the administration of
22 title XVIII, including the State's share of the cost
23 of installing such a system to be used jointly in the
24 administration of such State's plan and the plan of
25 any other State approved under this title, and

1 ~~“(ii) 90 per centum of so much of the sums~~
2 ~~expended during any such quarter in the fiscal~~
3 ~~year ending June 30, 1972, or the fiscal year~~
4 ~~ending June 30, 1973, as are attributable to the~~
5 ~~design, development, or installation of cost deter-~~
6 ~~mination systems for State-owned general hospitals~~
7 ~~(except that the total amount paid to all States under~~
8 ~~this clause for either such fiscal year shall not exceed~~
9 ~~\$150,000), and~~

10 ~~“(B) 75 per centum of so much of the sums~~
11 ~~expended during such quarter as are attributable to~~
12 ~~the operation of systems of the type described in~~
13 ~~subparagraph (A)(i) (whether or not designed,~~
14 ~~developed, or installed with assistance under such~~
15 ~~subparagraph) which are approved by the Secre-~~
16 ~~tary and which include provision for prompt writ-~~
17 ~~ten notice to each individual who is furnished serv-~~
18 ~~ices covered by the plan of the specific services so~~
19 ~~covered, the name of the person or persons furnish-~~
20 ~~ing the services, the date or dates on which the~~
21 ~~services were furnished, and the amount of the pay-~~
22 ~~ment or payments made under the plan on account~~
23 ~~of the services; plus”.~~

24 ~~“(3) an amount equal to 90 per centum of so much~~
25 ~~of the sums expended during any such quarter in the~~

1 other facility) to the facility in which the service was pro-
2 vided if there is a contractual arrangement between such
3 physician or other person and such facility under which such
4 facility submits the bill for such service.”

5 (b) Section 1902 (a) of such Act is amended—

6 (1) by striking out “and” at the end of paragraph
7 ~~(421)~~~~(29)~~ (30);

8 (2) by striking out the period at the end of para-
9 graph ~~(422)~~~~(30)~~ (31) and inserting in lieu thereof
10 “; and”; and

11 (3) by inserting after paragraph ~~(423)~~~~(30)~~
12 (31) the following new paragraph:

13 ~~(424)~~~~(31)~~ (32) provide that no payment under
14 the plan for any care or service provided to an in-
15 dividual by a physician, dentist, or other individual
16 practitioner shall be made to anyone other than such
17 individual or such physician, dentist, or practitioner,
18 except that payment may be made (A) to the em-
19 ployer of such physician, dentist, or practitioner if
20 such physician, dentist, or practitioner is required as a
21 condition of his employment to turn over his fee for
22 such care or service to his employer, or (B)
23 (where the care or service was provided in a hospital,
24 clinic, or other facility) to the facility in which the care
25 or service was provided if there is a contractual arrange-
26 ment between such physician, dentist, or practitioner

1 and such facility under which such facility submits the
2 bill for such care or service.”

3 (c) The amendment made by subsection (a) shall
4 apply with respect to bills submitted and requests for pay-
5 ments made after the date of the enactment of this Act. The
6 amendments made by subsection (b) shall be effective
7 ~~(425) July 1, 1972~~ *January 1, 1973* (or earlier if the
8 State plan so provides).

9 UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND
10 SKILLED NURSING HOMES UNDER MEDICAID AND UN-
11 DER MATERNAL AND CHILD HEALTH PROGRAM

12 SEC. 237. (a) (1) Section 1903 (i) of the Social Se-
13 curity Act (as added by section 224 (c) and amended by
14 sections 229 (c) and 233 (c) of this Act) is further amended
15 by striking out the period at the end of paragraph (3) and
16 inserting in lieu thereof “; or”, and by adding after para-
17 graph (3) the following new paragraph:

18 “(4) with respect to any amount expended for care
19 or services furnished under the plan by a hospital or
20 skilled nursing home unless such hospital or skilled nurs-
21 ing home has in effect a utilization review plan which
22 meets the requirements imposed by section 1861 (k) for
23 purposes of title XVIII; and if such hospital or skilled
24 nursing home has in effect such a utilization review plan

1 for purposes of title XVIII, such plan shall serve as the
2 plan required by this subsection (with the same stand-
3 ards and procedures and the same review committee or
4 group) as a condition of payment under this title (426);
5 *the Secretary is authorized to waive the requirements of*
6 *this paragraph if the State agency demonstrates to his*
7 *satisfaction that it has in operation utilization review pro-*
8 *cedures which are superior in their effectiveness to the*
9 *procedures required under section 1861(k)."*

10 (2) Section 1902 (a) (30) of such Act is amended by
11 inserting "(including but not limited to utilization review
12 plans as provided for in section 1903 (i) (4))" after "plan"
13 where it first appears.

14 (b) Section 506 (f) of such Act (as added by section
15 224 (d) and amended by sections 229 (d) and 233 (d) of
16 this Act) is further amended by striking out the period at
17 the end of paragraph (3) and inserting in lieu thereof ";
18 or", and by adding after paragraph (3) the following new
19 paragraph:

20 " (4) with respect to any amount expended for
21 services furnished under the plan by a hospital unless
22 such hospital has in effect a utilization review plan which
23 meets the requirement imposed by section 1861 (k) for
24 purposes of title XVIII; and if such hospital has in

1 effect such a utilization review plan for purposes of title
2 XVIII, such plan shall serve as the plan required by
3 this subsection (with the same standards and procedures
4 and the same review committee or group) as a condi-
5 tion of payment under this title(427); *the Secretary is*
6 *authorized to waive the requirements of this paragraph in*
7 *any State if the State agency demonstrates to his satisfac-*
8 *tion that it has in operation utilization review procedures*
9 *which are superior in their effectiveness to the procedures*
10 *required under section 1861(k)."*

11 **(428)**(c) *Section 1861(k) of such Act is amended by adding*
12 *at the end thereof the following new sentence: "If the Sec-*
13 *retary determines that the utilization review procedures es-*
14 *tablished pursuant to title XIX are superior in their effec-*
15 *tiveness to the procedures required under this section, he may,*
16 *to the extent that he deems it appropriate, require for pur-*
17 *poses of this title that the procedures established pursuant to*
18 *title XIX be utilized instead of the procedures required by*
19 *this section."*

20 **(429)**~~(e)~~ (d) (1) The amendments made by subsections
21 (a) (1) and (b) shall apply with respect to services fur-
22 nished in calendar quarters beginning after June 30,
23 **(430)**~~1972.~~ 1973.

24 (2) The amendment made by subsection (a) (2) shall
25 be effective July 1, **(431)**~~1972.~~ 1973.

1 NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPI-
2 TAL OR EXTENDED CARE FACILITY UNDER MEDICARE

3 SEC. 238. (a) Section 1814 (a) (7) of the Social Se-
4 curity Act is amended by striking out “as described in
5 section 1861 (k) (4)” and inserting in lieu thereof “as
6 described in section 1861 (k) (4), including any finding
7 made in the course of a sample or other review of admissions
8 to the institution”.

9 (b) The amendment made by subsection (a) shall
10 apply with respect to services furnished after the second
11 month following the month in which this Act is enacted.

12 USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN
13 FUNCTIONS UNDER MEDICAID AND UNDER MATERNAL
14 AND CHILD HEALTH PROGRAM

15 SEC. 239. (a) Section 1902 (a) (9) of the Social Se-
16 curity Act is amended to read as follows:

17 “(9) provide—

18 “(A) that the State health agency, or other
19 appropriate State medical agency (whichever is
20 utilized by the Secretary for the purpose specified in
21 the first sentence of section 1864 (a)), shall be
22 responsible for establishing and maintaining health
23 standards for private or public institutions in which

1 recipients of medical assistance under the plan may
2 receive care or services, and

3 “(B) for the establishment or designation of a
4 State authority or authorities which shall be respon-
5 sible for establishing and maintaining standards,
6 other than those relating to health, for such
7 institutions;”.

8 (b) Section 1902 (a) of such Act (as amended by
9 section 236 (b) of this Act) is further amended—

10 (1) by striking out “and” at the end of paragraph
11 ~~(432)~~~~(30)~~; (31);

12 (2) by striking out the period at the end of para-
13 graph ~~(433)~~~~(31)~~ (32) and inserting in lieu thereof
14 “; and”; and

15 (3) by inserting after paragraph ~~(434)~~~~(31)~~ (32)
16 the following new paragraph:

17 ~~(435)~~~~(32)~~ “(33) provide—

18 “(A) that the State health agency, or other
19 appropriate State medical agency, shall be respon-
20 sible for establishing a plan, consistent with reg-
21 ulations prescribed by the Secretary, for the
22 review by appropriate professional health person-
23 nel of the appropriateness and quality of care and

1 services furnished to recipients of medical assistance
2 under the plan in order to provide guidance with
3 respect thereto in the administration of the plan to
4 the State agency established or designated pursuant
5 to paragraph (5) and, where applicable, to the
6 State agency described in the last sentence of this
7 subsection; and

8 “(B) that the State or local agency utilized by
9 the Secretary for the purpose specified in the first
10 sentence of section 1864 (a), or, if such agency
11 is not the State agency which is responsible for
12 licensing health institutions, the State agency re-
13 sponsible for such licensing, will perform for the
14 State agency administering or supervising the ad-
15 ministration of the plan approved under this title the
16 function of determining whether institutions and
17 agencies meet the requirements for participation in
18 the program under such plan.”

19 (c) Section 505 (a) of such Act is amended—

20 (1) by striking out “and” at the end of paragraph
21 (13) ;

22 (2) by striking out the period at the end of para-

1 graph (14) and inserting in lieu thereof “; and”; and
2 (3) by adding after paragraph (14) the following
3 new paragraph:

4 “(15) provides—

5 “(A) that the State health agency, or other
6 appropriate State medical agency, shall be respon-
7 sible for establishing a plan, consistent with regula-
8 tions prescribed by the Secretary, for the review by
9 appropriate professional health personnel of the
10 appropriateness and quality of care and services
11 furnished to recipients of services under the plan
12 and, where applicable, for providing guidance with
13 respect thereto to the other State agency referred to
14 in paragraph (2) ; and

15 “(B) that the State or local agency utilized
16 by the Secretary for the purpose specified in the
17 first sentence of section 1864 (a), or, if such
18 agency is not the State agency which is responsible
19 for licensing health institutions, the State agency
20 responsible for such licensing, will perform the
21 function of determining whether institutions and
22 agencies meet the requirements for participation in
23 the program under the plan under this title.”

1 (d) The amendments made by this section shall be effec-
 2 tive ~~(436) July 1, 1972~~ *January 1, 1973* (or earlier if the
 3 State plan so provides).

4 RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE
 5 HEALTH CARE PROGRAMS

6 SEC. 240. Section 1902 (a) (23) of the Social Security
 7 Act is amended by adding after the semicolon at the end
 8 thereof the following: "and a State plan shall not be deemed
 9 to be out of compliance with the requirements of this para-
 10 graph or paragraph (1) or (10) solely by reason of the
 11 fact that the State (or any political subdivision thereof) has
 12 entered into a contract with an organization which has agreed
 13 to provide care and services in addition to those offered under
 14 the State plan to individuals eligible for medical assistance
 15 who reside in the geographic area served by such organiza-
 16 tion and who elect to obtain such care and services from such
 17 organization;"

18 PROGRAM FOR DETERMINING QUALIFICATIONS FOR
 19 CERTAIN HEALTH CARE PERSONNEL

20 SEC. 241. Title XI of the Social Security Act is amended
 21 by adding after section 1122 (as added by section 221 (a)
 22 of this Act) the following new section:

1 failure to meet formal educational or professional membership
2 requirements.

3 “(b) If any individual has been determined, under the
4 program established pursuant to subsection (a), to be quali-
5 fied to perform the duties and functions of any health care
6 specialty, no person or provider utilizing the services of such
7 individual to perform such duties and functions shall be de-
8 nied payment, under title XVIII or under any State plan
9 approved under title XIX, for any health care services pro-
10 vided by such person on the grounds that such individual is
11 not qualified to perform such duties and functions.”

12 PENALTIES FOR FRAUDULENT ACTS AND FALSE REPORTING
13 UNDER MEDICARE AND MEDICAID

14 SEC. 242. (a) Section 1872 of the Social Security Act
15 is amended by striking out “208,”.

16 (b) Title XVIII of the Social Security Act is amended
17 by adding at the end thereof (after the new section added
18 by section 226 (a) of this Act) the following new section:

19 “PENALTIES

20 “SEC. 1877. (a) Whoever—

21 “(1) knowingly and willfully makes or causes to be
22 made any false statement or representation of a mate-
23 rial fact in any application for any benefit or payment
24 under this title,

25 “(2) at any time knowingly and willfully makes or

1 causes to be made any false statement or representation
2 of a material fact for use in determining rights to any
3 such benefit or payment,

4 “(3) having knowledge of the occurrence of any
5 event affecting (A) his initial or continued right to any
6 such benefit or payment, or (B) the initial or continued
7 right to any such benefit or payment of any other indi-
8 vidual in whose behalf he has applied for or is receiving
9 such benefit or payment, conceals or fails to disclose
10 such event with an intent fraudulently to secure such
11 benefit or payment either in a greater amount or quan-
12 tity than is due or when no such benefit or payment is
13 authorized, or

14 “(4) having made application to receive any such
15 benefit or payment for the use and benefit of another
16 and having received it, knowingly and willfully converts
17 such benefit or payment or any part thereof to a use
18 other than for the use and benefit of such other person,
19 shall be guilty of a misdemeanor and upon conviction thereof
20 shall be fined not more than \$10,000 or imprisoned for not
21 more than one year, or both.

22 “(b) ~~(442) Any provider of services, supplier, physician,~~
23 ~~or other person who~~ *Whoever* furnishes items or services to an
24 individual for which payment is or may be made under this
25 title and who solicits, offers, or receives any—

1 “(1) kickback or bribe in connection with the fur-
2 nishing of such items or services or the making or
3 receipt of such payment, or

4 “(2) rebate of any fee or charge for referring any
5 such individual to another person for the furnishing of
6 such items or services,

7 shall be guilty of a misdemeanor and upon conviction thereof
8 shall be fined not more than \$10,000 or imprisoned for not
9 more than one year, or both.

10 “(c) Whoever knowingly and willfully makes or causes
11 to be made, or induces or seeks to induce the making of, any
12 false statement or representation of a material fact with
13 respect to the conditions or operation of any institution or
14 facility in order that such institution or facility may qualify
15 ~~(443)~~*(either upon initial certification or upon recertification)*
16 as a hospital ~~(444)~~*extended care skilled nursing* facility, or
17 home health agency (as those terms are defined in section
18 1861), shall be guilty of a misdemeanor and upon conviction
19 thereof shall be fined not more than \$2,000 or imprisoned for
20 not more than 6 months, or ~~(445)~~*both.” both.*

21 ~~(446)~~*“(d) For purposes of this section the word ‘whoever’*
22 *includes corporations, companies, associations, firms, part-*
23 *nerships, societies, and joint stock companies, as well as*
24 *individuals.”*

1 (c) Title XIX of such Act is amended by adding after
2 section 1908 the following new section:

3 "PENALTIES

4 "SEC. 1909. (a) Whoever—

5 " (1) knowingly and willfully makes or causes to
6 be made any false statement or representation of a ma-
7 terial fact in any application for any benefit or pay-
8 ment under a State plan approved under this title,

9 " (2) at any time knowingly and willfully makes or
10 causes to be made any false statement or representation
11 of a material fact for use in determining rights to such
12 benefit or payment,

13 " (3) having knowledge of the occurrence of any
14 event affecting (A) his initial or continued right to any
15 such benefit or payment, or (B) the initial or continued
16 right to any such benefit or payment of any other indi-
17 vidual in whose behalf he has applied for or is re-
18 ceiving such benefit or payment, conceals or fails to
19 disclose such event with an intent fraudulently to secure
20 such benefit or payment either in a greater amount or
21 quantity than is due or when no such benefit or pay-
22 ment is authorized, or

23 " (4) having made application to receive any such
24 benefit or payment for the use and benefit of another and
25 having received it, knowingly and willfully converts

1 such benefit or payment or any part thereof to a use
2 other than for the use and benefit of such other person,
3 shall be guilty of a misdemeanor and upon conviction thereof
4 shall be fined not more than \$10,000 or imprisoned for not
5 more than one year, or both.

6 “(b) Whoever furnishes items or services to an indi-
7 vidual for which payment is or may be made in whole or
8 in part out of Federal funds under a State plan approved
9 under this title and who solicits, offers, or receives any—

10 “(1) kickback or bribe in connection with the fur-
11 nishing of such items or services or the making or re-
12 ceipt of such payment, or

13 “(2) rebate of any fee or charge for referring any
14 such individual to another person for the furnishing of
15 such items or services,

16 shall be guilty of a misdemeanor and upon conviction thereof
17 shall be fined not more than \$10,000 or imprisoned for not
18 more than one year, or both.

19 “(c) Whoever knowingly and willfully makes or causes
20 to be made, or induces or seeks to induce the making of, any
21 false statement or representation of a material fact with re-
22 spect to the conditions or operation of any institution or
23 facility in order that such institution or facility may qualify
24 (447) *(either upon initial certification or upon recertifica-*
25 *tion)* as a hospital, skilled nursing home, intermediate care

1 facility, or home health agency (as those terms are employed
 2 in this title) shall be guilty of a misdemeanor and upon con-
 3 viction thereof shall be fined not more than \$2,000 or im-
 4 prisoned for not more than 6 months, or ~~(448)both.~~ *both.*
 5 ~~(449)~~“(d) For purposes of this section the word ‘whoever’
 6 includes corporations, companies, associations, firms, partner-
 7 ships, societies, and joint stock companies, as well as
 8 individuals.”

9 (d) The provisions of amendments made by this section
 10 shall not be applicable to any acts, statements, or representa-
 11 tions made or committed prior to the enactment of this Act.

12 PROVIDER REIMBURSEMENT REVIEW BOARD

13 SEC. 243. (a) Title XVIII of the Social Security Act
 14 is amended by adding at the end thereof (after the new
 15 sections added by section 226 (a) and section 242 (b) of this
 16 Act) the following new section:

17 “PROVIDER REIMBURSEMENT REVIEW BOARD

18 “SEC. 1878. (a) Any provider of services which has
 19 filed a required cost report within the time specified in reg-
 20 ulations may obtain a hearing with respect to such cost re-
 21 port by a Provider Reimbursement Review Board (herein-
 22 after referred to as the ‘Board’) which shall be established
 23 by the Secretary in accordance with subsection ~~(450)(g)~~
 24 (h), if—

25 ~~(451)~~“(1) such provider is dissatisfied with a final deter-
 26 mination of the organization serving as its fiscal inter-

1 intermediary pursuant to section 1816 as to the amount of
2 total program reimbursement due the provider for the
3 items and services furnished to individuals for which
4 payment may be made under this title for the period
5 covered by such report,

6 “(1) such provider—

7 “(A) is dissatisfied with a final determination
8 of the organization serving as its fiscal intermediary
9 pursuant to section 1816 as to the amount of total
10 program reimbursement due the provider for the
11 items and services furnished to individuals for
12 which payment may be made under this title for the
13 period covered by such report,

14 “(B) has not received such final determination
15 from such intermediary on a timely basis after filing
16 such report, where such report complied with the
17 rules and regulations of the Secretary relating to
18 such report, or

19 “(C) has not received such final determination
20 on a timely basis after filing a supplementary cost
21 report, where such cost report did not so comply
22 and such supplementary cost report did so comply,

23 “(2) the amount in controversy is \$10,000 or more,

24 and

25 “(3) such provider files a request for a hearing

1 within 180 days after notice of the intermediary's final
2 determination under ~~(452) paragraph (1)~~. *paragraph*
3 *(1) (A) or with respect to appeals pursuant to paragraph*
4 *(1) (B) or (C), within 180 days after notice of such*
5 *determination would have been received if such deter-*
6 *mination had been made on a timely basis.*

7 **(453)**“(b) *The provisions of subsection (a) shall apply to*
8 *any group of providers of services if each provider of serv-*
9 *ices in such group would, upon the filing of an appeal (but*
10 *without regard to the \$10,000 limitation), be entitled to such*
11 *a hearing, but only if the matters in controversy involve a*
12 *common question of fact or interpretation of law or regu-*
13 *lations and the amount in controversy is, in the aggregate,*
14 *\$10,000 or more.*

15 **(454)**~~“(b)~~“(c) *At such hearing, the provider of services shall*
16 *have the right to be represented by counsel, to introduce*
17 *evidence, and to examine and cross-examine witnesses. Evi-*
18 *dence may be received at any such hearing even though in-*
19 *admissible under rules of evidence applicable to court*
20 *procedure.*

21 **(455)**~~“(e)~~“(d) *A decision by the Board shall be based upon*
22 *the record made at such hearing, which shall include the*
23 *evidence considered by the intermediary and such other*
24 *evidence as may be obtained or received by the Board, and*
25 *shall be supported by substantial evidence when the record*

1 is viewed as a whole. The Board shall have the power to
2 affirm, modify, or reverse a final determination of the fiscal
3 intermediary with respect to a cost report and to make any
4 other revisions on matters covered by such cost report (in-
5 cluding revisions adverse to the provider of services) even
6 though such matters were not considered by the inter-
7 mediary in making such final determination.

8 ~~(456)~~“(d) “(e) The Board shall have full power and au-
9 thority to make rules and establish procedures, not incon-
10 sistent with the provisions of this title ~~(457)~~*and regulations*
11 *of the Secretary*, which are necessary or appropriate to carry
12 out the provisions of this section. In the course of any hearing
13 the Board may administer oaths and affirmations. The provi-
14 sions of subsections (d), (e), and (f) of section 205 with
15 respect to subpoenas shall apply to the Board to the same ex-
16 tent as they apply to the Secretary with respect to title II.
17 ~~(458)~~“(e) “(f) A decision of the Board shall be final unless
18 the Secretary, on his own motion, and within 60 days after
19 the provider of services is notified of the Board’s decision,
20 reverses or modifies (adversely to such provider) the
21 Board’s decision. In any case where such a reversal or modi-
22 fication occurs the provider of services may obtain a review
23 of such decision by a civil action commenced within 60 days
24 of the date he is notified of the Secretary’s reversal or modi-
25 fication. Such action shall be brought in the district court

1 of the United States for the judicial district in which the pro-
2 vider is located or in the District Court for the District of
3 Columbia and shall be tried pursuant to the applicable pro-
4 visions under chapter 7 of title 5, United States Code, not-
5 withstanding any other provisions in section 205.

6 ~~(459)~~~~(f)~~ “(g) The finding of a fiscal intermediary that no
7 payment may be made under this title for any expenses in-
8 curred for items or services furnished to an individual be-
9 cause such items or services are listed in section 1862 shall
10 not be reviewed by the Board, or by any court pursuant to
11 an action brought under subsection ~~(460)~~~~(e)~~ (f).

12 ~~(461)~~~~(g)~~ “(h) The Board shall be composed of five mem-
13 bers appointed by the Secretary without regard to the provi-
14 sions of title 5, United States Code, governing appointments
15 in the competitive services. Two of such members shall be
16 representative of providers of services. All of the members
17 of the Board shall be persons knowledgeable in the field of
18 cost reimbursement, and at least one of them shall be a
19 certified public accountant. Members of the Board shall be
20 entitled to receive compensation at rates fixed by the Sec-
21 retary, but not exceeding the rate specified (at the time the
22 service involved is rendered by such members) for grade
23 GS-18 in section 5332 of title 5, United States Code. The
24 term of office shall be three years, except that the Secretary

1 shall appoint the initial members of the Board for shorter
 2 terms to the extent necessary to permit staggered terms of
 3 office.

4 ~~(462)~~~~(h)~~“(i) The Board is authorized to engage such
 5 technical assistance as may be required to carry out its
 6 functions, and the Secretary shall, in addition, make avail-
 7 able to the Board such secretarial, clerical, and other as-
 8 sistance as the Board may require to carry out its functions.”

9 (b) The first sentence of section 1816 (a) of such Act
 10 is amended by striking out “subject to” in the parenthetical
 11 phrase and inserting in lieu thereof “subject to the provi-
 12 sions of section 1878 and to”.

13 (c) The amendments made by this section shall apply
 14 with respect to cost reports of providers of services, as de-
 15 fined in title XVIII of the Social Security Act, for account-
 16 ing periods ~~(463)~~~~beginning~~ ending on or after June 30,
 17 ~~(464)~~1971 1973.

18 ~~(465)~~VALIDATION OF SURVEYS MADE BY JOINT COMMIS-
 19 SION ON THE ACCREDITATION OF HOSPITALS

20 SEC. 244. (a) Section 1864 of the Social Security Act
 21 is amended by inserting at the end thereof the following new
 22 subsection:

23 “(c) The Secretary is authorized to enter into an

1 *agreement with any State under which the appropriate State*
2 *or local agency which performs the certification function*
3 *described in subsection (a) will survey, on a selective sample*
4 *basis (or where the Secretary finds that a survey is appropri-*
5 *ate because of substantial allegations of the existence of a*
6 *significant deficiency or deficiencies which would, if found to*
7 *be present, adversely affect health and safety of patients),*
8 *hospitals which have an agreement with the Secretary under*
9 *section 1866 and which are accredited by the Joint Commis-*
10 *sion on the Accreditation of Hospitals. The Secretary shall*
11 *pay for such services in the manner prescribed in subsection*
12 *(b)."*

13 *(b) (1) Section 1865 of such Act, as amended by section*
14 *234 of this Act, is further amended by striking out "SEC.*
15 *1865" and the first two sentences of such section and insert-*
16 *ing in lieu thereof the following:*

17 *"SEC. 1865. (a) Except as provided in subsection (b)*
18 *and the second sentence of section 1863, if—*

19 *"(1) an institution is accredited as a hospital by*
20 *the Joint Commission on Accreditation of Hospitals, and*

21 *"(2) such institution (if it is included within a*
22 *survey described in section 1864(c)) authorizes the*
23 *Commission to release to the Secretary (on a confidential*
24 *basis) upon his request (or such State agency as the*

1 *Secretary may designate) a copy of the most current*
2 *accreditation survey of such institution made by such*
3 *Commission,*

4 *then, such institution shall be deemed to meet the requirements*
5 *of the numbered paragraphs of section 1861(e); except—*

6 *“(3) paragraph (6) thereof, and*

7 *“(4) any standard, promulgated by the Secretary*
8 *pursuant to paragraph (9) thereof, which is higher than*
9 *the requirements prescribed for accreditation by such*
10 *Commission.*

11 *If such Commission, as a condition for accreditation of a*
12 *hospital, requires a utilization review plan (or imposes an-*
13 *other requirement which serves substantially the same pur-*
14 *pose) or imposes a standard which the Secretary determines*
15 *is at least equivalent to the standard promulgated by the*
16 *Secretary as described in paragraph (4) of this subsection,*
17 *the Secretary is authorized to find that all institutions so*
18 *accredited by such Commission comply also with section 1861*
19 *(e)(6) or the standard described in such paragraph (4),*
20 *as the case may be.”*

21 *(2) Such section 1865 (as so amended) is further*
22 *amended by adding after subsection (a) thereof the*
23 *following:*

24 *“(b) Notwithstanding any other provision of this title,*

1 *if the Secretary finds following a survey made pursuant to*
2 *section 1864(c) that an institution has significant deficiencies*
3 *(as defined in regulations pertaining to health and safety),*
4 *such institution shall, after the date of notice of such finding*
5 *to the hospital and for such period as may be prescribed in*
6 *regulations, be deemed not to meet the requirements of the*
7 *numbered paragraphs of section 1861(e)."*

8 *(c) Section 1861(e) of such Act, as amended by sections*
9 *211 and 234 of this Act, is further amended by striking out,*
10 *in subsection (9), everything after the word "institution"*
11 *and inserting in lieu thereof a period.*

12 *(d) Section 1875(b) of such Act, as amended by sections*
13 *222 and 226 of this Act, is further amended by inserting,*
14 *after "including" and before "the operation", the following:*
15 *"a validation of the accreditation process of the Joint Com-*
16 *mission on the Accreditation of Hospitals,".*

17 **(466)PAYMENT FOR DURABLE MEDICAL EQUIPMENT**

18 **UNDER MEDICARE**

19 *SEC. 245. (a) The Secretary is authorized to conduct*
20 *reimbursement experiments designed to eliminate unreasonable*
21 *expenses resulting from prolonged rentals of durable medical*
22 *equipment described in section 1861(s)(6) of the Social*
23 *Security Act.*

24

1 **(b)** *Such experiment may be conducted in one or more*
2 *geographic areas, as the Secretary deems appropriate, and*
3 *may, pursuant to agreements with suppliers, provide for reim-*
4 *bursement for such equipment on a lump-sum basis whenever*
5 *it is determined (in accordance with guidelines established by*
6 *the Secretary) that a lump-sum payment would be more*
7 *economical than the anticipated period of rental payments.*
8 *Such experiments may also provide for incentives to benefici-*
9 *aries (including waiver of the 20 percent coinsurance amount*
10 *applicable under section 1833 of the Social Security Act)*
11 *to purchase used equipment whenever the purchase price is*
12 *at least 25 percent less than the reasonable charge for new*
13 *equipment.*

14 **(c)** *The Secretary is authorized, at such time as he*
15 *deems appropriate, to implement on a nationwide basis any*
16 *such reimbursement procedures which he finds to be workable,*
17 *desirable and economical and which are consistent with the*
18 *purposes of this section.*

19 **(d)** *Section 1833(f) of the Social Security Act is*
20 *amended—*

21 **(1)** *by striking out “with respect to purchases of*
22 *inexpensive equipment (as determined by the Secretary)”*
23 *and inserting in lieu thereof “(A)”, and*

24 **(2)** *by inserting before the period at the end thereof*

1 the following: “, and (B) with respect to purchases of
2 used equipment the Secretary is authorized to waive the
3 20 percent coinsurance amount applicable under sub-
4 section (a) whenever the purchase price of such equip-
5 ment is at least 25 percent less than the reasonable charge
6 for comparable new equipment.”

7 (3) by inserting “(1)” after “(f)” and by adding
8 after paragraph (1) the following new paragraph:

9 “(2) In the case of rental of durable medical equip-
10 ment, the Secretary may, pursuant to agreements made
11 with suppliers of such equipment, establish any reim-
12 bursement procedures (including payment on a lump-
13 sum basis in lieu of prolonged rental payments) which
14 he finds to be equitable, economical, and feasible.”

15 **(467) UNIFORM STANDARDS FOR SKILLED NURSING FACIL-**
16 **ITIES UNDER MEDICARE AND MEDICAID**

17 **SEC. 246.** (a) Section 1902(a)(28) of the Social
18 Security Act is amended to read as follows:

19 “(28) provide that any skilled nursing facility receiving
20 payments under such plan must satisfy all of the require-
21 ments contained in section 1861(j), except that the exclusion
22 contained therein with respect to institutions which are pri-
23 marily for the care and treatment of mental diseases and
24 tuberculosis shall not apply for purposes of this title;”

1 **(b)** *Section 1861(j) of such Act, as amended by section*
2 *234(d) of this Act, is further amended—*

3 **(1)** *by striking out “and” at the end of paragraph*
4 *(10);*

5 **(2)** *by redesignating paragraph (11) as paragraph*
6 *(16);*

7 **(3)** *by inserting after paragraph (10) the follow-*
8 *ing new paragraphs:*

9 *“(11) supplies full and complete information to the*
10 *Secretary or his delegate as to the identity (A) of each*
11 *person has any direct or indirect ownership interest of*
12 *1 per centum or more in such skilled nursing facility*
13 *or who is the owner (in whole or in part) of any mort-*
14 *gage, deed of trust, note, or other obligation secured (in*
15 *whole or in part) by such skilled nursing facility or any*
16 *of the property or assets of such skilled nursing fa-*
17 *ility, (B) in case a skilled nursing facility is or-*
18 *ganized as a corporation, of each officer and director of*
19 *the corporation, and (C) in case a skilled nursing fa-*
20 *ility is organized as a partnership, of each partner; and*
21 *promptly reports any changes which would affect the*
22 *current accuracy of the information so required to be*
23 *supplied;*

24 *“(12) cooperates in an effective program which pro-*
25 *vides for a regular program of independent medical eval-*

1 *uation and audit of the patients in the facility to the*
2 *extent required by the programs in which the facility*
3 *participates (including medical evaluation of each pa-*
4 *tient's need for skilled nursing facility care);*

5 *“(13) meets such provisions of the Life Safety Code*
6 *of the National Fire Protection Association (21st edi-*
7 *tion, 1967) as are applicable to nursing homes; except*
8 *that the Secretary may waive, for such periods as he*
9 *deems appropriate, specific provisions of such Code which*
10 *if rigidly applied would result in unreasonable hardship*
11 *upon a nursing home, but only if such waiver will not*
12 *adversely affect the health and safety of the patients;*
13 *except that the provisions of such Code shall not apply*
14 *in any State if the Secretary finds that in such*
15 *State there is in effect a fire and safety code, imposed by*
16 *State law, which adequately protects patients in nursing*
17 *homes;*

18 *“(14) Unless otherwise submitted in accordance*
19 *with requirements under the Social Security Act, submit,*
20 *not later than 120 days after the close of any fiscal year*
21 *of such skilled nursing facility, effective with respect to*
22 *accounting periods beginning on or after December 31,*
23 *1972, to the Secretary a full and complete certified re-*
24 *port disclosing all costs incurred for such fiscal year by*
25 *such skilled nursing facility; and” ; and*

1 (4) by adding at the end of paragraph (16) (as
2 redesignated by paragraph (3) of this subsection) the
3 following new sentence: "Notwithstanding any other
4 provision of law, all information concerning skilled
5 nursing facilities required by this subsection to be filed
6 with the Secretary shall be made available to Federal or
7 State employees for purposes consistent with the effective
8 administration of programs established under titles
9 XVIII and XIX of this Act."

10 (c) The amendments made by this section shall be effec-
11 tive July 1, 1973.

12 **(468) LEVEL OF CARE REQUIREMENTS FOR SKILLED**

13 **NURSING HOME SERVICES**

14 SEC. 247. (a) Section 1814(a)(2)(C) of the Social
15 Security Act is amended by striking out everything which
16 appears before "(or services" and inserting in lieu thereof
17 the following:

18 "(C) in the case of post hospital extended care
19 services, such services are or were required to be given
20 because the individual needs or needed on a daily basis
21 skilled nursing care (provided directly by or requiring
22 the supervision of skilled nursing personnel) or other
23 skilled rehabilitation services, which as a practical mat-
24 ter can only be provided in a skilled nursing facility on

1 *an inpatient basis, for any of the conditions with respect*
2 *to which he was receiving inpatient hospital services”.*

3 *(b) Section 1905 of the Social Security Act, as amended*
4 *by section 212 of this Act, is further amended by adding at*
5 *the end thereof the following new subsection:*

6 *“(f) For purposes of this title, the term ‘skilled nursing*
7 *facility services’ means services which are or were required*
8 *to be given an individual who needs or needed on a daily*
9 *basis skilled nursing care (provided directly by or requiring*
10 *the supervision of skilled nursing personnel) or other skilled*
11 *rehabilitation services which as a practical matter can only*
12 *be provided in a skilled nursing facility on an inpatient*
13 *basis.”*

14 *(c) The amendments made by this section shall be effec-*
15 *tive with respect to services furnished after December 31,*
16 *1972.*

17 **(469) MODIFICATION OF MEDICARE’S 14-DAY TRANSFER**
18 **REQUIREMENT FOR EXTENDED CARE BENEFITS**

19 *SEC. 248. Section 1861(i) of the Social Security Act is*
20 *amended by striking out “within 14 days after discharge*
21 *from such hospital;” and inserting in lieu thereof the*
22 *following: “(A) within 14 days after discharge from such*
23 *hospital, or (B) within 28 days after such discharge, in the*
24 *case of an individual who was unable to be admitted to a*
25 *skilled nursing facility within such 14 days because of a short-*

1 *age of appropriate bed space in the geographic area in which*
 2 *he resides, or (C) within such time as it would be medically*
 3 *appropriate to begin an active course of treatment, in the*
 4 *case of an individual whose condition is such that skilled*
 5 *nursing facility care would not be medically appropriate*
 6 *within 14 days after discharge from a hospital;”*

7 **(470)REIMBURSEMENT RATES FOR SKILLED NURSING**
 8 **HOMES AND INTERMEDIATE CARE FACILITIES**

9 *SEC. 249. (a) Section 1902(a)(13) of the Social Se-*
 10 *curity Act, as amended by section 221(c)(5) of this Act,*
 11 *is further amended—*

12 *(1) by inserting “and” at the end of subparagraph*
 13 *(D), and*

14 *(2) by inserting after subparagraph (D) the fol-*
 15 *lowing new paragraph:*

16 *“(E) effective July 1, 1974, for payment of the*
 17 *skilled nursing home and intermediate care facility serv-*
 18 *ices provided under the plan on a reasonable cost related*
 19 *basis, as determined in accordance with methods and*
 20 *standards which shall be developed by the State on the*
 21 *basis of cost-finding methods approved and verified by the*
 22 *Secretary;”.*

23 *(b) Section 1861(v)(1) of such Act, as amended by*
 24 *sections 223 and 227 of this Act, is further amended by*
 25 *inserting after subparagraph (D) the following new sub-*
 26 *paragraph:*

1 “(E) Such regulations may, in the case of skilled nurs-
2 ing facilities in any State, provide for the uses of rates, devel-
3 oped by the State in which such facilities are located, for the
4 payment of the cost of skilled nursing facility services fur-
5 nished under the State’s plan approved under title XIX (and
6 such rates may be increased by the Secretary on a class or size
7 of institution or on a geographical basis by a percentage
8 factor not in excess of 10 percent to take into account
9 determinable items or services or other requirements under this
10 title not otherwise included in the computation of such State
11 rates), if the Secretary finds that such rates are reasonably
12 related to (but not necessarily limited to) analyses under-
13 taken by such State of costs of care in comparable facilities in
14 such State; except that the foregoing provisions of this sub-
15 paragraph shall not apply to any skilled nursing facility in
16 such State if—

17 “(i) such facility is a distinct part of or directly
18 operated by a hospital, or

19 “(ii) such facility operates in a close, formal satellite
20 relationship (as defined in regulations of the Secretary)
21 with a participating hospital or hospitals.

22 Notwithstanding the previous provisions of this paragraph
23 in the case of a facility specified in clause (ii) of this sub-
24 paragraph, the reasonable cost of any services furnished by

1 *tent that the Secretary finds it necessary, he may certify, that*
2 *an institution located on an Indian reservation within such*
3 *State qualifies as a skilled nursing facility.*

4 “(b) *The Secretary shall advise the State agency ad-*
5 *ministering the medical assistance plan of his approval or*
6 *disapproval of any institution certified to him (or by him) as*
7 *a qualified skilled nursing home for purposes of section 1902*
8 *(a) (28) and specify for each such institution the period (not*
9 *to exceed twelve months) for which approval is granted, except*
10 *that the Secretary may extend such term for a period not ex-*
11 *ceeding two months, where the health and safety of patients*
12 *will not be jeopardized thereby, if he finds that such exten-*
13 *sion is necessary to prevent irreparable harm to such facility*
14 *or hardship to the individuals being furnished items or serv-*
15 *ices by such facility or if he finds it impracticable within*
16 *such twelve-month period to determine whether such facility*
17 *is complying with the provisions of this title and regulations*
18 *thereunder. The State agency may enter into an agreement*
19 *for the provision of services and the making of payments*
20 *under the plan with any skilled nursing home approved by*
21 *the Secretary for a period not to exceed the period of ap-*
22 *proval specified.*

23 “(c) *The Secretary may cancel the approval of any*
24 *skilled nursing home at any time if he finds that the skilled*
25 *nursing home fails to meet the requirements contained in sec-*

1 *tion 1902(a)(28), or if he finds grounds for termination of*
2 *his agreement with such institution pursuant to section 1866*
3 *(b). In such event the Secretary shall notify the State agency*
4 *and the skilled nursing home that the approval of eligibility of*
5 *such institution to participate in the programs established by*
6 *this title and title XVIII shall be terminated at such time as*
7 *may be specified by the Secretary. The approval of eligibility*
8 *of any such institution to participate in such programs may*
9 *not be reinstated unless the Secretary finds that the reason for*
10 *termination has been removed and there is reasonable assur-*
11 *ance that it will not recur.*

12 *“(d) Effective July 1, 1973, no payment may be made*
13 *to any State under this title with respect to skilled nursing*
14 *home services furnished by any institution—*

15 *“(1) which does not have in effect an agreement*
16 *with the State agency executed pursuant to subsection*
17 *(b), or*

18 *“(2) whose approval of eligibility to participate in*
19 *the programs established by this title or title XVIII has*
20 *been terminated by the Secretary and has not been rein-*
21 *stated, except that payment may be made for up to 30*
22 *days with respect to skilled nursing home services fur-*
23 *nished to any eligible individual who was admitted to*
24 *such institution prior to the effective date of such ter-*
25 *mination.”*

1 (b) Section 1866(a)(1) of the Social Security Act is
2 amended by adding at the end thereof the following sentence:
3 “An agreement under this paragraph with an extended care
4 facility shall be for a term of not exceeding 12 months, ex-
5 cept that the Secretary may extend such term for a period
6 not exceeding 2 months, where the health and safety of
7 patients will not be jeopardized thereby, if he finds that such
8 extension is necessary to prevent irreparable harm to such
9 facility or hardship to the individuals being furnished items
10 or services by such facility or if he finds it impracticable with-
11 in such 12-month period to determine whether such facility
12 is complying with the provisions of this title and regulations
13 thereunder.”

14 (c) Section 1866(b) of such Act is amended by—

15 (1) striking out, in the material which precedes
16 clause (1), “terminated-” and inserting in lieu thereof
17 “terminated (and in the case of an extended care facility,
18 prior to the end of the term specified in subsection (a)
19 (1))-”; and

20 (2) by striking out all of clause (3) appearing after
21 the phrase “Any termination shall be applicable—” and
22 inserting in lieu thereof the following:

23 “(3) in the case of inpatient hospital services
24 (including tuberculosis hospital services and inpa-
25 tient psychiatric hospital services) or post-hospital

1 *extended care services, with respect to services fur-*
2 *nished after the effective date of such termination,*
3 *except that payment may be made for up to thirty*
4 *days with respect to inpatient institutional services*
5 *furnished to any eligible individual who was ad-*
6 *mitted to such institution prior to the effective date of*
7 *such termination,”.*

8 *(d) Section 1866(c) of such Act is amended by insert-*
9 *ing “(1)” after “(c)” and by adding at the end thereof the*
10 *following new paragraph:*

11 *“(2) In the case of a skilled nursing facility participat-*
12 *ing in the programs established by this title and title XIX,*
13 *the Secretary may enter into an agreement under this section*
14 *only if such facility has been approved pursuant to section*
15 *1910, and the term of any such agreement shall be in accord-*
16 *ance with the period of approval of eligibility specified by*
17 *the Secretary pursuant to such section.”*

18 *(e) The provisions of this section shall be effective with*
19 *respect to agreements filed with the Secretary under section*
20 *1866 of the Social Security Act by skilled nursing facilities*
21 *(as defined in section 1861(j) of such Act) before, on, or*
22 *after the date of enactment of this Act, but accepted by him*
23 *on or after such date.*

24 *(f) Notwithstanding any other provision of law, any*
25 *agreement, filed by a skilled nursing facility (as defined in*

1 *section 1861(j) of the Social Security Act) with the Sec-*
2 *retary under section 1866 of such Act and accepted by him*
3 *prior to the date of enactment of this Act, which was in*
4 *effect on such date shall be deemed to be for a specified term,*
5 *ending on whichever of the following is the earlier: (1) De-*
6 *cember 31, 1973, or (2) the date of expiration of an agree-*
7 *ment executed pursuant to section 1910(b) of the Social*
8 *Security Act; except that the term of any such agreement*
9 *may be extended under the conditions specified in such*
10 *section 1910(b).*

11 **(472) PAYMENTS TO STATES UNDER MEDICAID FOR COM-**
12 **PENSATION OF INSPECTORS RESPONSIBLE FOR MAIN-**
13 **TAINING COMPLIANCE WITH FEDERAL STANDARDS**

14 *SEC. 249B. Section 1903(a) of the Social Security Act,*
15 *as amended by sections 207(a)(2) and 235(a) of this Act,*
16 *is further amended, effective January 1, 1972, by redesignat-*
17 *ing paragraph (4) as paragraph (5), and by inserting after*
18 *paragraph (3) the following new paragraph:*

19 *“(4) an amount equal to 100 per centum of the*
20 *sums expended during such quarter (as found neces-*
21 *sary by the Secretary for the proper and efficient ad-*
22 *ministration of the State plan) which are attributable*
23 *to compensation or training of personnel (of the State*

1 agency or any other public agency) responsible for in-
2 specting public or private institutions (or portions
3 thereof) providing long-term care to recipients of medical
4 assistance to determine whether such institutions comply
5 with health or safety standards applicable to such in-
6 stitutions under this Act; plus’.

7 **(473)DISCLOSURE OF INFORMATION CONCERNING THE**
8 **PERFORMANCE OF CARRIERS, INTERMEDIARIES, STATE**
9 **AGENCIES, AND PROVIDERS OF SERVICES UNDER MEDI-**
10 **CARE AND MEDICAID**

11 **SEC. 249C. (a) Section 1106 of the Social Security Act**
12 *is amended by adding at the end thereof the following new*
13 *subsections:*

14 “(d) Notwithstanding any other provision of this section
15 the Secretary shall make available to each State agency oper-
16 ating a program under title XIX and shall, subject to the
17 limitations contained in subsection (e), make available for
18 public inspection in readily accessible form and fashion, the
19 following official reports (not including, however, references
20 to any internal tolerance rules and practices that may be
21 contained therein, internal working papers or other informal
22 memoranda) dealing with the operation of the health pro-
23 grams established by titles XVIII and XIX—

1 “(1) individual contractor performance reviews and
2 other formal evaluations of the performance of carriers,
3 intermediaries, and State agencies, including the reports
4 of follow-up reviews;

5 “(2) comparative evaluations of the performance of
6 such contractors, including comparisons of either overall
7 performance or of any particular aspect of contractor
8 operation; and

9 “(3) program validation survey reports and other
10 formal evaluations of the performance of providers of
11 services, including the reports of follow-up reviews, ex-
12 cept that such reports shall not identify individual pa-
13 tients, individual health care practitioners, or other
14 individuals.

15 “(e) No report described in subsection (d) shall be
16 made public by the Secretary or the State title XIX agency
17 until the contractor or provider of services whose per-
18 formance is being evaluated has had a reasonable oppor-
19 tunity (not exceeding 60 days) to review such report and
20 to offer comments pertinent parts of which may be incorpo-
21 rated in the public report; nor shall the Secretary be required
22 to include in any such report information with respect to
23 any deficiency (or improper practice or procedures) which
24 is known by the Secretary to have been fully corrected,
25 within 60 days of the date such deficiency was first brought

1 to the attention of such contractor or provider of services,
 2 as the case may be.”

3 (b) The provisions of subsection (a) shall apply with
 4 respect to reports which are completed by the Secretary after
 5 the third calendar month following the enactment of this Act.

6 **(474) LIMITATION ON INSTITUTIONAL CARE**

7 *SEC. 249D. Section 121(b) of the Social Security*
 8 *Amendments of 1965 is amended by adding at the end there-*
 9 *of the following new sentence: “After the date of enactment*
 10 *of the Social Security Amendments of 1972, Federal match-*
 11 *ing shall not be available for any portion of any payment*
 12 *to any State under title I, X, XIV, XVI, or part A of title*
 13 *IV of the Social Security Act for any medical or any other*
 14 *type of remedial care provided by an institution to any indi-*
 15 *vidual, in the case of any State which has a plan approved*
 16 *under title XIX of such Act, if such care is (or could be)*
 17 *provided under the State plan approved under title XIX*
 18 *of such Act.”.*

19 **(475) DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER**

20 **TITLE XIX FOR CERTAIN INDIVIDUALS**

21 *SEC. 249E. For purposes of section 1902(a)(10) of*
 22 *the Social Security Act any individual who, for the month*
 23 *of August 1972, was eligible for or receiving aid or assist-*
 24 *ance under a State plan approved under title I, X, XIV,*
 25 *or XVI, or part A of title IV of such Act and who for such*

1 month was entitled to monthly insurance benefits under title
 2 II of such Act shall be deemed to be eligible for such aid or
 3 assistance for any month thereafter if such individual would
 4 have been eligible for such aid or assistance for such month
 5 had the increase in monthly insurance benefits under title II
 6 of such Act resulting from enactment of Public Law 92-336
 7 not been applicable to such individual.

8 **(476) PROFESSIONAL STANDARDS REVIEW**

9 *SEC. 249F. (a) The heading to title XI of the Social*
 10 *Security Act is amended by striking out*

11 *“TITLE XI—GENERAL PROVISIONS”*

12 *and inserting in lieu thereof*

13 *“TITLE XI—GENERAL PROVISIONS AND*
 14 *PROFESSIONAL STANDARDS REVIEW*

15 *“PART A—GENERAL PROVISIONS”*

16 *(b) Title XI of such Act is further amended by adding*
 17 *the following:*

18 *“PART B—PROFESSIONAL STANDARDS REVIEW*

19 *“DECLARATION OF PURPOSE*

20 *“SEC. 1151. In order to promote the effective, efficient,*
 21 *and economical delivery of health care services of proper*
 22 *quality for which payment may be made (in whole or in*
 23 *part) under this Act and in recognition of the interests of pa-*

1 *tients, the public, practitioners, and providers in improved*
2 *health care services, it is the purpose of this part to assure,*
3 *through the application of suitable procedures of professional*
4 *standards review, that the services for which payment may*
5 *be made under the Social Security Act will conform to*
6 *appropriate professional standards for the provision of health*
7 *care and that payment for such services will be made—*

8 *“(1) only when, and to the extent, medically nec-*
9 *essary, as determined in the exercise of reasonable limits*
10 *of professional discretion; and*

11 *“(2) in the case of services provided by a hospital*
12 *or other health care facility on an inpatient basis, only*
13 *when and for such period as such services cannot, con-*
14 *sistent with professionally recognized health care stand-*
15 *ards, effectively be provided on an outpatient basis or*
16 *more economically in an inpatient health care facility*
17 *of a different type, as determined in the exercise of*
18 *reasonable limits of professional discretion.*

19 *“DESIGNATION OF PROFESSIONAL STANDARDS REVIEW*

20 *ORGANIZATIONS*

21 *“SEC. 1152. (a) The Secretary shall (1) not later*
22 *than January 1, 1974, establish throughout the United*
23 *States appropriate areas with respect to which Professional*

1 *Standards Review Organizations may be designated, and*
2 *(2) at the earliest practicable date after designation of an*
3 *area enter into an agreement with a qualified organization*
4 *whereby such an organization shall be conditionally desig-*
5 *nated as the Professional Standards Review Organization*
6 *for such area. If, on the basis of its performance during such*
7 *period of conditional designation, the Secretary determines*
8 *that such organization is capable of fulfilling, in a satisfac-*
9 *tory manner, the obligations and requirements for a Profes-*
10 *sional Standards Review Organization under this part, he*
11 *shall enter into an agreement with such organization desig-*
12 *nating it as the Professional Standards Review Organization*
13 *for such area.*

14 “(b) For purposes of subsection (a), the term ‘qual-
15 *ified organization’ means—*

16 “(1) when used in connection with any area—

17 “(A) an organization (i) which is a nonprofit
18 *professional association (or a component organiza-*
19 *tion thereof), (ii) which is composed of licensed*
20 *doctors of medicine or osteopathy engaged in the*
21 *practice of medicine or surgery in such area, (iii)*
22 *the membership of which includes a substantial*
23 *proportion of all such physicians in such area, (iv)*
24 *which is organized in a manner which makes avail-*
25 *able professional competence to review health care*

1 *services of the types and kinds with respect to which*
2 *Professional Standards Review Organizations have*
3 *review responsibilities under this part, (v) the*
4 *membership of which is voluntary and open to all*
5 *doctors of medicine or osteopathy licensed to en-*
6 *gage in the practice of medicine or surgery in such*
7 *area without requirement of membership in or pay-*
8 *ment of dues to any organized medical society or*
9 *association, and (vi) which does not restrict the*
10 *eligibility of any member for service as an officer*
11 *of the Professional Standards Review Organiza-*
12 *tion or eligibility for and assignment to duties of*
13 *such Professional Standards Review Organization,*
14 *or, subject to subsection (c) (i),*

15 *“(B) such other public, nonprofit private, or*
16 *other agency or organization, which the Secretary*
17 *determines, in accordance with criteria prescribed by*
18 *him in regulations, to be of professional compe-*
19 *tence and otherwise suitable; and*

20 *“(2) an organization which the Secretary, on the*
21 *basis of his examination and evaluation of a formal plan*
22 *submitted to him by the association, agency, or organi-*
23 *zation (as well as on the basis of other relevant data and*
24 *information), finds to be willing to perform and capable*
25 *of performing, in an effective, timely, and objective man-*

1 *ner and at reasonable cost, the duties, functions, and*
2 *activities of a Professional Standards Review Organi-*
3 *zation required by or pursuant to this part.*

4 *“(c)(1) The Secretary shall not enter into any agree-*
5 *ment under this part under which there is designated as the*
6 *Professional Standards Review Organization for any area*
7 *any organization other than an organization referred to in*
8 *subsection (b)(1)(A) unless, in such area, there is no*
9 *organization referred to in subsection (b)(1)(A) which*
10 *meets the conditions specified in subsection (b)(2).*

11 *“(2) Whenever the Secretary shall have entered into*
12 *an agreement under this part under which there is designated*
13 *as the Professional Standards Review Organization for any*
14 *area any organization other than an organization referred to*
15 *in subsection (b)(1)(A), he shall not renew such agree-*
16 *ments with such organization if he determines that—*

17 *“(A) there is in such area an organization re-*
18 *ferred to in subsection (b)(1)(A) which (i) has not*
19 *been previously designated as a Professional Standards*
20 *Review Organization, and (ii) is willing to enter into an*
21 *agreement under this part under which such organization*
22 *would be designated as the Professional Standards Re-*
23 *view Organization for such area;*

24 *“(B) such organization meets the conditions speci-*
25 *fied in subsection (b)(2); and*

1 “(C) the designation of such organization as the
2 *Professional Standards Review Organization* for such
3 area is anticipated to result in substantial improvement
4 in the performance in such area of the duties and func-
5 tions required of such organizations under this part.

6 “(d) Any such agreement under this part with an
7 organization (other than an agreement established pursuant
8 to section 1154) shall be for a term of 12 months; except
9 that, prior to the expiration of such term such agreement
10 may be terminated—

11 “(1) by the organization at such time and upon
12 such notice to the Secretary as may be prescribed in
13 regulations (except that notice of more than 3 months
14 may not be required); or

15 “(2) by the Secretary at such time and upon such
16 reasonable notice to the organization as may be pre-
17 scribed in regulations, but only after the Secretary has
18 determined (after providing such organization with an
19 opportunity for a formal hearing on the matter) that
20 such organization is not substantially complying with or
21 effectively carrying out the provisions of such agreement.

22 “(e) In order to avoid duplication of functions and un-
23 necessary review and control activities, the Secretary is
24 authorized to waive any or all of the review, certification, or

1 *similar activities otherwise required under or pursuant to*
 2 *any provision of this Act (other than this part) where he*
 3 *finds, on the basis of substantial evidence of the effective per-*
 4 *formance of review and control activities by Professional*
 5 *Standards Review Organizations, that the review, certifica-*
 6 *tion, and similar activities otherwise so required are not*
 7 *needed for the provision of adequate review and control.*

8 “REVIEW PENDING DESIGNATION OF PROFESSIONAL
 9 STANDARDS REVIEW ORGANIZATION

10 “SEC. 1153. *Pending the assumption by a Professional*
 11 *Standards Review Organization for any area, of full review*
 12 *responsibility, and pending a demonstration of capacity for*
 13 *improved review effort with respect to matters involving*
 14 *the provision of health care services in such area for which*
 15 *payment (in whole or in part) may be made, under this Act,*
 16 *any review with respect to such services which has not been*
 17 *designated by the Secretary as the full responsibility of such*
 18 *organization, shall be reviewed in the manner otherwise pro-*
 19 *vided for under law.*

20 “TRIAL PERIOD FOR PROFESSIONAL STANDARDS
 21 REVIEW ORGANIZATIONS

22 “SEC. 1154. (a) *The Secretary shall initially designate*
 23 *an organization as a Professional Standards Review Orga-*
 24 *nization for any area on a conditional basis with a view to*
 25 *determining the capacity of such organization to perform the*

1 *duties and functions imposed under this part on Professional*
2 *Standards Review Organizations. Such designation may not*
3 *be made prior to receipt from such organization and ap-*
4 *proval by the Secretary of a formal plan for the orderly*
5 *assumption and implementation of the responsibilities of the*
6 *Professional Standards Review Organization under this*
7 *part.*

8 “(b) *During any such trial period (which may not*
9 *exceed 24 months), the Secretary may require a Pro-*
10 *fessional Standards Review Organization to perform*
11 *only such of the duties and functions required under this*
12 *part of Professional Standards Review Organization as*
13 *he determines such organization to be capable of performing.*
14 *The number and type of such duties shall, during the trial*
15 *period, be progressively increased as the organization be-*
16 *comes capable of added responsibility so that, by the end of*
17 *such period, such organization shall be considered a qualified*
18 *organization only if the Secretary finds that it is substantially*
19 *carrying out in a satisfactory manner, the activities and func-*
20 *tions required of Professional Standards Review Organiza-*
21 *tions under this part with respect to the review of health*
22 *care services provided or ordered by physicians and other*
23 *practitioners and institutional and other health care facilities,*
24 *agencies, and organizations. Any of such duties and func-*
25 *tions not performed by such organization during such period*

1 shall be performed in the manner and to the extent otherwise
2 provided for under law.

3 “(c) Any agreement under which any organization is
4 conditionally designated as the Professional Standards Re-
5 view Organization for any area may be terminated by such
6 organization upon 90 days notice to the Secretary or by
7 the Secretary upon 90 days notice to such organization.

8 “DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS
9 REVIEW ORGANIZATIONS

10 “SEC. 1155. (a)(1) Notwithstanding any other pro-
11 vision of law, but consistent with the provisions of this part,
12 it shall be the duty and function of each Professional Stand-
13 ards Review Organization for any area to assume, at the
14 earliest date practicable, responsibility for the review of the
15 professional activities in such area of physicians and other
16 health care practitioners and institutional and noninstitu-
17 tional providers of health care services in the provision of
18 health care services and items for which payment may be
19 made (in whole or in part) under this Act for the purpose of
20 determining whether—

21 “(A) such services and items are or were medically
22 necessary;

23 “(B) the quality of such services meets profession-
24 ally recognized standards of health care; and

1 “(C) in case such services and items are proposed
2 to be provided in a hospital or other health care facility
3 on an inpatient basis, such services and items could,
4 consistent with the provision of appropriate medical
5 care, be effectively provided on an out-patient basis or
6 more economically in an inpatient health care facility
7 of a different type.

8 “(2) Each Professional Standards Review Organiza-
9 tion shall have the authority to determine, in advance, in the
10 case of—

11 “(A) any elective admission to a hospital, or other
12 health care facility, or

13 “(B) any other health care service which will con-
14 sist of extended or costly courses of treatment,

15 whether such service, if provided, or if provided by a partic-
16 ular health care practitioner or by a particular hospital or
17 other health care facility, organization, or agency, would
18 meet the criteria specified in clauses (A) and (C) of para-
19 graph (1).

20 “(3) Each Professional Standards Review Organization
21 shall, in accordance with regulations of the Secretary, deter-
22 mine and publish, from time to time, the types and kinds of
23 cases (whether by type of health care or diagnosis involved,
24 or whether in terms of other relevant criteria relating to the

1 provision of health care services) with respect to which such
2 organization will, in order most effectively to carry out the
3 purposes of this part, exercise the authority conferred upon
4 it under paragraph (2).

5 “(4) Each Professional Standards Review Organiza-
6 tion shall be responsible for the arranging for the mainte-
7 nance of and the regular review of profiles of care and serv-
8 ices received and provided with respect to patients, utilizing
9 to the greatest extent practicable in such patient profiles,
10 methods of coding which will provide maximum confiden-
11 tiality as to patient identity and assure objective evaluation
12 consistent with the purposes of this part. Profiles shall also
13 be regularly reviewed on an ongoing basis with respect to
14 each health care practitioner and provider to determine
15 whether the care and services ordered or rendered are con-
16 sistent with the criteria specified in clauses (A), (B), and
17 (C) of paragraph (1).

18 “(5) Physicians assigned responsibility for the review
19 of hospital care may be only those having active hospital
20 staff privileges in at least one of the participating hospitals in
21 the area served by the Professional Standards Review Orga-
22 nization and (except as may be otherwise provided under
23 subsection (e)(1) of this section) such physicians ordinarily
24 should not be responsible for, but may participate in the

1 review of care and services provided in any hospital in
2 which such physicians have active staff privileges.

3 “(6) No physician shall be permitted to review—

4 “(A) health care services provided to a patient if
5 he was directly or indirectly involved in providing such
6 services, or

7 “(B) health care services provided in or by an in-
8 stitution, organization, or agency, if he or any member
9 of his family has, directly or indirectly, any financial
10 interest in such institution, organization, or agency.

11 For purposes of this paragraph, a physician’s family in-
12 cludes only his spouse (other than a spouse who is legally
13 separated from him under a decree of divorce or separate
14 maintenance), children (including legally adopted children),
15 grandchildren, parents, and grandparents.

16 “(b) To the extent necessary or appropriate for the
17 proper performance of its duties and functions, the Profes-
18 sional Standards Review Organization serving any area is
19 authorized in accordance with regulations prescribed by the
20 Secretary to—

21 “(1) make arrangements to utilize the services of
22 persons who are practitioners of or specialists in the vari-
23 ous areas of medicine (including dentistry), or other
24 types of health care, which persons shall, to the maximum

1 *extent practicable, be individuals engaged in the practice*
2 *of their profession within the area served by such orga-*
3 *nization;*

4 *“(2) undertake such professional inquiry either be-*
5 *fore or after, or both before and after, the provision of*
6 *services with respect to which such organization has a*
7 *responsibility for review under subsection (a)(1);*

8 *“(3) examine the pertinent records of any practi-*
9 *tioner or provider of health care services providing serv-*
10 *ices with respect to which such organization has a re-*
11 *sponsibility for review under subsection (a)(1); and*

12 *“(4) inspect the facilities in which care is rendered*
13 *or services provided (which are located in such area)*
14 *of any practitioner or provider.*

15 *“(c) No Professional Standards Review Organization*
16 *shall utilize the services of any individual who is not a duly*
17 *licensed doctor of medicine or osteopathy to make final de-*
18 *terminations in accordance with its duties and functions under*
19 *this part with respect to the professional conduct of any other*
20 *duly licensed doctor of medicine or osteopathy, or any act*
21 *performed by any duly licensed doctor of medicine or oste-*
22 *opathy in the exercise of his profession.*

23 *“(d) In order to familiarize physicians with the review*
24 *functions and activities of Professional Standards Review*
25 *Organizations and to promote acceptance of such functions*

1 *and activities by physicians, patients, and other persons,*
2 *each Professional Standards Review Organization, in carry-*
3 *ing out its review responsibilities, shall (to the maximum*
4 *extent consistent with the effective and timely performance of*
5 *its duties and functions)—*

6 “(1) *encourage all physicians practicing their pro-*
7 *fession in the area served by such Organization to par-*
8 *ticipate as reviewers in the review activities of such*
9 *Organizations;*

10 “(2) *provide rotating physician membership of re-*
11 *view committees on an extensive and continuing basis;*

12 “(3) *assure that membership on review committees*
13 *have the broadest representation feasible in terms of*
14 *the various types of practice in which physicians en-*
15 *gage in the area served by such Organization; and*

16 “(4) *utilize, whenever appropriate, medical peri-*
17 *odicals and similar publications to publicize the functions*
18 *and activities of Professional Standards Review Organi-*
19 *zations.*

20 “(e)(1) *Each Professional Standards Review Organi-*
21 *zation shall utilize the services of, and accept the findings*
22 *of, the review committees of a hospital or other operating*
23 *health care facility or organization located in the area served*
24 *by such organization, but only when and only to the extent*
25 *and only for such time that such committees in such hospital*

1 or other operating health care facility or organization have
2 demonstrated to the satisfaction of such organization their
3 capacity effectively and in timely fashion to review activities
4 in such hospital or other operating health care facility or or-
5 ganization (including the medical necessity of admissions,
6 types and extent of services ordered, and lengths of stay) so
7 as to aid in accomplishing the purposes and responsibilities
8 described in subsection (a)(1), except where the Secretary
9 disapproves, for good cause, such acceptance.

10 “(2) The Secretary may prescribe regulations to carry
11 out the provisions of this subsection.

12 “(f)(1) An agreement entered into under this part
13 between the Secretary and any organization under which
14 such organization is designated as the Professional Standards
15 Review Organization for any area shall provide that such
16 organization will—

17 “(A) perform such duties and functions and assume
18 such responsibilities and comply with such other require-
19 ments as may be required by this part or under regu-
20 lations of the Secretary promulgated to carry out the
21 provisions of this part; and

22 “(B) collect such data relevant to its functions and
23 such information and keep and maintain such records in
24 such form as the Secretary may require to carry out the
25 purposes of this part and to permit access to and use of

1 *any such records as the Secretary may require for such*
2 *purposes.*

3 “(2) *Any such agreement with an organization under*
4 *this part shall provide that the Secretary make payments to*
5 *such organization equal to the amount of expenses reason-*
6 *ably and necessarily incurred, as determined by the Secre-*
7 *tary, by such organization in carrying out or preparing to*
8 *carry out the duties and functions required by such agree-*
9 *ment.*

10 “NORMS OF HEALTH CARE SERVICES FOR VARIOUS
11 ILLNESSES OR HEALTH CONDITIONS

12 “SEC. 1156. (a) *Each Professional Standards Review*
13 *Organization shall apply professionally developed norms of*
14 *care, diagnosis, and treatment based upon typical patterns of*
15 *practice in its regions (including typical lengths-of-stay for*
16 *institutional care by age and diagnosis) as principal points of*
17 *evaluation and review. The National Professional Standards*
18 *Review Council and the Secretary shall provide such tech-*
19 *nical assistance to the organization as will be helpful in utiliz-*
20 *ing and applying such norms of care, diagnosis, and treatment.*
21 *Where the actual norms of care, diagnosis, and treatment in*
22 *a Professional Standards Review Organization area are sig-*
23 *nificantly different from professionally developed regional*
24 *norms of care, diagnosis, and treatment approved for com-*

1 *parable conditions, the Professional Standards Review Orga-*
2 *nization concerned shall be so informed, and in the event that*
3 *appropriate consultation and discussion indicate reasonable*
4 *basis for usage of other norms in the area concerned, the*
5 *Professional Standards Review Organization may apply such*
6 *norms in such area as are approved by the National Profes-*
7 *sional Standards Review Council.*

8 “(b) *Such norms with respect to treatment for partic-*
9 *ular illnesses or health conditions shall include (in accord-*
10 *ance with regulations of the Secretary)—*

11 “(1) *the types and extent of the health care services*
12 *which, taking into account differing, but acceptable,*
13 *modes of treatment and methods of organizing and de-*
14 *livering care are considered within the range of appro-*
15 *priate diagnosis and treatment of such illness or health*
16 *condition, consistent with professionally recognized and*
17 *accepted patterns of care;*

18 “(2) *the type of health care facility which is con-*
19 *sidered, consistent with such standards, to be the type in*
20 *which health care services which are medically appropri-*
21 *ate for such illness or condition can most economically*
22 *be provided.*

23 “(c) (1) *The National Professional Standards Review*
24 *Council shall provide for the preparation and distribution, to*
25 *each Professional Standards Review Organization and to*

1 each other agency or person performing review functions with
2 respect to the provision of health care services under this Act,
3 of appropriate materials indicating the regional norms to be
4 utilized pursuant to this part. Such data concerning norms
5 shall be reviewed and revised from time to time. The ap-
6 proval of the National Professional Standards Review Coun-
7 cil of norms of care, diagnosis, and treatment shall be based
8 on its analysis of appropriate and adequate data.

9 “(2) Each review organization, agency, or person re-
10 ferred to in paragraph (1) shall utilize the norms developed
11 under this section as a principal point of evaluation and re-
12 view for determining, with respect to any health care services
13 which have been or are proposed to be provided, whether
14 such care and services are consistent with the criteria speci-
15 fied in section 1155(a)(1).

16 “(d)(1) Each Professional Standards Review Organi-
17 zation shall—

18 “(A) in accordance with regulations of the Secre-
19 tary, specify the appropriate points in time after the
20 admission of a patient for inpatient care in a health
21 care institution, at which the physician attending such
22 patient shall execute a certification stating that further
23 inpatient care in such institution will be medically neces-
24 sary effectively to meet the health care needs of such
25 patient; and

1 “(B) require that there be included in any such
2 certification with respect to any patient such information
3 as may be necessary to enable such organization prop-
4 erly to evaluate the medical necessity of the further
5 institutional health care recommended by the physician
6 executing such certification.

7 “(2) The points in time at which any such certification
8 will be required (usually, not later than the 50th percentile
9 of lengths-of-stay for patients in similar age groups with
10 similar diagnoses) shall be consistent with and based on pro-
11 fessionally developed norms of care and treatment and data
12 developed with respect to length of stay in health care insti-
13 tutions of patients having various illnesses, injuries, or health
14 conditions, and requiring various types of health care services
15 or procedures.

16 “SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS

17 REVIEW ORGANIZATIONS

18 “SEC. 1157. If, in discharging its duties and functions
19 under this part, any Professional Standards Review Orga-
20 nization determines that any health care practitioner or any
21 hospital, or other health care facility, agency, or organiza-
22 tion has violated any of the obligations imposed by section
23 1160, such organization shall report the matter to the State-
24 wide Professional Standards Review Council for the State in
25 which such organization is located together with the recom-

1 “(2) such organization or other agency has, in the
2 proper exercise of its duties and functions under or con-
3 sistent with the purposes of this part, disapproved of the
4 services or items giving rise to such claim, and has
5 notified the practitioner or provider who provided or
6 proposed to provide such services or items and the in-
7 dividual who would receive or was proposed to receive
8 such services or items of its disapproval of the provision
9 of such services or items.

10 “(b) Whenever any Professional Standards Review
11 Organization, in the discharge of its duties and functions as
12 specified by or pursuant to this part, disapproves of any
13 health care services or items furnished or to be furnished by
14 any practitioner or provider, such organization shall, after
15 notifying the practitioner, provider, or other organization or
16 agency of its disapproval in accordance with subsection (a),
17 promptly notify the agency or organization having responsi-
18 bility for acting upon claims for payment for or on account
19 of such services or items.

20 “HEARINGS AND REVIEW BY SECRETARY

21 “SEC. 1159. (a) Any beneficiary or recipient who is
22 entitled to benefits under this Act (other than title V) or a
23 provider or practitioner who is dissatisfied with a determina-
24 tion with respect to a claim made by a Professional Stand-

1 *ards Review Organization in carrying out its responsibilities*
2 *for the review of professional activities in accordance with*
3 *paragraphs (1) and (2) of section 1155(a) shall, after*
4 *being notified of such determination, be entitled to a recon-*
5 *sideration thereof by the Professional Standards Review*
6 *Organization and, where the Professional Standards Review*
7 *Organization reaffirms such determination in a State which*
8 *has established a Statewide Professional Standards Review*
9 *Council, and where the matter in controversy is \$100 or*
10 *more, such determination shall be reviewed by professional*
11 *members of such Council and, if the Council so determined,*
12 *revised.*

13 “(b) *Where the determination of the Statewide Profes-*
14 *sional Standards Review Council is adverse to the beneficiary*
15 *or recipient (or, in the absence of such Council in a State and*
16 *where the matter in controversy is \$100 or more), such*
17 *beneficiary or recipient shall be entitled to a hearing thereon*
18 *by the Secretary to the same extent as is provided in section*
19 *205(b), and, where the amount in controversy is \$1,000 or*
20 *more, to judicial review of the Secretary's final decision after*
21 *such hearing as is provided in section 205(g). The Secretary*
22 *will render a decision only after appropriate professional*
23 *consultation on the matter.*

24 “(c) *Any review or appeals provided under this section*

1 *shall be in lieu of any review, hearing, or appeal under this*
2 *Act with respect to the same issue.*

3 **“OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PRO-**
4 **VIDERS OF HEALTH CARE SERVICES; SANCTIONS AND**
5 **PENALTIES; HEARINGS AND REVIEW**

6 **“SEC. 1160. (a) (1)** *It shall be the obligation of any*
7 *health care practitioner and any other person (including a*
8 *hospital or other health care facility, organization, or agency)*
9 *who provides health care services for which payment may*
10 *be made (in whole or in part) under this Act, to assure*
11 *that services or items ordered or provided by such practi-*
12 *tioner or person to beneficiaries and recipients under this*
13 *Act—*

14 *“(A) will be provided only when, and to the ex-*
15 *tent, medically necessary; and*

16 *“(B) will be of a quality which meets profession-*
17 *ally recognized standards of health care; and*

18 *“(C) will be supported by evidence of such medical*
19 *necessity and quality in such form and fashion and at*
20 *such time as may reasonably be required by the Pro-*
21 *fessional Standards Review Organization in the exercise*
22 *of its duties and responsibilities;*

23 *and it shall be the obligation of any health care practitioner,*
24 *in ordering, authorizing, directing, or arranging for the pro-*

1 *vision by any other person (including a hospital or other*
2 *health care facility, organization, or agency) of health care*
3 *services for any patient of such practitioner, to exercise his*
4 *professional responsibility with a view to assuring (to the*
5 *extent of his influence or control over such patient, such*
6 *person, or the provision of such services) that such services*
7 *or items will be provided—*

8 “(D) *only when, and to the extent, medically neces-*
9 *sary; and*

10 “(E) *will be of a quality which meets profession-*
11 *ally recognized standards of health care.*

12 “(2) *Each health care practitioner, and each hospital or*
13 *other provider of health care services, shall have an obliga-*
14 *tion, within reasonable limits of professional discretion, not*
15 *to take any action, in the exercise of his profession (in the*
16 *case of any health care practitioner), or in the conduct of*
17 *its business (in the case of any hospital or other such pro-*
18 *vider), which would authorize any individual to be admitted*
19 *as an inpatient in or to continue as an inpatient in any*
20 *hospital or other health care facility unless—*

21 “(A) *inpatient care is determined by such prac-*
22 *titioner and by such hospital or other provider, con-*
23 *sistent with professionally recognized health care stand-*

1 *ards, to be medically necessary for the proper care of*
2 *such individual; and*

3 *“(B)(i) the inpatient care required by such indi-*
4 *vidual cannot, consistent with such standards, be pro-*
5 *vided more economically in a health care facility of a*
6 *different type; or*

7 *“(ii) (in the case of a patient who requires care*
8 *which can, consistent with such standards, be provided*
9 *more economically in a health care facility of a different*
10 *type) there is, in the area in which such individual is*
11 *located, no such facility or no such facility which is avail-*
12 *able to provide care to such individual at the time when*
13 *care is needed by him.*

14 *“(b)(1) If after reasonable notice and opportunity for*
15 *discussion with the practitioner or provider concerned, any*
16 *Professional Standards Review Organization submits a re-*
17 *port and recommendations to the Secretary pursuant to sec-*
18 *tion 1157 (which report and recommendations shall be sub-*
19 *mitted through the Statewide Professional Standards Review*
20 *Council, if such Council has been established, which shall*
21 *promptly transmit such report and recommendations together*
22 *with any additional comments and recommendations thereon*
23 *as it deems appropriate) and if the Secretary determines that*
24 *such practitioner or provider, in providing health care ser-*
25 *ices over which such organization has review responsibility*

1 *and for which payment (in whole or in part) may be made*
2 *under this Act has—*

3 “(A) *by failing, in a substantial number of cases,*
4 *substantially to comply with any obligation imposed on*
5 *him under subsection (a), or*

6 “(B) *by grossly and flagrantly violating any such*
7 *obligation in one or more instances,*
8 *demonstrated an unwillingness or a lack of ability substan-*
9 *tially to comply with such obligations, he (in addition to any*
10 *other sanction provided under law) may exclude (per-*
11 *manently or for such period as the Secretary may prescribe)*
12 *such practitioner or provider from eligibility to provide such*
13 *services on a reimbursable basis.*

14 “(2) *A determination made by the Secretary under*
15 *this subsection shall be effective at such time and upon such*
16 *reasonable notice to the public and to the person furnishing*
17 *the services involved as may be specified in regulations. Such*
18 *determination shall be effective with respect to services fur-*
19 *nished to an individual on or after the effective date of such*
20 *determination (except that in the case of institutional health*
21 *care services such determination shall be effective in the*
22 *manner provided in title XVIII with respect to terminations*
23 *of provider agreements), and shall remain in effect until the*
24 *Secretary finds and gives reasonable notice to the public that*

1 *the basis for such determination has been removed and that*
2 *there is reasonable assurance that it will not recur.*

3 “(3) *In lieu of the sanction authorized by paragraph*
4 *(1), the Secretary may require that (as a condition to the*
5 *continued eligibility of such practitioner or provider to pro-*
6 *vide such health care services on a reimbursable basis) such*
7 *practitioner or provider pay to the United States, in case*
8 *such acts or conduct involved the provision or ordering by*
9 *such practitioner or provider of health care services which*
10 *were medically improper or unnecessary, an amount not in*
11 *excess of the actual or estimated cost of the medically im-*
12 *proper or unnecessary services so provided, or (if less)*
13 *\$5,000. Such amount may be deducted from any sums owing*
14 *by the United States (or any instrumentality thereof) to the*
15 *person from whom such amount is claimed.*

16 “(4) *Any person furnishing services described in para-*
17 *graph (1) who is dissatisfied with a determination made by*
18 *the Secretary under this subsection shall be entitled to rea-*
19 *sonable notice and opportunity for a hearing thereon by*
20 *the Secretary to the same extent as is provided in section*
21 *205(b), and to judicial review of the Secretary’s final deci-*
22 *sion after such hearing as is provided in section 205(g).*

23 “(c) *It shall be the duty of each Professional Standards*
24 *Review Organization and each Statewide Professional Stand-*
25 *ards Review Council to use such authority or influence it*

1 may possess as a professional organization, and to enlist the
2 support of any other professional or governmental organi-
3 zation having influence or authority over health care prac-
4 titioners and any other person (including a hospital or other
5 health care facility, organization, or agency) providing
6 health care services in the area served by such review or-
7 ganization, in assuring that each practitioner or provider
8 (referred to in subsection (a)) providing health care serv-
9 ices in such area shall comply with all obligations imposed
10 on him under subsection (a).

11 “NOTICE TO PRACTITIONER OR PROVIDER

12 “SEC. 1161. Whenever any Professional Standards Re-
13 view Organization takes any action or makes any deter-
14 mination—

15 “(a) which denies any request, by a health care
16 practitioner or other provider of health care services,
17 for approval of a health care service or item proposed to
18 be ordered or provided by such practitioner or provider;
19 or

20 “(b) that any such practitioner or provider has
21 violated any obligation imposed on such practitioner or
22 provider under section 1160,
23 such organization shall, immediately after taking such ac-
24 tion or making such determination, give notice to such prac-
25 titioner or provider of such determination and the basis there-

1 for, and shall provide him with appropriate opportunity
2 for discussion and review of the matter.

3 "STATEWIDE PROFESSIONAL STANDARDS REVIEW COUN-
4 CILS; ADVISORY GROUPS TO SUCH COUNCILS

5 "SEC. 1162. (a) In any State in which there are
6 located three or more Professional Standards Review Or-
7 ganizations, the Secretary shall establish a Statewide Pro-
8 fessional Standards Review Council.

9 "(b) The membership of any such Council for any
10 State shall be appointed by the Secretary and shall consist
11 of—

12 "(1) one representative from and designated by
13 each Professional Standards Review Organization in
14 the State;

15 "(2) four physicians, two of whom may be desig-
16 nated by the State medical society and two of whom may
17 be designated by the State hospital association of such
18 State to serve as members on such Council; and

19 "(3) four persons knowledgeable in health care
20 from such State whom the Secretary shall have selected
21 as representatives of the public in such State (at least
22 two of whom shall have been recommended for member-
23 ship on the Council by the Governor of such State).

1 “(c) It shall be the duty and function of the Statewide
2 Professional Standards Review Council for any State, in
3 accordance with regulations of the Secretary, (1) to coordi-
4 nate the activities of, and disseminate information and data
5 among the various Professional Standards Review Organiza-
6 tions within such State including assisting the Secretary in
7 development of uniform data gathering procedures and
8 operating procedures applicable to the several areas in a
9 State (including, where appropriate, common data process-
10 ing operations serving several or all areas) to assure efficient
11 operation and objective evaluation of comparative perform-
12 ance of the several areas and, (2) to assist the Secretary in
13 evaluating the performance of each Professional Standards
14 Review Organization, and (3) where the Secretary finds it
15 necessary to replace a Professional Standards Review
16 Organization, to assist him in developing and arranging
17 for a qualified replacement Professional Standards Review
18 Organization.

19 “(d) The Secretary is authorized to enter into an agree-
20 ment with any such Council under which the Secretary shall
21 make payments to such Council equal to the amount of
22 expenses reasonably and necessarily incurred, as determined
23 by the Secretary, by such Council in carrying out the duties
24 and functions provided in this section.

1 “(e)(1) *The Statewide Professional Standards Review*
2 *Council for any State (or in a State which does not have*
3 *such Council, the Professional Standards Review Organiza-*
4 *tions in such State which have agreements with the Secre-*
5 *tary) shall be advised and assisted in carrying out its func-*
6 *tions by an advisory group (of not less than seven*
7 *nor more than eleven members) which shall be made up of*
8 *representatives of health care practitioners (other than phy-*
9 *sicians) and hospitals and other health care facilities which*
10 *provide within the State health care services for which pay-*
11 *ment (in whole or in part) may be made under any program*
12 *established by or pursuant to this Act.*

13 “(2) *The Secretary shall by regulations provide the*
14 *manner in which members of such advisory group shall be*
15 *selected by the Statewide Professional Standards Review*
16 *Council (or Professional Standards Review Organizations*
17 *in States without such Councils).*

18 “(3) *The expenses reasonably and necessarily incurred,*
19 *as determined by the Secretary, by such group in carrying*
20 *out its duties and functions under this subsection shall be con-*
21 *sidered to be expenses necessarily incurred by the Statewide*
22 *Professional Standards Review Council served by such group.*

23 “NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL

24 “Sec. 1163. (a)(1) *There shall be established a Na-*
25 *tional Professional Standards Review Council (hereinafter*

1 *in this section referred to as the 'Council') which shall consist*
2 *of eleven physicians, not otherwise in the employ of the*
3 *United States, appointed by the Secretary without regard to*
4 *the provisions of title 5, United States Code, governing ap-*
5 *pointments in the competitive service.*

6 “(2) *Members of the Council shall be appointed for a*
7 *term of three years and shall be eligible for reappointment.*

8 “(3) *The Secretary shall from time to time designate*
9 *one of the members of the Council to serve as Chairman*
10 *thereof.*

11 “(b) *Members of the Council shall consist of physicians*
12 *of recognized standing and distinction in the appraisal of*
13 *medical practice. A majority of such members shall be phy-*
14 *sicians who have been recommended to the Secretary to serve*
15 *on the Council by national organizations recognized by the*
16 *Secretary as representing practicing physicians. The member-*
17 *ship of the Council shall include physicians who have been*
18 *recommended for membership on the Council by consumer*
19 *groups and other health care interests.*

20 “(c) *The Council is authorized to utilize, and the Sec-*
21 *retary shall make available, or arrange for, such technical*
22 *and professional consultative assistance as may be required*
23 *to carry out its functions, and the Secretary shall, in addi-*
24 *tion, make available to the Council such secretarial, clerical*
25 *and other assistance and such pertinent data prepared by,*

1 for, or otherwise available to, the Department of Health,
2 Education, and Welfare as the Council may require to carry
3 out its functions.

4 “(d) Members of the Council, while serving on business
5 of the Council, shall be entitled to receive compensation at
6 a rate fixed by the Secretary (but not in excess of the daily
7 rate paid under GS-18 of the General Schedule under sec-
8 tion 5332 of title 5, United States Code), including travel-
9 time; and while so serving away from their homes or regular
10 places of business, they may be allowed travel expenses, in-
11 cluding per diem in lieu of subsistence, as authorized by sec-
12 tion 5703 of title 5, United States Code, for persons in Gov-
13 ernment service employed intermittently.

14 “(e) It shall be the duty of the Council to—

15 “(1) advise the Secretary in the administration of
16 this part;

17 “(2) provide for the development and distribution,
18 among Statewide Professional Standards Review Coun-
19 cils and Professional Standards Review Organizations
20 of information and data which will assist such review
21 councils and organizations in carrying out their duties
22 and functions;

23 “(3) review the operations of Statewide Profes-
24 sional Standards Review Councils and Professional

1 *Standards Review Organizations with a view to de-*
2 *termining the effectiveness and comparative performance*
3 *of such review councils and organizations in carrying*
4 *out the purposes of this part; and*

5 *“(4) make or arrange for the making of studies and*
6 *investigations with a view to developing and recom-*
7 *mending to the Secretary and to the Congress measures*
8 *designed more effectively to accomplish the purposes*
9 *and objectives of this part.*

10 *“(f) The National Professional Standards Review*
11 *Council shall from time to time, but not less often than an-*
12 *nually, submit to the Secretary and to the Congress a report*
13 *on its activities and shall include in such report the findings*
14 *of its studies and investigations together with any recom-*
15 *mendations it may have with respect to the more effective*
16 *accomplishment of the purposes and objectives of this part.*
17 *Such report shall also contain comparative data indicating*
18 *the results of review activities, conducted pursuant to this*
19 *part, in each State and in each of the various areas thereof.*

20 *“APPLICATION OF THIS PART TO CERTAIN STATE PRO-*
21 *GRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE*

22 *“SEC. 1164. (a) In addition to the requirements im-*
23 *posed by law as a condition of approval of a State plan ap-*
24 *proved under any title of this Act under which health care*

1 *services are paid for in whole or part, with Federal funds,*
 2 *there is hereby imposed the requirement that provisions of*
 3 *this part shall apply to the operation of such plan or program.*

4 “(b) *The requirement imposed by subsection (a) with*
 5 *respect to such State plans approved under this Act shall*
 6 *apply—*

7 “(1) *in the case of any such plan where legislative*
 8 *action by the State legislature is not necessary to meet*
 9 *such requirement, on and after January 1, 1974; and*

10 “(2) *in the case of any such plan where legislative*
 11 *action by the State legislature is necessary to meet such*
 12 *requirement, whichever of the following is earlier—*

13 “(A) *on and after July 1, 1974, or*

14 “(B) *on and after the first day of the calendar*
 15 *month which first commences more than ninety days*
 16 *after the close of the first regular session of the*
 17 *legislature of such State which begins after Decem-*
 18 *ber 31, 1973.*

19 “CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL
 20 STANDARDS REVIEW ORGANIZATIONS AND ADMINIS-
 21 TRATIVE INSTRUMENTALITIES

22 “SEC. 1165. *The Secretary shall by regulations provide*
 23 *for such correlation of activities, such interchange of data*
 24 *and information, and such other cooperation consistent with*
 25 *economical, efficient, coordinated, and comprehensive imple-*

1 *mentation of this part (including, but not limited to, usage of*
2 *existing mechanical and other data-gathering capacity) be-*
3 *tween and among—*

4 “(a)(1) *agencies and organizations which are*
5 *parties to agreements entered into pursuant to section*
6 *1816, (2) carriers which are parties to contracts en-*
7 *tered into pursuant to section 1842, and (3) any other*
8 *public or private agency (other than a Professional*
9 *Standards Review Organization) having review or con-*
10 *trol functions, or proved relevant data-gathering pro-*
11 *cedures and experience, and*

12 “(b) *Professional Standards Review Organiza-*
13 *tions, as may be necessary or appropriate for the effec-*
14 *tive administration of title XVIII, or State plans ap-*
15 *proved under this Act.*

16 “PROHIBITION AGAINST DISCLOSURE OF INFORMATION

17 “SEC. 1166. (a) *Any data or information acquired by*
18 *any Professional Standards Review Organization, in the*
19 *exercise of its duties and functions, shall be held in confidence*
20 *and shall not be disclosed to any person except (1) to the*
21 *extent that may be necessary to carry out the purposes of*
22 *this part or (2) in such cases and under such circumstances*
23 *as the Secretary shall by regulations provide to assure ade-*
24 *quate protection of the rights and interests of patients, health*
25 *care practitioners, or providers of health care.*

1 “(b) It shall be unlawful for any person to disclose any
2 such information other than for such purposes, and any per-
3 son violating the provisions of this section shall, upon con-
4 viction, be fined not more than \$1,000, and imprisoned for
5 not more than six months, or both, together with the costs of
6 prosecution.

7 “LIMITATION ON LIABILITY FOR PERSONS PROVIDING IN-
8 FORMATION, AND FOR MEMBERS AND EMPLOYEES OF
9 PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS,
10 AND FOR HEALTH CARE PRACTITIONERS AND PRO-
11 VIDERS

12 “SEC. 1167. (a) Notwithstanding any other provision
13 of law, no person providing information to any Professional
14 Standards Review Organization shall be held, by reason of
15 having provided such information, to have violated any crimi-
16 nal law, or to be civilly liable under any law, of the United
17 States or of any State (or political subdivision thereof)
18 unless—

19 “(1) such information is unrelated to the perform-
20 ance of the duties and functions of such Organization, or

21 “(2) such information is false and the person pro-
22 viding such information knew, or had reason to believe,
23 that such information was false.

24 “(b) (1) No individual who, as a member or employee

1 of any Professional Standards Review Organization or who
2 furnishes professional counsel or services to such organiza-
3 tion, shall be held by reason of the performance by him of
4 any duty, function, or activity authorized or required of
5 Professional Standards Review Organizations under this
6 part, to have violated any criminal law, or to be civilly liable
7 under any law, of the United States or of any State (or
8 political subdivision thereof) provided he has exercised due
9 care.

10 “(2) The provisions of paragraph (1) shall not apply
11 with respect to any action taken by any individual if such
12 individual, in taking such action, was motivated by malice
13 toward any person affected by such action.

14 “(c) No doctor of medicine or osteopathy and no pro-
15 vider (including directors, trustees, employees, or officials
16 thereof) of health care services shall be civilly liable to any
17 person under any law of the United States or of any State
18 (or political subdivision thereof) on account of any action
19 taken by him in compliance with or reliance upon profes-
20 sionally developed norms of care and treatment applied by a
21 Professional Standards Review Organization (which has
22 been designated in accordance with section 1152(b)(1)
23 (A)) operating in the area where such doctor of medicine
24 or osteopathy or provider took such action but only if—

1 “(1) he takes such action (in the case of a health
2 care practitioner) in the exercise of his profession as a
3 doctor of medicine or osteopathy (or in the case of a
4 provider of health care services) in the exercise of his
5 functions as a provider of health care services, and

6 “(2) he exercised due care in all professional con-
7 duct taken or directed by him and reasonably related to,
8 and resulting from, the actions taken in compliance with
9 or reliance upon such professionally accepted norms of
10 care and treatment.

11 “AUTHORIZATION FOR USE OF CERTAIN FUNDS TO
12 ADMINISTER THE PROVISIONS OF THIS PART

13 “SEC. 1168. Expenses incurred in the administration of
14 this part shall be payable from—

15 “(a) funds in the Federal Hospital Insurance Trust
16 Fund;

17 “(b) funds in the Federal Supplementary Medical
18 Insurance Trust Fund; and

19 “(c) funds appropriated to carry out the health
20 care provisions of the several titles of this Act;

21 in such amounts from each of the sources of funds (referred
22 to in subsections (a), (b), and (c)) as the Secretary shall
23 deem to be fair and equitable after taking into consideration

1 *the costs attributable to the administration of this part with*
2 *respect to each of such plans and programs.*

3 **“TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING**
4 **TO BE DESIGNATED AS PROFESSIONAL STANDARDS**
5 **REVIEW ORGANIZATIONS**

6 *“SEC. 1169. The Secretary is authorized to provide all*
7 *necessary technical and other assistance (including the prep-*
8 *aration of prototype plans of organization and operation)*
9 *to organizations described in section 1152(b)(1) which—*

10 *“(a) express a desire to be designated as a Profes-*
11 *sional Standards Review Organization; and*

12 *“(b) the Secretary determines have a potential for*
13 *meeting the requirements of a Professional Standards*
14 *Review Organization;*

15 *to assist such organizations in developing a proper plan to*
16 *be submitted to the Secretary and otherwise in preparing to*
17 *meet the requirements of this part for designation as a Pro-*
18 *fessional Standards Review Organization.*

19 **“EXEMPTIONS OF CHRISTIAN SCIENCE SANATORIUMS**

20 *“SEC. 1170. The provisions of this part shall not apply*
21 *with respect to a Christian Science sanatorium operated, or*
22 *listed and certified, by the First Church of Christ, Scientist,*
23 *Boston, Massachusetts.”*

1 section ~~233(b)~~ of this Act) is further amended by striking
2 out the period at the end of subparagraph ~~(B)~~ and inserting
3 in lieu thereof “; or”, and by adding after subparagraph
4 ~~(B)~~ the following new subparagraph:

5 “~~(C)~~ if such services are services to which the
6 next to last sentence of section 1861(p) applies, the
7 reasonable charges for such services.”

8 ~~(4)~~ Section ~~1832(a)(2)(C)~~ of such Act is amended
9 by striking out “services.” and inserting in lieu thereof
10 “services, other than services to which the next to last sen-
11 tence of section 1861(p) applies.”

12 ~~(b)(1)~~ Section 1861(p) of such Act (as amended by
13 subsection ~~(a)(1)~~ of this section) is further amended by
14 adding at the end thereof the following new sentence: “In
15 addition, such term includes physical therapy services which
16 meet the requirements of the first sentence of this subsection
17 except that they are furnished to an individual as an in-
18 patient of a hospital or extended care facility.”

19 *SEC. 251. (a)(1) Section 1861(p) of the Social Se-*
20 *curity Act is amended by adding at the end thereof (after and*
21 *below paragraph (4)(B)) the following new sentence: “In*
22 *addition, such term includes physical therapy services which*
23 *meet the requirements of the first sentence of this subsection*
24 *except that they are furnished to an individual as an inpatient*
25 *of a hospital or extended care facility.”*

1 (2) Section 1835 (a) (2) (C) of such Act is amended
2 by striking out “on an outpatient basis”.

3 ~~(479)(e)~~ (b) Section 1861 (v) of such Act (as amended by
4 sections 221 (c) (4) and 223 (f) of this Act) is further
5 amended by redesignating paragraphs (5) and (6) as para-
6 graphs (6) and (7), respectively, and by inserting after
7 paragraph (4) the following new paragraph:

8 “(5) ~~(480)~~(A) Where physical therapy services, occu-
9 pational therapy services, speech therapy services, or other
10 therapy services or services of other health-related personnel
11 (other than physicians) are furnished ~~(481)~~by a provider of
12 services, or other organization specified in the first sentence of
13 section 1861(p), or by others under an arrangement with
14 ~~(482)~~such a provider ~~(483)~~of services or other organization
15 ~~(484)~~specified in the first sentence of section 1861(p), the
16 amount included in any payment to such provider or ~~(485)~~
17 other organization under this title as the reasonable cost of such
18 services ~~(486)~~(as furnished under such arrangements) shall
19 not exceed an amount equal to the salary which would reason-
20 ably have been paid for such services ~~(487)~~(together with any
21 additional costs that would have been incurred by the provider
22 or other organization) to the person performing them if they
23 had been performed in an employment relationship with such
24 provider or ~~(488)~~other organization (rather than under such
25 arrangement) plus the cost of such other expenses ~~(489)~~(in-

1 *cluding a reasonable allowance for travel-time and other rea-*
2 *sonable types of expense related to any differences in acceptable*
3 *methods of organization for the provision of such therapy) in-*
4 *curred by such (490)person not working as an employee,*
5 *person, as the Secretary may in regulations determine to be*
6 *(491)appropriate.” appropriate.*

7 *(492)“(B) Notwithstanding the provisions of subparagraph*
8 *(A), if a provider of services or other organization specified*
9 *in the first sentence of section 1861(p) requires the services*
10 *of a therapist on a limited part-time basis, or only to perform*
11 *intermittent services, the Secretary may make payment on the*
12 *basis of a reasonable rate per unit of service, even though*
13 *such rate is greater per unit of time than salary related*
14 *amounts, where he finds that such greater payment is, in the*
15 *aggregate, less than the amount that would have been paid if*
16 *such organization had employed a therapist on a full- or part-*
17 *time salary basis.”*

18 *(493)(d)(c) (1) The (494)amendment amendments made*
19 *by subsection (a) shall apply with respect to services fur-*
20 *nished on or after (495)January 1, 1972 the date of enact-*
21 *ment of this Act.*

22 *(496)(2) The amendments made by subsection (b) shall*
23 *apply with respect to services furnished on or after the date*
24 *of enactment of this Act.*

1 ~~(B)~~ by adding “and” after the semicolon at the end
2 of clause ~~(15)~~, and

3 ~~(C)~~ by inserting after clause ~~(15)~~ the following
4 new clause:

5 “~~(16)~~ intermediate care facility services (other
6 than such services in an institution for tuberculosis or
7 mental diseases) for individuals who are determined, in
8 accordance with section 1902(a)~~(33)~~(A), to be in
9 need of such care;”.

10 ~~(2)~~ Section 1905 of such Act is amended by adding at
11 the end thereof the following new subsections:

12 “~~(c)~~ For purposes of this title the term ‘intermediate
13 care facility’ means an institution or distinct part thereof
14 which ~~(1)~~ is licensed under State law to provide, on a regu-
15 lar basis, health-related care and services to individuals who
16 do not require the degree of care and treatment which a
17 hospital or skilled nursing home is designed to provide, but
18 who because of their mental or physical condition require
19 care and services (above the level of room and board)
20 which can be made available to them only through institu-
21 tional facilities, ~~(2)~~ meets such standards prescribed
22 by the Secretary as he finds appropriate for the proper pro-
23 vision of such care, and ~~(3)~~ meets such standards of safety
24 and sanitation as are applicable to nursing homes under
25 State law. The term ‘intermediate care facility’ also includes

1 a Christian Science sanatorium operated, or listed and cer-
2 tified, by the First Church of Christ, Scientist, Boston,
3 Massachusetts, but only with respect to institutional services
4 deemed appropriate by the State. With respect to services
5 furnished to individuals under age 65, the term 'intermediate
6 care facility' shall not include, except as provided in sub-
7 section (d), any public institution or distinct part thereof
8 for mental diseases or mental defects.

9 “(d) The term ‘intermediate care facility services’ may
10 include services in a public institution (or distinct part
11 thereof) for the mentally retarded or persons with related
12 conditions if—

13 “(1) the primary purpose of such institution (or
14 distinct part thereof) is to provide health or rehabilita-
15 tive services for mentally retarded individuals and which
16 meet such standards as may be prescribed by the Secre-
17 tary;

18 “(2) the mentally retarded individual with respect
19 to whom a request for payment is made under a plan
20 approved under this title is receiving active treatment
21 under such a program; and

22 “(3) the State or political subdivision responsible
23 for the operation of such institution has agreed that the
24 non-Federal expenditures with respect to patients in
25 such institution (or distinct part thereof) will not be

1 reduced because of payments made under this title.”

2 ~~(b)~~ Section ~~1902(a)~~ of such Act as amended by
3 sections ~~236(b)~~ and ~~239(b)~~ of this Act) is further
4 amended—

5 ~~(1)~~ by striking out “and” at the end of paragraph
6 ~~(31)~~;

7 ~~(2)~~ by striking out the period at the end of para-
8 graph ~~(32)~~ and inserting in lieu thereof “; and”; and

9 ~~(3)~~ by inserting after paragraph ~~(32)~~ the following
10 new paragraph:

11 “~~(33)~~ provide ~~(A)~~ for a regular program of in-
12 dependent professional review (including medical eval-
13 uation of each patient’s need for intermediate care) and
14 a written plan of service prior to admission or authoriza-
15 tion of benefits in an intermediate care facility which
16 provides more than a minimum level of health care serv-
17 ices as determined under regulations of the Secretary;
18 ~~(B)~~ for periodic inspections to be made in all such inter-
19 mediate care facilities (if the State plan includes care in
20 such institutions) within the State by one or more inde-
21 pendent professional review teams (composed of physi-
22 cians or registered nurses and other appropriate health
23 and social service personnel) of ~~(i)~~ the care being pro-
24 vided in such intermediate care facilities to persons re-
25 ceiving assistance under the State plan, ~~(ii)~~ with respect

1 to each of the patients receiving such care, the adequacy
 2 of the services available in particular intermediate care
 3 facilities to meet the current health needs and promote
 4 the maximum physical well-being of patients receiving
 5 care in such facilities, (iii) the necessity and desirability
 6 of the continued placement of such patients in such
 7 facilities, and (iv) the feasibility of meeting their health
 8 care needs through alternative institutional or noninsti-
 9 tutional services; and (C) for the making by such team
 10 or teams of full and complete reports of the findings
 11 resulting from such inspections, together with any rec-
 12 ommendations to the State agency administering or
 13 supervising the administration of the State plan.”

14 ~~(e) Section 1121 of such Act is repealed.~~

15 ~~(d) The amendments made by this section shall be-~~
 16 ~~come effective January 1, 1972.~~

17 COVERAGE PRIOR TO APPLICATION FOR MEDICAL

18 ASSISTANCE

19 SEC. 255. (a) Section 1902 (a) of the Social Security
 20 Act (as amended by sections ~~(502)~~~~236(b)~~, ~~236(b)~~ and 239
 21 (b) ~~(503)~~, and ~~254(b)~~ of this Act) is further amended—

22 (1) by striking out “and” at the end of paragraph
 23 (32) ;

24 (2) by striking out the period at the end of para-
 25 graph (33) and inserting in lieu thereof “; and”; and

1 inserting after “or any facial bone,” the following: “or (C)
2 the certification required by section 1814 (a) (2) (E) of this
3 Act,”.

4 (c) Section 1862 (a) (12) of such Act is amended by
5 inserting before the semicolon the following: “, except that
6 payment may be made under part A in the case of inpatient
7 hospital services in connection with a dental procedure
8 where the individual suffers from impairments of such
9 severity as to require hospitalization”.

10 (d) The amendments made by this section shall apply
11 with respect to admissions occurring after the second month
12 following the month in which this Act is enacted.

13 **EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUP-**
14 **PLEMENTARY MEDICAL INSURANCE COVERAGE WHERE**

15 **FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE**

16 **SEC. 257.** (a) Section 1838 (b) of the Social Security
17 Act is amended by striking out “(not in excess of 90 days)”
18 in the third sentence, and by adding at the end thereof the
19 following new sentence: “The grace period determined under
20 the preceding sentence shall not exceed 90 days; except that
21 it may be extended to not to exceed 180 days in any case
22 where the Secretary determines that there was good cause
23 for failure to pay the overdue premiums within such 90-day
24 period.”

25 (b) The amendments made by subsection (a) shall

1 apply with respect to nonpayment of premiums which be-
2 come due and payable on or after the date of the enactment
3 of this Act or which became payable within the 90-day
4 period immediately preceding such date, and for pur-
5 poses of such amendments any premium which became
6 due and payable within such 90-day period shall be con-
7 sidered a premium becoming due and payable on the date
8 of the enactment of this Act.

9 EXTENTION OF TIME FOR FILING CLAIM FOR SUPPLEMEN-
10 TARY MEDICAL INSURANCE BENEFITS WHERE DELAY
11 IS DUE TO ADMINISTRATIVE ERROR

12 SEC. 258. (a) Section 1842(b)(3) of the Social
13 Security Act (as amended by section 224(a) of this Act)
14 is further amended by adding at the end thereof the fol-
15 lowing new sentence: "The requirement in subparagraph
16 (B) that a bill be submitted or request for payment be
17 made by the close of the following calendar year shall not
18 apply if (i) failure to submit the bill or request the payment
19 by the close of such year is due to the error or misrepre-
20 sentation of an officer, employee, fiscal intermediary, carrier,
21 or agent of the Department of Health, Education, and Wel-
22 fare performing functions under this title and acting within
23 the scope of his or its authority, and (ii) the bill is submitted
24 or the payment is requested promptly after such error or
25 misrepresentation is eliminated or corrected."

1 (b) The amendment made by subsection (a) shall ap-
2 ply with respect to bills submitted and requests for payment
3 made after March 1968.

4 WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE
5 INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINIS-
6 TRATIVE ERROR OR INACTION

7 SEC. 259. (a) Section 1837 of the Social Security Act
8 (after the new subsections added by section 206 (a) of this
9 Act) is amended by adding at the end thereof the following
10 new subsection:

11 “(h) In any case where the Secretary finds that an indi-
12 vidual's enrollment or nonenrollment in the insurance program
13 established by this part (505) or part A pursuant to section
14 1818 or section 1819 is unintentional, inadvertent, or errone-
15 ous and is the result of the error, misrepresentation, or inac-
16 tion of an officer, employee, or agent of the (506) Department
17 of Health, Education, and Welfare Federal Government, or
18 its instrumentalities, the Secretary may take such action
19 (including the designation for such individual of a special
20 initial or subsequent enrollment period, with a coverage
21 period determined on the basis thereof and with appropriate
22 adjustments of premiums) as may be necessary to correct
23 or eliminate the effects of such error, misrepresentation, or
24 inaction.”

1 (b) The amendment made by subsection (a) shall be
2 effective as of July 1, 1966.

3 ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT IN
4 SUPPLEMENTARY MEDICAL INSURANCE PROGRAM
5 MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY
6 SEC. 260. Section 1837 (b) of the Social Security Act
7 is amended to read as follows:

8 “(b) No individual may enroll under this part more
9 than twice.”

10 WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM
11 SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE
12 SEC. 261. (a) Section 1870 (c) of the Social Security
13 Act is amended by striking out “and where” and inserting in
14 lieu thereof the following: “or where the adjustment (or
15 recovery) would be made by decreasing payments to which
16 another person who is without fault is entitled as provided
17 in subsection (b) (4), if”.

18 (b) The amendment made by subsection (a) shall
19 apply with respect to waiver actions considered after the
20 date of the enactment of this Act.

21 REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO
22 ESTABLISH ENTITLEMENT TO HEARING UNDER SUP-
23 PLEMENTARY MEDICAL INSURANCE PROGRAM
24 SEC. 262. (a) Section 1842 (b) (3) (C) of the Social
25 Security Act is amended by inserting after “a fair hearing by

1 the carrier” the following: “, in any case where the amount
2 in controversy is \$100 or more,”.

3 (b) The amendment made by subsection (a) shall
4 apply with respect to hearings requested (under the proce-
5 dures established under section 1842 (b) (3) (C) of the
6 Social Security Act) after the date of the enactment of this
7 Act.

8 COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE
9 PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH
10 SOCIAL SECURITY AND RAILROAD RETIREMENT
11 BENEFITS

12 SEC. 263. (a) Section 1840 (a) (1) of the Social
13 Security Act is amended by striking out “subsection (d)”
14 and inserting in lieu thereof “subsections (b) (1) and (c)”.

15 (b) Section 1840 (b) (1) of such Act is amended by
16 inserting “(whether or not such individual is also entitled
17 for such month to a monthly insurance benefit under section
18 202)” after “1937”, and by striking out “subsection (d)”
19 and inserting in lieu thereof “subsection (c)”.

20 (c) Section 1840 of such Act is further amended by
21 striking out subsection (c), and by redesignating subsec-
22 tions (d) through (i) as subsections (c) through (h),
23 respectively.

24 (d) (1) Section 1840 (e) of such Act (as so redesi-

1 nated) is amended by striking out "subsection (d)" and
 2 inserting in lieu thereof "subsection (c)".

3 (2) Section 1840 (f) of such Act (as so redesignated)
 4 is amended by striking out "subsection (d) or (f)" and
 5 inserting in lieu thereof "subsection (c) or (e)".

6 (3) Section 1840 (h) of such Act (as so redesignated)
 7 is amended by striking out "(c), (d), and (e)" and insert-
 8 ing in lieu thereof "(c), and (d)".

9 (4) Section 1841 (h) of such Act is amended by strik-
 10 ing out "1840 (e)" and inserting in lieu thereof "1840 (d)".

11 ~~(507)(5)~~ Section 1842 of such Act is amended by adding at
 12 the end thereof the following new subsection:

13 ~~"(g) The Railroad Retirement Board shall, in accord-~~
 14 ~~ance with such regulations as the Secretary may prescribe,~~
 15 ~~contract with a carrier or carriers to perform the functions~~
 16 ~~set out in this section with respect to individuals entitled to~~
 17 ~~benefits as qualified railroad retirement beneficiaries pursuant~~
 18 ~~to section 226(a) of this Act and section 21(b) of the Rail-~~
 19 ~~road Retirement Act of 1937."~~

20 (e) Section 1841 of such Act is amended by adding
 21 at the end thereof the following new subsection:

22 "(i) The Managing Trustee shall pay from time to time
 23 from the Trust Fund such amounts as the Secretary of
 24 Health, Education, and Welfare certifies are necessary to
 25 pay the costs incurred by the Railroad Retirement Board

1 for services performed pursuant to section 1840 (b) (1)
2 ~~(508) and section 1842 (g)~~. During each fiscal year or after
3 the close of such fiscal year, the Railroad Retirement Board
4 shall certify to the Secretary the amount of the costs it in-
5 curred in performing such services and such certified amount
6 shall be the basis for the amount of such costs certified by
7 the Secretary to the Managing Trustee.”

8 (f) The amendments made by this section with respect
9 to collection of premiums shall apply to premiums becoming
10 due and payable after the fourth month following the month
11 in which this Act is enacted.

12 PROSTHETIC LENSES FURNISHED BY OPTOMETRISTS UNDER
13 SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

14 SEC. 264. (a) Section 1861 (r) of the Social Secu-
15 rity Act (as amended by sections 211 (c) (2) and 256 (b)
16 of this Act) is further amended (1) by striking out “or
17 (3)” and inserting in lieu thereof “(3)”, and (2) by in-
18 serting before the period at the end thereof the following:
19 “, or (4) a doctor of optometry who is legally authorized to
20 practice optometry by the State in which he performs such
21 function, but only with respect to establishing the necessity
22 for prosthetic lenses”.

23 (b) The amendment made by subsection (a) shall apply
24 only with respect to services performed on or after the date
25 of the enactment of this Act.

1 ~~(509)~~PROVISION OF MEDICAL SOCIAL SERVICES NOT
2 MANDATORY FOR EXTENDED CARE FACILITIES

3 ~~SEC. 265. Section 1861(j)(11) of the Social Security~~
4 ~~Act (as redesignated by section 234(d) of this Act) is~~
5 ~~amended by inserting before the semicolon at the end thereof~~
6 ~~the following: “, except that the Secretary shall not re-~~
7 ~~quire as a condition of participation that medical social~~
8 ~~services be furnished in any such institution”.~~

9 REFUND OF EXCESS PREMIUMS UNDER MEDICARE

10 SEC. 266. Section 1870 of the Social Security Act is
11 amended by adding at the end thereof the following new
12 subsection:

13 “(g) If an individual, who is enrolled under section
14 1818 (c) ~~(510)~~, 1819 (b), 1837, or 1845 of the Social Secu-
15 rity Act ~~(511)~~ or under section 1837, dies, and premiums with
16 respect to such enrollment have been received with respect
17 to such individual for any month after the month of his death,
18 such premiums shall be refunded to the person or persons
19 determined by the Secretary under regulations to have paid
20 such premiums or if payment for such premiums was made by
21 the deceased individual before his death, to the legal repre-
22 sentative of the estate of such deceased individual, if any. If
23 there is no person who meets the requirements of the preced-
24 ing sentence such premiums shall be refunded to the person or

1 persons in the priorities specified in paragraphs (2) through
2 (7) of subsection (e).”

3 ~~(512) WAIVER OF REQUIREMENT OF REGISTERED PRO-~~
4 ~~FESSIONAL NURSES IN SKILLED NURSING HOMES IN~~
5 ~~RURAL AREAS UNDER MEDICAID~~

6 ~~SEC. 267. Section 1902(a)(28)(B) of the Social Se-~~
7 ~~curity Act is amended by adding after the semicolon at the~~
8 ~~end thereof the following:~~

9 “except that the State agency with the approval of
10 the Secretary is authorized to waive the require-
11 ment of this subparagraph for any one-year period
12 (or less) ending no later than December 31, 1975,
13 with respect to any skilled nursing home where im-
14 mediately preceding such period the Secretary finds
15 that— .

16 “(i) such nursing home is located in a rural
17 area and the supply of skilled nursing home
18 services in such area is not sufficient to meet the
19 needs of individuals residing therein; and

20 “(ii) the failure of such nursing home to
21 qualify as a skilled nursing home would seri-
22 ously reduce the availability of such services to
23 beneficiaries in such area; and

24 “(iii) such nursing home has made and
25 continues to make a good faith effort to comply

1 with this subparagraph, but such compliance is
2 impeded by the lack of qualified nursing per-
3 sonnel in such area; and

4 ~~“(iv) the requirements of this subpara-~~
5 ~~graph were met for a regular daytime shift.”~~

6 WAIVER OF REGISTERED NURSE REQUIREMENT IN SKILLED
7 NURSING FACILITIES IN RURAL AREAS

8 SEC. 267. Section 1861(j) of the Social Security Act,
9 as amended by sections 234(d) and 246(b) of this Act, is
10 further amended by adding at the end thereof the following
11 new sentence: “To the extent that paragraph (6) of this
12 subsection may be deemed to require that any skilled nurs-
13 ing facility engage the services of a registered professional
14 nurse for more than 40 hours a week, the Secretary is au-
15 thorized to waive such requirement if he finds that—

16 “(A) such facility is located in a rural area and the
17 supply of skilled nursing facility services in such area is
18 not sufficient to meet the needs of individuals residing
19 therein,

20 “(B) such facility has one full-time registered
21 professional nurse who is regularly on duty at such fa-
22 cility 40 hours a week, and

23 “(C) such facility (i) has only patients whose phy-
24 sicians have indicated (through physicians’ orders or
25 admission notes) that each such patient does not require

1 *the services of a registered nurse or a physician for a 48-*
 2 *hour period, or (ii) has made arrangements for a regis-*
 3 *tered professional nurse or a physician to spend such*
 4 *time at such facility as may be indicated as necessary by*
 5 *the physician to provide necessary skilled nursing services*
 6 *on days when the regular full-time registered professional*
 7 *nurse is not on duty.”*

8 **EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM**
 9 **CERTAIN NURSING HOME REQUIREMENTS UNDER MED-**
 10 **ICAID**

11 **SEC. 268. (a)** Section 1902 (a) of the Social Security
 12 Act (as amended by section 544 (11) of this Act) is
 13 amended by adding at the end thereof the following new
 14 sentence: “For purposes of paragraph (9) (A), ~~(513)(26)~~,
 15 ~~(28) (B)~~, ~~(D)~~, and ~~(E)~~, (29), ~~(514)~~and ~~32~~, (32), and
 16 (33), and of section 1903 (i) (4), the term ‘skilled nursing
 17 home’ and ‘nursing home’ do not include a Christian Science
 18 sanatorium operated, or listed and certified, by the First
 19 Church of Christ, Scientist, Boston, Massachusetts.”

20 (b) Section 1908 (g) (1) of such Act is amended by
 21 inserting after “Secretary” the following: “, but does not
 22 include a Christian Science sanatorium operated, or listed
 23 and certified, by the First Church of Christ, Scientist,
 24 Boston, Massachusetts”.

1 (c) The amendments made by this section shall be
2 effective on the date of the enactment of this Act.

3 **(515) REQUIREMENTS FOR NURSING HOME**

4 **ADMINISTRATORS**

5 **SEC. 260.** Section 1908(d) of the Social Security Act
6 is amended by striking out "No State" and inserting in
7 lieu thereof the following: "No State shall be considered
8 to have failed to comply with the provisions of section
9 1902(a)(29) because the agency or board of such State
10 (established pursuant to subsection (b)) shall have granted
11 any waiver, with respect to any individual who, during
12 all of the three calendar years immediately preceding the
13 calendar year in which the requirements prescribed in sec-
14 tion 1902(a)(29) are first met by the State, has served
15 as a nursing home administrator, of any of the standards
16 developed, imposed, and enforced by such agency or board
17 pursuant to subsection (c). No State".

18 **(516) TERMINATION OF NATIONAL ADVISORY COUNCIL ON**

19 **NURSING HOME ADMINISTRATION**

20 **SEC. 270.** Section 1908(f)(5) of the Social Security
21 Act is amended by striking out "as of December 31, 1971"
22 and inserting in lieu thereof "30 days after the date of the
23 enactment of the Social Security Amendments of 1971".

1 INCREASE IN LIMITATION ON PAYMENTS TO PUERTO RICO
 2 ~~(517)~~ *AND THE VIRGIN ISLANDS FOR MEDICAL ASSIST-*
 3 *ANCE*

4 SEC. 271. (a) Section 1108 (c) (1) of the Social Se-
 5 curity Act is amended by striking out "\$20,000,000" and
 6 inserting in lieu thereof "\$30,000,000".

7 ~~(518)~~ *(b) Section 1108(c)(2) of such Act is amended by*
 8 *striking out "\$650,000" and inserting in lieu thereof*
 9 *"\$1,000,000"*

10 ~~(519)~~ ~~(b)~~ *(c) (520)* ~~The amendment made by subsection (a)~~
 11 *amendments made by subsections (a) and (b) shall apply with*
 12 *respect to fiscal years beginning after June 30, 1971.*

13 ~~(521)~~ *MEDICAL ASSISTANCE IN PUERTO RICO, THE VIRGIN*
 14 *ISLANDS, AND GUAM*

15 SEC. 271A. (a) Section 227(b) of the Social Security
 16 Amendments of 1967 is amended by striking out "June 30,
 17 1972" and inserting in lieu thereof "June 30, 1975".

18 (b) *The amendment made by subsection (a) shall be ef-*
 19 *fective from and after July 1, 1972.*

20 EXTENSION OF TITLE V TO AMERICAN SAMOA AND THE
 21 TRUST TERRITORY OF THE PACIFIC ISLANDS

22 SEC. 272. (a) Section 1101 (a) (1) of the Social Secu-
 23 rity Act is amended by adding at the end thereof the follow-
 24 ing new sentence: "Such term when used in title V also
 25 includes American Samoa and the Trust Territory of the
 26 Pacific Islands."

1 (b) Section 1108 (d) of such Act is amended by in-
2 serting, after "allot such smaller amount to Guam", the
3 following: ", American Samoa, and the Trust Territory of
4 the Pacific Islands".

5 (c) The amendments made by this section shall apply
6 with respect to fiscal years beginning after June 30, 1971.

7 (522)STUDY OF CHIROPRACTIC COVERAGE

8 SEC. 273. The Secretary, utilizing the authority con-
9 ferred by section 1110 of the Social Security Act, shall
10 conduct a study of the coverage of services performed by chi-
11 ropractors under State plans approved under title XIX of
12 such Act in order to determine whether and to what extent
13 such services should be covered under the supplementary
14 medical insurance program under part B of title XVIII of
15 such Act, giving particular attention to the limitations which
16 should be placed upon any such coverage and upon payment
17 therefor. Such study shall include one or more experimental,
18 pilot, or demonstration projects designed to assist in provid-
19 ing under controlled conditions the information necessary to
20 achieve the objectives of the study. The Secretary shall re-
21 port the results of such study to the Congress within two
22 years after the date of the enactment of this Act, together
23 with his findings and recommendations based on such study
24 (and on such other information as he may consider relevant
25 concerning experience with the coverage of chiropractors by
26 public and private plans).

1 *INCLUSION OF CHIROPRACTOR SERVICES UNDER*
 2 *MEDICARE*

3 *SEC. 273. (a) Section 1861(r) of the Social Security*
 4 *Act (as amended by sections 256(b) and 264(a) of this*
 5 *Act) is further amended by—*

6 *(1) striking out “or (4)” and inserting in lieu*
 7 *thereof “(4)”, and*

8 *(2) inserting before the period at the end thereof the*
 9 *following “, or (5) a chiropractor who is licensed as*
 10 *such by the State (or in a State which does not license*
 11 *chiropractors as such, is legally authorized to perform*
 12 *the services of a chiropractor in the jurisdiction in which*
 13 *he performs such services), and who meets uniform*
 14 *minimum standards promulgated by the Secretary, but*
 15 *only for the purpose of sections 1861(s)(1) and 1861*
 16 *(s)(2)(A) and only with respect to treatment by means*
 17 *of manual manipulation of the spine which he is legally*
 18 *authorized to perform by the State or jurisdiction in*
 19 *which such treatment is provided”.*

20 *(b) The amendments made by this section shall be*
 21 *effective with respect to services furnished after June 30,*
 22 *1973.*

23 **MISCELLANEOUS TECHNICAL AND CLERICAL**
 24 **AMENDMENTS**

25 **SEC. 274. (a) Clause (A) of section 1902 (a) (26) of**
 26 **the Social Security Act is amended by striking out “evalu-**

1 ation” and inserting in lieu thereof “evaluation)”, and by
 2 striking out “care)” and inserting in lieu thereof “care”.

3 (b) Section 1908 (d) of such Act is amended by strik-
 4 ing out “subsection (b) (1)” and inserting in lieu thereof
 5 “subsection (c) (1)”.

6 (523) *CHIROPRACTORS’ SERVICES UNDER MEDICAID*

7 *SEC. 275. (a) Section 1905 of the Social Security Act*
 8 *is amended by adding after subsection (f), as added by sec-*
 9 *tion 247 of this Act, the following new subsection:*

10 “(g) *If the State plan includes provision of chiroprac-*
 11 *tors’ services, such services include only—*

12 “(1) *services provided by a chiropractor (A) who*
 13 *is licensed as such by the State and (B) who meets uni-*
 14 *form minimum standards promulgated by the Secretary*
 15 *under section 1861(r)(5); and*

16 “(2) *services which consist of treatment by means of*
 17 *manual manipulation of the spine which the chiropractor*
 18 *is legally authorized to perform by the State.”*

19 (b) *The amendment made by this section shall be ef-*
 20 *fective with respect to services furnished after June 30, 1973.*

21 (524) *SERVICES OF PODIATRIC INTERNS AND RESIDENTS*

22 *UNDER PART A OF MEDICARE*

23 *SEC. 276. (a) Section 1861(b)(6), as added by section*
 24 *227(a) of this Act, is amended by deleting “; or” and insert-*
 25 *ing in lieu thereof the following: “, or in the case of services*

1 *in a hospital or osteopathic hospital by an intern or resident-*
 2 *in-training in the field of podiatry, approved by the Council*
 3 *on Podiatry Education of the American Podiatry Associa-*
 4 *tion; or”.*

5 (b) *The amendment made by this section shall apply*
 6 *with respect to accounting periods beginning after Decem-*
 7 *ber 31, 1972.*

8 **(525)USE OF CONSULTANTS FOR EXTENDED CARE**

9 **FACILITIES**

10 *SEC. 277. Section 1864(a) of the Social Security Act*
 11 *is amended by adding at the end the following new sentence:*
 12 *“Any State agency which has such an agreement may (subject*
 13 *to approval of the Secretary) furnish to an extended care*
 14 *facility, after proper request by such facility, such specialized*
 15 *consultative services (which such agency is able and willing to*
 16 *furnish in a manner satisfactory to the Secretary) as such*
 17 *facility may need to meet one or more of the conditions speci-*
 18 *fied in section 1861(j). Any such services furnished by a*
 19 *State agency shall be deemed to have been furnished pursuant*
 20 *to such agreement.”*

21 **(526)DESIGNATION OF EXTENDED CARE FACILITIES AND**
 22 **SKILLED NURSING HOMES AS SKILLED NURSING FA-**
 23 **CILITIES**

24 *SEC. 278. (a) The following sections of the Social Se-*
 25 *curity Act are amended by striking out the terms “extended*

1 *care facility” and “skilled nursing home” each time they*
2 *appear therein and inserting in lieu thereof “skilled nursing*
3 *facility,” and by changing “an” to “a” as appropriate:*

- 4 (1) *section 1814(a)(2)(C);*
- 5 (2) *section 1814(a)(6);*
- 6 (3) *section 1814(a)(7);*
- 7 (4) *section 1861(a)(2);*
- 8 (5) *section 1861(h);*
- 9 (6) *section 1861(i);*
- 10 (7) *section 1861(j);*
- 11 (8) *section 1861(k);*
- 12 (9) *section 1861(l);*
- 13 (10) *section 1861(m)(7);*
- 14 (11) *section 1861(n);*
- 15 (12) *section 1861(u);*
- 16 (13) *section 1861(v)(3);*
- 17 (14) *section 1861(w);*
- 18 (15) *section 1861(y);*
- 19 (16) *section 1864(a);*
- 20 (17) *section 1866;*
- 21 (18) *section 1902(a)(13);*
- 22 (19) *section 1902(a)(26);*
- 23 (20) *section 1902(a)(28);*
- 24 (21) *section 1905(a)(4);*
- 25 (22) *section 1905(a)(5); and*
- 26 (23) *section 1905(a)(14).*

1 (b) *The following sections of the Social Security Act,*
2 *as amended or added by the provisions of this Act, are fur-*
3 *ther amended by striking out the terms “extended care fa-*
4 *cility” and “skilled nursing home” each time they appear*
5 *therein and inserting in lieu thereof “skilled nursing facil-*
6 *ity,” and by changing “an” to “a” as appropriate:*

7 (1) *section 1903(g) of the Social Security Act as*
8 *added by section 207 of this Act;*

9 (2) *section 402(a)(1)(E) of the Social Security*
10 *Amendments of 1967 as amended by section 222 of this*
11 *Act;*

12 (3) *section 1876 of the Social Security Act as*
13 *added by section 226(a) of this Act;*

14 (4) *section 1814(h) of such Act as added by section*
15 *228(a) of this Act;*

16 (5) *section 1903(h) of such Act as added by sec-*
17 *tion 207(a)(1) of this Act;*

18 (6) *section 1861(z) of such Act as added by section*
19 *234(f) of this Act;*

20 (7) *section 1903(i)(4) of such Act as added by*
21 *section 237(a) of this Act;*

22 (8) *section 1877(c) of such Act as added by section*
23 *242(b) of this Act;*

24 (9) *section 1909(c) of such Act as added by*
25 *section 242(c) of this Act;*

1 (10) section 1861(i) of such Act as amended by
2 section 248 of this Act;

3 (11) section 1861(v)(1)(E) of such Act as
4 added by section 249(b) of this Act;

5 (12) section 1910 of such Act as added by section
6 249A of this Act;

7 (13) section 1861(j) of such Act as amended by
8 section 267 of this Act;

9 (14) section 1902(a) of such Act as amended by
10 section 268 of this Act; and

11 (15) section 1864(a) of such Act as amended by
12 section 277 of this Act.

13 **(527) DIRECT LABORATORY BILLING OF PATIENTS**

14 SEC. 279. (a) Section 1833(a)(1) of the Social Secu-
15 rity Act (as amended by section 211(c)(4) of this Act) is
16 further amended by—

17 (1) striking out “and” before “(C)”;

18 (2) inserting before the semicolon at the end thereof
19 the following: “, and (D) with respect to diagnostic
20 tests performed in a laboratory for which payment is
21 made under this part to the laboratory, the amounts paid
22 shall be equal to 100 percent of the negotiated rate for
23 such tests (as determined pursuant to subsection (g) of
24 this section)”.

25 (b) Section 1833 of such Act is amended by adding at
26 the end thereof the following subsection:

1 at the end the following new sentence: "For purposes of
2 clause (B) of paragraph (1), such provider of services or
3 such other person shall, in the absence of evidence to the
4 contrary, be deemed to be without fault if the Secretary's
5 determination that more than such correct amount was paid
6 was made subsequent to the third year following the year in
7 which notice was sent to such individual that such amount
8 had been paid; except that the Secretary may reduce such
9 three-year period to not less than one year if he finds such
10 reduction is consistent with the objectives of this title."

11 (b) Section 1870(c) of such Act (as amended by section
12 261 of this Act) is further amended by—

13 (1) inserting "or title XVIII" after "title II", and

14 (2) adding at the end the following new sentence:

15 "Adjustment or recovery of an incorrect payment (or
16 only such part of an incorrect payment as the Secretary
17 determines to be inconsistent with the purposes of this
18 title) against an individual who is without fault shall
19 be deemed to be against equity and good conscience if
20 (A) the incorrect payment was made for expenses
21 incurred for items or services for which payment may not
22 be made under this title by reason of the provisions of
23 paragraph (1) or (9) of section 1862 and (B) if the
24 Secretary's determination that such payment was incor-
25 rect was made subsequent to the third year following the

1 *year in which notice of such payment was sent to such*
2 *individual; except that the Secretary may reduce such*
3 *three-year period to not less than one year if he finds such*
4 *reduction is consistent with the objectives of this title.”*

5 *(c) Section 1866(a)(1) of such Act (as amended by*
6 *section 227(d)(2) of this Act) is further amended by—*

7 *(1) redesignating subparagraph (B) as subpara-*
8 *graph (C), and*

9 *(2) inserting after subparagraph (A) the following*
10 *new subparagraph:*

11 *“(B) not to charge any individual or any other*
12 *person for items or services for which such individual is*
13 *not entitled to have payment made under this title because*
14 *payment for expenses incurred for such items or services*
15 *may not be made by reason of the provisions of para-*
16 *graph (1) or (9), but only if (i) such individual was*
17 *without fault in incurring such expenses and (ii) the*
18 *Secretary’s determination that such payment may not be*
19 *made for such items and services was made after the third*
20 *year following the year in which notice of such payment*
21 *was sent to such individual; except that the Secretary*
22 *may reduce such three-year period to not less than one*
23 *year if he finds such reduction is consistent with the*
24 *objectives of this title, and”*

25 *(d) Section 1842(b)(3)(B)(ii) of such Act (as*

1 amended by section 211(c)(3) of this Act) is further
2 amended by—

3 (1) inserting “(I)” after “of which”; and
4 (2) inserting after “service” the following: “and
5 (II) the physician or other person furnishing such serv-
6 ice agrees not to charge for such service if payment may
7 not be made therefor by reason of the provisions of para-
8 graph (1) of section 1862, and if the individual to whom
9 such service was furnished was without fault in incur-
10 ring the expenses of such service, and if the Secretary’s
11 determination that payment (pursuant to such assign-
12 ment) was incorrect and was made subsequent to the third
13 year following the year in which notice of such payment
14 was sent to such individual; except that the Secretary
15 may reduce such three-year period to not less than one
16 year if he finds such reduction is consistent with the objec-
17 tives of this title.”

18 (e) Section 1814(a)(1) of such Act is amended to
19 read as follows:

20 “(1) written request, signed by such individual, ex-
21 cept in cases in which the Secretary finds it impracticable
22 for the individual to do so, is filed for such payment in
23 such form, in such manner, and by such person or per-
24 sons as the Secretary may by regulation prescribe, no
25 later than the close of the period of 3 calendar years

1 following the year in which such services are furnished
2 (deeming any services furnished in the last 3 calendar
3 months of any calendar year to have been furnished in
4 the succeeding calendar year) except that where the Sec-
5 retary deems that efficient administration so requires,
6 such period may be reduced to not less than 1 calendar
7 year;”.

8 (f) Section 1835(a)(1) of such Act is amended to
9 read as follows:

10 “(1) written request, signed by such individual,
11 except in cases in which the Secretary finds it imprac-
12 ticable for the individual to do so, is filed for such
13 payment in such form, in such manner and by such
14 person or persons as the Secretary may by regulation
15 prescribe, no later than the close of the period of 3
16 calendar years following the year in which such services
17 are furnished (deeming any services furnished in the
18 last 3 calendar months of any calendar year to have
19 been furnished in the succeeding calendar year) except
20 that, where the Secretary deems that efficient administra-
21 tion so requires, such period may be reduced to not
22 less than 1 calendar year; and”.

23 (g) The provisions of subsection (a)(1) shall apply
24 with respect to notices of payment sent to individuals after the
25 date of enactment of this Act. The provisions of subsections

1 (a)(2), (b), (c), and (d) shall apply in the case of notices
 2 sent to individuals after 1968. The provisions of subsections
 3 (e) and (f) shall apply in the case of services furnished (or
 4 deemed to have been furnished) after 1970.

5 **(530) PROVIDE FOR 75 PERCENT MATCHING UNDER MEDIC-**
 6 **AID OF REASONABLE EXPENDITURES FOR PROFES-**
 7 **SIONAL PERSONNEL**

8 *SEC. 282. Section 1903(a)(2) of the Social Security*
 9 *Act is amended—*

10 (1) by inserting “(A)” immediately after “attribut-

11 able to”, and

12 (2) by inserting immediately before “; plus” the

13 following: “and (B) reasonable payment for profes-

14 sional review activities, performed by skilled professional

15 medical personnel and staff directly supporting such per-

16 sonnel pursuant to section 1902(a) (26) and (31),

17 regardless of whether such activities are performed by

18 State agency personnel or by others under an arrange-

19 ment with such agency”.

20 **(531) CONDITIONS OF COVERAGE OF OUTPATIENT SPEECH**
 21 **PATHOLOGY SERVICES UNDER MEDICARE**

22 *SEC. 283. (a) Section 1832(a)(2) of the Social Secu-*
 23 *urity Act, as amended by section 227(e)(1) of this Act, is*
 24 *further amended—*

1 (1) by striking out “and” at the end of subpara-
2 graph (B),

3 (2) by striking out the period at the end of sub-
4 paragraph (C) and inserting in lieu thereof “; and”,

5 (3) by adding after subparagraph (C) the follow-
6 ing new subparagraph:

7 “(D) outpatient speech pathology services.”

8 (b) Section 1861(s)(2) of such Act is amended—

9 (1) by striking out “and” at the end of subpara-
10 graph (C),

11 (2) by inserting “and” after the semicolon at the
12 end of subparagraph (D), and

13 (3) by adding after subparagraph (D) the follow-
14 ing new subparagraph:

15 “(E) outpatient speech pathology services;”.

16 (c) Section 1861 of such Act, as amended by section
17 234(f) of this Act, is further amended by adding after sub-
18 section (z) the following new subsection:

19 “Outpatient Speech Pathology Services

20 “(aa) The term ‘outpatient speech pathology services’
21 means speech pathology services furnished by a provider of
22 services, a clinic, rehabilitation agency (including a single
23 service rehabilitation facility), or by a public health agency,
24 or by others under an arrangement with, and under the
25 supervision of, such provider, clinic, rehabilitation agency,

1 or public health agency to an individual as an outpatient,
2 subject to the conditions prescribed in subsection (p) relating
3 to physical therapy services, except that the terms 'speech
4 pathology' and 'speech pathologists' shall be substituted for the
5 terms 'physical therapy' and 'physical therapists' as used
6 throughout subsection (p). For purposes of this section the
7 term 'single service rehabilitation facility' means a facility in
8 which only speech pathology shall be required to be provided."

9 (d) Section 1835(a)(2) of such Act (as amended by
10 section 251 of this Act) is further amended—

11 (1) by striking out the period at the end of sub-
12 paragraph (C) and inserting in lieu thereof “; and”;

13 (2) by adding after subparagraph (C) the fol-
14 lowing new subparagraph:

15 “(D) in the case of outpatient speech pathology
16 services, (i) such services are or were required because
17 the individual needed speech pathology services, (ii) a
18 plan for furnishing such services has been established and
19 is periodically reviewed by a physician, and (iii) such
20 services are or were furnished while the individual is
21 or was under the care of a physician.”; and

22 (3) by striking out “outpatient physical therapy
23 services (as therein defined).” in the subparagraph be-
24 low subparagraph (D) and inserting in lieu thereof

1 *“outpatient physical therapy services and outpatient*
 2 *speech pathology services (as defined in sections 1861*
 3 *(p) and 1861(aa), respectively).”*

4 *(e) Section 1866(e) of such Act is amended by strik-*
 5 *ing out “outpatient physical therapy services (as defined*
 6 *therein).” and inserting in lieu thereof “outpatient physical*
 7 *therapy services and outpatient speech pathology services, as*
 8 *defined in sections 1861(p) and 1861(aa), respectively.”*

9 *(f) The provisions of this section shall apply with re-*
 10 *spect to services rendered after December 31, 1972.*

11 **(532) CONDITIONS OF COVERAGE OF OUTPATIENT CLINICAL**
 12 **PSYCHOLOGISTS’ SERVICES UNDER MEDICARE**

13 *SEC. 284. (a) Section 1832(a)(2) of the Social Se-*
 14 *curity Act, as amended by sections 227(e)(1) and 283(a)*
 15 *of this Act is further amended—*

16 *(1) by striking out “and” at the end of subpara-*
 17 *graph (C),*

18 *(2) by striking out the period at the end of sub-*
 19 *paragraph (D) and inserting in lieu thereof “; and”,*

20 *(3) by adding after subparagraph (D) the fol-*
 21 *lowing new subparagraph:*

22 *“(E) outpatient clinical psychologists’ services.”*

23 *(b) Section 1861(s)(2) of such Act, as amended by*
 24 *section 283(b) of this Act, is further amended—*

1 (1) by striking out “and” at the end of subpara-
2 graph (D),

3 (2) by inserting “and” after the semicolon at the
4 end of subparagraph (E), and

5 (3) by adding after subparagraph (E) the follow-
6 ing new subparagraph:

7 “(F) outpatient clinical psychologists services;”

8 (c) Section 1861 of such Act, as amended by sections
9 234(f) and 283(c) of this Act, is further amended by adding
10 after subsection (aa) the following new subsection:

11 “Outpatient Clinical Psychologists’ Services

12 “(bb) The term ‘outpatient clinical psychologists’ serv-
13 ices’ means clinical psychologists’ services furnished by a pro-
14 vider of services, a clinic, rehabilitation agency (including a
15 single service rehabilitation facility), or by a public health
16 agency, or by others under an arrangement with, and under
17 the supervision of, such provider, clinic, rehabilitation agency,
18 or public health agency to an individual as an outpatient, sub-
19 ject to the conditions prescribed in such subsection (p) relating
20 to physical therapy services, except that the terms ‘clinical
21 psychology’ and ‘clinical psychologists’ shall be substituted for
22 the terms ‘physical therapy’ and ‘physical therapists’ as used
23 throughout subsection (p). For purposes of this section the

1 term 'single service rehabilitation facility' means a facility in
2 which only clinical psychologists' services shall be required
3 to be provided."

4 (d) Section 1835(a)(2) of such Act, as amended by
5 sections 251 and 283(d) of this Act, is further amended—

6 (1) by striking out the period at the end of sub-
7 paragraph (D) and inserting in lieu thereof “; and”,

8 (2) by adding after subparagraph (D) the follow-
9 ing new subparagraph:

10 “(E) in the case of outpatient clinical psychologists'
11 services, (i) such services are or were required because
12 the individual needed clinical psychology services, (ii)
13 a plan for furnishing such services has been established
14 and is periodically reviewed by a physician, and (iii)
15 such services are or were furnished while the individual
16 is or was under the care of a physician.”, and

17 (3) by striking out “outpatient physical therapy
18 services and outpatient speech pathology services as de-
19 fined in sections 1861(p) and 1861(aa), respectively”,
20 and inserting in lieu thereof “outpatient physical therapy
21 services, outpatient speech pathology services, and out-
22 patient clinical psychologists' services, as defined in sec-
23 tions 1861(p), 1861(aa), and 1861(bb), respectively”.

24 (e) Section 1866(e) of such Act, as amended by sec-
25 tion 283(e) of this Act, is further amended by striking out

1 *“outpatient physical therapy services and outpatient speech*
 2 *pathology services, as defined in section 1861(p) and*
 3 *1861(aa)” and inserting in lieu thereof: “outpatient physi-*
 4 *cal therapy services, outpatient speech pathology services,*
 5 *and outpatient clinical psychologists’ services, as defined in*
 6 *sections 1861(p), 1861(aa), and 1861(bb)”.*

7 *(f) Section 1833(c) of such Act is amended by adding*
 8 *at the end thereof the following new sentence:*

9 *“The provisions of this subsection shall apply with re-*
 10 *spect to outpatient clinical psychologists’ services defined in*
 11 *section 1861(bb).”*

12 *(g) The provisions of this section shall apply with re-*
 13 *spect to services rendered after December 31, 1972.*

14 **(533) CONDITIONS OF COVERAGE OF OUTPATIENT**

15 **REHABILITATION SERVICES UNDER MEDICARE**

16 *SEC. 285. (a) Section 1832(a)(2) of the Social Se-*
 17 *curity Act, as amended by sections 227(e)(1), 283(a), and*
 18 *284(a) of this Act is further amended—*

19 *(1) by striking out “and” at the end of subpara-*
 20 *graph (D),*

21 *(2) by striking out the period at the end of subpara-*
 22 *graph (E) and inserting in lieu thereof “; and”, and*

23 *(3) by adding after subparagraph (E) the fol-*
 24 *lowing new subparagraph:*

25 *“(F) outpatient rehabilitation services.”.*

1 (b) Section 1861(s)(2) of such Act, as amended by
2 sections 283(b) and 284(b) of this Act, is further
3 amended—

4 (1) by striking out “and” at the end of subpara-
5 graph (E),

6 (2) by inserting “and” after the semicolon at the
7 end of subparagraph (F), and

8 (3) by adding after subparagraph (F) the fol-
9 lowing new subparagraph:

10 “(G) outpatient rehabilitation services;”.

11 (c) Section 1861 of such Act, as amended by sections
12 234(f), 283(c), and 284(c) of this Act, is further amended
13 by adding after subsection (bb) the following new subsection:

14 “Outpatient Rehabilitation Services

15 “(cc) The term ‘outpatient rehabilitation services’ means
16 physical therapy, speech pathology, occupational therapy,
17 and medical social services furnished by a provider of serv-
18 ices, a clinic, rehabilitation agency, or a public health agency,
19 or by others under an arrangement with, and under the
20 supervision of, such provider, clinic, rehabilitation agency,
21 or public health agency to an individual as an outpatient,
22 subject to the conditions prescribed in subsection (p) relating
23 to physical therapy services, except that clause (ii) of para-

1 *graph 4(A) is amended by inserting after 'physical thera-*
2 *pist' the phrase 'or speech pathologist, as appropriate,' and*
3 *the term 'physical therapy' as used throughout subsection*
4 *(p) shall be deemed for purposes of this subsection to mean*
5 *'rehabilitation'."*

6 *(d) Section 1835(a)(2) of such Act, as amended by*
7 *sections 251, 283(d), and 284(d) of this Act, is further*
8 *amended—*

9 *(1) by striking out the period at the end of sub-*
10 *paragraph (E) and inserting in lieu thereof “; and”,*

11 *(2) by adding after subparagraph (E) the follow-*
12 *ing new subparagraph:*

13 *“(F) in the case of outpatient rehabilitation serv-*
14 *ices, (i) such services are or were required because the*
15 *individual needed outpatient rehabilitation services, in-*
16 *cluding physical therapy, occupational therapy, or speech*
17 *pathology services, (ii) a plan for furnishing such serv-*
18 *ices has been established and is periodically reviewed by*
19 *a physician, and (iii) such services are or were furnished*
20 *while the individual is or was under the care of a*
21 *physician.”, and*

22 *(3) by striking out “outpatient physical therapy*
23 *services, outpatient speech pathology services, and out-*

1 *patient clinical psychologists' services, as defined in sec-*
2 *tions 1861(p), 1861(aa), and 1861(bb), respectively",*
3 *and inserting in lieu thereof "outpatient physical therapy*
4 *services, outpatient speech pathology services, outpatient*
5 *clinical psychologists' services, and outpatient rehabilita-*
6 *tion services, as defined in sections 1861(p), 1861(aa),*
7 *1861(bb), and 1861(cc), respectively".*

8 *(e) Section 1866(e) of such Act is amended—*

9 *(1) by inserting after "rehabilitation agency", the*
10 *first time it appears therein, the following: "including a*
11 *single service rehabilitation facility,"*

12 *(2) by inserting after the phrase "section 1861(p)*
13 *(4)(B)," the following: "or if, in the case of a single*
14 *service rehabilitation facility, such facility meets the*
15 *requirements of section 1861 (aa) or (bb), whichever is*
16 *appropriate,"*, and

17 *(3) by striking out "outpatient physical therapy*
18 *services, outpatient speech pathology services, and out-*
19 *patient clinical psychologists' services, as defined in sec-*
20 *tions 1861(p), 1861(aa), and 1861(bb)" and inserting*
21 *in lieu thereof "outpatient physical therapy services, out-*
22 *patient speech pathology services, outpatient clinical psy-*
23 *chologists' services, and outpatient rehabilitation services,*
24 *as defined in sections 1861(p), 1861(aa), 1861(bb),*
25 *and 1861(cc)".*

1 (f) Section 1864(a) of the Act is amended by inserting
 2 after "rehabilitation agency", "(including a single service
 3 rehabilitation facility as defined in section 1861 (aa) or
 4 (bb))".

5 (g) The provisions of this section shall apply with respect
 6 to services rendered after December 31, 1972.

7 **(534) AUTHORITY FOR SECRETARY TO ASSIGN MEDICARE**
 8 **PROVIDERS TO FISCAL INTERMEDIARIES**

9 SEC. 286. (a) Section 1816(d) of the Social Security
 10 Act is amended by striking out everything contained therein
 11 and inserting in lieu thereof the following:

12 “(d) Effective January 1, 1973, the Secretary is au-
 13 thorized to assign or reassign any provider of services to
 14 any agency or organization which has entered into an agree-
 15 ment with him under this section whenever he determines, in
 16 his sole discretion, that to do so would result in more effec-
 17 tive and efficient administration of this part. In making any
 18 such assignment or reassignment the Secretary shall take into
 19 consideration the choice of any such provider, but he shall not
 20 be bound by such choice.”

21 **(535) TERMINATION OF MEDICAL ASSISTANCE ADVISORY**
 22 **COUNCIL**

23 SEC. 287. (a) Section 1906 of the Social Security Act
 24 is repealed.

25 (b) The provisions of subsection (a) shall become ef-

1 *fective on the first day of the third calendar month following*
2 *the month in which this Act is enacted.*

3 **(536)MODIFICATION OF THE ROLE OF THE HEALTH**

4 **INSURANCE BENEFITS ADVISORY COUNCIL**

5 *SEC. 288. (a) Section 1867(a) of the Social Security*
6 *Act is amended to read as follows:*

7 “(a) *There is hereby created a Health Insurance Bene-*
8 *fits Advisory Council which shall consist of 19 persons,*
9 *not otherwise in the employ of the United States, appointed*
10 *by the Secretary without regard to the provisions of title 5,*
11 *United States Code, governing appointments in the com-*
12 *petitive services. The Secretary shall from time to time*
13 *appoint one of the members to serve as Chairman. The mem-*
14 *bers shall include persons who are outstanding in fields*
15 *related to hospital, medical, and other health activities, per-*
16 *sons who are representative of organizations and associations*
17 *of professional personnel in the field of medicine, and at*
18 *least one person who is representative of the general public.*
19 *Each member shall hold office for a term of four years, except*
20 *that any member appointed to fill a vacancy occurring prior*
21 *to the expiration of the term for which his predecessor was*
22 *appointed shall be appointed for the remainder of such term.*
23 *A member shall not be eligible to serve continuously for more*
24 *than two terms. Members of the Advisory Council, while*
25 *attending meetings or conferences thereof or otherwise serv-*

1 *ing on business of the Advisory Council, shall be entitled to*
2 *receive compensation at rates fixed by the Secretary, but not*
3 *exceeding \$100 per day, including traveltime, and while so*
4 *serving away from their homes or regular places of business*
5 *they may be allowed travel expenses, including per diem in*
6 *lieu of subsistence, as authorized by section 5703 of title 5,*
7 *United States Code, for persons in the Government service*
8 *employed intermittently. The Advisory Council shall meet*
9 *as the Secretary deems necessary, but not less than annually.”*

10 *(b) Section 1867(b) of such Act is amended to read as*
11 *follows:*

12 *“(b) It shall be the function of the Advisory Council to*
13 *provide advice and recommendations for the consideration of*
14 *the Secretary on matters of general policy with respect to*
15 *this title and title XIX.”*

16 *(c) Section 1867 of such Act is further amended by*
17 *striking out subsection (c).*

18 **(537) AUTHORITY OF SECRETARY TO ADMINISTER OATHS**

19 **IN MEDICARE PROCEEDINGS**

20 *SEC. 289. Section 1874 of the Social Security Act is*
21 *amended by adding at the end thereof the following new*
22 *subsection:*

23 *“(c) In the course of any hearing, investigation, or other*
24 *proceeding that he is authorized to conduct under this title, the*
25 *Secretary may administer oaths and affirmations.”*

1 (538) WITHHOLDING OF FEDERAL PAYMENTS UNDER
2 MEDICAID WITH RESPECT TO CERTAIN HEALTH CARE
3 FACILITIES

4 SEC. 290. Section 1903 of the Social Security Act is
5 amended by adding after subsection (i) thereof the following
6 new subsection:

7 “(j) (1) Notwithstanding the preceding provisions of this
8 section, no payment shall be made to a State (except as
9 provided under this subsection) with respect to expenditures
10 incurred by it for services provided by any institution dur-
11 ing any period that an order for suspension of payment
12 (as authorized by this subsection) is effective with respect to
13 such institution.

14 “(2) The Secretary may issue a suspension of pay-
15 ment order with respect to any institution if—

16 “(A) such institution (i) does not (at the time
17 such order is issued) have in effect an agreement with
18 the Secretary which is entered into pursuant to section
19 1866; and (ii) did (prior to the time such order is
20 issued) have in effect such an agreement; and

21 “(B) (i) the Secretary has been unable to collect
22 (or make satisfactory arrangement for the collection of)
23 amounts due on account of overpayments made to such
24 institution under title XVIII; or

1 “(ii) the Secretary has been unable to obtain from
2 such institution the data and information necessary to
3 enable him to determine the amount (if any) of the over-
4 payments made to such institution under title XVIII.

5 “(3) Whenever the Secretary issues any order for sus-
6 pension of payment under this subsection with respect to any
7 institution, he shall submit a notice of such order to the
8 single State agency (referred to in section 1902(a)(5)) of
9 each State which he has reason to believe does or may utilize
10 the services of such institution in providing medical assist-
11 ance under a plan approved under this title.

12 “(4) Any order for suspension of payment issued with
13 respect to any institution under this subsection shall become
14 effective, in the case of any State plan approved under this
15 title, on the 60th day after the date the State agency (referred
16 to in section 1902(a)(5)) administering or supervising the
17 administration of such plan receives notice of such order
18 submitted pursuant to paragraph (3). Any such order shall
19 cease to be effective at such time as the Secretary is satisfied
20 that the institution is participating in substantial negotiations
21 which seek to remedy the conditions which gave rise to his
22 order of suspension of payments, or that the amounts
23 (referred to in paragraph (2)) are no longer due from such
24 institution or that a satisfactory arrangement has been made

1 for the payment by such institution of any such amounts.
 2 Upon the determination of the Secretary that any such order
 3 with respect to any such institution shall cease to be effective,
 4 he shall forthwith notify each State agency to which he has
 5 theretofore submitted notice under paragraph (3) with
 6 respect to such institution.

7 “(5) Whenever any order which has been issued by the
 8 Secretary under the preceding provisions of this subsection
 9 with respect to an institution ceases to be effective, any pay-
 10 ment to which any State would (except for the preceding
 11 provisions of this subsection) have been entitled under this sec-
 12 tion on account of services provided by such institution shall
 13 be made to such State for the month in which such order
 14 ceases to be effective.”

15 **(539) EXTENSION OF AUTHORIZATION FOR SPECIAL PROJ-**
 16 **ECT GRANTS UNDER TITLE V OF THE SOCIAL SECURITY**
 17 **ACT**

18 *curity Act as precedes the sentence beginning with “Not to*
 19 *exceed” is amended—*

20 (1) in clause (1), by striking out “next 4 fiscal
 21 years” and inserting in lieu thereof “next 5 fiscal years”;

22 (2) in clause (2), by striking out “June 30, 1974,”
 23 and inserting in lieu thereof “June 30, 1975.”

1 **(b)(1)** *Section 505(a)(8) of such Act is amended by*
 2 *striking out "July 1, 1973" and inserting in lieu thereof*
 3 *"July 1, 1974".*

4 **(2)** *Section 505(a)(9) of such Act is amended by*
 5 *striking out "July 1, 1973" and inserting in lieu thereof*
 6 *"July 1, 1974".*

7 **(3)** *Section 505(a)(10) of such Act is amended by*
 8 *striking out "July 1, 1973" and inserting in lieu thereof*
 9 *"July 1, 1974".*

10 **(c)** *Section 508(b) of such Act is amended by striking*
 11 *out "June 30, 1973" and inserting in lieu thereof "June 30,*

12 **(d)** *Section 509(b) of such Act is amended by striking*
 13 *out "June 30, 1973" and inserting in lieu thereof "June 30,*
 14 *1974".*

15 **(e)** *Section 510(b) of such Act is amended by striking*
 16 *out "June 30, 1972" and inserting in lieu thereof "June 30,*
 17 *1974".*

18 **(540)** *INTERMEDIATE CARE SERVICES IN STATES WHICH*

19 *DO NOT HAVE A MEDICAID PROGRAM*

20 **SEC. 292.** *Section 4(d) of Public Law 92-223 (ap-*
 21 *proved December 28, 1971) is amended by inserting im-*
 22 *mediately before the period at the end thereof the following:*
 23 *" ; except that the repeal made by subsection (c) shall not*

1 *become effective in the case of any State, which on January 1,*
2 *1972 did not have in effect a State plan approved under title*
3 *XIX of the Social Security Act, until the first day of the*
4 *first month (occurring after such date) that such State does*
5 *have in effect a State plan approved under such title”.*

6 **(541)REQUIRED INFORMATION RELATING TO EXCESS**
7 **MEDICARE TAX PAYMENTS BY RAILROAD EMPLOYEES**

8 *SEC. 293. (a) Section 6051(a) of the Internal Revenue*
9 *Code of 1954 (relating to requirement of receipts for em-*
10 *ployees) is amended—*

11 *(1) by striking out “section 3101, 3201, or 3402”*
12 *in the matter preceding paragraph (1) and inserting in*
13 *lieu thereof “section 3101 or 3402”;*

14 *(2) by inserting “and” at the end of paragraph (5),*
15 *and by striking out the comma at the end of paragraph*
16 *(6) and inserting in lieu thereof a period; and*

17 *(3) by striking out paragraphs (7) and (8).*

18 *(b) Section 6051(c) of such Code (relating to additional*
19 *requirements) is amended by striking out “sections 3101 and*
20 *3201” in the second sentence and inserting in lieu thereof*
21 *“section 3101”.*

22 *(c) Section 6051 of such Code (relating to receipts for*
23 *employees) is amended by adding at the end thereof the*
24 *following new subsection:*

1 “(e) *RAILROAD EMPLOYEES.*—

2 “(1) *ADDITIONAL REQUIREMENT.*—Every person
3 required to deduct and withhold tax under section 3201
4 from an employee shall include on or with the statement
5 required to be furnished such employee under subsection
6 (a) a notice concerning the provisions of this title with
7 respect to the allowance of a credit or refund of the tax
8 on wages imposed by section 3101(b) and the tax on
9 compensation imposed by section 3201 or 3211 which
10 is treated as a tax on wages imposed by section 3101(b).

11 “(2) *INFORMATION TO BE SUPPLIED TO EM-*
12 *PLOYEES.*—Each person required to deduct and withhold
13 tax under section 3201 during any year from an em-
14 ployee who has also received wages during such year
15 subject to the tax imposed by section 3101(b) shall,
16 upon request of such employee, furnish to him a written
17 statement showing—

18 “(A) the total amount of compensation with
19 respect to which the tax imposed by section 3201
20 was deducted,

21 “(B) the total amount deducted as tax under
22 section 3201, and

23 “(C) the portion of the total amount deducted
24 as tax under section 3201 which is for financing the

1 *cost of hospital insurance under part A of title*
 2 *XVIII of the Social Security Act.”*

3 *(d) The amendments made by this section shall apply in*
 4 *respect to remuneration paid after December 31, 1971.*

5 **(542) APPOINTMENT AND CONFIRMATION OF ADMINISTRA-**
 6 **TOR OF SOCIAL AND REHABILITATIVE SERVICE**

7 *SEC. 294. Appointments made on or after the date of*
 8 *enactment of this Act to the office of Administrator of the*
 9 *Social and Rehabilitation Service, within the Department of*
 10 *Health, Education, and Welfare, shall be made by the*
 11 *President, by and with the advice and consent of the Senate.*

12 **(543) REPEAL OF SECTION 1903(b)(1)**

13 *SEC. 295. Section 1903(b)(1) of the Social Security*
 14 *Act is repealed.*

15 **(544) TRAINING OF INTERMEDIATE CARE FACILITY**
 16 **ADMINISTRATORS**

17 *SEC. 296. Section 1908 of the Social Security Act is*
 18 *amended by striking out subsections (d) and (e) thereof*
 19 *and by inserting after subsection (c) the following new*
 20 *subsection:*

21 *“(d) There are authorized to be appropriated for fiscal*
 22 *years 1973 and 1974 such sums as may be necessary to en-*
 23 *able the Secretary to make grants to States for the purpose*
 24 *of assisting them in instituting and conducting programs of*
 25 *supplemental training and instruction for persons who are*

1 *employed as administrators of intermediate care facilities in*
 2 *order to enable such administrators to comply with such*
 3 *standards as may be prescribed by the Secretary."*

4 **(545) COVERAGE UNDER MEDICAID OF INTERMEDIATE**
 5 **CARE FURNISHED IN MENTAL AND TUBERCULOSIS**
 6 **INSTITUTIONS**

7 *SEC. 297. (a) Section 1905(a)(14) of the Social*
 8 *Security Act is amended to read as follows:*

9 *"(14) inpatient hospital services, skilled nursing*
 10 *home services, and intermediate care facility services for*
 11 *individuals 65 years of age or over in an institution*
 12 *for tuberculosis or mental diseases;"*

13 *(b) The amendment made by this section shall apply*
 14 *with respect to services furnished after December 31, 1971.*

15 **(546) INDEPENDENT REVIEW OF INTERMEDIATE CARE**
 16 **FACILITY PATIENTS**

17 *SEC. 298. Section 1902(a)(31)(A) of the Social Se-*
 18 *curity Act, as added by Public Law 92-223, is amended by*
 19 *striking out the phrase "which provides more than a mini-*
 20 *imum level of health care services."*

21 **(547) INTERMEDIATE CARE, MAINTENANCE OF EFFORT IN**
 22 **PUBLIC INSTITUTIONS**

23 *SEC. 299. Section 1905(d)(3) of the Social Security*
 24 *Act, as added by Public Law 92-223, is amended to read*
 25 *as follows:*

1 “(3) the State or political subdivision responsible
 2 for the operation of such institution has agreed that the
 3 non-Federal expenditures in any calendar quarter prior
 4 to January 1, 1975, with respect to services furnished
 5 to patients in such institution (or distinct part thereof)
 6 in the State will not, because of payments made under
 7 this title, be reduced below the average amount expended
 8 for such services in such institution in the four quarters
 9 immediately preceding the quarter in which the State
 10 in which such institution is located elected to make such
 11 services available under its plan approved under this
 12 title.”

13 **(548) DISCLOSURE OF OWNERSHIP OF INTERMEDIATE CARE**
 14 **TIONS OF INTERMEDIATE CARE FACILITIES**

15 **SEC. 299A.** Section 1902(a) of the Social Security Act,
 16 as amended by sections 236, 239, 249D, and 255 of this
 17 Act, is further amended—

18 (1) by striking out “and” at the end of paragraph
 19 (34);

20 (2) by striking out the period at the end of para-
 21 graph (35) and inserting in lieu thereof “; and”; and

22 (3) by inserting after paragraph (35) the follow-
 23 ing new paragraphs:

24 “(36) effective January 1, 1973, provide that any
 25 intermediate care facility receiving payments under such

1 *plan must supply to the licensing agency of the State full*
2 *and complete information as to the identity (A) of each*
3 *person having (directly or indirectly) an ownership in-*
4 *terest of 10 per centum or more in such intermediate care*
5 *facility, (B) in case an intermediate care facility is or-*
6 *ganized as a corporation, of each officer and director of*
7 *the corporation, and (C) in case an intermediate care*
8 *facility is organized as a partnership, of each partner;*
9 *and promptly report any changes which would affect the*
10 *current accuracy of the information so required to be*
11 *supplied; and*

12 *“(37) unless otherwise submitted in accordance with*
13 *requirements under the Social Security Act, effective with*
14 *accounting periods beginning on or after December 31,*
15 *1972, provide (A) that any intermediate care facility*
16 *receiving payments under such plan must submit, not*
17 *later than 120 days after the close of any fiscal year*
18 *of such intermediate care facility, to the State agency*
19 *a full and complete certified report disclosing all costs*
20 *incurred for such fiscal year by such intermediate care*
21 *facility, and (B) that all information concerning an*
22 *intermediate care facility receiving payments under such*
23 *plan which is required to be filed with the State agency*
24 *shall be made available to Federal or State employees for*
25 *purposes consistent with the effective administration of*

1 “(A) inpatient services which are provided in an
2 institution which is accredited as a psychiatric hospital
3 by the Joint Commission on Accreditation of Hospitals;

4 “(B) inpatient services which, in the case of any
5 individual, involves active treatment (which meets such
6 standards, as may be prescribed pursuant to title XVIII
7 in regulations by the Secretary) of such individual; and

8 “(C) inpatient services which, in the case of any
9 individual, are provided prior to (A) the date such
10 individual attains age 21, or (B) in the case of an in-
11 dividual who was receiving such services in the period
12 immediately preceding the date on which he attained age
13 21, (i) the date such individual no longer requires such
14 services, or (ii) if earlier, the date such individual
15 attains age 22;

16 “(2) Such term does not include services provided dur-
17 ing any calendar quarter under the State plan of any State
18 if the total amount of the funds expended, during such quar-
19 ter, by the State (and the political subdivisions thereof) from
20 non-Federal funds for inpatient services included under
21 paragraph (e) (1), and for active psychiatric care and treat-
22 ment provided on an outpatient basis for eligible mentally ill
23 children, is less than the average quarterly amount of the

1 funds expended, during the 4-quarter period ending Decem-
2 ber 31, 1971, by the State (and the political subdivisions
3 thereof) from non-Federal funds for such services.”

4 (c) Section 1905(a) is further amended by striking
5 out, in the part which follows paragraph (17) (as redesign-
6 nated by subsection (a) of this section), “except that” and
7 inserting in lieu thereof “except as otherwise provided in
8 paragraph (16),”.

9 (d) The Secretary is authorized to conduct, through
10 contracts with State agencies having approved plans under
11 title XIX of the Social Security Act, a limited number of
12 demonstration projects to determine the feasibility of extend-
13 ing under such title mental health care and services to eligible
14 individuals who are between the ages of 21 and 65 and
15 who are receiving active treatment (as defined in section
16 1905(e)(1)(B) of such Act) in an institution accredited
17 as a psychiatric hospital.

18 **(550)PUBLIC DISCLOSURE OF INFORMATION CONCERNING**
19 **SURVEY REPORTS OF AN INSTITUTION**

20 SEC. 299D. (a) Section 1864(a) of the Social Security
21 Act is amended by adding at the end thereof the following
22 new sentence: “Within 90 days following the completion of
23 each survey of any health care facility, laboratory, clinic,
24 agency, or organization by the appropriate State or local
25 agency described in the first sentence of this subsection, the

1 *Secretary shall make public in readily available form and*
2 *place the pertinent findings of each such survey relating to*
3 *the compliance of each such health care facility, laboratory,*
4 *clinic, agency, or organization with (1) the statutory con-*
5 *ditions of participation imposed under this title and (2) the*
6 *major additional conditions which the Secretary finds neces-*
7 *sary in the interest of health and safety of individuals who*
8 *are furnished care or services by any such facility, labora-*
9 *tory, clinic, agency, or organization.”.*

10 *(b) Section 1902(a) of the Social Security Act, as*
11 *amended by sections 236, 239, 249D, 255, and 299A of*
12 *this Act, is further amended—*

13 *(1) by striking out “and” at the end of paragraph*
14 *(35);*

15 *(2) by striking out the period at the end of para-*
16 *graph (36) and inserting in lieu thereof “; and”; and*

17 *(3) by inserting after paragraph (36) the follow-*
18 *ing new paragraph:*

19 *“(37) provide that within 90 days following the*
20 *completion of each survey of any health care facility,*
21 *laboratory, agency, clinic, or organization, by the ap-*
22 *propriate State agency described in paragraph (9),*
23 *such agency shall (in accordance with regulations of*
24 *the Secretary) make public in readily available form*
25 *and place the pertinent findings of each such survey*

1 relating to the compliance of each such health care
 2 facility, laboratory, clinic, agency, or organization with
 3 (A) the statutory conditions of participation imposed
 4 under this title, and (B) the major additional conditions
 5 which the Secretary finds necessary in the interest of
 6 health and safety of individuals who are furnished care
 7 or services by any such facility, laboratory, clinic,
 8 agency, or organization.”

9 (c) The provisions of this section shall be effective be-
 10 ginning January 1, 1973, or within 6 months following the
 11 enactment of this Act, whichever is later.

12 **(551) FAMILY PLANNING SERVICES MANDATORY UNDER**
 13 **MEDICAID**

14 *SEC. 299E. (a) Section 1903(a) of the Social Secu-*
 15 *rity Act, as amended by sections 235 and 249B of this Act,*
 16 *is further amended by redesignating paragraph (5) as para-*
 17 *graph (6), and by inserting after paragraph (4) the follow-*
 18 *ing new paragraph:*

19 “(5) an amount equal to 100 per centum of the
 20 sums expended during such quarter (as found necessary
 21 by the Secretary for the proper and efficient administra-
 22 tion of the plan) which are attributable to the offering,
 23 arranging, and furnishing (directly or on a contract
 24 basis) of family planning services and supplies;”.

1 **(b) Section 1905(a)(4) of the Social Security Act is**
2 *amended by adding after clause (B) the following: “and*
3 *(C) family planning services and supplies furnished (di-*
4 *rectly or under arrangements with others) to individuals*
5 *of child-bearing age (including minors who can be considered*
6 *to be sexually active) who are eligible under the State plan*
7 *and who desire such services and supplies;”.*

8 **(c) Section 402(a)(15)(B) of such Act is amended,**
9 *effective January 1, 1973, (1) by adding after “in all appro-*
10 *priate cases” the following: “(including minors who can be*
11 *considered to be sexually active)”, and (2) by adding after*
12 *“family planning services are offered them” the following:*
13 *“and are provided promptly (directly or under arrangements*
14 *with others) to all individuals voluntarily requesting such*
15 *services”.*

16 **(d) Section 403 of such Act is amended (but only if**
17 *title IV of such Act does not already so provide) by adding*
18 *at the end thereof the following new sections:*

19 **“(e) Notwithstanding any other provision of subsection**
20 *(a), with respect to expenditures during any calendar quar-*
21 *ter beginning after December 31, 1972 (as found necessary*
22 *by the Secretary for the proper and efficient administration*
23 *of the plan) which are attributable to the offering, arranging,*
24 *and furnishing, directly or on a contract basis, of family*

1 *planning services and supplies, the amount payable to any*
2 *State under this part shall be 100 per centum of such*
3 *expenditures.*

4 “(f) *Notwithstanding any other provision of this sec-*
5 *tion, the amount payable to any State under this part for*
6 *quarters in a fiscal year shall with respect to quarters in*
7 *fiscal years beginning after June 30, 1973, be reduced by*
8 *2 per centum (calculated without regard to any reduction*
9 *under section 403(g)) of such amount if such State—*

10 “(1) *in the immediately preceding fiscal year failed*
11 *to carry out the provisions of section 402(a)(15)(B)*
12 *as pertain to requiring the offering and arrangement for*
13 *provision of family planning services; or*

14 “(2) *in the immediately preceding fiscal year (but,*
15 *in the case of the fiscal year beginning July 1, 1972,*
16 *only considering the third and fourth quarters thereof),*
17 *failed to carry out the provisions of section 402(a)(15)*
18 *(B) of the Social Security Act with respect to any indi-*
19 *vidual who, within such period or periods as the Secre-*
20 *tary may prescribe, has been an applicant for or recip-*
21 *ient of aid to families with dependent children under the*
22 *plan of the State approved under this part.”*

1 **(552)** *PENALTY FOR FAILURE TO PROVIDE CHILD HEALTH*
2 *SCREENING SERVICES UNDER MEDICAID*

3 *SEC. 299F. Section 403 of the Social Security Act is*
4 *amended (but only if title IV of such Act does not already*
5 *so provide) by adding at the end thereof the following:*

6 *“(g) Notwithstanding any other provision of this section,*
7 *the amount payable to any State under this part for quarters*
8 *in a fiscal year shall with respect to quarters in fiscal years*
9 *beginning after June 30, 1974, be reduced by 2 per centum*
10 *(calculated without regard to any reduction under section*
11 *403(f)) of such amount if such State fails to—*

12 *“(1) inform all families in the State receiving aid*
13 *to families with dependent children under the plan of the*
14 *State approved under this part of the availability of*
15 *child health screening services under the plan of such*
16 *State approved under title XIX,*

17 *“(2) provide or arrange for the provision of such*
18 *screening services in all cases where they are requested, or*

19 *“(3) arrange for (directly or through referral to*
20 *appropriate agencies, organizations, or individuals) cor-*
21 *rective treatment the need for which is disclosed by such*
22 *child health screening services.”*

1 (553) TREATMENT FOR DRUG ADDICTS AND ALCOHOLICS

2 *SEC. 299G. (a) The Social Security Act is amended*
 3 *by adding immediately before title XVI thereof a new title*
 4 *as follows:*

5 “TITLE XV—GRANTS TO STATES FOR CARE
 6 AND TREATMENT OF DRUG ADDICTS AND
 7 ALCOHOLICS

8 “PURPOSE; APPROPRIATION

9 “SEC. 1501. *For the purpose of enabling the States to*
 10 *furnish care and treatment to drug addicts and alcoholics to*
 11 *help such individuals to terminate their dysfunctional de-*
 12 *pendency on drugs or alcohol, there is hereby authorized to*
 13 *be appropriated for each fiscal year a sum sufficient to carry*
 14 *out the purposes of this title. The sums made available under*
 15 *this section shall be used for making payments to States which*
 16 *have submitted, and had approved by the Secretary of Health,*
 17 *Education, and Welfare, State plans for care and treatment*
 18 *of such individuals.*

19 “SUBPART 1—STATE PLANS FOR CARE AND
 20 TREATMENT OF DRUG ADDICTS AND
 21 ALCOHOLICS

22 “GENERAL ADMINISTRATIVE PROVISIONS

23 “SEC. 1502. *A State plan for care and treatment of*
 24 *medically determined drug addicts and alcoholics must—*

1 “(a) provide that it shall be in effect in all political
2 subdivisions of the State, and, if administered by them,
3 be mandatory upon them;

4 “(b) provide for financial participation by the State;

5 “(c) either provide for the designation of a single
6 State agency to administer the plan, or provide for the
7 designation of a single State agency to supervise the ad-
8 ministration of the plan;

9 “(d) provide that the State agency designated to
10 administer or supervise the administration of the plan
11 will enter into an agreement with the appropriate State
12 agencies designated under the Comprehensive Alcohol
13 Abuse and Treatment Act of 1970 and the Drug Abuse
14 and Treatment Act of 1972 under which (1) such agen-
15 cies will prepare and implement a rehabilitation plan
16 for each individual enrolled in the care and treatment
17 program and will certify to the State agency those local
18 treatment agencies, organizations, institutions, and practi-
19 tioners qualified to provide care and treatment under the
20 State plan, and (2) the State agency will assume re-
21 sponsibility for financing the program, accept applica-
22 tions from individuals desiring to enroll in the program,
23 determine eligibility, and certify the maximum amount
24 any enrollee may receive for his maintenance;

1 “(e) set forth the methods of administration to be
2 followed in carrying out the State plan which—

3 “(1) include methods relating to the establish-
4 ment and maintenance of personnel standards on a
5 merit basis, and

6 “(2) provide for the training and effective use
7 of paid subprofessional staff, with particular em-
8 phasis on the full-time or part-time employment of
9 recipients of assistance, as community services aides,
10 in the administration of the plan and for the use
11 of nonpaid or partially paid volunteers in a social
12 service volunteer program in providing services to
13 applicants and enrollees;

14 “(f) provide that the State agency will make such
15 reports, in such form and containing such information,
16 as the Secretary may from time to time require, and
17 comply with such provisions as the Secretary may from
18 time to time find necessary to assure the correctness and
19 verification of such reports; and

20 “(g) provide (1) that, as a condition of eligibility
21 under the plan, each applicant or enrollee shall furnish
22 to the State agency his social security account number
23 (or numbers, if he has more than one such number), and
24 (2) that such State agency shall utilize such account
25 numbers, in addition to any other means of identifica-

1 *mined under the agreement required by section 1502*
2 *(d))—*

3 *“(1) prepare a rehabilitation plan for each*
4 *enrollee which will—*

5 *“(A) provide for active care and treatment*
6 *under a professionally developed plan of reha-*
7 *bilitation that is designed to terminate dysfunc-*
8 *tional dependency on alcohol or drugs,*

9 *“(B) include, to the extent appropriate,*
10 *work experience, and*

11 *“(C) include a determination of (i) the*
12 *needs, if any, of such enrollee for maintenance*
13 *payments and (ii) the amount of any such pay-*
14 *ment: Provided, That no such payment shall be*
15 *in excess of the amount of aid such enrollee*
16 *would be eligible to receive if he was eligible,*
17 *except for section 411(f)(6), for aid under the*
18 *State plan approved under part A of title IV,*
19 *or if he was eligible for assistance under the*
20 *State plan approved under title XIV or XVI,*
21 *or, after December 31, 1973, if he was eligible,*
22 *except for section 1611(e)(3), for supple-*
23 *mentary security income under title XVI;*

24 *“(2) make (in consultation with the State*
25 *agency) arrangements for protective payments to be*

1 *made on behalf of the enrollee to another individual*
2 *who (as determined in accordance with standards*
3 *prescribed by the Secretary) is interested in or con-*
4 *cerned with the welfare of such individual, or di-*
5 *rectly to a person furnishing food, living accommo-*
6 *dations, or other goods, services, or items for such*
7 *enrollee; and*

8 “(3) *review the rehabilitation plan for each*
9 *enrollee not less often than every three months, and,*
10 *as a part of such review, determine whether*
11 *protective payments should continue to be made and*
12 *whether such payments should be made directly to*
13 *such enrollee;*

14 “(c) *make funds available for the provision of ac-*
15 *tive care and treatment for individuals, pursuant to a*
16 *rehabilitation plan prepared under subsection (b) (1),*
17 *referred to local treatment agencies, organizations, insti-*
18 *tutions, or practitioners certified as qualified under sec-*
19 *tion 1502(d);*

20 “(d) *provide that all individuals enrolled in the*
21 *treatment program established by the State under this*
22 *title will be referred for care and treatment, pursuant to*
23 *a rehabilitation plan prepared under subsection (b) (1),*
24 *to a local treatment agency, organization, institution, or*
25 *practitioner certified as qualified under section 1502(d);*

1 “(e) provide that any individual referred to the
2 appropriate agency for care and treatment under the
3 State plan or any enrollee under the plan who shall refuse
4 such care and treatment, without good cause, shall be in-
5 eligible to receive further care and treatment under this
6 title; and

7 “(f) provide that in any case in which more or less
8 than the correct amount of any payment for any month
9 was paid to an enrollee (or to another individual on be-
10 half of an enrollee) under the plan,

11 “(1) in the case of underpayments, proper ad-
12 justment shall be made in future payments with re-
13 spect to such enrollee which are made within such
14 maximum period of time as the State agency may
15 prescribe, and

16 “(2) in the case of overpayments—

17 “(A) proper adjustment or recovery shall
18 be made in future payments with respect to such
19 enrollee or by recovery from such enrollee in
20 accordance with procedures of the State for col-
21 lection of overpayments, or

22 “(B) if such adjustment or recovery can-
23 not be made, the State agency will so notify the
24 Secretary so that he may make appropriate ad-
25 justments to or recovery from other amounts

1 *which may be owed to such enrollee by the*
2 *United States pursuant to section 1511.*

3 **“STATUTORY RIGHTS OF APPLICANTS AND ENROLLEES**

4 **“SEC. 1504. A State plan for care and treatment of drug**
5 *addicts and alcoholics must—*

6 **“(a) provide for granting an opportunity for an**
7 *evidentiary hearing before the State agency or, if the*
8 *State plan is administered in each of the political sub-*
9 *divisions of the State by a local agency, before such local*
10 *agency, to any individual (1) whose application for*
11 *enrollment for care and treatment under the plan is*
12 *denied or is not acted upon with reasonable promptness,*
13 *or (2) who has been found ineligible for further care and*
14 *treatment pursuant to section 1503(e); and*

15 **“(b) provide safeguards which permit the use of**
16 *disclosure of information concerning applicants or re-*
17 *cipients only (1) to public officials who require such*
18 *information in connection with their official duties, or (2)*
19 *to other persons for purposes directly connected with the*
20 *administration of the plan for care and treatment of drug*
21 *addicts and alcoholics.*

22 **“SUBPART 2—PAYMENTS TO STATES**

23 **“PAYMENTS TO STATES**

24 **“SEC. 1505. (a) From the sums appropriated therefor,**
25 *the Secretary shall pay to each State which has a plan for*

1 *care and treatment of drug addicts and alcoholics approved*
2 *under this title, for each quarter, beginning with the quarter*
3 *commencing with the calendar year beginning January 1,*
4 *1973—*

5 “(1)(A) *an amount equal to the amount such State*
6 *would have been entitled to receive as reimbursement for*
7 *payments to individuals under this title if such individuals*
8 *had been receiving aid or assistance under (i) the State*
9 *plan for aid to families with dependent children approved*
10 *under part A of title IV, if such individual had been*
11 *eligible to receive such aid except for the provisions of*
12 *section 411(f)(6), or (ii) prior to January 1, 1974,*
13 *the State plan approved under title XIV or XVI; and*

14 “(B) *an amount equal to the amount such indi-*
15 *vidual would have received as supplementary security*
16 *income under title XVI, if such individual has been*
17 *eligible to receive such income except for the provisions*
18 *of section 1611(e)(3);*

19 “(2) *an amount equal to the Federal social service*
20 *percentage (as defined in section 1101(a)(8) of so much*
21 *of such expenditures as are for social services authorized*
22 *to be made available under sections 407(b) and 1607(b);*

23 “(3) *an amount equal to the Federal medical assist-*
24 *ance percentage (as defined in section 1905(b) of this*
25 *Act) of the total amounts expended during such quarter*

1 *as medical assistance (as defined in section 1905(a)*
2 *of this Act) under the State plan for care and treat-*
3 *ment (including expenditures for premiums under part*
4 *B of title XVIII, for individuals who were, at the time*
5 *of their enrollment, recipients of money payments under*
6 *a State plan approved under another title of this Act, or*
7 *payments for foster care in accordance with section 406,*
8 *and other insurance premiums for medical or any other*
9 *type of remedial care or the cost thereof) and as rea-*
10 *sonable payment for professional activities, other than*
11 *the direct provision of services, performed in the admin-*
12 *istration of this title by skilled professional medical per-*
13 *sonnel and staff directly supporting such personnel pur-*
14 *suant to section 1902(a) (26) and (31), regardless of*
15 *whether such activities are performed by State agency*
16 *personnel or by others under an arrangement with such*
17 *agency; and*

18 *“(4) an amount equal to 50 per centum of the total*
19 *amount expended during such quarter as are found nec-*
20 *essary by the Secretary for the proper and efficient ad-*
21 *ministration of the plan (except that the Secretary shall*
22 *exercise no authority with respect to the selection, tenure*
23 *of office, and compensation of any individual employed*
24 *in accordance with the methods of administration in-*
25 *cluded in the State plan pursuant to section 1502(e)).*

1 “(b)(1) Prior to the beginning of each quarter, the
2 Secretary shall estimate the amount to which a State will be
3 entitled under subsection (a) for such quarter, such estimates
4 to be based on (A) a report filed by the State containing its
5 estimates of the total sum to be expended in such quarter in
6 accordance with the other provisions of such subsection, and
7 stating the amount appropriated or made available by the
8 State and its political subdivisions for such expenditures in
9 such quarter, and if such amount is less than the State’s
10 proportionate share of the total sum of such estimated ex-
11 penditures, the source or sources from which the difference
12 is expected to be derived, (B) records showing the number of
13 individuals disabled (as that term is used in section 1503
14 (a)(2)) by reason of addictive dependence upon alcohol or
15 drugs in the State, and (C) such other investigation as the
16 Secretary may find necessary.

17 “(2) The Secretary shall then pay, in such installments
18 as he may determine, to the State the amount so estimated,
19 reduced or increased to the extent of any overpayment or
20 underpayment which the Secretary determines was made
21 under this section to such State for any prior quarter and
22 with respect to which adjustment has not already been made
23 under this subsection.

24 “(3) The pro rata share to which the United States is
25 equitably entitled, as determined by the Secretary, of the

1 *net amount recovered during any quarter by the State or*
2 *any political subdivision thereof with respect to payments*
3 *made under the State plan but excluding any amount recov-*
4 *ered from the estate of a deceased recipient which is not in*
5 *excess of the amount expended by the State or any political*
6 *subdivision thereof for the funeral expenses of the deceased,*
7 *shall be considered an overpayment to be adjusted under this*
8 *subsection.*

9 “(4) *Upon the making of any estimate by the Secre-*
10 *tary under this subsection, any appropriations available for*
11 *payments under this section shall be deemed obligated.*

12 “(c) *The level of expenditures for the program estab-*
13 *lished by the State under this title in any fiscal year beginning*
14 *after the fiscal year ending June 30, 1973, shall be reduced*
15 *by that percentage which is equal to the percentage reduc-*
16 *tion, if any, of total Federal, State, and local government*
17 *expenditures in such State in the immediately preceding two*
18 *fiscal years for all other programs of care and treatment for*
19 *drug addicts and alcoholics (exclusive of the program estab-*
20 *lished by the State under this title).*

21 “SUBPART 3—FEDERAL RESPONSIBILITY

22 “OPERATION OF STATE PLANS

23 “SEC. 1507. (a) *The Secretary shall approve any plan*
24 *which meets the requirements of this title.*

25 “(b) *If the Secretary, after reasonable notice and op-*

1 *portunity for a hearing to the State agency administering or*
2 *supervising administration of the State plan approved under*
3 *this title, finds that in the administration of the plan there is*
4 *a failure to comply substantially with any such provision*
5 *required by this title to be included in the plan, the Secre-*
6 *tary shall notify such State agency that further payments*
7 *will not be made to the State (or, in his discretion, that*
8 *payments will be limited to categories under or parts of the*
9 *State plan not affected by such failure), until the Secretary*
10 *is satisfied that there will no longer be any such failure to*
11 *comply. Until he is so satisfied he shall make no further pay-*
12 *ments to such State (or shall limit payments to categories*
13 *under or parts of the State plan not affected by such failures).*

14 *“RECOVERY OF OVERPAYMENTS TO DRUG ADDICTS AND*
15 *ALCOHOLICS*

16 *“SEC. 1508. In any case in which a State agency has*
17 *notified the Secretary that it cannot recover from an indi-*
18 *vidual overpayments to drug addicts and alcoholics, and that*
19 *payments (if any) made to such individual, subsequent to*
20 *the determination of the overpayment, are insufficient to per-*
21 *mit adjustments to recoup such overpayment, the Secretary*
22 *shall recover the amount of such overpayment from any*
23 *amounts (other than lump-sum death benefits payable under*
24 *section 202(i)) otherwise due such individual or becoming*
25 *due such individual from any officer or agency of the United*

1 *States or under any Federal program. An appropriate por-*
2 *tion of amounts recovered under the preceding sentence shall*
3 *be credited to the State which made such overpayment.”*

4 *(b) The amendments made by this section shall become*
5 *effective on January 1, 1973.*

6 **(554) LIMITATION ON EXPENDITURES FOR TREATMENT OF**
7 **DRUG ADDICTS AND ALCOHOLICS UNDER TITLES XIV**
8 **AND XVI IN 1973**

9 *SEC. 299H. For the purposes of sections 1403 and 1603*
10 *of the Social Security Act, expenditures by any State (or*
11 *its political subdivisions) as aid to the permanently and*
12 *totally disabled and to the aged, blind, or disabled in the*
13 *calendar year beginning January 1, 1973, shall be deemed*
14 *to be reduced by—*

15 *(a) an amount equal to expenditures as such aid to*
16 *individuals described in section 1503(a)(2) of such Act*
17 *(as added by section 299G of this Act) who are under*
18 *65 and not blind for months in the calendar quarter be-*
19 *ginning April 1, 1973, multiplied by the ratio of—*

20 *(1) the average number of such individuals*
21 *receiving such aid for months in such quarter in*
22 *excess of 50 per centum of the average total number*
23 *of (A) such individuals receiving such aid for months*
24 *in such quarter, plus (B) the average monthly num-*
25 *ber of such individuals receiving care and treatment*

1 under the plan of such State approved under such
2 title XV in months in such quarter, to

3 (2) the average number of such individuals
4 receiving such aid for months in such quarter; and

5 (b) an amount equal to expenditures with respect
6 to such individuals for months in each of the calendar
7 quarters beginning after June 30, 1973, and before
8 January 1, 1974, multiplied by the ratio of—

9 (1) the average number of such individuals
10 receiving such aid for months in such quarter in
11 excess of 25 per centum of the average total number
12 of (A) such individuals receiving such aid for
13 months in such quarter, plus (B) the average
14 monthly number of such individuals receiving care
15 and treatment under the plan of such State approved
16 under such title XV in months in such quarter, to

17 (2) the average number of such individuals
18 receiving such aid for months in such quarter.

19 **(555) CHRONIC RENAL DISEASE CONSIDERED TO**

20 **CONSTITUTE DISABILITY**

21 SEC. 299I. (a) Section 201 of this Act is amended by
22 adding at the end thereof the following new proposals:

23 “(e) Notwithstanding the foregoing provisions of the
24 section, every individual who—

25 “(1) has not attained the age of 65;

1 “(2)(A) is fully or currently insured (as such
2 terms are defined in section 214 of this Act), or (B) is
3 entitled to monthly insurance benefits under title II of this
4 Act, or (C) is the spouse or dependent child (as defined
5 in regulations) of an individual who is fully or currently
6 insured, or (D) is the spouse or dependent child (as
7 defined in regulations) of an individual entitled to
8 monthly insurance benefits under title II of this Act; and

9 “(3) is medically determined to have chronic renal
10 disease and who requires hemodialysis or renal trans-
11 plantation for such disease;

12 shall be deemed to be disabled for purposes of coverage under
13 parts A and B of Medicare subject to the deductible premium
14 and copayment provision of title XVIII.

15 “(f) Medicare eligibility on the basis of chronic kidney
16 failure would begin with the sixth month after the month of
17 onset of chronic kidney failure and would end with the
18 twelfth month after the month in which the person has a renal
19 transplant.

20 “(g) The Secretary is authorized to limit reimbursement
21 under Medicare for kidney transplant and dialysis to kidney
22 disease treatment centers which meet such requirements as he
23 may by regulation prescribe: Provided, That such require-
24 ments must include at least requirements for a minimal utili-
25 zation rate for covered procedure and for a medical review

1 *board to screen the appropriateness of patients for the pro-*
2 *posed treatment procedures.”*

3 **(556) DETERMINATION (FOR MEDICAID PURPOSES) OF PER**
4 **CAPITA INCOME OF ALASKA AND HAWAII**

5 *SEC. 299J. (a) Section 1905(b) of the Social Security*
6 *Act is amended by adding, immediately after the first sen-*
7 *tence thereof, the following new sentence: “The term ‘per*
8 *capita income’, as used in the preceding sentence, means, in*
9 *the case of any State in which civilian employees of the*
10 *United States Government receive an allowance under sec-*
11 *tion 5941 of title 5, United States Code, the per capita*
12 *income of such State (as determined without regard to this*
13 *sentence) multiplied by a fraction the numerator of which*
14 *is the per capita income of such State (as determined with-*
15 *out regard to this sentence) and the denominator of which is*
16 *such per capita income plus a per centum thereof equal to the*
17 *per centum applicable, for the period in which any promul-*
18 *gation under this subsection is being made, in determining*
19 *the amount of the allowance payable under section 5941 of*
20 *title 5, United States Code, to Federal employees serving in*
21 *such State.”*

22 *(b) The amendment made by subsection (a) shall be*
23 *applicable to promulgations (under section 1905(b) of the*
24 *Social Security Act) made after the date of enactment of*
25 *this Act.*

1 **(557)ELIMINATION OF COINSURANCE PAYMENT WITH RE-**
2 **SPECT TO HOME HEALTH SERVICES UNDER PART B OF**
3 **MEDICARE**

4 *SEC. 299K. (a) Section 1833(a)(2) of the Social*
5 *Security Act is amended by striking out "80 percent" and in-*
6 *serting in lieu thereof "with respect to home health services,*
7 *100 percent, and with respect to other services, 80 percent."*

8 *(b) The amendment made by subsection (a) shall ap-*
9 *ply to services furnished by home health agencies in account-*
10 *ing periods beginning after December 31, 1972.*

11 **(558)CERTIFICATION OF INTERMEDIATE CARE FACILITIES**
12 **LOCATED ON AN INDIAN RESERVATION**

13 *SEC. 299L. Section 1905(c) of the Social Security*
14 *Act, as added by Public Law 92-223, is amended by add-*
15 *ing after the penultimate sentence thereof the following:*
16 *"The term 'intermediate care facility' also includes any in-*
17 *stitution which is located on an Indian reservation within*
18 *the physical boundaries of a State and is certified by the Sec-*
19 *retary as meeting the requirements of clauses (2) and (3)*
20 *of this subsection and providing the care and services re-*
21 *quired under clause (1)."*

22 **(559)GRANT PROGRAM FOR TRAINING NURSES' AIDES AND**
23 **ORDERLIES**

24 *SEC. 299M. (a) The Secretary of Health, Education,*
25 *and Welfare is authorized to make grants to public or non-*

1 *profit private agencies, institutions, and organizations to*
2 *assist them in conducting (or establishing and conducting)*
3 *programs for the training of staff members of nursing homes*
4 *and for training and retraining of personnel as nurses' aides*
5 *or orderlies for nursing homes with special emphasis on in-*
6 *service training. The Secretary of Health, Education, and*
7 *Welfare shall enter into arrangements with the Secretary of*
8 *Labor designed to assure that participants in the work incen-*
9 *tive program (established by part C of title IV of the Social*
10 *Security Act) who desire to work in nursing homes will be*
11 *encouraged to participate in programs receiving financial*
12 *assistance through grants made under the preceding sentence.*

13 *(b) For the purpose of carrying out the provisions of*
14 *this section, there is hereby authorized to be appropriated*
15 *\$2,500,000 for the fiscal year ending June 30, 1973, and*
16 *\$5,000,000 for each of the next three fiscal years.*

17 **(560) LIMITATION ON SPEND DOWN REQUIREMENT UNDER**
18 **MEDICAID**

19 *SEC. 299N. (a) Section 1903(d)(1)(A) is amended*
20 *by inserting immediately before the period at the end thereof*
21 *the following: "and, in the case of any State which imposes*
22 *an income limitation that is lower than the applicable income*
23 *limitation determined under this paragraph, no payment shall*
24 *be made under the preceding provisions of this section".*

1 **(b) Section 1903(d)(1)(B)(i) of the Social Security**
 2 *Act is amended—*

3 **(1) by inserting “to whichever of the following is**
 4 *greater: (I)” after “equivalent to”, and*

5 **(2) by inserting “or (II) 100 percent of the high-**
 6 *est amount which would ordinarily be paid to an in-*
 7 *dividual without any income or resources, in the form*
 8 *of money payments, under the plan of the State ap-*
 9 *proved under title I, X, XIV, XV, or XVI (or, sup-*
 10 *plemental security income benefits under title XVI of*
 11 *this Act as in effect after December 31, 1973) of this*
 12 *Act” before the period at the end thereof.*

13 **(561) DETERMINATIONS AND APPEALS**

14 **SEC. 2990. (a) Section 1869(b) of the Social Security**
 15 *Act is amended to read as follows:*

16 **“(b) (1) Any individual dissatisfied with any determina-**
 17 *tion under subsection (a) as to—*

18 **“(A) whether he meets the conditions of section 226**
 19 *of this Act or section 103 of the Social Security Amend-*
 20 *ments of 1965, or*

21 **“(B) whether he is eligible to enroll and has enrolled**
 22 *pursuant to the provisions of part B of this title, or sec-*
 23 *tion 1818, or section 1819, or*

24 **“(C) the amount of benefits under part A (includ-**

1 *ing a determination where such amount is determined to*
2 *be zero)*
3 *shall be entitled to a hearing thereon by the Secretary to the*
4 *same extent as is provided in section 205(b) and to judicial*
5 *review of the Secretary's final decision after such hearing*
6 *as is provided in section 205(g).*

7 *“(2) Notwithstanding the provisions of subparagraph*
8 *(C) of paragraph (1) of this subsection, a hearing shall*
9 *not be available to an individual by reason of such subpara-*
10 *graph (C) if the amount in controversy is less than \$100;*
11 *nor shall judicial review be available to an individual by*
12 *reason of such subparagraph (C) if the amount in con-*
13 *troversy is less than \$1,000.”*

14 *(b)(1) The provisions of subparagraphs (A) and (B)*
15 *of section 1869(b)(1) of the Social Security Act, as amended*
16 *by subsection (a) of this section, shall be effective on the date*
17 *of enactment of this Act.*

18 *(2) The provisions of paragraph (2) and of subpara-*
19 *graph (C) of paragraph (1) of section 1869(b) of the*
20 *Social Security Act, as amended by subsection (a) of this*
21 *section, shall be effective with respect to any claims under*
22 *part A of title XVIII of such Act, filed—*

23 *(A) in or after the month in which this Act is en-*
24 *acted, or*

1 *(B) before the month in which this Act is enacted,*
 2 *but only if a civil action with respect to a final decision*
 3 *of the Secretary of Health, Education, and Welfare on*
 4 *such claim has not been commenced under such section*
 5 *1869(b) before such month.*

6 **(562)COVERAGE UNDER MEDICARE FOR COAL MINERS**
 7 *ENTITLED TO BLACK LUNG BENEFITS UNDER THE*
 8 *FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1969*
 9 *SEC. 299P. (a) Section 1811 of the Social Security Act*
 10 *(as amended by section 201(a)(1)(A)(2) of this Act) is*
 11 *further amended—*

12 *(1) by striking out “and” at the end of clause (1),*
 13 *and*

14 *(2) by striking out the period at the end of clause*
 15 *(2) and inserting in lieu thereof the following: “, and*
 16 *(3) coal miners (as defined in title IV, part A, section*
 17 *402(d) of the Federal Coal Mine Health and Safety Act*
 18 *of 1969) who have been entitled to black lung benefits*
 19 *under such title for not less than 24 months, and who are*
 20 *not otherwise entitled to hospital insurance benefits under*
 21 *this title.”*

22 *(b) Section 1817 of such Act is amended by adding at*
 23 *the end thereof the following new subsection:*

1 “(i) There are authorized to be appropriated to the
2 Trust Fund established by this section from time to time such
3 sums as the Secretary deems necessary for any fiscal year on
4 account of—

5 (1) payments made or to be made during such fiscal
6 year from such Trust Fund with respect to individuals
7 entitled to hospital insurance benefits solely by reason of
8 entitlement to black lung benefits under title IV of the
9 Federal Coal Mine Health and Safety Act of 1969,

10 (2) the additional administrative expenses resulting
11 or expected to result therefor, and

12 (3) any loss in interest to such Trust Fund result-
13 ing from the payment of such amounts, in order to place
14 such Trust Fund in the same position at the end of such
15 fiscal year in which it would have been if such black lung
16 beneficiaries were not entitled to hospital insurance
17 benefits.”.

18 (c) Section 1831 of such Act (as amended by section
19 201(a)(1)(A)(3) of this Act) is further amended by in-
20 serting after the words “disabled individuals” the words
21 “, including coal miners entitled to black lung benefits under
22 title IV of the Federal Coal Mine Health and Safety Act of
23 1969.”

24 (d) Section 1837 of such Act (after the new subsections
25 added by sections 206(a) and 259(a) of this Act) is

1 *amended by adding at the end thereof the following new*
2 *subsection:*

3 “(i) *Enrollment requirements under this section shall*
4 *apply to coal miners entitled to black lung benefits in the same*
5 *way and under the same applicable provisions as are appli-*
6 *cable to disability insurance beneficiaries under title II of this*
7 *Act.”.*

8 “(e) *Section 1838 of such Act (as amended by section*
9 *201(c)(3)(C) of this Act) is amended by adding at the end*
10 *thereof the following new subsection:*

11 “(e) *Coverage period requirements under this section*
12 *shall apply to coal miners entitled to black lung benefits in the*
13 *same way and under the same applicable provisions as are*
14 *applicable to disability insurance beneficiaries under title II*
15 *of this Act.”.*

16 “(f) *Section 1839 of such Act (as amended by section*
17 *201(c)(5) of this Act) is amended by adding at the end*
18 *thereof the following new subsection:*

19 “(f) *Amounts of premiums as established under this sec-*
20 *tion shall apply to coal miners entitled to black lung benefits*
21 *in the same way and under the same applicable provisions*
22 *as are applicable to disability insurance beneficiaries under*
23 *title II of this Act.”*

24 “(g) *Section 1840(a)(1) of such Act (as amended by*
25 *section 201(c)(6)(A) of this Act) is further amended—*

1 ~~(564)~~TITLE III—ASSISTANCE FOR THE AGED,
 2 BLIND, AND DISABLED
 3 ESTABLISHMENT OF PROGRAM

4 SEC. 301. The Social Security Act is amended by add-
 5 ing at the end thereof the following new title:

6 “TITLE XX—ASSISTANCE FOR THE AGED,
 7 BLIND, AND DISABLED
 8 “PURPOSE; APPROPRIATIONS

9 “SEC. 2001. For the purpose of establishing a national
 10 program to provide financial assistance to needy individuals
 11 who have attained age 65 or are blind or disabled, there are
 12 authorized to be appropriated sums sufficient to carry out
 13 this title.

14 “BASIC ELIGIBILITY FOR BENEFITS

15 “SEC. 2002. Every aged, blind, or disabled individual
 16 who is determined under part A to be eligible on the basis
 17 of his income and resources shall, in accordance with and
 18 subject to the provisions of this title, be paid benefits by the
 19 Secretary of Health, Education, and Welfare.

20 “PART A—DETERMINATION OF BENEFITS

21 “ELIGIBILITY FOR AND AMOUNT OF BENEFITS

22 “Definition of Eligible Individual

23 “SEC. 2011. (a) (1) Each aged, blind, or disabled
 24 individual who does not have an eligible spouse and—

25 “(A) whose income, other than income excluded

1 pursuant to section 2012(b), is at a rate of not more
2 than—

3 “(i) \$780 for the 6-month period ending De-
4 cember 31, 1972,

5 “(ii) \$780 for the 6-month period ending
6 June 30, and \$840 for the 6-month period ending
7 December 31, in the calendar year 1973,

8 “(iii) \$840 for the 6-month period ending
9 June 30, and \$900 for the 6-month period ending
10 December 31, in the calendar year 1974, or

11 “(iv) \$1,800 for the calendar year 1975 or
12 any calendar year thereafter, and

13 “(B) whose resources, other than resources ex-
14 cluded pursuant to section 2013(a), are not more than
15 \$1,500,

16 shall be an eligible individual for purposes of this title.

17 “(2) Each aged, blind, or disabled individual who has
18 an eligible spouse and—

19 “(A) whose income (together with the income of
20 such spouse), other than income excluded pursuant to
21 section 2012(b), is at a rate of not more than—

22 “(i) \$1,170 for the 6-month period ending
23 December 31, 1972,

24 “(ii) \$1,170 for the 6-month period ending

1 June 30, and \$1,200 for the 6-month period ending
2 December 31, in the calendar year 1973, or

3 ~~“(iii) \$2,400 for the calendar year 1974 or any~~
4 ~~calendar year thereafter, and~~

5 ~~“(B) whose resources (together with the resources~~
6 ~~of such spouse), other than resources excluded pursuant~~
7 ~~to section 2013(a), are not more than \$1,500,~~
8 ~~shall be an eligible individual for purposes of this title.~~

9 ~~“Amount of Benefits~~

10 ~~“(b) (1) The benefit under this title for an individual~~
11 ~~who does not have an eligible spouse shall be payable~~
12 ~~at the rate of—~~

13 ~~“(A) \$780 for the 6-month period ending Decem-~~
14 ~~ber 31, 1972,~~

15 ~~“(B) \$780 for the 6-month period ending June 30,~~
16 ~~and \$840 for the 6-month period ending December 31,~~
17 ~~in the calendar year 1973,~~

18 ~~“(C) \$840 for the 6-month period ending June 30,~~
19 ~~and \$900 for the 6-month period ending December 31,~~
20 ~~in the calendar year 1974, and~~

21 ~~“(D) \$1,800 for the calendar year 1975 or any~~
22 ~~calendar year thereafter,~~
23 ~~reduced by the amount of income, not excluded pursuant to~~
24 ~~section 2012(b), of such individual.~~

1 ~~“(2)~~ The benefit under this title for an individual who
2 has an eligible spouse shall be payable at the rate of—

3 ~~“(A)~~ \$1,170 for the 6-month period ending De-
4 cember 31, 1972;

5 ~~“(B)~~ \$1,170 for the 6-month period ending June
6 30, and \$1,200 for the 6-month period ending Decem-
7 ber 31, in the calendar year 1973, and

8 ~~“(C)~~ \$2,400 for the calendar year 1974 or any
9 calendar year thereafter,

10 reduced by the amount of income, not excluded pursuant
11 to section 2012(b), of such individual and spouse.

12 “Period for Determination of Benefits

13 ~~“(e)(1)~~ An individual's eligibility for benefits under
14 this title and the amount of such benefits shall be determined
15 for each quarter of a calendar year. Eligibility for and the
16 amount of such benefits for any quarter shall be redetermined
17 at such time or times as may be provided by the Secretary,
18 such redetermination to be effective prospectively.

19 ~~“(2)~~ The Secretary shall by regulation prescribe the
20 cases in which and extent to which the amount of a benefit
21 under this title for any quarter shall be reduced by reason
22 of time elapsed since the beginning of such quarter and be-
23 fore the date of filing of the application for the benefit.

24 ~~“(3)~~ For purposes of this subsection an application

1 shall be considered to have been filed on the first day of
2 the month in which it was actually filed.

3 ~~“Special Limits on Gross Income~~

4 ~~“(d) The Secretary may prescribe the circumstances~~
5 ~~under which, consistently with the purposes of this title,~~
6 ~~the gross income from a trade or business (including farm-~~
7 ~~ing) will be considered sufficiently large to make an indi-~~
8 ~~vidual ineligible for benefits under this title. For purposes~~
9 ~~of this subsection, the term ‘gross income’ has the same~~
10 ~~meaning as when used in chapter 1 of the Internal Revenue~~
11 ~~Code of 1954.~~

12 ~~“Limitation on Eligibility of Certain Individuals~~

13 ~~“(c)(1)(A) Except as provided in subparagraph (B),~~
14 ~~no person shall be an eligible individual or eligible spouse for~~
15 ~~purposes of this title with respect to any month if throughout~~
16 ~~such month he is an inmate of a public institution.~~

17 ~~“(B) In any case where an eligible individual or his~~
18 ~~eligible spouse (if any) is, throughout any month, in a hos-~~
19 ~~pital, extended care facility, nursing home, or intermediate~~
20 ~~care facility receiving payments (with respect to such indi-~~
21 ~~vidual or spouse) under a State plan approved under title~~
22 ~~XIX, the benefit under this title for such individual for such~~
23 ~~month shall be payable—~~

24 ~~“(i) at a rate not in excess of \$300 per year (re-~~
25 ~~duced by the amount of any income not excluded pur-~~

1 suant to section 2012(b)) in the case of an individual
2 who does not have an eligible spouse;

3 ~~“(ii) at a rate not in excess of the sum of the appli-~~
4 ~~eable rate specified in subsection (b)(1) and the rate of~~
5 ~~\$300 per year (reduced by the amount of any income~~
6 ~~not excluded pursuant to section 2012(b)) in the case~~
7 ~~of an individual who has an eligible spouse, if only one~~
8 ~~of them is in such a hospital, home, or facility through-~~
9 ~~out such month; and~~

10 ~~“(iii) at a rate not in excess of \$600 per year (re-~~
11 ~~duced by the amount of any income not excluded pursu-~~
12 ~~ant to section 2012(b)) in the case of an individual who~~
13 ~~has an eligible spouse, if both of them are in such a hos-~~
14 ~~pital, home, or facility throughout such month.~~

15 ~~“(2) No person shall be an eligible individual or eligible~~
16 ~~spouse for purposes of this title if, after notice to such per-~~
17 ~~son by the Secretary that it is likely that such person is~~
18 ~~eligible for any payments of the type enumerated in section~~
19 ~~2012(a)(2)(B), such person fails within 30 days to take~~
20 ~~all appropriate steps to apply for and (if eligible) obtain any~~
21 ~~such payments.~~

22 ~~“(3)(A) No person who is an aged, blind, or disabled~~
23 ~~individual solely by reason of disability (as determined under~~
24 ~~section 2014(a)(3)) shall be an eligible individual or eli-~~

1 gible spouse for purposes of this title with respect to any
2 month if such disability is determined by the Secretary to be
3 the result in whole or in part of drug abuse or alcohol abuse
4 unless such person is undergoing any treatment that may be
5 appropriate for such abuse at an institution or facility ap-
6 proved for purposes of this paragraph by the Secretary (so
7 long as such treatment is available) and demonstrates that
8 he is complying with the terms, conditions, and requirements
9 of such treatment and with requirements imposed by the
10 Secretary under subparagraph (B).

11 “(B) The Secretary shall provide for the monitoring
12 and testing of all individuals who are receiving benefits under
13 this title and who as a condition of such benefits are required
14 to be undergoing treatment and complying with the terms,
15 conditions, and requirements thereof as described in subpara-
16 graph (A), in order to assure such compliance and to deter-
17 mine the extent to which the imposition of such requirement
18 is contributing to the achievement of the purposes of this title.
19 The Secretary shall annually submit to the Congress a full
20 and complete report on his activities under this paragraph.

21 “(C) As used in subparagraph (A), the term ‘drug
22 abuse’ means abuse of a controlled substance within the mean-
23 ing of section 102 of the Controlled Substances Act; and the
24 term ‘alcohol abuse’ means alcohol abuse or alcoholism within

1 the meaning of section 247 of the Community Mental Health
2 Centers Act.

3 ~~“Suspension of Payments to Individuals Who Are Outside~~
4 ~~the United States~~

5 ~~“(f) Notwithstanding any other provision of this title,~~
6 ~~individual is outside the United States (and no person shall~~
7 ~~be considered the eligible spouse of an individual for pur-~~
8 ~~poses of this title with respect to any month during all of~~
9 ~~which such person is outside the United States). For pur-~~
10 ~~poses of the preceding sentence, after an individual has been~~
11 ~~outside the United States for any period of 30 consecutive~~
12 ~~days, he shall be treated as remaining outside the United~~
13 ~~States until he has been in the United States for a period of~~
14 ~~30 consecutive days.~~

15 ~~“Puerto Rico, the Virgin Islands, and Guam~~

16 ~~“(g) For special provisions applicable to Puerto Rico,~~
17 ~~the Virgin Islands, and Guam, see section 1108 (c).~~

18 ~~“INCOME—~~

19 ~~“Meaning of Income~~

20 ~~“SEC. 2012. (a) For purposes of this title, income~~
21 ~~means both earned income and unearned income; and—~~

22 ~~“(1) earned income means only—~~

23 ~~“(A) wages as determined under section 203~~

24 ~~(f) (5) (C); and~~

1 ~~“(B) net earnings from self-employment, as~~
2 ~~defined in section 211 (without the application of~~
3 ~~the second and third sentences following clause (C)~~
4 ~~of subsection (a)(9), and the last paragraph of~~
5 ~~subsection (a)), including earnings for services de-~~
6 ~~scribed in paragraphs (4), (5), and (6) of sub-~~
7 ~~section (e); and~~

8 ~~“(2) unearned income means all other income,~~
9 ~~including—~~

10 ~~“(A) support and maintenance furnished in~~
11 ~~cash or kind; except that in the case of any individ-~~
12 ~~ual (and his eligible spouse, if any) living in another~~
13 ~~person’s household and receiving support and main-~~
14 ~~tenance in kind from such person, the dollar amounts~~
15 ~~otherwise applicable to such individual (and~~
16 ~~spouse) as specified in subsections (a) and (b) of~~
17 ~~section 2011 shall be reduced by 33½ percent in~~
18 ~~lieu of including such support and maintenance in~~
19 ~~the unearned income of such individual (and spouse)~~
20 ~~as otherwise required by this subparagraph;~~

21 ~~“(B) any payments received as an annuity,~~
22 ~~pension, retirement, or disability benefit, including~~
23 ~~veterans’ compensation and pensions, workmen’s~~
24 ~~compensation payments, old-age, survivors, and dis-~~
25 ~~ability insurance benefits, railroad retirement annui-~~

1 ties and pensions, and unemployment insurance
2 benefits;

3 ~~“(C) prizes and awards;~~

4 ~~“(D) the proceeds of any life insurance policy~~
5 ~~to the extent that they exceed the amount ex-~~
6 ~~pende~~d by the beneficiary for purposes of the in-
7 sured individual's last illness and burial or \$1,500,
8 whichever is less;

9 ~~“(E) gifts (cash or otherwise), support and~~
10 ~~alimony payments, and inheritances; and~~

11 ~~“(F) rents, dividends, interest, and royalties.~~

12 ~~“Exclusions From Income~~

13 ~~“(b) In determining the income of an individual (and~~
14 ~~his eligible spouse) there shall be excluded—~~

15 ~~“(1) subject to limitations (as to amount or other~~
16 ~~wise) prescribed by the Secretary, if such individual~~
17 ~~is a child who is, as determined by the Secretary, a stu-~~
18 ~~dent regularly attending a school, college, or university,~~
19 ~~or a course of vocational or technical training designed~~
20 ~~to prepare him for gainful employment, the earned in-~~
21 ~~come of such individual;~~

22 ~~“(2) (A) the total unearned income of such individ-~~
23 ~~ual (and such spouse, if any) in a calendar quarter which,~~
24 ~~as determined in accordance with criteria prescribed by~~
25 ~~the Secretary, is received too infrequently or irregularly~~

1 to be included, if such income so received does not exceed
2 \$60 in such quarter, and (B) the total earned income-
3 of such individual (and such spouse, if any) in a cal-
4 endar quarter which, as determined in accordance with
5 such criteria, is received too infrequently or irregularly
6 to be included, if such income so received does not exceed
7 \$30 in such quarter;

8 “(3) (A) if such individual (or such spouse) is
9 blind (and has not attained age 65, or received benefits
10 under this title (or aid under a State plan approved
11 under section 1002 or 1602) for the month before the
12 month in which he attained age 65), (i) the first \$1,020
13 per year (or proportionately smaller amounts for shorter
14 periods) of earned income not excluded by the preceding
15 paragraphs of this subsection, plus one-half of the re-
16 mainder thereof, (ii) an amount equal to any expenses
17 reasonably attributable to the earning of any income,
18 and (iii) such additional amounts of other income, where
19 such individual has a plan for achieving self-support
20 approved by the Secretary, as may be necessary for the
21 fulfillment of such plan;

22 “(B) if such individual (or such spouse) is dis-
23 abled but not blind (and has not attained age 65, or
24 received benefits under this title (or aid under a State
25 plan approved under section 1402, or 1602) for the

1 month before the month in which he attained age 65),
2 ~~(i)~~ the first \$1,020 per year ~~(or proportionately smaller~~
3 ~~amounts for shorter periods)~~ of earned income not ex-
4 cluded by the preceding paragraphs of this subsection,
5 plus one-half of the remainder thereof, and ~~(ii)~~ such
6 additional amounts of other income, where such individ-
7 ual has a plan for achieving self-support approved by
8 the Secretary, as may be necessary for the fulfillment of
9 such plan, or

10 ~~“(C)~~ if such individual ~~(or such spouse)~~ has at-
11 tained age 65 and is not included under subparagraph
12 ~~(A)~~ or ~~(B)~~, the first \$720 per year ~~(or proportionately~~
13 ~~smaller amounts for shorter periods)~~ of earned income
14 not excluded by the preceding paragraphs of this sub-
15 section, plus one-third of the remainder thereof;

16 ~~“(4)~~ subject to section 2016, any assistance ~~(ex-~~
17 ~~cept veterans’ pensions)~~ which is based on need and
18 furnished by any State or political subdivision of a State
19 or any Federal agency, or by any private agency or
20 organization exempt from taxation under section 501-
21 ~~(a)~~ of the Internal Revenue Code of 1954 as an or-
22 ganization described in section 500 ~~(c)~~ ~~(3)~~ or ~~(4)~~ of
23 such Code;

24 ~~“(5)~~ any portion of any grant, scholarship, or
25 fellowship received for use in paying the cost of tuition

1 and fees at any educational (including technical or
2 vocational education) institution;

3 “(6) home produce of such individual (or spouse)
4 utilized by the household for its own consumption;

5 “(7) if such individual is a child, one-third of any
6 payment for his support received from an absent parent;

7 and

8 “(8) any amounts received for the foster care of
9 a child who is not an eligible individual but who is
10 living in the same home as such individual and was
11 placed in such home by a public or nonprofit private
12 child placement or child care agency.

13 “(e) For provisions relating to additional disregarding
14 of income, see section 1007 of the Social Security Amend-
15 ments of 1969 and section 2016(c)(1) of this Act.

16 “RESOURCES

17 “Exclusions from Resources

18 “Sec. 2013. (a) In determining the resources of an
19 individual (and his eligible spouse, if any) there shall be
20 excluded—

21 “(1) the home, to the extent that its value does
22 not exceed such amount as the Secretary determines to
23 be reasonable;

24 “(2) household goods and personal effects, to the

1 extent that their total value does not exceed such
2 amount as the Secretary determines to be reasonable;

3 ~~“(3) other property which, as determined in ac-~~
4 ~~cordance with and subject to limitations prescribed by~~
5 ~~the Secretary, is so essential to the means of self-support~~
6 ~~of such individual (and such spouse) as to warrant its~~
7 ~~exclusion; and~~

8 ~~“(4) such resources of an individual who is blind~~
9 ~~or disabled and who has a plan for achieving self-sup-~~
10 ~~port approved by the Secretary, as may be necessary~~
11 ~~for the fulfillment of such plan.~~

12 In determining the resources of an individual (or eligible
13 spouse) an insurance policy shall be taken into account only
14 to the extent of its cash surrender value; except that if the
15 total face value of all life insurance policies on any person
16 is \$1,500 or less, no part of the value of any such policy
17 shall be taken into account.

18 ~~“Disposition of Resources~~

19 ~~“(b) The Secretary shall prescribe the period or~~
20 ~~periods of time within which, and the manner in which,~~
21 ~~various kinds of property must be disposed of in order not~~
22 ~~to be included in determining an individual's eligibility for~~
23 ~~benefits. Any portion of the individual's benefits paid for~~
24 ~~any such period shall be conditioned upon such disposal;~~

1 and any benefits so paid shall ~~(at the time of the disposal)~~ be
2 considered overpayments to the extent they would not have
3 been paid had the disposal occurred at the beginning of the
4 period for which such benefits were paid.

5 ~~“MEANING OF TERMS~~

6 ~~“Aged, Blind, or Disabled Individual~~

7 ~~“SEC. 2014. (a)(1) For purposes of this title, the~~
8 ~~term ‘aged, blind, or disabled individual’ means an indi-~~
9 ~~vidual who—~~

10 ~~“(A) is 65 years of age or older, is blind (as deter-~~
11 ~~mined under paragraph (2)), or is disabled (as deter-~~
12 ~~mined under paragraph (3)), and~~

13 ~~“(B) is a resident of the United States, and is either~~
14 ~~(i) a citizen or (ii) an alien lawfully admitted for~~
15 ~~permanent residence.~~

16 ~~“(2) An individual shall be considered to be blind for~~
17 ~~purposes of this title if he has central visual acuity of~~
18 ~~20/200 or less in the better eye with the use of a correcting~~
19 ~~lens. An eye which is accompanied by a limitation in the~~
20 ~~fields of vision such that the widest diameter of the visual~~
21 ~~field subtends an angle no greater than 20 degrees shall be~~
22 ~~considered for purposes of the first sentence of this subsection~~
23 ~~as having a central visual acuity of 20/200 or less. An in-~~
24 ~~dividual shall also be considered to be blind for purposes of~~
25 ~~this title if he is blind as defined under a State plan approved~~

1 under title X or XVI as in effect prior to the enactment of
2 this subsection and received aid under such plan (on the
3 basis of blindness) for June 1972, so long as he is continu-
4 ously blind as so defined.

5 “(3)(A) An individual shall be considered to be dis-
6 abled for purposes of this title if he is unable to engage in
7 any substantial gainful activity by reason of any medically
8 determinable physical or mental impairment which can be
9 expected to result in death or which has lasted or can be
10 expected to last for a continuous period of not less than
11 twelve months (or, in the case of a child under the age of 18
12 if he suffers from any medically determinable physical or
13 mental impairment of comparable severity). An individual
14 shall also be considered to be disabled for purposes of this
15 title if he is permanently and totally disabled as defined
16 under a State plan approved under title XIV or XVI as in
17 effect prior to the enactment of this subsection and received
18 aid under such plan (on the basis of disability) for June
19 1972, so long as he is continuously disabled as so defined.

20 “(B) For purposes of subparagraph (A) (except with
21 respect to a child under the age of 18), an individual shall
22 be determined to be under a disability only if his physical
23 or mental impairment or impairments are of such severity
24 that he is not only unable to do his previous work but cannot,
25 considering his age, education, and work experience, engage

1 in any other kind of substantial gainful work which exists in
2 the national economy, regardless of whether such work exists
3 in the immediate area in which he lives, or whether a specific
4 job vacancy exists for him, or whether he would be hired if he
5 applied for work. For purposes of the preceding sentence
6 (with respect to any individual), 'work which exists in the
7 national economy' means work which exists in significant
8 numbers either in the region where such individual lives or
9 in several regions of the country.

10 “(C) For purposes of this paragraph, a physical or
11 mental impairment is an impairment that results from ana-
12 tomical, physiological, or psychological abnormalities which
13 are demonstrable by medically acceptable clinical and labo-
14 ratory diagnostic techniques.

15 “(D) The Secretary shall by regulations prescribe the
16 criteria for determining when services performed or earn-
17 ings derived from services demonstrate an individual's ability
18 to engage in substantial gainful activity. Notwithstanding
19 the provisions of subparagraph (B), an individual whose
20 services or earnings meet such criteria, except for purposes
21 of paragraph (4), shall be found not to be disabled.

22 “(4)(A) For purposes of this title, any services ren-
23 dered during a period of trial work (as defined in subpara-
24 graph (B)) by an individual who is an aged, blind, or dis-
25 abled individual solely by reason of disability (as determined

1 under paragraph ~~(2)~~ of this subsection) shall be deemed not
2 to have been rendered by such individual in determining
3 whether his disability has ceased in a month during such
4 period. As used in this paragraph, the term 'services' means
5 activity which is performed for remuneration or gain or is
6 determined by the Secretary to be of a type normally per-
7 formed for remuneration or gain.

8 ~~“(B)~~ The term 'period of trial work', with respect to an
9 individual who is an aged, blind, or disabled individual solely
10 by reason of disability ~~(as determined under paragraph (2)~~
11 ~~of this subsection)~~, means a period of months beginning and
12 ending as provided in subparagraphs ~~(C)~~ and ~~(D)~~.

13 ~~“(C)~~ A period of trial work for any individual shall
14 begin with the month in which he becomes eligible for bene-
15 fits under this title on the basis of his disability; but no such
16 period may begin for an individual who is eligible for benefits
17 under this title on the basis of a disability if he has had a
18 previous period of trial work while eligible for benefits on
19 the basis of the same disability.

20 ~~“(D)~~ A period of trial work for any individual shall
21 end with the close of whichever of the following months is
22 the earlier:

23 ~~“(i)~~ the ninth month, beginning on or after the
24 first day of such period, in which the individual renders

1 services (whether or not such nine months are con-
 2 secutive); or

3 “(ii) the month in which his disability (as deter-
 4 mined under paragraph (3) of this subsection) ceases
 5 (as determined after the application of subparagraph
 6 (A) of this paragraph).

7 “Eligible Spouse

8 “(b) For purposes of this title, the term ‘eligible spouse’
 9 means an aged, blind, or disabled individual who is the hus-
 10 band or wife of another aged, blind, or disabled individual.
 11 If two aged, blind, or disabled individuals are husband and
 12 wife as described in the preceding sentence, only one of them
 13 may be an ‘eligible individual’ within the meaning of section
 14 2011(a).

15 “Definition of Child

16 “(c) For purposes of this title, the term ‘child’ means
 17 an individual who is neither married nor (as determined
 18 by the Secretary) the head of a household, and who is (1)
 19 under the age of eighteen, or (2) under the age of twenty-
 20 two and (as determined by the Secretary) a student regu-
 21 larly attending a school, college, or university, or a course of
 22 vocational or technical training designed to prepare him for
 23 gainful employment.

24 “Determination of Marital Relationships

25 “(d) In determining whether two individuals are hus-

1 band and wife for purposes of this title, appropriate State
2 law shall be applied; except that—

3 “~~(1)~~ if a man and woman have been determined
4 to be husband and wife under section 216(h)(1) for
5 purposes of title II they shall be considered ~~(from and~~
6 ~~after the date of such determination or the date of their~~
7 ~~application for benefits under this title, whichever is~~
8 ~~later)~~ to be husband and wife for purposes of this title, or

9 “~~(2)~~ if a man and woman are found to be holding
10 themselves out to the community in which they reside as
11 husband and wife, they shall be so considered for pur-
12 poses of this title notwithstanding any other provision of
13 this section.

14 “United States

15 “~~(e)~~ For purposes of this title, the term ‘United
16 States’, when used in a geographical sense, means the States
17 and the District of Columbia, the Commonwealth of Puerto
18 Rico, the Virgin Islands, and Guam.

19 “Income and Resources of Individuals Other Than
20 Eligible Individuals and Eligible Spouses

21 “~~(f)(1)~~ For purposes of determining eligibility for
22 and the amount of benefits for any individual who is married
23 and whose spouse is living with him in the same household
24 but is not an eligible spouse, such individual’s income and
25 resources shall be deemed to include any income and re-

1 his need for and utilization of the rehabilitation services made
2 available to him under such plan.

3 ~~“(b) Every individual with respect to whom the Secre-~~
4 ~~tary is required to make provision for referral under subsec-~~
5 ~~tion (a) shall accept such rehabilitation services as are made~~
6 ~~available to him under the State plan for vocational reha-~~
7 ~~bilitation services approved under the Vocational Rehabilita-~~
8 ~~tion Act; and the Secretary is authorized to pay to the State~~
9 ~~agency administering or supervising the administration of~~
10 ~~such State plan the costs incurred in the provision of such~~
11 ~~services to individuals so referred.~~

12 ~~“(c) No individual shall be an eligible individual or~~
13 ~~eligible spouse for purposes of this title if he refuses without~~
14 ~~good cause to accept vocational rehabilitation services for~~
15 ~~which he is referred under subsection (a).~~

16 ~~“OPTIONAL STATE SUPPLEMENTATION~~

17 ~~“SEC. 2016. (a) Any cash payments which are made~~
18 ~~by a State (or political subdivision thereof) on a regular~~
19 ~~basis to individuals who are receiving benefits under this title~~
20 ~~or who would but for their income be eligible to receive bene-~~
21 ~~fits under this title, as assistance based on need in supple-~~
22 ~~mentation of such benefits (as determined by the Secretary),~~
23 ~~shall be excluded under section 2012(b)(4) in determining~~
24 ~~the income of such individuals for purposes of this title only if~~

1 ~~(1)~~ the Secretary and such State enter into an agreement
2 which satisfies subsection ~~(b)~~ and which may at the option of
3 the State provide that the Secretary will, on behalf of such
4 State ~~(or subdivision)~~, make such supplementary payments
5 to all such individuals, and ~~(2)~~ such supplementary payments
6 are made to such individuals in accordance with such
7 agreement.

8 ~~“(b)~~ Any agreement between the Secretary and a State
9 entered into under subsection ~~(a)~~ shall provide—

10 ~~“(1)~~ that in determining the eligibility of any indi-
11 vidual for supplementary payments on the basis of his
12 income, all the provisions of section 2012 ~~(b)~~ will apply,
13 except that with respect to any quarter—

14 ~~“(A)~~ if benefits are paid to such individual for
15 such quarter under this title, such benefits will not be
16 excluded from income in applying paragraph ~~(4)~~
17 of such section, and

18 ~~“(B)~~ if no benefits are paid to such individual
19 for such quarter under this title, the requirement of
20 this paragraph shall not apply with respect to such
21 individual; except that the supplementary payment
22 shall not be reduced, on account of income in excess
23 of the maximum amount which such individual could
24 have and still receive such a benefit, by an amount
25 greater than such excess,

1 and, if the agreement provides that the Secretary will, on
2 behalf of the State (or political subdivision), make the sup-
3 plementary payments to individuals receiving benefits under
4 this title, shall also provide—

5 “(2) that such payments will be made (subject to
6 subsection (e) (2)) to all individuals residing in such
7 State (or subdivision) who are receiving benefits under
8 this title, and

9 “(3) such other rules with respect to eligibility for
10 or amount of the supplementary payments, and such pro-
11 cedural or other general administrative provisions, as the
12 Secretary finds necessary (subject to subsection (e)) to
13 achieve efficient and effective administration of both the
14 program which he conducts under this title and the op-
15 tional State supplementation.

16 “(c) (1) Any State (or political subdivision), in deter-
17 mining the eligibility of any individual for supplementary
18 payments described in subsection (a), may disregard up to
19 \$7.50 of any income in addition to other amounts which it
20 is required or permitted to disregard under this section in
21 determining such eligibility, and may include a provision to
22 that effect in the State’s agreement with the Secretary under
23 subsection (a).

24 “(2) Any State (or political subdivision) making sup-
25 plementary payments described in subsection (a) may at its

1 option impose as a condition of eligibility for such payments,
 2 and include in the State's agreement with the Secretary
 3 under such subsection, a residence requirement which ex-
 4 cludes individuals who have resided in the State (or political
 5 subdivision) for less than a minimum period prior to appli-
 6 cation for such payments.

7 “(d) Any State which has entered into an agreement
 8 with the Secretary under this section which provides that
 9 the Secretary will, on behalf of the State (or political sub-
 10 division), make the supplementary payments to individuals
 11 who are receiving benefits under this title (or who would but
 12 for their income be eligible to receive such benefits), shall,
 13 subject to section 503 of the Social Security Amendments of
 14 1971, at such times and in such installments as may be agreed
 15 upon between the Secretary and such State, pay to the Sec-
 16 retary an amount equal to the expenditures made by the
 17 Secretary as such supplementary payments.

18 “PART B—PROCEDURAL AND GENERAL PROVISIONS

19 “PAYMENTS AND PROCEDURES

20 “Payment of Benefits

21 “SEC. 2031. (a) (1) Benefits under this title shall be
 22 paid at such time or times and in such installments as will
 23 best effectuate the purposes of this title, as determined under
 24 regulations (and may in any case be paid less frequently

1 than monthly where the amount of the monthly benefit would
2 not exceed \$10).

3 ~~“(2) Payments of the benefit of any individual may be~~
4 ~~made to any such individual or to his eligible spouse (if~~
5 ~~any) or partly to each, or, if the Secretary deems it appro-~~
6 ~~priate, to any other person (including an appropriate public~~
7 ~~or private agency) who is interested in or concerned with~~
8 ~~the welfare of such individual (or spouse).~~

9 ~~“(3) The Secretary may by regulation establish ranges~~
10 ~~of incomes within which a single amount of benefits under~~
11 ~~this title shall apply.~~

12 ~~“(4) The Secretary—~~

13 ~~“(A) may make, to any individual initially apply-~~
14 ~~ing for benefits under this title who is presumptively~~
15 ~~eligible for such benefits and who is faced with financial~~
16 ~~emergency, a cash advance against such benefits in an~~
17 ~~amount not exceeding \$100; and~~

18 ~~“(B) may pay benefits under this title to an in-~~
19 ~~dividual applying for such benefits on the basis of dis-~~
20 ~~ability for a period not exceeding 3 months prior to~~
21 ~~the determination of such individual's disability, if such~~
22 ~~individual is presumptively disabled and is determined~~
23 ~~to be otherwise eligible for such benefits, and any bene-~~
24 ~~fits so paid prior to such determination shall in no event~~

1 be considered overpayments for purposes of subsec-
2 tion (b).

3 ~~“(5) Payment of the benefit of any individual who is~~
4 ~~an aged, blind, or disabled individual solely by reason of~~
5 ~~blindness (as determined under section 2014(a)(2)) or dis-~~
6 ~~ability (as determined under section 2014(a)(3)), and who~~
7 ~~ceases to be blind or to be under such disability, shall con-~~
8 ~~tinue (so long as such individual is otherwise eligible)~~
9 ~~through the second month following the month in which~~
10 ~~such blindness or disability ceases.~~

11 ~~“Overpayments and Underpayments~~

12 ~~“(b) Whenever the Secretary finds that more or less~~
13 ~~than the correct amount of benefits has been paid with respect~~
14 ~~to any individual, proper adjustment or recovery shall, sub-~~
15 ~~ject to the succeeding provisions of this subsection, be made~~
16 ~~by appropriate adjustments in future payments to such in-~~
17 ~~dividual or by recovery from or payment to such individual~~
18 ~~or his eligible spouse (or by recovery from the estate of~~
19 ~~either). The Secretary shall make such provision as he finds~~
20 ~~appropriate in the case of payment of more than the cor-~~
21 ~~rect amount of benefits with respect to an individual with a~~
22 ~~view to avoiding penalizing such individual or his eligible~~
23 ~~spouse who was without fault in connection with the over-~~
24 ~~payment, if adjustment or recovery on account of such over-~~
25 ~~payment in such case would defeat the purposes of this title,~~

1 or be against equity or good conscience, or (because of the
2 small amount involved) impede efficient or effective admin-
3 istration of this title.

4 “Hearings and Review

5 “(e)(1) The Secretary shall provide reasonable notice
6 and opportunity for a hearing to any individual who is or
7 claims to be an eligible individual or eligible spouse and is in
8 disagreement with any determination under this title with
9 respect to eligibility of such individual for benefits, or the
10 amount of such individual's benefits, if such individual re-
11 quests a hearing on the matter in disagreement within thirty
12 days after notice of such determination is received.

13 “(2) Determination on the basis of such hearing, except
14 to the extent that the matter in disagreement involves the
15 existence of a disability (within the meaning of section 2014
16 (a)(3)), shall be made within ninety days after the indi-
17 vidual requests the hearing as provided in paragraph (1).

18 “(3) The final determination of the Secretary after a
19 hearing under paragraph (1) shall be subject to judicial
20 review as provided in section 205(g) to the same extent as
21 the Secretary's final determinations under section 205;
22 except that the determination of the Secretary after such
23 hearing as to any fact shall be final and conclusive and not
24 subject to review by any court.

1 ~~“Procedures; Prohibition of Assignments; Representation of~~
2 ~~Claimants~~

3 ~~“(d)(1) The provisions of section 207 and subsections~~
4 ~~(a), (d), (e), and (f) of section 205 shall apply with~~
5 ~~respect to this part to the same extent as they apply in the~~
6 ~~case of title II.~~

7 ~~“(2) To the extent the Secretary finds it will promote~~
8 ~~the achievement of the objectives of this title, qualified~~
9 ~~persons may be appointed to serve as hearing examiners in~~
10 ~~hearings under subsection (c) without meeting the specific~~
11 ~~standards prescribed for hearing examiners by or under sub-~~
12 ~~chapter II of chapter 5 of title 5, United States Code.~~

13 ~~“(3) The Secretary may prescribe rules and regulations~~
14 ~~governing the recognition of agents or other persons, other~~
15 ~~than attorneys, as hereinafter provided, representing claim-~~
16 ~~ants before the Secretary under this title, and may require~~
17 ~~of such agents or other persons, before being recognized as~~
18 ~~representatives of claimants, that they shall show that they~~
19 ~~are of good character and in good repute, possessed of the~~
20 ~~necessary qualifications to enable them to render such claim-~~
21 ~~ants valuable service, and otherwise competent to advise and~~
22 ~~assist such claimants in the presentation of their cases. An~~
23 ~~attorney in good standing who is admitted to practice be-~~
24 ~~fore the highest court of the State, Territory, District, or~~
25 ~~insular possession of his residence or before the Supreme~~

1 Court of the United States or the inferior Federal courts, shall
2 be entitled to represent claimants before the Secretary. The
3 Secretary may, after due notice and opportunity for hearing,
4 suspend or prohibit from further practice before him any such
5 person, agent, or attorney who refuses to comply with the
6 Secretary's rules and regulations or who violates any provi-
7 sion of this paragraph for which a penalty is prescribed. The
8 Secretary may, by rule and regulation, prescribe the maxi-
9 mum fees which may be charged for services performed in
10 connection with any claim before the Secretary under this
11 title, and any agreement in violation of such rules and regu-
12 lations shall be void. Any person who shall, with intent to
13 defraud, in any manner willfully and knowingly deceive,
14 mislead, or threaten any claimant or prospective claimant
15 or beneficiary under this title by word, circular, letter, or
16 advertisement, or who shall knowingly charge or collect
17 directly or indirectly any fee in excess of the maximum fee,
18 or make any agreement directly or indirectly to charge or
19 collect any fee in excess of the maximum fee, prescribed by
20 the Secretary, shall be deemed guilty of a misdemeanor and,
21 upon conviction thereof, shall for each offense be punished by
22 a fine not exceeding \$500 or by imprisonment not exceeding
23 one year, or both.

24 "Applications and Furnishing of Information

25 "(c) (1) The Secretary shall prescribe such require-

1 ments with respect to the filing of applications, the suspension
2 or termination of assistance, the furnishing of other data and
3 material, and the reporting of events and changes in circum-
4 stances, as may be necessary for the effective and efficient
5 administration of this title.

6 “(2) In case of the failure by any individual to submit
7 a report of events and changes in circumstances relevant to
8 eligibility for or amount of benefits under this title as required
9 by the Secretary under paragraph (1), or delay by any
10 individual in submitting a report as so required, the Secre-
11 tary (in addition to taking any other action he may consider
12 appropriate under paragraph (1)) shall reduce any benefits
13 which may subsequently become payable to such individual
14 under this title by—

15 “(A) \$25 in the case of the first such failure or
16 delay,

17 “(B) \$50 in the case of the second such failure
18 or delay, and

19 “(C) \$100 in the case of the third or a subsequent
20 such failure or delay,

21 except where the individual was without fault or good cause
22 for such failure or delay existed.

23 “Furnishing of Information by Other Agencies

24 “(f) The head of any Federal agency shall provide
25 such information as the Secretary needs for purposes of

1 determining eligibility for or amount of benefits, or verifying
2 other information with respect thereto.

3 "PENALTIES FOR FRAUD

4 "SEC. 2032. Whoever—

5 "~~(1)~~ knowingly and willfully makes or causes to be
6 made any false statement or representation of a material
7 fact in any application for any benefit under this title,

8 "~~(2)~~ at any time knowingly and willfully makes or
9 causes to be made any false statement or representation
10 of a material fact for use in determining rights to any
11 such benefit,

12 "~~(3)~~ having knowledge of the occurrence of any
13 event affecting ~~(A)~~ his initial or continued right to
14 any such benefit, or ~~(B)~~ the initial or continued right
15 to any such benefit of any other individual in whose
16 behalf he has applied for or is receiving such benefit,
17 conceals or fails to disclose such event with an intent
18 fraudulently to secure such benefit either in a greater
19 amount or quantity than is due or when no such benefit
20 is authorized, or

21 "~~(4)~~ having made application to receive any such
22 benefit for the use and benefit of another and having
23 received it, knowingly and willfully converts such bene-
24 fit or any part thereof to a use other than for the use
25 and benefit of such other person,

1 shall be guilty of a misdemeanor and upon conviction thereof
2 shall be fined not more than \$1,000 or imprisoned for not
3 more than one year, or both.

4 “ADMINISTRATION

5 “SEC. 2033. The Secretary may make such administra-
6 tive and other arrangements (including arrangements for the
7 determination of blindness and disability under section 2014
8 ~~(a) (2) and (3)~~ in the same manner and subject to the
9 same conditions as provided with respect to disability deter-
10 minations under section 221) as may be necessary or ap-
11 propriate to carry out his functions under this title.

12 “EVALUATION AND RESEARCH; REPORTS

13 “SEC. 2034. ~~(a) (1)~~ The Secretary shall provide for
14 the continuing evaluation of the program conducted under
15 this title, including its effectiveness in achieving its goals
16 and its impact on other related programs. The Secretary may
17 conduct research regarding, and demonstrations of, ways to
18 improve the effectiveness of the program conducted under this
19 title, and in so doing may waive any requirement or limita-
20 tion imposed by or pursuant to this title to the extent he
21 deems appropriate. The Secretary may, for these purposes,
22 contract for evaluations of and research regarding such
23 program.

24 “~~(2)~~ Of the sums authorized by section 2001 to be

1 appropriated for any fiscal year, not more than \$5,000,000
2 shall be appropriated for purposes of paragraph (1).

3 “(b) The Secretary shall, in conducting the activities
4 provided for in subsection (a)(1), utilize the data collec-
5 tion, processing, and retrieval system established for use in
6 the operation and administration of the program under this
7 title.

8 “(c) The Secretary shall make an annual report to the
9 President and the Congress on the operation and adminis-
10 tration of the program under this title, including an evalua-
11 tion thereof in carrying out the purposes of this title and
12 recommendations with respect thereto.”

13 CONFORMING AMENDMENTS RELATING TO AID TO THE
14 AGED, BLIND, OR DISABLED

15 SEC. 302. (a) The heading of title XVI of the Social
16 Security Act is amended to read as follows:

17 “TITLE XVI GRANTS TO STATES FOR SERV-
18 ICES TO THE AGED, BLIND, OR DISABLED”.

19 (b)(1) The first sentence of section 1601 of such Act
20 is amended to read as follows: “For the purpose of encourag-
21 ing each State, as far as practicable under the conditions in
22 such State, to furnish rehabilitation and other services to
23 help needy individuals who are 65 years of age or over, are
24 blind, or are disabled to attain or retain capability for self-

1 support or self care, there is hereby authorized to be appro-
 2 priated for each fiscal year a sum sufficient to carry out the
 3 purposes of this title.”

4 ~~(2)~~ The second sentence of section 1601 of such Act
 5 is amended by striking out “State plans” and all that fol-
 6 lows and inserting in lieu thereof “State plans for services
 7 to the aged, blind, or disabled.”

8 ~~(c)~~ The heading of section 1602 of such Act is amended
 9 to read as follows:

10 “STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR
 11 DISABLED”.

12 ~~(d)(1)~~ Section 1602(a) of such Act is amended—

13 ~~(A)~~ by striking out “for aid to the aged, blind, or
 14 disabled, or for aid to the aged, blind, or disabled and
 15 medical assistance for the aged” in the matter preceding
 16 paragraph ~~(1)~~ and inserting in lieu thereof “for services
 17 to the aged, blind, or disabled”;

18 ~~(B)~~ by striking out “with respect to services” in
 19 paragraph ~~(1)~~ (as amended by section 522(c) of this
 20 Act);

21 ~~(C)~~ by striking out paragraph ~~(4)~~;

22 ~~(D)(i)~~ by striking out “recipients and other per-
 23 sons” in paragraph ~~(5)(B)~~ and inserting in lieu thereof
 24 “persons”, and

25 ~~(ii)~~ by striking out “providing services to appli-

1 eants and recipients” in such paragraph and inserting in
2 lieu thereof “providing services under the plan”;

3 ~~(E)~~ by striking out “applicants and recipients” in
4 paragraph ~~(7)~~ and inserting in lieu thereof “per-
5 sons seeking or receiving services under the plan”;

6 ~~(F)~~ by striking out paragraph ~~(8)~~;

7 ~~(G)~~ by striking out “aid or assistance to or on be-
8 half of individuals” in paragraph ~~(9)~~ and inserting in
9 lieu thereof “services to individuals”;

10 ~~(H)(i)~~ by striking out “(if any)” in paragraph
11 ~~(10)~~, and

12 ~~(ii)~~ by striking out “to applicants for or recipients
13 of aid or assistance under the plan to help them attain
14 self-support or self-care” in such paragraph and insert-
15 ing in lieu thereof “under the plan”;

16 ~~(I)~~ by striking out paragraph ~~(11)~~;

17 ~~(J)~~ by striking out “aid or assistance” in para-
18 graph ~~(12)~~ and inserting in lieu thereof “services”;

19 ~~(K)~~ by striking out paragraphs ~~(14)~~ and ~~(15)~~;

20 ~~(L)(i)~~ by striking out “aid or assistance to or on
21 behalf of” in the matter preceding subparagraph ~~(A)~~ of
22 paragraph ~~(16)~~ and inserting in lieu thereof “services
23 to”;

24 ~~(ii)~~ by adding “and” after the semicolon at the
25 end of subparagraph ~~(B)~~ of such paragraph;

1 ~~(iii)~~ by striking out "recipient 65 years of age
2 or older" in subparagraph (C) of such paragraph and
3 inserting in lieu thereof "persons receiving services
4 under the State plan who are 65 years of age or older
5 and",

6 ~~(iv)~~ by striking out "; including appropriate medi-
7 cal treatment and other aid or assistance" in such sub-
8 paragraph (C),

9 ~~(v)~~ by striking out "section 1603(a)(4)(A) (i)
10 and (ii)" in such subparagraph (C) and inserting in
11 lieu thereof "section 1603(a)(1)(A) (i) and (ii)",

12 ~~(vi)~~ by striking out "such recipient" each place it
13 appears in such subparagraph (C) and inserting in lieu
14 thereof "such persons receiving services",

15 ~~(vii)~~ by striking out "and" at the end of such sub-
16 paragraph (C), and

17 ~~(viii)~~ by striking out subparagraph (D) of such
18 paragraph;

19 ~~(M)(i)~~ by striking out "aid or assistance to or
20 on behalf of" in paragraph (17) and inserting in lieu
21 thereof "services to", and

22 ~~(ii)~~ by striking out the period at the end of such
23 paragraph and inserting in lieu thereof "; and";

24 ~~(N)~~ by inserting after paragraph (17) the follow-
25 ing new paragraph:

1 ~~“(18) provide that, to the extent services under~~
 2 ~~the plan are furnished by the staff of the State or local~~
 3 ~~agency administering the plan in any political subdivi-~~
 4 ~~sion of the State, such staff will be located in organiza-~~
 5 ~~tional units (up to such organizational levels as the Sec-~~
 6 ~~retary may prescribe) which are separate and distinct~~
 7 ~~from the units within such agencies responsible for deter-~~
 8 ~~mining eligibility for any form of cash assistance paid~~
 9 ~~on a regularly recurring basis or for performing any~~
 10 ~~functions directly related thereto, subject to any excep-~~
 11 ~~tions which, in accordance with standards prescribed in~~
 12 ~~regulations, the Secretary may permit when he deems~~
 13 ~~it necessary in order to ensure the effective administration~~
 14 ~~of the plan.”; and~~

15 ~~(0) by striking out “the State plan for aid to the~~
 16 ~~aged, blind, or disabled (or for aid to the aged, blind,~~
 17 ~~or disabled and medical assistance for the aged)” in the~~
 18 ~~last sentence and inserting in lieu thereof “the State~~
 19 ~~plan for services to the aged, blind, or disabled”.~~

20 ~~(2) Paragraphs (5), (6), (7), (9), (10), (12), (13),~~
 21 ~~(16), (17), and (18) of section 1602(a) of such Act, as~~
 22 ~~amended by paragraph (1) of this subsection, are redesign-~~
 23 ~~ated as paragraphs (4) through (13), respectively.~~

24 ~~(c) Section 1602(b) of such Act is amended—~~

25 ~~(1) by striking out “aid or assistance” in the mat-~~

1 ter preceding paragraph ~~(1)~~ and inserting in lieu
2 thereof "services";

3 ~~(2)~~ by striking out paragraph ~~(2)~~ and inserting
4 in lieu thereof the following:

5 "~~(2)~~ any residence requirement which excludes
6 any individual who resides in the State; or"; and

7 ~~(3)~~ by striking out the last sentence.

8 ~~(f)~~ Section 1602(c) of such Act is repealed.

9 ~~(g)~~ Section 1603(a) of such Act is amended—

10 ~~(1)~~ by striking out paragraphs ~~(1)~~, ~~(2)~~, and ~~(3)~~;

11 ~~(2)~~ by redesignating paragraph ~~(4)~~ as paragraph
12 ~~(1)~~, and—

13 ~~(A)~~ by striking out "applicants for or re-
14 cipients of aid or assistance" in clause (i) of
15 subparagraph ~~(A)~~ of such paragraph and inserting
16 in lieu thereof "individuals (including applicants
17 for and recipients of assistance under title XX)",

18 ~~(B)~~ by striking out "applicants or recipients"
19 in clause (ii) of subparagraph ~~(A)~~ of such para-
20 graph and inserting in lieu thereof "individuals",

21 ~~(C)~~ by striking out "aid or assistance under
22 the plan" in clause (iii) of subparagraph ~~(A)~~ of
23 such paragraph and inserting in lieu thereof "assist-
24 ance under title XX",

25 ~~(D)~~ by striking out "to applicants for or re-

1 recipients of aid or assistance under the plan" in
2 subparagraph (B) of such paragraph and inserting
3 in lieu thereof "to individuals under the plan"; and

4 (E) by striking out "such aid or assistance"
5 in subparagraph (B) of such paragraph and insert-
6 ing in lieu thereof "assistance under title XX".

7 (3) by redesignating paragraph (5) as paragraph
8 (2); and by striking out "paragraph (4)" in such para-
9 graph and inserting in lieu thereof "paragraph (1)".

10 (h) Section 1603 (b) of such Act is amended—

11 (1) by striking out paragraph (3); and

12 (2) by redesignating paragraph (4) as paragraph
13 (3).

14 (i) Section 1603 (c) of such Act is amended—

15 (1) by striking out "paragraph (4) of subsection
16 (a)" each place it appears and inserting in lieu thereof
17 "paragraph (1) of subsection (a)";

18 (2) by striking out "applicants for or recipients
19 of aid to the aged, blind, or disabled" and inserting in
20 lieu thereof "individuals"; and

21 (3) by striking out "paragraph (5) of such sub-
22 section" and inserting in lieu thereof "paragraph (2) of
23 such subsection".

24 (j) Section 1604 (1) of such Act is amended by striking
25 out "has been so changed that it".

1 ~~(b)~~ Effective July 1, 1972, such section 1007 ~~(as~~
2 amended by subsection ~~(a)~~ of this section) is amended—

3 ~~(1)~~ by striking out “the requirements imposed by
4 law as a condition of approval of a State plan to pro-
5 vide aid to individuals under title I, X, XIV, or XVI
6 of the Social Security Act” and inserting in lieu thereof
7 “the requirements which a State must meet in order to
8 have supplementary payments made pursuant to an
9 agreement under section 2016 of the Social Security
10 Act excluded from income for purposes of title XX of
11 such Act”;

12 ~~(2)~~ by striking out “(and the plan shall be deemed
13 to require)”;

14 ~~(3)~~ by striking out “for aid for any month after
15 March 1970 and before July 1972” and inserting in
16 lieu thereof “for such a supplementary payment for any
17 month”;

18 ~~(4)~~ by striking out “the aid received by him” in
19 paragraphs ~~(1)~~ and ~~(2)~~ and inserting in lieu thereof
20 “the supplementary payment”;

21 ~~(5)~~ by striking out “the State plan” in paragraph
22 ~~(1)~~ and inserting in lieu thereof “the State plan ap-
23 proved under title I, X, XIV, or XVI of the Social
24 Security Act”.

25 ~~(6)~~ by adding at the end thereof ~~(after and below~~
26 paragraph ~~(2)~~) the following new sentence:

1 “Notwithstanding the preceding provisions of this section,
 2 State supplementary payments under an agreement under
 3 section 2016 of the Social Security Act which do not other-
 4 wise meet the specific requirements of such provisions shall
 5 nevertheless be deemed to meet such requirements for
 6 any month if in computing the supplementary payment
 7 of any individual receiving monthly insurance benefits
 8 under title II of such Act, or an annuity or pension under
 9 the Railroad Retirement Act of 1937, not less than \$1 of
 10 such benefit, annuity, or pension is disregarded or excluded
 11 from income in addition to any amount which would other-
 12 wise be so disregarded or excluded.”

13 ADVANCES FROM OASI TRUST FUND FOR

14 ADMINISTRATIVE EXPENSES

15 SEC. 305. (a) Section 201(g)(1)(A) of the Social
 16 Service Act is amended—

17 (1) by striking out “this title and title XVIII”
 18 wherever it appears and inserting in lieu thereof “this
 19 title, title XVIII, and title XX”;

20 (2) by striking out “costs which should be borne
 21 by each of the Trust Funds” and inserting in lieu thereof
 22 “costs which should be borne by each of the Trust Funds
 23 and (with respect to title XX) by the general revenues
 24 of the United States”; and

25 (3) by striking out “in order to assure that each

1 of the Trust Funds bears” and inserting in lieu thereof
 2 “in order to assure that (after appropriations made pur-
 3 suant to section 2001, and repayment to the Trust Funds
 4 from amounts so appropriated) each of the Trust Funds
 5 and the general revenues of the United States bears”.

6 ~~(b) (1)~~ Sums appropriated pursuant to section 2001
 7 of the Social Security Act shall be utilized from time to time,
 8 in amounts certified under the second sentence of section 201
 9 ~~(g) (1) (A)~~ of such Act, to repay the Trust Funds for ex-
 10 penditures made from such Funds in any fiscal year under
 11 section 201 ~~(g) (1) (A)~~ of such Act (as amended by sub-
 12 section ~~(a)~~ of this section) on account of the costs of ad-
 13 ministration of title ~~XX~~ of such Act (as added by section 301
 14 of this Act).

15 ~~(2)~~ If the Trust Funds have not theretofore been repaid
 16 for expenditures made in any fiscal year (as described in
 17 paragraph ~~(1)~~) to the extent necessary on account of—

18 ~~(A)~~ expenditures made from such Funds prior to
 19 the end of such fiscal year to the extent that the amount
 20 of such expenditures exceeded the amount of the ex-
 21 penditures which would have been made from such
 22 Funds if subsection ~~(a)~~ had not been enacted,

23 ~~(B)~~ the additional administrative expenses, if any,
 24 resulting from the excess expenditures described in sub-
 25 paragraph ~~(A)~~, and

1 there are authorized to be appropriated sums sufficient to
2 carry out this title.

3 "BASIC ELIGIBILITY FOR BENEFITS

4 "SEC. 1602. Every aged, blind, or disabled individual
5 who is determined under part A to be eligible on the basis
6 of his income and resources shall, in accordance with and
7 subject to the provisions of this title, be paid benefits by the
8 Secretary of Health, Education, and Welfare.

9 "PART A—DETERMINATION OF BENEFITS

10 "ELIGIBILITY FOR AND AMOUNT OF BENEFITS

11 "Definition of Eligible Individual

12 "SEC. 1611. (a) (1) Each aged, blind, or disabled in-
13 dividual who does not have an eligible spouse and—

14 "(A) whose income, other than income excluded
15 pursuant to section 1612(b), is at a rate of not more
16 than \$1,560 for the calendar year 1974 or any calen-
17 dar year thereafter, and

18 "(B) whose resources, other than resources ex-
19 cluded pursuant to section 1613(a), are not more than
20 \$2,500,

21 shall be an eligible individual for purposes of this title.

22 "(2) Each aged, blind, or disabled individual who has
23 an eligible spouse and—

24 "(A) whose income (together with the income of
25 such spouse), other than income excluded pursuant to

1 *section 1612(b), is at a rate of not more than \$2,340*
2 *for the calendar year 1974, or any calendar year there-*
3 *after, and*

4 *“(B) whose resources (together with the resources*
5 *of such spouse), other than resources excluded pursuant*
6 *to section 1613(a), are not more than \$2,500,*
7 *shall be an eligible individual for purposes of this title.*

8 *“Amounts of Benefits*

9 *“(b) (1) The benefit under this title for an individual*
10 *who does not have an eligible spouse shall be payable at the*
11 *rate of \$1,560 for the calendar year 1974 and any calendar*
12 *year thereafter, reduced by the amount of income, not ex-*
13 *cluded pursuant to section 1612(b), of such individual.*

14 *“(2) The benefit under this title for an individual who*
15 *has an eligible spouse shall be payable at the rate of \$2,340*
16 *for the calendar year 1974 and any calendar year thereafter,*
17 *reduced by the amount of income, not excluded pursuant to*
18 *section 1612(b), of such individual and spouse.*

19 *“Period for Determination of Benefits*

20 *“(c) (1) An individual's eligibility for benefits under*
21 *this title and the amount of such benefits shall be determined*
22 *for each quarter of a calendar year except that, if the initial*
23 *application for benefits is filed in the second or third month*
24 *of a calendar quarter, such determinations shall be made for*
25 *each month in such quarter. Eligibility for and the amount*

1 of such benefits for any quarter shall be redetermined at
2 such time or times as may be provided by the Secretary.

3 “(2) For purposes of this subsection an application shall
4 be considered to be effective as of the first day of the month
5 in which it was actually filed.

6 “Special Limits on Gross Income

7 “(d) The Secretary may prescribe the circumstances
8 under which, consistently with the purposes of this title,
9 the gross income from a trade or business (including farm-
10 ing) will be considered sufficiently large to make an indi-
11 vidual ineligible for benefits under this title. For purposes
12 of this subsection, the term ‘gross income’ has the same
13 meaning as when used in chapter 1 of the Internal Revenue
14 Code of 1954.

15 “Limitation on Eligibility of Certain Individuals

16 “(e) (1) (A) Except as provided in subparagraph (B),
17 no person shall be an eligible individual or eligible spouse for
18 purposes of this title with respect to any month if throughout
19 such month he is an inmate of a public institution.

20 “(B) In any case where an eligible individual or his
21 eligible spouse (if any) is, throughout any month, in a hos-
22 pital, extended care facility, nursing home, or intermediate
23 care facility receiving payments (with respect to such indi-
24 vidual or spouse) under a State plan approved under title

1 XIX, the benefit under this title for such individual for such
2 month shall be payable—

3 “(i) at a rate not in excess of \$300 per year (re-
4 duced by the amount of any income not excluded pur-
5 suant to section 1612(b)) in the case of an individual
6 who does not have an eligible spouse;

7 “(ii) at a rate not in excess of the sum of the applica-
8 ble rate specified in subsection (b)(1) and the rate of
9 \$300 per year (reduced by the amount of any income
10 not excluded pursuant to section 1612(b)) in the case
11 of an individual who has an eligible spouse, if only one
12 of them is in such a hospital, home, or facility through-
13 out such month; and

14 “(iii) at a rate not in excess of \$600 per year (re-
15 duced by the amount of any income not excluded pursu-
16 ant to section 1612(b)) in the case of an individual who
17 has an eligible spouse, if both of them are in such a hos-
18 pital, home, or facility throughout such month.

19 “(2) No person shall be an eligible individual or eligible
20 spouse for purposes of this title if, after notice to such per-
21 son by the Secretary that it is likely that such person is
22 eligible for any payments of the type enumerated in section
23 1612(a)(2)(B), such person fails within 30 days to take
24 all appropriate steps to apply for and (if eligible) obtain any
25 such payments.

1 individual is outside the United States (and no person shall
2 be considered the eligible spouse of an individual for pur-
3 poses of this title with respect to any month during all of
4 which such person is outside the United States). For pur-
5 poses of the preceding sentence, after an individual has been
6 outside the United States for any period of 30 consecutive
7 days, he shall be treated as remaining outside the United
8 States until he has been in the United States for a period of
9 30 consecutive days.

10 *“Certain Individuals Deemed To Meet Resources Test*

11 *“(g) In the case of any individual or any individual and*
12 *his spouse (as the case may be) who for the month of De-*
13 *cember 1973 was a recipient of aid or assistance under a*
14 *State plan approved under title I, X, XIV, or XVI, the re-*
15 *sources of such individual or such individual and his spouse*
16 *shall be deemed not to exceed the amount specified in sec-*
17 *tions 1611(a)(1)(B) and 1611(a)(2)(B) during any*
18 *period that the resources of such individual or individual and*
19 *his spouse (as the case may be) does not exceed the maxi-*
20 *mum amount of resources, as specified in the State plan*
21 *(above referred to, and as in effect in October 1972) under*
22 *which he or they were entitled to aid or assistance for the*
23 *month of December 1972.*

1 *support and maintenance in the unearned income of*
2 *such individual (and spouse) as otherwise required*
3 *by this subparagraph;*

4 “(B) *any payments received as an annuity,*
5 *pension, retirement, or disability benefit, including*
6 *veterans’ compensation and pensions, workmen’s*
7 *compensation payments, old-age, survivors, and dis-*
8 *ability insurance benefits, railroad retirement annui-*
9 *ties and pensions, and unemployment insurance*
10 *benefits;*

11 “(C) *prizes and awards;*

12 “(D) *the proceeds of any life insurance policy*
13 *to the extent that they exceed the amount ex-*
14 *pended by the beneficiary for purposes of the in-*
15 *sured individual’s last illness and burial or \$1,500,*
16 *whichever is less;*

17 “(E) *gifts (cash or otherwise), support and*
18 *alimony payments, and inheritances; and*

19 “(F) *rents, dividends, interest, and royalties.*

20 “*Exclusions From Income*

21 “(b) *In determining the income of an individual (and*
22 *his eligible spouse) there shall be excluded—*

23 “(1) *subject to limitations (as to amount or other-*
24 *wise) prescribed by the Secretary, if such individual*
25 *is a child who is, as determined by the Secretary, a stu-*

1 *dent regularly attending a school, college, or university,*
2 *or a course of vocational or technical training designed*
3 *to prepare him for gainful employment, the earned in-*
4 *come of such individual;*

5 *“(2) the first \$600 per year (or proportionately*
6 *smaller amounts for shorter periods) of income (whether*
7 *earned or unearned) other than income which is paid on*
8 *the basis of the need of the eligible individual;*

9 *“(3) (A) the total unearned income of such individ-*
10 *ual (and such spouse, if any) in a calendar quarter which,*
11 *as determined in accordance with criteria prescribed by*
12 *the Secretary, is received too infrequently or irregularly*
13 *to be included, if such income so received does not exceed*
14 *\$60 in such quarter, and (B) the total earned income*
15 *of such individual (and such spouse, if any) in a cal-*
16 *endar quarter which, as determined in accordance with*
17 *such criteria, is received too infrequently or irregularly*
18 *to be included, if such income so received does not exceed*
19 *\$30 in such quarter;*

20 *“(4) (A) if such individual (or such spouse) is*
21 *blind (and has not attained age 65, or received benefits*
22 *under this title (or aid under a State plan approved*
23 *under section 1002 or 1602) for the month before the*
24 *month in which he attained age 65), (i) the first \$1,020*
25 *per year (or proportionately smaller amounts for shorter*

1 *periods) of earned income not excluded by the preceding*
2 *paragraphs of this subsection, plus one-half of the re-*
3 *mainder thereof, (ii) an amount equal to any expenses*
4 *reasonably attributable to the earning of any income,*
5 *and (iii) such additional amounts of other income, where*
6 *such individual has a plan for achieving self-support*
7 *approved by the Secretary, as may be necessary for the*
8 *fulfillment of such plan,*

9 *“(B) if such individual (or such spouse) is dis-*
10 *abled but not blind (and has not attained age 65, or*
11 *received benefits under this title (or aid under a State*
12 *plan approved under section 1402 or 1602) for the*
13 *month before the month in which he attained age 65),*
14 *(i) the first \$1,020 per year (or proportionately smaller*
15 *amounts for shorter periods) of earned income not ex-*
16 *cluded by the preceding paragraphs of this subsection,*
17 *plus one-half of the remainder thereof, and (ii) such*
18 *additional amounts of other income, where such individ-*
19 *ual has a plan for achieving self-support approved by the*
20 *Secretary, as may be necessary for the fulfillment of such*
21 *plan, or*

22 *“(C) if such individual (or such spouse) has at-*
23 *tained age 65 and is not included under subparagraph*
24 *(A) or (B), the first \$1,020 per year (or proportion-*
25 *ately smaller amounts for shorter periods) of earned*

1 *income not excluded by the preceding paragraphs of this*
2 *subsection, plus one-half of the remainder thereof;*

3 *“(5) any amount received from any public agency*
4 *as a return or refund of taxes paid on real property or*
5 *on food purchased by such individual (or such spouse);*

6 *“(6) assistance described in section 1616(a) which*
7 *is based on need and furnished by any State or political*
8 *subdivision of a State;*

9 *“(7) any portion of any grant, scholarship, or fel-*
10 *lowship received for use in paying the cost of tuition and*
11 *fees at any educational (including technical or vocational*
12 *education) institution;*

13 *“(8) home produce of such individual (or spouse)*
14 *utilized by the household for its own consumption;*

15 *“(9) if such individual is a child one-third of any*
16 *payment for his support received from an absent parent;*
17 *and*

18 *“(10) any amounts received for the foster care of*
19 *a child who is not an eligible individual but who is*
20 *living in the same home as such individual and was*
21 *placed in such home by a public or nonprofit private*
22 *child-placement or child-care agency.*

23 *“RESOURCES*

24 *“Exclusions From Resources*

25 *“SEC. 1613. (a) In determining the resources of an*

1 individual (and his eligible spouse, if any) there shall be
2 excluded—

3 “(1) the home (including the land that appertains
4 thereto), to the extent that its value does not exceed such
5 amount as the Secretary determines to be reasonable;

6 “(2) household goods, personal effects, and an
7 automobile, to the extent that their total value does not
8 exceed such amount as the Secretary determines to be
9 reasonable;

10 “(3) other property which, as determined in ac-
11 cordance with and subject to limitations prescribed by
12 the Secretary, is so essential to the means of self-support
13 of such individual (and such spouse) as to warrant its
14 exclusion;

15 “(4) such resources of an individual who is blind
16 or disabled and who has a plan for achieving self-sup-
17 port approved by the Secretary, as may be necessary
18 for the fulfillment of such plan; and

19 “(5) in the case of Natives of Alaska, shares of
20 stock held in a Regional or a Village Corporation, dur-
21 ing the period of twenty years in which such stock is
22 inalienable, as provided in section 7(h) and section 8
23 (c) of the Alaska Native Claims Settlement Act.

24 In determining the resources of an individual (or eligible
25 spouse) an insurance policy shall be taken into account only

1 to the extent of its cash surrender value; except that if the
 2 total face value of all life insurance policies on any person
 3 is \$1,500 or less, no part of the value of any such policy
 4 shall be taken into account.

5 *“Disposition of Resources*

6 *“(b) The Secretary shall prescribe the period or pe-*
 7 *riods of time within which, and the manner in which,*
 8 *various kinds of property must be disposed of in order not*
 9 *to be included in determining an individual’s eligibility for*
 10 *benefits. Any portion of the individual’s benefits paid for*
 11 *any such period shall be conditioned upon such disposal;*
 12 *and any benefits so paid shall (at the time of the disposal) be*
 13 *considered overpayments to the extent they would not have*
 14 *been paid had the disposal occurred at the beginning of the*
 15 *period for which such benefits were paid.*

16 *“MEANING OF TERMS*

17 *“Aged, Blind, or Disabled Individual*

18 *“SEC. 1614. (a)(1) For purposes of this title, the*
 19 *term ‘aged, blind, or disabled individual’ means an indi-*
 20 *vidual who—*

21 *“(A) is 65 years of age or older, is blind (as deter-*
 22 *mined under paragraph (2)), or is disabled (as deter-*
 23 *mined under paragraph (3)), and*

24 *“(B) is a resident of the United States, and is either*
 25 *(i) a citizen or (ii) an alien lawfully admitted for*

1 *permanent residence or otherwise permanently residing*
2 *in the United States under color of law.*

3 “(2) *An individual shall be considered to be blind for*
4 *purposes of this title if he has central visual acuity of*
5 *20/200 or less in the better eye with the use of a correcting*
6 *lens. An eye which is accompanied by a limitation in the*
7 *fields of vision such that the widest diameter of the visual*
8 *field subtends an angle no greater than 20 degrees shall be*
9 *considered for purposes of the first sentence of this subsection*
10 *as having a central visual acuity of 20/200 or less. An in-*
11 *dividual shall also be considered to be blind for purposes of*
12 *this title if he is blind as defined under a State plan approved*
13 *under title X or XVI as in effect for October 1972 and re-*
14 *ceived aid under such plan (on the basis of blindness) for*
15 *December 1973, so long as he is continuously blind as so*
16 *defined.*

17 “(3)(A) *An individual shall be considered to be dis-*
18 *abled for purposes of this title if he is 18 years of age or*
19 *older and unable to engage in any substantial gainful activity*
20 *by reason of any medically determinable physical or mental*
21 *impairment which can be expected to result in death or which*
22 *has lasted or can be expected to last for a continuous period*
23 *of not less than twelve months. An individual shall also be*
24 *considered to be disabled for purposes of this title if he is*
25 *permanently and totally disabled as defined under a State*

1 plan approved under title XIV or XVI as in effect for
2 October 1972 and received aid under such plan (on the
3 basis of disability) for December 1973, so long as he is
4 continuously disabled as so defined.

5 “(B) For purposes of subparagraph (A), an individ-
6 ual shall be determined to be under a disability only if his
7 physical or mental impairment or impairments are of such
8 severity that he is not only unable to do his previous work
9 but cannot, considering his age, education, and work expe-
10 rience, engage in any other kind of substantial gainful work
11 which exists in the national economy, regardless of whether
12 such work exists in the immediate area in which he lives, or
13 whether a specific job vacancy exists for him, or whether he
14 would be hired if he applied for work. For purposes of the
15 preceding sentence (with respect to any individual), ‘work
16 which exists in the national economy’ means work which
17 exists in significant numbers either in the region where such
18 individual lives or in several regions of the country.

19 “(C) For purposes of this paragraph, a physical or
20 mental impairment is an impairment that results from ana-
21 tomical, physiological, or psychological abnormalities which
22 are demonstrable by medically acceptable clinical and labo-
23 ratory diagnostic techniques.

24 “(D) The Secretary shall by regulations prescribe the
25 criteria for determining when services performed or earn-

1 *ings derived from services demonstrate an individual's ability*
2 *to engage in substantial gainful activity. Notwithstanding*
3 *the provisions of subparagraph (B), an individual whose*
4 *services or earnings meet such criteria, except for purposes*
5 *of paragraph (4), shall be found not to be disabled.*

6 “(4)(A) *For purposes of this title, any services ren-*
7 *dered during a period of trial work (as defined in subpara-*
8 *graph (B)) by an individual who is an aged, blind, or dis-*
9 *abled individual solely by reason of disability (as determined*
10 *under paragraph (3) of this subsection) shall be deemed not*
11 *to have been rendered by such individual in determining*
12 *whether his disability has ceased in a month during such*
13 *period. As used in this paragraph, the term ‘services’ means*
14 *activity which is performed for remuneration or gain or is*
15 *determined by the Secretary to be of a type normally*
16 *performed for remuneration or gain.*

17 “(B) *The term ‘period of trial work’, with respect to*
18 *an individual who is an aged, blind, or disabled individual*
19 *solely by reason of disability (as determined under para-*
20 *graph (3) of this subsection), means a period of months*
21 *beginning and ending as provided in subparagraphs (C)*
22 *and (D).*

23 “(C) *A period of trial work for any individual shall*
24 *begin with the month in which he becomes eligible for benefits*

1 *under this title on the basis of his disability; but no such*
2 *period may begin for an individual who is eligible for benefits*
3 *under this title on the basis of a disability if he has had a*
4 *previous period of trial work while eligible for benefits on*
5 *the basis of the same disability.*

6 “(D) *A period of trial work for any individual shall*
7 *end with the close of whichever of the following months is the*
8 *earlier:*

9 “(i) *the ninth month, beginning on or after the*
10 *first day of such period, in which the individual renders*
11 *services (whether or not such nine months are consecu-*
12 *tive); or*

13 “(ii) *the month in which his disability (as deter-*
14 *mined under paragraph (3) of this subsection) ceases*
15 *(as determined after the application of subparagraph*
16 *(A) of this paragraph).*

17 “*Eligible Spouse*

18 “(b) *For purposes of this title, the term ‘eligible spouse’*
19 *means an aged, blind, or disabled individual who is the hus-*
20 *band or wife of another aged, blind, or disabled individual*
21 *and who has not been living apart from such other aged,*
22 *blind, or disabled individual for more than six months.*
23 *If two aged, blind, or disabled individuals are husband and*
24 *wife as described in the preceding sentence, only one of them*

1 *may be an 'eligible individual' within the meaning of section*
2 *1611(a).*

3 *"Definition of Child*

4 *"(c) For purposes of this title, the term 'child' means*
5 *an individual who is neither married nor (as determined*
6 *by the Secretary) the head of a household, and who is (1)*
7 *under the age of eighteen, or (2) under the age of twenty-*
8 *one and (as determined by the Secretary) a student regu-*
9 *larly attending a school, college, or university, or a course of*
10 *vocational or technical training designed to prepare him for*
11 *gainful employment.*

12 *"Determination of Marital Relationships*

13 *"(d) In determining whether two individuals are hus-*
14 *band and wife for purposes of this title, appropriate State*
15 *law shall be applied; except that—*

16 *"(1) if a man and woman have been determined*
17 *to be husband and wife under section 216(h)(1) for*
18 *purposes of title II they shall be considered (from and*
19 *after the date of such determination or the date of their*
20 *application for benefits under this title, whichever is*
21 *later) to be husband and wife for purposes of this title, or*

22 *"(2) if a man and woman are found to be holding*
23 *themselves out to the community in which they reside as*
24 *husband and wife, they shall be so considered for pur-*

1 poses of this title notwithstanding any other provision of
2 this section.

3 *“United States*

4 *“(e) For purposes of this title, the term ‘United States’,*
5 *when used in a geographical sense, means the 50 States and*
6 *the District of Columbia.*

7 *“Income and Resources of Individuals Other Than*
8 *Eligible Individuals and Eligible Spouses*

9 *“(f)(1) For purposes of determining eligibility for*
10 *and the amount of benefits for any individual who is married*
11 *and whose spouse is living with him in the same household*
12 *but is not an eligible spouse, such individual’s income and*
13 *resources shall be deemed to include any income and re-*
14 *sources of such spouse, whether or not available to such*
15 *individual, except to the extent determined by the Secretary*
16 *to be inequitable under the circumstances.*

17 *“(2) For purposes of determining eligibility for and the*
18 *amount of benefits for any individual who is a child under*
19 *age 21, such individual’s income and resources shall be*
20 *deemed to include any income and resources of a parent of*
21 *such individual (or the spouse of such a parent) who is liv-*
22 *ing in the same household as such individual, whether or not*
23 *available to such individual, except to the extent determined*
24 *by the Secretary to be inequitable under the circumstances.*

1 *“REHABILITATION SERVICES FOR BLIND AND DISABLED*
2 *INDIVIDUALS*

3 *“SEC. 1615. (a) In the case of any blind or disabled*
4 *individual who—*

5 *“(1) has not attained age 65, and*

6 *“(2) is receiving benefits (or with respect to whom*
7 *benefits are paid) under this title,*

8 *the Secretary shall make provision for referral of such in-*
9 *dividual to the appropriate State agency administering the*
10 *State plan for vocational rehabilitation services approved*
11 *under the Vocational Rehabilitation Act, and (except in*
12 *such cases as he may determine) for a review not less often*
13 *than quarterly of such individual's blindness or disability and*
14 *his need for and utilization of the rehabilitation services made*
15 *available to him under such plan.*

16 *“(b) Every individual with respect to whom the Secre-*
17 *tary is required to make provision for referral under subsec-*
18 *tion (a) shall accept such rehabilitation services as are made*
19 *available to him under the State plan for vocational reha-*
20 *bilitation services approved under the Vocational Rehabilita-*
21 *tion Act; and the Secretary is authorized to pay to the State*
22 *agency administering or supervising the administration of*
23 *such State plan the costs incurred in the provision of such*
24 *services to individuals so referred.*

1 “(c) No individual shall be an eligible individual or
2 eligible spouse for purposes of this title if he refuses without
3 good cause to accept vocational rehabilitation services for
4 which he is referred under subsection (a).

5 “OPTIONAL STATE SUPPLEMENTATION

6 “SEC. 1616. (a) Any cash payments which are made
7 by a State (or political subdivision thereof) on a regular
8 basis to individuals who are receiving benefits under this title
9 or who would but for their income be eligible to receive bene-
10 fits under this title, as assistance based on need in supple-
11 mentation of such benefits (as determined by the Secretary),
12 shall be excluded under section 1612(b)(6) in determining
13 the income of such individuals for purposes of this title and
14 the Secretary and such State may enter into an agreement
15 which satisfies subsection (b) under which the Secretary will,
16 on behalf of such State (or subdivision), make such supple-
17 mentary payments to all such individuals,

18 “(b) Any agreement between the Secretary and a State
19 entered into under subsection (a) shall provide—

20 “(1) that such payments will be made (subject to
21 subsection (c)) to all individuals residing in such State
22 (or subdivision) who are receiving benefits under this
23 title, and

24 “(2) such other rules with respect to eligibility for

1 *or amount of the supplementary payments, and such*
2 *procedural or other general administrative provisions,*
3 *as the Secretary finds necessary (subject to subsection*
4 *(c)) to achieve efficient and effective administration of*
5 *both the program which he conducts under this title and*
6 *the optional State supplementation.*

7 *“(c) Any State (or political subdivision) making*
8 *supplementary payments described in subsection (a) may at*
9 *its option impose as a condition of eligibility for such pay-*
10 *ments, and include in the State’s agreement with the Secretary*
11 *under such subsection, a residence requirement which ex-*
12 *cludes individuals who have resided in the State (or political*
13 *subdivision) for less than a minimum period prior to appli-*
14 *cation for such payments.*

15 *“(d) Any State which has entered into an agreement*
16 *with the Secretary under this section which provides that*
17 *the Secretary will, on behalf of the State (or political sub-*
18 *division), make the supplementary payments to individuals*
19 *who are receiving benefits under this title (or who would but*
20 *for their income be eligible to receive such benefits), shall,*
21 *at such times and in such installments as may be agreed*
22 *upon between the Secretary and such State, pay to the Sec-*
23 *retary an amount equal to the expenditures made by the*
24 *Secretary as such supplementary payments.*

1 *"PART B--PROCEDURAL AND GENERAL PROVISIONS*2 *"PAYMENTS AND PROCEDURES.*3 *"Payment of Benefits*

4 *"SEC. 1631. (a)(1) Benefits under this title shall be*
5 *paid at such time or times and in such installments as will*
6 *best effectuate the purposes of this title, as determined under*
7 *regulations (and may in any case be paid less frequently*
8 *than monthly where the amount of the monthly benefit would*
9 *not exceed \$10).*

10 *"(2) Payments of the benefit of any individual may be*
11 *made to any such individual or to his eligible spouse (if*
12 *any) or partly to each, or, if the Secretary deems it appro-*
13 *priate to any other person (including an appropriate public*
14 *or private agency) who is interested in or concerned with*
15 *the welfare of such individual (or spouse).*

16 *"(3) The Secretary may by regulation establish ranges*
17 *of incomes within which a single amount of benefits under*
18 *this title shall apply.*

19 *"(4) The Secretary—*

20 *"(A) may make to any individual initially apply-*
21 *ing for benefits under this title who is presumptively*
22 *eligible for such benefits and who is faced with financial*
23 *emergency a cash advance against such benefits in an*
24 *amount not exceeding \$100; and*

1 “(B) may pay benefits under this title to an in-
2 dividual applying for such benefits on the basis of dis-
3 ability for a period not exceeding 3 months prior to
4 the determination of such individual's disability, if such
5 individual is presumptively disabled and is determined
6 to be otherwise eligible for such benefits, and any benefits
7 so paid prior to such determination shall in no event
8 be considered overpayments for purposes of subsec-
9 tion (b).

10 “(5) Payment of the benefit of any individual who is
11 an aged, blind, or disabled individual solely by reason of
12 blindness (as determined under section 1614(a)(2)) or dis-
13 ability (as determined under section 1614(a)(3)), and who
14 ceases to be blind or to be under such disability, shall continue
15 (so long as such individual is otherwise eligible) through the
16 second month following the month in which such blindness
17 or disability ceases.

18 *“Overpayments and Underpayments*

19 “(b) Whenever the Secretary finds that more or less
20 than the correct amount of benefits has been paid with respect
21 to any individual, proper adjustment or recovery shall, sub-
22 ject to the succeeding provisions of this subsection, be made by
23 appropriate adjustments in future payments to such individ-
24 ual or by recovery from or payment to such individual or his
25 eligible spouse (or by recovery from the estate of either). The

1 *Secretary shall make such provision as he finds appropriate*
2 *in the case of payment of more than the correct amount of*
3 *benefits with respect to an individual with a view to avoiding*
4 *penalizing such individual or his eligible spouse who was*
5 *without fault in connection with the overpayment, if adjust-*
6 *ment or recovery on account of such overpayment in such case*
7 *would defeat the purposes of this title, or be against equity or*
8 *good conscience, or (because of the small amount involved)*
9 *impede efficient or effective administration of this title.*

10 *“Hearings and Review*

11 *“(c)(1) The Secretary shall provide reasonable notice*
12 *and opportunity for a hearing to any individual who is or*
13 *claims to be an eligible individual or eligible spouse and is in*
14 *disagreement with any determination under this title with*
15 *respect to eligibility of such individual for benefits, or the*
16 *amount of such individual’s benefits, if such individual re-*
17 *quests a hearing on the matter in disagreement within thirty*
18 *days after notice of such determination is received.*

19 *“(2) Determination on the basis of such hearing, except*
20 *to the extent that the matter in disagreement involves the*
21 *existence of a disability (within the meaning of section 1614*
22 *(a)(3)), shall be made within ninety days after the indi-*
23 *vidual requests the hearing as provided in paragraph (1).*

24 *“(3) The final determination of the Secretary after a*
25 *hearing under paragraph (1) shall be subject to judicial*

1 review as provided in section 205(g) to the same extent
2 as the Secretary's final determinations under section 205;
3 except that the determination of the Secretary after such
4 hearing as to any fact shall be final and conclusive and not
5 subject to review by any court.

6 *"Procedures; Prohibitions of Assignments; Representation of*
7 *Claimants*

8 *"(d)(1) The provisions of section 207 and subsections*
9 *(a), (d), (e), and (f) of section 205 shall apply with*
10 *respect to this part to the same extent as they apply in the*
11 *case of title II.*

12 *"(2) To the extent the Secretary finds it will promote*
13 *the achievement of the objectives of this title, qualified*
14 *persons may be appointed to serve as hearing examiners in*
15 *hearings under subsection (c) without meeting the specific*
16 *standards prescribed for hearing examiners by or under*
17 *subchapter II of chapter 5 of title 5, United States Code.*

18 *"(3) The Secretary may prescribe rules and regulations*
19 *governing the recognition of agents or other persons, other*
20 *than attorneys, as hereinafter provided, representing claim-*
21 *ants before the Secretary under this title, and may require*
22 *of such agents or other persons, before being recognized as*
23 *representatives of claimants, that they shall show that they*
24 *are of good character and in good repute, possessed of the*
25 *necessary qualifications to enable them to render such claim-*

1 ants valuable service, and otherwise competent to advise and
2 assist such claimants in the presentation of their cases. An
3 attorney in good standing who is admitted to practice be-
4 fore the highest court of the State, Territory, District, or
5 insular possession of his residence or before the Supreme
6 Court of the United States or the inferior Federal courts, shall
7 be entitled to represent claimants before the Secretary. The
8 Secretary may, after due notice and opportunity for hearing,
9 suspend or prohibit from further practice before him any such
10 person, agent, or attorney who refuses to comply with the
11 Secretary's rules and regulations or who violates any provi-
12 sion of this paragraph for which a penalty is prescribed. The
13 Secretary may, by rule and regulation, prescribe the maxi-
14 mum fees which may be charged for services performed in
15 connection with any claim before the Secretary under this
16 title, and any agreement in violation of such rules and regu-
17 lations shall be void. Any person who shall, with intent to
18 defraud, in any manner willfully and knowingly deceive,
19 mislead, or threaten any claimant or prospective claimant
20 or beneficiary under this title by word, circular, letter, or
21 advertisement, or who shall knowingly charge or collect
22 directly or indirectly any fee in excess of the maximum fee,
23 or make any agreement directly or indirectly to charge or
24 collect any fee in excess of the maximum fee, prescribed by
25 the Secretary, shall be deemed guilty of a misdemeanor and,

1 upon conviction thereof, shall for each offense be punished by
2 a fine not exceeding \$500 or by imprisonment not exceeding
3 one year, or both.

4 *“Applications and Furnishing of Information*

5 *“(e) (1) (A) The Secretary shall, subject to subpara-*
6 *graph (B), prescribe such requirements with respect to the*
7 *filing of applications, the suspension or termination of as-*
8 *sistance, the furnishing of other data and material, and the*
9 *reporting of events and changes in circumstances, as may*
10 *be necessary for the effective and efficient administration of*
11 *this title.*

12 *“(B) The requirements prescribed by the Secretary pur-*
13 *suant to subparagraph (A) shall require that eligibility*
14 *for benefits under this title will not be determined solely on*
15 *the basis of declarations by the applicant concerning eligibility*
16 *factors or other relevant facts, and that relevant informa-*
17 *tion will be verified to the maximum extent feasible from*
18 *independent or collateral sources and additional information*
19 *obtained as necessary in order to assure that such benefits are*
20 *only provided to eligible individuals (or eligible spouses) and*
21 *that the amounts of such benefits are correct.*

22 *“(2) In case of the failure by any individual to submit*
23 *a report of events and changes in circumstances relevant to*
24 *eligibility for or amount of benefits under this title as required*
25 *by the Secretary under paragraph (1), or delay by any*

1 *individual in submitting a report as so required, the Secre-*
2 *tary (in addition to taking any other action he may consider*
3 *appropriate under paragraph (1)) shall reduce any benefits*
4 *which may subsequently become payable to such individual*
5 *under this title by—*

6 “(A) \$25 in the case of the first such failure or
7 *delay,*

8 “(B) \$50 in the case of the second such failure
9 *or delay, and*

10 “(C) \$100 in the case of the third or a subsequent
11 *such failure or delay,*

12 *except where the individual was without fault or good cause*
13 *for such failure or delay existed.*

14 *“Furnishing of Information by Other Agencies*

15 “(f) *The head of any Federal agency shall provide*
16 *such information as the Secretary needs for purposes of*
17 *determining eligibility for or amount of benefits, or verifying*
18 *other information with respect thereto.*

19 “PENALTIES FOR FRAUD

20 “SEC. 1632. *Whoever—*

21 “(1) *knowingly and willfully makes or causes to be*
22 *made any false statement or representation of a material*
23 *fact in any application for any benefit under this title,*

24 “(2) *at any time knowingly and willfully makes or*
25 *causes to be made any false statement or representation*

1 of a material fact for use in determining rights to any
2 such benefit,

3 “(3) having knowledge of the occurrence of any
4 event affecting (A) his initial or continued right to
5 any such benefit, or (B) the initial or continued right
6 to any such benefit of any other individual in whose
7 behalf he has applied for or is receiving such benefit,
8 conceals or fails to disclose such event with an intent
9 fraudulently to secure such benefit either in a greater
10 amount or quantity than is due or when no such benefit
11 is authorized, or

12 “(4) having made application to receive any such
13 benefit for the use and benefit of another and having
14 received it, knowingly and willfully converts such bene-
15 fit or any part thereof to a use other than for the use
16 and benefit of such other person,

17 shall be guilty of a misdemeanor and upon conviction thereof
18 shall be fined not more than \$1,000 or imprisoned for not
19 more than one year, or both.

20 “ADMINISTRATION

21 “SEC. 1633. The Secretary may make such administra-
22 tive and other arrangements (including arrangements for the
23 determination of blindness and disability under section 1614
24 (a) (2) and (3) in the same manner and subject to the
25 same conditions as provided with respect to disability deter-

1 *minations under section 221) as may be necessary or ap-*
2 *propriate to carry out his functions under this title.*

3 “*DETERMINATIONS OF MEDICAID ELIGIBILITY*”

4 “*SEC. 1634. The Secretary may enter into an agree-*
5 *ment with any State which wishes to do so under which he*
6 *will determine eligibility for medical assistance in the case*
7 *of aged, blind, or disabled individuals under such State's*
8 *plan approved under title XIX. Any such agreement shall*
9 *provide for payments by the State, for use by the Secretary*
10 *in carrying out the agreement, of an amount equal to one-*
11 *half of the cost of carrying out the agreement, but in com-*
12 *puting such cost with respect to individuals eligible for bene-*
13 *fits under this title, the Secretary shall include only those costs*
14 *which are additional to the costs incurred in carrying out*
15 *this title.*”

16 *SEC. 302. The Social Security Act is amended, effective*
17 *January 1, 1974, by adding after title V the following new*
18 *title:*

19 “*TITLE VI—GRANTS TO STATES FOR SERV-*
20 *ICES TO THE AGED, BLIND, OR DISABLED*”

21 “*APPROPRIATION*”

22 “*SEC. 601. For the purpose of encouraging each State,*
23 *as far as practicable under the conditions in such State, to*
24 *furnish rehabilitation and other services to help needy indi-*
25 *viduals who are 65 years of age or over, are blind, or are*

1 *disabled to attain or retain capability for self-support or self-*
 2 *care, there is hereby authorized to be appropriated for each*
 3 *fiscal year, subject to section 1130, a sum sufficient to carry*
 4 *out the purposes of this title. The sums made available under*
 5 *this section shall be used for making payments to States which*
 6 *have submitted, and had approved by the Secretary of Health,*
 7 *Education, and Welfare, State plans for services to the aged,*
 8 *blind, or disabled.*

9 “STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR
 10 *DISABLED*

11 “SEC. 602. (a) *A State plan for services to the aged,*
 12 *blind, or disabled, must—*

13 “(1) *except to the extent permitted by the Secretary,*
 14 *provide that it shall be in effect in all political subdivi-*
 15 *sions of the State, and if administered by them, be manda-*
 16 *tory upon them;*

17 “(2) *provide for financial participation by the State;*

18 “(3) *either provide for the establishment or designa-*
 19 *tion of a single State agency to administer the plan, or*
 20 *provide for the establishment or designation of a single*
 21 *State agency to supervise the administration of the plan;*

22 “(4) *provide (A) such methods of administration*
 23 *(including methods relating to the establishment and*
 24 *maintenance of personnel standards on a merit basis, ex-*
 25 *cept that the Secretary shall exercise no authority with*

1 *respect to the selection, tenure of office, and compensation*
2 *of any individual employed in accordance with such*
3 *methods) as are found by the Secretary to be necessary*
4 *for the proper and efficient operation of the plan, and*
5 *(B) for the training and effective use of paid subprofes-*
6 *sional staff, with particular emphasis on the full-time or*
7 *part-time employment of persons of low income, as com-*
8 *munity service aides, in the administration of the plan and*
9 *for the use of nonpaid or partially paid volunteers in a*
10 *social service volunteer program in providing services*
11 *under the plan and in assisting any advisory committees*
12 *established by the State agency;*

13 *“(5) provide that the State agency will make such*
14 *reports, in such form and containing such information,*
15 *as the Secretary may from time to time require, and com-*
16 *ply with such provisions as the Secretary may from time*
17 *to time find necessary to assure the correctness and veri-*
18 *fication of such reports;*

19 *“(6) provide safeguards which permit the use or dis-*
20 *closure of information concerning applicants or recipients*
21 *only (A) to public officials who require such information*
22 *in connection with their official duties, or (B) to other*
23 *persons for purposes directly connected with the adminis-*
24 *tration of the State plan;*

1 “(7) provide, if the plan includes services to in-
2 dividuals in private or public institutions, for the es-
3 tablishment or designation of a State authority or
4 authorities which shall be responsible for establishing
5 and maintaining standards for such institutions;

6 “(8) provide a description of the services which
7 the State agency makes available under the plan includ-
8 ing a description of the steps taken to assure, in the provi-
9 sion of such services, maximum utilization of other agen-
10 cies providing similar or related services;

11 “(9) provide that, in determining whether an in-
12 dividual is blind, there shall be an examination by a phy-
13 sician skilled in the diseases of the eye or by an optome-
14 trist, whichever the individual may select;

15 “(10) include reasonable standards, consistent with
16 the objectives of this title, for determining eligibility for
17 and the extent of services under the plan;

18 “(11) if the State plan includes services to individ-
19 uals 65 years of age or older who are patients in insti-
20 tutions for mental diseases—

21 “(A) provide for having in effect such agree-
22 ments or other arrangements with State authorities
23 concerned with mental diseases, and where appro-
24 priate, with such institutions, as may be necessary
25 for carrying out the State plan, including arrange-

1 *ments for joint planning and for development of*
2 *alternate methods of care, arrangements providing*
3 *assurance of immediate readmittance to institutions*
4 *where needed for individuals under alternate plans*
5 *of care, and arrangements providing for access to*
6 *patients and facilities, for furnishing information,*
7 *and for making reports;*

8 *“(B) provide for an individual plan for each*
9 *such patient to assure that the institutional care pro-*
10 *vided to him is in his best interests, including, to*
11 *that end, assurances that there will be initial and pe-*
12 *riodic review of his medical and other needs, that*
13 *he will be given appropriate medical treatment with-*
14 *in the institution, and that there will be a periodic*
15 *determination of his need for continued treatment*
16 *in the institution; and*

17 *“(C) provide for the development of alternate*
18 *plans of care, making maximum utilization of avail-*
19 *able resources, for persons receiving services under*
20 *the State plan who are 65 years of age or older and*
21 *who would otherwise need care in such institutions;*
22 *for services referred to in section 603(a)(1)(A)*
23 *(i) and (ii) which are appropriate for such per-*
24 *sons receiving services and for such patients; and*
25 *for methods of administration necessary to assure*

1 that the responsibilities of the State agency under
2 the State plan with respect to such persons receiving
3 services and such patients will be effectively carried
4 out;

5 “(12) if the State plan includes services to indi-
6 viduals 65 years of age or older who are patients in
7 public institutions for mental diseases, show that the State
8 is making satisfactory progress toward developing and
9 implementing a comprehensive mental health program,
10 including provision for utilization of community mental
11 health centers, nursing homes, and other alternatives to
12 care in public institutions for mental diseases.

13 Notwithstanding paragraph (3), if on October 1, 1972, the
14 State agency which administered or supervised the admin-
15 istration of the plan of such State approved under title X
16 (or so much of the plan of such State approved under title
17 XVI as applies to the blind) was different from the State
18 agency which administered or supervised the administration
19 of the plan of such State approved under title I and the State
20 agency which administered or supervised the administration
21 of the plan of such State approved under title XIV (or so
22 much of the plan of such State approved under title XVI as
23 applies to the aged and disabled), the State agency which
24 administered or supervised the administration of such plan
25 approved under title X (or so much of the plan of such

1 *State approved under title XVI as applies to the blind) may*
 2 *be designated to administer or supervise the administration of*
 3 *the portion of the State plan for services to the aged, blind,*
 4 *or disabled which relates to blind individuals and a separate*
 5 *State agency may be established or designated to administer or*
 6 *supervise the administration of the rest of such plan; and in*
 7 *such case the part of the plan which each such agency ad-*
 8 *ministers, or the administration of which each such agency*
 9 *supervises, shall be regarded as a separate plan for purposes*
 10 *of this title.*

11 “(b) *The Secretary shall approve any plan which fulfills*
 12 *the conditions specified in subsection (a), except that he shall*
 13 *not approve any plan which imposes, as a condition of eligi-*
 14 *bility for services under the plan—*

15 “(1) *an age requirement of more than sixty-five*
 16 *years; or*

17 “(2) *any residence requirement which excludes any*
 18 *individual who resides in the State; or*

19 “(3) *any citizenship requirement which excludes*
 20 *any citizen of the United States.*

21 “PAYMENTS TO STATES

22 “SEC. 603. (a) *From the sums appropriated therefor,*
 23 *the Secretary shall, subject to section 1130, pay to each State*
 24 *which has a plan approved under this title, for each quarter—*

25 “(1) *in the case of any State whose State plan ap-*

1 *proved under section 602 meets the requirements of sub-*
2 *section (c)(1), an amount equal to the sum of the fol-*
3 *lowing proportions of the total amounts expended during*
4 *such quarter as found necessary by the Secretary of*
5 *Health, Education, and Welfare for the proper and*
6 *efficient administration of the State plan—*

7 *“(A) 75 per centum of so much of such ex-*
8 *penditures as are for—*

9 *“(i) services which are prescribed pur-*
10 *suant to subsection (c)(1) and are provided*
11 *(in accordance with the next sentence) to appli-*
12 *cants for or recipients of supplementary secu-*
13 *rity income benefits under title XVI to help*
14 *them attain or retain capability for self-support*
15 *or self-care, or*

16 *“(ii) other services, specified by the Sec-*
17 *retary as likely to prevent or reduce depend-*
18 *ency, so provided to such applicants or*
19 *recipients, or*

20 *“(iii) any of the services prescribed pur-*
21 *suant to subsection (c)(1), and of the services*
22 *specified as provided in clause (ii), which the*
23 *Secretary may specify as appropriate for in-*
24 *dividuals who, within such period or periods*
25 *as the Secretary may prescribe, have been or*

1 are likely to become applicants for or recipients
2 of supplementary security income benefits under
3 title XVI, if such services are requested by such
4 individuals and are provided to such individ-
5 uals in accordance with the next sentence, or

6 “(iv) the training of personnel employed
7 or preparing for employment by the State
8 agency or by the local agency administering the
9 plan in the political subdivision; plus

10 “(B) one-half of so much of such expenditures
11 (not included under subparagraph (A)) as are for
12 services provided (in accordance with the next
13 sentence) to applicants for or recipients of supple-
14 mentary security income benefits under title XVI,
15 and to individuals requesting such services who
16 (within such period or periods as the Secretary
17 may prescribe) have been or are likely to become
18 applicants for or recipients of such benefits; plus

19 “(C) one-half of the remainder of such
20 expenditures.

21 The services referred to in subparagraph (A) and (B)
22 shall, except to the extent specified by the Secretary, in-
23 clude only—

24 “(D) services provided by the staff of the State
25 agency, or of the local agency administering the

1 *State plan in the political subdivision: Provided,*
2 *That no funds authorized under this title shall be*
3 *available for services defined as vocational rehabilita-*
4 *tion services under the Vocational Rehabilitation Act*
5 *(i) which are available to individuals in need of*
6 *them under programs for their rehabilitation carried*
7 *on under a State plan approved under such Act, or*
8 *(ii) which the State agency or agencies adminis-*
9 *tering or supervising the administration of the State*
10 *plan approved under such Act are able and willing*
11 *to provide if reimbursed for the cost thereof pursuant*
12 *to agreement under subparagraph (E), if provided*
13 *by such staff, and*

14 *“(E) under conditions which shall be pre-*
15 *scribed by the Secretary, services which in the judg-*
16 *ment of the State agency cannot be as economically*
17 *or as effectively provided by the staff of such State*
18 *or local agency and are not otherwise reasonably*
19 *available to individuals in need of them, and which*
20 *are provided, pursuant to agreement with the State*
21 *agency, by the State health authority or the State*
22 *agency or agencies administering or supervising the*
23 *administration of the State plan for vocational reha-*
24 *bilitation services approved under the Vocational*
25 *Rehabilitation Act or by any other State agency*

1 *which the Secretary may determine to be appropriate*
2 *(whether provided by its staff or by contract with*
3 *public (local) or nonprofit private agencies);*
4 *except that services described in clause (ii) of subpara-*
5 *graph (D) hereof may be provided only pursuant to*
6 *agreement with such State agency or agencies adminis-*
7 *tering or supervising the administration of the State plan*
8 *for vocational rehabilitation services so approved. The*
9 *portion of the amount expended for administration of*
10 *the State plan to which subparagraph (A) applies and*
11 *the portion thereof to which subparagraphs (B) and*
12 *(C) apply shall be determined in accordance with such*
13 *methods and procedures as may be permitted by the*
14 *Secretary; and*

15 *“(2) in the case of any State whose State plan*
16 *approved under section 602 does not meet the require-*
17 *ments of subsection (c)(1), an amount equal to one-*
18 *half of the total of the sums expended during such quar-*
19 *ter as found necessary by the Secretary for the proper*
20 *and efficient administration of the State plan, including*
21 *services referred to in paragraph (1) and provided in*
22 *accordance with the provisions of such paragraph.*

23 *“(b)(1) Prior to the beginning of each quarter, the*
24 *Secretary shall estimate the amount to which a State will*
25 *be entitled under subsection (a) for such quarter, such esti-*

1 *mates to be based on (A) a report filed by the State contain-*
2 *ing its estimate of the total sum to be expended in such quarter*
3 *in accordance with the provisions of such subsection, and stat-*
4 *ing the amount appropriated or made available by the State*
5 *and its political subdivisions for such expenditures in such*
6 *quarter, and if such amount is less than the State's pro-*
7 *portionate share of the total sum of such estimated expendi-*
8 *tures, the source or sources from which the difference is ex-*
9 *pected to be derived, and (B) such other investigation as the*
10 *Secretary may find necessary.*

11 “(2) *The Secretary shall then pay, in such installments*
12 *as he may determine, to the State the amount so estimated,*
13 *reduced or increased to the extent of any overpayment or*
14 *underpayment which the Secretary determines was made*
15 *under this section to such State for any prior quarter and*
16 *with respect to which adjustment has not already been made*
17 *under this subsection.*

18 “(3) *Upon the making of any estimate by the Secretary*
19 *under this subsection, any appropriations available for pay-*
20 *ments under this section shall be deemed obligated.*

21 “(c)(1) *In order for a State to qualify for payments*
22 *under paragraph (1) of subsection (a), its State plan ap-*
23 *proved under section 602 must provide that the State agency*
24 *shall make available to applicants for and recipients of sup-*
25 *plementary security income benefits under title XVI at least*

1 *those services to help them attain or retain capability for*
2 *self-support or self-care which are prescribed by the*
3 *Secretary.*

4 “(2) *In the case of any State whose State plan included*
5 *a provision meeting the requirements of paragraph (1), but*
6 *with respect to which the Secretary finds, after reasonable*
7 *notice and opportunity for hearing to the State agency, ad-*
8 *ministering or supervising the administration of such plan,*
9 *that—*

10 “(A) *the provision has been so changed that it*
11 *no longer complies with the requirements of paragraph*
12 *(1), or*

13 “(B) *in the administration of the plan there is a*
14 *failure to comply substantially with such provision,*
15 *the Secretary shall notify such State agency that further*
16 *payments will not be made to the State under paragraph*
17 *(1) of subsection (a) until he is satisfied that there will no*
18 *longer be any such failure to comply. Until the Secretary*
19 *is so satisfied further payments with respect to the adminis-*
20 *tration of such State plan shall not be made under para-*
21 *graph (1) of subsection (a) but shall instead be made,*
22 *subject to the other provisions of this title, under paragraph*
23 *(2) of such subsection.*

24 “(d) *Notwithstanding the preceding provisions of this*
25 *section, the amount determined under such provisions for*

1 any State for any quarter which is attributable to expendi-
2 tures with respect to individuals 65 years of age or older
3 who are patients in institutions for mental diseases shall be
4 paid only to the extent that the State makes a showing satis-
5 factory to the Secretary that total expenditures in the State
6 from Federal, State, and local sources for mental health
7 services (including payments to or in behalf of individuals
8 with mental health problems) under State and local public
9 health and public welfare programs for such quarter ex-
10 ceed the average of the total expenditures in the State from
11 such sources for such services under such programs for
12 each quarter of the fiscal year ending June 30, 1965. For
13 purposes of this subsection, expenditures for such services
14 for each quarter in the fiscal year ending June 30, 1965,
15 in the case of any State shall be determined on the basis
16 of the latest data, satisfactory to the Secretary, available
17 to him at the time of the first determination by him under
18 this subsection for such State; and expenditures for such
19 services for any quarter beginning after December 31, 1965,
20 in the case of any State shall be determined on the basis of
21 the latest data, satisfactory to the Secretary, available to him
22 at the time of the determination under this subsection for
23 such State for such quarter; and determinations so made
24 shall be conclusive for purposes of this subsection.

1 “OPERATION OF STATE PLANS

2 “SEC. 604. *If the Secretary, after reasonable notice and*
3 *opportunity for hearing to the State agency administering or*
4 *supervising the administration of the State plan approved*
5 *under this title, finds—*

6 “(1) *that the plan no longer complies with the pro-*
7 *visions of section 602; or*

8 “(2) *that in the administration of the plan there is*
9 *a failure to comply substantially with any such provision;*
10 *the Secretary shall notify such State agency that further*
11 *payments will not be made to the State (or, in his discretion,*
12 *that payments will be limited to categories under or parts of*
13 *the State plan not affected by such failure), until the Secre-*
14 *tary is satisfied that there will no longer be any such failure*
15 *to comply. Until he is so satisfied he shall make no further*
16 *payments to such State (or shall limit payments to categories*
17 *under or parts of the State plan not affected by such failure).*

18 “DEFINITION

19 “SEC. 605. *For purposes of this title, the term ‘services*
20 *to the aged, blind, or disabled’ means services (including but*
21 *not limited to the services referred to in section 603(a)(1)*
22 *(A) and (B)) provided for or on behalf of needy indi-*
23 *viduals who are 65 years of age or older or are blind, or*
24 *are disabled.”*

1 *“costs which should be borne by each of the Trust Funds*
2 *and (with respect to title XVI) by the general revenues*
3 *of the United States”*; and

4 (3) *by striking out “in order to assure that each of*
5 *the Trust Funds bears” and inserting in lieu thereof*
6 *“in order to assure that (after appropriations made pur-*
7 *suant to section 1601, and repayment to the Trust Funds*
8 *from amounts so appropriated) each of the Trust Funds*
9 *and the general revenues of the United States bears”.*

10 (b)(1) *Sums appropriated pursuant to section 1601*
11 *of the Social Security Act shall be utilized from time to time,*
12 *in amounts certified under the second sentence of section 201*
13 *(g)(1)(A) of such Act, to repay the Trust Funds for ex-*
14 *penditures made from such Funds in any fiscal year under*
15 *section 201(g)(1)(A) of such Act (as amended by sub-*
16 *section (a) of this section) on account of the costs of ad-*
17 *ministration of title XVI of such Act (as added by section*
18 *301 of this Act).*

19 (2) *If the Trust Funds have not theretofore been repaid*
20 *for expenditures made in any fiscal year (as described in*
21 *paragraph (1)) to the extent necessary on account of—*

22 (A) *expenditures made from such Funds prior to*
23 *the end of such fiscal year to the extent that the amount*
24 *of such expenditures exceeded the amount of the ex-*

1 *penditures which would have been made from such*
2 *Funds if subsection (a) had not been enacted,*

3 *(B) the additional administrative expenses, if any,*
4 *resulting from the excess expenditures described in sub-*
5 *paragraph (A), and*

6 *(C) any loss in interest to such Funds resulting*
7 *from such excess expenditures and such administrative*
8 *expenses,*

9 *in order to place each such Fund in the same position (at*
10 *the end of such fiscal year) as it would have been in if such*
11 *excess expenditures had not been made, the amendments*
12 *made by subsection (a) shall cease to be effective at the close*
13 *of the fiscal year following such fiscal year.*

14 *(3) As used in this subsection, the term "Trust Funds"*
15 *has the meaning given it in section 201(g)(1)(A) of the*
16 *Social Security Act.*

17 **(565)AUTOMATIC INCREASE IN STANDARDS OF NEED**

18 *SEC. 306. (a) Title XI of the Social Security Act*
19 *is amended by adding at the end thereof the following new*
20 *section:*

21 **"AUTOMATIC INCREASE IN STANDARDS OF NEED UNDER**
22 **PUBLIC ASSISTANCE PROGRAMS**

23 *"SEC. 1131. (a)(1) In addition to the requirements*
24 *imposed by other provisions of law as a condition of approval*

1 of a State plan of any State (other than the Commonwealth
2 of Puerto Rico, Guam, or the Virgin Islands) to provide aid
3 or assistance to individuals under title I, X, XIV, or XVI,
4 there is hereby imposed the requirement (and the plan shall
5 be deemed to require), for the period beginning October 1,
6 1972, and ending December 31, 1973, that the standard of
7 need (as defined in paragraph (2)) applicable under any
8 such plan shall be increased by the amounts certified in the
9 certifications of the Secretary made pursuant to subsection
10 (b).

11 “(2) For purposes of this section, the term ‘standard
12 of need’, when used in connection with any approved plan
13 referred to in paragraph (1), means the income amount
14 (not otherwise disregarded under the plan) used to deter-
15 mine (in the case of each category of applicants for and
16 recipients of aid or assistance under the plan) eligibility of
17 such applicants and recipients for aid or assistance under
18 such plan.

19 “(b)(1) Whenever there is enacted any provision of
20 law providing a general increase in monthly benefits payable
21 to individuals under title II, the Secretary shall (at the ear-
22 liest practicable date after the enactment of such provision)
23 determine the average rate of such increase and shall certify
24 to each State agency administering or supervising the ad-

1 *ministration of any State plan approved under title I, X,*
2 *XIV, or XVI, the average so determined.*

3 “(2) *Any such certification shall be effective, in the*
4 *case of the standard of need applicable under any approved*
5 *State plan referred to in subsection (a), for months be-*
6 *ginning more than 30 days after such certification is made*
7 *to the State agency administering or supervising the admin-*
8 *istration of such State plan, or, if the general increase (re-*
9 *ferred to in paragraph (1)), on the basis of which such*
10 *certification is made, will not be effective by such date, then*
11 *it shall be effective on the first month for which such general*
12 *increase will be effective.”*

13 **(b)** *Subject to subsection (c), the amendment made by*
14 *subsection (a) of this section shall be effective in the case of*
15 *general increases in monthly benefits payable to individuals*
16 *under title II of the Social Security Act resulting from the*
17 *enactment of provisions of law enacted after January 1972.*

18 **(c)** *For purposes of section 1131 of the Social Security*
19 *Act (as added by the first section of this Act), any certifica-*
20 *tion under subsection (b) of such section on account of any*
21 *general increase in monthly benefits payable to individuals*
22 *under title II of the Social Security Act resulting from the*
23 *enactment, prior to the enactment of this Act but after Jan-*
24 *uary 1972, shall be made at the earliest practicable date*
25 *after the enactment of this Act and shall be effective with*

1 *respect to months beginning two months after the month of*
 2 *enactment of this Act.*

3 *(d) For the purposes of this section any increase in the*
 4 *standard of need made by a State after June 30, 1972, and*
 5 *before the certification made by the Secretary pursuant to*
 6 *subsection (c) of this section on account of the social security*
 7 *increase contained in Public Law 92-336, may be included*
 8 *in the increase in the standard of need required by this sec-*
 9 *tion.*

10 **(566) DISREGARD OF 20-PERCENT-INCREASE PROVISION**

11 **ENACTED IN PUBLIC LAW 92-336**

12 *SEC. 307. (a) Notwithstanding any other provision of*
 13 *law, in the case of any individual who is entitled for any*
 14 *month after August 1972 to a monthly benefit under the*
 15 *insurance program established by title II of the Social Secu-*
 16 *rity Act, any part of such benefit which results from (and*
 17 *would not be payable but for) the general increase in benefits*
 18 *under such program provided by section 201 of Public Law*
 19 *92-336, or which results from (and would not be payable*
 20 *but for) any cost-of-living increase in such benefits subse-*
 21 *quently occurring pursuant to section 215(i) of the Social*
 22 *Security Act, shall not be considered as income or resources*
 23 *or otherwise taken into account for purposes of determining*
 24 *the eligibility of such individual or his or her family or the*
 25 *household in which he or she lives for participation in the*
 26 *food stamp program under the Food Stamp Act of 1964, or*

1 *for surplus agricultural commodities under any Federal*
 2 *program providing for the donation or distribution of such*
 3 *commodities to low-income persons, for admission to or occu-*
 4 *pancy of low-rent public housing under the United States*
 5 *Housing Act of 1937, for subsidized mortgages or rentals*
 6 *under title II of the National Housing Act.*

7 (b) *The amendment made by subsection (a) shall be*
 8 *effective with respect to items furnished after August 1972.*

9 **(567)TITLE IV—FAMILY PROGRAMS**

10 **ESTABLISHMENT OF OPPORTUNITIES FOR FAMILIES**

11 **PROGRAM AND FAMILY ASSISTANCE PLAN**

12 **SEC. 401.** ~~The Social Security Act is amended by add-~~
 13 ~~ing at the end thereof (after the new title added by section~~
 14 ~~301 of this Act) the following new title:~~

15 **“TITLE XXI—OPPORTUNITIES FOR FAMILIES**
 16 **PROGRAM AND FAMILY ASSISTANCE PLAN**

17 **“PURPOSE; APPROPRIATIONS**

18 **“SEC. 2101.** ~~For the purpose of—~~

19 ~~“(1) providing for members of needy families with~~
 20 ~~children the manpower services, training, employment,~~
 21 ~~child care, family planning, and related services which~~
 22 ~~are necessary to train them, prepare them for employ-~~
 23 ~~ment, and otherwise assist them in securing and retaining~~
 24 ~~regular employment and having the opportunity for ad-~~
 25 ~~vancement in employment, to the end that such families~~

1 will be restored to self-supporting, independent, and use-
 2 ful roles in their communities, and

3 “(2) providing a basic level of financial assistance
 4 throughout the Nation to needy families with children in
 5 a manner which will encourage work, training, and self-
 6 support, improve family life, and enhance personal
 7 dignity,

8 there are authorized to be appropriated, for each of the five
 9 fiscal years in the period beginning July 1, 1972, and ending
 10 June 30, 1977, sums sufficient to carry out this title.

11 “BASIC ELIGIBILITY FOR BENEFITS

12 “SEC. 2102. Every family which is determined under
 13 part C to be eligible on the basis of its income and resources
 14 shall, upon registration for manpower services, training, and
 15 employment by any of its members who are available for
 16 employment (as determined under section 2111) and in ac-
 17 cordance with and subject to the other provisions of this title,
 18 be paid benefits by the Secretary of Labor under part A, or,
 19 if such family has no members who are registered for such
 20 services, training, and employment, shall be paid benefits
 21 by the Secretary of Health, Education, and Welfare under
 22 part B.

23 “PART A—OPPORTUNITIES FOR FAMILIES PROGRAM

24 “REGISTRATION OF FAMILY MEMBERS FOR MANPOWER
 25 SERVICES, TRAINING, AND EMPLOYMENT

26 “SEC. 2111. (a) Every individual who is determined

1 by the Secretary of Health, Education, and Welfare to be a
2 member of an eligible family and to be available for em-
3 ployment shall register with the Secretary of Labor for
4 manpower services, training, and employment.

5 “(b) Any individual shall be considered to be available
6 for employment for purposes of this title unless he is de-
7 termined by the Secretary of Health, Education, and Wel-
8 fare to be—

9 “(1) unable to engage in work or training by rea-
10 son of illness, incapacity, or advanced age;

11 “(2) a mother or other relative of a child under
12 the age of three (or, until July 1, 1974, under the age
13 of six) who is caring for such child;

14 “(3) the mother or other female caretaker of a
15 child, if the father or another adult male relative
16 is in the home and not excluded by paragraph (1),
17 (2), (4), or (5) of this subsection (unless he has
18 failed to register as required by subsection (a), or to
19 accept services or employment or participate in training
20 as required by subsection (e));

21 “(4) a child who is under the age of sixteen or
22 meets the requirements of section 2155(b)(2); or

23 “(5) one whose presence in the home on a substan-
24 tially continuous basis is required because of the ill-
25 ness or incapacity of another member of the household.

26 An individual described in paragraph (2), (3), (4), or

1 ~~(5) who would, but for the preceding sentence, be required~~
2 ~~to register pursuant to subsection (a), may, if he wishes,~~
3 ~~register as provided in such subsection, and upon so register-~~
4 ~~ing he shall be considered as available for employment for~~
5 ~~purposes of this title.~~

6 ~~“(c)(1) Every individual who is registered as required~~
7 ~~by subsection (a) shall participate in manpower services or~~
8 ~~training, and accept and continue to participate in employ-~~
9 ~~ment in which he is able to engage, except where good~~
10 ~~cause exists for failure to participate in such services or~~
11 ~~training or to accept and continue to participate in such~~
12 ~~employment, as provided by the Secretary of Labor.~~

13 ~~“(2) No individual shall be required by paragraph (1)~~
14 ~~to accept employment if—~~

15 ~~“(A) the position offered is vacant due directly~~
16 ~~to a strike, lockout, or other labor dispute;~~

17 ~~“(B) the wages, hours, or other terms or condi-~~
18 ~~tions of the work offered are contrary to or less than~~
19 ~~those prescribed by applicable Federal, State, or local~~
20 ~~law or are less favorable to the individual than those~~
21 ~~prevailing for similar work in the locality, or the wages~~
22 ~~for the work offered are at an hourly rate of less than~~
23 ~~three-fourths of the minimum wage specified in section 6~~
24 ~~(a)(1) of the Fair Labor Standards Act of 1938;~~

25 ~~“(C) as a condition of being employed the individual~~
26 ~~would be required to join a company union or to resign~~

1 from or refrain from joining any bona fide labor organi-
2 zation; or

3 ~~“(D) the individual has the demonstrated capaci-~~
4 ~~ty, through other available training or employment op-~~
5 ~~portunities, of securing work available to him that would~~
6 ~~better enable him to achieve self-sufficiency.~~

7 ~~“CHILD CARE AND OTHER SUPPORTIVE SERVICES~~

8 ~~“Sec. 2112. (a)(1) The Secretary of Labor shall make~~
9 ~~provision for the furnishing of child care services in such~~
10 ~~cases and for so long as he deems appropriate (subject to~~
11 ~~section 2179) for individuals who are currently registered~~
12 ~~pursuant to section 2111(a) or referred pursuant to section~~
13 ~~2117(a) (or who have been so registered or referred within~~
14 ~~such period or periods of time as the Secretary of Labor may~~
15 ~~prescribe) and who need child care services in order to~~
16 ~~accept or continue to participate in manpower services, train-~~
17 ~~ing, or employment, or vocational rehabilitation services.~~

18 ~~“(2) In making provision for the furnishing of child~~
19 ~~care services under this subsection, the Secretary of Labor~~
20 ~~shall, in accordance with standards established pursuant to~~
21 ~~section 2134(a), arrange for or purchase, from whatever~~
22 ~~sources may be available, all such necessary child care serv-~~
23 ~~ices, including necessary transportation. Where available,~~
24 ~~services provided through facilities developed by the Secre-~~
25 ~~tary of Health, Education, and Welfare shall be utilized on~~
26 ~~a priority basis.~~

1 ~~“(3)~~ In cases where child care services cannot as a
2 practical matter be made available in facilities developed
3 by the Secretary of Health, Education, and Welfare, the
4 Secretary of Labor may provide such services ~~(A)~~ by
5 grants to public or nonprofit private agencies or contracts
6 with public or private agencies or other persons, through
7 such public or private facilities as may be available and
8 appropriate ~~(except that no such funds may be used for the~~
9 ~~construction of facilities (as defined in section 2134(b)(2)),~~
10 ~~and (B)~~ through the assurance of such services from other
11 appropriate sources. In addition to other grants or contracts
12 made under clause ~~(A)~~ of the preceding sentence, grants or
13 contracts under such clause may be made to or with any
14 agency which is designated by the appropriate elected or ap-
15 pointed official or officials in such area and which demon-
16 strates a capacity to work effectively with the manpower
17 agency in such area ~~(including provision for the stationing~~
18 ~~of personnel with the manpower team in appropriate cases).~~
19 To the extent appropriate, such care for children attending
20 school which is provided on a group or institutional basis shall
21 be provided through arrangements with the appropriate local
22 educational agency.

23 ~~“(4)~~ The Secretary of Labor may require individuals
24 receiving child care services made available under paragraph
25 ~~(2)~~ or provided under paragraph ~~(3)~~ to pay ~~(in accord-~~
26 ~~ance with the schedule or schedules prescribed under section~~

1 ~~2134(a)~~ for part or all of the cost thereof, and may require
2 ~~(as a condition of benefits under this part)~~ that individuals
3 receiving child care services otherwise furnished pursuant
4 to provision made by him under paragraph ~~(1)~~ shall pay
5 for the cost of such services if such cost will be excludable
6 under section ~~2153(b)(3)~~.

7 ~~“(5)~~ In order to promote, in a manner consistent with
8 the purposes of this title, the effective provision of child care
9 services, the Secretary of Labor shall assure the close coopera-
10 tion of the manpower agency with the providers of child care
11 services and shall, through the utilization of training pro-
12 grams and in cooperation with the Secretary of Health,
13 Education, and Welfare, prepare persons registered pursu-
14 ant to section ~~2111~~ for employment in child care facilities.

15 ~~“(6)~~ The Secretary of Labor shall regularly report to
16 the Secretary of Health, Education, and Welfare concerning
17 the amount and location of the child care services which he
18 has had to provide ~~(and expects to have to provide)~~ under
19 paragraph ~~(3)~~ because such services were not ~~(or will not~~
20 ~~be)~~ available under paragraph ~~(2)~~.

21 ~~“(7)~~ Of the amount appropriated to enable the Secre-
22 tary of Labor to carry out his responsibilities under this
23 subsection for any fiscal year, not less than 50 percent shall
24 be expended by the Secretary of Labor in accordance with
25 a formula under which the expenditures made in any State

1 shall bear the same ratio to the total of such expenditures
2 in all the States as the number of mothers registered under
3 section 2111 in such State bears to the total number of
4 mothers so registered in all the States.

5 ~~“(b)(1)~~ The Secretary of Labor shall make provision
6 for the furnishing of the health, vocational, rehabilitation,
7 counseling, social, and other supportive services (including
8 physical examinations and minor medical services) which
9 he determines under regulations to be necessary to permit
10 an individual who has registered pursuant to section 2111
11 ~~(a)~~ to undertake or continue manpower training or employ-
12 ment under this part.

13 ~~“(2)~~ In addition, the Secretary of Labor shall make
14 provision for the offering, to all appropriate members of
15 families which include one or more individuals registered
16 pursuant to section 2111(a), of family planning services,
17 the acceptance of which by any such member shall be volun-
18 tary on the part of such member and shall not be a prereq-
19 uisite to eligibility for or receipt of benefits under this part
20 or otherwise affect the amount of such benefits.

21 ~~“(2)~~ Services furnished under this subsection shall be
22 provided in close cooperation with manpower training and
23 employment services provided under this part. In providing
24 services under this subsection the Secretary of Labor, to the
25 maximum extent feasible, shall assure that such services are

1 provided in such manner, through such means, and using
2 such authority available under any other Act (subject to
3 all duties and responsibilities thereunder) as will make max-
4 imum use of existing facilities, programs, and agencies.

5 ~~“(4)~~ Of the sums authorized by section 2101 to be ap-
6 propriated for the fiscal year ending June 30, 1973, not more
7 than \$100,000,000 shall be appropriated to the Secretary
8 of Labor to enable him to carry out his responsibilities under
9 paragraph ~~(1)~~ of this subsection.

10 “PAYMENT OF BENEFITS

11 ~~“SEC. 2113.~~ Every eligible family (other than a family
12 meeting the conditions for payment of benefits under section
13 2131) shall, in accordance with and subject to the other
14 provisions of this title, be paid benefits by the Secretary of
15 Labor as provided in Part C.

16 “OPERATION OF MANPOWER SERVICES, TRAINING, AND
17 EMPLOYMENT PROGRAMS

18 ~~“SEC. 2114.~~ (a) The Secretary of Labor shall develop,
19 for each individual registered pursuant to section 2111(a),
20 an employability plan describing the manpower services,
21 training, and employment which the individual needs in order
22 to enable him to become self-supporting and secure and retain
23 employment and opportunities for advancement. Employ-
24 ability plans under this subsection shall be developed in ac-
25 cordance with priorities prescribed by the Secretary of Labor,

1. which shall give first priority to mothers and pregnant
2 women registered pursuant to section 2111(a) who are
3 under nineteen years of age.

4 “(b) The Secretary of Labor shall establish manpower
5 services, training, and employment programs for individuals
6 registered pursuant to section 2111(a), and shall, through
7 such programs, provide or assure the provision of manpower
8 services, training, and employment necessary to prepare
9 such individuals for and place them in regular employment,
10 including—

11 “(1) any of such services, training, and employ-
12 ment which the Secretary of Labor is authorized to pro-
13 vide under any other Act;

14 “(2) counseling, testing, coaching, program orien-
15 tation, institutional and on-the-job training, work experi-
16 ence, upgrading, job development, job placement, and
17 followup services required to assist in securing and re-
18 taining employment and opportunities for advancement;

19 “(3) relocation assistance, including grants, loans
20 and the furnishing of such services as will aid an involun-
21 tarily unemployed individual who desires to relocate to
22 do so in an area where there is assurance of regular
23 employment; and

24 “(4) public service employment programs.

25 “(e)(1) For the purpose of subsection (b)(4), a

1 'public service employment program' is a program designed
2 to provide employment as described in paragraph ~~(2)~~ for
3 individuals who ~~(during the period of such employment)~~
4 are not otherwise able to obtain employment or to be effec-
5 tively placed in training programs. Such a program shall
6 provide employment relating to such fields as health, social
7 service, environmental protection, education, urban and
8 rural development and redevelopment, welfare, recreation,
9 public facilities, and public safety or any other field which
10 would benefit the community, the State, or the United States
11 as a whole, by improving physical, social, or economic
12 conditions.

13 ~~“(2) The Secretary of Labor shall provide for the~~
14 ~~development of public service employment programs through~~
15 ~~grants to or contracts with any public or nonprofit private~~
16 ~~agency or organization. Such programs shall be designed~~
17 ~~with a view toward—~~

18 ~~“(A) providing for development of employability~~
19 ~~through actual work experience; and~~

20 ~~“(B) enabling individuals employed under public~~
21 ~~service employment programs to move into regular pub-~~
22 ~~lic or private employment.~~

23 ~~“(3) Before making any grant or entering into any con-~~
24 ~~tract for a public service employment program under this~~

1 subsection, the Secretary of Labor must receive assurances
2 that—

3 “(A) appropriate standards for health, safety, and
4 other conditions applicable to the performance of work
5 and training have been established and will be
6 maintained;

7 “(B) available employment opportunities will be
8 increased and the program will not result in a reduction
9 in the employment and labor costs of any employer or
10 in the displacement of persons currently employed, in-
11 cluding partial displacement resulting from a reduction
12 in hours of work or wages, or employment benefits;

13 “(C) the conditions of work, training, education,
14 and employment are reasonable in the light of such fac-
15 tors as the type of work, the geographic region, and the
16 proficiency of the participants;

17 “(D) appropriate workmen’s compensation protec-
18 tion is provided to all participants; and

19 “(E) the employability of participants will be
20 increased.

21 “(4) Wages paid to an individual participating in a
22 public service employment program shall be equal to the
23 highest of—

24 “(A) the prevailing rate of wages in the same labor

1 market area for persons employed in similar public
2 occupations;

3 ~~“(B) the applicable minimum wage rate prescribed~~
4 ~~by Federal, State, or local law; or~~

5 ~~“(C) the minimum wage specified in section 6(a)~~
6 ~~(1) of the Fair Labor Standards Act of 1938.~~

7 ~~“(5) The Secretary of Labor shall periodically (but not~~
8 ~~less frequently than once every six months) review the em-~~
9 ~~ployment record of each individual participating in a pub-~~
10 ~~lic service employment program. On the basis of that record~~
11 ~~and any other information he may require, the Secretary of~~
12 ~~Labor shall determine the feasibility of placing such indi-~~
13 ~~vidual in regular employment or in on-the-job, institutional,~~
14 ~~or other training.~~

15 ~~“(6) The Secretary of Labor shall make payments for~~
16 ~~not more than the first three years of an individual's employ-~~
17 ~~ment in any public service employment program. Payments~~
18 ~~during the first year of such individual's employment shall~~
19 ~~not exceed 100 percent of the cost of providing such employ-~~
20 ~~ment to such individual during such first year, payments~~
21 ~~during the second year of such individual's employment shall~~
22 ~~not exceed 75 percent of the cost of providing such employ-~~
23 ~~ment to such individual during such second year, and pay-~~
24 ~~ments during the third year of such individual's employment~~

1 shall not exceed 50 percent of the cost of providing such
2 employment to such individual during such third year.

3 “(d) In order to assure an adequate supply of informa-
4 tion concerning opportunities for employment by States and
5 their political subdivisions, any State or political subdivision
6 receiving Federal assistance, through a grant-in-aid or con-
7 tract under this title or any other provision of law, shall
8 provide the Secretary of Labor with complete, up-to-date
9 listings of all employment vacancies that the State or political
10 subdivision may have in positions or programs wholly or par-
11 tially supported through such Federal assistance. The fulfill-
12 ment of this requirement shall be a condition for receiving
13 such assistance.

14 “(e) The Secretary of Labor shall enter into agree-
15 ments with the heads of other Federal agencies administer-
16 ing grant-in-aid programs to establish annual and multi-
17 year goals for the employment of members of families
18 receiving benefits under this title in employment wholly
19 or partially supported through such Federal assistance. For
20 the purposes of carrying out these agreements Federal agen-
21 cies may provide, notwithstanding any other provision of
22 law, that the establishment of such goals shall be a condi-
23 tion for receiving such assistance.

24 “(f) Of the sums authorized by section 2101 to be
25 appropriated for the fiscal year ending June 30, 1973—

1 amount of the excess of the training allowances which would
2 be payable under such section 203 as in effect on January
3 1, 1971, over the sum of such family's benefit under this
4 part and any such supplementary payment, and ~~(B)~~ \$20
5 for each such member.

6 “(2) The Secretary of Labor shall also pay, to any
7 member of an eligible family participating in manpower
8 training under this part, allowances for transportation and
9 other costs to such member which are reasonably necessary
10 to and directly related to such member's participation in
11 training.

12 “(b) Allowances under this section shall be in lieu of
13 allowances provided for participants in manpower training
14 programs under any other Act.

15 “(c) Subsection (a) shall not apply to any member of
16 an eligible family who is receiving wages under a program
17 of the Secretary of Labor or who is participating in man-
18 power training which has the purpose of obtaining for him
19 an undergraduate or graduate degree at a college or uni-
20 versity.

21 “UTILIZATION OF OTHER PROGRAMS

22 “SEC. 2116. In providing the manpower training and
23 employment services and opportunities required by this part
24 the Secretary of Labor, to the maximum extent feasible,

1 shall assure that such services and opportunities are pro-
2 vided in such manner, through such means, and using all
3 of such authority available to him under any other Act
4 (and subject to all duties and responsibilities thereunder)
5 as will further the establishment of an integrated and com-
6 prehensive manpower training program involving all sec-
7 tors of the economy and all levels of government.

8 ~~“REHABILITATION SERVICES FOR INCAPACITATED~~

9 ~~FAMILY MEMBERS~~

10 ~~“SEC. 2117. (a) In the case of any individual who is~~
11 ~~a member of a family receiving benefits under this part and~~
12 ~~who is not required to register pursuant to section 2111(a)~~
13 ~~solely because of his incapacity under section 2111(b)(1),~~
14 ~~the Secretary of Labor shall make provision for referral of~~
15 ~~such individual to the appropriate State agency administering~~
16 ~~the State plan for vocational rehabilitation services approved~~
17 ~~under the Vocational Rehabilitation Act, and (except in~~
18 ~~such cases as he may determine) for a review not less often~~
19 ~~than quarterly of such individual's incapacity and his need~~
20 ~~for and utilization of the rehabilitation services made available~~
21 ~~to him under such plan.~~

22 ~~“(b) Every individual with respect to whom the Secre-~~
23 ~~tary of Labor is required to make provision for referral under~~
24 ~~subsection (a) shall accept such rehabilitation services as are~~

1 made available to him under the State plan for vocational
2 rehabilitation services approved under the Vocational Reha-
3 bilitation Act, except where good cause exists for failure to
4 accept such services; and the Secretary of Labor is author-
5 ized to pay to the State agency administering or supervising
6 the administration of such State plan the costs incurred in the
7 provision of such services to such individuals.

8 ~~“(c) (1)~~ The Secretary of Labor shall pay to each fam-
9 ily member with respect to whom the Secretary of Labor
10 is required to make provision for referral under subsection
11 ~~(a)~~ and who is receiving vocational rehabilitation services
12 pursuant to such provision an incentive allowance of \$30 per
13 month.

14 ~~“(2)~~ The Secretary of Labor shall also pay, to any
15 member of an eligible family with respect to whom the Secre-
16 tary of Labor is required to make provision for referral under
17 subsection ~~(a)~~ and who is receiving vocational rehabilitation
18 services pursuant to such provision, allowances for transporta-
19 tion and other costs to such member which are necessary to
20 and directly related to such member's participation in train-
21 ing.

22 ~~“(3)~~ Allowances under this subsection shall be in lieu of
23 allowances provided for participants in vocational rehabilita-
24 tion services under any other Act.

1 “EVALUATION AND RESEARCH; REPORTS

2 “~~SEC. 2118. (a)-(1)~~ The Secretary of Labor shall
3 provide for the continuing evaluation of the program con-
4 ducted under this part and of activities conducted under parts
5 C and D insofar as they involve or are related to such pro-
6 gram, including the effectiveness of such program in achiev-
7 ing its goals and its impact on other related programs.
8 The Secretary of Labor may conduct research regarding, and
9 demonstrations of, ways to improve the effectiveness of the
10 program conducted under this part, and in so doing may
11 waive any requirement or limitation imposed by or pursuant
12 to this title to the extent he deems appropriate. The Secre-
13 tary of Labor may, for these purposes, contract for evalua-
14 tions of and research regarding such program.

15 “~~(2)~~ Of the sums authorized by section 2101 to be
16 appropriated for any fiscal year, not more than \$10,000,000
17 shall be appropriated for purposes of paragraph ~~(1)~~.

18 “~~(b)~~ The Secretary shall, in conducting the activities
19 provided for in subsection ~~(a)-(1)~~, utilize the data collection,
20 processing, and retrieval system established for use in the
21 operation and administration of the program under this part.

22 “~~(c)~~ The Secretary of Labor shall make an annual
23 report to the President and the Congress on the operation and
24 administration of the program under this part, including an

1 evaluation thereof in carrying out the purposes of this title
2 and recommendations with respect thereto.

3 ~~“PART B—FAMILY ASSISTANCE PLAN~~

4 ~~“PAYMENT OF BENEFITS~~

5 ~~“SEC. 2131. Every eligible family in which there is no~~
6 ~~member available for employment who has registered pur-~~
7 ~~suant to section 2111 shall, in accordance with and subject~~
8 ~~to the other provisions of this title, be paid benefits by the~~
9 ~~Secretary of Health, Education, and Welfare as provided in~~
10 ~~part C.~~

11 ~~“REHABILITATION SERVICES FOR INCAPACITATED~~
12 ~~FAMILY MEMBERS~~

13 ~~“SEC. 2132. (a) In the case of any individual who is a~~
14 ~~member of a family receiving benefits under this part and~~
15 ~~who is not required to register pursuant to section 2111(a)~~
16 ~~solely because of his incapacity under section 2111(b)(1),~~
17 ~~the Secretary of Health, Education, and Welfare shall make~~
18 ~~provision for referral of such individual to the appropriate~~
19 ~~State agency administering or supervising the administration~~
20 ~~of the State plan for vocational rehabilitation services ap-~~
21 ~~proved under the Vocational Rehabilitation Act, and (except~~
22 ~~in such cases involving permanent incapacity as he may~~
23 ~~determine) for a review not less often than quarterly of such~~
24 ~~individual's incapacity and his need for and utilization of the~~
25 ~~rehabilitation services made available to him under such plan.~~

1 ~~“(b) Every individual with respect to whom the Secre-~~
2 ~~tary of Health, Education, and Welfare is required to make~~
3 ~~provision for referral under subsection (a) shall accept such~~
4 ~~rehabilitation services as are made available to him under the~~
5 ~~State plan for vocational rehabilitation services approved~~
6 ~~under the Vocational Rehabilitation Act, except where good~~
7 ~~cause exists for failure to accept such services; and the Secre-~~
8 ~~tary of Health, Education, and Welfare is authorized to pay~~
9 ~~to the State agency administering or supervising the admin-~~
10 ~~istration of such State plan the costs incurred in the provision~~
11 ~~of such services to such individuals.~~

12 ~~“(c)(1) The Secretary of Health, Education, and Wel-~~
13 ~~fare shall pay to each family member with respect to whom~~
14 ~~the Secretary of Health, Education, and Welfare is required~~
15 ~~to make provision for referral under subsection (a) and who~~
16 ~~is receiving vocational rehabilitation services pursuant to such~~
17 ~~provision an incentive allowance of \$30 per month.~~

18 ~~“(2) The Secretary of Health, Education, and Welfare~~
19 ~~shall also pay, to any member of an eligible family with re-~~
20 ~~spect to whom the Secretary of Health, Education, and~~
21 ~~Welfare is required to make provision for referral under~~
22 ~~subsection (a) and who is receiving vocational rehabilitation~~
23 ~~services pursuant to such provision, allowances for transpor-~~
24 ~~tation and other costs to such member which are reasonably~~

1 necessary to and directly related to such member's participa-
2 tion in such services.

3 ~~“(3) Allowances under this subsection shall be in lieu~~
4 ~~of allowances provided for participants in vocational rehabili-~~
5 ~~tation services under any other Act.~~

6 ~~“CHILD CARE AND OTHER SUPPORTIVE SERVICES~~

7 ~~“SEC. 2133. (a) (1) The Secretary of Health, Educa-~~
8 ~~tion, and Welfare shall make provision for the furnishing of~~
9 ~~child care services in such cases and for so long as he deems~~
10 ~~appropriate (subject to section 2179) for individuals who~~
11 ~~are currently referred pursuant to section 2132 (a) for voca-~~
12 ~~tional rehabilitation (or who have been so referred within~~
13 ~~such period or periods of time as the Secretary of Health,~~
14 ~~Education, and Welfare may prescribe) and who need child-~~
15 ~~care services in order to be able to participate in the voca-~~
16 ~~tional rehabilitation program.~~

17 ~~“(2) In making provision for the furnishing of child~~
18 ~~care services under this subsection, the Secretary of Health,~~
19 ~~Education, and Welfare shall arrange for and purchase,~~
20 ~~from whatever sources may be available, all such necessary~~
21 ~~child care services, including necessary transportation, plac-~~
22 ~~ing priority on the use of facilities developed pursuant to~~
23 ~~section 2134.~~

24 ~~“(3) Where child care services cannot as a practical~~
25 ~~matter be made available in facilities developed pursuant to~~

1 section 2134, the Secretary of Health, Education, and Wel-
2 fare may provide such services, by grants to public or non-
3 profit private agencies or contracts with public or private
4 agencies or other persons, through such public or private
5 facilities as may be available and appropriate (except that
6 no such funds may be used for the construction of facilities
7 (as defined in section 2134(b)(2))). In addition to other
8 grants and contracts made under the preceding sentence,
9 grants or contracts under such sentence may be made to or
10 with any agency which is designated by the appropriate
11 elected or appointed official or officials in such area and
12 which demonstrates a capacity to work effectively with the
13 manpower agency in such area (including provision for the
14 stationing of personnel with the manpower team in appropri-
15 ate cases). To the extent appropriate, such care for children
16 attending school which is provided on a group or institutional
17 basis shall be provided through arrangements with the ap-
18 propriate local educational agency.

19 “(4) The Secretary of Health, Education, and Wel-
20 fare may require individuals receiving child care services
21 made available under paragraph (2) or provided under
22 paragraph (3) to pay (in accordance with the schedule
23 or schedules prescribed under section 2134(a)) for part or
24 all of the cost thereof, and may require (as a condition of
25 benefits under this part) that individuals receiving child

1 care services otherwise furnished pursuant to provision made
 2 by him under paragraph ~~(1)~~ shall pay for the cost of such
 3 services if such cost will be excludable under section 2153
 4 ~~(b) (3)~~.

5 ~~“(b) In addition, the Secretary of Health, Education,~~
 6 ~~and Welfare shall make provision for the offering, to all~~
 7 ~~appropriate members of families receiving benefits under~~
 8 ~~this part, of family planning services, the acceptance of which~~
 9 ~~by any such member shall be voluntary on the part of such~~
 10 ~~member and shall not be a prerequisite to eligibility for or~~
 11 ~~receipt of benefits under this part or otherwise affect the~~
 12 ~~amount of such benefits.~~

13 ~~“STANDARDS FOR CHILD CARE; DEVELOPMENT OF~~
 14 ~~FACILITIES~~

15 ~~“SEC. 2134. (a) In order to promote the effective pro-~~
 16 ~~vision of child care services, the Secretary of Health, Edu-~~
 17 ~~cation, and Welfare shall (1) establish, with the concurrence~~
 18 ~~of the Secretary of Labor, standards assuring the quality of~~
 19 ~~child care services provided under this title, (2) prescribe~~
 20 ~~such schedule or schedules as may be appropriate for deter-~~
 21 ~~mining the extent to which families are to be required (in the~~
 22 ~~light of their ability) to pay the costs of child care for which~~
 23 ~~provision is made under section 2112(a) (1) or section~~
 24 ~~2133(a) (1), and (3) coordinate the provision of child care~~
 25 ~~services under this title with other child care and social~~
 26 ~~service programs which are available.~~

1 ~~“(b)(1)~~ The Secretary of Health, Education, and Wel-
2 fare, taking into account the requirement of section 2112(a)
3 ~~(7)~~, is authorized to provide for ~~(and pay part or all of the~~
4 ~~cost of)~~ the construction of facilities, through grants to or
5 contracts made with public or private nonprofit agencies or
6 organizations, in or through which child care services are to
7 be provided under this title.

8 ~~“(2)~~ For purposes of this subsection, the term ‘construc-
9 tion’ means acquisition, alteration, remodeling, or renova-
10 tion of facilities, and includes, where the Secretary finds it
11 is not feasible to use or adapt existing facilities for use for
12 the provision of child care, construction ~~(including acquisi-~~
13 ~~tion of land therefor)~~ of facilities for such care.

14 ~~“(3)~~ If within twenty years of the completion of any
15 construction for which Federal funds have been paid under
16 this subsection—

17 ~~“(A)~~ the owner of the facility shall cease to be a
18 public or nonprofit private agency or organization, or

19 ~~“(B)~~ the facility shall cease to be used for the
20 purposes for which it was constructed, unless the Secre-
21 tary determines in accordance with regulations that
22 there is good cause for releasing the owner of the facility
23 from the obligation to do so.

24 the United States shall be entitled to recover from the owner
25 of the facility an amount which bears to the then value of

1 the facility (or so much thereof as constituted an approved
2 project or projects) the same ratio as the amount of such
3 Federal funds bore to the cost of construction of the facility
4 financed with the aid of such funds. Such value shall be deter-
5 mined by agreement of the parties or by action brought in
6 the United States district court for the district in which the
7 facility is situated.

8 “(4) All laborers and mechanics employed by contrac-
9 tors or subcontractors on all construction projects assisted
10 under this subsection shall be paid wages at rates not less
11 than those prevailing on similar construction in the locality
12 as determined by the Secretary of Labor in accordance with
13 the Davis-Bacon Act, as amended (40 U.S.C. 276(a)-
14 276(a)-5). The Secretary of Labor shall have with respect
15 to the labor standards specified in this subsection the authority
16 and functions set forth in Reorganization Plan Numbered 14
17 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13,
18 1934, as amended (40 U.S.C. 276(c)).”

19 “(5) Of the sums authorized by section 2101 to be
20 appropriated for any fiscal year, not more than \$50,000,000
21 shall be appropriated for purposes of the provisions of this
22 subsection.

23 “(e) The Secretary of Health, Education, and Welfare
24 is authorized to make grants to any public or nonprofit pri-
25 vate agency or organization, and contracts with any public

1 or private agency or organization, for part or all of the cost
2 of planning; establishment of new child-care facilities or im-
3 provement of existing child-care facilities, and operating
4 costs (for periods not in excess of 24 months or for such
5 longer periods as the Secretary finds necessary to insure
6 continued operation) of such new or improved facilities;
7 evaluation; training of personnel, especially the training of
8 individuals receiving benefits pursuant to part A and reg-
9 istered pursuant to section 2111; technical assistance; and
10 research or demonstration projects to determine more effec-
11 tive methods of providing any such care.

12 “EVALUATION AND RESEARCH; REPORTS

13 “SEC. 2135.(a)-(1) The Secretary of Health, Educa-
14 tion, and Welfare shall provide for the continuing evalua-
15 tion of the program conducted under this part and of activities
16 conducted under parts C and D insofar as they involve or
17 are related to such program, including the effectiveness of
18 such program in achieving its goals and its impact on
19 other related programs. The Secretary of Health, Educa-
20 tion, and Welfare may conduct research regarding, and
21 demonstrations of, ways to improve the effectiveness of the
22 program conducted under this part, and in so doing may
23 waive any requirement or limitation imposed by or pursuant
24 to this title to the extent he deems appropriate. The Secre-
25 tary of Health, Education, and Welfare may, for these pur-

1 poses, contract for evaluations of and research regarding such
2 program.

3 “(2) Of the sums authorized by section 2101 to be ap-
4 propriated for any fiscal year, not more than \$10,000,000
5 shall be appropriated for purposes of paragraph (1).

6 “(b) The Secretary shall, in conducting the activities
7 provided for in subsection (a) (1), utilize the data collection,
8 processing, and retrieval system established for use in the
9 operation and administration of the program under this part.

10 “(c) The Secretary of Health, Education, and Wel-
11 fare shall make an annual report to the President and the
12 Congress on the operation and administration of the pro-
13 gram under this part, including an evaluation thereof in
14 carrying out the purposes of this title and recommendations
15 with respect thereto.

16 “PART C—DETERMINATION OF BENEFITS

17 “DETERMINATIONS; REGULATIONS

18 “SEC. 2151. Except as otherwise specifically provided
19 in this title, determinations under this part and part D shall
20 be made—

21 “(1) by the Secretary of Labor with respect to
22 benefits payable under part A and families claiming or
23 receiving such benefits (and the term ‘Secretary’ means
24 the Secretary of Labor when used in this part and part I
25 with respect to such benefits and families), and

1 ~~“(2) by the Secretary of Health, Education, and~~
 2 ~~Welfare with respect to benefits payable under part B~~
 3 ~~and families claiming or receiving such benefits (and the~~
 4 ~~term ‘Secretary’ means the Secretary of Health, Educa-~~
 5 ~~tion, and Welfare when used in this part and part D~~
 6 ~~with respect to such benefits and families);~~
 7 but in either case such determinations shall be made under
 8 and in accordance with regulations which shall be prescribed
 9 by the Secretary of Health, Education, and Welfare with the
 10 concurrence of the Secretary of Labor and which shall be
 11 designed to assure that such determinations will be made
 12 uniformly by the two Secretaries, so that to the maximum
 13 extent feasible any such determination made by either such
 14 Secretary (including any interpretation of law or application
 15 of fact made by either such Secretary as a basis for such a
 16 determination) will be the same as the determination which
 17 would be made by the other such Secretary on the same
 18 facts and under the same circumstances.

19 ~~“ELIGIBILITY FOR AND AMOUNT OF BENEFITS~~

20 ~~“Definition of Eligible Family~~

21 ~~“SEC. 2152. (a) Each family (as defined in section~~
 22 ~~2155)—~~

23 ~~“(1) whose income, other than income excluded~~
 24 ~~pursuant to section 2153(b), is at a rate of not more~~
 25 ~~than—~~

1 ~~“(A) \$800 per year for each of the first two~~
 2 ~~members of the family, plus~~

3 ~~“(B) \$400 per year for each of the next three~~
 4 ~~members, plus~~

5 ~~“(C) \$300 per year for each of the next two~~
 6 ~~members, plus~~

7 ~~“(D) \$200 for the next member, and~~

8 ~~“(2) whose resources, other than resources excluded~~
 9 ~~pursuant to section 2154, are not more than \$1,500,~~
 10 ~~shall be an eligible family for purposes of this title.~~

11 ~~“Amount of Benefits~~

12 ~~“(b) The benefit for a family under part A or part B~~
 13 ~~shall be payable at the rate of—~~

14 ~~“(1) \$800 per year for each of the first two mem-~~
 15 ~~bers of the family, plus~~

16 ~~“(2) \$400 per year for each of the next three~~
 17 ~~members, plus~~

18 ~~“(3) \$300 per year for each of the next two mem-~~
 19 ~~bers, plus~~

20 ~~“(4) \$200 for the next member,~~

21 ~~reduced by the amount of income, not excluded pursuant to~~
 22 ~~section 2153 (b), of the members of the family; except that~~
 23 ~~no such benefit shall be payable to any family if the rate of~~
 24 ~~payment (as otherwise determined under this part) would be~~
 25 ~~less than \$10 a month.~~

1 on the basis of the Secretary's estimate of the family's in-
2 come for such quarter, after taking into account income
3 from preceding quarters and any modifications which are
4 likely to occur on the basis of changes in circumstances or
5 conditions. Eligibility for benefits or the amount of pay-
6 ments shall be redetermined at any time within the quarter
7 that the Secretary receives notice or otherwise has reason to
8 believe that a material change in circumstances has occurred.

9 “(2) The amount of the benefits payable to any family
10 for any quarter of a calendar year shall be determined in
11 the quarter immediately following such quarter; and, to the
12 extent that the amount actually paid to such family for such
13 quarter as provided in paragraph (1) was more or less than
14 the amount so determined, proper adjustment or recovery
15 shall be made as provided in section 2171(b). The benefits
16 payable to a family for the quarter for which such determina-
17 tion is made shall be reduced by any income received in such
18 quarter and in any one or more of the three quarters imme-
19 diately preceding such quarter by any individual who was a
20 member of the family both at the time such income was re-
21 ceived and in the quarter for which such determination is
22 made, if and to the extent that such amount was not counted
23 as income of the family for the purpose of reducing the
24 amounts described in subsection (b) or excluded pursuant to
25 section 2153(b) or (if the family was not an eligible family

1 for purposes of this title in any one or more of such preceding
2 quarters) to the extent that such amount would not have
3 been so counted for such purpose even if the family had then
4 been an eligible family for purposes of this title:

5 “(3) For purposes of paragraph (2), income not ex-
6 cluded under section 2153(b) with respect to the quarter
7 for which a determination is made shall be considered first, to
8 reduce the amounts described in subsection (b); if benefits
9 are payable thereafter, they shall be reduced by applying in-
10 come not so excluded with respect to the first preceding quar-
11 ter, then with respect to the second such quarter, and then
12 with respect to the third such quarter, in that order. In the
13 case of a family which did not receive benefits in each of the
14 preceding three quarters the Secretary may estimate (in the
15 absence of satisfactory evidence) any amount which is
16 needed for the determination of benefits under paragraph
17 (2).

18 “(4) The Secretary shall by regulation prescribe the
19 cases in which and extent to which the amount of a family
20 assistance benefits for any quarter shall be reduced by reason
21 of the time elapsing since the beginning of such quarter and
22 before the date of filing of the application for the benefit.

23 “(5) For purposes of this subsection an application shall
24 be considered to have been filed on the first day of the month
25 in which it was actually filed.

1 “Biennial Reapplication

2 “(e) After a family has made application for benefits
3 under this title and has been paid benefits (pursuant to such
4 application) for 24 consecutive months, no further benefits
5 shall be paid to such family under part A or part B ex-
6 cept on the basis of a new application which shall be filed
7 and processed as though it were such family’s initial applica-
8 tion for benefits under this title.

9 “Special Limits on Gross Income

10 “(f) The Secretary may prescribe the circumstances
11 under which, consistently with the purposes of this title,
12 the gross income from a trade or business (including farm-
13 ing) will be considered sufficiently large to make such fam-
14 ily ineligible for such benefits. For purposes of this sub-
15 section, the term ‘gross income’ has the same meaning as
16 when used in chapter 1 of the Internal Revenue Code of
17 1954.

18 “Certain Individuals Ineligible

19 “(g) (1) Notwithstanding subsection (a), no family
20 shall be an eligible family for purposes of this title if, after
21 notice by the Secretary that it is likely that any member of
22 such family is eligible for any payments of the type enumer-
23 ated in section 2153(a)(2)(A), such member fails within
24 30 days to take all appropriate steps (excluding acceptance
25 of any employment offered under any of the conditions

1 specified in subparagraphs ~~(A)~~ through ~~(D)~~ of section 2111
2 ~~(c)(2)~~ to apply for and ~~(if eligible)~~ obtain any such
3 payments.

4 ~~“(2)(A)~~ No individual shall be considered a member
5 of a family for purposes of determining the amount of such
6 family's benefits if such individual is exempt under section
7 2111(b)(1) from the requirement of registration pursuant
8 to section 2111(a) solely because of an incapacity which is
9 determined by the Secretary to be the result in whole or in
10 part of drug abuse or alcohol abuse unless such individual is
11 undergoing any treatment that may be appropriate for such
12 abuse at an institution or facility approved for purposes of
13 this section by the Secretary ~~(so long as such treatment is~~
14 ~~available)~~ and demonstrates that he is complying with the
15 terms, conditions, and requirements of such treatment and
16 with requirements imposed by the Secretary under subpara-
17 graph ~~(B)~~.

18 ~~“(B)~~ The Secretary shall provide for the monitoring
19 and testing of all individuals who are members of families
20 for purposes of this title and who as a condition of being con-
21 sidered as such are required to be undergoing treatment and
22 complying with the terms, conditions, and requirements there-
23 of as described in subparagraph ~~(A)~~, in order to assure
24 such compliance and to determine the extent to which the
25 imposition of such requirement is contributing to the achieve-

1 ment of the purposes of this title. The Secretary shall an-
 2 nually submit to the Congress a full and complete report on
 3 his activities under this subsection.

4 ~~“(C) As used in subparagraph (A), the term ‘drug~~
 5 ~~abuse’ means abuse of a controlled substance within the~~
 6 ~~meaning of section 102 of the Controlled Substances Act; and~~
 7 ~~the term ‘alcohol abuse’ means alcohol abuse or alcoholism~~
 8 ~~within the meaning of section 247 of the Community Mental~~
 9 ~~Health Centers Act.~~

10 ~~“Puerto Rico, the Virgin Islands, and Guam~~

11 ~~“(h) For special provisions applicable to Puerto Rico,~~
 12 ~~the Virgin Islands, and Guam, see section 1108 (c).~~

13 ~~“INCOME~~

14 ~~“Meaning of Income~~

15 ~~“Sec. 2153. (a) For purposes of this part, income~~
 16 ~~means both earned income and unearned income; and—~~

17 ~~“(1) earned income means only—~~

18 ~~“(A) wages as determined under section 203 (f)~~

19 ~~(5) (C);~~

20 ~~“(B) net earnings from self-employment, as~~
 21 ~~defined in section 211 (without the application of~~
 22 ~~the second and third sentences following clause (C)~~
 23 ~~of subsection (a) (9), and the last paragraph of sub-~~
 24 ~~section (a)), including earnings for services de-~~

1 scribed in paragraphs (4), (5), and (6) of subsec-
2 tion (c); and

3 ~~“(2) unearned income means all other income, in-~~
4 cluding support and maintenance furnished in cash or
5 otherwise, and including—

6 ~~“(A) any payments received as an annuity,~~
7 pension, retirement, or disability benefit, including
8 veterans’ compensation and pensions, workmen’s
9 compensation payments, old-age, survivors, and dis-
10 ability insurance benefits, railroad retirement annu-
11 ties and pensions, and unemployment insurance
12 benefits;

13 ~~“(B) prizes and awards;~~

14 ~~“(C) the proceeds of any life insurance policy~~
15 to the extent that they exceed the amount expended
16 by family members for expenses of the insured in-
17 dividual’s last illness and burial or \$1,500, which-
18 ever is less;

19 ~~“(D) gifts (cash or otherwise), support and~~
20 alimony payments, and inheritances; and

21 ~~“(E) rents, dividends, interest, and royalties.~~

22 ~~“Exclusions From Income~~

23 ~~“(b) In determining the income of a family there shall~~
24 be excluded—

1 ~~“(1) subject to limitations (as to amount or other-~~
2 ~~wise) prescribed by the Secretary, the earned income of~~
3 ~~each child in the family who is, as determined by the~~
4 ~~Secretary under regulations, a student regularly attend-~~
5 ~~ing a school, college, or university, or a course of voca-~~
6 ~~tional or technical training designed to prepare him for~~
7 ~~gainful employment;~~

8 ~~“(2) (A) the total unearned income of all mem-~~
9 ~~bers of a family in a calendar quarter which, as de-~~
10 ~~termined in accordance with criteria prescribed by the~~
11 ~~Secretary, is received too infrequently or irregularly to~~
12 ~~be included, if such income so received does not exceed~~
13 ~~\$60 in such quarter; and (B) the total earned income~~
14 ~~of all members of a family in a calendar quarter which,~~
15 ~~as determined in accordance with such criteria, is re-~~
16 ~~ceived too infrequently or irregularly to be included, if~~
17 ~~such income so received does not exceed \$30 in such~~
18 ~~quarter;~~

19 ~~“(3) an amount of earned income of a member of~~
20 ~~the family equal to all, or such part (and according to~~
21 ~~such schedule) as the Secretary may prescribe, of the~~
22 ~~cost incurred by such member for child care which the~~
23 ~~Secretary deems necessary to securing or continuing in~~
24 ~~manpower training, vocational rehabilitation, employ-~~
25 ~~ment, or self-employment;~~

26 ~~“(4) the first \$720 per year (or proportionately~~

1 smaller amounts for shorter periods) of the total of
2 earned income (not excluded by the preceding para-
3 graphs of this subsection) of all members of the family
4 plus one-third of the remainder thereof;

5 “(5) subject to section 2156, any assistance (ex-
6 cept veterans' pensions) which is based on need and
7 furnished by any State or political subdivision of a State
8 or any Federal agency (including relocation assistance
9 under section 2114(b)(3)), or by any private agency
10 or organization exempt from taxation under section
11 501(a) of the Internal Revenue Code of 1954 as an
12 organization described in section 501(c) (3) or (4)
13 of such Code;

14 “(6)(A) allowances under section 2115(a), 2117
15 (e), or 2132(e);

16 “(B) allowances of the types described in such sec-
17 tions which are paid by a State or political subdivision
18 thereof to a member of a family receiving benefits under
19 this title, to the extent that such allowances do not ex-
20 ceed \$30 per month;

21 “(7) any portion of any grant, scholarship, or
22 fellowship received for use in paying the cost of tuition
23 and fees at any educational (including technical or
24 vocational education) institution;

25 “(8) home produce of a member of the family
26 utilized by the household for its own consumption;

1 ~~“(9) one-third of any payments received for the~~
 2 support of children who are family members, or as
 3 alimony paid to family members; and

4 ~~“(10) any amounts received for the foster care of~~
 5 a child who is not a member of the family but who is
 6 living in the same home as the family and was placed
 7 in such home by a public or nonprofit private child-
 8 placement or child-care agency.

9 Notwithstanding any other provision of this part, the total
 10 amount which may be excluded under paragraphs ~~(1),~~
 11 ~~(2),~~ and ~~(3)~~ in determining the income of any family
 12 for any year shall not exceed the lesser of—

13 ~~“(i) \$2,000 plus \$200 for each member of the~~
 14 family in excess of four, or

15 ~~“(ii) \$3,000,~~

16 or a proportionately smaller amount for a shorter period.

17 ~~“RESOURCES~~

18 ~~“Exclusions From Resources~~

19 ~~“SEC. 2154. (a) In determining the resources of a~~
 20 family there shall be excluded—

21 ~~“(1) the home, to the extent that its value does~~
 22 not exceed such amount as the Secretary determines to
 23 be reasonable;

24 ~~“(2) household goods and personal effects, to the~~
 25 extent that their total value does not exceed such amount
 26 as the Secretary determines to be reasonable; and

1 ~~“(2) other property which, as determined in ac-~~
 2 ~~cordance with and subject to limitations prescribed by~~
 3 ~~the Secretary, is so essential to the family’s means of~~
 4 ~~self-support as to warrant its exclusion.~~

5 In determining the resources of a family an insurance policy
 6 shall be taken into account only to the extent of its cash
 7 surrender value; except that if the total face value of all
 8 life insurance policies on any person is \$1,500 or less, no part
 9 of the value of any such policy shall be taken into account.

10 ~~“Disposition of Resources~~

11 ~~“(b) The Secretary shall prescribe the period or periods~~
 12 ~~of time within which, and the manner in which, various kinds~~
 13 ~~of property must be disposed of in order not to be included~~
 14 ~~in determining a family’s eligibility for benefits. Any por-~~
 15 ~~tion of the family’s benefits paid for any such period shall be~~
 16 ~~conditioned upon such disposal; and any benefits so paid~~
 17 ~~shall (at the time of the disposal) be considered overpay-~~
 18 ~~ments to the extent they would not have been paid had the~~
 19 ~~disposal occurred at the beginning of the period for which~~
 20 ~~such benefits were paid.~~

21 ~~“MEANING OF FAMILY AND CHILD~~

22 ~~“Meaning of Family~~

23 ~~“SEC. 2155. (a) Two or more individuals—~~

24 ~~“(1) who are related by blood, marriage, or adop-~~
 25 ~~tion,~~

1 ~~“(2) who are living in a place of residence main-~~
2 ~~tained by one or more of them as his or their own home,~~

3 ~~“(3) all of whom are residents of the United States,~~
4 ~~and at least one of whom is either (A) a citizen or (B)~~
5 ~~an alien lawfully admitted for permanent residence, and~~

6 ~~“(4) at least one of whom is a child who is in the~~
7 ~~care of or dependent upon another of such individuals,~~
8 ~~shall be regarded as a family for purposes of this title and~~
9 ~~part A of title IV. A parent (of a child living in a place~~
10 ~~of residence referred to in paragraph (2)), or a spouse of~~
11 ~~such a parent, who is determined by the Secretary to be~~
12 ~~temporarily absent from such place of residence for the~~
13 ~~purpose of engaging in or seeking employment or self-~~
14 ~~employment (including military service) shall nevertheless~~
15 ~~be considered (for purposes of paragraph (2)) to be living~~
16 ~~in such place of residence. Notwithstanding any other pro-~~
17 ~~vision of this title—~~

18 ~~“(A) no two or more individuals in any household~~
19 ~~shall be considered a family for purposes of this title if~~
20 ~~the individual who is the head of such household is a full-~~
21 ~~time undergraduate or graduate student at a college or~~
22 ~~university; and~~

23 ~~“(B) no individual shall (except as provided in the~~
24 ~~preceding sentence) be considered a member of a fam-~~
25 ~~ily for any of the purposes of this title with respect~~

1 to any month during all of which such individual is out-
2 side the United States; and for purposes of this clause
3 after an individual has been outside the United States
4 for any period of 30 consecutive days, he shall be treated
5 as remaining outside the United States until he has been
6 in the United States for a period of 30 consecutive days.

7 "Meaning of Child

8 "(b) For purposes of this title, the term 'child' means
9 an individual who is neither married nor (as determined
10 by the Secretary) the head of a household, and who is (1)
11 under the age of eighteen, or (2) under the age of twenty-
12 two and (as determined by the Secretary) a student reg-
13 ularly attending a school, college, or university, or a course
14 of vocational or technical training designed to prepare him
15 for gainful employment.

16 "Determination of Family Relationships

17 "(c) In determining whether an individual is related
18 to another individual by blood, marriage, or adoption, appro-
19 priate State law shall be applied.

20 "Income and Resources of Noncontributing Individual

21 "(d) For purposes of determining eligibility for and the
22 amount of benefits for any family there shall be excluded the
23 income and resources of any individual, other than a parent
24 of a child, or a spouse of a parent, who is a family member,
25 which, as determined in accordance with criteria prescribed

1 by the Secretary, is not available to other members of the
2 family; and for such purposes such individual—

3 “~~(1)~~ in the case of a child, shall be regarded as a
4 member of the family for purposes of determining the
5 family's eligibility for such benefits but not for purposes
6 of determining the amount of such benefits, and

7 “~~(2)~~ in any other case, shall not be considered a
8 member of the family for any purpose.

9 “United States

10 “~~(e)~~ For purposes of this title, the term ‘United
11 States’, when used in a geographical sense, means the States
12 and the District of Columbia, the Commonwealth of Puerto
13 Rico, the Virgin Islands, and Guam.

14 “Recipients of Assistance for the Aged, Blind, and
15 Disabled Ineligible

16 “~~(f)~~ If an individual is receiving benefits under title
17 ~~XX~~, then, for the period for which such benefits are
18 received, such individual shall not be regarded as a mem-
19 ber of a family for purposes of determining the amount of the
20 benefits of the family under this title and his income and
21 resources shall not be counted as income and resources of a
22 family under this title.

23 “OPTIONAL STATE SUPPLEMENTATION

24 “~~SEC. 2156. (a)~~ Any cash payments which are made
25 by a State ~~(or political subdivision thereof)~~ on a regular basis

1 to individuals who are receiving benefits under this title or
2 who would but for their income be eligible to receive benefits
3 under this title, as assistance based on need in supplementa-
4 tion of such benefits (as determined by the Secretary), shall
5 be excluded under section 2153(b)(5) in determining the
6 income of such individuals for purposes of this title only if
7 (1) the Secretary and such State enter into an agreement
8 which satisfies subsection (b) and which may at the option of
9 the State provide that the Secretary will, on behalf of such
10 State (or subdivision), make such supplementary payments
11 to all such individuals, and (2) such supplementary pay-
12 ments are made to such individuals in accordance with such
13 agreement.

14 “(b) Any agreement between the Secretary and a State
15 entered into under subsection (a) shall provide—

16 “(1) that in determining the eligibility of any
17 family for supplementary payments on the basis of the
18 income of the family, all the provisions of section
19 2153(b) will apply, except that with respect to any
20 quarter—

21 “(A) if benefits are paid to such family for
22 such quarter under part A or part B, such benefits
23 will not be excluded from income in applying para-
24 graph (5) of such section, and

25 “(B) if no benefits are paid to such family

1 for such quarter under part A or part B, the re-
2 quirement of this paragraph shall not apply with
3 respect to such family; except that the supplemen-
4 tary payment shall not be reduced, on account of in-
5 come in excess of the maximum amount which such
6 family could have and still receive such a benefit,
7 by an amount greater than such excess,
8 and, if the agreement provides that the Secretary will, on
9 behalf of the State (or political subdivision), make the sup-
10 plementary payments to individuals receiving benefits under
11 this title, shall also provide—

12 “(2) that such payments will be made (subject to
13 subsection (c)) to all families residing in such State (or
14 subdivision) who are receiving benefits under this title
15 except that the State may, at its option, exclude—

16 “(A) families in which both parents of the child
17 or children are present, neither parent is incapaci-
18 tated, and the male parent is not unemployed, or

19 “(B) families described in subparagraph (A)
20 and families in which both parents of the child or
21 children are present, neither parent is incapacitated,
22 and the male parent is unemployed, and

23 “(3) such other rules with respect to eligibility for
24 or amount of the supplementary payments, and such pro-

1 cedural or other general administrative provisions, as the
2 Secretary finds necessary ~~(subject to subsection (c))~~ to
3 achieve efficient and effective administration of both the
4 program which he conducts under this title and the
5 optional State supplementation.

6 ~~“(c) Any State (or political subdivision) making sup-~~
7 ~~plementary payments described in subsection (a) may at its~~
8 ~~option impose as a condition of eligibility for such payments,~~
9 ~~and include in the State’s agreement with the Secretary~~
10 ~~under such subsection, a residence requirement which ex-~~
11 ~~cludes individuals who have resided in the State (or political~~
12 ~~subdivision) for less than a minimum period prior to applica-~~
13 ~~tion for such payments.~~

14 ~~“(d) Any State which has entered into an agreement~~
15 ~~with the Secretary under this section which provides that the~~
16 ~~Secretary will, on behalf of the State (or political subdivi-~~
17 ~~sion), make the supplementary payments to individuals who~~
18 ~~are receiving benefits under this title (or who would but for~~
19 ~~their income be eligible to receive such benefits), shall, sub-~~
20 ~~ject to section 503 of the Social Security Amendments of~~
21 ~~1971, at such times and in such installments as may be~~
22 ~~agreed upon between the Secretary and such State, pay to~~
23 ~~the Secretary an amount equal to the expenditures made by~~
24 ~~the Secretary as such supplementary payments.~~

1 ~~“PART D—PROCEDURAL AND GENERAL PROVISIONS~~

2 ~~“PAYMENTS AND PROCEDURES~~

3 ~~“Payment of Benefits~~

4 ~~“SEC. 2171. (a)(1) Benefits under this title shall be~~
5 ~~paid at such time or times and in such installments as will~~
6 ~~best effectuate the purposes of this title.~~

7 ~~“(2)(A) Payment of the benefit of any family may be~~
8 ~~made to any one or more members of the family, or, if the~~
9 ~~Secretary finds, after reasonable notice and opportunity for~~
10 ~~hearing (which shall be held in the same manner and sub-~~
11 ~~ject to the same conditions as a hearing under subsections (c)~~
12 ~~(1) and (2)) to the family member or members to whom~~
13 ~~the benefits are (or, but for this provision, would be) paid,~~
14 ~~that such member or members have such inability to man-~~
15 ~~age funds that making payment to such member or members~~
16 ~~would be contrary to the welfare of the child or children in~~
17 ~~such family, he may make payment to any person other~~
18 ~~than a member of such family (including an appropriate~~
19 ~~public or private agency) who is interested in or concerned~~
20 ~~with the welfare of the family. The Secretary shall investi-~~
21 ~~gate each case in which he has reason to believe that a family~~
22 ~~receiving payments under this title is unable to manage such~~
23 ~~payments in accordance with its best interests.~~

24 ~~“(B) If the Secretary makes payment under subpara-~~
25 ~~graph (A) to a person who is not a member of the family,~~

1 he shall review his finding under the preceding sentence
2 periodically to determine whether the conditions justifying
3 such finding still exist, and, if they do not, he shall discon-
4 tinue making payments to any person who is not a member
5 of the family. If it appears to the Secretary that such con-
6 ditions are likely to continue beyond a period specified by
7 him, he shall attempt to secure the appointment of a guardian
8 or other legal representative for the family member with
9 respect to whom such finding is made, and take any other
10 steps he may find appropriate to protect the welfare of the
11 child or children in the family.

12 ~~“(C) No part of the benefits of any family may be~~
13 ~~paid to any member of such family who has failed to register~~
14 ~~as required by section 2111(a), or who fails to accept~~
15 ~~services or employment or participate in training as required~~
16 ~~by section 2111(e), or who refuses to accept rehabilitation~~
17 ~~services as required by section 2117(b) or section 2132(b);~~
18 ~~and the Secretary may, if he deems it appropriate, provide~~
19 ~~for the payment of such benefits during the period of such~~
20 ~~failure to any person other than a member of such family~~
21 ~~(including an appropriate public or private agency) who is~~
22 ~~interested in or concerned with the welfare of the family,~~
23 ~~without making the finding required by subparagraph (A)~~
24 ~~and without regard to subparagraph (B).~~

25 ~~“(3) The Secretary may establish ranges of incomes~~

1 within which a single amount of benefits under this title shall
2 apply.

3 “(4) The Secretary may make, to any family initially
4 applying for benefits under this title which is presumptively
5 eligible for such benefits and which is faced with financial
6 emergency, a cash advance against such benefits in an amount
7 not exceeding \$100.

8 “Overpayments and Underpayments

9 “(b) Whenever the Secretary finds that more or less
10 than the correct amount of benefits has been paid with respect
11 to any family, proper adjustment or recovery shall, subject
12 to the succeeding provisions of this subsection, be made by
13 appropriate adjustments in future payments to the family
14 under part A or part B or by recovery from or payment to
15 any one or more of the individuals who are or were members
16 thereof. The Secretary shall make such provision as he finds
17 appropriate in the case of payment of more than the correct
18 amount of benefits with respect to a family with a view to
19 avoiding penalizing members of the family who were without
20 fault in connection with the overpayment, if adjustment or
21 recovery on account of such overpayment in such case would
22 defeat the purposes of this title, or be against equity or good
23 conscience, or (because of the small amount involved) im-
24 pede efficient or effective administration of this title.

1 ~~“Hearings and Review~~

2 ~~“(c) (1) The Secretary shall provide reasonable notice~~
3 ~~and opportunity for a hearing to any individual who is or~~
4 ~~claims to be a member of a family and is in disagreement~~
5 ~~with any determination under this title with respect to—~~

6 ~~“(A) eligibility of the family for benefits, the num-~~
7 ~~ber of members of the family, or the amount of the fam-~~
8 ~~ily’s benefits, or~~

9 ~~—(B) the refusal of such individual to register for or~~
10 ~~participate or continue to participate in manpower serv-~~
11 ~~ices, training, or employment, or to accept employment~~
12 ~~or rehabilitation services,~~

13 ~~if such individual requests a hearing on the matter in dis-~~
14 ~~agreement within thirty days after notice of such determina-~~
15 ~~tion is received.~~

16 ~~“(2) Determination on the basis of such hearing shall be~~
17 ~~made within ninety days after the individual requests the~~
18 ~~hearing as provided in paragraph (1).~~

19 ~~“(3) The final determination of the Secretary after a~~
20 ~~hearing under paragraph (1) shall be subject to judicial~~
21 ~~review as provided in section 205 (g) to the same extent as~~
22 ~~the Secretary’s final determination under section 205;~~
23 ~~except that the determination of the Secretary after such~~
24 ~~hearing as to any fact shall be final and conclusive and not~~
25 ~~subject to review by any court.~~

1 ~~“Procedures; Prohibition of Assignments; Representation~~
2 ~~of Claimants—~~

3 ~~“(d)(1) The provisions of section 207 and subsec-~~
4 ~~tions (a), (d), (e), and (f) of section 205 shall apply~~
5 ~~with respect to this part to the same extent as they apply~~
6 ~~in the case of title II.~~

7 ~~“(2) To the extent the Secretary finds it will promote~~
8 ~~the achievement of the objectives of this part, qualified per-~~
9 ~~sons may be appointed to serve as hearing examiners in hear-~~
10 ~~ings under subsection (e) without meeting the specific stand-~~
11 ~~ards prescribed for hearing examiners by or under subchap-~~
12 ~~ter II of chapter 5 of title 5, United States Code.~~

13 ~~“(3) The Secretary may prescribe rules and regulations~~
14 ~~governing the recognition of agents or other persons, other~~
15 ~~than attorneys as hereinafter provided, representing claim-~~
16 ~~ants before the Secretary under this part, and may require~~
17 ~~of such agents or other persons, before being recognized as~~
18 ~~representatives of claimants, that they shall show that they~~
19 ~~are of good character and in good repute, possessed of the~~
20 ~~necessary qualifications to enable them to render such claim-~~
21 ~~ants valuable service, and otherwise competent to advise and~~
22 ~~assist such claimants in the presentation of their cases. An~~
23 ~~attorney in good standing who is admitted to practice be-~~
24 ~~fore the highest court of the State, Territory, District, or in-~~
25 ~~sular possession of his residence or before the Supreme Court~~

1 of the United States or the inferior Federal courts, shall
2 be entitled to represent claimants before the Secretary. The
3 Secretary may, after due notice and opportunity for hearing,
4 suspend or prohibit from further practice before him any such
5 person, agent, or attorney who refuses to comply with the
6 Secretary's rules and regulations or who violates any provi-
7 sion of this paragraph for which a penalty is prescribed. The
8 Secretary may, by rule and regulation, prescribe the maxi-
9 mum fees which may be charged for services performed in
10 connection with any claim before the Secretary under this
11 part, and any agreement in violation of such rules and regu-
12 lations shall be void. Any person who shall, with intent to
13 defraud, in any manner willfully and knowingly deceive,
14 mislead, or threaten any claimant or prospective claimant or
15 beneficiary under this part by word, circular, letter, or adver-
16 tisement, or who shall knowingly charge or collect directly
17 or indirectly any fee in excess of the maximum fee, or
18 make any agreement directly or indirectly to charge or
19 collect any fee in excess of the maximum fee, prescribed by
20 the Secretary, shall be deemed guilty of a misdemeanor and,
21 upon conviction thereof, shall for each offense be punished
22 by a fine not exceeding \$500 or by imprisonment not exceed-
23 ing one year, or both.

24 “Applications and Furnishing of Information by Families

25 “(c)(1) The Secretary shall prescribe such require-

1 ments in the case of families or members thereof for the
2 filing of applications, the suspension or termination of bene-
3 fits, the furnishing of other data and material, and the
4 reporting of events and changes in circumstances, as may
5 be necessary to determine eligibility for and amount of
6 family assistance benefits.

7 “(2) Each family who received benefits under part A
8 or part B in a quarter shall be required, not later than 30
9 days after the close of such quarter, to submit a report to
10 the Secretary containing such information and in such form
11 as he may prescribe in order to enable him to determine
12 eligibility for and the amount of the benefits payable to
13 such family with respect to such quarter as provided in
14 section 2152(d). In case of failure by any family to submit
15 the report within such 30 days, no payment of benefits
16 under part A or part B shall be made to such family so
17 long as such failure continues.

18 “(3) In case of the failure by any family to submit any
19 other data, material, or report required under paragraph
20 (1), or delay by any individual in submitting such data,
21 material, or report as so required, the Secretary shall reduce
22 any benefits which may subsequently become payable to
23 such family under this title by—

24 “(A) \$25 in the case of the first such failure
25 or delay,

1 ~~“(B) \$50 in the case of the second such failure or~~
2 ~~delay, and~~

3 ~~“(C) \$100 in the case of the third or a subse-~~
4 ~~quent such failure or delay,~~

5 ~~except where the family was without fault or good cause~~
6 ~~for such failure or delay existed.~~

7 ~~“Furnishing of Information by Other Agencies~~

8 ~~“(f) The head of any Federal agency shall provide~~
9 ~~such information as the Secretary needs for purposes of~~
10 ~~determining eligibility for or amount of benefits, or verifying~~
11 ~~other information with respect thereto.~~

12 ~~“PENALTIES FOR FRAUD~~

13 ~~“SEC. 2172. Whoever—~~

14 ~~“(1) knowingly and willfully makes or causes to be~~
15 ~~made any false statement or representation of a material~~
16 ~~fact in any application for any benefit under this title,~~

17 ~~“(2) at any time knowingly and willfully makes~~
18 ~~or causes to be made any false statement or representa-~~
19 ~~tion of a material fact for use in determining rights to any~~
20 ~~such benefit,~~

21 ~~“(3) having knowledge of the occurrence of any~~
22 ~~event affecting (A) his initial or continued right to~~
23 ~~any such benefit, or (B) the initial or continued right~~
24 ~~to any such benefit of any other individual in whose~~
25 ~~behalf he has applied for or is receiving such benefit,~~

1 conceals or fails to disclose such event with an intent
2 fraudulently to secure such benefit either in a greater
3 amount or quantity than is due or when no such benefit
4 is authorized, or

5 ~~“(4) having made application to receive any such~~
6 benefit for the use and benefit of another and having
7 received it, knowingly and willfully converts such bene-
8 fit or any part thereof to a use other than for the use
9 and benefit of such other person;

10 shall be guilty of a misdemeanor and upon conviction thereof
11 shall be fined not more than \$1,000 or imprisoned for not
12 more than one year, or both.

13 ~~“ADMINISTRATION~~

14 ~~“SEC. 2173. The Secretary of Health, Education, and~~
15 Welfare and the Secretary of Labor may each perform any
16 of his functions under this title ~~(or section 1124)~~ directly,
17 through arrangements with each other or with other Federal
18 agencies, or by contract with public or private agencies
19 providing for payment in advance or by way of reimburse-
20 ment, and in such installments, as he may deem necessary.

21 ~~“ADVANCE FUNDING~~

22 ~~“SEC. 2174. (a) For the purpose of affording adequate~~
23 notice of funding available under this title, appropriations
24 for grants, contracts, or other payments under part A or
25 part B ~~(other than benefits under section 2113 or 2131)~~

1 are authorized to be included in an appropriation Act for
2 the fiscal year preceding the fiscal year for which they are
3 available for obligation.

4 “(b) In order to effect a transition to the advance fund-
5 ing method of timing appropriation action, subsection (a)
6 shall apply notwithstanding that its initial application will
7 result in enactment in the same year (whether in the same
8 appropriation Act or otherwise) of two separate appropria-
9 tions, one for the then current fiscal year and one for the
10 succeeding fiscal year.

11 “OBLIGATION OF DESERTING PARENTS

12 “SEC. 2175. In any case where an individual has de-
13 serted or abandoned his spouse or his child or children and
14 such spouse or any such child (during the period of such
15 desertion or abandonment) is a member of a family re-
16 ceiving benefits under this title, such individual shall be
17 obligated to the United States in an amount equal to—

18 “(1) the total amount of the benefits paid to such
19 family during such period with respect to such spouse
20 and child or children, reduced by

21 “(2) any amount actually paid by such individual
22 to or for the support and maintenance of such spouse
23 or child or children during such period, if and to the
24 extent that such amount is excluded in determining the
25 amount of such benefits;

1 except that in any case where an order for the support and
2 maintenance of such spouse or any such child has been
3 issued by a court of competent jurisdiction, the obligation of
4 such individual under this subsection ~~(with respect to such~~
5 ~~spouse or child)~~ for any period shall not exceed the amount
6 specified in such order less any amount actually paid by such
7 individual ~~(to or for the support and maintenance of such~~
8 ~~spouse or child)~~ during such period. The amount due the
9 United States under such obligation shall be collected ~~(to the~~
10 ~~extent that the claim of the United States therefor is not~~
11 ~~paid by such individual or otherwise satisfied)~~, in such man-
12 ner as may be specified by the Secretary from any amounts
13 otherwise due him or becoming due him at any time from
14 any officer or agency of the United States or under any
15 Federal program. Amounts collected under the preceding
16 sentence shall be deposited in the Treasury as miscellaneous
17 receipts.

18 **"PENALTY FOR INTERSTATE FLIGHT TO AVOID**

19 **PARENTAL RESPONSIBILITIES**

20 **"SEC. 2176.** Whoever, being the parent of a child re-
21 ceiving benefits under this title as a member of a family,
22 moves or travels in interstate commerce for the purpose of
23 avoiding responsibility for the support of such child or any
24 other responsibility imposed upon him by or under any
25 law pertaining to the obligations of a parent to his child,

1 ployment programs under this title, together with related
2 child care, family planning, and other services, in helping
3 needy families to become self-supporting and in otherwise
4 achieving the objectives of this title. Each such local com-
5 mittee shall perform its functions within an area specified
6 by the Secretaries at the time of its establishment or desig-
7 nation; but at least one such committee shall be established
8 or designated in every State.

9 “(b) Each local advisory committee established or
10 designated under subsection (a) shall, as specified by the
11 Secretaries, consist of persons representative of labor, busi-
12 ness, the general public, and units of local government not
13 directly involved in administering employment and training
14 programs under this title, and shall have a chairman elected
15 by the committee from among its members. Members of each
16 local committee shall be selected in such manner, and serve
17 for such terms, as may be specified by the Secretaries.

18 “(c) Each local advisory committee established or desig-
19 nated under subsection (a) shall submit to the Secretaries
20 at regular intervals a report on the effectiveness of the pro-
21 grams and services referred to in subsection (a) in the area
22 within which it performs its functions, together with its rec-
23 ommendations for improving such effectiveness and such
24 additional information as the Secretaries may request in
25 connection with such programs and services.

1 in clause ~~(9)~~ and inserting in lieu thereof “persons
2 seeking or receiving services under the plan”, and

3 ~~(ii)~~ by striking out “aid to families with dependent
4 children” in such clause and inserting in lieu thereof
5 “the plan”;

6 ~~(H)~~ by striking out clauses ~~(10)~~, ~~(11)~~, and ~~(12)~~;

7 ~~(I)~~ ~~(i)~~ by striking out “section 406(d)” in clause
8 ~~(14)~~ and inserting in lieu thereof “section 405(d)”,

9 ~~(ii)~~ by striking out “for children and relatives re-
10 ceiving aid to families with dependent children and appro-
11 priate individuals ~~(living in the same home)~~ whose needs
12 are taken into account in making the determination under
13 clause ~~(7)~~” in such clause ~~(as amended by section 524~~
14 ~~(a)~~ of this Act) and inserting in lieu thereof “for
15 members of a family receiving assistance to needy fami-
16 lies with children and individuals who would have been
17 eligible to receive aid to families with dependent children
18 under the State plan ~~(approved under this part)~~ as in
19 effect prior to the enactment of title XXI”, and

20 ~~(iii)~~ by striking out “such children, relatives, and
21 individuals” each place it appears in such clause ~~(as~~
22 ~~so amended)~~ and inserting in lieu thereof “such mem-
23 bers and individuals”;

24 ~~(J)~~ by striking out clause ~~(15)~~ and inserting in lieu

1 thereof the following: "~~(15)~~ provide ~~(A)~~ for the de-
2 velopment of a program, for appropriate members of
3 such families and such other individuals, for preventing
4 or reducing the incidence of births out of wedlock and
5 otherwise strengthening family life, and for implement-
6 ing such program by assuring that in all appropriate
7 cases family planning services are offered to them, but
8 acceptance of family planning services provided under
9 the plan shall be voluntary on the part of such members
10 and individuals and shall not be a prerequisite to eligi-
11 bility for or the receipt of any other service under the
12 plan; and ~~(B)~~ to the extent that services provided under
13 this clause or clause ~~(8)~~ are furnished by the staff of the
14 State agency or the local agency administering the State
15 plan in each of the political subdivisions of the State, for
16 the establishment of a single organizational unit in such
17 State or local agency, as the case may be, responsible for
18 the furnishing of such services;"

19 ~~(K)~~ by striking out "aid" in clause ~~(16)~~ and in-
20 serting in lieu thereof "assistance to needy families with
21 children";

22 ~~(L)~~ ~~(i)~~ by striking out "aid to families with depend-
23 ent children" in clause ~~(17)~~ ~~(A)~~ ~~(i)~~ and inserting in
24 lieu thereof "assistance to needy families with children";

- 1 ~~(ii)~~ by striking out “aid” in clause ~~(17)(A)(ii)~~
 2 and inserting in lieu thereof “assistance”, and
- 3 ~~(iii)~~ by striking out “aid” in clause ~~(17)(A)(iii)~~
 4 ~~(as added by section 525(a) of this Act)~~ and inserting
 5 in lieu thereof “assistance”;
- 6 ~~(M)~~ by striking out “clause ~~(17)(A)~~” in clause
 7 ~~(18)~~ and inserting in lieu thereof “clause ~~(11)(A)~~”;
- 8 ~~(N)~~ by striking out clause ~~(19)~~;
- 9 ~~(O)~~ by striking out “aid to families with dependent
 10 children in the form of foster care in accordance with
 11 section 408” in clause ~~(20)~~ and inserting in lieu thereof
 12 “payments for foster care in accordance with section
 13 406”;
- 14 ~~(P)~~ ~~(i)~~ by striking out “aid is being provided under
 15 the State plan” in clause ~~(21)(A)~~ ~~(as amended by sec-~~
 16 ~~tion 525(b) of this Act)~~ and inserting in lieu thereof
 17 “assistance to needy families with children or foster care
 18 under the State plan is being provided”, and
- 19 ~~(ii)~~ by striking out “section 410” in clause ~~(21)~~
 20 ~~(C)~~ and inserting in lieu thereof “section 407”;
- 21 ~~(Q)~~ by striking out “aid is being provided under
 22 the plan of such other State” in each place it appears in
 23 clause ~~(22)~~ ~~(as amended by section 525(c) of this~~
 24 ~~Act)~~ and inserting in lieu thereof “assistance to needy

1 families with children or foster care payments are being
2 provided in such other State"; and

3 ~~(R)~~ by striking out "and ~~(23)~~" and all that fol-
4 lows and inserting in lieu thereof "and ~~(23)~~ provide
5 that, to the extent services under the plan are furnished
6 by the staff of the State or local agency administering
7 the plan in any political subdivision of the State, such
8 staff will be located in organizational units (up to such
9 organizational levels as the Secretary may prescribe)
10 which are separate and distinct from the units within
11 such agencies responsible for determining eligibility for
12 any form of cash assistance paid on a regularly recur-
13 ring basis or for performing any functions directly re-
14 lated thereto, subject to any exceptions which, in accord-
15 ance with standards prescribed in regulations, the Secre-
16 tary may permit when he deems it necessary in order to
17 ensure the effective administration of the plan."

18 ~~(2)~~ Clauses ~~(5)~~, ~~(6)~~, ~~(9)~~, ~~(13)~~, ~~(14)~~, ~~(15)~~, ~~(16)~~,
19 ~~(17)~~, ~~(18)~~, ~~(20)~~, ~~(21)~~, ~~(22)~~, and ~~(23)~~ of section 402
20 ~~(a)~~ of such Act, as amended by paragraph ~~(1)~~ of this sub-
21 section, are redesignated as clauses ~~(4)~~ through ~~(16)~~, re-
22 spectively.

23 ~~(c)~~ Section 402~~(b)~~ of such Act is amended to read
24 as follows:

25 "~~(b)~~ The Secretary shall approve any plan which fulfills

1 the conditions specified in subsection ~~(a)~~, except that he
2 shall not approve any plan which imposes, as a condition of
3 eligibility for services or foster care payments under it, any
4 residence requirement which denies services or foster care
5 payments with respect to any individual residing in the
6 State.”

7 ~~(f)~~ Section 402 of such Act is further amended by strik-
8 ing out subsection ~~(c)~~, and by striking out subsection ~~(d)~~
9 ~~(as added by section 523(b) of this Act).~~

10 ~~(g)(1)~~ Section 403(a) of such Act is amended—
11 ~~(A)~~ by striking out “aid and” in the matter pre-
12 ceeding paragraph ~~(1)~~;

13 ~~(B)~~ by striking out paragraph ~~(1)~~ and inserting
14 in lieu thereof the following:

15 “~~(1)~~ an amount equal to the sum of the following
16 proportions of the total amounts expended during such
17 quarter as payments for foster care in accordance with
18 section 406—

19 “~~(A)~~ five sixths of such expenditures, not
20 counting so much of any expenditure with respect to
21 any month as exceeds the product of \$18 multiplied
22 by the total number of children receiving such foster
23 care for such month; plus

24 “~~(B)~~ the Federal percentage of the amount by
25 which such expenditures exceed the maximum which

1 may be counted under subparagraph (A), not count-
2 ing so much of any expenditure with respect to any
3 month as exceeds the product \$100 multiplied by
4 the total number of children receiving such foster
5 care for such month;”;

6 (C) by striking out paragraph (2);

7 (D) (i) by striking out “in the case of any State,”
8 in the matter preceding subparagraph (A) in para-
9 graph (3),

10 (ii) by striking out “or relative who is receiving
11 aid under the plan, or to any other individual (living in
12 the same home as such relative and child) whose needs
13 are taken into account in making the determination under
14 clause (7) of such section” in clause (i) of subpara-
15 graph (A) of such paragraph and inserting in lieu
16 thereof “receiving foster care under the State plan or
17 any member of a family receiving assistance to needy
18 families with children”;

19 (iii) by striking out “child or relative who is ap-
20 plying for aid to families with dependent children or”
21 in clause (ii) of subparagraph (A) of such paragraph
22 and inserting in lieu thereof “member of a family”;

23 (iv) by striking out “likely to become an appli-
24 cant for or recipient of such aid” in clause (ii) of sub-
25 paragraph (A) of such paragraph and inserting in lieu

1 thereof "likely to become eligible to receive such assist-
2 ance";

3 ~~(v)~~ by striking out "~~(17), (18), (21), and~~
4 ~~(22)~~" in clause ~~(iv)~~ of subparagraph ~~(A)~~ of such
5 paragraph ~~(as added by section 527(a) of this Act)~~
6 and inserting in lieu thereof "~~(11), (12), (14), and~~
7 ~~(15)~~"; and

8 ~~(vi)~~ by striking out "~~(14) and (15)~~" each place
9 it appears in subparagraph ~~(A)~~ of such paragraph and
10 inserting in lieu thereof "~~(8) and (9)~~";

11 ~~(E)~~ by striking out all that follows "permitted" in
12 the last sentence of such paragraph and inserting in lieu
13 thereof "by the Secretary; and";

14 ~~(F)~~ by striking out "in the case of any State," in
15 the matter preceding subparagraph ~~(A)~~ in paragraph
16 ~~(5)~~;

17 ~~(G)~~ by striking out "section 406(c)" each place
18 it appears in paragraph ~~(5)~~ and inserting in lieu thereof
19 "section 405(c)"; and

20 ~~(H)~~ by striking out the sentences following para-
21 graph ~~(5)~~.

22 ~~(2)~~ Paragraphs ~~(3)~~ and ~~(5)~~ of section 403(a) of such
23 Act, as amended by paragraph ~~(1)~~ of this subsection, are
24 redesignated as paragraphs ~~(2)~~ and ~~(3)~~, respectively.

25 ~~(h)~~ Section 403(h) of such Act is amended—

1 ~~(1)~~ by striking out “~~(B)~~ records showing the num-
2 ber of dependent children in the State, and ~~(C)~~” in para-
3 graph ~~(1)~~ and inserting in lieu thereof “and ~~(B)~~”; and
4 ~~(2)~~ by striking out “~~(A)~~” in paragraph ~~(2)~~, and
5 by striking out “, and ~~(B)~~” and all that follows in such
6 paragraph down through “under the State plan”.

7 ~~(i)~~ Section 404 of such Act is amended—

8 ~~(1)~~ by striking out “~~(a)~~ In the case of any State
9 plan for aid and services” and inserting in lieu thereof
10 “~~In the case of any State plan for services~~”;

11 ~~(2)~~ by striking out clause ~~(1)~~ and inserting in lieu
12 thereof the following:

13 “~~(1)~~ that the plan no longer complies with the
14 provisions of section 402; or”;

15 ~~(3)~~ by striking out subsection ~~(b)~~.

16 ~~(j)~~ Section 405 of such Act is repealed.

17 ~~(k)~~ Section 406 of such Act is redesignated as section
18 405, and as so redesignated is amended—

19 ~~(1)~~ by striking out subsections ~~(a)~~, ~~(b)~~, and ~~(c)~~
20 and inserting in lieu thereof the following:

21 “~~(a)~~ The term ‘child’ means a child as defined in
22 section 2155~~(b)~~.

23 “~~(b)~~ The term ‘needy families with children’ means
24 families who are eligible for benefits under part A or part B
25 of title XXI, other than families in which both parents of

1 the child or children are present, neither parent is inca-
 2 pacitated, and the male parent is not unemployed.

3 “(c) The term ‘assistance to needy families with chil-
 4 dren’ means benefits under part A or part B of title XXI,
 5 paid to needy families with children as defined in subsection
 6 (b).”; and

7 (2) (A) by striking out “living with any of the
 8 relatives specified in subsection (a) (1) in a place of
 9 residence maintained by one or more of such relatives
 10 as his or their own home” in paragraph (1) of subsec-
 11 tion (c) and inserting in lieu thereof “a member of a
 12 family (as defined in section 2155(a))”,

13 (B) by striking out “because such child or relative
 14 refused” in such paragraph and inserting in lieu thereof
 15 “because such child or another member of such family
 16 refused”, and

17 (C) by striking out “the household in which he is
 18 living” in subparagraph (A) of such paragraph and
 19 inserting in lieu thereof “such family”.

20 (1) Section 407 of such Act is repealed.

21 (m) Section 408 of such Act is redesignated as section
 22 406, and as so redesignated is amended—

23 (1) by striking out everything (including the head-
 24 ing) which precedes paragraph (b) (1) and inserting
 25 in lieu thereof the following:

1 the month in which court proceedings leading to such deter-
 2 mination were initiated, or (B) would have received such
 3 assistance to needy families with children (or such aid)
 4 in or for such month if application had been made therefor,
 5 or (C) in the case of a child who had been a member of a
 6 family (as defined in section 2155(a)) within six months
 7 prior to the month in which such proceedings were initiated,
 8 would have received such assistance (or such aid) in or for
 9 such month if in such month he had been a member of (and
 10 removed from the home of) such a family and application
 11 had been made therefor;

12 “(b) the term ‘foster care’ shall, however, include the
 13 care described in paragraph (a) only if it is provided—”;

14 (2) (A) by striking out “aid to families with de-
 15 pendent children” in paragraph (b)2 and inserting
 16 in lieu thereof “foster care”;

17 (B) by striking out “such foster care” in such
 18 paragraph and inserting in lieu thereof “foster care”,
 19 and

20 (C) by striking out the period at the end of such
 21 paragraph and inserting in lieu thereof “; and”;

22 (3) by striking out paragraph (e) and redesign-
 23 ating paragraphs (d), (e), and (f) as paragraphs
 24 (e), (d), and (e), respectively;

25 (4) by striking out “paragraph (f)(2)” and “see-

1 tion ~~403(a)(3)~~" in paragraph (e) (as so redesignated) and inserting in lieu thereof "paragraph (e) ~~(2)~~" and "section 403(a)(2)" respectively;

4 ~~(5)~~ by striking out "aid" in paragraph (d) (as so redesignated) and inserting in lieu thereof "foster care";

7 ~~(6)~~ by striking out "relative specified in section 406(a)" in paragraph (c)(1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 2155(a))"; and

11 ~~(7)~~ by striking out "522(a)" and "part 3 of title V" in paragraph (c)(2) (as so redesignated) and inserting in lieu thereof "422(a)" and "part B of this title", respectively.

15 ~~(n)~~ Section 400 of such Act is repealed.

16 ~~(o)~~ Section 410 of such Act is redesignated as section 407; and subsection (a) of such section (as so redesignated) is amended by striking out "section 402(a)(21)" and inserting in lieu thereof "section 402(a)(14)".

20 ~~(p)(1)~~ Section 422(a)(1)(A) of such Act is amended by striking out "section 402(a)(15)" and inserting in lieu thereof "section 402(a)(9)".

23 ~~(2)~~ Section 422(a)(1)(B) of such Act is amended—
24 (A) by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children", and

1 ~~(B) by striking out “such children and their fam-~~
2 ~~ilies” and inserting in lieu thereof “such families and~~
3 ~~children”.~~

4 ~~(q) Part C of title IV of such Act is repealed.~~

5 ~~(r) References in any law, regulation, State plan, or~~
6 ~~other document to any provision of part A of title IV of the~~
7 ~~Social Security Act which is redesignated by this section~~
8 ~~shall to the extent appropriate (from and after the effective~~
9 ~~date of the amendments made by this section) be considered~~
10 ~~to be references to such provision as so redesignated.~~

11 *TITLE IV—PROGRAMS FOR FAMILIES WITH*
12 *CHILDREN*

13 *PART A—TESTING OF ALTERNATIVE PROPOSALS FOR*
14 *ASSISTANCE TO FAMILIES WITH DEPENDENT*
15 *CHILDREN*

16 *AUTHORIZATION FOR CONDUCT OF TEST PROGRAM*

17 *SEC. 401. (a) For purposes of this part—*

18 *(1) the term “family assistance tests” means (A)*
19 *the programs contained in title IV of H.R. 1, Ninety-*
20 *second Congress, first session, as passed by the House of*
21 *Representatives, or (B) the program referred to in*
22 *clause (A) as amended by amendment numbered 1669,*
23 *Ninety-second Congress, second session, introduced in*
24 *the Senate on October 2, 1972,*

25 *(2) the term “workfare test program” means the*
26 *program contained in parts A and B, title IV of H.R. 1,*

1 *Ninety-second Congress, second session, as reported to*
2 *the Senate by the Committee on Finance on September*
3 *26, 1972, and*

4 (3) *the term "family" means a family with children.*

5 (b) (1) *The Secretary of Health, Education, and Wel-*
6 *fare (hereinafter in this section referred to as the "Secre-*
7 *tary") is authorized, effective January 1, 1973, to plan for*
8 *and conduct, in accordance with the provisions of this sec-*
9 *tion, not more than three test programs. One of such pro-*
10 *grams shall be the family assistance test program defined in*
11 *subsection (a) (1) (A) of this section, one of such programs*
12 *shall be the family assistance program defined in subsection*
13 *(a) (1) (B) of this section, and one of such programs shall*
14 *be the workfare test program.*

15 (2) *Whenever the workfare test program is commenced,*
16 *there shall commence, on the same date as such program,*
17 *both family assistance test programs. Except as may other-*
18 *wise be authorized by the Congress, no test program under*
19 *this section shall be conducted for a period of less than*
20 *twenty-four months or more than forty-eight months, and to*
21 *the maximum extent practical each such test program shall*
22 *be conducted for the same length of time.*

23 (3) *Any such test program shall be conducted only in*
24 *and with respect to an area which consists of one or more*

1 *States, one or more political subdivisions of a State, or part*
2 *of a political subdivision of a State, and shall be applicable*
3 *to all the individuals who are residents of the State or the*
4 *area of the State in and with respect to which such program*
5 *is conducted.*

6 (4) *During any period for which any such test pro-*
7 *gram is in effect in any State or in any area of a State,*
8 *individuals residing in such State or the area of the State*
9 *in which such program is in effect shall not be eligible for*
10 *aid or assistance under any State plan or program for which*
11 *the State receives Federal financial assistance under part A*
12 *of title IV of the Social Security Act.*

13 (5) *The Secretary, in determining the areas in which*
14 *test programs under this section shall be conducted, shall*
15 *select areas with a view to assuring—*

16 (A) *that the number of participants in any such*
17 *program will (to the maximum extent practicable) be*
18 *equal to the number of participants in any other such*
19 *program; and*

20 (B) *that the area in which any family assistance*
21 *test program is conducted shall be comparable (in terms*
22 *of size and composition of population, of average per*
23 *capita income, rate of unemployment, and other relevant*

1 *criteria) to an area in which a workfare test program is*
2 *conducted.*

3 *(c)(1) No test program under this section shall be*
4 *conducted in any State (or any area thereof) unless such*
5 *State shall have entered into an agreement with the Secre-*
6 *tary under which the State agrees—*

7 *(A) to participate in the costs of such test pro-*
8 *gram; and*

9 *(B) to cooperate with the Secretary in the conduct*
10 *of such program.*

11 *(2) Under any such agreement, no State shall be re-*
12 *quired to expend, with respect to any test program conducted*
13 *within such State (or any area thereof), amounts greater*
14 *than the amount which would have been expended with re-*
15 *spect to such State or area thereof (as the case may be),*
16 *during the period that such test program is in effect, under*
17 *the State plan of such State approved under part A of title*
18 *IV of the Social Security Act. For purposes of determining*
19 *the amount any State would have under such a plan during*
20 *the period that any such test program is in effect within such*
21 *State (or any area thereof), it shall be assumed that the rate*
22 *of State expenditure (from non-Federal funds) under such*
23 *plan would be equal to the average of State expenditure*
24 *(from non-Federal funds) under such plan for the twelve-*

1 *month period immediately preceding the commencement of*
2 *such test program.*

3 *(d)(1) The Secretary shall, upon completion of any*
4 *plans for and prior to the commencement of any test program*
5 *under this section, submit to the Committee on Finance of*
6 *the Senate and the Committee on Ways and Means of the*
7 *House of Representatives a complete and detailed description*
8 *of such program and shall invite and give consideration to the*
9 *comments and suggestions of such committees with respect to*
10 *such program.*

11 *(2) During the period that test programs are in opera-*
12 *tion under this section, the Secretary shall from time to time*
13 *(but not less frequently than once during any six-month*
14 *period) submit to the Congress a report on such programs.*
15 *Each such report shall contain full and complete information*
16 *and data with respect to such programs and the operation*
17 *thereof, together with such recommendations and comments*
18 *of the Secretary with respect to such programs as he deems*
19 *desirable.*

20 *(3) At the earliest practicable date after the termina-*
21 *tion of all test programs authorized to be conducted by this*
22 *section, the Secretary shall submit to the Congress a full*
23 *and complete report on such programs and their operation*
24 *together with (A) the Secretary's evaluation of such pro-*

1 *grams and such comments or recommendations of the Sec-*
2 *retary with respect to such programs as he deems desirable*
3 *and (B) his recommendations (if any) for legislation to*
4 *revise or replace the provisions of part A of title IV of the*
5 *Social Security Act.*

6 *(e) (1) The Secretary shall—*

7 *(A) in the planning of any test program under*
8 *this section; or*

9 *(B) in assembling information, statistics, or other*
10 *materials, to be contained in any report to Congress*
11 *under this section;*

12 *consult with, and seek the advice and assistance of, the Gen-*
13 *eral Accounting Office and the General Accounting Office*
14 *shall consult with the Secretary and furnish such advice and*
15 *assistance to him upon request of the Secretary or at such*
16 *times as the Comptroller General deems desirable.*

17 *(2) The operations of any test program conducted*
18 *under this section shall be reviewed by the General Ac-*
19 *counting Office, and the books, records, and other documents*
20 *pertaining to any such program or its operation shall be*
21 *available to the General Accounting Office at all reasonable*
22 *times for purposes of audit, review, or inspection. The books,*
23 *records, and documents of each such program shall be au-*
24 *dated by the General Accounting Office from time to time (but*
25 *not less frequently than once each year).*

1 (3) *During the period that test programs are in oper-*
2 *ation under this section, the Comptroller General shall from*
3 *time to time (but not less frequently than once during any*
4 *six-month period) submit to the Congress a report on such*
5 *programs which shall contain full and complete information*
6 *and data with respect to such programs and the operation*
7 *thereof, together with such recommendations and comments*
8 *of the Comptroller General with respect to such programs as*
9 *he deems desirable.*

10 (4) *At the earliest practicable date after the termina-*
11 *tion of all test programs authorized to be conducted by this*
12 *section, the Comptroller General shall submit to the Congress*
13 *a full and complete report on such programs and their oper-*
14 *ation together with his evaluation of, and comments and*
15 *recommendations (if any), with respect to such programs.*

16 (f) *In the administration of test programs under this*
17 *section, the Secretary shall provide safeguards which restrict*
18 *the use or disclosure of information identifying participants*
19 *in such programs to purposes directly connected with the*
20 *administration of such programs (except that nothing in this*
21 *subsection shall be construed to prohibit the furnishing of*
22 *records or information concerning participants in such pro-*
23 *grams to the Committee on Finance of the Senate or the*
24 *Committee on Ways and Means of the House of Representa-*
25 *tives).*

1 “(A) is not less than the applicable rate
2 (if any) required under Federal, State, or
3 local law, and

4 “(B) is less than (but not less than three-
5 fourths of) the minimum wage (as defined in
6 section 2003(d)), and

7 “(2) in a position the compensation for which—

8 “(A) has not, during the three-month pe-
9 riod preceding the date on which such individ-
10 ual is placed in such position, been reduced, or
11 (if such compensation has been reduced during
12 such period) the Secretary is satisfied (on the
13 basis of evidence presented to him) that such
14 compensation was not reduced in contemplation
15 of the availability of the payment of wage sup-
16 plement benefits under this subpart with respect
17 to such position, and

18 “(B) is not reduced during the period that
19 such individual is employed in such position,
20 unless (i) such compensation is reduced after
21 such individual has been employed in such posi-
22 tion for a three-month period, or (ii) the Secre-
23 tary is satisfied (on the basis of evidence pre-
24 sented to him) that the reduction in such
25 compensation is or was not made because of the

1 *availability of the payment of wage supplement*
2 *benefits under this part with respect to such*
3 *position;*

4 “(b) makes application (filed in such form and
5 manner and with such official as may be prescribed
6 under regulations prescribed by the Secretary) for wage
7 supplement benefits;

8 *shall be entitled to receive the wage supplement payments*
9 *authorized by this part for each week that the conditions of*
10 *clauses (a) and (b) are met, commencing with the week*
11 *following the week in which his application for such bene-*
12 *fits is filed with the Secretary.*

13 “AMOUNT OF WAGE SUPPLEMENT

14 “SEC. 2002. (a) For each week any individual who is
15 entitled to wage supplement benefits under this title shall
16 be paid a wage supplement equal to the amount produced by
17 multiplying (1) the number of hours (not in excess of 40)
18 for which such individual performed services (whether or not
19 for the same employer) in regular employment (which meets
20 the requirements of section 2001(a)) by (2) three-fourths
21 of the excess of (A) the minimum wage (as defined in sec-
22 tion 2003(d)) over (B) the hourly wage (as defined in sub-
23 section (a)) paid or payable to such individual for the serv-
24 ices performed by him in such employment.

1 *who bears to such child one of the relationships specified*
2 *in clause (1); and*

3 *“(3) who are living in a place of residence in the*
4 *United States maintained by one or more of them as his*
5 *or their own home,*

6 *except that no child who is living away from home while*
7 *attending school shall, by reason of clause (4), be excluded*
8 *as a member of a family on account of his absence from the*
9 *family residence.*

10 *“(f) The term ‘head of family’, when used in reference*
11 *to any family, means—*

12 *“(1) in case there is included among the members*
13 *of the family an individual, who is the father of a child*
14 *who is a member of the family, such individual (unless*
15 *he is disabled);*

16 *“(2) in case there is no individual in the family*
17 *who meets the criteria specified in clause (1) and there*
18 *is included among the members of the family an indi-*
19 *vidual, who is the mother of a child who is a member of*
20 *the family, such individual (unless she is disabled);*

21 *“(3) in case there is no individual in a family who*
22 *meets the criteria specified in clause (1) or (2), any*
23 *other individual who is a member of such family (other*
24 *than a child or an individual who is disabled) and who*
25 *undertakes to provide for the support of the children*

1 *who are members of such family; except that (A) not*
2 *more than one such individual shall, at any time, be*
3 *regarded as the head of family of the family of which he*
4 *is a member, and (B) no such individual shall be*
5 *regarded as the head of family of any family if the*
6 *Secretary determines that there is no child in such*
7 *family other than a child which has been placed in such*
8 *family in order to enable a member thereof to participate*
9 *in the employment with the wage supplement program*
10 *established under this title.*

11 *“(g) The term ‘child’ means an individual who is un-*
12 *married and who—*

13 *“(1) has not attained the age of 18; or*

14 *“(2) has attained such age but has not attained the*
15 *age of 21 and is a ‘full-time student’ (as such term is*
16 *applied for purposes of section 202(d)).*

17 *“(h) The term ‘disabled’, when used in reference to*
18 *any individual, means the inability of such individual to*
19 *engage in any substantial gainful activity by reason of any*
20 *medically determinable physical or mental impairment.”*

21 *PART C—CHILD SUPPORT*

22 *CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY*

23 *SEC. 430. (a) The Social Security Act is amended by*
24 *adding after part C of title IV thereof the following new*
25 *part:*

1 *“PART D—CHILD SUPPORT AND ESTABLISHMENT OF*
2 *PATERNITY*

3 *“APPROPRIATION*

4 *“SEC. 451. For the purposes of enforcing (1) the sup-*
5 *port obligations owed by absent parents to children receiving*
6 *assistance under part A of this title, (2) the residual mone-*
7 *tary obligation owed to the United States by absent parents,*
8 *and (3) the criminal penalties for nonsupport against absent*
9 *parents, there is hereby authorized to be appropriated to the*
10 *Attorney General for each fiscal year a sum sufficient to*
11 *carry out the purposes of this part.*

12 *“DUTIES OF ATTORNEY GENERAL*

13 *“SEC. 452. (a) The Attorney General shall enforce the*
14 *support rights assigned to him under section 402(a)(26) by*
15 *applicants for and recipients of assistance under part A of*
16 *this title, utilizing all funds and authority which are avail-*
17 *able to him for this purpose. To the extent required, he shall*
18 *locate absent parents, determine paternity in order to estab-*
19 *lish duty to support, obtain support orders, collect support*
20 *payments by use of voluntary agreements or other means,*
21 *and enforce the residual monetary obligation owed the United*
22 *States and the criminal provisions for nonsupport by such*
23 *parents.*

24 *“(b) (1) The Attorney General shall, in accordance with*
25 *procedures applicable to the recovery of obligations due the*

1 *United States, including, where appropriate, the use of vol-*
2 *untary agreements, and in accordance with the priorities for*
3 *distribution specified in section 455, collect and distribute*
4 *amounts from enforcement of obligations under paragraph*
5 *(2). Whenever any individual is determined to be liable to*
6 *the United States for any amount under this section, the*
7 *Attorney General may make certification of such amount to*
8 *the Secretary of the Treasury for collection pursuant to the*
9 *provisions of section 6305 of the Internal Revenue Code of*
10 *1954. The Attorney General shall reimburse the Secretary*
11 *of the Treasury for any costs involved.*

12 “(2) *The Attorney General is authorized to bring civil*
13 *action in any court of competent jurisdiction (including the*
14 *courts in any State or political subdivision thereof) against an*
15 *absent parent to secure (A) support obligations assigned to*
16 *him under section 402(a)(26), and (B) the residual mone-*
17 *tary obligation owed to the United States as defined in section*
18 *457, except that all or part of such obligation may be sus-*
19 *pending or forgiven by the Attorney General upon a finding*
20 *of good cause. In taking actions against an absent parent, the*
21 *Attorney General shall give priority to obtaining orders and*
22 *proceeding with collections required under subsection (b)*
23 *(2)(A).*

24 “(3) *The Attorney General may enter into voluntary*
25 *agreements to recover support obligations assigned under sec-*

1 *tion 402(a)(26), if there is no court order in effect directing*
2 *payment of such obligation or if there is such an order in*
3 *effect but there is no reasonable expectation that it can be*
4 *enforced or that the obligation can be collected. Any volun-*
5 *tary agreement so made shall provide that support payments*
6 *will not cease if the family ceases to receive assistance under*
7 *part A of this title, and the amounts payable under such*
8 *agreement, if there is no court order in effect, may be col-*
9 *lected as authorized under the provisions of this part.*

10 “(c) *The Attorney General and the Director of the*
11 *Office of Economic Opportunity are directed to enter into*
12 *an appropriate arrangement under which the services of*
13 *attorneys participating in legal services programs established*
14 *pursuant to section 222(a)(3) of the Economic Opportunity*
15 *Act of 1964 will be made available to the Attorney General*
16 *to assist him in carrying out his functions under this part.*
17 *The Attorney General shall, to the maximum extent feasible,*
18 *utilize the services of such attorneys in the performance of*
19 *such functions and may make the services of such attorneys*
20 *available to States or political subdivisions to assist them in*
21 *carrying out the purposes of this part. The Office of Eco-*
22 *nomic Opportunity shall be reimbursed by the Attorney*
23 *General for the costs incurred in providing such services.*

24 “(d) *The Attorney General shall require that each*
25 *United States attorney designate an assistant United States*

1 attorney to be responsible for enforcement of the provisions
2 of this part in his judicial district and maintain liaison with
3 and assist the States and political subdivisions thereof in their
4 child support efforts. Each assistant United States attorney
5 so designated shall prepare and submit to the Attorney Gen-
6 eral for submission to the Congress quarterly reports on all
7 activities undertaken pursuant to this section.

8 “(e)(1) There is hereby established in the Treasury a
9 revolving fund to be known as the Federal Child Support
10 Fund (hereinafter referred to as the ‘fund’) which shall be
11 available to the Attorney General without fiscal year limita-
12 tion, to enable him to carry out his responsibilities under this
13 part.

14 “(2) Except as provided in sections 454(d) and 458,
15 all moneys appropriated pursuant to section 451 for the pur-
16 pose of funding Federal activities under this part and all
17 moneys collected by the Federal Government pursuant to this
18 part (including support payments and payments by way of
19 reimbursement received from Federal agencies, States and
20 political subdivisions thereof, and individuals) shall be paid
21 into the fund and shall be disbursed by the Attorney General
22 from time to time in accordance with the provisions of this
23 part.

24 “(3) There is hereby appropriated to the fund, out of
25 any moneys in the Treasury not otherwise appropriated,

1 amounts equal to the amounts collected under section
2 6305 of the Internal Revenue Code of 1954, reduced by the
3 amounts credited or refunded as overpayments of the amounts
4 so collected. The amounts appropriated by the preceding
5 sentence shall be transferred at least quarterly from the
6 general fund of the Treasury to the fund on the basis of
7 estimates made by the Secretary of the Treasury. Proper
8 adjustments shall be made in the amounts subsequently trans-
9 ferred to the extent prior estimates were in excess of or less
10 than the amounts required to be transferred.

11 “(f) The Attorney General shall notify the Secretary
12 of the failure of the State agency administering the plan
13 approved under part A of this title to comply with the re-
14 quirements of section 402(a)(26).

15 “(g) The Attorney General shall maintain complete
16 records of all amounts collected under this part and of the
17 costs incurred in collecting such amounts and shall, not
18 later than June 30 of each year (commencing with June 30,
19 1974), submit to the Congress a written report on all activi-
20 ties undertaken pursuant to the provisions of this part.

21 “PARENT LOCATOR SERVICE

22 “SEC. 453. (a) The Attorney General shall establish
23 and conduct, within the Department of Justice, a Parent
24 Locator Service which shall be used to obtain and transmit
25 to any authorized person (as defined in subsection (c)) in-

1 *formation as to the whereabouts of any absent parent when*
2 *such information is to be used to locate such parent for the*
3 *purpose of enforcing support obligations against such parent.*

4 “(b) *Upon request, filed in accordance with subsection*
5 *(d) of any authorized person (as defined in subsection (c))*
6 *for the most recent address and place of employment of any*
7 *individual, the Attorney General shall, notwithstanding any*
8 *other provision of law, provide through the Parent Locator*
9 *Service such information to such person, if such information—*

10 “(1) *is contained in any files or records main-*
11 *tained by the Attorney General or by the Department of*
12 *Justice; or*

13 “(2) *is not contained in such files or records, but*
14 *can be obtained by the Attorney General, under the*
15 *authority conferred by subsection (e), from any other*
16 *department, agency, or instrumentality, of the United*
17 *States or of any State.*

18 *The Attorney General shall give priority to requests made by*
19 *any authorized person described in subsection (c)(1).*

20 “(c) *As used in subsection (a), the term ‘authorized*
21 *person’ means—*

22 “(1) *any agent or attorney of the United States or*
23 *of any State or any political subdivision to which sup-*
24 *port collection functions have been delegated under sec-*

1 *tion 454, who has the duty or authority to seek to re-*
2 *cover any amounts under section 452;*

3 *“(2) the court which has authority to issue an*
4 *order against an absent parent for the support and*
5 *maintenance of a child, or any agent of such court; and*

6 *“(3) the parent, guardian, attorney, or agent of a*
7 *child (other than a child receiving aid under part A*
8 *of this title) without regard to the existence of a court*
9 *order against an absent parent who has a duty to sup-*
10 *port and maintain any such child.*

11 *“(d) A request for information under this section shall*
12 *be filed in such manner and form as the Attorney General*
13 *shall by regulation prescribe and shall be accompanied or*
14 *supported by such documents as the Attorney General may*
15 *determine to be necessary.*

16 *“(e)(1) Whenever the Attorney General receives a*
17 *request submitted under subsection (b) which he is reason-*
18 *ably satisfied meets the criteria established by subsections (a),*
19 *(b), and (c), he shall promptly undertake to provide the in-*
20 *formation requested from the files and records maintained by*
21 *any of the departments, agencies, or instrumentalities of the*
22 *United States or of any State.*

23 *“(2) Notwithstanding any other provision of law,*
24 *whenever the individual who is the head of any department,*
25 *agency, or instrumentality of the United States receives a*

1 request from the Attorney General for information authorized
2 to be provided by the Attorney General under this section,
3 such individual shall promptly cause a search to be made of
4 the files and records maintained by such department, agency,
5 or instrumentality with a view to determining whether the
6 information requested is contained in any such files or
7 records. If such search discloses the information requested,
8 such individual shall immediately transmit such information
9 to the Attorney General; and, if such search fails to disclose
10 the information requested, such individual shall immediately
11 so notify the Attorney General. The costs incurred by any
12 such department, agency, or instrumentality of the United
13 States or of any State in providing such information to the
14 Attorney General shall be reimbursed by him. Whenever
15 such services are furnished to an individual specified in sub-
16 section (c)(3), a fee shall be charged such individual. The
17 fee so charged shall be deposited in the Fund and shall be
18 used to reimburse the Attorney General or his delegate for
19 the expense of providing such services.

20 “(f) The Attorney General, in carrying out his duties
21 and functions under this section, shall enter into arrange-
22 ments with State agencies administering or supervising
23 the administration of State plans approved under part A
24 of this title, under which the offices operated under such plans
25 will accept from parents, guardians, or agents of a child de-

1 *scribed in subsection (c)(3) and transmit to the Attorney*
2 *General requests for information with regard to the where-*
3 *abouts of absent parents and will otherwise cooperate with*
4 *the Attorney General in carrying out the purposes of this*
5 *section.*

6 *“DELEGATION OF SUPPORT COLLECTION FUNCTIONS TO*
7 *STATES OR POLITICAL SUBDIVISIONS*

8 *“SEC. 454. (a) The Attorney General shall delegate*
9 *to any State having a plan approved under part A of this*
10 *title the authority to recover the child support obligation*
11 *assigned to the United States under section 402(a)(26) if he*
12 *determines that such State has an effective program (in*
13 *accordance with the standards established in subsection (b))*
14 *for locating absent parents, determining paternity, obtaining*
15 *support orders, and collecting amounts of money owed by*
16 *parents for the support and maintenance of their child or*
17 *children. Such a delegation may be made to a political sub-*
18 *division of any such State upon a finding that the State as*
19 *a whole does not have an effective program for locating ab-*
20 *sent parents, determining paternity, obtaining support orders,*
21 *and collecting child support but that such political sub-*
22 *division does have an effective program which meets the*
23 *standards established in subsection (b).*

24 *“(b) The Attorney General shall not approve any pro-*

1 *gram pursuant to subsection (a) unless such program*
2 *provides—*

3 “(1) *for the development and implementation of*
4 *a program under which such State or political subdivi-*
5 *sion will undertake—*

6 “(A) *in the case of a child born out of wedlock*
7 *with respect to whom an assignment under section*
8 *402(a)(26) of this title is effective, to establish the*
9 *paternity of such child, and*

10 “(B) *in the case of any child with respect to*
11 *whom such assignment is effective, to secure support*
12 *for such child from his parent (or from any other*
13 *person legally liable for such support), utilizing any*
14 *reciprocal arrangements adopted with other States*
15 *to obtain or enforce court orders for support, and*

16 “(2) *for the establishment of an organizational unit*
17 *in the State or political subdivision administering the*
18 *program under this section;*

19 “(3) *for entering into cooperative arrangements*
20 *with appropriate courts and law enforcement officials*
21 *(A) to assist the State or political subdivision admin-*
22 *istering the program under this section, including the*
23 *entering into of financial arrangements with such courts*
24 *and officials in order to assure optimum results under*
25 *such program, and (B) with respect to any other matters*

1 *of common concern to such courts or officials and the*
2 *State or political subdivision administering the program*
3 *under this section;*

4 “(4) that the State or political subdivision will
5 *establish a service to locate absent parents utilizing—*

6 “(A) all sources of information and available
7 *records; and*

8 “(B) the Parent Locator Service in the Depart-
9 *ment of Justice;*

10 “(5) that the State or political subdivision will, in
11 *accordance with standards prescribed by the Attorney*
12 *General, cooperate with the State or political subdivision*
13 *of another State or with the Attorney General in ad-*
14 *ministering a program under this part—*

15 “(A) in establishing paternity, if necessary,

16 “(B) in locating an absent parent residing in
17 *the State (whether or not permanently) against*
18 *whom any action is being taken under this part in*
19 *another State,*

20 “(C) in securing compliance by an absent par-
21 *ent residing in such State (whether or not perma-*
22 *nently) with a voluntary agreement or an order*
23 *issued by a court of competent jurisdiction against*
24 *such parent for the support and maintenance of a*
25 *child or children of such parent with respect to whom*

1 *aid is being provided under the plan of such other*
2 *States, and*

3 *“(D) in carrying out other functions required*
4 *by this part;*

5 *“(6) that the State or political subdivision may enter*
6 *into voluntary agreements to recover child support obliga-*
7 *tions delegated under subsection (a), if there is no court*
8 *order in effect directing payment of such obligation or if*
9 *there is such an order in effect but there is no reasonable*
10 *expectation that it can be enforced or that the obligation*
11 *can be collected. Any voluntary agreement so made shall*
12 *provide that support payments will not cease if the family*
13 *ceases to receive assistance under part A of this title, and*
14 *the amounts payable under such agreement, if there is*
15 *no court order in effect, may be collected as authorized*
16 *under the provisions of this part;*

17 *“(7) that the State or political subdivision require,*
18 *as a condition of the absent parent being permitted to*
19 *make support payments on a voluntary basis, the execu-*
20 *tion by such parent of an appropriate affidavit (which*
21 *shall be recorded in the records of the court or other*
22 *appropriate agency) in which such parent acknowledges*
23 *the paternity of such child or children;*

24 *“(8) that, if the State uses voluntary agreements*

1 *under paragraph (6), it will establish an administrative*
2 *mechanism for enforcing such agreements;*

3 *“(9) that such State or political subdivision will*
4 *comply with such other requirements as the Attorney*
5 *General determines to be necessary to the establishment*
6 *of an effective program for locating absent parents, de-*
7 *termining paternity, obtaining support orders, and col-*
8 *lecting support payments including, but not limited to,*
9 *requiring a full record of collections and disbursements;*
10 *and*

11 *“(10) that the State or political subdivision shall*
12 *reimburse the Attorney General for the costs incurred*
13 *by the Federal Government in enforcing and collecting*
14 *support obligations assigned under this section.*

15 *“(c) The Attorney General shall, upon the request of*
16 *any State or political subdivision to which he has delegated*
17 *the authority to recover the child support obligation assigned*
18 *to the United States under section 402(a)(26), make avail-*
19 *able to such State or political subdivision (1) the services of*
20 *attorneys participating in legal services programs who are, by*
21 *reason of the agreement required by section 452(c), assisting*
22 *the Attorney General in carrying out his functions under this*
23 *part, and (2) upon a showing by the State or political*
24 *subdivision that such State or political subdivision made*
25 *diligent and reasonable efforts in utilizing their own col-*

1 *lection mechanisms, the collection facilities of the Depart-*
2 *ment of the Treasury (subject to the same requirements of*
3 *certification by the Attorney General imposed by section*
4 *452(b) and subject to such limitations on the frequency of*
5 *making such certification as may be imposed by the Attorney*
6 *General).*

7 “(d) *From the sums appropriated therefor, the Attorney*
8 *General shall pay to each State or political subdivision which*
9 *has a program approved under this section, for each quarter,*
10 *beginning with the quarter commencing January 1, 1973, an*
11 *amount equal to 75 percent of the total amounts expended*
12 *by such State or political subdivision during such quarter*
13 *for the operation of the program approved under this section*
14 *except as provided in sections 455(b)(2), 456, and 459.*

15 “DISTRIBUTION OF PROCEEDS FROM SUPPORT COLLECTIONS

16 “SEC. 455. (a) *Amounts collected as support obligations*
17 *assigned under section 402(a)(26) shall be distributed in the*
18 *following order of priority—*

19 “(1) *If a State or its agent makes the collection, the*
20 *proceeds of such collection shall be distributed, beginning*
21 *with the first dollar, as follows—*

22 “(A) *the family shall be paid the larger of—*

23 “(i) *100 percent of such proceeds if they*
24 *are equal to or less than the amount of the*

1 *assistance payment which would otherwise be*
2 *made, or*

3 “(ii) *an amount of such proceeds that is*
4 *equal to the lesser of (I) the amount required*
5 *by a court order to be paid for child support*
6 *or (II) the amount agreed upon by the parties*
7 *to a voluntary child support agreement,*
8 *and any proceeds so paid that are in excess of the*
9 *amount of the assistance payment otherwise payable*
10 *shall be deemed to reduce the residual monetary*
11 *obligation to the Federal Government by a like*
12 *amount;*

13 “(B) *such amounts as may be necessary to re-*
14 *imburse the State for such State’s share of assistance*
15 *payments (with appropriate reimbursement of the*
16 *political subdivision if it participated in the financ-*
17 *ing) made to the family prior to the date on which*
18 *the support obligation was collected shall be paid to*
19 *such State, and any amounts so paid shall be deemed*
20 *to reduce the residual monetary obligation to the*
21 *Federal Government by a like amount; and*

22 “(C) *such amounts as may be necessary to re-*
23 *duce or eliminate the residual monetary obligation*
24 *to the Federal Government by the absent parent shall*

1 *be paid to the Federal Government and deposited in*
2 *the fund.*

3 “(2) *If a political subdivision or its agent makes the*
4 *collection, the proceeds of such collection shall be dis-*
5 *tributed, beginning with the first dollar, as follows—*

6 “(A) *the family shall be paid the larger of—*

7 “(i) *100 percent of such proceeds if they*
8 *are equal to or less than the amount of the assist-*
9 *ance payment which would otherwise be made,*
10 *or*

11 “(ii) *an amount of such proceeds that is*
12 *equal to the lesser of (I) the amount required*
13 *by a court order to be paid for child support or*
14 *(II) the amount agreed upon by the parties to*
15 *a voluntary child support agreement,*

16 *and any proceeds so paid that are in excess of the amount*
17 *of the assistance payment otherwise payable shall be*
18 *deemed to reduce the residual monetary obligation to the*
19 *Federal Government by a like amount;*

20 “(B) *such amounts as may be necessary to re-*
21 *imburse the political subdivision for its share of*
22 *assistance payments made to the family prior to the*
23 *date on which the support obligation was collected*
24 *shall be paid to such political subdivision, and any*
25 *amounts so paid shall be deemed to reduce the resid-*

1 *ual monetary obligation to the Federal Government*
2 *by a like amount; and*

3 *“(C) such amounts as may be necessary to re-*
4 *duce or eliminate the residual monetary obligation*
5 *to the Federal Government by the absent parent shall*
6 *be paid to the Federal Government and deposited*
7 *in the fund.*

8 *“(3) If the Attorney General makes the collection,*
9 *the proceeds of such collection shall be distributed, begin-*
10 *ning with the first dollar, as follows—*

11 *“(A) the family shall be paid the larger of—*

12 *“(i) 100 percent of such proceeds if they*
13 *are equal to or less than the amount of the*
14 *assistance payment which would otherwise be*
15 *made, or*

16 *“(ii) an amount of such proceeds that is*
17 *equal to the lesser of (I) the amount required*
18 *by a court order to be paid for child support or*
19 *(II) the amount agreed upon by the parties to a*
20 *voluntary child support agreement,*

21 *and any proceeds so paid that are in excess of the*
22 *amount of the assistance payment otherwise payable*
23 *shall be deemed to reduce the residual monetary*
24 *obligation to the Federal Government by a like*
25 *amount; and*

1 “(B) such amounts as may be necessary to
2 reduce or eliminate the residual monetary obligation
3 to the Federal Government by the absent parent
4 shall be paid to the Federal Government and depos-
5 ited in the fund.

6 Whenever payments are made pursuant to paragraph
7 (2)(A) or (3)(A) to a family residing in a State
8 which does not have an approved support program
9 under this part, the Attorney General shall so certify to
10 the Secretary, who shall reduce the amount of any grant
11 made to such State under part A of this title by an
12 amount equal to the amount so certified and deposit
13 such amount into the Fund, except that such reduction
14 shall not be greater than the amount of the assistance
15 payment such family would have received from such
16 State had the payment under paragraph (2)(A) or
17 (3)(A) not been made.

18 “(b) Whenever a family for whom support payments
19 have been collected and distributed under this part ceases
20 to receive assistance under part A of this title, the Attorney
21 General, or the State or political subdivision to which the
22 Attorney General has delegated the authority to collect sup-
23 port obligations pursuant to this part, shall—

24 “(1) continue to collect such support payments
25 from the absent parent for a period of three months from

1 *the month following the month in which such family*
2 *ceased to receive assistance under part A of this title,*
3 *and pay all amounts so collected to the family; and*

4 “(2) *at the end of such three-month period, if the*
5 *Attorney General (A) is authorized to do so by the*
6 *individual on whose behalf the collection will be made*
7 *and (B) finds that the absent parent has not met his*
8 *support obligation for the period of twenty-four consecu-*
9 *tive months immediately preceding the end of such three-*
10 *month period or throughout the term of such obligation,*
11 *whichever is shorter, continue to collect such support*
12 *payments from the absent parent until he has met his*
13 *support obligation for a period of twenty-four consecu-*
14 *tive months, and pay the net amount of any amount*
15 *so collected to the family after deducting any costs in-*
16 *curring in making the collection from the amount of any*
17 *recovery made.*

18 “INCENTIVE PAYMENT TO LOCALITIES

19 “SEC. 456. *When a political subdivision of a State*
20 *makes the enforcement and collection of the support obliga-*
21 *tion assigned under section 402(a)(26) (either within or*
22 *outside of such State, and whether as the agent of such State*
23 *or as the agent of the Attorney General), an amount equal to*
24 *25 percent of any amount collected and required to be dis-*
25 *tributed as provided in sections 455(a)(1) (A) and (B),*

1 *thereon) shall be reduced by the amount of any sums col-*
2 *lected by a State or political subdivision which represent such*
3 *State or political subdivision's share of assistance payments*
4 *made under the State plan approved under part A of this*
5 *title.*

6 *"REGIONAL LABORATORIES TO ESTABLISH PATERNITY*
7 *THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD*

8 *"SEC. 458. (a) The Secretary shall establish, or ar-*
9 *range for the establishment or designation, in each region*
10 *of the United States, a laboratory which he determines to*
11 *be qualified to provide services in analyzing and classifying*
12 *blood for the purpose of determining paternity, and which*
13 *is prepared to provide such services to courts and public*
14 *agencies in the region to be served by it.*

15 *"(b) Whenever a laboratory is established or desig-*
16 *nated for any region by the Secretary under this section,*
17 *he shall take such measures as may be appropriate to notify*
18 *appropriate courts and public agencies (including agencies*
19 *administering any public welfare program within such re-*
20 *gion) that such laboratory has been so established or desig-*
21 *nated to provide services, in analyzing and classifying blood*
22 *for the purpose of determining paternity, for court and*
23 *public agencies in such region.*

24 *"(c) The facilities of any such laboratory shall be*

1 *made available without cost to courts and public agencies*
2 *in the region to be served by it.*

3 *“(d) There is hereby authorized to be appropriated for*
4 *each fiscal year such sums as may be necessary to carry out*
5 *the provisions of this section.*

6 *“CONSENT BY THE UNITED STATES TO GARNISHMENT AND*
7 *SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD*
8 *SUPPORT AND ALIMONY OBLIGATIONS*

9 *“SEC. 460. Notwithstanding any other provision of law,*
10 *moneys (the entitlement to which is based upon remuneration*
11 *for employment) due from, or payable by, the United States*
12 *(including any agency or instrumentality thereof and any*
13 *wholly owned Federal corporation) to any individual, in-*
14 *cluding members of the armed services, shall be subject, in like*
15 *manner and to the same extent as if the United States were a*
16 *private person, to legal process brought for the enforcement,*
17 *against such individual, of his legal obligations to provide*
18 *child support or make alimony payments.*

19 *“PENALTY FOR NONSUPPORT*

20 *“SEC. 461. (a) Any individual who is the parent of any*
21 *child or children and who is under a legal duty to provide*
22 *for the support and maintenance of such child or children*
23 *(as required under the law of the State where such child or*
24 *children reside) but fails to perform such duty and has*
25 *left, deserted, or abandoned such child or children and*

1 *such child or children receive assistance payments to pro-*
2 *vide for their support and maintenance which are funded*
3 *in whole or in part from funds appropriated therefor*
4 *by the Federal Government shall, upon conviction, be*
5 *penalized in an amount equal to 50 percent of the residual*
6 *monetary obligation owed to the United States, or fined not*
7 *more than \$1,000, or imprisoned for not more than one year,*
8 *or any combination of these three penalties.*

9 *“(b) This section does not preempt any State law im-*
10 *posing a civil or criminal penalty on an absent parent for*
11 *failing to provide support and maintenance to his child or*
12 *children to whom such parent owes a duty to support.”*

13 *Conforming Amendments to Title XI*

14 *(b) Section 1106 of such Act is amended—*

15 *(1) by striking out the period at the end of the first*
16 *sentence of subsection (a) and inserting in lieu thereof*
17 *the following: “and except as provided in part D of title*
18 *IV of this Act.”;*

19 *(2) by adding at the end of subsection (b) the fol-*
20 *lowing new sentence: “Notwithstanding the preceding*
21 *provisions of this subsection, requests for information*
22 *made pursuant to the provisions of part D of title IV*
23 *of this Act for the purpose of using Federal records for*
24 *locating parents shall be complied with and the cost*

1 *incurred in providing such information shall be paid*
2 *for as provided in such part D of title IV.”; and*
3 *(3) by striking out subsection (c).*

4 *Collection of Child Support Obligations*

5 *(c)(1) Subchapter A of chapter 64 of the Internal*
6 *Revenue Code of 1954 (relating to collection of taxes) is*
7 *amended by adding at the end thereof the following new*
8 *section:*

9 **“SEC. 6305. COLLECTION OF CERTAIN LIABILITY TO THE**
10 **UNITED STATES.**

11 *“Upon receiving a certification from the Attorney Gen-*
12 *eral under section 452(b)(1) of the Social Security Act with*
13 *respect to any individual, the Secretary or his delegate shall*
14 *assess and collect the amount certified by the Attorney Gen-*
15 *eral in the same manner, with the same powers, and (except*
16 *as provided in this section) subject to the same limitations as*
17 *if such amount were a tax imposed by subtitle C the collec-*
18 *tion of which would be jeopardized by delay, except that—*

19 *“(1) no interest or penalties shall be assessed or*
20 *collected, and*

21 *“(2) for such purposes, paragraphs (4), (6), and*
22 *(8) of section 6334(a) (relating to property exempt*
23 *from levy) shall not apply.”*

1 (2) *The table of sections for such subchapter is amended*
2 *by adding at the end thereof the following new item:*

“Sec. 6305. Collection of certain liability to the United States.”

3 (d) *The amendments made by subsections (a), (b), and*
4 *(c) shall become effective on January 1, 1973.*

5 AMENDMENTS TO PART A OF TITLE IV

6 SEC. 430A. (a) *Section 402(a)(8)(A) of the Social*
7 *Security Act is amended—*

8 (1) *by striking out “and” at the end of clause (i);*

9 (2) *by striking out the semicolon at the end of*
10 *clause (ii) and inserting in lieu thereof a comma; and*

11 (3) *by adding at the end of clause (ii) the follow-*
12 *ing new clause:*

13 *“(iii) \$20 per month, with respect to the de-*
14 *pendent child (or children), relative with whom*
15 *the child (or children) is living, and other indi-*
16 *vidual (living in the same home as such child (or*
17 *children)) whose needs are taken into account in*
18 *making such determination, of all income derived*
19 *from support payments collected pursuant to part*
20 *D; and”.*

21 (b) *Section 402(a)(9) is amended to read as follows:*

22 *“(9) provide safeguards which permit the use or disclosure*
23 *of information concerning applicants or recipients only to*

1 (A) public officials who required such information in con-
2 nection with their official duties, or (B) other persons for
3 purposes directly connected with the administration of aid
4 to families with dependent children;”.

5 (c) Section 402(a)(10) is amended by inserting im-
6 mediately before “be furnished” the following: “, subject to
7 paragraphs (24) and (26),”.

8 (d) Section 402(a)(11) is amended to read as
9 follows: “(11) provide for prompt notice (including the
10 transmittal of all relevant information) to the Attorney
11 General of the United States (or the appropriate State
12 official or agency (if any) designated by him pursuant to
13 part (D)) of the furnishing of aid to families with dependent
14 children with respect to a child who has been deserted or
15 abandoned by a parent (including a child born out of wed-
16 lock without regard to whether the paternity of such child
17 has been established);”.

18 (e) Section 402(a) is further amended—

19 (1) by striking out “and” at the end of paragraph
20 (22); and

21 (2) by striking out the period at the end of para-
22 graph (23) and inserting in lieu thereof a semicolon and
23 the following: “(24) provide (A) that, as a condition of
24 eligibility under the plan, each applicant for or recipient
25 of aid shall furnish to the State agency his social security

1 *account number (or numbers, if he has more than one*
2 *such number), and (B) that such State agency shall*
3 *utilize such account numbers, in addition to any other*
4 *means of identification it may determine to employ, in*
5 *the administration of such plan; (25) contain such pro-*
6 *visions pertaining to determining paternity and securing*
7 *support and locating absent parents as are prescribed*
8 *by the Attorney General of the United States in order*
9 *to enable him to comply with the requirements of part*
10 *D; and (26) provide that, as a condition of eligibility*
11 *for aid, each applicant or recipient will be required—*

12 *“(A) to assign to the United States any rights*
13 *to support from any other person he may have (i)*
14 *in his own behalf or in behalf of any other family*
15 *member for whom he is applying for or receiving*
16 *aid, and (ii) which have accrued at the time such*
17 *assignment is executed, and which will accrue dur-*
18 *ing the period ending with the third month following*
19 *the month in which he (or such other family mem-*
20 *bers) last receive aid under the plan or within such*
21 *later month as may be determined under section*
22 *455(b), and*

23 *“(B) to cooperate with the Attorney General*
24 *or the State or local agency he has delegated under*
25 *section 454, (i) in establishing the paternity of a*

1 *child born out of wedlock with respect to whom aid*
2 *is claimed, and (ii) in obtaining support payments*
3 *for herself and for a child with respect to whom such*
4 *aid is claimed, or in obtaining any other payments*
5 *or property due herself or such child.”*

6 *(f) Sections 402(a) (17), (18), (21), and (22),*
7 *and section 410 of such Act are repealed.*

8 *(g) The amendments made by this section shall be-*
9 *come effective on January 1, 1973.*

10 *PART D—CHILD CARE AND CHILD WELFARE SERVICES*

11 *SEC. 431. (a) The Social Security Act is amended by*
12 *adding after title XX thereof (as added by section 420 of*
13 *this Act) the following new title:*

14 *“TITLE XXI—CHILD CARE*

15 *“FINDINGS AND DECLARATION OF PURPOSE*

16 *“SEC. 2101. (a) The Congress finds and declares that—*

17 *“(1) the present lack of adequate child care services*
18 *is detrimental to the welfare of families and children in*
19 *that it limits opportunities of parents for employment*
20 *or self-improvement, and often results in inadequate care*
21 *arrangements for children whose parents are unable to*
22 *find appropriate care for them;*

23 *“(2) low-income families and dependent families*
24 *are severely handicapped in their efforts to attain or*

1 “(b) (1) *The powers and duties of the Bureau shall be*
2 *vested in a Director who shall be appointed by the President,*
3 *by and with the advice and consent of the Senate.*

4 “(2) *The Director shall have the power to appoint*
5 *(without regard to the provisions of title 5, United States*
6 *Code, governing appointments in the competitive service)*
7 *such personnel as he deems necessary to enable the Bureau*
8 *to carry out its functions under this title. All personnel shall*
9 *be appointed solely on the ground of their fitness to perform*
10 *their duties and without regard to political affiliation, sex,*
11 *race, creed, or color. The Director may (without regard to*
12 *the provisions of chapter 51 and subchapter III of chapter 53*
13 *of title 5, United States Code, relating to classification and*
14 *General Schedule pay rates) fix the compensation of person-*
15 *nel. The amount of the compensation payable to any employee*
16 *shall be reasonably related to the compensation payable to*
17 *State employees performing similar duties in the State in*
18 *which such employee is employed by the Bureau; except*
19 *that, in no case shall the amount of the compensation payable*
20 *to any employee be greater than that payable to Federal em-*
21 *ployees performing similar services. For purposes of the pre-*
22 *ceding sentence, personnel employed in the principal office of*
23 *the Bureau shall be deemed to be performing services in the*
24 *District of Columbia (which shall be deemed to be a State*
25 *for such purposes), and personnel performing services in*

1 Bureau shall, through utilization of existing facilities for
2 child care and otherwise, provide (or arrange for the pro-
3 vision of) child care services in the various communities of
4 each State. Such child care services shall include the various
5 types of care included in the term 'child care services' (as
6 defined in section 2118(b)) to the extent that the needs of
7 the various communities may require.

8 “(2) The Bureau shall charge and collect a reasonable
9 fee for the child care services provided by it (whether directly
10 or through arrangements with others). The fee so charged for
11 any particular type of child care services provided in any
12 facility shall be uniform for all children receiving such types
13 of services in such facility. Any such fee so charged may be
14 paid in whole or in part by any person (including the Bu-
15 reau, as provided in subsection (e), or any other public
16 agency) which agrees to pay such fee or a part thereof.

17 “(3) The Bureau shall not enter into any arrangement
18 with any person under which the facilities or services of such
19 person will be utilized by the Bureau to provide child care
20 services unless such person agrees (A) to accept any child
21 referred to such person by the Bureau for child care services
22 on the same basis and under the same conditions as other
23 children applying for such services, and (B) to accept pay-
24 ment of all or any part of the fee imposed for such services

1 *from any public agency which shall agree to pay such fee or*
2 *a part thereof from Federal funds.*

3 “(c) *In providing child care services in the various com-*
4 *munities of the Nation, the Bureau shall accord first priority*
5 *(1) to the needs for child care services of families on behalf of*
6 *whom child care services will be paid in whole or in part from*
7 *funds appropriated to carry out part A of title IV and*
8 *section 2109 of this title and who are in need of such services*
9 *to enable a member thereof to accept or continue in employ-*
10 *ment or participate in training to prepare such member for*
11 *employment, and (2) to arranging for care in facilities*
12 *providing hours of child care sufficient to meet the child*
13 *care needs of children whose mothers are employed full time.*

14 “(d) *In providing for child care services the Bureau*
15 *shall first place children in facilities which receive funds*
16 *from sources other than funds made available under this*
17 *title including, if the parents of such children agree, child*
18 *development programs.*

19 “(e) (1) *From the sums available to carry out the pro-*
20 *visions of this title for each fiscal year, the Bureau is au-*
21 *thorized to assist low-income families in meeting the costs of*
22 *child care services where such services are necessary to enable*
23 *an adult member of such family to engage in employment.*

24 “(2) *The amount of the subsidy provided to any family*
25 *under this subsection shall be determined in accordance with*

1 *a schedule established by the Director, after taking into ac-*
2 *count the number of families needing such assistance, the*
3 *amount of assistance needed by such families, and the amount*
4 *of the funds available for the provision of such assistance.*
5 *Such schedule shall (A) provide that the amount of subsidy*
6 *payable to any family shall be equal to a per centum of the*
7 *costs incurred by such family for the child care services with*
8 *respect to which such subsidy is paid, (B) be related to*
9 *ability of such family to pay the costs of such services (as*
10 *determined by family size and income), and (C) be designed*
11 *to assure that the amount of the subsidy payable to any family*
12 *is not greater than the minimum amount necessary to enable*
13 *such family to secure such services.*

14 *“(f) In carrying out its duties and functions under this*
15 *title, the Bureau shall have power—*

16 *“(1) to acquire (by purchase, gift, devise, lease, or*
17 *sublease), and to accept jurisdiction over and to hold and*
18 *own, and dispose of by sale, lease, or sublease, real or*
19 *personal property, including but not limited to a facility*
20 *for child care, or any interest therein for its purposes;*

21 *“(2) to operate, manage, superintend, and control*
22 *any facility for child care under its jurisdiction and to*
23 *repair, maintain, and otherwise keep up any such*
24 *facility; and to establish and collect fees, rentals, or other*

1 *charges for the use of such facility or the receipt of child*
2 *care services provided therein;*

3 *“(3) to provide child care services for the public*
4 *directly or by agreement or lease with any person, agency,*
5 *or organization, and to make rules and regulations con-*
6 *cerning the handling of referrals and applications for the*
7 *admission of children to receive such services; and to*
8 *establish and collect fees and other charges, including*
9 *reimbursement allowances, for the provision of child care*
10 *services: Provided, That, in determining how its funds*
11 *shall be used for the provision of child care services with-*
12 *in a community, the Bureau shall take into account any*
13 *comprehensive planning for child care which has been*
14 *done, and shall generally restrict its direct operation of*
15 *programs to situations in which public or private agencies*
16 *are unable to develop adequate child care;*

17 *“(4) to provide advice and technical assistance to*
18 *persons desiring to enter into an agreement with the*
19 *Bureau for the provision of child care services to assist*
20 *them in developing their capabilities to provide such serv-*
21 *ices under such an agreement;*

22 *“(5) to prepare, or cause to be prepared, plans,*
23 *specifications, designs, and estimates of costs for the con-*
24 *struction and equipment of facilities for child care serv-*
25 *ices in which the Bureau provides child care directly;*

1 “(6) to construct and equip, or by contract cause to
2 be constructed and equipped, facilities (other than home
3 child care facilities) for child care services: Provided,
4 That the Bureau shall take into account any comprehen-
5 sive planning for child care that has been done;

6 “(7) to train persons for employment in providing
7 child care services, with particular emphasis on training
8 persons receiving assistance under part A of title IV;

9 “(8) to procure insurance, or obtain indemnifica-
10 tion, against any loss in connection with the assets of the
11 Bureau or any liability in connection with the activities
12 of the Bureau, such insurance or indemnification to be
13 procured or obtained in such amounts, and from such
14 sources, as the Board deems to be appropriate;

15 “(9) to cooperate with any organization, public
16 or private, the objectives of which are similar to the pur-
17 poses of this title; and

18 “(10) to do any and all things necessary, conven-
19 ient, or desirable to carry out the purposes of this title,
20 and for the exercise of the powers conferred upon the
21 Bureau in this title.

22 “STANDARDS FOR CHILD CARE

23 “SEC. 2104. (a) In order to assure that adequate stand-
24 ards of staffing, health, sanitation, safety, and fire protection
25 are met, the Bureau shall not provide or arrange for the

1 *provision of child care of any type or in any facility unless*
2 *the applicable requirements set forth in the succeeding provi-*
3 *sions of this section are met with respect to such care and*
4 *the facility in which such care is offered.*

5 “(b)(1) *The ratio of the number of children receiving*
6 *child care to the number of qualified staff members directly*
7 *engaged in providing such care (whether as teachers’ aids or*
8 *in another capacity) shall be such as the Director may deter-*
9 *mine to be appropriate for the type of child care provided*
10 *and the age of the children involved, but in no case shall the*
11 *Director require a ratio of less than—*

12 “(A) *eight to one, in case such care is provided in*
13 *a home child care facility; or*

14 “(B) *ten to one, in case such care is provided in a*
15 *day nursery facility, nursery school, child development*
16 *center, play group facility, or preschool child care center.*

17 *For purposes of applying the ratios set forth in clauses (A)*
18 *and (B) of the preceding sentence, any child under age three*
19 *shall be considered as two children.*

20 “(2) *In the case of any facility (other than a facility*
21 *to which paragraph (1) is applicable) the ratio of the num-*
22 *ber of children receiving child care therein to the number*
23 *of qualified staff members providing such care shall not be*
24 *greater than such ratio as the Director may determine to be*
25 *appropriate to the type of child care provided and the age of*

1 *the children involved, except that such ratio shall not be*
2 *greater than twenty-five to one.*

3 “(3) *As used in this subsection, the term ‘qualified staff*
4 *member’ means an individual who has received training in,*
5 *or demonstrated ability in, the care of children.*

6 “(c)(1) *Any facility in which the Bureau provides*
7 *child care (whether directly or through arrangements with*
8 *others) must—*

9 “(A)(i) *in the case of facilities that are not homes,*
10 *meet such provisions of the Life Safety Code of the*
11 *National Fire Protection Association (twenty-first edi-*
12 *tion, 1967) as are applicable to the type of facility;*
13 *except that the Bureau may waive for such periods as*
14 *it deems appropriate, specific provisions of such code*
15 *which, if rigidly applied, would result in unreasonable*
16 *hardship upon the facility, but only if the Bureau makes*
17 *a determination (and keeps a written record setting forth*
18 *the basis of such determination) that such waiver will*
19 *not adversely affect the health and safety of the children*
20 *receiving care in such facility and (ii) in the case of*
21 *facilities that are homes, meet requirements adopted by*
22 *the local area (or a comparable area, if none have been*
23 *adopted for the local area) for application to general*
24 *residential occupancy;*

1 “(B) contain (or have available to it for use) ade-
2 quate indoor and outdoor space for children for the
3 number and ages of the children served by such facility;
4 have separate rooms or areas for cooking, and have
5 separate rooms for toilets;

6 “(C) have floors and walls of a type which can be
7 cleaned and maintained and which contain or are cov-
8 ered with no substance which is hazardous to the health
9 or clothing of children;

10 “(D) have such ventilation and temperature con-
11 trol facilities as may be necessary to assure the safety
12 and reasonable comfort of each child receiving care
13 therein;

14 “(E) provide safe and comfortable facilities for
15 the variety of activities children engage in while re-
16 ceiving care therein;

17 “(F) provide special arrangements or accommo-
18 dations, for children who become ill, which are designed
19 to provide rest and quiet for ill children while protect-
20 ing other children from the risk of infection or contagion;
21 and

22 “(G) make available to children receiving care
23 therein such toys, games, books, equipment, and other
24 material as are appropriate to the type of facility in-

1 *involved and the ages of the children receiving care*
2 *therein.*

3 *“(2) The Director, in determining whether any par-*
4 *ticular facility meets minimum requirements imposed by para-*
5 *graph (1) of this subsection, shall evaluate, not less often*
6 *than once each year, on the basis of inspections made by*
7 *personnel employed by the Bureau or by others through ar-*
8 *rangements with the Bureau, such facility separately and*
9 *shall make a determination with respect to such facility after*
10 *taking into account the location and type of care provided*
11 *by such facility as well as the age group served by it.*

12 *“(d) The Bureau shall not provide (directly or through*
13 *arrangements with other persons) child care in a child care*
14 *facility or home child care facility unless—*

15 *“(1) such facility requires that, in order to receive*
16 *child care provided by such facility, a child must have*
17 *been determined by a physician (after a physical exam-*
18 *ination) to be in good health and must have been*
19 *immunized against such diseases and within such prior*
20 *period as the Director may prescribe in order adequately*
21 *to protect the children receiving care in such facility*
22 *from communicable disease (except that no child seeking*
23 *to enter or receiving care in such a facility shall be re-*
24 *quired to undergo any medical examination, immuniza-*
25 *tion, or physical evaluation or treatment (except to the*

1 *extent necessary to protect the public from epidemics of*
2 *contagious diseases, if his parent or guardian objects*
3 *thereto in writing on religious grounds);*

4 “(2) *such facility provides for the daily evaluation*
5 *of each child receiving care therein for indications of*
6 *illness;*

7 “(3) *such facility provides adequate and nutritious*
8 *(though not necessarily hot) meals and snacks, which*
9 *are prepared in a safe and sanitary manner;*

10 “(4) *such facility has in effect procedures designed*
11 *to assure that each staff member thereof is fully advised*
12 *of the hazards to children of infection and accidents and*
13 *is instructed with respect to measures designed to avoid*
14 *or reduce the incidence or severity of such hazards;*

15 “(5) *such facility has in effect procedures under*
16 *which the staff members of such facility (including volun-*
17 *tary and part-time staff members) are required to under-*
18 *go, prior to their initial employment and periodically*
19 *thereafter, medical assessments of their physical and*
20 *mental competence to provide child care;*

21 “(6) *such facility keeps and maintains adequate*
22 *health records on each child receiving care in such fa-*
23 *ility and on each staff member (including any volun-*
24 *tary or part-time staff member) of such facility who has*

1 *contact with children receiving care in such facility;*
2 *and*

3 “(7) *such facility has in effect, for the children re-*
4 *ceiving child care services provided by such facility, a*
5 *program under which emergency medical care or first*
6 *aid will be provided to any such child who sustains in-*
7 *jury or becomes ill while receiving such services from*
8 *such facility, the parent of such child (or other proper*
9 *person) will be promptly notified of such injury or ill-*
10 *ness, and other children receiving such services in such*
11 *facility will be adequately protected from contagious*
12 *disease.*

13 “(e) *The Bureau shall not provide (directly or*
14 *through arrangements with other persons) child care, in any*
15 *child care facility or home child care facility, to any child*
16 *unless there is offered to the parent or parents with whom*
17 *such child is living (or, if such child is not living with a*
18 *parent, the guardian or other adult person with whom such*
19 *child is living) the opportunity of (A) meeting and consult-*
20 *ing, from time to time, with the staff of such facility on the*
21 *development of such child, and (B) observing, from time to*
22 *time, such child while he is receiving care in such facility.*

23 “(f) *Any nursery school, kindergarten, or child develop-*
24 *ment center in which care is provided must meet applicable*
25 *State or local educational standards.*

1 “EXCLUSIVENESS OF FEDERAL STANDARDS; PENALTY FOR
2 FALSE STATEMENT OR MISREPRESENTATION

3 “SEC. 2106. (a) *Any facility in which child care serv-*
4 *ices are provided by the Bureau (whether directly or*
5 *through arrangements with other persons) shall not be*
6 *subject to any licensing or similar requirements imposed by*
7 *any State (or political subdivision thereof), and shall not*
8 *be subject to any health, fire, safety, sanitary, or other re-*
9 *quirements imposed by any State (or political subdivision*
10 *thereof) with respect to facilities providing child care.*

11 “(b) *If any State (or political subdivision thereof),*
12 *group, organization, or individual feels that the standards*
13 *imposed, or proposed to be imposed, by the Bureau under*
14 *section 2104(c)(1) for child care facilities (or any type*
15 *of class of child care facilities) are less protective of*
16 *the welfare of children than those imposed on such facilities*
17 *by such State (or political subdivision thereof, as the case*
18 *may be), such State (or political subdivision thereof), group,*
19 *organization, or individual may, by filing a request with the*
20 *Bureau, obtain a hearing on the matter of the standards im-*
21 *posed or proposed to be imposed by the Bureau with respect*
22 *to such facilities.*

23 “(c) *Whoever knowingly and willfully makes or causes*
24 *to be made, or induced or seeks to induce the making of, any*
25 *false statement or representation of a material fact with re-*

1 *spect to the conditions or operation of any facility in order*
2 *that such facility may qualify as a facility in which child*
3 *care services are provided by the Bureau (whether directly*
4 *or through arrangements with other persons) shall be guilty*
5 *of a misdemeanor and upon conviction thereof shall be fined*
6 *not more than \$2,000 or imprisoned for not more than six*
7 *months, or both, and any such facility shall be ineligible, for*
8 *two years following such conviction, to participate in any*
9 *child care program that is in whole or in part funded by*
10 *the United States.*

11 “RECONSIDERATION OF CERTAIN DECISIONS

12 “SEC. 2107. *Whenever any group or organization has*
13 *presented to the Bureau a proposal, under which such group*
14 *or organization would provide child care services on behalf*
15 *of the Bureau, which has been rejected by the Bureau, such*
16 *group or organization, upon request filed with the Director*
17 *may have a reconsideration of such proposal by the Bureau.*

18 “CONFIDENTIALITY OF CERTAIN INFORMATION

19 “SEC. 2108. *The Bureau shall impose such safeguards*
20 *with respect to information held by it concerning applicants*
21 *for and recipients of child care as are necessary or appro-*
22 *priate to assure that such information will be used only*
23 *for purposes directly connected with the administration of*
24 *this title, that the privacy of such applicants or recipients*
25 *will be protected, and that, when such information is used for*

1 *statistical purposes, it will be used in such manner as not to*
2 *identify the particular individuals involved.*

3 "AUTHORIZATION OF APPROPRIATIONS

4 "SEC. 2109. *In addition to such sums as may be avail-*
5 *able to the Bureau from the Child Care Fund established*
6 *under section 2110, there is hereby authorized to be ap-*
7 *propriated to carry out the provisions of this title, for the*
8 *fiscal year beginning July 1, 1972, the sum of \$800,000,000,*
9 *and for each fiscal year thereafter, such sums as may be*
10 *necessary.*

11 "REVOLVING FUND

12 "SEC. 2110. (a) *There is hereby established in the*
13 *Treasury a revolving fund to be known as the Federal Child*
14 *Care Fund (hereinafter in this title referred to as the*
15 *'Fund')* *which shall be available to the Bureau without*
16 *fiscal year limitation to carry out its purposes, functions,*
17 *and duties under this title.*

18 "(b) *There shall be deposited in the Fund—*

19 " (1) *funds appropriated under section 2109; and*

20 " (2) *the proceeds of all fees, rentals, charges, in-*
21 *terest, or other receipts (including gifts) received by the*
22 *Bureau.*

23 "(c) *Except for expenditures from the Federal Child*
24 *Care Capital Fund (established by section 2111(d)) and*
25 *expenditures from appropriated funds, all expenses of the*

1 Bureau (including salaries and other personnel expenses)
2 shall be paid from the Fund.

3 “(d) If the Bureau determines that the moneys in the
4 fund are in excess of the current needs of the Bureau, it may
5 invest such amounts therefrom as it deems advisable in obliga-
6 tions of the United States or obligations the payment of
7 principal and interest of which is guaranteed by the United
8 States.

9 “REVENUE BONDS OF BUREAU

10 “SEC. 2111. (a) The Bureau is authorized (after con-
11 sultation with the Secretary of the Treasury) to issue and
12 sell bonds, notes, and other evidences of indebtedness (here-
13 after in this section collectively referred to as ‘bonds’) when-
14 ever the Director determines that the proceeds of such bonds
15 are necessary, together with other moneys available for opera-
16 tion of the Bureau from the Fund, to provide funds sufficient
17 to enable the Bureau to carry out its purposes and functions
18 under this title with respect to the acquisition, planning,
19 construction, remodeling, or renovation of facilities for child
20 care or sites for such facilities; except that (1) no such bonds
21 shall be sold prior to July 1, 1975, (2) no more than
22 \$50,000,000 of such bonds shall be issued and sold during
23 any fiscal year, and (3) the outstanding balance of all
24 bonds so issued and sold shall not at any one time exceed
25 \$250,000,000.

1 “(b) Any such bonds may be secured by assets of the
2 Bureau, including, but not limited to, fees, rentals, or other
3 charges which the Bureau receives for the use of any facility
4 for child care which the Bureau owns or in which the
5 Bureau has an interest. Any such bonds are not, and shall
6 not for any purpose be regarded as, obligations of the United
7 States.

8 “(c) Any such bonds shall bear such rate of interest,
9 have such dates of maturity, be in such denominations, be in
10 such form, carry such registration privileges, be executed in
11 such manner, be payable on such terms, conditions, and at
12 such place or places, and be subject to such other terms and
13 conditions, as the Director may prescribe.

14 “(d) (1) There is hereby established in the Treasury a
15 fund to be known as the ‘Federal Child Care Capital Fund’
16 (hereinafter in this title referred to as the ‘Capital Fund’),
17 which shall be available to the Bureau without fiscal year
18 limitations to carry out the purposes and functions of the
19 Bureau with respect to the acquisition, planning, construc-
20 tion, remodeling, renovation, or initial equipping of facilities
21 for child care services, or sites for such facilities.

22 “(2) The proceeds of any bonds issued and sold pur-
23 suant to this section shall be deposited in the Capital Fund
24 and shall be available only for the purposes and functions
25 referred to in paragraph (1) of this subsection.

1 *"COLLECTION AND PUBLICATION OF STATISTICAL DATA*

2 *"SEC. 2112. The Bureau shall collect, classify, and*
3 *publish, on a monthly and annual basis, statistical data relat-*
4 *ing to its operation and child care provided (directly or in-*
5 *directly) by the Bureau together with such other data as*
6 *may be relevant to the purposes and functions of the Bureau.*

7 *"REPORTS TO CONGRESS*

8 *"SEC. 2113. (a) The Director shall, not later than*
9 *January 30 following the close of the first session of each*
10 *Congress (commencing with January 30, 1974), submit*
11 *to the Congress a written report on the activities of the Bu-*
12 *reau during the period ending with the close of the session*
13 *of Congress last preceding the submission of the report and*
14 *beginning, in the case of the first such report so submitted,*
15 *with the date of enactment of this title, and in the case of*
16 *any such report thereafter, with the day after the last day*
17 *covered by the last preceding report so submitted. As a sepa-*
18 *rate part of any such report, there shall be included such*
19 *data and information as may be required fully to apprise*
20 *the Congress of the actions which the Bureau has taken to*
21 *improve the quality and availability of child care services,*
22 *together with a statement regarding the future plans (if any)*
23 *of the Bureau to further improve the quality of such*
24 *services.*

1 “(b) The Director shall conduct, on a continuing basis,
2 a study of the standards for child care under section 2104,
3 and shall report to the Congress, not later than January 1,
4 1977, the results of such study, together with his recom-
5 mendations (if any) with respect to changes which should
6 be made in establishing such standards.

7 “APPLICABILITY OF OTHER LAWS

8 “SEC. 2114 (a) The provisions of section 3709 of the
9 Revised Statutes, as amended (41 U.S.C. 5), or other provi-
10 sions of law relating to competitive bidding, shall not be appli-
11 cable to the Bureau; nor shall any other provision of law
12 limiting the authority of instrumentalities of the United
13 States to enter into contract be applicable to the Bureau
14 in respect to contracts entered into by the Bureau for the
15 provision of child care services in a home child care facility,
16 temporary child care home, or a night care home.

17 “(b) The provisions of the Public Buildings Act of
18 1959 (40 U.S.C. 601-615) shall not apply to the acqui-
19 sition, construction, remodeling, renovation, alteration, or
20 repair of any building of the Bureau or to the acquisition
21 of any site for any such building for use as a child care
22 facility.

23 “RESEARCH AND DEMONSTRATIONS

24 “SEC. 2115. The Secretary, in the administration of
25 section 426, shall consult with and cooperate with the

1 Bureau with a view to providing for the conduct of research
2 and demonstrations which will be applicable to child care
3 services.

4 "NATIONAL ADVISORY COUNCIL ON CHILD CARE

5 "SEC. 2116. (a)(1) For the purpose of providing
6 advice and recommendations for the consideration of the
7 Director of the Bureau in matters of general policy in carry-
8 ing out the purposes and functions of the Bureau, and with
9 respect to improvements in the administration by the Bureau
10 of its purposes and functions, there is hereby created a
11 National Advisory Council on Child Care (hereinafter in
12 this section referred to as the 'Council').

13 "(2) The Council shall be composed of the Secretary of
14 Health, Education, and Welfare, the Secretary of Labor,
15 the Secretary of Housing and Urban Development, and
16 eight individuals, who shall be appointed by the Director
17 (without regard to the provisions of title 5, United States
18 Code, governing appointments in the competitive service),
19 and who are not otherwise in the employ of the United States.

20 "(3) Of the appointed members of the Council, not
21 more than three shall be selected from individuals who are
22 representatives of social workers or child welfare workers
23 or nonprofit organizations or are from the field of education,
24 and the remaining appointed members shall be selected from
25 individuals who are representatives of consumers of child

1 care (but not including more than one individual who is a
2 representative of any organization which is composed of or
3 represents recipients of such assistance).

4 “(b) Each appointed member of the Council shall hold
5 office for a term of three years, except that any member
6 appointed to fill a vacancy occurring prior to the expiration
7 of the term for which his successor was appointed shall be
8 appointed for the remainder of such term, and except that
9 the terms of office of the appointed members first taking office
10 shall expire, as designated by the Director at the time of
11 appointment, four on June 30, 1974, four on June 30,
12 1975, and four on June 30, 1976.

13 “(c) The Council is authorized to engage such technical
14 assistance as may be required to carry out its functions, and
15 the Director shall, in addition, make available to the Council
16 such secretarial, clerical, and other assistance and such perti-
17 nent data prepared by the Bureau as the Council may re-
18 quire to carry out its functions.

19 “(d) Appointed members of the Council shall, while
20 serving on the business of the Council, be entitled to receive
21 compensation at the rate of \$100 per day, including travel-
22 time; and while so serving away from their homes or regu-
23 lar places of business, they shall be allowed travel expenses,
24 including per diem in lieu of subsistence, as authorized by

1 *section 5703 of title 5, United States Code, for persons in*
2 *the Government service employed intermittently.*

3 *“COOPERATION WITH OTHER AGENCIES*

4 *“SEC. 2117. (a) (1) The Bureau is authorized to enter*
5 *into agreements with public and other nonprofit agencies or*
6 *organizations whereby children receiving child care provided*
7 *by the Bureau (whether directly or through arrangements*
8 *with other persons) will be provided other services conducive*
9 *to their health, education, recreation, or development.*

10 *“(2) Any such agreement with any such agency or or-*
11 *ganization shall provide that such agency or organization*
12 *shall pay the Bureau in advance or by way of reimburse-*
13 *ment, for any expenses incurred by it in providing any*
14 *services pursuant to such agreement.*

15 *“(b) The Bureau may also enter into cooperative ar-*
16 *rangements with the State health authority and the State*
17 *agency primarily responsible for State supervision of public*
18 *schools to utilize such agencies in the provision of health*
19 *services and education for children receiving child care.*

20 *“DEFINITIONS*

21 *“SEC. 2118. For purposes of this title—*

22 *“(a) The term ‘Bureau’ means the Bureau of Child*
23 *Care established pursuant to section 2102.*

24 *“(b) The term ‘child care services’ means the provision,*
25 *by the person undertaking to care for any child, of such*

1 *personal care, protection, and supervision of each child re-*
2 *ceiving such care as may be required to meet the child care*
3 *needs of such child, including services provided by—*

4 “(1) *a child care facility;*

5 “(2) *a home child care facility;*

6 “(3) *a temporary child facility;*

7 “(4) *an individual as a provider of at-home child*
8 *care;*

9 “(5) *a night care facility; or*

10 “(6) *a boarding facility.*

11 “(c) *The term ‘child care facility’ means any of the*
12 *following facilities:*

13 “(1) *day nursery facility;*

14 “(2) *nursery school;*

15 “(3) *kindergarten;*

16 “(4) *child development center;*

17 “(5) *play group facility;*

18 “(6) *preschool child care center;*

19 “(7) *school age child care center;*

20 “(8) *summer day care program facility;*

21 *but only if such facility offers child care services to not less*
22 *than six children; and in the case of a kindergarten, nursery*
23 *school, or other daytime program, such facility is not a fa-*
24 *cility which is operated by a public school system, and the*

1 *services of which are generally available without charge*
2 *throughout a school district of such system;*

3 *“(d) The term ‘home child care facility’ means—*

4 *“(1) a family day care home;*

5 *“(2) a group day care home;*

6 *“(3) a family school day care home; or*

7 *“(4) a group school age day care home.*

8 *“(e) The term ‘temporary child care facility’ means—*

9 *“(1) a temporary child care home;*

10 *“(2) a temporary child care center; or*

11 *“(3) other facility (including a family home, or*
12 *extended or modified family home) which provides care,*
13 *on a temporary basis, to transient children.*

14 *“(f) The term ‘at-home child care’ means the provision,*
15 *to a child in his own home, of child care services, by an indi-*
16 *vidual, who is not a member of such child’s family or a rela-*
17 *tive of such child, while such child’s parents are absent from*
18 *the home.*

19 *“(g) The term ‘night care facility’ means—*

20 *“(1) a night care home;*

21 *“(2) a night care center; or*

22 *“(3) other facility (including a family home, or*
23 *extended or modified family home) which provides care,*
24 *during the night, of children whose parents are absent*
25 *from their home and who need supervision during sleep-*

1 *ing hours in order for their parents to be gainfully*
2 *employed.*

3 *“(h) The term ‘boarding facility’ means a facility (in-*
4 *cluding a boarding home, a boarding center, family home, or*
5 *extended or modified family home) which provides child*
6 *care for children on a twenty-four hour per day basis (ex-*
7 *cept for periods when the children are attending school) for*
8 *periods, in the case of any child, not longer than one month.*

9 *“(i) The term ‘day nursery’ means a facility which,*
10 *during not less than five days each week, provides child care*
11 *to children of preschool age.*

12 *“(j) The term ‘nursery school’ means a school which*
13 *accepts for enrollment therein only children between two and*
14 *six years of age, which is established and operated primarily*
15 *for educational purposes to meet the developmental needs of*
16 *the children enrolled therein.*

17 *“(k) The term ‘kindergarten’ means a facility which*
18 *accepts for enrollment therein only children between four and*
19 *six years of age, which is established and operated primarily*
20 *for educational purposes to meet the developmental needs of*
21 *the children enrolled therein.*

22 *“(l) The term ‘child development center’ means a facility*
23 *which accepts for enrollment therein only children of preschool*
24 *age, which is established and operated primarily for educa-*
25 *tional purposes to meet the developmental needs of the chil-*

1 *dren enrolled therein, and which provides for the children*
2 *enrolled therein care services, or instruction for not less than*
3 *five days each week.*

4 “(m) *The term ‘play group facility’ means a facility*
5 *which accepts as members thereof children of preschool age,*
6 *which provides care or services to the members thereof for*
7 *not more than three hours in any day, and which is estab-*
8 *lished and operated primarily for recreational purposes.*

9 “(n) *The term ‘preschool child care center’ means a*
10 *facility which accepts for enrollment therein children of*
11 *preschool age, and which provides child care to children*
12 *enrolled therein on a full-day basis for at least five days*
13 *each week.*

14 “(o) *The term ‘school age child care center’ means a*
15 *facility which accepts for enrollment therein only children*
16 *of school age, and, which provides child care for the children*
17 *enrolled therein during the portion of the day when they*
18 *are not attending school for at least five days each week.*

19 “(p) *The term ‘summer day care program’ means a*
20 *facility which provides child care for children during*
21 *summer vacation periods, and which is established and*
22 *operated primarily for recreational purposes; but such term*
23 *does not include any program which is operated by any*
24 *public agency if participation in such program is without*

1 charge and is generally available to residents of any political.
2 subdivision.

3 “(q) The term ‘family day care home’ means a family
4 home in which child care is provided, during the day, for
5 not more than eight children (including any children under
6 age fourteen who are members of the family living in such
7 home or who reside in such home on a full-time basis).

8 “(r) The term ‘group day care home’ means an ex-
9 tended or modified family residence which offers, during all
10 or part of the day, child care for not less than seven children
11 (not including any child or children who are members of
12 the family, if any, offering such services).

13 “(s) The term ‘family school age day care home’ means
14 a family home which offers child care for not more than
15 eight children, all of school age, during portions of the day
16 when such children are not attending school.

17 “(t) The term ‘group school age day care home’ means
18 an extended or modified family residence which offers family-
19 like child care for not less than seven children (not counting
20 any child or children who are members of the family, if
21 any, offering such services) during portions of the day when
22 such children are not attending school.

23 “(u) The term ‘temporary child care home’ means a
24 family home which offers child care, on a temporary basis,
25 for not more than eight children (including any children

1 *under age fourteen who are members of the family, if any,*
2 *offering such care).*

3 “(v) *The term ‘temporary child care center’ means a*
4 *facility (other than a family home) which offers child care,*
5 *on a temporary basis, to not less than seven children.*

6 “(w) *The term ‘night care home’ means a family home*
7 *which offers child care, during the night, for not more than*
8 *eight children (including any children under age fourteen*
9 *who are members of the family offering such care).*

10 “(x) *The term ‘boarding home’ means a family home*
11 *which provides child care (including room and board) to*
12 *not more than six children (including any children under age*
13 *fourteen who are members of the family offering such care).*

14 “(y) *The term ‘boarding center’ means a summer camp*
15 *or other facility (other than a family home) which offers*
16 *child care (including room and board) to not less than seven*
17 *children.*

18 “(z) *The term ‘facility’, as used in connection with the*
19 *terms ‘child care’, ‘home child care’, ‘temporary child care’,*
20 *‘night care’, or ‘boarding care’, shall refer only to buildings*
21 *and grounds (or portions thereof) actually used (whether*
22 *exclusively or in part) for the provision of child care*
23 *services.”*

24 “(b) *Section 1101(a)-(1) of the Social Security Act is*

1 amended by striking out "and XIX" and inserting in lieu
2 thereof "XIX, XX, and XXI".

3 (c) Section 5316 of title 5, United States Code (re-
4 lating to Executive Schedule pay rates at level V), is
5 amended by adding at the end thereof:

6 "(131) Director of the Bureau of Child Care."

7 (d) The amendments made by this section shall become
8 effective on the date of enactment of this Act.

9 MODEL DAY CARE

10 SEC. 432. Title IV of the Social Security Act (as
11 amended by this Act) is amended by adding at the end
12 thereof the following new part:

13 "PART E—GRANTS TO STATES FOR ESTABLISHMENT
14 OF MODEL DAY CARE

15 "APPROPRIATION

16 "SEC. 471. There are authorized to be appropriated for
17 grants to States for development of model day care for chil-
18 dren such sums as may be necessary during each of the fiscal
19 years ending on June 30, 1973, June 30, 1974, and June
20 30, 1975. From the sums authorized to be appropriated pur-
21 suant to this section, the Secretary is authorized to approve
22 grants to each State during such fiscal years in amounts up
23 to \$400,000 per year to pay all or part of the cost of develop-
24 ing model child care through the establishment and operation
25 of a child care center or system and to provide training for

1 *individuals in the field of child care. Payments under this*
2 *section may be in advance or by way of reimbursement."*

3 *CHILD WELFARE SERVICES*

4 *SEC. 433. (a) Effective with respect to fiscal years*
5 *beginning after June 30, 1972, section 420 of the Social*
6 *Security Act is amended by striking out "\$55,000,000 for*
7 *the fiscal year ending June 30, 1968, \$100,000,000 for the*
8 *fiscal year ending June 30, 1969, and \$110,000,000 for*
9 *each fiscal year thereafter" and inserting in lieu thereof*
10 *\$200,000,000 for the fiscal year ending June 30, 1973,*
11 *\$215,000,000 for the fiscal year ending June 30, 1974,*
12 *\$230,000,000 for the fiscal year ending June 30, 1975,*
13 *\$250,000,000 for the fiscal year ending June 30, 1976, and*
14 *\$270,000,000 for each fiscal year thereafter".*

15 *(b) (1) Section 422(a)(1) of such Act is amended by*
16 *striking out subparagraph (C) thereof.*

17 *(2) Section 425 of such Act is amended by striking out*
18 *"or day care" and by inserting "other than those defined in*
19 *section 2018(c)" after "child care facilities".*

20 *(3) The amendments made by the preceding provisions*
21 *of this subsection shall take effect July 1, 1973.*

22 *NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM*

23 *SEC. 434. The Social Security Act is amended by*
24 *adding after section 426 of title IV thereof, the following*
25 *new section:*

1 “SEC. 427. (a) *The Secretary is authorized to provide*
 2 *information, utilizing computers and modern data processing*
 3 *methods, through a national adoption information exchange*
 4 *system, to assist in the placement of children awaiting*
 5 *adoption and in the location of children for persons who wish*
 6 *to adopt children, including cooperative efforts with any*
 7 *similar programs operated by or within foreign countries,*
 8 *and such other related activities as would further or facilitate*
 9 *adoptions.*

10 “(b) *There are authorized to be appropriated \$1,000,-*
 11 *000 for the fiscal year ending June 30, 1973, and such*
 12 *sums as may be necessary for succeeding fiscal years, to*
 13 *carry out this section.*”

14 **(568)TITLE V—MISCELLANEOUS**

15 **PART A—EFFECTIVE DATES AND GENERAL PROVISIONS**

16 **EFFECTIVE DATE FOR TITLES III AND IV**

17 **SEC. 501.** The amendments and repeals made by titles
 18 **III and IV** of this Act and by this part and parts **B** and **E** of
 19 **this title** shall become effective (and section **9** of the Act of
 20 **April 10, 1950** (25 U.S.C. 630). is repealed effective) on
 21 **July 1, 1972**, except as otherwise specifically indicated, and
 22 **except that—**

23 (1) sections **2133** and **2134** of the Social Security
 24 **Act**, as added by section **401** of this Act, shall be ef-
 25 **fective upon the enactment of this Act,**

1 ~~(2)~~ the amendments made by title IV of this Act,
2 insofar as they apply to families in which both parents of
3 the child or children involved are present, neither parent
4 is incapacitated, and the male parent is not unemployed,
5 shall not become effective until January 1, 1973, and

6 ~~(3)~~ appropriations for administrative expenses in-
7 curred during the fiscal year ending June 30, 1972, in
8 developing the staff and facilities necessary to place in
9 operation the programs established by titles ~~XX~~ and
10 ~~XXI~~ of the Social Security Act, as added by this Act,
11 and for child care furnished pursuant to section 508
12 during such fiscal year, may be included in an appro-
13 priation Act for such fiscal year.

14 **PROHIBITION AGAINST PARTICIPATION IN FOOD STAMP**
15 **PROGRAM BY RECIPIENTS OF PAYMENTS UNDER FAM-**
16 **ILY AND ADULT ASSISTANCE PROGRAMS**

17 **SEC. 502.** ~~(a)~~ Section 3~~(e)~~ of the Food Stamp Act
18 of 1964 is amended by adding at the end thereof the fol-
19 lowing new sentence: "No person who is determined to be an
20 eligible individual or eligible spouse under section 2011~~(a)~~
21 of the Social Security Act, and no member of a family which
22 is determined to be an eligible family under section 2152~~(a)~~
23 of such Act, shall be considered to be a member of a house-
24 hold or an elderly person for the purposes of this Act."

1 ~~(b)~~ Section 3~~(h)~~ of such Act, is amended to read as
2 follows:

3 ~~“(h)~~ The term ‘State agency’, with respect to any State,
4 means the agency of State government which is designated
5 by the Secretary for purposes of carrying out this Act in such
6 State, or, if and to the extent that the Secretary so elects, the
7 Federal agency administering title ~~XX~~ or ~~XXI~~ of the Social
8 Security Act in such State.”

9 ~~(c)~~ Section 10~~(c)~~ of such Act is amended by striking
10 out the first sentence.

11 ~~(d)~~ Clause ~~(2)~~ of the second sentence of section 10~~(c)~~
12 of such Act is amended by striking out “used by them in the
13 certification of applicants for benefits under the federally
14 aided public assistance programs” and inserting in lieu
15 thereof the following: “prescribed by the Secretary in the
16 regulations issued pursuant to this Act”.

17 ~~(e)~~ Section 10~~(c)~~ of such Act is further amended by
18 striking out the third sentence.

19 ~~(f)~~ Section 14 of such Act is amended by striking out
20 subsection ~~(c)~~.

21 ~~(g)~~(1) Except as provided in paragraph ~~(2)~~, the
22 amendments made by this section shall take effect on July 1,
23 1972.

1 ~~(2)~~ The Secretary of Health, Education, and Welfare
2 may by regulation provide that the amendment made by sub-
3 section ~~(a)~~—

4 ~~(A)~~ shall not apply with respect to individuals and
5 families in any State until the expiration of such period
6 of time ~~(not exceeding 30 days)~~ after July 1, 1972,
7 as he finds necessary to avoid the interruption of such
8 individuals' and families' income in the transition from
9 the programs of assistance under prior law to the pro-
10 grams of assistance under title XX or XXI of the
11 Social Security Act ~~(as added by this Act)~~; and

12 ~~(B)~~ shall not apply ~~(in such cases as he may~~
13 ~~specify)~~ with respect to individuals and families first
14 becoming eligible for benefits under title XX or XXI of
15 the Social Security Act after July 1, 1972, until the
16 expiration of such period of time ~~(not exceeding 30~~
17 ~~days)~~ after the first day of such eligibility as he finds
18 necessary to avoid the interruption of such individuals'
19 and families' income.

20 ~~(3)~~ In any case where the Secretary postpones the ap-
21 plication of the amendment made by subsection ~~(a)~~ for a
22 period of time as provided in subparagraph ~~(A)~~ or ~~(B)~~ of
23 paragraph ~~(2)~~, each individual or family with respect to

1 whom the postponement applies (and who had been certified
 2 to receive a coupon allotment under the Food Stamp Act of
 3 1964 for the month immediately preceding the first day of
 4 such period) shall be authorized to purchase during such
 5 period the same coupon allotment (at the same charge there-
 6 for) which such individual or family had been certified to
 7 receive for such month immediately preceding the first day of
 8 such period.

9 LIMITATION ON FISCAL LIABILITY OF STATES FOR
 10 OPTIONAL STATE SUPPLEMENTATION

11 SEC. 503. (a)(1) The amount payable to the Secre-
 12 tary by a State for any fiscal year pursuant to its agreement
 13 or agreements under sections 2016 and 2156 of the Social
 14 Security Act shall not exceed the non-Federal share of ex-
 15 penditures as aid or assistance for quarters in the calendar
 16 year 1971 under the plans of the State approved under
 17 titles I, X, XIV, and XVI, and part A of title IV, of the
 18 Social Security Act (as defined in subsection (c) of this
 19 section).

20 (2) Paragraph (1) of this subsection shall only apply
 21 with respect to that portion of the supplementary payments
 22 made by the Secretary on behalf of the State under such
 23 agreements in any fiscal year which does not exceed in the
 24 case of any individual or family the difference between—

1 ~~(A)~~ the adjusted payment level under the appro-
2 priate approved plan of such State as in effect for Janu-
3 ary 1971 ~~(as defined in subsection (b) of this section),~~
4 and

5 ~~(B)~~ the benefits under title ~~XX~~ or ~~XXI~~ of the So-
6 cial Security Act, plus income not excluded under sec-
7 tion 2012~~(b)~~ or 2153~~(b)~~ of such Act in determining
8 such benefits, paid to such individual or family in such
9 fiscal year,

10 and shall not apply with respect to supplementary payments
11 to any individual or family who ~~(i)~~ is not required by sec-
12 tion 2016 or 2156 of such Act to be included in any such
13 agreement administered by the Secretary and ~~(ii)~~ would
14 have been ineligible ~~(for reasons other than income)~~ for pay-
15 ments under the appropriate approved State plan as in effect
16 for January 1971.

17 ~~(b)(1)~~ For purposes of subsection ~~(a)~~, the term "ad-
18 justed payment level under the appropriate approved plan of
19 a State as in effect for January 1971" means the amount
20 of the money payment which an individual or family ~~(of a~~
21 ~~given size)~~ with no other income would have received under
22 the plan of such State approved under title I, X, XIV, or
23 XVI, or part A of title IV, of the Social Security Act, as
24 may be appropriate, and in effect for January 1971; except

1 that the State may, at its option, increase such payment level
2 with respect to any such plan by an amount which does not
3 exceed the sum of—

4 (A) a payment level modification (as defined in
5 paragraph (2) of this subsection) with respect to such
6 plan, and

7 (B) the bonus value of food stamps in such State
8 for January 1971 (as defined in paragraph (3) of this
9 subsection).

10 (2) For purposes of paragraph (1), the term “payment
11 level modification” with respect to any State plan means that
12 amount by which a State which for January 1971 made
13 money payments under such plan to individuals or families
14 with no other income which were less than 100 per centum of
15 its standard of need could have increased such money pay-
16 ments without increasing (if it reduced its standard of need
17 under such plan so that such increased money payments
18 equaled 100 per centum of such standard of need) the non-
19 Federal share of expenditures as aid or assistance for quar-
20 ters in calendar year 1971 under the plans of such State
21 approved under titles I, X, XIV, and XVI, and part A of
22 title IV, of the Social Security Act.

23 (3) For purposes of paragraph (1), the term “bonus
24 value of food stamps in a State for January 1971” (with
25 respect to an individual or a family of a given size) means—

1 ~~(A)~~ the face value of the coupon allotment which
2 would have been provided to such an individual or
3 family under the Food Stamp Act of 1964 for January
4 1971, reduced by

5 ~~(B)~~ the charge which such an individual or family
6 would have paid for such coupon allotment,
7 if the income of such individual or family, for purposes of
8 determining the charge it would have paid for its coupon
9 allotment, had been equal to the adjusted payment level under
10 the State plan (including any payment level modification
11 with respect to the plan adopted pursuant to paragraph ~~(2)~~
12 ~~(but not including any amount under this paragraph)~~). The
13 total face value of food stamps and the cost thereof in Janu-
14 ary 1971 shall be determined in accordance with rules pre-
15 scribed by the Secretary of Agriculture in effect in such
16 month.

17 ~~(c)~~ For purposes of this section, the term "non-Federal
18 share of expenditures as aid or assistance for quarters in
19 the calendar year 1971 under the plans of a State approved
20 under titles I, X, XIV, and XVI, and part A of title IV, of
21 the Social Security Act" means the difference between—

22 ~~(1)~~ the total expenditures in such quarters under
23 such plans for aid or assistance (excluding emergency
24 assistance under section 406(c)(1)~~(A)~~ of the Social

1 Security Act, foster care under section 408 of such Act,
 2 expenditures authorized under section 1119 of such Act
 3 for repairing the home of an individual who was receiv-
 4 ing aid or assistance under one of such plans, and bene-
 5 fits in the form of institutional services in intermediate
 6 care facilities authorized under section 1121 of such
 7 Act (as such sections were in effect prior to the enact-
 8 ment of this Act)), and

9 ~~(2)~~ the total of the amounts determined under sec-
 10 tions ~~3~~, ~~403~~, ~~1003~~, ~~1403~~, and ~~1603~~ of the Social Se-
 11 curity Act, under section 1118 of such Act, and under
 12 section 9 of the Act of April 19, 1950, for such State
 13 with respect to such expenditures in such quarters:

14 SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN
 15 ISLANDS, AND GUAM

16 SEC. 504. Section 1108 of the Social Security Act is
 17 amended by adding at the end thereof the following new
 18 subsection:

19 ~~“(c) (1) In applying the provisions of—~~

20 ~~“(A) subsections (a), (b), and (c) (1) of section~~
 21 ~~2011,~~

22 ~~“(B) subsections (a) (2) (D) and (b) (2) of sec-~~
 23 ~~tion 2012,~~

24 ~~“(C) subsection (a) of section 2013,~~

1 ~~“(D) subsections (a), (b), and (c) of section~~
2 ~~2152,~~

3 ~~“(E) subsections (a)(2)(C) and (b)(2) of sec-~~
4 ~~tion 2153, and the last sentence of subsection (b) of~~
5 ~~such section, and~~

6 ~~“(F) the last sentence of section 2154(a),~~
7 ~~with respect to Puerto Rico, the Virgin Islands, or Guam,~~
8 ~~the dollar amounts to be used shall, instead of the figures~~
9 ~~specified in such provisions, be dollar amounts bearing the~~
10 ~~same ratio to the figures so specified as the per capita in-~~
11 ~~comes of Puerto Rico, the Virgin Islands, and Guam, re-~~
12 ~~spectively, bear to the per capita income of that one of the~~
13 ~~States which has the lowest per capita income; except that~~
14 ~~in no case may the amounts so used exceed the figures so~~
15 ~~specified.~~

16 ~~“(2)(A) The amounts to be used under such sections~~
17 ~~in Puerto Rico, the Virgin Islands, and Guam shall be~~
18 ~~promulgated by the Secretary between July 1 and Sep-~~
19 ~~tember 30 of each odd-numbered year, on the basis of the~~
20 ~~average per capita income of each State for the most recent~~
21 ~~calendar year for which satisfactory data are available from~~
22 ~~the Department of Commerce. Such promulgation shall be~~
23 ~~effective for each of the two fiscal years in the period begin-~~
24 ~~ning July 1 next succeeding such promulgation.~~

1 ~~“(B) The term ‘State’, for purposes of subparagraph~~
 2 ~~(A) only, means the fifty States and the District of~~
 3 ~~Columbia.~~

4 ~~“(3) If the amounts which would otherwise be promul-~~
 5 ~~gated for any fiscal year for any of the three States referred~~
 6 ~~to in paragraph (1) would be lower than the amounts~~
 7 ~~promulgated for such State for the immediately preceding~~
 8 ~~period, the amounts for such fiscal year shall be increased~~
 9 ~~to the extent of the difference; and the amounts so increased~~
 10 ~~shall be the amounts promulgated for such year.”~~

11 DETERMINATIONS OF MEDICAID ELIGIBILITY

12 ~~SEC. 505. Title XI of the Social Security Act (as~~
 13 ~~amended by sections 221(a) and 241 of this Act) is~~
 14 ~~amended by adding at the end thereof the following new~~
 15 ~~section:~~

16 ~~“DETERMINATIONS OF MEDICAID ELIGIBILITY~~

17 ~~“SEC. 1124. The Secretary of Health, Education, and~~
 18 ~~Welfare may enter into an agreement with any State which~~
 19 ~~wishes to do so under which he (or the Secretary of Labor~~
 20 ~~with respect to individuals eligible for benefits under part~~
 21 ~~A of title XXI) will determine eligibility for medical as-~~
 22 ~~sistance in any or all cases under such State’s plan approved~~
 23 ~~under title XIX. Any such agreement shall provide for pay-~~
 24 ~~ment by the State, for use by the Secretary in carrying out~~

1 the agreement, of an amount equal to one-half of the cost
2 of carrying out the agreement, but in computing such cost
3 with respect to individuals eligible for benefits under title
4 ~~XX~~ or under part A or part B of title ~~XXI~~ the Secretary
5 shall include only those costs which are additional to the
6 costs incurred in carrying out such title or such part."

7 ~~ASSISTANT SECRETARY OF LABOR FOR THE~~
8 ~~OPPORTUNITIES FOR FAMILIES PROGRAM~~

9 SEC. 506. (a) There shall be in the Department of
10 Labor an Assistant Secretary for the Opportunities for Fam-
11 ilies Program, who shall be appointed by the President by
12 and with the advice and consent of the Senate and shall be
13 the principal officer of the Department in carrying out the
14 functions, powers, and duties vested in the Secretary of La-
15 bor by part A of title ~~XXI~~ of the Social Security Act (and
16 by parts C and D of such title with respect to the families
17 and benefits to which part A of such title relates), including
18 the making of grants, contracts, agreements, and arrange-
19 ments, the provision of child care services, the adjudication of
20 claims, and the discharge of all other authority vested in the
21 Secretary by such parts. The Assistant Secretary for the Op-
22 portunities for Families Program shall have sole responsibil-
23 ity within the Department of Labor, subject to the supervi-
24 sion and direction of the Secretary of Labor, for the adminis-

1 tration of the program established by part A of such title
2 ~~XXI.~~

3 ~~(b) Section 2 of the Act of April 17, 1946 (29 U.S.C.~~
4 ~~553), is amended—~~

5 ~~(1) by striking out “five” in the first sentence and~~
6 ~~inserting in lieu thereof “six”; and~~

7 ~~(2) by inserting before the period at the end of the~~
8 ~~last sentence the following: “, and one shall be the As-~~
9 ~~sistant Secretary of Labor for the Opportunities for~~
10 ~~Families Program”.~~

11 ~~(c) Paragraph (20) of section 5313 of title 5, United~~
12 ~~States Code, is amended by striking out “(5)” and inserting~~
13 ~~in lieu thereof “(6)”.~~

14 **TRANSITIONAL ADMINISTRATIVE PROVISIONS**

15 **SEC. 507.** In order for a State to be eligible for any pay-
16 ments pursuant to title IV, V, XVI, or XIX of the Social
17 Security Act with respect to expenditures for any quarter in
18 the fiscal year ending June 30, 1973, and for the purpose of
19 providing an orderly transition from State to Federal admin-
20 istration of assistance programs for adults and families with
21 children, such State shall enter into agreements with the Sec-
22 retary of Health, Education, and Welfare and the Secretary
23 of Labor under which the State agencies responsible for ad-

1 ministering or for supervising the administration of the plans
2 approved under titles I, X, XIV, and XVI and part A of
3 title IV of the Social Security Act will, on behalf of the Secre-
4 taries, administer all or such part or parts of the programs
5 established by sections 301 and 401 of this Act (other than
6 the manpower services, training, employment, and child care
7 provisions of the program established by part A of title XXI
8 of the Social Security Act as added by section 401 of this
9 Act), during such portion of the fiscal year ending June 30,
10 1973, as may be provided in such agreements; except that no
11 such agreement shall apply, in the administration of the pro-
12 gram established by section 401 of this Act, with respect to
13 any family in which both parents are present, neither parent
14 is incapacitated, and the male parent is not unemployed.

15 CHILD CARE SERVICES FOR AFDC RECIPIENTS DURING
16 TRANSITIONAL PERIOD

17 SEC. 508. Until the close of June 30, 1972, the Secre-
18 tary of Health, Education, and Welfare may utilize his au-
19 thority under section 2133 of the Social Security Act (as
20 added by section 401 of this Act) to provide for the furnish-
21 ing of child care services for members of families who are
22 entitled to receive services under part A of title IV of the
23 Social Security Act and who need child care services in
24 order to accept and participate in employment or to partici-
25 pate in a work incentive program under part C of such title,

1 as though such family members were individuals referred
2 pursuant to section 2132 (a) of such Act.

3 STATE SUPPLEMENTARY PAYMENTS DURING
4 TRANSITIONAL PERIOD

5 SEC. 509. (a) In order to be eligible for any payments
6 pursuant to title IV, V, XVI, or XIX of the Social
7 Security Act with respect to expenditures for any quarter
8 beginning after June 30, 1972, and for the purpose of
9 assuring that needy individuals and families will not suffer
10 an automatic reduction in their aid or assistance by reason of
11 the enactment of this Act, any State which as of July 1,
12 1972, does not have in effect agreements entered into pur-
13 suant to sections 2016 and 2156 of the Social Security Act
14 which either specify the payment levels thereunder or are
15 federally administered shall, for each month beginning with
16 July 1972 and continuing until the close of June 1973 or
17 until the State (whether before or after the close of June
18 1973) enters into (and has in effect) agreements pursuant
19 to such sections which specify such levels or are so adminis-
20 tered, or otherwise takes affirmative action to the contrary
21 on the basis of legislation (other than legislation which
22 prevents the State from entering into such agreements),
23 make supplementary payments meeting the requirements of
24 such sections to each individual or family who is eligible for
25 benefits under title XX or XXI of the Social Security Act,

1 as added by this Act, to such extent and in such amounts as
2 may be necessary to assure that the total of such benefits and
3 such supplementary payments is at least equal to—

4 ~~(1)~~ the amount of the aid or assistance which
5 would be payable to such individual or family under the
6 appropriate plan of such State approved under title
7 I, X, XIV, or XVI, or part A of title IV, of the Social
8 Security Act, as in effect in June 1971, or, if the State
9 by affirmative action modifies such plan after June 1971
10 and before July 1972, as in effect after such modifica-
11 tion becomes effective, if such plan (as so in effect)
12 had continued in effect through such month after June
13 1972, plus

14 ~~(2)~~ the bonus value of the food stamps which were
15 provided (or were available) to such individual or
16 family under the Food Stamp Act of 1964 for June 1971
17 or for the month in which a modification referred to in
18 paragraph ~~(1)~~ becomes effective.

19 For purposes of this subsection, an agreement entered into
20 pursuant to section 2016 or 2156 of the Social Security Act
21 is federally administered if it provides that the Secretary of
22 Health, Education, and Welfare will, on behalf of the State,
23 make the supplementary payments under such agreement to
24 individuals or families eligible therefor.

25 ~~(b)~~ Supplementary payments made as provided in sub-

1 section ~~(a)~~ shall be considered as assistance excludable from
2 income under section ~~2013(b)(4)~~ or ~~2154(b)(5)~~.

3 **PART B—NEW SOCIAL SERVICES PROVISIONS**

4 **DEFINITION OF SERVICES**

5 **SEC. 511.** ~~(a)~~ Subsection ~~(d)~~ of section 405 of the
6 Social Security Act ~~(as amended by section 402(k)~~ of this
7 Act) is amended to read as follows:

8 “~~(d)~~ The term ‘services for any individual receiving
9 assistance to needy families with children’ means any of the
10 following services provided for any such individual:

11 “~~(1)~~ family planning services, including medical
12 services;

13 “~~(2)~~ child care services required because of the
14 employment, training, or illness or incapacity of the
15 child’s parent or other relative caring for him;

16 “~~(3)~~ services to unmarried girls who are pregnant
17 or already have children, for the purpose of arranging
18 for prenatal and postnatal care of the mother and child,
19 developing appropriate living arrangements for the child,
20 and assisting the mother to complete school through the
21 secondary level or secure training so that she may be-
22 come self-sufficient;

23 “~~(4)~~ protective services for children who are ~~(or~~
24 are in danger of) being abused, neglected, or exploited;

25 “~~(5)~~ homemaker services when the usual homemak-

1 er becomes ill or incapacitated or is otherwise unable to
2 care for the children in the family, and services to educate
3 appropriate family members about household and related
4 financial management and matters pertaining to con-
5 sumer protection;

6 ~~“(6)~~ nutrition services;

7 ~~“(7)~~ services to assist needy families with children
8 to deal with problems of locating suitable housing ar-
9 rangements and other problems of inadequate housing,
10 and to educate them in practices of home management
11 and maintenance;

12 ~~“(8)~~ educational services, including assisting appro-
13 priate family members in securing available adult basic
14 education;

15 ~~“(9)~~ emergency services made available in con-
16 nection with a crisis or urgent need of the family;

17 ~~“(10)~~ services to assist appropriate family mem-
18 bers to engage in training or secure or retain employ-
19 ment;

20 ~~“(11)~~ services to assist individuals to meet prob-
21 lems resulting from drug abuse or alcohol abuse; and

22 ~~“(12)~~ information and referral services for indi-
23 viduals in need of services from other agencies (such
24 as the health, education, or vocational rehabilitation
25 agency, or private social agencies) and follow-up activi-

1 ties to assure that individuals referred to and eligible
2 for available services from such other agencies received
3 such services."

4 ~~(b)~~ Section 1605 of such Act ~~(as amended by section~~
5 ~~302(k) of this Act)~~ is further amended to read as follows:

6 "DEFINITION

7 "SEC. 1605. For purposes of this title, the term 'services
8 to the aged, blind, or disabled' means any of the following
9 services provided for recipients of benefits under title XX
10 or other needy individuals who are 65 years of age or older,
11 blind, or disabled:

12 "~~(1)~~ protective services for individuals who are ~~(or~~
13 ~~are in danger of)~~ being abused, neglected, or exploited;

14 "~~(2)~~ homemaker services, including education in
15 household and related financial management and matters
16 of consumer protection, and services to assist aged, blind,
17 or disabled individuals to remain in or return to their
18 own homes or other residential situations and to avoid
19 institutionalization or to assist in making appropriate liv-
20 ing arrangements in the lowest cost in light of the care
21 needed;

22 "~~(3)~~ nutrition services, including the provision, in
23 appropriate cases, of adequate meals, and education in
24 matters of nutrition and the preparation of foods;

1 ~~“(4)~~ services to assist individuals to deal with prob-
2 lems of locating suitable housing arrangements and other
3 problems of inadequate housing, and to educate them in
4 practices of home maintenance and management;

5 ~~“(5)~~ emergency services made available in connec-
6 tion with a crisis or urgent need of an individual;

7 ~~“(6)~~ services, including child care in appropriate
8 cases, to assist individuals to engage in training or secure
9 or retain employment;

10 ~~“(7)~~ services to assist individuals to meet problems
11 resulting from drug abuse or alcohol abuse; and

12 ~~“(8)~~ information and referral services for indi-
13 viduals in need of services from other agencies (such as
14 the health, education, or vocational rehabilitation agency,
15 or private social agencies) and follow-up activities to
16 assure that individuals referred to and eligible for avail-
17 able services from such other agencies received such
18 services.”

19 AUTHORIZATION AND ALLOTMENT OF APPROPRIATIONS
20 FOR SERVICES

21 SEC. 512. Title XI of the Social Security Act (as
22 amended by sections 221(a), 241, 505, 526, and 542(10)
23 of this Act) is further amended by adding at the end thereof
24 the following new section:

1 "AUTHORIZATION AND ALLOTMENT OF APPROPRIATIONS
2 FOR SERVICES

3 "SEC. 1125. (a) There are authorized to be appropri-
4 ated, for the fiscal year ending June 30, 1973, and for each
5 fiscal year thereafter, for payments to States under sections
6 403 and 1603 with respect to expenditures for training of
7 personnel, services to the aged, blind, or disabled, and serv-
8 ices for any individual receiving assistance to needy families
9 with children, such sums as may be necessary; except that
10 the amount so appropriated for payments with respect to ex-
11 penditures other than expenditures for the services described
12 in paragraphs (1) and (2) of section 405(d) shall not
13 exceed \$800,000,000 for the fiscal year ending June 30,
14 1973, or such sum as the Congress may specify for any
15 fiscal year thereafter.

16 "(b) From the sums appropriated pursuant to subsec-
17 tion (a) for any fiscal year—

18 "(1) the Secretary shall allot to each State an
19 amount which bears the same ratio to the amount so ap-
20 propriated as the Federal share of expenditures in such
21 State in the preceding fiscal year (exclusive of amounts
22 reallocated to such State for such preceding fiscal year
23 under subsection (c)) for services under titles I, X, XIV,
24 and XVI, and part A of title IV (other than for child
25 care and family planning services under such part),

1 and for training under such titles and such part, bears
2 to the total such Federal share in all the States, but in
3 no case shall such amount with respect to any State for
4 any fiscal year exceed the Federal share of such expendi-
5 tures in such State in the preceding fiscal year (exclusive
6 of any amounts reallocated to such State for such pre-
7 ceeding fiscal year under subsection (e));

8 “(2) after the allotment pursuant to paragraph (1)
9 has been made, from the sums remaining (if any) not
10 in excess of \$50,000,000, the Secretary shall allot to
11 each State which has a service deficit (as defined in the
12 last sentence of this subsection) an amount which bears
13 the same ratio to such sums remaining as such deficit
14 bears to the total of the service deficits of all the States
15 having such deficits; and

16 “(3) after the allotment pursuant to paragraph
17 (2) has been made, from the sums remaining (if any),
18 the Secretary shall allot to each State an amount which
19 bears the same ratio to such sums remaining as the num-
20 ber of individuals receiving benefits under sections 2011
21 and 2102 in such State bears to the number of such
22 individuals in all the States.

23 As used in paragraph (2), the term ‘service deficit’, with
24 respect to any State, means the amount by which (i) the
25 average service expenditure (as defined in subsection (d))

1 per recipient of benefits under sections 2011 and 2102 in
2 such State is less than (ii) the average of the expenditures
3 for training and services under titles I, X, XIV, and XVI
4 and part A of title IV in all the States (other than child care
5 and family planning services under such part) multiplied by
6 the number of recipients of such benefits in such State.

7 “(c) The amount of any allotment pursuant to subsec-
8 tion (b) for any fiscal year which the Secretary determines
9 will not be required for providing training and services de-
10 scribed in subsection (a) under part A of title IV or under
11 title XVI, shall be available for reallocation, for the same
12 purposes for which it was originally made available, from
13 time to time, on such dates as the Secretary may fix, to other
14 States which the Secretary determines have need in providing
15 such training and services of amounts in excess of those pre-
16 viously allotted to them under subsection (b), giving par-
17 ticular consideration to the needs of States for reallocations
18 to prevent reduction or termination of any such services or
19 training which are being provided.

20 “(d) For purposes of subsection (b)(2), the term
21 ‘average service expenditure’ with respect to a State for any
22 fiscal year means the amount obtained by dividing (1) the
23 Federal share of expenditures in such State in the preceding
24 fiscal year (exclusive of amounts reallocated to such State for
25 such preceding fiscal year under subsection (c)) for training

1 and services under titles I, X, XIV, and XVI, and part A
 2 of title IV (other than child care and family planning serv-
 3 ices under such part), by (2) the number of individuals in
 4 the State receiving benefits under sections 2011 and 2102."

5 ~~ADOPTION AND FOSTER CARE SERVICES UNDER CHILD-~~
 6 ~~WELFARE SERVICES PROGRAM~~

7 ~~SEC. 513.~~ Effective July 1, 1971, part B of title IV
 8 of the Social Security Act is amended by adding at the end
 9 thereof the following new section:

10 ~~"ADOPTION AND FOSTER CARE SERVICES~~

11 ~~"SEC. 427. (a) For purposes of this section—~~

12 ~~"(1) the term 'foster care services', with respect to~~
 13 ~~any State, means—~~

14 ~~"(A) payments for foster care (including~~
 15 ~~medical care not available under the State's plan ap-~~
 16 ~~proved under title XIX or under any other health~~
 17 ~~program within the State) of a child for whom a~~
 18 ~~public agency has responsibility, made to any~~
 19 ~~agency, institution, or person providing such care,~~
 20 ~~but only if such foster care meets standards pre-~~
 21 ~~scribed by the Secretary, and~~

22 ~~"(B) services and administrative activities re-~~
 23 ~~lated to the foster care of children, such as finding,~~
 24 ~~evaluating, and licensing foster homes and institu-~~
 25 ~~tions, supervising children in foster homes and in-~~

1 stitutions, and providing services to enable a child
2 to remain in or return to his own home; and

3 ~~“(2) the term ‘adoption services’ means—~~

4 ~~“(A) services and administrative activities re-~~
5 ~~lated to adoptions, including activities related to judi-~~
6 ~~cial proceedings, determinations of the amounts of~~
7 ~~the payments described in subparagraph (B), loca-~~
8 ~~tion of homes, and all activities related to placement,~~
9 ~~adoption, and post-adoption services, with respect~~
10 ~~to any child; and~~

11 ~~“(B) payments (subject to such limitations as~~
12 ~~the Secretary may by regulation prescribe) to a~~
13 ~~person or persons adopting a child who is physically~~
14 ~~or mentally handicapped and who, for that reason,~~
15 ~~may be difficult to place for adoption, based on the~~
16 ~~financial ability of such person or persons to meet~~
17 ~~the medical and other remedial needs of such child.~~

18 ~~“(b) In the case of any State which is eligible for pay-~~
19 ~~ments under section 422, the Secretary shall, from the~~
20 ~~amounts allotted therefor, make payments to such State in~~
21 ~~an amount equal to 75 per centum of any expenditures for~~
22 ~~adoption services or foster care services.~~

23 ~~“(c) There are authorized to be appropriated, in addi-~~
24 ~~tion to sums appropriated for purposes of this section pur-~~
25 ~~suant to section 421, for grants to States for adoption serv-~~

1 ices and foster care services, the sum of \$150,000,000
 2 for the fiscal year ending June 30, 1972, the sum of
 3 \$165,000,000 for the fiscal year ending June 30, 1973,
 4 the sum of \$180,000,000 for the fiscal year ending June 30,
 5 1974, the sum of \$200,000,000 for the fiscal year ending
 6 June 30, 1975, and the sum of \$220,000,000 for the fiscal
 7 year ending June 30, 1976, and each fiscal year thereafter.

8 “(d) From the sum appropriated pursuant to sub-
 9 section (c), for any fiscal year, there shall be allotted to
 10 each State an amount which bears the same ratio to such
 11 sum as the number of children under age 21 in such State
 12 bears to the number of such children in all the States.”

13 CONFORMING AMENDMENTS TO TITLE XVI AND PART A
 14 OF TITLE IV OF THE SOCIAL SECURITY ACT

15 SEC. 514. (a)(1) Section 1601 of the Social Secu-
 16 rity Act (as amended by section 302(b) of this Act) is
 17 amended—

18 (A) by inserting “subject to section 1125” imme-
 19 diately after “there is hereby authorized to be appropri-
 20 ated for each fiscal year” in the first sentence, and

21 (B) by striking out the second sentence.

22 (2) Section 1603(a) of such Act (as amended by sec-
 23 tion 302(g) of this Act) is amended to read as follows:

24 “(a) From the sums appropriated therefor, the Secretary
 25 shall pay to each State which has a plan approved under

1 this title, for each quarter, an amount equal to 75 per centum
2 of the total amounts expended during such quarter (subject
3 to section 1125) as found necessary by the Secretary of
4 Health, Education, and Welfare for the proper and efficient
5 administration of the plan for the purpose of providing serv-
6 ices to the aged, blind, or disabled. Except to the extent speci-
7 fied by the Secretary, such services shall include only—

8 “(1) services provided by the staff of the State
9 agency, or of the local agency administering the State
10 plan in the political subdivision: *Provided*, That no funds
11 authorized under this title shall be available for services
12 defined as vocational rehabilitation services under the
13 Vocational Rehabilitation Act (A) which are available
14 to individuals in need of them under programs for their
15 rehabilitation carried on under a State plan approved
16 under such Act, or (B) which the State agency or agen-
17 cies administering or supervising the administration of
18 the State plan approved under such Act are able and
19 willing to provide if reimbursed for the cost thereof pur-
20 suant to agreement under paragraph (2), if provided by
21 such staff, and

22 “(2) subject to limitations prescribed by the Secre-
23 tary, services which in the judgment of the State agency
24 cannot be as economically or as effectively provided by
25 the staff of such State or local agency and are not other-

1 wise reasonably available to individuals in need of them,
2 and which are provided, pursuant to agreement with the
3 State agency, by the State health authority or the State
4 agency or agencies administering or supervising the ad-
5 ministration of the State plan for vocational rehabilita-
6 tion services approved under the Vocational Rehabilita-
7 tion Act or by any other State agency which the
8 Secretary may determine to be appropriate (whether
9 provided by its staff or by contract with public (local)
10 or nonprofit private agencies);

11 except that services described in clause (B) of paragraph
12 (1) may be provided only pursuant to agreement with such
13 State agency or agencies administering or supervising the
14 administration of the State plan for vocational rehabilitation
15 services so approved."

16 (b) (1) Section 401 of such Act (as amended by section
17 402(e) of this Act) is amended—

18 (A) by inserting "(subject to section 1125)" im-
19 mediately after "there is hereby authorized to be appro-
20 priated for each fiscal year" in the first sentence, and

21 (B) by striking out the second sentence.

22 (2) Section 402(a)(8) of such Act (as amended by
23 sections 524(a) and 402(d)(1)(I) of this Act, and re-
24 designated by section 402(d)(2) of this Act) is amended by
25 striking out "family services" and inserting in lieu thereof

1 “services for any individual receiving assistance to needy
2 families with children”.

3 ~~(3)~~ Section 403(a)(2) of such Act (as amended by
4 section 402(g) of this Act) is amended—

5 ~~(A)~~ by inserting “(subject to section 1125)” im-
6 mediately after “an amount equal to the following pro-
7 portions of the total amounts expended during such
8 quarter” in the portion of such paragraph which pre-
9 ceedes subparagraph (A),

10 ~~(B)~~ by striking out “any of the services described
11 in clauses (8) and (9) of section 402(a)” and inserting
12 in lieu thereof “any of the services described in section
13 405(d)” in clauses (i) and (ii) in subparagraph (A),
14 and

15 ~~(C)~~ by striking out “child-welfare services, family
16 planning services, and family services” in the matter fol-
17 lowing subparagraph (D) and inserting in lieu thereof
18 “services under the plan”.

19 **PART C—PUBLIC ASSISTANCE AMENDMENTS EFFECTIVE**

20 **IMMEDIATELY**

21 **ADDITIONAL REMEDIES FOR STATE NONCOMPLIANCE**

22 **SEC. 521.** (a) Section 1116 of the Social Security Act
23 is amended by adding at the end thereof the following new
24 subsections:

1 “(c) In any case in which the Secretary determines
2 that a State has failed in a substantial number of cases—
3 “(1) to make payments as required by title I, X,
4 XIV, XVI, or XIX or part A of title IV, or
5 “(2) to make payments in the amount prescribed
6 under the appropriate State plan (which complies with
7 the conditions for approval under such title or part),
8 he may require the State to make retroactive payment to all
9 persons affected by such failure in order to assure, to the
10 maximum extent possible, that with respect to each such
11 person the sum of the aid or assistance actually received dur-
12 ing the period in which such failure occurred plus such retro-
13 active payments are equal to the amount of aid or assistance
14 he would have received for such period had such failure not
15 occurred, but such payments shall not be required with re-
16 spect to any period prior to the date of the enactment of the
17 Social Security Amendments of 1971. Expenditures for such
18 retroactive payments shall be considered to have been made
19 under the State plan approved under such title or part for
20 purposes of determining the amount of the Federal payment
21 with respect to such plan. In any case in which the Secretary
22 does add such a requirement for retroactive payments pursu-
23 ant to the preceding provisions of this subsection, the State
24 shall disregard the amount of such retroactive payments for
25 purposes of determining the amount of aid or assistance pay-

1 able to such persons after such failure has been corrected.
2 The Secretary may prescribe such methods of administration
3 as he finds necessary to carry out a requirement for retro-
4 active payments imposed under this subsection and such
5 requirement and methods shall be deemed necessary for the
6 proper and efficient operation of the plan under which such
7 failure occurred.

8 “(f) In any case in which the Secretary has found, in
9 accordance with the procedures of title I, X, XIV, XVI, or
10 XIX, or part A of title IV, that in the administration of the
11 State plan approved under such title or part there is a fail-
12 ure to comply substantially with any provision which is re-
13 quired by such title or part to be included in such plan, the
14 Secretary may prescribe such methods of administration as
15 he finds appropriate to correct such administrative noncom-
16 pliance within a reasonable period of time and, upon obtain-
17 ing assurances satisfactory to him that such methods will
18 be undertaken (including a timetable for implementation
19 of such methods which specifies a date by which there will
20 no longer exist such administrative noncompliance), he may,
21 instead of withholding payments under the title or part with
22 respect to which such failure occurred, continue to make
23 payments (in accordance with such title or part) to such
24 State with respect to expenditures under such plan (for so

1 long as he remains satisfied that the timetable is being sub-
2 stantially followed).

3 “(g) If the Secretary has reason to believe that a State
4 plan which he has approved under title I, X, XIV, XVI,
5 or XIX, or part A of title IV, no longer complies with all
6 requirements of such title or part, or that in the administra-
7 tion of such plan there is a failure to comply substantially
8 with any such requirements, the Secretary may (in addi-
9 tion to or instead of withholding payments under such title
10 or part) request the Attorney General to bring suit to en-
11 force such requirements.”

12 (b) The amendment made by subsection (a) shall take
13 effect on the date of the enactment of this Act.

14 STATEWIDENESS NOT REQUIRED FOR SERVICES

15 SEC. 522. (a) Section 2(a) of the Social Security Act
16 is amended by inserting “except to the extent permitted by
17 the Secretary with respect to services,” before “provide” at
18 the beginning of paragraph (1).

19 (b) Section 402(a) of such Act is amended by insert-
20 ing “except to the extent permitted by the Secretary with
21 respect to services,” before “provide” at the beginning of
22 clause (1).

23 (c) Section 1002(a) of such Act is amended by insert-
24 ing “except to the extent permitted by the Secretary with

1 respect to services," before "provide" at the beginning of
2 clause (1).

3 ~~(d)~~ Section 1402(a) of such Act is amended by insert-
4 ing "except to the extent permitted by the Secretary with
5 respect to services," before "provide" at the beginning of
6 clause (1).

7 ~~(e)~~ Section 1602(a) of such Act is amended by in-
8 serting "except to the extent permitted by the Secretary with
9 respect to services," before "provide" at the beginning of
10 paragraph (1).

11 ~~(f)~~ The amendments made by this section shall take
12 effect on the date of the enactment of this Act.

13 **OPTIONAL MODIFICATION IN DISREGARDING OF INCOME**
14 **UNDER STATE PLANS FOR AID TO FAMILIES WITH DE-**
15 **PENDENT CHILDREN**

16 **SEC. 523.** ~~(a)~~ Section 402(a)(8) of the Social Se-
17 curity Act is amended by inserting after "the State agency"
18 where it first appears the following: "~~(subject to subsection~~
19 ~~(d))~~".

20 ~~(b)~~ Section 402 of such Act is further amended by add-
21 ing at the end thereof the following new subsection:

22 "~~(d)~~ Any State may modify its State plan approved
23 under this section—

24 "~~(1)~~ to provide—

25 "~~(A)~~ that, for purposes of determining the

1 amount of payment, expenses attributable to the
2 earning of income shall not be taken into considera-
3 tion as otherwise required by subsection ~~(a)(7)~~,
4 and

5 ~~“(B) that the State agency shall with respect~~
6 ~~to any month disregard (in lieu of the amount such~~
7 ~~agency is otherwise required to disregard under~~
8 ~~clause (A)(ii) of subsection (a)(8), in the case)~~
9 ~~of earned income of a dependent child not included~~
10 ~~under clause (A)(i) of such subsection, a relative~~
11 ~~receiving such aid, and any other individual (living~~
12 ~~in the same home as such relative and child) whose~~
13 ~~needs are taken into account in making the deter-~~
14 ~~mination under subsection (a)(7), the first \$60 of~~
15 ~~the total of such earned income for such month plus~~
16 ~~one-third of the remainder of such income for such~~
17 ~~month (subject to the parenthetical exception in~~
18 ~~such clause (A)(ii)), plus any expenses incurred~~
19 ~~by members of the family for child care with re-~~
20 ~~spect to such dependent child and any other de-~~
21 ~~pendent children in the family; or~~

22 ~~“(2) to provide that the total amount which may~~
23 ~~be disregarded under clauses (A)(ii) and (B) of sub-~~
24 ~~section (a)(8), and under the provision of subsection~~

1 needs are taken into account in making the determina-
2 tion under clause (7)"; and

3 ~~(3)~~ by striking out "such child, relative, and in-
4 dividual" each place it appears and inserting in lieu
5 thereof "such children, relatives, and individuals".

6 ~~(b)~~ The amendments made by subsection ~~(a)~~ shall take
7 effect on the date of the enactment of this Act, or, in the
8 case of any State, on such later date (not after July 1,
9 1972) as may be specified in the modification made in the
10 State's plan approved under section 402 of the Social Secu-
11 rity Act to carry out such amendments.

12 ENFORCEMENT OF SUPPORT ORDERS AGAINST CERTAIN
13 SPOUSES OF PARENTS OF DEPENDENT CHILDREN

14 SEC. 525. ~~(a)~~ Section 402~~(a)~~(17) of the Social Secu-
15 rity Act is amended

16 ~~(1)~~ by striking out "and" at the end of clause ~~(i)~~,
17 and

18 ~~(2)~~ by adding after clause ~~(ii)~~ the following new
19 clause:

20 "~~(iii)~~ in the case of any parent ~~(of a child~~
21 referred to in clause ~~(ii)~~) receiving such aid who
22 has been deserted or abandoned by his or her spouse,
23 to secure support for such parent from such spouse
24 ~~(or from any other person legally liable for such~~
25 support), utilizing any reciprocal arrangements

1 adopted with other States to obtain or enforce court
2 orders for support, and”.

3 ~~(b) Section 402(a)(21) of such Act is amended—~~

4 ~~(1) by striking out “each parent” in clause (A)~~
5 ~~and inserting in lieu thereof “each person who is the~~
6 ~~parent”;~~

7 ~~(2) by inserting “or is the spouse of the parent of~~
8 ~~such a child or children” after “under the State plan” in~~
9 ~~clause (A);~~

10 ~~(3) by inserting “or such parent” after “such child~~
11 ~~or children” in clause (A)(i), and~~

12 ~~(4) by striking out “such parent” each place it~~
13 ~~appears in clause (B) and inserting in lieu thereof “such~~
14 ~~person”.~~

15 ~~(c) Section 402(a)(22) of such Act is amended—~~

16 ~~(1) by striking out “a parent” each place it appears~~
17 ~~and inserting in lieu thereof “a person”;~~

18 ~~(2) by striking out “a child or children of such~~
19 ~~parent” each place it appears and inserting in lieu thereof~~
20 ~~“the spouse or a child or children of such person”, and~~

21 ~~(3) by striking out “against such parent” and~~
22 ~~inserting in lieu thereof “against such person”.~~

23 ~~(d) The amendments made by this section shall take~~
24 ~~effect on the date of the enactment of this Act, or, in the case~~
25 ~~of any State, on such later date (not after July 1, 1972) as~~

1 may be specified in the modification made in the State's plan
2 approved under section 402 of the Social Security Act to
3 carry out such amendments.

4 SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE
5 PAYMENTS

6 SEC. 526. Title XI of the Social Security Act (as
7 amended by sections 221(a), 241, and 505 of this Act)
8 is amended by adding at the end thereof the following new
9 section:

10 "~~SEPARATION OF SOCIAL SERVICES AND CASH ASSISTANCE~~
11 ~~PAYMENTS~~

12 "~~SEC. 1125. Each State, in the administration of its~~
13 ~~State plans approved under section 2, 402, 1002, 1402, or~~
14 ~~1602, shall develop and submit to the Secretary on or be-~~
15 ~~fore January 1, 1972, a proposal (1) providing that, to the~~
16 ~~extent services under any such State plan are furnished by the~~
17 ~~staff of the State or local agency administering such plan in~~
18 ~~any political subdivision of such State, such staff will be~~
19 ~~located, by July 1, 1972, in organizational units (up to such~~
20 ~~organizational levels as the Secretary may prescribe) which~~
21 ~~are separate and distinct from the units within such agencies~~
22 ~~responsible for determining eligibility for any form of cash~~
23 ~~assistance paid on a regularly recurring basis or for per-~~
24 ~~forming any functions directly related thereto, but subject~~
25 ~~to any exceptions which, in accordance with standards pre-~~

1 scribed in regulations, the Secretary may permit when he
 2 deems it necessary in order to ensure the efficient adminis-
 3 tration of such plan, and ~~(2)~~ indicating the steps to be taken
 4 and the methods to be followed in carrying out the proposal.”

5 INCREASE IN REIMBURSEMENT TO STATES FOR COSTS OF
 6 ESTABLISHING PATERNITY AND LOCATING AND SECUR-
 7 ING SUPPORT FROM PARENTS

8 SEC. 527. ~~(a)~~ Section 403(a)(3)(A) of the Social
 9 Security Act is amended by striking out “or” at the end of
 10 clause (ii), by striking out “; plus” at the end of clause (iii)
 11 and inserting in lieu thereof “, or”, and by inserting after
 12 clause (iii) the following new clause:

13 “~~(iv)~~ the cost of carrying out the require-
 14 ments of clauses ~~(17)~~, ~~(18)~~, ~~(21)~~, and ~~(22)~~
 15 of section 402(a); plus”.

16 ~~(b)~~ The amendment made by subsection ~~(a)~~ shall take
 17 effect on the date of the enactment of this Act.

18 REDUCTION OF REQUIRED STATE SHARE UNDER EXISTING
 19 WORK INCENTIVE PROGRAM

20 SEC. 528. ~~(a)~~ Section 402(a)(10)(C) of the Social
 21 Security Act is amended by striking out “20 per centum”
 22 and inserting in lieu thereof “10 per centum”.

23 ~~(b)~~ Section 435(a) of such Act is amended by striking
 24 out “80 per centum” and inserting in lieu thereof “90 per
 25 centum”.

1 the Internal Revenue Code of 1954 (relating to expenses for
2 care of certain dependents) is amended to read as follows:

3 ~~“(1) DOLLAR LIMIT.—~~

4 ~~“(A) Except as provided in subparagraphs~~
5 ~~(B) and (C), the deduction under subsection (a)~~
6 ~~shall not exceed \$750 for any taxable year.~~

7 ~~“(B) The \$750 limit of subparagraph (A)~~
8 ~~shall be increased (to an amount not above \$1,125)~~
9 ~~by the amount of expenses incurred by the taxpayer~~
10 ~~for any period during which the taxpayer had 2~~
11 ~~dependents.~~

12 ~~“(C) The dollar limits of subparagraphs (A)~~
13 ~~and (B) shall be increased (to an amount not above~~
14 ~~\$1,500) by the amount of expenses incurred by the~~
15 ~~taxpayer for any period during which the taxpayer~~
16 ~~had 3 or more dependents.”~~

17 **Liberalization of Income Test for Working Wives and**
18 **Husbands With Incapacitated Wives**

19 ~~(b) Paragraph (2)(B) of section 214(b) of such Code~~
20 ~~is amended by striking out “\$6,000” and inserting in lieu~~
21 ~~thereof “\$12,000”.~~

22 **Effective Date**

23 ~~(c) The amendments made by this section shall apply~~
24 ~~to taxable years beginning after December 31, 1971.~~

1 ~~LIBERALIZATION OF RETIREMENT INCOME CREDIT~~

2 ~~In General~~

3 ~~SEC. 532. (a)~~ Section 37 of the Internal Revenue Code
4 of 1954 (relating to retirement income) is amended to read
5 as follows:

6 ~~"SEC. 37. CREDIT FOR THE ELDERLY.~~

7 ~~"(a) GENERAL RULE.—In the case of an individual—~~

8 ~~"(1) who has attained the age of 65 before the~~
9 ~~close of the taxable year, or~~

10 ~~"(2) who has not attained the age of 65 before the~~
11 ~~close of the taxable year but who has public retirement~~
12 ~~system pension income for the taxable year,~~

13 there shall be allowed as a credit against the tax imposed
14 by this chapter for the taxable year an amount equal to 15
15 percent of such individual's section 37 amount for such tax-
16 able year.

17 ~~"(b) SECTION 37 AMOUNT.—For purposes of subsec-~~
18 ~~tion (a)—~~

19 ~~"(1) IN GENERAL.—An individual's section 37~~
20 ~~amount for the taxable year is the applicable initial~~
21 ~~amount determined under paragraph (2), reduced as~~
22 ~~provided in paragraph (3).~~

23 ~~"(2) INITIAL AMOUNT.—The initial amount is—~~

24 ~~"(A) \$2,500 in the case of a single individual,~~

25 ~~"(B) \$2,500 in the case of a joint return where~~

1 only one spouse is eligible for the credit under this
2 section;

3 ~~“(C) \$3,750 in the case of a joint return where~~
4 ~~both spouses are eligible for the credit under this~~
5 ~~section, or~~

6 ~~“(D) \$1,875 in the case of a married individual~~
7 ~~filing a separate return.~~

8 ~~“(3) REDUCTION.—Except as provided in para-~~
9 ~~graphs (4) and (5) (B), the reduction under this para-~~
10 ~~graph in the case of any individual is—~~

11 ~~“(A) any amount received by such individual~~
12 ~~as a pension or annuity—~~

13 ~~“(i) under title II of the Social Security~~
14 ~~Act,~~

15 ~~“(ii) under the Railroad Retirement Act~~
16 ~~of 1935 or 1937, or~~

17 ~~“(iii) otherwise excluded from gross in-~~
18 ~~come, plus~~

19 ~~“(B) in the case of any individual who has~~
20 ~~not attained age 72 before the close of the taxable~~
21 ~~year—~~

22 ~~“(i) except as provided in clause (ii), one-~~
23 ~~half the amount of earned income received by~~
24 ~~such individual in the taxable year in excess of~~
25 ~~\$2,000, or~~

1 ~~“(ii) if such individual has not attained~~
2 ~~age 62 before the close of the taxable year, and~~
3 ~~if such individual (or his spouse under age 62)~~
4 ~~is eligible for a credit by reason of subsection~~
5 ~~(a)(2), any amount of earned income in ex-~~
6 ~~cess of \$1,000 received by such individual in~~
7 ~~the taxable year.~~

8 ~~“(4) SPECIAL RULES FOR DETERMINING THE RE-~~
9 ~~DUCTION PROVIDED IN PARAGRAPH (3):~~

10 ~~“(A) JOINT RETURNS. In the case of a joint~~
11 ~~return, the reduction under paragraph (3) shall be~~
12 ~~the aggregate of the amounts resulting from applying~~
13 ~~paragraph (3) separately to each spouse.~~

14 ~~“(B) SEPARATE RETURNS OF MARRIED IN-~~
15 ~~DIVIDUALS.—In the case of a separate return of a~~
16 ~~married individual, paragraph (3)(B)(i) shall~~
17 ~~be applied by substituting ‘\$1,000’ for ‘\$2,000’,~~
18 ~~and paragraph (3)(B)(ii) shall be applied by~~
19 ~~substituting ‘\$500’ for ‘\$1,000’.~~

20 ~~“(C) NO REDUCTION FOR CERTAIN AMOUNTS~~
21 ~~EXCLUDED FROM GROSS INCOME.—No reduction~~
22 ~~shall be made under paragraph (3)(A) for any~~
23 ~~amount excluded from gross income under section~~
24 ~~72 (relating to annuities), 101 (relating to life~~
25 ~~insurance proceeds), 104 (relating to compensation~~

1 for injuries or sickness), 105 (relating to amounts
 2 received under accident and health plans), 402
 3 (relating to taxability of beneficiary of employees'
 4 trust), or 403 (relating to taxation of employee
 5 annuities).

6 ~~“(5) SPECIAL RULES FOR INDIVIDUALS ELIGIBLE~~
 7 ~~UNDER SUBSECTION (a)(2).—~~

8 ~~“(A) Except as provided in subparagraph (B),~~
 9 ~~the section 37 amount of an individual who is eligi-~~
 10 ~~ble for a credit by reason of subsection (a)(2)~~
 11 ~~shall not exceed such individual's public retirement~~
 12 ~~system pension income for the taxable year.~~

13 ~~“(B) In the case of a joint return where one~~
 14 ~~spouse is eligible by reason of subsection (a)(1) and~~
 15 ~~the other spouse is eligible by reason of subsection~~
 16 ~~(a)(2), subparagraph (A) shall not apply but~~
 17 ~~there shall be an additional reduction under para-~~
 18 ~~graph (3) in an amount equal to the excess (if any)~~
 19 ~~of \$1,250 over the amount of the public retirement~~
 20 ~~system pension income of the spouse who is eligible~~
 21 ~~by reason of subsection (a)(2).~~

22 ~~“(c) DEFINITIONS AND SPECIAL RULES.—For pur-~~
 23 ~~poses of this section—~~

24 ~~“(1) EARNED INCOME.—The term ‘earned income’~~
 25 ~~has the meaning assigned to such term in section 911(b),~~

1 except that such term does not include any amount re-
2 ceived as a pension or annuity. The determination of
3 whether earned income is the earned income of the hus-
4 band or the earned income of the wife shall be made with-
5 out regard to community property laws.

6 “(2) ~~MARITAL STATUS.~~—Marital status shall be
7 determined under section 153.

8 “(3) ~~JOINT RETURN.~~—The term ‘joint return’
9 means the joint return of a husband and wife made under
10 section 6013.

11 “(4) ~~PUBLIC RETIREMENT SYSTEM PENSION IN-~~
12 ~~COME.~~—An individual’s public retirement system pension
13 income for the taxable year is his income from pensions
14 and annuities under a public retirement system for per-
15 sonal services performed by him or his spouse, to the ex-
16 tent included in gross income without reference to this
17 section, but only to the extent such income does not rep-
18 resent compensation for personal services rendered dur-
19 ing the taxable year. The amount of such income taken
20 into account with respect to any individual for any tax-
21 able year shall not exceed \$2,500. For purposes of this
22 paragraph, the term ‘public retirement system’ means
23 a pension, annuity, retirement, or similar fund or system
24 established by the United States, a State, a possession of

1 the United States, any political subdivision of any of the
2 foregoing, or the District of Columbia.

3 ~~“(d) NONRESIDENT ALIEN INELIGIBLE FOR CREDIT.—~~
4 No credit shall be allowed under this section to any non-
5 resident alien.”

6 Technical Amendments

7 ~~(b)(1) Section 904 of the Internal Revenue Code of~~
8 ~~1954 (relating to limitation on foreign tax credit) is amended~~
9 ~~by redesignating subsection (g) as subsection (h) and by~~
10 ~~inserting after subsection (f) the following new subsection:~~

11 ~~“(g) COORDINATION WITH CREDIT FOR THE EL-~~
12 ~~DERLY.—In the case of an individual, for purposes of sub-~~
13 ~~section (a) the tax against which the credit is taken is such~~
14 ~~tax reduced by the amount of the credit (if any) for the~~
15 ~~taxable year allowable under section 37 (relating to credit~~
16 ~~for the elderly).”~~

17 ~~(2) Section 6014(a) of such Code (relating to tax not~~
18 ~~computed by taxpayer) is amended by striking out the last~~
19 ~~sentence thereof.~~

20 ~~(3) Section 6014(b) of such Code is amended—~~

21 ~~(A) by striking out paragraph (4),~~

22 ~~(B) by redesignating paragraph (5) as paragraph~~
23 ~~(4), and~~

24 ~~(C) by inserting “or” at the end of paragraph (3).~~

25 ~~(4) Sections 46(a)(3)(C), 56(a)(2)(A)(ii), and~~

1 ~~56(c)(1)(B)~~ of such Code are each amended by striking
 2 out "retirement income" and inserting in lieu thereof "credit
 3 for the elderly".

4 ~~(5)~~ The table of sections for subpart A of part IV of
 5 subchapter A of chapter 1 of such Code is amended by strik-
 6 ing out the item relating to section 37 and inserting in lieu
 7 thereof the following:

"Sec. 37. Credit for the elderly."

8 Effective Date

9 ~~(c)~~ The amendments made by this section shall apply
 10 to taxable years beginning after December 31, 1971.

11 ~~PART E—MISCELLANEOUS CONFORMING AMENDMENTS~~

12 ~~CONFORMING AMENDMENT TO SECTION 228(d)~~

13 ~~SEC. 541.~~ Section 228(d)(1) of the Social Security
 14 Act is amended by striking out "receives aid or assistance
 15 in the form of money payments in such month under a State
 16 plan approved under title I, X, XIV, or XVI, or part A
 17 of title IV" and inserting in lieu thereof "receives payments
 18 with respect to such month pursuant to title XX or part A
 19 or part B of title XXI".

20 ~~CONFORMING AMENDMENTS TO TITLE XI~~

21 ~~SEC. 542.~~ Title XI of the Social Security Act is
 22 amended—

23 ~~(1)(A)~~ by striking out "I," "X," and "XIV,"
 24 in section 1101(a)(1),

1 ~~(B)~~ by striking out “and ~~XIX~~” in such section
2 and inserting in lieu thereof “~~XIX, XX, and XXI~~”,
3 and

4 ~~(C)~~ by inserting “~~(and when used in part C or~~
5 ~~D of title XXI)~~” after “requires” in section 1101
6 ~~(a)(6)~~;

7 ~~(2)~~ by striking out “I, X, XIV, XVI,” in section
8 1106(c)~~(1)(A)~~ and inserting in lieu thereof “XVI”;

9 ~~(3)(A)~~ by striking out “and each fiscal year there-
10 after” in paragraphs ~~(1)(E), (2)(E), and (3)(E)~~
11 of section 1108(a), and

12 ~~(B)~~ by striking out section 1108(b);

13 ~~(4)~~ by striking out the text of section 1109 and
14 inserting in lieu thereof the following:

15 “Sec. 1109. Any amount which is disregarded in de-
16 termining the eligibility for and amount of payments to any
17 individual pursuant to title ~~XX~~ or any family pursuant to
18 part A or B of title ~~XXI~~, shall not be taken into consider-
19 ation in determining the eligibility for or amount of such
20 payments to any other individual or family under such title
21 ~~XX~~ of part A or B of title ~~XXI~~.”;

22 ~~(5)~~ by striking out “title I, X, XIV, and XVI, and
23 part A of title IV” in section 1111 and inserting in lieu
24 thereof “title ~~XX~~ or part A or B of title ~~XXI~~”;

25 ~~(6)(A)~~ by striking out “I, X, XIV, XVI,” in the

1 matter preceding clause (a) in section 1115, and insert-
2 ing in lieu thereof "~~XVI~~",

3 (B) by striking out "of section 2, 402, 1002, 1402,
4 1602, or 1902" in clause (a) of such section and insert-
5 ing in lieu thereof "of section 402, 1602, or 1902," and

6 (C) by striking out "under section 3, 403, 1003,
7 1403, 1603, or 1903" in clause (b) of such section and
8 inserting in lieu thereof "under section 403, 1603, or
9 1903,";

10 (7) (A) by striking out "~~I, X, XIV, XVI~~," in sub-
11 sections (a)(1), (b), and (d) of section 1116 and
12 inserting in lieu thereof "~~XVI~~",

13 (B) by striking out "under section 4, 404, 1004,
14 1404, 1604," in subsection (a)(3) of such section and
15 inserting in lieu thereof "under section 404, 1604,"

16 (C) by striking out "~~I, X, XIV, XVI, or XIX~~ or
17 part A of title IV" in subsection (e) of such section
18 (as added by section 521 of this Act) and inserting in
19 lieu thereof "~~XIX~~",

20 (D) by striking out "~~I, X, XIV, XVI~~," in sub-
21 section (f) of such section (as so added) and inserting
22 in lieu thereof "~~XVI~~", and

23 (E) by striking out "~~I, X, XIV, XVI~~," in sub-
24 section (g) of such section (as so added) and inserting
25 in lieu thereof "~~XVI~~";

1 ~~(8)~~ by repealing section 1118;

2 ~~(9)(A)~~ by striking out “aid or assistance, other
3 than medical assistance to the aged, under a State plan
4 approved under title I, X, XIV, or XVI, or part A of
5 title IV” in section 1119 and inserting in lieu thereof
6 “services under a State plan approved under part A of
7 title IV or under title XVI”, and

8 ~~(B)~~ by striking out “under section 3(a), 403(a),
9 1003(a), 1403(a), or 1603(a)” in such section and
10 inserting in lieu thereof “under section 403(a) or
11 1603(a)”;

12 ~~(10)~~ by repealing section 1125 (as added by section
13 526 of this Act); and

14 ~~(11)~~ effective July 1, 1973—

15 ~~(A)~~ by striking out “services under titles I, X,
16 XIV, and XVI,” in subsection (b)(1) of section
17 1125 (as added by section 512 of this Act) and in-
18 serting in lieu thereof “services under title XVI”;

19 ~~(B)~~ by striking out “under such titles” in such
20 subsection (b)(1) and inserting in lieu thereof
21 “under such title”;

22 ~~(C)~~ by striking out “services under titles I, X,
23 XIV, and XVI” in the last sentence of subsection
24 (b) of such section (as so added) and inserting in
25 lieu thereof “services under title XVI”, and

1 ~~(D)~~ by striking out “services under titles I, X,
2 XIV, and XVI,” in subsection ~~(d)~~ of such section
3 ~~(as so added)~~ and inserting in lieu thereof “services
4 under title XVI”.

5 CONFORMING AMENDMENTS TO TITLE XVIII

6 SEC. 543. ~~(a)~~ Section 1843 of the Social Security Act
7 is amended by striking out subsections ~~(a)~~ and ~~(b)~~ and
8 inserting in lieu thereof the following:

9 “~~(a)~~ Subject to section 1902 ~~(e)~~, the Secretary at the
10 request of any State shall, notwithstanding the repeal of
11 titles I, X, and XIV by section 303 of the Social Security
12 Amendments of 1971 and the amendments made to title XVI
13 and part A of title IV by sections 302 and 402 of such
14 Amendments, continue in effect the agreement entered into
15 under this section with such State insofar as it includes indi-
16 viduals who are eligible to receive benefits under title XX or
17 XXI or are otherwise eligible to receive medical assistance
18 under the plan of such State approved under title XIX.

19 “~~(b)~~ The provisions of subsection ~~(h)~~ (2) of this sec-
20 tion as in effect before the effective date of the repeal and
21 amendments referred to in subsection ~~(a)~~ shall continue to
22 apply with respect to the individuals included in any such
23 agreement after such date.”

24 ~~(b)~~ Section 1843 ~~(e)~~ of such Act is amended by strik-

1 ing out the semicolon and all that follows and inserting in
2 lieu thereof a period.

3 ~~(e)~~ Section 1843(d)(3) of such Act is amended to
4 read as follows:

5 “~~(3)~~ his coverage period attributable to the agree-
6 ment with the State under this section shall end on the
7 last day of any month in which he is determined by the
8 State agency to have become ineligible for medical
9 assistance.”

10 ~~(d)~~ Section 1843(f) of such Act is amended—

11 ~~(1)~~ by striking out “receiving money payments
12 under the plan of a State approved under title I, X,
13 XIV, or XVI or part A of title IV, or”;

14 ~~(2)~~ by striking out “if the agreement entered into
15 under this section so provides,”;

16 ~~(3)~~ by striking out “I, XVI, or”; and

17 ~~(4)~~ by striking out “individuals receiving money
18 payments under plans of the State approved under titles
19 I, X, XIV, and XVI, and part A of title IV, and”.

20 ~~(e)~~ Section 1843 of such Act is further amended by
21 striking out subsections ~~(g)~~ and ~~(h)~~.

22 CONFORMING AMENDMENTS TO TITLE XIX

23 SEC. 544. Title XIX of the Social Security Act is
24 amended—

25 ~~(1)~~ by striking out “families with dependent chil-

1 dren” in clause ~~(1)~~ of the first sentence of section 1901
2 and inserting in lieu thereof “needy families with chil-
3 dren”, and by striking out “permanently and totally”
4 in such clause;

5 ~~(2)~~ by striking out “, except that the determina-
6 tion of eligibility for medical assistance under the plan
7 shall be made by the State or local agency administering
8 the State plan approved under title I or XVI (insofar
9 as it relates to the aged)” in section 1902(a)(5);

10 ~~(3)~~ by striking out “effective July 1, 1969,” in
11 section 1902(a)(11)(B);

12 ~~(4)~~ by striking out section 1902(a)(13)(B) and
13 inserting in lieu thereof the following:

14 “~~(B)~~ in the case of individuals described in para-
15 graph ~~(10)~~ with respect to whom medical assistance
16 must be made available, for the inclusion of at least the
17 care and services listed in clauses ~~(1)~~ through ~~(5)~~ of
18 section 1905(a), and”;

19 ~~(5)(A)~~ by striking out “receiving aid or assistance
20 under a State plan approved under title I, X, XIV, or
21 XVI, or part A of title IV, or who meet the income and
22 resources requirement of the one of such State plans
23 which is appropriate” in the matter in section 1902(a)-
24 ~~(14)(A)~~ (as amended by section 208(a) of this Act)
25 which precedes clause ~~(i)~~ and inserting in lieu thereof

1 “receiving assistance to needy families with children as
2 defined in section 405(b) or assistance for the aged,
3 blind, and disabled under title ~~XX~~, or who meet the in-
4 come and resources requirements for such assistance”,
5 and

6 ~~(B)~~ by striking out “who are not receiving aid or
7 assistance under any such State plan and who do not
8 meet the income and resources requirements of the one
9 of such State plans which is appropriate” in the matter
10 in section 1902(a)(14)(B) which precedes clause (i)
11 and inserting in lieu thereof “who are not receiving
12 assistance to needy families with children as defined
13 in section 405(b) or assistance for the aged, blind, and
14 disabled under title ~~XX~~ and who do not meet the in-
15 come and resources requirements for such assistance”;

16 ~~(6)~~ by striking out “who are not receiving aid
17 or assistance under the State’s plan approved under
18 title I, X, XIV, or XVI, or part A of title IV,” in the
19 portion of section 1902(a)(17) which precedes clause
20 ~~(A)~~ and inserting in lieu thereof “other than those
21 described in paragraph (10) with respect to whom
22 medical assistance must be made available,”; and

23 ~~(D)~~ by striking out “or is blind or permanently
24 and totally disabled” in clause (D) of such section;

1 ~~(7)~~ by striking out “or is blind or permanently and
2 totally disabled” in section ~~1902(a)(18)~~;

3 ~~(8)~~ by striking out “section ~~2(a)(4)(A)~~ (i) and
4 ~~(ii)~~ or section ~~1603(a)(4)(A)~~ (i) and (ii) “in sec-
5 tion ~~1902(a)(20)(C)~~ and inserting in lieu thereof
6 “section ~~1603(a)(1)(A)~~ and (B)”;

7 ~~(9)~~ by striking out “effective July 1, 1969,” in
8 sections ~~1902(a)(24)~~ and ~~1902(a)(26)~~;

9 ~~(10)~~ by striking out “(after December 31, 1969)”
10 in section ~~1902(a)(28)(F)~~ (i);

11 ~~(11)~~ by striking out the last sentence of section
12 ~~1902(a)~~;

13 ~~(12)~~ by striking out section ~~1902(b)(2)~~ and in-
14 serting in lieu thereof the following:

15 “~~(2)~~ any age requirement which excludes any in-
16 dividual who has not attained age 22 and is or would,
17 but for the provisions of section ~~2155(b)(2)~~, be a mem-
18 ber of a family eligible for assistance to needy families
19 with children as defined in section ~~405(b)~~ or be eligible
20 for foster care in accordance with section ~~406~~; or”;

21 ~~(13)~~ by striking out section ~~1902(c)~~;

22 ~~(14)(A)~~ by striking out “and section 1117” and
23 “, beginning with the quarter commencing January 1,
24 1966” in the matter preceding clause (1) of section
25 ~~1903(a)~~, and

1 ~~(B)~~ by striking out “money payments under a State
2 plan approved under title I, ~~X~~, ~~XIV~~, or ~~XVI~~, or part
3 A of title IV” in clause ~~(1)~~ of such section and insert-
4 ing in lieu thereof “assistance to needy families with
5 children as defined in section 405(b) or assistance for
6 the aged, blind, and disabled under title ~~XX~~, or pay-
7 ments for foster care in accordance with section 406,”;

8 ~~(15)~~ by striking out section 1903(c);

9 ~~(16)~~ effective July 1, 1973, by striking out “each
10 of the plans of such State approved under titles I, ~~X~~,
11 ~~XIV~~, ~~XVI~~, and ~~XIX~~” in section 1903(j)~~(2)~~ (as
12 added by section 225 of this Act) and inserting in lieu
13 thereof “the State plan”;

14 ~~(17)~~ by striking out “has been so changed that
15 it” in section 1904(1);

16 ~~(18)(A)~~ by striking out “not receiving aid or
17 assistance under the State’s plan approved under title I,
18 ~~X~~, ~~XIV~~, or ~~XVI~~, or part A of title IV, who are—”
19 in the matter preceding clause (i) in section 1905(a)
20 and inserting in lieu thereof “who are not receiving
21 assistance to needy families with children as defined in
22 section 405(b) or assistance for the aged, blind, and
23 disabled under title ~~XX~~, or with respect to whom pay-
24 ments for foster care are not being made in accordance
25 with section 406, who are—”,

1 ~~(B)~~ by striking out clause ~~(ii)~~ of such section and
2 inserting in lieu thereof the following:

3 “~~(ii)~~ members of a family, as described in section
4 2155(a), except a family in which both parents of the
5 child or children are present, neither parent is incapacitated,
6 and the male parent is not unemployed,”

7 ~~(C)~~ by striking out clauses ~~(iv)~~ and ~~(v)~~ of such
8 section and inserting in lieu thereof the following:

9 “~~(iv)~~ blind as defined in section 2014(a)(2),

10 “~~(v)~~ disabled as defined in section 2014(a)(3),
11 or”

12 ~~(D)~~ by striking out “aid or assistance under State
13 plans approved under title I, X, XIV, or XVI” in
14 clause ~~(vi)~~ of such section and inserting in lieu thereof
15 “benefits under title XX”, and

16 ~~(E)~~ by striking out “aid or assistance furnished
17 to such individual (under a State plan approved under
18 title I, X, XIV, or XVI), and such person is deter-
19 mined, under such a State plan,” in the second sentence
20 of section 1905(a) and inserting in lieu thereof “benefits
21 paid to such individual under title XX, and such person
22 is determined”; and

23 ~~(10)~~ by striking out the semicolon and everything
24 that follows in the second sentence of section 1905(b)
25 and inserting in lieu thereof a period.

1 TITLE V—MISCELLANEOUS

2 PART A—PROVISIONS RELATING TO PUBLIC

3 ASSISTANCE

4 REPORT ON QUALITY OF WORK PERFORMED BY WELFARE

5 PERSONNEL

6 SEC. 501. (a) *The Secretary of Health, Education, and*
7 *Welfare shall conduct a full and complete study of ways of*
8 *enhancing the quality of work performed by individuals em-*
9 *ployed in the administration and operation of State plans*
10 *approved under titles I, IV, X, XIV, XV, and XVI of the*
11 *Social Security Act for the purpose of arriving at standards*
12 *of performance or other appropriate means of eliminating*
13 *variations in the quality of work performed and encouraging*
14 *the development of improved performance by such individuals.*

15 (b) *In conducting the study required by subsection (a),*
16 *the Secretary is authorized to engage the assistance of indi-*
17 *viduals who have demonstrated knowledge and expertise in the*
18 *area of welfare administration (including individuals who*
19 *have direct contact with recipients) and from individuals*
20 *who are themselves recipients under such State plans.*

21 (c) *The Secretary shall conduct the study required by*
22 *subsection (a) and report his findings thereon together with*
23 *appropriate recommendations to the Congress not later than*
24 *January 1, 1974.*

25 CRIMINAL OFFENSES BY WELFARE EMPLOYEES

26 SEC. 502. (a)(1) *Part A of title XI of the Social*

1 *Security Act (as designated by section 249F of this Act and*
2 *amended by sections 216(a), 221, 241, 271, 272, 410, 411,*
3 *and 431) is further amended by adding at the end thereof*
4 *the following new section:*

5 “*CRIMINAL OFFENSES BY WELFARE EMPLOYEES*

6 “*SEC. 1126. Any officer or employee of the United*
7 *States or of any State or of any political subdivision of*
8 *such State acting in connection with the administration or*
9 *operation of any State plan approved under title I, IV, X,*
10 *XIV, XV, or XVI, of this Act—*

11 “(1) *who is guilty of any extortion or willful op-*
12 *pression under color of State or Federal law; or*

13 “(2) *who knowingly allows the disbursement of*
14 *greater sums than are authorized by law, or receives*
15 *any fee, compensation, or reward, except as by law*
16 *prescribed, for the performance of any duty; or*

17 “(3) *who, with intent to defeat the application of*
18 *any provision of title I, IV, X, XIV, XV, or XVI, of*
19 *the Social Security Act or any State plan approved*
20 *thereunder, fails to perform any of the duties of his*
21 *office or employment; or*

22 “(4) *who conspires or colludes with any other per-*
23 *son to defraud the United States, any State govern-*
24 *ment, or any political subdivision of such State; or*

25 “(5) *who knowingly makes opportunity for any*
26 *person to defraud the United States, any State govern-*

1 *ment, or any political subdivision of such State; or*

2 *“(6) who does or omits to do any act with intent*
3 *to enable any other person to defraud the United States,*
4 *any State government, or any political subdivision of*
5 *such State;*

6 *“(7) who makes or signs any fraudulent entry in*
7 *any book, or makes or signs any fraudulent application,*
8 *form, or statement, knowing it to be fraudulent; or*

9 *“(8) who, having knowledge or information of*
10 *fraud committed by any person against the United*
11 *States, any State government, or any political subdivi-*
12 *sion of such State under title I, IV, X, XIV, XV, or*
13 *XVI of the Social Security Act or any State plan*
14 *approved thereunder, fails to report, in writing, such*
15 *knowledge or information to the Secretary or his delegate,*
16 *or, if the fraud is against a State government or any*
17 *political subdivision of such State, to the individual*
18 *designated to administer the State plan approved under*
19 *such title or his delegate; or*

20 *“(9) who demands, or accepts, or attempts to col-*
21 *lect directly or indirectly as payment or gift, or other-*
22 *wise, any sum of money or other thing of value for the*
23 *compromise, adjustment, or settlement of any charge or*
24 *complaint for any violation or alleged violation of law,*
25 *except as expressly authorized by law so to do;*

1 *shall be dismissed from office or discharged from employment*
2 *and, upon conviction thereof, shall be fined not more than*
3 *\$10,000, or imprisoned not more than 5 years, or both."*

4 *(2)(A) Effective January 1, 1974, section 1126 of*
5 *the Social Security Act (as added by paragraph (1) of*
6 *this subsection) is amended by striking out "title I, IV, X,*
7 *XIV, XV, or XVI," each place it appears therein and in-*
8 *serting in lieu thereof "title IV, VI, or XV,".*

9 *(B) The amendments made by subparagraph (A) shall*
10 *not apply to the Commonwealth of Puerto Rico, the Virgin*
11 *Islands, or Guam.*

12 *(b) In addition to the requirements imposed by law as a*
13 *condition of approval of a State plan under title I, VI, IV, X,*
14 *XIV, XV, or XVI of the Social Security Act, there is here-*
15 *by imposed the requirement (and the plan shall be deemed to*
16 *require) that the State plan provide that any officer or em-*
17 *ployee of the State acting in connection with the State plan*
18 *as approved under such title who shall be found guilty of*
19 *a violation of section 1126 of such Act shall be dismissed*
20 *from office or discharged from employment in addition to*
21 *any other penalty imposed under such section 1126.*

22 *DEMONSTRATION PROJECTS TO REDUCE WELFARE*

23 *DEPENDENCY*

24 *SEC. 503. (a) Section 1110(a) of the Social Security*
25 *Act is amended by inserting after the period at the end*
26 *thereof the following new sentence: "Of the funds appro-*

1 *priated under the preceding sentence for any fiscal year*
 2 *commencing after June 30, 1972, not less than 50 per*
 3 *centum thereof shall be used in projects relating to the pre-*
 4 *vention and reduction of dependency.”*

5 *(b) Section 1115 is amended by inserting immediately*
 6 *after the matter at the end thereof the following new sen-*
 7 *tence: “Not less than 50 per centum of the amounts made*
 8 *available to the States under this section, for any fiscal year*
 9 *beginning after June 30, 1972, shall be used in projects*
 10 *relating to the prevention and reduction of welfare*
 11 *dependency.”*

12 *LIMITATION ON REGULATORY AUTHORITY OF THE*
 13 *SECRETARY*

14 *SEC. 504. Section 1102 of the Social Security Act is*
 15 *amended by inserting immediately before the period at the*
 16 *end thereof the following: “; except that no rule or regula-*
 17 *tion which affects title I, IV, X, XIV, XV, or XVI of this*
 18 *Act shall be adopted unless such rule or regulation is related*
 19 *to a specific provision in such title and no rule or regulation*
 20 *so adopted shall be inconsistent with any provision of such*
 21 *title”.*

22 *LIMITATION ON AUTHORITY OF SECRETARY WITH*
 23 *RESPECT TO ADVISORY COUNCILS*

24 *SEC. 505. Title XI of the Social Security Act is amended*
 25 *by adding after section 1127 the following new section:*

1 “(h) The term ‘State agency’, with respect to any State,
2 means the agency of State government which is designated by
3 the Secretary for purposes of carrying out this Act in such
4 State.”

5 (c) Section 10(c) of such Act is amended by striking
6 out the first sentence.

7 (d) Clause (2) of the second sentence of section 10(e)
8 of such Act is amended by striking out “used by them in the
9 certification of applicants for benefits under the federally
10 aided public assistance programs” and inserting in lieu
11 thereof the following: “prescribed by the Secretary in the
12 regulations issued pursuant to this Act”.

13 (e) Section 10(e) of such Act is further amended by
14 striking out the third sentence.

15 (f) Section 14 of such Act is amended by striking out
16 subsection (e).

17 (g) Effective January 1, 1974, section 416 of the
18 Act of October 31, 1949, is amended by adding at the end
19 thereof the following new sentence: “No person who is deter-
20 mined to be eligible (or upon application would be eligible)
21 for aid under a State plan approved under title XV of the
22 Social Security Act, and no person who is eligible (or upon
23 application would be eligible) to receive supplemental security
24 income under title XVI of such Act shall be eligible to partic-
25 ipate in any program conducted under this section (other than
26 nonprofit child feeding programs or programs under which

1 *commodities are distributed on an emergency or temporary*
2 *basis and eligibility for participation therein is not based upon*
3 *the income or resources of the individual or family).”*

4 *(h) Except as otherwise provided in this section, the*
5 *amendments made by this section shall take effect on Jan-*
6 *uary 1, 1973.*

7 *PAYMENTS TO STATES FOR FOOD STAMP CASH-OUT*

8 *SEC. 509. (a) From the amounts appropriated there-*
9 *for, the Secretary shall pay to each State (or political sub-*
10 *division thereof) for each quarter (commencing with the*
11 *quarter beginning January 1, 1974) an amount equal to*
12 *the total amount by which the payments by such State (or*
13 *political subdivision) described in section 1616(a) of the*
14 *Social Security Act (whether or not paid under an agree-*
15 *ment entered into under such section) to any individual for*
16 *any month, when increased by (1) the amount of such indi-*
17 *vidual's other income (exclusive of income described in section*
18 *1612(b) of such Act but including income described in para-*
19 *graph (2) of such section), and (2) the benefits, if any,*
20 *paid under title XVI of such Act exceed the adjusted pay-*
21 *ment level (as defined in subsection (b)) of such State or the*
22 *amount of such individual's income described in clauses (1)*
23 *and (2), whichever is greater, but not counting so much of*
24 *any such payment, when so increased, as exceeds the sum of*
25 *such adjusted payment level plus the bonus value of food*
26 *stamps (as defined in subsection (c)).*

1 **(b)(1)** *As used in this paragraph, the term “adjusted*
2 *payment level”, in the case of any State, means the amount*
3 *of the money payment which an individual (or two or more*
4 *individuals living in the same household) with no other income*
5 *would have received under the State plan approved under*
6 *title I, X, XIV or XVI of the Social Security Act, as such*
7 *titles were in effect for October 1972, increased by a payment*
8 *level modification.*

9 **(2)** *As used in this subparagraph, the term “payment*
10 *level modification”, in the case of any State, means that*
11 *amount by which such State, which for October 1972 made*
12 *money payments under its plan approved under title I, X,*
13 *XIV or XVI of the Social Security Act, as such titles were*
14 *in effect for such month to individuals with no other income*
15 *which were less than 100 per centum of its standard of need,*
16 *could have increased such money payments without increasing*
17 *(if it reduced its standard of need under such plan so that*
18 *such increased money payments equaled 100 per centum of*
19 *such standard of need) the non-Federal share of expenditures*
20 *for such money payments for October 1972 (as defined in*
21 *subsection (d)).*

22 **(c)** *As used in this paragraph, the term “bonus value*
23 *of food stamps” means—*

24 **(1)** *the face value of the coupon allotment which*
25 *would have been provided for October 1972 to an indi-*

1 *vidual (or two or more individuals living in the same*
2 *household) under the Food Stamp Act of 1964, reduced*
3 *by*
4 *(2) the charge which such individual (or individ-*
5 *uals) would have paid for such coupon allotment,*
6 *if the income of such individual (or individuals) for such*
7 *month had been equal to the adjusted payment level. The*
8 *face value of food stamps and the charge therefor in October*
9 *1972 shall be determined in accordance with rules prescribed*
10 *by the Secretary of Agriculture in effect for such month.*

11 *(d) As used in this paragraph the term "non-Federal*
12 *share of expenditures for money payments for October 1972",*
13 *in the case of any State, means—*

14 *(1) total expenditures by such State for money*
15 *payments for such month under its State plan approved*
16 *under title I, X, XIV, or XVI of the Social Security*
17 *Act, as such title was in effect for such month reduced*
18 *by*

19 *(2) the amount determined for such State for such*
20 *month under subsection (a) (1) or (2) of section 1603*
21 *(or subsection (a) (1) or (2) of section 3, subsection*
22 *(a) (1) or (2) of section 1003, and subsection (a) (1)*
23 *or (2) of section 1403), and section 1118 of such Act,*
24 *and section 9 of the Act of April 19, 1950 (as such*
25 *sections were in effect during such month).*

1 *ADMINISTRATIVE EXPENSES FOR TITLE XVI*

2 *SEC. 510. Appropriations for administrative expenses*
3 *incurred during the fiscal year ending June 30, 1973, in*
4 *developing the staff and facilities necessary to place in op-*
5 *eration the supplemental security income program estab-*
6 *lished by title XVI of the Social Security Act, as amended*
7 *by this Act, may be included in an appropriation Act for*
8 *such fiscal year.*

9 *TREATMENT OF RENT UNDER PUBLIC HOUSING*

10 *SEC. 511. (a) Section 9 of Public Law 92-213 is*
11 *repealed.*

12 *(b) The amendment made by this section shall become*
13 *effective on the first day of the month following the month*
14 *in which this Act is enacted.*

15 *PROHIBITION AGAINST USE OF FEDERAL FUNDS TO UNDER-*
16 *MINE PUBLIC ASSISTANCE PROGRAMS*

17 *SEC. 512. Part A of title XI of the Social Security Act*
18 *(as designated by section 249F of this Act) is amended by*
19 *adding after section 1126 (as added by section 502(a) of*
20 *this Act) the following new section:*

21 *“PROHIBITION AGAINST USE OF FEDERAL FUNDS TO*
22 *UNDERMINE PROGRAMS UNDER THE SOCIAL SECURITY*
23 *ACT*

24 *“SEC. 1127. (a)(1) Subject to paragraph (2), no*
25 *Federal funds shall be used (whether directly or indirectly)*

1 to pay all or any part of the compensation or expenses of
2 any attorney or other person who, as a part of his federally
3 financed activity whether as an employee in the executive
4 branch or under a grant or contractual arrangement with the
5 executive branch (or other employment), engages in any
6 activity, for or on behalf of any client or other person or
7 class of persons, the purpose of which is (by litigation or by
8 actions related thereto) to nullify, challenge, or circumvent
9 any provision of the Social Security Act, or any of the pur-
10 poses or intentions of the Congress in enacting any such
11 title or provision thereof or relating thereto; and it shall be
12 unlawful for any such attorney or other person who engages
13 in any such federally financed activity to accept or receive
14 any Federal funds to defray all or any part of his com-
15 pensation.

16 “(2) The prohibition contained in paragraph (1) shall
17 not apply to any particular case or lawsuit (or to any attor-
18 ney or other person involved therein) if the Attorney Gen-
19 eral issues an order specifically waiving such prohibition
20 with respect to such case or lawsuit; except that no such
21 order shall become effective with respect to any case or law-
22 suit until 60 days after the Attorney General shall have sub-
23 mitted to the Committee on Finance of the Senate and the
24 Committee on Ways and Means of the House of Represent-

1 *atives a notice of his intention to waive such prohibition with*
 2 *respect to such case or lawsuit.*

3 “(b) *Any person who authorizes the disbursement of*
 4 *any Federal funds, and any attorney or other person who*
 5 *receives or accepts any such funds, in violation of subsec-*
 6 *tion (a), shall be held accountable for and required to make*
 7 *good to the United States the amount of funds so disbursed*
 8 *or received or accepted.”*

9 *PART B—GENERAL PROVISIONS*

10 *CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER*

11 *OF SOCIAL SECURITY*

12 *SEC. 520. (a) Section 5316 of title 5, United States*
 13 *Code (relating to positions at level V of the Executive Sched-*
 14 *ule), is amended by striking out:*

15 “(51) *Commissioner of Social Security, Depart-*
 16 *ment of Health, Education, and Welfare.”.*

17 *(b) Section 5315 of title 5, United States Code (relat-*
 18 *ing to positions at level IV of the Executive Schedule), is*
 19 *amended by adding at the end thereof the following:*

20 “(97) *Commissioner of Social Security, Depart-*
 21 *ment of Health, Education, and Welfare.”.*

22 *(c) The amendments made by the preceding provisions*
 23 *of this section shall take effect on the first day of the first pay*
 24 *period of the Commissioner of Social Security, Department*
 25 *of Health, Education, and Welfare, which commences on or*

1 *after the first day of the month which follows the month in*
2 *which this Act is enacted.*

3 *EVALUATION OF SOCIAL SECURITY PROGRAMS*

4 *SEC. 521. Part A of title XI of the Social Security Act*
5 *(as designated by section 249F of this Act) is amended by*
6 *adding after section 1128 (as added by section 505 of this*
7 *Act) the following new section:*

8 *“EVALUATION OF SOCIAL SECURITY PROGRAMS*

9 *“SEC. 1129. (a) (1) The Comptroller General is hereby*
10 *authorized to make analyses and evaluations of programs*
11 *under this Act.*

12 *“(2) The departments and agencies shall make available*
13 *to the Comptroller General such information and documents*
14 *as he considers necessary for him to complete his work under*
15 *this subsection.*

16 *“(b) (1) No department or agency of the Federal Gov-*
17 *ernment shall enter into any contract for the conduct of, or*
18 *employ any expert or consultant to conduct, any study or*
19 *evaluation of any program which—*

20 *“(A) is established by or pursuant to this Act, or*

21 *“(B) receives Federal financial assistance pursuant*
22 *to authority contained in this Act,*

23 *if the conduct of such study or evaluation involves the ex-*
24 *penditure, from Federal funds, of an amount in excess of*
25 *\$25,000, unless, prior to the commencement of such study*

1 or evaluation, such department or agency shall have re-
2 quested of, and obtained from, the Comptroller General ap-
3 proval for the conduct of such study or evaluation.

4 “(2) The Comptroller General shall not approve any
5 request for the conduct of any study or evaluation of any
6 program under paragraph (1), unless he determines that—

7 “(A) the conduct of such study or evaluation of
8 such program is justified;

9 “(B) such department or agency cannot effectively
10 conduct such study or evaluation through utilization of
11 regular full-time employees of such department or agen-
12 cy; and

13 “(C) such study or evaluation will not be duplica-
14 tive of any study or evaluation which is being conducted,
15 or will be conducted within the next twelve months, by
16 the General Accounting Office.

17 “(c)(1) To assist in carrying out his functions under
18 this section, the Comptroller General may sign and issue
19 subpoenas requiring the production of negotiated contract and
20 subcontract records and records of other non-Federal persons
21 or organizations to which he has a right of access by law
22 or agreement.

23 “(2) In case of disobedience to a subpoena issued under
24 the authority contained in paragraph (1), the Comptroller
25 General may invoke the aid of any district court of the

1 *United States in requiring the production of the records re-*
 2 *ferred to in paragraph (1). Any district court of the United*
 3 *States within the jurisdiction in which the contractor, sub-*
 4 *contractor, or other non-Federal person or organization is*
 5 *found or resides or in which the contractor, subcontractor,*
 6 *or other non-Federal person or organization transacts busi-*
 7 *ness may, in case of contumacy or refusal to obey a subpoena*
 8 *issued by the Comptroller General, issue an order requiring*
 9 *the contractor, subcontractor, or other non-Federal person or*
 10 *organization to produce the records; and any failure to obey*
 11 *such order of the court shall be punished by the court as a*
 12 *contempt thereof.”*

13 *PART C—LIBERALIZATION OF RETIREMENT INCOME*
 14 *CREDIT; OTHER INTERNAL REVENUE CODE AMEND-*
 15 *MENTS*

16 *RETIREMENT INCOME CREDIT*

17 *In General*

18 *SEC. 531. (a) Section 37 of the Internal Revenue Code*
 19 *of 1954 (relating to retirement income) is amended to read*
 20 *as follows:*

21 *“SEC. 37. RETIREMENT INCOME.*

22 *“(a) GENERAL RULES.—*

23 *“(1) JOINT RETURNS.—In the case of a joint*
 24 *return—*

1 “(A) if either spouse has attained the age of
2 65 before the close of the taxable year, or

3 “(B) if neither spouse has attained the age of
4 65 before the close of the taxable year but one or
5 both spouses have public retirement system pension
6 income for the taxable year,

7 there shall be allowed as a credit against the tax imposed
8 by this chapter for the taxable year an amount equal to
9 15 percent of the retirement income (as limited by sub-
10 section (b)) received by the husband and wife during
11 the taxable year.

12 “(2) OTHER RETURNS.—In the case of a return
13 by an unmarried individual and of a separate return by
14 a married individual—

15 “(A) if the individual has attained the age of
16 65 before the close of the taxable year, or

17 “(B) if the individual has not attained the age
18 of 65 before the close of the taxable year but has
19 public retirement system pension income for the tax-
20 able year,

21 there shall be allowed as a credit against the tax imposed
22 by this chapter for the taxable year an amount equal to
23 15 percent of the retirement income (as limited by sub-
24 section (b)) received by the individual during the taxable
25 year.

1 “(b) *LIMITATION OF RETIREMENT INCOME.*—

2 “(1) *IN GENERAL.*—*The amount of retirement in-*
3 *come which may be taken into account for purposes of*
4 *subsection (a) shall not exceed the following amounts*
5 *(reduced as provided in paragraph (2)):*

6 “(A) \$2,500, *in the case of an unmarried in-*
7 *dividual,*

8 “(B) \$2,500, *in the case of a joint return*
9 *where only one spouse is an eligible individual,*

10 “(C) \$3,750, *in the case of a joint return where*
11 *both spouses are eligible individuals, or*

12 “(D) \$1,875, *in the case of separate return by*
13 *a married individual.*

14 “(2) *REDUCTION.*—*Except as provided in para-*
15 *graphs (3) and (4), the reduction under this para-*
16 *graph in the case of any individual is—*

17 “(A) *any amount received by such individual*
18 *as a pension or annuity—*

19 “(i) *under title II of the Social Security*
20 *Act,*

21 “(ii) *under the Railroad Retirement Act of*
22 *1935 or 1937, or*

23 “(iii) *otherwise excluded from gross in-*
24 *come, plus*

1 “(B) in the case of any individual who has
2 not attained age 72 before the close of the taxable
3 year—

4 “(i) except as provided in clause (ii), one-
5 half the amount of earned income received by
6 such individual in the taxable year in excess of
7 \$2,000, or

8 “(ii) if such individual has not attained
9 age 62 before the close of the taxable year, and
10 if such individual (or his spouse under age 62)
11 is an eligible individual as defined in subsection
12 (d)(4)(B), any amount of earned income in
13 excess of \$1,000 received by such individual in
14 the taxable year.

15 “(3) SPECIAL RULES FOR DETERMINING THE RE-
16 DUCATION PROVIDED IN PARAGRAPH (2).—

17 “(A) JOINT RETURNS.—In the case of a joint
18 return, the reduction under paragraph (2) shall be
19 the aggregate of the amounts resulting from apply-
20 ing paragraph (2) separately to each spouse.

21 “(B) SEPARATE RETURNS OF MARRIED INDI-
22 VIDUALS.—In the case of a separate return of a
23 married individual, paragraph (2)(B)(i) shall be
24 applied by substituting ‘\$1,000’ for ‘\$2,000’, and

1 *paragraph (2)(B)(ii) shall be applied by sub-*
2 *stituting '\$500' for '\$1,000'.*

3 “(C) *NO REDUCTION FOR CERTAIN AMOUNTS*
4 *EXCLUDED FROM GROSS INCOME.—No reduction*
5 *shall be made under paragraph (2)(A) for any*
6 *amount excluded from gross income under section 72*
7 *(relating to annuities), 101 (relating to life insur-*
8 *ance proceeds), 104 (relating to compensation for*
9 *injuries or sickness), 105 (relating to amounts re-*
10 *ceived under accident and health plans), 402 (relat-*
11 *ing to taxability of beneficiary of employees' trust),*
12 *or 403 (relating to taxation of employee annuities).*

13 “(4) *SPECIAL RULE FOR CERTAIN INDIVIDUALS*
14 *RECEIVING PUBLIC RETIREMENT ' SYSTEM PENSION*
15 *INCOME.—In the case of a joint return where one spouse*
16 *is an eligible individual as defined in subsection (d)(4)*
17 *(A) and the other spouse is an eligible individual as de-*
18 *fined in subsection (d)(4)(B), there shall be an addi-*
19 *tional reduction under paragraph (2) in an amount*
20 *equal to the excess (if any) of \$1,250 over the amount*
21 *of the public retirement system pension income of the*
22 *spouse who is an eligible individual as defined in sub-*
23 *section (d)(4)(B).*

24 “(c) *RETIREMENT INCOME.—For purposes of this*
25 *section—*

1 “(1) *IN GENERAL.*—*Except as provided in para-*
2 *graph (2), the term ‘retirement income’ means income*
3 *from—*

4 “(A) *pensions and annuities (including public*
5 *retirement system pension income and including, in*
6 *the case of an individual who is, or has been, an*
7 *employee within the meaning of section 401(c)(1),*
8 *distributions by a trust described in section 401(a)*
9 *which is exempt from tax under section 501(a)),*

10 “(B) *interest,*

11 “(C) *rents,*

12 “(D) *dividends, and*

13 “(E) *bonds described in section 405(b)(1)*
14 *which are received under a qualified bond purchase*
15 *plan described in section 405(a) or in a distribu-*
16 *tion from a trust described in section 401(a) which*
17 *is exempt from tax under section 501(a),*

18 *to the extent included in gross income without reference*
19 *to this section, but only to the extent such income does*
20 *not represent compensation for personal services rendered*
21 *during the taxable year.*

22 “(2) *CERTAIN INDIVIDUALS UNDER AGE 65.*—*In*
23 *the case of—*

24 “(A) *a return by an unmarried individual who*

1 *has not attained the age of 65 before the close of the*
2 *taxable year,*

3 “(B) *a separate return by a married individual*
4 *who has not attained the age of 65 before the close of*
5 *the taxable year, and*

6 “(C) *a joint return if neither spouse has at-*
7 *tained the age of 65 before the close of the taxable*
8 *year,*

9 *the term ‘retirement income’ means only public retire-*
10 *ment system pension income, and only so much of such*
11 *income received by an individual during the taxable year*
12 *as does not exceed \$2,500.*

13 “(d) *OTHER DEFINITIONS AND SPECIAL RULES.—*
14 *For purposes of this section—*

15 “(1) *PUBLIC RETIREMENT SYSTEM PENSION IN-*
16 *COME.—The term ‘public retirement system pension in-*
17 *come’ means income from pensions and annuities under*
18 *a public retirement system for personal services performed*
19 *by the taxpayer or his spouse, to the extent included in*
20 *gross income without reference to this section, but only*
21 *to the extent such income does not represent compensation*
22 *for personal services rendered during the taxable year.*
23 *For purposes of this paragraph, the term ‘public retire-*
24 *ment system’ means a pension, annuity, retirement, or*
25 *similar fund or system established by the United States,*

1 *a State, a possession of the United States, any political*
2 *subdivision of any of the foregoing, or the District of*
3 *Columbia.*

4 “(2) *EARNED INCOME.*—*The term ‘earned income’*
5 *has the meaning assigned to such term in section 911(b)*
6 *except that such term does not include any amount re-*
7 *ceived as a pension or annuity.*

8 “(3) *COMMUNITY PROPERTY LAWS DIS-*
9 *REGARDED.*—*The determination of whether—*

10 “(A) *earned income, or*

11 “(B) *income from pensions and annuities for*
12 *personal services (including public retirement sys-*
13 *tem pension income and distributions to which sub-*
14 *section (c)(1)(A) applies),*

15 *is the income of a husband or wife shall be made with-*
16 *out regard to community property laws.*

17 “(4) *ELIGIBLE INDIVIDUAL.*—*The term ‘eligible*
18 *individual’ means an individual who—*

19 “(A) *has attained the age of 65 before the*
20 *close of the taxable year, or*

21 “(B) *has not attained such age but has public*
22 *retirement system pension income for the taxable*
23 *year.*

24 “(5) *MARITAL STATUS.*—*Marital status shall be*
25 *determined under section 153.*

1 "SEC. 10001. PAYMENT.

2 “(a) *IN GENERAL.*—*Except as provided in subsection*
3 *(d), the Secretary or his delegate shall pay to each eligible*
4 *individual, upon application therefor made after the close*
5 *of a calendar year, an annual payment for that calendar*
6 *year in an amount determined under subsection (b).*

7 “(b) *DETERMINATION OF AMOUNT.*—

8 “(1) *IN GENERAL.*—*The amount of the payment to*
9 *which an eligible individual is entitled under this chapter*
10 *for any calendar year is an amount equal to 10 percent*
11 *of not more than \$4,000 of the wages or compensation*
12 *paid to him, or to him and his spouse, if he is married*
13 *(as determined under section 143)—*

14 “(A) *with respect to which taxes were deducted*
15 *and withheld under section 3102 (relating to deduc-*
16 *tion of tax from wages under the Federal Insurance*
17 *Contributions Act) or section 3202 (relating to de-*
18 *duction of tax from compensation under the Railroad*
19 *Retirement Act); or*

20 “(B) *by the Work Administration for services*
21 *performed by a participant in guaranteed employ-*
22 *ment and with respect to which the Work Admin-*
23 *istration certifies to the Secretary under section*
24 *2052(e)(4) of the Social Security Act was paid*
25 *for services performed on behalf of an employer*

1 *under a contract entered into with the Work Ad-*
2 *ministration under section 2052(e) of such Act.*

3 “(2) *LIMITATION.*—*The amount of the payment to*
4 *which an eligible individual is entitled for any calendar*
5 *year under paragraph (1) shall be reduced by one-*
6 *fourth of the amount by which his income, or, if he is*
7 *married (as determined under section 143), the total*
8 *of his income and his spouse’s income, for the calendar*
9 *year exceeds \$4,000. For purposes of this paragraph,*
10 *the term ‘income’ means all income from whatever*
11 *source derived, other than payments provided by this*
12 *chapter, determined without regard to subtitle A (relat-*
13 *ing to income taxes).*

14 “(c) *ADVANCE PAYMENTS.*—

15 “(1) *IN GENERAL.*—*Upon application therefor*
16 *made after the close of any of the first three quarters of*
17 *any calendar year, the Secretary or his delegate shall pay*
18 *to an eligible individual an advance payment on account*
19 *of the annual payment to which he reasonably expects to*
20 *be entitled under subsection (a) for that year. The amount*
21 *of any advance payment to which an eligible individual*
22 *is entitled at the close of any calendar quarter shall be*
23 *equal to—*

24 “(A) *the annual payment to which the eligible*
25 *individual would be entitled with respect to the wages*

1 *and compensation described in subsection (b) (1) re-*
2 *ceived by him on or before the close of the most recent*
3 *quarter for which application is made, taking into*
4 *account the wages, compensation, and other income*
5 *received and reasonably expected to be received dur-*
6 *ing the calendar year, reduced by*

7 *“(B) the amount of advance payments made to*
8 *him, or for which he made application, for any prior*
9 *quarters of the calendar year.*

10 *“(2) MINIMUM ADVANCE PAYMENT.—No advance*
11 *payment shall be made under this subsection for any*
12 *amount less than \$30.*

13 *“(3) DETERMINATION OF STATUS.—For purposes*
14 *of this subsection, the determination of whether an eligible*
15 *individual is married shall be made as of the close of the*
16 *calendar quarter or quarters for which an application for*
17 *payment has been filed by that individual.*

18 *“(4) ANNUAL STATEMENT.—Any individual who*
19 *receives an advance payment under this subsection for*
20 *any calendar year shall file, after the close of that year,*
21 *a statement with the Secretary or his delegate setting*
22 *forth the amounts he has received as advance payments*
23 *under this subsection during that year, the amount of*
24 *income he and his spouse, if any, have received during*
25 *that year, and such other information as the Secretary*

1 *or his delegate may require and in such form and at*
2 *such time as he may require.*

3 *“(d) CREDIT IN LIEU OF PAYMENT.—An eligible indi-*
4 *vidual may elect for any taxable year to take the amount*
5 *of any payment to which he is entitled under this chapter*
6 *as a credit against tax under section 42. The election shall*
7 *be filed at such time and in such form as the Secretary or*
8 *his delegate may prescribe.*

9 **“SEC. 10002. RECOVERY OF OVERPAYMENTS; PENALTIES.**

10 *“(a) RECOVERY OF OVERPAYMENTS.—If the Secre-*
11 *tary or his delegate determines that any part of any amount*
12 *paid to an individual for any year under this chapter was*
13 *in excess of the amount to which that individual was entitled*
14 *under this chapter for that year, the Secretary or his dele-*
15 *gate shall notify that individual of the excess payment and*
16 *may—*

17 *“(1) withhold, from any amounts which that in-*
18 *dividual is entitled to receive under this chapter in any*
19 *subsequent year, amounts totating not more than the*
20 *amount of that excess;*

21 *“(2) treat the amount of that excess as if it were a*
22 *deficiency under subchapter B of chapter 63 of subtitle*
23 *F and utilize the procedures available to him under that*
24 *subtitle to collect that amount;*

1 “(3) enter into an agreement with that individual
2 for the repayment of that amount; or

3 “(4) take such other action as may be necessary to
4 recover that amount.

5 “(b) PENALTIES.—Each application form and any
6 other document required to be filed under this chapter shall
7 contain a written declaration that it is made under penalty
8 of perjury. The provisions of chapter 75 (relating to crimes,
9 other offenses, and forfeitures) shall apply to such forms
10 and documents.

11 **“SEC. 10003. COOPERATION OF OTHER GOVERNMENT**
12 **AGENCIES.**

13 “The Secretary or his delegate is authorized to obtain
14 from any agency or department of the United States Gov-
15 ernment or of any State or political subdivision thereof
16 such information with respect to any individual applying
17 for or receiving benefits under this chapter, or any individual
18 whose income is taken into consideration in determining
19 benefits payable to an eligible individual under this chapter,
20 as may be necessary for the proper administration of this
21 chapter. Each agency and department of the United States
22 Government is authorized and directed to furnish to the Sec-
23 retary or his delegate such information upon request.

1 **“SEC. 10004. APPLICATIONS; REGULATIONS.**

2 “(a) *IN GENERAL.*—*The Secretary or his delegate shall*
3 *develop simple and expedient application forms and proce-*
4 *dures for use by eligible individuals who wish to obtain the*
5 *benefits of this chapter, arrange for distributing such forms*
6 *and making them easily available to eligible individuals, and*
7 *prescribe such regulations as may be necessary to carry out*
8 *the provisions of this chapter.*

9 “(b) *TIME FOR FILING APPLICATIONS FOR PAY-*
10 *MENT.*—*No annual payment may be made to an eligible indi-*
11 *vidual for a calendar year unless the application for that*
12 *payment is filed on or before the last day of the calendar quar-*
13 *ter following the close of that year. No advance payment may*
14 *be made to an eligible individual for any calendar quarter or*
15 *quarters unless the application for that payment is filed on or*
16 *before the last day of the calendar quarter following the close*
17 *of the quarter or quarters for which application is filed. For*
18 *purposes of section 42, failure to file an application for an*
19 *annual payment within the time prescribed by this subsection*
20 *shall not affect an eligible individual's entitlement to such*
21 *payment.*

22 **“SEC. 10005. DEFINITION OF ELIGIBLE INDIVIDUAL.**

23 “*For the purpose of this chapter, ‘eligible individual’*
24 *means an individual—*

25 “(1) *who is physically present in the United States;*

1 “(2) whose wages are subject to tax under chapter
2 21 or 22 (relating to the Federal Insurance Contribu-
3 tions Act and the Railroad Retirement Tax Act, respec-
4 tively) or who receives compensation from the Work
5 Administration for services performed in guaranteed
6 employment on behalf of an employer under a contract
7 entered into with the Work Administration under section
8 2052(e) of the Social Security Act; and

9 “(3) who maintains a household which includes a
10 child of that individual with respect to whom he is
11 entitled to a deduction under section 151(e)(1)(B).

12 **“SEC. 10006. APPROPRIATION OF FUNDS FOR PAYMENTS.**

13 *“There is hereby appropriated, out of any moneys in*
14 *the Treasury not otherwise appropriated, for each fiscal year*
15 *such sums as may be necessary to enable the Secretary or*
16 *his delegate to make payments under this chapter.”*

17 *Credit in Lieu of Payment*

18 *(b) (1) Subpart A of part IV of subchapter A of chapter*
19 *1 of the Internal Revenue Code of 1954 (relating to credits*
20 *against tax) is amended by redesignating section 42 as 43,*
21 *and by inserting after section 41 the following new section.*

22 **“SEC. 42. WORK BONUS.**

23 *“There shall be allowed to a taxpayer who is an eligible*
24 *individual (as defined in section 10005) and who makes an*
25 *election under section 10001(d) for the taxable year, as a*

1 *credit against the tax imposed by this chapter an amount*
2 *equal to any amount to which he is entitled under chapter 97*
3 *for that year unless he has applied to receive that amount as*
4 *a payment under that chapter. The Secretary or his delegate*
5 *shall prescribe such regulations as may be necessary to carry*
6 *out the provisions of this section.”*

7 (2) *The table of sections for such subpart is amended*
8 *by striking out*

“Sec. 42. Overpayments of tax.”

9 *and inserting in lieu thereof*

“Sec. 42. Work bonus.

“Sec. 43. Overpayments of tax.”

10 (3) *Section 6401(b) of the Internal Revenue Code of*
11 *1954 (relating to excessive credits) is amended by—*

12 (A) *inserting after “lubricating oil)” the follow-*
13 *ing: “, 42 (relating to work bonus),”; and*

14 (B) *striking “sections 31 and 39” and inserting*
15 *“sections 31, 39, and 42”.*

16 (4) *Section 6201(a)(4) of such Code (relating to*
17 *assessment authority) is amended by—*

18 (A) *inserting “OR 42” after “SECTION 39” in the*
19 *caption of such section; and*

20 (B) *striking “oil),” and inserting “oil) or section*
21 *42 (relating to work bonus),”.*

22 (5) *Section 6211(b)(4) of such Code (relating to*
23 *rules for application of definition of deficiency) is amended*

1 by striking “credit under section 39” and inserting “credits
2 under sections 39 and 42”, and by striking “such credit”
3 and inserting “such credits”.

4 (6) Section 6213(f)(3) of such Code (relating to
5 restrictions applicable to deficiencies; petition to Tax Court)
6 is amended by striking “section 39” and inserting “section
7 39 or 42”.

8 (7) Section 72(n)(3) of such Code (relating to deter-
9 mination of taxable income) is amended by striking “sections
10 31 and 39” and inserting “sections 31, 39, and 42”.

11 *Exclusion of Work Bonus Payment From Gross Income*

12 (c)(1) Part III of subchapter B of chapter 1 of the
13 Internal Revenue Code of 1954 (relating to items specifically
14 excluded from gross income) is amended by redesignating
15 section 124 as 125 and by inserting after section 123 the
16 following new section:

17 **“SEC. 124. WORK BONUS PAYMENTS.**

18 “Gross income does not include any amount received
19 as a payment under chapter 97.”

20 (2) The table of sections for such part is amended by
21 striking out

“Sec. 124. Cross references to other Acts.”

22 and inserting in lieu thereof

“Sec. 124. Work bonus payments.

“Sec. 125. Cross references to other Acts.”

Effective Date

(d) *The amendments made by this section shall take effect on January 1, 1973, and shall apply with respect to taxable years beginning after December 31, 1972.*

*PART D—MISCELLANEOUS CONFORMING AMENDMENTS**CONFORMING AMENDMENT TO SECTION 228(d)*

SEC. 541. Section 228(d)(1) of the Social Security Act is amended by inserting "XV," immediately after "XIV," and "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)" after "IV".

CONFORMING AMENDMENTS TO TITLE XI

SEC. 542. (a) Title XI of the Social Security Act is amended by—

- (1) striking out "I," and "X," in section 1101(a) (1) (as amended by section 431(b) of this Act) and by striking out "XIV," and inserting in lieu thereof "XV,";*
- (2) by striking out "I, IV, X, XIV" in section 1102 (as amended by section 504 of this Act) and inserting "IV, VI, or XV" in lieu thereof;*
- (3) by striking out "I, X, XIV" in section 1109 and inserting "XV" in lieu thereof;*
- (4) by striking out "I, X, XIV" in section 1111 and inserting "XV" in lieu thereof;*
- (5)(A) by striking out "I, X, XIV, XVI" in the*

1 *matter preceding clause (a) in section 1115, and insert-*
2 *ing “VI, XV” in lieu thereof,*

3 *(B) by striking out “section 2, 402, 1002, 1402,*
4 *1602, or” in clause (a) of such section and inserting*
5 *in lieu thereof “title VI, or XV, part A of title IV,*
6 *or section”, and*

7 *(C) by striking out “3, 403, 1003, 1403, 1603”*
8 *in clause (b) of such section and inserting in lieu*
9 *thereof “412, 603, 1506”;*

10 *(6)(A) by striking out “I, X, XIV, XVI” in sub-*
11 *sections (a)(1), (b), and (d) of section 1116 and*
12 *inserting “VI, XV” in lieu thereof, and*

13 *(B) by striking out “4, 404, 1004, 1404, 1604”*
14 *in subsection (a)(3) of such section and inserting in*
15 *lieu thereof “413, 603, 1506”;*

16 *(7) by repealing section 1118;*

17 *(8)(A) by striking out “aid or assistance other*
18 *than medical assistance to the aged under a State plan*
19 *approved under title I, X, XIV, or XVI” in section*
20 *1119 and inserting in lieu thereof “payments under*
21 *a State plan approved under title XV”, and*

22 *(B) by striking out “3(a), 403(a), 1003(a),*
23 *1403(a), or 1603(a)” in such section and inserting in*
24 *lieu thereof “412 or 1506”.*

1 (9) by striking out “I, IV, X, XIV, XV, or XVI”
2 in section 1128 (as added by section 505 of this Act
3 and inserting “IV, VI, or XV” in lieu thereof.

4 (b) In the case of any State with respect to which sec-
5 tion 1121 of the Social Security Act is in effect (as a result
6 of the amendment made by section 292 of this Act), such
7 section shall, during such period as it remains in effect, be
8 applicable to a plan of such State approved under title XV
9 of such Act to the same extent as to a plan approved under
10 title XVI.

11 CONFORMING AMENDMENTS TO TITLE XVIII

12 SEC. 543. (a) Section 1843(b)(2) is amended—

13 (1) by inserting “XV,” immediately after “XIV,”
14 and

15 (2) by adding after the matter at the end of sub-
16 section (b)(2) the following: “Effective January 1,
17 1974, and subject to section 1902(e), the Secretary at
18 the request of any State shall, notwithstanding the repeal
19 of titles I, X, and XIV by section 303(a) of the Social
20 Security Amendments of 1972 and the amendments made
21 to title XVI and part A of title IV by sections 301 and
22 302 and sections 401 and 403 of such amendments, con-
23 tinue in effect the agreement entered into under this sec-
24 tion with such State insofar as it includes individuals
25 who are eligible to receive benefits under title XV or

1 *part A of title IV, or supplementary security income*
2 *benefits under title XVI (as in effect after December 31,*
3 *1973), or are otherwise eligible to receive medical as-*
4 *sistance under the plan of such State approved under*
5 *title XIX. The provisions of subsection (h)(2) of this*
6 *section as in effect before the effective date of the repeals*
7 *and amendments referred to in the preceding sentence*
8 *shall continue to apply with respect to individuals in-*
9 *cluded in any such agreement after such date.”.*

10 *(b) Section 1843(c) of such Act is amended by strik-*
11 *ing out the semicolon and all that follows and inserting in*
12 *lieu thereof a period.*

13 *(c) Section 1843(d)(3) of such Act is amended to read*
14 *as follows:*

15 *“(3) his coverage period attributable to the agree-*
16 *ment with the State under this section shall end on the*
17 *last day of any month in which he is determined by the*
18 *State agency to have become ineligible for medical as-*
19 *sistance.”*

20 *(d) Section 1843(f) of such Act is amended—*

21 *(1) by inserting “XV,” after “XIV,” and “or receiv-*
22 *ing supplemental security income benefits under title XVI*
23 *(as in effect after December 31, 1973),” after “IV,”;*

24 *(2) by striking out “if the agreement entered into*
25 *under this section so provides,”;*

1 (3) by striking out “I, XVI, or”; and

2 (4) by striking out “individuals receiving money
3 payments under plans of the State approved under titles
4 I, X, XIV, and XVI, and part A of title IV, and”.

5 CONFORMING AMENDMENTS TO TITLE XIX

6 SEC. 544. (a) Title XIX of the Social Security Act is
7 amended—

8 (1) by inserting “, of certain individuals who are
9 drug addicts or alcoholics,” immediately following “fam-
10 ilies with dependent children” in clause (1) of the first
11 sentence of section 1901 and by striking out “permanently
12 and totally” in such clause;

13 (2) by striking out “, except that the determination
14 of eligibility for medical assistance under the plan shall be
15 made by the State or local agency administering the State
16 plan approved under title I or XVI (insofar as it relates
17 to the aged)” in section 1902(a)(5);

18 (3)(A) by inserting in section 1902(a)(10)
19 “XV,” after “XIV,” and by inserting “or receiving a
20 supplemental security income payment under title XVI
21 (as in effect after December 31, 1973) and who would,
22 except for such payment, be eligible for such medical
23 assistance under the State plan or who would have been
24 eligible for such medical assistance under the medical
25 assistance standard as in effect on January 1, 1972 (ex-

1 *cept that in determining income for this purpose, expenses*
2 *incurred for medical care must be deducted)",*

3 *(B) by striking out "not receiving aid or assistance*
4 *under any such plan" in subparagraph (A)(ii) and*
5 *inserting "pursuant to subparagraph (B)(ii)" in lieu*
6 *thereof,*

7 *(C) by inserting in subparagraph (B) of such sec-*
8 *tion "or who are individuals receiving supplemental se-*
9 *curity income benefits under title XVI (as in effect after*
10 *December 31, 1973) (which for the purposes of this sub-*
11 *paragraph shall be considered to be a State plan) but*
12 *who are not eligible under subparagraph (A)" after*
13 *"Secretary",*

14 *(D) by inserting in subparagraph (B)(i) of such*
15 *section "or who are receiving a supplemental security*
16 *income payment under title XVI (as in effect after*
17 *December 31, 1971) and who would, except for such*
18 *payment, be eligible for medical assistance under the*
19 *State plan" after "State plan", and*

20 *(E) by striking out in subparagraph (B)(ii) of*
21 *such section "not receiving aid or assistance under any*
22 *such State plan" and inserting "under clause (i) of this*
23 *subparagraph" in lieu thereof;*

24 *(4) by inserting in section 1902(a)(13)(B) "XV,"*
25 *after "XIV," and by inserting "who are described in*

1 *paragraph (10) with respect to whom medical assistance*
2 *must be made available,” after “IV,”;*

3 *(5)(A) by inserting in section 1902(a)(14)(A)*
4 *“XV,” after “XIV,” by inserting “or, after Decem-*
5 *ber 31, 1973, are required to be covered under section*
6 *1902(a)(10)(A) or who meet the income and re-*
7 *sources requirement as specified in such section,” after*
8 *“appropriate,”, and*

9 *(B) by inserting in subparagraph (B) of such sec-*
10 *tion “or who, after December 31, 1973, are included*
11 *under the State plan approved under title XIX, pur-*
12 *suant to section 1902(a)(10)(B)” after “appropriate”;*

13 *(6)(A) by striking out “who are not receiving aid*
14 *or assistance under the State’s plan approved under title*
15 *I, X, XIV, or XVI, or part A of title IV,” in the portion*
16 *of section 1902(a)(17) which precedes clause (A) and*
17 *inserting in lieu thereof “other than those described in*
18 *paragraph (10) with respect to whom medical assistance*
19 *must be made available,”, and*

20 *(B) by striking out “permanently and totally” in*
21 *clause (D) of such section;*

22 *(7) by striking out “permanently and totally” in*
23 *section 1902(a)(18);*

24 *(8) by striking out “referred to in section 3(a)*
25 *(4)(A) (i) and (ii) or section 1603(a)(4)(A) (i)*

1 *and (ii)'' in section 1902(a)(20)(C) and inserting in*
2 *lieu thereof ''which the State agency administering the*
3 *plan approved under title XV or XVI determines to*
4 *make available or, after December 31, 1973, which the*
5 *agency administering the program of supplemental se-*
6 *curity income benefits under title XVI (as in effect after*
7 *December 31, 1973) determines to make available'';*

8 *(9) by striking out ''406(a)(2)'' in section 1902*
9 *(b)(2) and inserting in lieu thereof ''411(a)(1)(A)*
10 *(ii)'';*

11 *(10) by striking out section 1903(a)(1) ''money*
12 *payments'' and inserting in lieu thereof ''aid or assist-*
13 *ance'', by inserting ''XV,'' immediately after ''XIV,''*
14 *and by inserting ''or supplemental security income bene-*
15 *fits under title XVI of such Act (as in effect after De-*
16 *cember 31, 1973)'' after ''title IV'';*

17 *(11) by inserting ''XV,'' after ''XIV,'' and ''or*
18 *supplemental security income benefits under title XVI*
19 *(as in effect after December 31, 1973),'' after ''XVI'';*

20 *(12) by striking out section 1903(c);*

21 *(13) by inserting in section 1903(f)(4)(A),*
22 *''XV,'' immediately after ''XIV,'' and ''or supplemental*
23 *security income benefits under title XVI of such Act (as*
24 *in effect after December 31, 1973),'' after ''title IV'';*

25 *and*

1 (14)(A) by inserting in the matter preceding
2 clause (i) in section 1905(a), "XV," immediately after
3 "XIV," and "or supplemental security income benefits
4 under title XVI of such Act (as in effect after Decem-
5 ber 31, 1973)," after "title IV,"

6 (B)(i) by striking out "406(b)(1)" in clause (ii)
7 of such section and inserting in lieu thereof "411(b)
8 (1)", and

9 (ii) by striking out "406(a)(2)" in such clause
10 and inserting "411(a)(1)(A)(ii)" in lieu thereof;

11 (C) by striking out clauses (iv) and (v) of such
12 section and inserting in lieu thereof the following:

13 (iv) blind as defined in section 1614(a)(2),

14 (v) 18 years of age or older and disabled as de-
15 fined in section 1614(a)(3), or",

16 (D) by inserting in clause (vi) of such section
17 "XV," immediately after "XIV," and "or supplemental
18 security income benefits under title XVI (as in effect
19 after December 31, 1973)," after title "IV", and

20 (E) by inserting in the second sentence of such
21 section "XV," immediately after "XIV," and "or sup-
22 plemental security income benefits under title XVI (as
23 in effect after December 31, 1973)," after "XVI".

24 (b) Section 1902(f) (as added by section 209(c)(1)
25 of this Act) is amended by inserting "supplemental se-

1 *curity income payment under title XVI and” after “such*
 2 *individual’s.”*

3 *CONFIRMING AMENDMENTS TO TITLE XV*

4 *SEC. 545. Section 1505(a)(2) of the Social Security*
 5 *Act is amended by striking out “sections 407(b) and*
 6 *1607(b);” and inserting in lieu thereof “section 407(b)*
 7 *and titles VI or XVI, as the case may be;”.*

8 *EFFECTIVE DATE*

9 *SEC. 546. The amendments made by this part shall*
 10 *become effective January 1, 1974.*

11 *PART E—PUBLIC ASSISTANCE AMENDMENTS*

12 *EFFECTIVE JANUARY 1, 1973*

13 *SEPARATION OF SOCIAL SERVICES NOT REQUIRED*

14 *SEC. 551. (a) Section 2(a)(10)(C) of the Social Se-*
 15 *curity Act is amended by inserting “(using whatever internal*
 16 *organizational arrangement it finds appropriate for this*
 17 *purpose)” immediately after “provide a description of the*
 18 *services (if any) which the State agency makes available”.*

19 *(b) Section 1002(a)(13) of such Act is amended by*
 20 *inserting “(using whatever internal organizational arrange-*
 21 *ment it finds appropriate for this purpose)” immediately*
 22 *after “provide a description of the services (if any) which*
 23 *the State agency makes available”.*

24 *(c) Section 1402(a)(12) of such Act is amended by*
 25 *inserting “(using whatever internal organizational arrange-*

1 *ment it finds appropriate for this purpose)” immediately*
2 *after “provide a description of the services (if any) which*
3 *the State agency makes available”.*

4 *(d) Section 1602(a)(10) of such Act is amended by*
5 *inserting “(using whatever internal organizational arrange-*
6 *ment it finds appropriate for this purpose)” immediately*
7 *after “provide a description of the services (if any) which*
8 *the State agency makes available”.*

9 *MANUALS AND POLICY ISSUANCES NOT REQUIRED*

10 *WITHOUT CHARGE*

11 *SEC. 552. (a) Section 2(b) of the Social Security Act*
12 *is amended by adding at the end thereof the following new*
13 *sentence: “At the option of the State, the plan may provide*
14 *that manuals and other policy issuances will be furnished to*
15 *persons without charge for the reasonable cost of such ma-*
16 *terials, but such provision shall not be required by the Secre-*
17 *tary as a condition for the approval of such plan under this*
18 *title.”*

19 *(b) Section 1002(b) of such Act is amended by adding*
20 *immediately after the first sentence thereof the following new*
21 *sentence: “At the option of the State, the plan may provide*
22 *that manuals and other policy issuances will be furnished to*
23 *persons without charge for the reasonable cost of such ma-*
24 *terials, but such provision shall not be required by the Secre-*

1 tary as a condition for the approval of such plan under this
2 title.”

3 (c) Section 1402(b) of such Act is amended by adding
4 at the end thereof the following new sentence: “At the option
5 of the State, the plan may provide that manuals and other
6 policy issuances will be furnished to persons without charge
7 for the reasonable cost of such materials, but such provision
8 shall not be required by the Secretary as a condition for the
9 approval of such plan under this title.”

10 (d) Section 1602(b) of such Act is amended by adding
11 immediately after the first sentence thereof the following new
12 sentence: “At the option of the State, the plan may provide
13 that manuals and other policy issuances will be furnished to
14 persons without charge for the reasonable cost of such ma-
15 terials, but such provision shall not be required by the Sec-
16 retary as a condition for the approval of such plan under
17 this title.”

18 **EFFECTIVE DATE OF FAIR HEARING DECISION**

19 **SEC. 553.** (a) Section 2(a)(4) is amended by—

20 (1) deleting “provide” and inserting in lieu thereof
21 “provide (A)”, and

22 (2) inserting immediately before the semicolon at the
23 end thereof the following: “, and (B) that if the State
24 plan is administered in each of the political subdivisions
25 of the State by a local agency and such local agency

1 *provides a hearing at which evidence may be presented*
2 *prior to a hearing before the State agency, such local*
3 *agency may put into effect immediately upon issuance its*
4 *decision upon the matter considered at such hearing”.*

5 *(b) Section 1002(a)(4) is amended by—*

6 *(1) deleting “provide” and inserting in lieu thereof*
7 *“provide (A)”, and*

8 *(2) inserting immediately before the semicolon at*
9 *the end thereof the following: “, and (B) that if the*
10 *State plan is administered in each of the political sub-*
11 *divisions of the State by a local agency and such local*
12 *agency provides a hearing at which evidence may be pre-*
13 *sented prior to a hearing before the State agency, such*
14 *local agency may put into effect immediately upon is-*
15 *suance its decision upon the matter considered at such*
16 *hearing”.*

17 *(c) Section 1402(a)(4) is amended by—*

18 *(1) deleting “provide” and inserting in lieu thereof*
19 *“provide (A)”, and*

20 *(2) inserting immediately before the semicolon at the*
21 *end thereof the following: “, and (B) that if the State*
22 *plan is administered in each of the political subdivisions*
23 *of the State by a local agency and such local agency*
24 *provides a hearing at which evidence may be presented*
25 *prior to a hearing before the State agency, such local*

1 *agency may put into effect immediately upon issuance*
2 *its decision upon the matter considered at such hearing”.*

3 *(d) Section 1602(a)(4) is amended by—*

4 *(1) deleting “provide” and inserting in lieu thereof*
5 *“provide (A)”, and*

6 *(2) inserting immediately before the semicolon at*
7 *the end thereof the following: “, and (B) that if the*
8 *State plan is administered in each of the political sub-*
9 *divisions of the State by a local agency and such local*
10 *agency provides a hearing at which evidence may be*
11 *presented prior to a hearing before the State agency, such*
12 *local agency may put into effect immediately upon is-*
13 *suance its decision upon the matter considered at such*
14 *hearing”.*

15 *ABSENCE FROM STATE FOR MORE THAN 90 DAYS*

16 *SEC. 554. (a) Section 6(a) of the Social Security Act*
17 *is amended by adding at the end thereof the following new*
18 *sentence: “At the option of a State (if its plan approved*
19 *under this title so provides), such term need not include*
20 *money payments to an individual who has been absent from*
21 *such State for a period in excess of 90 consecutive days*
22 *(regardless of whether he has maintained his residence in*
23 *such State during such period) until he has been present in*
24 *such State for 30 consecutive days in the case of such an*
25 *individual who has maintained his residence in such State*

1 *during such period or 90 consecutive days in the case of*
2 *any other such individual.”*

3 *(b) Section 1006 of such Act is amended by adding at*
4 *the end thereof the following new sentence: “At the option of*
5 *a State (if its plan approved under this title so provides),*
6 *such term need not include money payments to an individual*
7 *who has been absent from such State for a period in excess*
8 *of 90 consecutive days (regardless of whether he has main-*
9 *tained his residence in such State during such period) until*
10 *he has been present in such State for 30 consecutive days*
11 *in the case of such an individual who has maintained his*
12 *residence in such State during such period or 90 consecutive*
13 *days in the case of any other such individual.”*

14 *(c) Section 1405 of such Act is amended by adding at*
15 *the end thereof the following new sentence: “At the option*
16 *of a State (if its plan approved under this title so provides),*
17 *such term need not include money payments to an individual*
18 *who has been absent from such State for a period in excess*
19 *of ninety consecutive days (regardless of whether he has*
20 *maintained his residence in such State during such period)*
21 *until he has been present in such State for thirty consecutive*
22 *days in the case of such an individual who has maintained his*
23 *residence in such State during such period or ninety consecu-*
24 *tive days in the case of any other such individual.”*

1 (d) Section 1605(a) of such Act is amended by adding
 2 at the end thereof the following new sentence: "At the option
 3 of a State (if its plan approved under this title so provides),
 4 such term need not include money payments to an individual
 5 who has been absent from such State for a period in excess of
 6 ninety consecutive days (regardless of whether he has main-
 7 tained his residence in such State during such period)
 8 until he has been present in such State for thirty consecutive
 9 days in the case of such an individual who has maintained
 10 his residence in such State during such period or ninety con-
 11 secutive days in the case of any other such individual."

12 RENT PAYMENTS TO PUBLIC HOUSING AGENCY

13 SEC. 555. (a) Section 6(a) of the Social Security Act
 14 (as amended by section 554(a) of this Act) is further
 15 amended by—

16 (1) striking out "such term" in the last sentence
 17 thereof and inserting in lieu thereof "such term (i)",
 18 and

19 (2) adding immediately before the period at the end
 20 of such sentence the following: ", and (ii) may include
 21 rent payments made directly to a public housing agency
 22 on behalf of a recipient or a group or groups of recip-
 23 ients of assistance under such plan".

24 (b) Section 1006 of such Act (as amended by section
 25 554(b) of this Act) is further amended by—

1 (1) striking out “such term” in the last sentence
2 thereof and inserting in lieu thereof “such term (i)”, and

3 (2) adding immediately before the period at the end
4 of such sentence the following: “, and (ii) may include
5 rent payments made directly to a public housing agency
6 on behalf of a recipient or a group or groups of recip-
7 ients of aid under such plan”.

8 (c) Section 1405 of such Act (as amended by section
9 554(c) of this Act) is further amended by—

10 (1) striking out “such term” in the last sentence
11 thereof and inserting in lieu thereof “such term (i)”, and

12 (2) adding immediately before the period at the
13 end of such sentence the following: “, and (ii) may in-
14 clude rent payments made directly to a public housing
15 agency on behalf of a recipient or a group or groups
16 of recipients of aid under such plan”.

17 (d) Section 1605(a) of such Act (as amended by sec-
18 tion 554(d) of this Act) is further amended by—

19 (1) striking out “such term” in the last sentence
20 thereof and inserting in lieu thereof “such term (i)”, and

21 (2) adding immediately before the period at the end
22 of such sentence the following: “, and (ii) may include
23 rent payments made directly to a public housing agency
24 on behalf of a recipient or a group or groups of recip-
25 ients of aid under such plan”.

1 *STATEWIDENESS NOT REQUIRED FOR SERVICES*

2 *SEC. 556. (a) Section 2(a) of the Social Security Act*
 3 *is amended by inserting "except to the extent permitted by*
 4 *the Secretary with respect to services," before "provide" at*
 5 *the beginning of paragraph (1).*

6 *(b) Section 1002(a) of such Act is amended by insert-*
 7 *ing "except to the extent permitted by the Secretary with re-*
 8 *spect to services," before "provide" at the beginning of clause*
 9 *(1).*

10 *(c) Section 1402(a) of such Act is amended by insert-*
 11 *ing "except to the extent permitted by the Secretary with re-*
 12 *spect to services," before "provide" at the beginning of clause*
 13 *(1).*

14 *(d) Section 1602(a) of such Act is amended by insert-*
 15 *ing "except to the extent permitted by the Secretary with re-*
 16 *spect to services," before "provide" at the beginning of para-*
 17 *graph (1).*

18 *SAFEGUARDING INFORMATION*

19 *SEC. 557. (a) Section 2(a)(7) of the Social Security*
 20 *Act is amended to read as follows:*

21 *"(7) provide safeguards which permit the use or*
 22 *disclosure of information concerning applicants or re-*
 23 *cipients only (A) to public officials who require such in-*
 24 *formation in connection with their official duties, or (B)*

1 to other persons for purposes directly connected with the
2 administration of the State plan;”.

3 (b) Section 1002(a)(9) of such Act is amended to
4 read as follows:

5 “(9) provide safeguards which permit the use or
6 disclosure of information concerning applicants or recip-
7 ients only (A) to public officials who require such
8 information in connection with their official duties, or
9 (B) to other persons for purposes directly connected with
10 the administration of the State plan;”.

11 (c) Section 1402(a)(9) of such Act is amended to read
12 as follows:

13 “(9) provide safeguards which permit the use or
14 disclosure of information concerning applicants or recip-
15 ients only (A) to public officials who require such in-
16 formation in connection with their official duties, or
17 (B) to other persons for purposes directly connected
18 with the administration of the State plan;”.

19 (d) Section 1602(a)(7) of such Act is amended to read
20 as follows:

21 “(7) provide safeguards which permit the use or
22 disclosure of information concerning applicants or re-
23 cipients only (A) to public officials who require such
24 information in connection with their official duties, or

1 “(1) the total amount paid to such State (under all
2 of such sections) for such fiscal year for such services
3 does not exceed the allotment of such State (as deter-
4 mined under subsection (b)); and

5 “(2) of the amounts paid (under all of such sec-
6 tions) to such State for such fiscal year with respect to
7 such expenditures, other than expenditures for—

8 “(A) services provided to meet the needs of a
9 child for personal care, protection, and supervision,
10 but only in the case of a child where the provision of
11 such services is needed (i) in order to enable a mem-
12 ber of such child’s family to accept or continue in
13 employment or to participate in training to prepare
14 such member for employment, or (ii) because of the
15 death, continued absence from the home, or incapac-
16 ity of the child’s mother and the inability of any
17 member of such child’s family to provide adequate
18 care and supervision for such child;

19 “(B) services provided to a mentally retarded
20 individual (whether a child or an adult), but only
21 if such services are needed (as determined in accord-
22 ance with criteria prescribed by the Secretary) by
23 such individual by reason of his condition of being
24 mentally retarded;

25 “(C) services provided to an individual who is

1 *a drug addict or an alcoholic, but only if such serv-*
2 *ices are needed (as determined in accordance with*
3 *criteria prescribed by the Secretary) by such individ-*
4 *ual as part of a program of active treatment of his*
5 *condition as a drug addict or an alcoholic; and*

6 *“(D) services provided to a child who is under*
7 *foster care in a foster family home (as defined in*
8 *section 411(d)) or in a child-care institution (as*
9 *defined in such section), or while awaiting place-*
10 *ment in such a home or institution, but only if such*
11 *services are needed (as determined in accordance*
12 *with criteria prescribed by the Secretary) by such*
13 *child because he is under foster care,*

14 *not more than 10 per centum thereof are paid with re-*
15 *spect to expenditures incurred in providing services to*
16 *individuals who are not recipients of aid, assistance,*
17 *or payments (under State plans approved under titles I,*
18 *X, XIV, XV, XVI, or part A of title IV), or appli-*
19 *cants (as defined under regulations of the Secretary) for*
20 *such aid, assistance, or payments.*

21 *“(b)(1) For each fiscal year (commencing with the fis-*
22 *cal year beginning July 1, 1973) the Secretary shall allot*
23 *to each State an amount which bears the same ratio to \$2,-*
24 *500,000,000 as the population of such State bears to the*
25 *population of all the States.*

1 “(2) The allotment for each State shall be promulgated
2 for each fiscal year by the Secretary between July 1 and
3 August 31 of the calendar year immediately preceding such
4 fiscal year on the basis of the population of each State and
5 of all of the States as determined from the most recent satis-
6 factory data available from the Department of Commerce
7 at such time; except that the allotment for each State for the
8 fiscal year beginning July 1, 1972, and the following fiscal
9 year shall be promulgated at the earliest practicable date
10 after the enactment of this section but not later than Jan-
11 uary 1, 1973.

12 “(c) For purposes of this section, the term ‘State’ means
13 any one of the fifty States or the District of Columbia.”

14 (b) The amendment made by subsection (a) shall be-
15 come effective January 1, 1973.

16 (c) Effective January 1, 1974, section 1130(a) of the
17 Social Security Act, as amended (or added) by this Act
18 (as the case may be), is amended to read as follows:

19 “LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

20 “SEC. 1130. (a) Notwithstanding the provisions of sec-
21 tion 412(a)(3), 603(a), or 1505(a)(2), amounts payable
22 for any fiscal year (commencing with the fiscal year begin-
23 ning July 1, 1972) under such section (as determined with-
24 out regard to this section) to any State with respect to ex-
25 penditures made after June 30, 1972 for services referred

1 to in such section (other than family planning services, and
2 other than services described in section 412(a)(3)(C)(ii)
3 or 412(a)(3)(E)(i)) shall be reduced by such amounts as
4 may be necessary to assure that—

5 “(1) the total amount paid to such State (under
6 all of such sections) for such fiscal year for such services
7 does not exceed the allotment of such State (as deter-
8 mined under subsection (b)); and

9 “(2) of the amounts paid (under all of such sec-
10 tions) to such State for such fiscal year with respect to
11 such expenditures, other than expenditures for—

12 “(A) services provided to meet the needs of a
13 child for personal care, protection, and supervision,
14 but only in the case of a child where the provision
15 of such services is needed (i) in order to enable a
16 member of such child’s family to accept or continue
17 in employment or to participate in training to pre-
18 pare such member for employment, or (ii) because
19 of the death, continued absence from the home, or
20 incapacity of the child’s mother and the inability of
21 any member of such child’s family to provide ade-
22 quate care and supervision for such child;

23 “(B) services provided to a mentally retarded
24 individual (whether a child or an adult), but only
25 if such services are needed (as determined in ac-

1 *cordance with criteria prescribed by the Secretary)*
2 *by such individual by reason of his condition of being*
3 *mentally retarded;*

4 “(C) *services provided to an individual who is*
5 *a drug addict or an alcoholic, but only if such serv-*
6 *ices are needed (as determined in accordance with*
7 *criteria prescribed by the Secretary) by such*
8 *individual as part of a program of active treatment*
9 *of his condition as a drug addict or an alcoholic; and*

10 “(D) *services provided to a child who is under*
11 *foster care in a foster family home (as defined in*
12 *section 411(d)) or in a child-care institution (as*
13 *defined in such section), or while awaiting place-*
14 *ment in such a home or institution, but only if such*
15 *services are needed (as determined in accordance*
16 *with criteria prescribed by the Secretary) by such*
17 *child because he is under foster care,*

18 *not more than 10 per centum thereof are paid with*
19 *respect to expenditures incurred in providing services to*
20 *individuals who are not recipients of aid or payments*
21 *under State plans approved under title XV or part A*
22 *of title IV or of supplemental security income benefits*
23 *under title XVI, or applicants (as defined under regu-*
24 *lations of the Secretary) for such aid, payments, or*
25 *benefits.*

1 “(b)(1) For each fiscal year (commencing with the
2 fiscal year beginning July 1, 1973) the Secretary shall allot
3 to each State an amount which bears the same ratio to
4 \$2,500,000,000 as the population of such State bears to the
5 population of all the States.

6 “(2) The allotment for each State shall be promulgated
7 for each fiscal year by the Secretary between July 1 and
8 August 31 of the calendar year immediately preceding such
9 fiscal year on the basis of the population of each State and
10 of all of the States as determined from the most recent satis-
11 factory data available from the Department of Commerce at
12 such time; except that the allotment for each State for the
13 fiscal year beginning July 1, 1972, and the following fiscal
14 year shall be promulgated at the earliest practicable date
15 after the enactment of this section but not later than January
16 1, 1973.

17 “(c) For purposes of this section, the term ‘State’ means
18 any one of the fifty States or the District of Columbia.”

19 **FISCAL RELIEF FOR STATES WITH RESPECT TO STATE**

20 **PUBLIC ASSISTANCE PROGRAMS**

21 **SEC. 560.** Title XI of the Social Security Act is amended
22 by adding at the end thereof the following new section:

23 “**SEC. 1180.** With respect to expenditures for aid or
24 assistance made by any State under plans approved under
25 titles I, X, XIV, and part A of title IV for any quar-

1 *ter ending after June 30, 1972, and prior to July 1,*
 2 *1974, and under title XVI for any quarter ending after*
 3 *June 30, 1972 and prior to January 1, 1974, the Secretary*
 4 *of the Treasury shall pay to each State, in addition to such*
 5 *amounts as are otherwise payable under such approved plans,*
 6 *20 per centum of such amounts, but in no event shall the*
 7 *total of Federal payments for all such plans exceed 93 per*
 8 *centum of the total of expenditures for such aid or*
 9 *assistance.”.*

10 *TAX CREDIT FOR EMPLOYING ASSISTANCE RECIPIENTS*
 11 *Inclusion of Nonbusiness Employees; Limitations on Wages*
 12 *Qualifying for Credit*

13 *SEC. 561. (a) (1) Section 50B(c) of the Internal Rev-*
 14 *enue Code of 1954 (relating to limitations) is amended—*

15 *(A) by striking out paragraph (1),*

16 *(B) by renumbering paragraphs (2), (3), (4),*
 17 *and (5), as (3), (4), (5), and (6), respectively, and*

18 *(C) by inserting before paragraph (3) (as renum-*
 19 *bered) the following paragraphs:*

20 *“(1) AMOUNT OF WAGES PER EMPLOYEE.—The*
 21 *amount of wages paid or incurred during the taxable*
 22 *year with respect to any employee certified under sub-*
 23 *section (a)—*

24 *“(A) who is a nonbusiness employee, or*

1 “(B) whose employment by the taxpayer begins
2 after December 31, 1973,
3 which may be taken into account under that subsection
4 shall not include so much of the wages paid or incurred
5 during the taxable year as exceeds an annual rate of
6 \$4,000.

7 “(2) TOTAL AMOUNT OF WAGES PER YEAR.—

8 “(A) IN GENERAL.—The total amount of
9 wages paid or incurred during the taxable year with
10 respect to all employees certified under subsection
11 (a)—

12 “(i) who are nonbusiness employees, or

13 “(ii) whose employment by the taxpayer

14 begins after December 31, 1973,

15 which may be taken into account under this sub-
16 section shall not exceed 15 percent of so much of
17 the aggregate wages paid or incurred during the
18 taxable year with respect to all employees of the tax-
19 payer as does not exceed, in the case of each em-
20 ployee, the average rate of the wages paid or in-
21 curred during the taxable year with respect to
22 employees certified under subsection (a) (to the extent
23 such wages are taken into account under paragraph
24 (1)).

1 “(B) *WAGES OF ONE EMPLOYEE.*—*The total*
2 *amount of wages which may be taken into account*
3 *under subparagraph (A) shall not be less than the*
4 *amount of wages which are taken into account under*
5 *paragraph (1) with respect to one employee. In the*
6 *case a husband and wife who file separate returns,*
7 *the preceding sentence shall apply, with respect to*
8 *nonbusiness employees, only to the spouse designated*
9 *by them in such manner as the Secretary or his dele-*
10 *gate prescribes by regulations.*

11 “(C) *BUSINESS AND NONBUSINESS EMPLOY-*
12 *EES.*—*Subparagraphs (A) and (B) shall apply*
13 *separately with respect to nonbusiness employees of*
14 *the taxpayer.”*

15 (2) *Section 50B of such Code (relating to definitions*
16 *and special rules) is amended by redesignating subsection*
17 *(g) as (h) and by inserting after subsection (f) the follow-*
18 *ing new subsection:*

19 “(g) *NONBUSINESS EMPLOYEES.*—

20 “(1) *ELECTION.*—*Subsection (a) shall apply with*
21 *respect to nonbusiness employees of the taxpayer only if*
22 *the taxpayer makes an election under this subsection.*
23 *Such election shall be made for any taxable year in such*
24 *manner and within such time as the Secretary or his*
25 *delegate prescribes by regulations.*

1 *ber 31, 1972, but only with respect to wages of employees*
2 *whose employment by the taxpayer begins after that date.*

3 **(569)CHILD CARE SERVICES**

4 *SEC. 562. (a) In order to provide financial assistance*
5 *under section 403(a)(3) of the Social Security Act for child*
6 *care services meeting the requirements of section 1130(a)(2).*
7 *(A) of such Act (in addition to any funds which may be*
8 *made available for such purpose from the State's allotment*
9 *under section 1130(b)(1) of such Act), there are authorized*
10 *to be appropriated \$800,000,000 each for the fiscal year end-*
11 *ing June 30, 1973, and for the succeeding fiscal year.*

12 *(b) From the sums appropriated under subsection (a) of*
13 *this section, the Secretary of Health, Education, and Welfare*
14 *shall allot to each State—*

15 *(1) an amount which bears the same ratio to 50*
16 *per centum of the sums so appropriated as the population*
17 *of such State bears to the total population of all of the*
18 *States; and*

19 *(2) an amount which bears the same ratio to 50 per*
20 *centum of the sums so appropriated as the number of chil-*
21 *dren in families receiving payments under title IV of the*
22 *Social Security Act in such State bears to the total*
23 *number of such children in all of the States.*

24 *(c) The Secretary shall reallocate the amount of any State's*

1 *allotment under this section which will not be required for*
2 *the period for which such allotment is available to any other*
3 *State which he determines has need thereof.*

4 *(d) For purposes of this section, the term "State" means*
5 *any one of the fifty States, the District of Columbia, or Puerto*
6 *Rico.*

7 *(e) Notwithstanding any other provision of this Act, the*
8 *provisions of section 431 and section 433(b) of this Act shall*
9 *not be effective until such date as the Congress shall designate*
10 *by subsequent legislation.*

11 *(f) Section 422 of the Social Security Act is amended by*
12 *inserting at the end thereof the following new subsections:*

13 *"(c) The Secretary is directed to establish appropriate*
14 *procedures to insure that no child shall be the subject of any*
15 *research or experimentation under this title (other than rou-*
16 *tine testing and normal program evaluation) unless the parent*
17 *or guardian is informed of such research or experimentation*
18 *and is given an opportunity as of right to except such child*
19 *therefrom.*

20 *"(d) Nothing in this Act shall be construed or applied*
21 *in such a manner as to infringe upon or usurp the moral and*
22 *legal rights and responsibilities of parents or guardians with*
23 *respect to the moral, mental, emotional, or physical develop-*
24 *ment of their children. Nor shall any section of this Act be*

1 construed or applied in such a manner as to permit any
 2 invasion of privacy otherwise protected by law, or to abridge
 3 any legal remedies for any such invasion which is otherwise
 4 provided by law.”

5 **(570) TREATMENT OF CHILD'S SOCIAL SECURITY BENE-**
 6 **FITS UNDER SUPPORT REQUIREMENTS**

7 *SEC. 563. (a) Section 152 of the Internal Revenue Code*
 8 *of 1954 (relating to definition of dependent) is amended by*
 9 *adding at the end thereof the following new subsection:*

10 “(f) *CHILD'S SOCIAL SECURITY BENEFITS.—For pur-*
 11 *poses of subsection (a), child's insurance benefits received by*
 12 *or on behalf of an individual under section 202(d) of the*
 13 *Social Security Act shall not be taken into account in deter-*
 14 *mining whether the individual received more than half his*
 15 *support from the taxpayer.”*

16 (b) *The amendment made by subsection (a) shall*
 17 *apply to taxable years ending after the date of the enact-*
 18 *ment of this Act.*

19 **(571) CUBAN REFUGEES**

20 *SEC. 564. Meaning of “permanently residing in the*
 21 *United States under color of law”; for the purposes of this*
 22 *Act and any provision of the Social Security Act amended*
 23 *by this Act, the term “alien permanently residing in the*

1 *United States under color of law*’ shall include an alien
2 *refugee who is lawfully present in the United States as a*
3 *result of the application of the provisions of section 203(a)*
4 *(7) or section 212(d)(5) of the Immigration and Nation-*
5 *ality Act.*

6 **(572) SUPPORT COLLECTION**

7 *SEC. 565. Part D of title IV of the Social Security Act,*
8 *as added by this Act, is further amended, effective February*
9 *1, 1972, by adding after section 458 the following new*
10 *section:*

11 *“SEC. 459. The child support collection or paternity*
12 *determination services established under this part shall be*
13 *made available to any individual not otherwise eligible for*
14 *such services under the preceding sections of this part upon*
15 *application filed by such individual with the Attorney Gen-*
16 *eral or, if a State or political subdivision has a program ap-*
17 *proved under section 454, with such State or political sub-*
18 *division as may be appropriate. Any costs incurred by the*
19 *Attorney General (or by a State or political subdivision in*
20 *furnishing such services shall be paid by such individual by*
21 *deducting such costs from the amount of any recovery made.*

22 **(573) LOW RENT HOUSING RENTAL CHARGES**

23 *SEC. 566. If as a result of the provisions of section 511*

1 of this Act, the rental charge for a family which occupies
2 a low rent housing dwelling unit assisted under the United
3 States Housing Act of 1937 would be increased, the required
4 adjustment in the family's rental charge will be accomplished
5 as follows:

6 (1) On the first day of the twelfth month immediately
7 following the month in which this section becomes effective,
8 the family's monthly rental will be increased by an amount
9 equal to one-half the additional amount of rent which would
10 be required; and (2) on the first day of the twenty-fourth
11 month following the month in which this section becomes
12 effective, the family's monthly rental charge will be increased
13 to the full amount of the rental charge required. Notwith-
14 standing any other provision of Federal law or regulations
15 thereunder, a public agency shall not reduce welfare assist-
16 ance payments to any tenant or group of tenants in low rent
17 housing as a result of the provisions of this subsection which
18 postpone the imposition of the full amount of any increase
19 in rental charge.

20 (574) AFDC PAYMENTS

21 SEC. 567. (a) Section 402(a)(7) of the Social Secu-
22 rity Act is amended by striking out the comma and the lan-
23 guage which follows "such aid" up to but not including the
24 semicolon.

1 (b) Section 402(a)(8)(A)(ii) of such Act is amended
 2 by striking out "in the case" and all that follows through
 3 "such income for such month" and by inserting in lieu thereof
 4 the following: "in the case of the earned income of a de-
 5 pendent child not included in clause (i), a relative receiving
 6 such aid, and any other individual (living in the same home
 7 as such relative and child) whose needs are taken into ac-
 8 count in making such determination, the first \$60 (or, if
 9 such individual is not working at least 40 hours per week,
 10 or at least 35 hours per week and earning per week an
 11 amount at least equal to 40 times the hourly minimum wages
 12 specified in section 6(a)(1) of the Fair Labor Standards
 13 Act of 1938, the first \$30) of such earned income for such
 14 month, plus one-third of the next \$300 of such income for
 15 such month, plus one-fifth of the remainder of such income
 16 for such month, except that (i) reasonable child care ex-
 17 penses (subject to such limitations as the Secretary may pre-
 18 scribe in regulations) will first be deducted before computing
 19 such individual's earned income".

20 **(575) STUDY BY SECRETARY AS TO FEASIBILITY OF RELAT-**
 21 **ING BENEFITS UNDER THE SOCIAL SECURITY ACT TO**
 22 **PREVAILING COST OF LIVING IN VARIOUS AREAS**

23 **SEC. 568. (a) The Secretary of Health, Education, and**
 24 **Welfare (hereinafter in this section referred to as the "Sec-**

1 *retary'') shall conduct a study of the various programs estab-*
2 *lished by and pursuant to the Social Security Act with a*
3 *view to determining the feasibility of relating the various*
4 *dollar amounts set forth therein (whether in the form of*
5 *benefits, deductibles, conditions of eligibility for benefits, or*
6 *otherwise) to the prevailing cost of living in the various*
7 *States (and localities within States) in which such programs*
8 *are operative.*

9 *(b) In carrying out such study, the Secretary shall—*

10 *(1) develop a comprehensive cost-of-living index*
11 *which reflects the average cost-of-living for each State as*
12 *a whole (and not just the urban or other areas therein);*

13 *(2) include an evaluation of the effects which would*
14 *be produced among the various States, including the ad-*
15 *vantages to recipients, if the benefits (and other dollar*
16 *amount related criteria) in the Social Security Act were*
17 *adjusted in accordance with differences in the average*
18 *cost-of-living in the various States;*

19 *(3) give consideration to the feasibility of applying*
20 *such a cost-of-living adjustment only in those States*
21 *where the cost-of-living is significantly higher than the*
22 *cost-of-living in the Nation as a whole; and*

23 *(4) analyze existing sources, within the Federal*
24 *Government, from which data relating to the cost-of-*
25 *living is available, with a view to determining the need*

1 *for improved sources of such data, within the Federal*
 2 *Government, under which such data would be made*
 3 *available on a regular basis and in a more analytical,*
 4 *comprehensive, and suitable form.*

5 *(c) The Secretary shall complete such study and shall*
 6 *submit to the Congress a full and complete report thereon,*
 7 *together with the recommendations of the Secretary with*
 8 *respect to the matters included in the study, not later than*
 9 *January 1, 1974.*

10 *(d) There are hereby authorized to be appropriated*
 11 *such sums as may be necessary to carry out the provisions of*
 12 *this section.*

13 **(576)SAVINGS PROVISION REGARDING CERTAIN**

14 **EXPENDITURES FOR SOCIAL SERVICES**

15 *SEC. 569. (a) In the administration of section 1130 of*
 16 *the Social Security Act, the allotment of each State (as de-*
 17 *termined under subsection (b) of such section) for the fiscal*
 18 *year ending June 30, 1973, shall (notwithstanding any pro-*
 19 *vision of such section 1130) be adjusted so that the amount*
 20 *of such allotment for such year consists of the sum of the*
 21 *following:*

22 *(1) the amount of the total expenditures, not to*
 23 *exceed \$50,000,000, incurred by the State for services*
 24 *(of the type, and under the programs to which the*

1 *allotment, as determined under such subsection (b), is*
 2 *applicable) for the period commencing July 1, 1972,*
 3 *and ending on the date of enactment of such section*
 4 *1130, plus*

5 *(2) an amount which bears the same ratio to the*
 6 *allotment of such State (as determined under subsection*
 7 *(b)), but without application of the provisions of this*
 8 *section as the remaining period (as defined in subsection*
 9 *(b)), bears to a period of twelve months: Provided, how-*
 10 *ever, That no State shall receive less under this section*
 11 *than the amount to which it would have been entitled*
 12 *otherwise under section 1130 of the Social Security Act.*

13 *(b) The term "remaining period" means a twelve-*
 14 *month period reduced by a number of days equal to the num-*
 15 *ber of days in the period commencing July 1, 1972, and*
 16 *ending on the date of enactment of section 1130 of the Social*
 17 *Security Act.*

18 **(577) ALLOWANCE OF DEDUCTION FOR CERTAIN EX-**
 19 **PENSES NECESSARY FOR GAINFUL EMPLOYMENT**

20 *SEC. 570. (a) Section 162 of the Internal Revenue*
 21 *Code of 1954 (relating to trade or business expenses) is*
 22 *amended by redesignating subsection (h) as (i), and by*
 23 *inserting after subsection (g) the following new subsection:*

24 **"(h) CERTAIN EXPENSES NECESSARY FOR GAINFUL**
 25 **EMPLOYMENT.—**

1 “(1) *IN GENERAL.*—*In the case of an individual*
2 *who maintains a household which includes as a mem-*
3 *ber one or more of the following qualifying individuals—*

4 “(A) *a child or stepchild of the taxpayer*
5 *(within the meaning of section 152) who is under*
6 *the age of 15,*

7 “(B) *a dependent of the taxpayer who is under*
8 *the age of 15 or who is physically or mentally in-*
9 *capable of caring for himself or herself, or*

10 “(C) *the spouse of the taxpayer, if he or she is*
11 *physically or mentally incapable of caring for him-*
12 *self or herself,*

13 *the deduction allowed by subsection (a) shall include the*
14 *reasonable expenses paid or incurred during the taxable*
15 *year for household services and for the care of one or*
16 *more individuals described in subparagraph (A), (B),*
17 *or (C), but only if such expenses are ordinary and*
18 *necessary to enable the taxpayer to be gainfully em-*
19 *ployed.*

20 “(2) *MAINTAINING A HOUSEHOLD.*—*For purposes*
21 *of paragraph (1), an individual shall be treated as*
22 *maintaining a household for any taxable year only if*
23 *over half of the cost of maintaining the household during*
24 *such period is furnished by such individual (or if such*

1 *individual is married during such period, is furnished*
2 *by such individual and his or her spouse).*

3 *“(3) SPECIAL RULES.—For purposes of this*
4 *subsection—*

5 *“(A) MARRIED COUPLES MUST FILE JOINT*
6 *RETURN.—If the taxpayer is married at the close of*
7 *the taxable year, the deduction provided by sub-*
8 *section (a) shall be allowed only if the taxpayer*
9 *and his spouse file a single return jointly for the*
10 *taxable year.*

11 *“(B) GAINFUL EMPLOYMENT REQUIRE-*
12 *MENT.—If the taxpayer is married for any period*
13 *during the taxable year, there shall be taken into*
14 *account employment-related expenses incurred dur-*
15 *ing any month of such period only if—*

16 *“(i) both spouses are gainfully employed*
17 *on a substantially full-time basis, or*

18 *“(ii) the spouse is a qualifying individual*
19 *described in paragraph (1)(C) of this subsec-*
20 *tion.*

21 *“(C) CERTAIN MARRIED INDIVIDUALS LIV-*
22 *ING APART.—An individual who for the taxable*
23 *year would be treated as not married under section*
24 *143(b) if paragraph (1) of such section referred to*

1 *any dependent, shall be treated as not married for*
2 *such taxable year.*

3 “(D) PAYMENTS TO RELATED INDIVIDUALS.—
4 *No deduction shall be allowed under subsection (a)*
5 *for any amount paid by the taxpayer to an individ-*
6 *ual bearing a relationship to the taxpayer described*
7 *in paragraphs (1) through (8) of section 152(a)*
8 *(relating to definition of dependent) or to a de-*
9 *pendent described in paragraph (9) of such section.*

10 “(E) REDUCTION FOR CERTAIN PAYMENTS.—
11 *In the case of employment-related expenses in-*
12 *curring during any taxable year solely with respect to*
13 *a qualifying individual (other than an individual*
14 *who is also described in subparagraph (A) or (B)*
15 *of paragraph (1) of this subsection and who is*
16 *under the age of 15) the amount of such expenses*
17 *which may be taken into account for purposes of*
18 *this section shall be reduced—*

19 “(i) *if such individual is 15 or older and is*
20 *described in subparagraph (B) of paragraph*
21 *(1) of this subsection, by the amount by which*
22 *the sum of—*

23 “(I) *such individual's adjusted gross*
24 *income for such taxable year, and*

25 “(II) *the disability payments received*

1 by such individual during such year, exceeds
2 \$750, or

3 “(ii) in the case of a qualifying individual
4 described in subparagraph (C) of paragraph
5 (1) of this subsection, by the amount of dis-
6 ability payments received by such individual
7 during the taxable year.

8 For purposes of this subparagraph, the term ‘dis-
9 ability payment’ means a payment (other than a
10 gift) which is made on account of the physical or
11 mental condition of an individual and which is not
12 included in gross income.

13 “(4) *EXPENSES OF INDIVIDUALS PHYSICALLY OR*
14 *MENTALLY DISABLED.*—In the case of an individual who
15 is physically or mentally disabled, the deduction allowed
16 by subsection (a) shall include the reasonable expenses
17 paid or incurred during the taxable year such as for the
18 services of attendants if such expenses are ordinary
19 and necessary to enable the taxpayer to be gainfully
20 employed.”

21 (b) Section 62(c) of the Internal Revenue Code of
22 1954 (relating to trade and business deductions of em-
23 ployees) is amended by adding at the end thereof the
24 following new subparagraph:

1 “(E) CERTAIN EXPENSES NECESSARY FOR
2 GAINFUL EMPLOYMENT.—The deductions allowed
3 under section 162 which consist of expenses allow-
4 able by reason of the application of subsection (h)
5 thereof, paid or incurred by the taxpayer in con-
6 nection with the performance by him or by her of
7 services as an employee.”

8 (c) Part VII of subchapter B of chapter 1 of the In-
9 ternal Revenue Code of 1954 (relating to additional item-
10 ized deductions for individuals) is amended—

11 (1) by striking out section 214 (relating to ex-
12 penses for household and dependent care services neces-
13 sary for gainful employment), and

14 (2) by striking out the item relating to section 214
15 in the table of sections for such part.

16 (d) The amendments made by this section shall apply
17 to taxable years beginning after the date of the enactment
18 of this Act.

19 (578)EFFECTIVE DATE OF SECTIONS 508 AND 509

20 SEC. 571. Notwithstanding the provisions of sections 508
21 and 509 of this Act, the provisions of such sections shall not
22 be effective until such date as the Congress shall designate by
23 subsequent legislation.

1 **(579) STATE PLANS FOR AID TO FAMILIES WITH**

2 **DEPENDENT CHILDREN**

3 *SEC. 572. (a) Section 402(a) of the Social Security*
4 *Act is amended by adding at the end thereof the following*
5 *new paragraphs:*

6 “(27) provide that eligibility for aid to families
7 with dependent children will not be determined solely on
8 the basis of declarations concerning eligibility factors
9 and other relevant facts by an applicant for or recipient
10 of such aid, and that relevant information will be verified
11 to the maximum extent feasible from independent or
12 collateral sources and additional information obtained as
13 necessary in order to insure that such aid is only provided
14 to eligible persons and that the amounts of such aid are
15 correct;

16 “(28) provide—

17 “(A) that aid to families with dependent chil-
18 dren shall not be furnished to any individual unless
19 such individual (i) is a resident of the State, and
20 (ii) has resided in the State continuously for ninety
21 consecutive days immediately preceding the applica-
22 tion for such aid;

23 “(B) that such aid shall be furnished under the
24 State plan for a period of ninety consecutive days

1 to any individual who (i) has moved out of such
2 State regardless of whether he has terminated his
3 residence in such State, (ii) was receiving aid
4 under such State plan in the month before the
5 month in which he moved out of such State, (iii)
6 continues to meet the eligibility requirements of such
7 State plan except for residency, and (iv) is not
8 receiving aid to families with dependent children
9 under a plan of the State in which he is present
10 solely because he does not meet the duration of resi-
11 dency requirements imposed under subclause (A);

12 “(C) that for the purpose of furnishing aid
13 under the State plan to any individual described in
14 subclause (B), appropriate agreements (including
15 provisions for reimbursement) will be made with
16 the State agency administering or supervising the
17 administration of the plan approved under this part
18 of the other State so that the agency of such other
19 State will determine the continuing eligibility of
20 and make payments to such individual; and

21 “(D) that the State agency will enter into
22 agreements with the State agency administering or
23 supervising the administration of the plan under
24 this part of other States to carry out for them the
25 functions described in subclause (C); and

1 “(29) provide emergency assistance to needy fami-
2 lies with children (as defined in section 406(e)), on a
3 statewide basis, to needy migrant workers with children
4 in the State.”

5 (b) Section 406(a) of the Social Security Act is
6 amended by inserting the words “who has been born and”
7 after “needy child”;

8 (c) Section 406 of such Act is further amended by
9 adding at the end thereof the following new subsections:

10 “(f) Notwithstanding the provisions of subsection (b),
11 the term ‘aid to families with dependent children’ does not
12 mean payments with respect to a dependent child, a relative
13 with whom any dependent child is living, or any other in-
14 dividual (living in the same home as such a child and rela-
15 tive) whose needs such State determines should be considered
16 in determining the need of the child or relative claiming aid
17 under the plan of such State approved under this part, who
18 for any month—

19 “(1) (other than a member of a migrant family,
20 for purposes of emergency assistance under section 410)
21 has resided in such State for a period of less than 90 con-
22 secutive days or, in the case of a child born within three
23 months immediately preceding the application for such
24 aid, is living with a parent or other relative who has

1 *resided in such State for a period of less than 90 con-*
2 *secutive days;*

3 *“(2) is neither a citizen nor an alien lawfully ad-*
4 *mitted for permanent residence (or otherwise perma-*
5 *nently residing in the United States under color of*
6 *law);*

7 *“(3) is outside the United States during all of such*
8 *month (and an individual who has been outside the*
9 *United States for any period of 30 consecutive days*
10 *shall be treated as remaining outside the United States*
11 *until he has been in the United States for a period of*
12 *30 consecutive days);*

13 *“(4) is a mother of a child born out of wedlock*
14 *with respect to whom such aid is claimed and who fails*
15 *to cooperate with the State agency or with the United*
16 *States in establishing the paternity of such child;*

17 *“(5) is the parent of a child with respect to whom*
18 *such aid is claimed who fails to cooperate with any*
19 *agency or official of the State or of the United States*
20 *in obtaining support payments for herself or such child or*
21 *in obtaining any other payments or property due herself*
22 *or such child;*

23 *“(6) is medically determined to be a drug addict or*
24 *alcoholic;*

1 *and (but only if the State, at its option, so provides in its*
2 *plan approved under this part) does not include payments*
3 *to any one or more of the following—*

4 “(7) *an individual who is absent from such State*
5 *for a period in excess of 90 consecutive days (re-*
6 *gardless of whether he maintains his residence in the*
7 *State during such period) until he has been present in the*
8 *State for 30 consecutive days in the case of such an indi-*
9 *vidual who has maintained his residence in such State*
10 *during such period or 90 consecutive days in the case of*
11 *any other such individual;*

12 “(8) *an individual who will not agree, as a con-*
13 *dition of initial or continuing eligibility for such aid,*
14 *to permit inspection of his home, at reasonable times and*
15 *with reasonable notice, by any duly authorized person*
16 *employed by or on behalf of such State in the admin-*
17 *istration of such plan.”*

18 “(d) *Section 402(a)(4) of such Act is amended to*
19 *read:*

20 “(4) *provide (A) for granting an opportunity for*
21 *an evidentiary hearing before the State agency or, if the*
22 *State plan is administered in each of the political sub-*
23 *divisions of the State by a local agency, before such*
24 *local agency, to any individual whose claim for aid to*
25 *families with dependent children is denied, or is not*

1 acted upon with reasonable promptness or to any indi-
2 vidual who is receiving aid under the plan which aid
3 such State or local agency determines should be termi-
4 nated or the amount of which should be reduced, (B)
5 that any hearing held at the request of any individual to
6 determine the matter of whether the aid provided to such
7 individual (or to members of his family) under the State
8 plan should be terminated or the amount thereof reduced
9 shall be completed and the agency before which such
10 hearing is held shall make a decision on the basis of such
11 evidentiary hearing with respect to such matter not later
12 than thirty days after the date such individual is notified
13 of the intention of such agency to terminate or reduce
14 the amount of such aid, (C) that the agency before
15 which such hearing is held may put its decision into
16 effect immediately upon its issuance, (D) that if the
17 evidentiary hearing is held by a local agency administer-
18 ing the State plan in a political subdivision of such State,
19 the individual will be provided an opportunity to appeal
20 such decision to the State agency, and (E) if any in-
21 dividual (or family) is determined under a final de-
22 cision of the State agency (or of the local agency if no
23 appeal is taken therefrom) to have received, prior to
24 such decision, aid under the plan in any amount to
25 which he (or his family) was not entitled, appropriate

1 **(581)SOCIAL SERVICE CARRYOVER**

2 *SEC. 574. (a) If the Secretary determines that, for any*
3 *calendar quarter before July 1, 1973 (commencing with*
4 *the first calendar quarter which begins more than 30 days*
5 *after the date of the enactment of this section) that the amount*
6 *equal to one-fourth of the allotment (as determined without*
7 *regard to this paragraph) of any State is in excess of the*
8 *total of the expenditures (of the type, and under the programs,*
9 *to which the allotment under this subsection applies) which*
10 *will be incurred by the State for such calendar quarter, then*
11 *the allotment of such State for fiscal year 1973 shall be*
12 *reduced by the amount of such excess and an amount equal*
13 *to the amount of such excess shall be available, for realloc-*
14 *ment among the States, by the Secretary for such fiscal year*
15 *but only for social services provided recipients of assistance*
16 *under State plans approved under titles I, X, XIV, XVI,*
17 *or part A of title IV of this Act.*

18 *(b) From the amounts made available for reallocation*
19 *under this paragraph for fiscal year 1973, the Secretary may*
20 *increase the allotment of any State (but not by more than*
21 *\$15,000,000) which he determines will incur, during such*
22 *fiscal year, expenditures (of the type, and under the pro-*
23 *grams, to which the allotment under this section applies) the*

1 total of which is in excess of the amount of the allotment of
2 such State (as determined without regard to this paragraph).

3 (c) Each State shall, prior to each calendar quarter
4 (commencing with the first calendar quarter which begins
5 more than 30 days after the date of the enactment of this
6 section) certify to the Secretary (in such form and manner
7 and containing such information as the Secretary shall by
8 regulations prescribe) the total amount of the expenditures
9 (of the type, and under the programs, to which the allotment
10 under this section applies) which will be incurred by the
11 State for such calendar quarter; and the Secretary shall con-
12 clusively presume for purposes of subparagraph (A), that
13 the amount so certified will be the amount which will be ex-
14 pended for such quarter. If any State fails to make timely
15 certification of such expenditures for any calendar quarter,
16 the Secretary shall conclusively presume, for purposes of
17 this paragraph, that the amount of such expenditures for
18 such quarter will be equal to the amount of such expenditures
19 for the preceding calendar quarter.

20 **(582) ALTERNATIVE FEDERAL SHARE OF ASSISTANCE**
21 **COSTS**

22 *SEC. 575. Part A of title IV of the Social Security Act*
23 *is amended by adding at the end thereof the following new*
24 *section:*

1 **"ALTERNATIVE FEDERAL SHARE OF ASSISTANCE COSTS**

2 **"SEC. 411. (a) For any fiscal year beginning after**
3 **June 30, 1972, the Secretary of the Treasury shall pay to**
4 **any State electing to receive payments under this section an**
5 **amount equal to 120 per centum of the amount payable to**
6 **such State for quarters in the calendar year 1972 under**
7 **section 403(a)(1) or under section 1118 (but only with**
8 **respect to expenditures described in section 403(a)(1)).**

9 **"(b) Any payment under subsection (a) for any fiscal**
10 **year shall be in lieu of amounts otherwise payable with respect**
11 **to expenditures described in section 403(a)(1) or section 560**
12 **of the Social Security Amendments of 1972 (but only with**
13 **respect to expenditures described in section 403(a)(1)).**

14 **"(c) The amount payable to a State under subsection**
15 **(a) for any fiscal year shall be increased or decreased by the**
16 **same percentage by which the population of such State in**
17 **such fiscal year is greater or less than the population of such**
18 **State in calendar year 1972. For the purpose of this sub-**
19 **section the population of a State shall be estimated by the**
20 **Secretary on the basis of the most recent satisfactory data**
21 **available from the Secretary of Commerce.**

22 **"(d) No payment shall be made under this section to**
23 **any State with respect to any fiscal year during which the**
24 **levels of assistance which it provides to families of various**
25 **sizes are lower than the levels of assistance provided to such**

1 *families under the State plan approved under this title as*
 2 *in effect in October 1972."*

3 **(583) LIMITATION ON FISCAL LIABILITY OF STATES FOR**
 4 **OPTIONAL STATE SUPPLEMENTATION**

5 *SEC. 576. (a) (1) In any case where supplementary*
 6 *payments are made during any fiscal year with respect to*
 7 *Indians (within the meaning of section 1101(a)(9) of the*
 8 *Social Security Act) pursuant to a State's agreement under*
 9 *section 1616 of the Social Security Act (as in effect after*
 10 *December 31, 1973), the Secretary of Health, Education,*
 11 *and Welfare (subject to paragraph (2) of this subsection)*
 12 *shall—*

13 *(A) reduce the amount otherwise payable to him by*
 14 *the State for such fiscal year as provided in section 1616*
 15 *(d) of such Act by an amount equal to the total of the*
 16 *supplementary payments so made with respect to all*
 17 *such persons (if and to the extent that such agreement*
 18 *provides that the Secretary will make the supplementary*
 19 *payments involved on behalf of the State (or political*
 20 *subdivision thereof)), or*

21 *(B) pay to the State (or political subdivision)*
 22 *which made the supplementary payments involved an*
 23 *amount equal to the total of such payments (if and to*
 24 *the extent that such agreements do not so provide).*

1 (2) Paragraph (1) of this subsection shall apply with
2 respect to the supplementary payments made during any
3 fiscal year with respect to Indians (within the meaning of
4 section 1101(a)(9)(i) of such Act) pursuant to any State's
5 agreement or agreements only to the extent that—

6 (A) the total of such payments, when added to the
7 total of the benefits payable for such fiscal year to those
8 persons under title XVI of the Social Security Act, does
9 not exceed

10 (B) the total expenditures made during the fiscal
11 year ending June 30, 1973, for aid or assistance with
12 respect to Indians (within the meaning of section 1101
13 (a)(9) of such Act) under the plans of such State ap-
14 proved under titles I, X, XIV, XV, and XVI of such
15 Act in such fiscal year (excluding expenditures author-
16 ized under section 1119 of such Act):

17 (b)(1) In the case of any State which has an approved
18 plan, under part A of title IV of the Social Security Act,
19 which provides for the furnishing of aid in accordance with
20 a standard of need higher than that which would be required
21 to furnish aid to families of various sizes in accordance with
22 the dollar amounts referred to in clauses (1) through (4) of
23 section 404(a) of such Act, there shall be paid to such State
24 for each calendar quarter (commencing with the quarter
25 ending March 31, 1973) an amount equal to 100 per centum

1 of the difference between the cost incurred by such State in
2 providing, to Indians (as defined in section 1101(a)(9) of
3 such Act), such aid for such quarter in accordance with such
4 higher standard over the cost which would have been incurred
5 in providing such aid for such quarter to such Indians in
6 accordance with the standard which would be required to
7 furnish aid to them in accordance with the dollar amounts
8 referred to in clauses (1) through (4) of such section
9 404(a).

10 (2) Amounts payable to any State under this subsection
11 shall be payable in like manner as were payments to which
12 States were entitled under section 403 of the Social Security
13 Act, as such section was in effect prior to January 1, 1973.

14 (3) There are hereby authorized to be appropriated such
15 sums as may be necessary to make the payments authorized
16 by this subsection.

17 **ADDITIONAL FEDERAL PAYMENTS UNDER PUBLIC ASSIST-**
18 **ANCE PROGRAMS ON ACCOUNT OF EXPENDITURES FOR**
19 **AID OR ASSISTANCE TO INDIANS**

20 **SEC. 577. (a)(1)** Section 9 of the Act of April 19,
21 1950 (64 Stat. 47; 25 U.S.C. 639), is amended to read as
22 follows:

23 "SEC. 9. The Secretary of the Treasury shall pay to each
24 State which has a plan approved under title I, X, XIV, XV,
25 XVI (or, after December 31, 1973, title VI), or XIX, of

1 the Social Security Act, for each quarter, an amount equal
2 to the excess of—

3 “(1) the total expenditures made during such quarter
4 under such State plan as aid or assistance with respect
5 to Indians (within the meaning of section 1101(a)(9)
6 of such Act) (including amounts expended by reason of
7 section 1119 of such Act, to the extent applicable, but
8 not counting so much of any such expenditure as exceeds
9 the limitations prescribed for purposes of determining the
10 Federal share of such aid or assistance under the ap-
11 plicable provisions of such title or part), over

12 “(2) the amounts otherwise payable to such State
13 under section 3 (or, effective for quarters beginning
14 after the quarter ending December 31, 1973, section
15 603), 1003, 1403, 1505, 1603, or 1903 of such Act
16 (including amounts determined under section 1119 of
17 such Act, to the extent applicable) as the Federal share
18 of aid or assistance under such plan with respect to such
19 Indians.”

20 (2) The amendment made by subsection (a) shall be
21 effective with respect to calendar quarters beginning after
22 the date of the enactment of this Act.

23 (b) Section 1101(a) of the Social Security Act is
24 amended by adding at the end thereof the following new
25 paragraph:

1 “(9) The term ‘Indian’ means any individual who
2 (A) is a member of a tribe, band, or other organized
3 group of Indians, including those tribes, bands, or groups
4 terminated since 1940 and those recognized now or in
5 the future by the State in which they reside, or who is
6 a descendant, in the first or second degree, of any such
7 member, or (B) is considered by the Secretary of the
8 Interior to be an Indian for any purpose, or (C) is an
9 Eskimo or Aleut or other Alaska Native, or (D) is
10 determined to be an Indian under regulations promul-
11 gated by the Secretary after consultation with the Secre-
12 tary of the Interior.”

Amend the title so as to read: “An Act to amend the
Social Security Act, and for other purposes.”

Passed the House of Representatives June 22, 1971.

Attest:

W. PAT JENNINGS,

Clerk.

Passed the Senate with amendments October 6, 1972.

Attest:

FRANCIS R. VALEO,

Secretary.

AN ACT

To amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 6, 1972

Ordered to be printed with the amendments of the
Senate numbered

* * * * *

Mr. LONG. Mr. President, I move that the Senate insist on its amendments to the bill, H.R. 1, and ask for a conference with the House thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. LONG, Mr. ANDERSON, Mr. TALMADGE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

* * * * *

House of Representatives

TUESDAY, OCTOBER 10, 1972

APPOINTMENT OF CONFEREES ON H.R. 1, SOCIAL SECURITY ACT AMENDMENTS

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1) to amend the Social Security Act to increase benefits and improve eligibility and computation methods under the OASDI program, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis on improvements in their operating effectiveness, to replace the existing Federal-State public assistance programs with a Federal program of adult assistance and a Federal program of benefits to low-income families with children with incentives and requirements for employment and training to improve the capacity for employment of members of such families, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, Mrs. GRIFFITHS, Messrs. BYRNES of Wisconsin, BETTS, and SCHNEEBELI.

