

[S. 1606, 79th Cong., 1st sess.]

A BILL To provide for a national health program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Health Act of 1945."

TITLE I—GRANTS TO STATES FOR HEALTH SERVICES

PART A—GRANTS TO STATES FOR PUBLIC HEALTH SERVICES

SEC. 101. Section 314 of the Public Health Service Act (Act of July 1, 1944, 58 Stat. 682) is hereby amended to read as follows:

"GRANTS AND SERVICES TO STATES

"SEC. 314. (a) To enable the Surgeon General to carry out the purposes of section 301 with respect to developing more effective measures for the prevention, treatment, and control of venereal diseases, and to assist, through grants and as otherwise provided in this section, States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the prevention, treatment, and control of such diseases, including the training of personnel for State and local health work, and to enable him to prevent and control the spread of the venereal diseases in interstate traffic, and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist in carrying out the purposes of this section with respect to the venereal diseases, and to administer this section with respect to such diseases, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subsection.

"(b) To enable the Surgeon General to carry out the purposes of section 301 with respect to developing more effective measures for the prevention, treatment, and control of tuberculosis, and to assist, through grants and as otherwise provided in this section, States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the prevention, treatment, and control of such disease, including the provision of appropriate facilities for care and treatment and including the training of personnel for State and local health work, and to enable him to prevent and control the spread of tuberculosis in interstate traffic, and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist in carrying out the purposes of this section with respect to tuberculosis, and to administer this section with respect to such disease, there is hereby authorized to be appropriated the sum of \$10,000,000, and for each fiscal year a sum sufficient to carry out the purposes of this subsection.

"(c) For each fiscal year, the Surgeon General, with the approval of the Administrator, shall determine the total sum from the appropriation under subsection (a) and the total sum from the appropriation under subsection (b) which shall be available for allotment among the several States. He shall, in accordance with regulations, from time to time make allotments from such sums to the several States on the basis of (1) the population, (2) the size of the venereal-disease problem, and the size of the tuberculosis problem, respectively, and (3) the financial need of the respective States. Upon making such allotments the Surgeon General shall notify the Secretary of the Treasury of the amounts thereof.

"(d) The Surgeon General, with the approval of the Administrator, shall from time to time determine the amounts to be paid to each State from the allotments to such State under subsection (c), and shall certify to the Secretary of the Treasury the amounts so determined, reduced or increased, as the case may be, by the amounts by which he finds that estimates of required expenditures with respect to any prior period were greater or less than the actual expenditures for such period. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

"(e) Money so paid under subsection (d) shall be paid upon the condition that there shall be spent in such State for the same general purpose from funds of such State and its political subdivisions an amount determined in accordance with regulations.

"(f) (1) To enable the Surgeon General to assist, through grants and as otherwise provide in this section, States, counties, health districts, and other political subdivisions of the States to extend and improve public-health work by establishing and maintaining adequate public-health services as rapidly as may be practicable under the conditions in the States, especially by improving such services in rural communities, in economically depressed areas, and in other communities or areas where such services are below nationally accepted standards of adequate public-health services, including grants for demonstrations and for the training of personnel for State and local public-health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1946, a sum sufficient to carry out the purposes of this section. Of the sum appropriated for each fiscal year pursuant to this subsection there shall be available an amount, not to exceed \$5,000,000, to enable the Surgeon General to provide demonstrations and to train personnel for State and local health work and to meet the cost of pay, allowances, and traveling expenses of commissioned officers and other personnel of the Service detailed to assist States in carrying out the purposes of this subsection.

"(2) A state plan to be approved under this subsection must—

"(A) provide for financial participation by the State;

"(B) provide for a State-wide program or for extension of the program each year so that it shall be in effect in all political subdivisions of the State in need of services not later than the beginning of the fiscal year ending June 30, 1950;

"(C) provide for extension and improvement of public-health work in the State, in accordance with the purposes of paragraph (1) of this subsection;

"(D) provide for the administration of the plan by the State health agency or the supervision by the State health agency of the administration of any part of the plan administered by another State agency or by a political subdivision of the State;

"(E) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Surgeon General shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Surgeon General to be necessary for the proper and efficient operation of the plan;

"(F) provide for an advisory council or councils, composed of members of the professions and agencies, public and private, that furnish services under the State plan, and other persons informed on the need for, or provision of, public-health services;

"(G) provide that the State health agency will make such reports, in such form and containing such information, as the Surgeon General may from time to time require, and comply with such provisions as the Surgeon General may from time to time find necessary to assure the correctness and verification of such reports;

"(H) provide for cooperation and, when necessary, for working agreements between the State health agency and any public agency or agencies administering services related to the public-health services furnished under the State plan, including public agencies concerned with welfare, assistance, social insurance, workmen's compensation, labor, industrial hygiene, education, or medical care;

"(I) provide that the State health agency (or other State agency administering public-health services under this plan) shall have authority to make and publish such rules and regulations as are necessary for the efficient operation of such services, having special regard for the quality and economy of service.

"(3) The Surgeon General shall approve any plan which fulfills the conditions specified in paragraph (2) of this subsection.

"(4) From the sums appropriated therefor under this subsection, the Secretary of the Treasury shall pay to each State which has an approved plan under this subsection, for each year or part thereof covered by such plan, amounts equal to the Federal proportion of the total amount of public funds expended under the State plan, during each year or part thereof covered by such plan, as is determined in accordance with paragraph (5) of this subsection upon the basis of

the financial resources of the State, not counting so much of such total expenditures by the State as are included in any other State plan aided by grants under any other subsection of this Act or any other Act of Congress. The amounts so paid to a State by the Secretary of the Treasury shall be used exclusively for carrying out the purposes of this subsection.

"(5) (A) The financial resources of the several States shall be measured by per capita income accruing to the inhabitants thereof.

"(B) The Federal proportion with respect to any State, for the purposes of paragraph (4) of this subsection, shall be 100 per centum less the non-Federal proportion. The non-Federal proportion for each State whose per capita income is greater than or equal to the per capita income of the continental United States and for the District of Columbia, Alaska, and Hawaii shall be 50 per centum each, and the non-Federal proportion for Puerto Rico and the Virgin Islands shall be 25 per centum each. The non-Federal proportion for each State whose per capita income is less than the per-capita income of the continental United States shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States, except that (i) the non-Federal proportion shall in no case be less than 25 per centum, and (ii) the non-Federal proportion shall be rounded to the nearest whole per centum.

"(C) The percentages representing the Federal proportion of total expenditures under this program shall be promulgated by the Surgeon General between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall for the purposes of this section be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Surgeon General shall promulgate such percentages as soon as possible after the enactment of this Act, which promulgation shall be conclusive for the purposes of this subsection for each of the two fiscal years in the period beginning July 1, 1945, and ending June 30, 1947.

"(6) The Surgeon General shall, from time to time but not less often than semi-annually, estimate the amount to be paid to each State for each year or part thereof under the provisions of paragraph (4), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such period in accordance with the provisions of paragraph (4), and (B) such other data as to such estimated expenditures and such other investigations as the Surgeon General may find necessary. The Surgeon General shall then certify to the Secretary of the Treasury the amount so estimated, reduced or increased, as the case may be, by any sum by which the Surgeon General finds that his estimate for any prior period was greater or less than the amount which should have been paid to the State under paragraph (4) for such period; except that such increases or reductions shall not be made to the extent that such sum has been applied to make the amount certified for any prior period greater or less than the amount estimated by the Surgeon General for such prior period. The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Surgeon General, the amount so certified.

"(g) The moneys so paid to any State under subsections (d) and (f) shall be expended solely in carrying out the purposes specified in subsection (a), or subsection (b), or subsection (f) of this section, as the case may be, and in accordance with plans presented by the health authority of such State and approved by the Surgeon General.

"(h) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to the health authority of the State, finds that, with respect to money paid to the State out of appropriations under subsection (a), or subsection (b), or subsection (f), as the case may be, there is a failure to comply substantially with either—

"(1) the provisions of this section;

"(2) the plan submitted under subsection (f) or subsection (g), as may be pertinent; or

"(3) the regulations;

the Surgeon General shall notify such State health authority either that further payments will not be made to the State from appropriations under such subsection (or in his discretion that further payments will not be made to the State from such appropriations for activities in which there is such failure), until he is

satisfied that there will no longer be any such failure. Until he is so satisfied the Surgeon General shall make no further certification for payment to such State from appropriations under such subsection, or shall limit payment to activities in which there is no such failure.

"(i) All regulations and amendments thereto with respect to grants to States under this section shall be made after consultation with a conference of the State health authorities. Insofar as practicable, the Surgeon General shall obtain the agreement of the State health authorities prior to the issuance of any such regulations or amendments.

"(j) Funds appropriated under subsection (a) and funds appropriated under subsection (b), in addition to being available for payments to States, shall also be available for expenditure by the Surgeon General in otherwise carrying out the respective subsections, including expenditures for printing and binding of the findings of investigations, and for pay and allowances and traveling expenses of personnel of the Service engaged in activities authorized by the respective subsections.

"(k) In carrying out the duties imposed upon him, the Surgeon General is hereby authorized and directed, with the approval of the Federal Security Administrator, to enter into such agreements or cooperative working arrangements as may be necessary to insure coordination in the administration of programs and services under this part with those under parts B and C of this title and with those under title II of this Act.

"(l) When used in subsection (f) of this section, the term 'public-health work' includes customary and accepted functions, services, and activities of public-health agencies with respect to: public-health administration; training of personnel; vital statistics; sanitation of the human environment; control of communicable and preventable diseases; laboratory services; protection of health in maternity, infancy, and childhood; public-health education; public-health nursing; research and the performance of demonstrations; medical and related services for prevention or mitigation of sickness or disability and for the prevention of premature death; planning and coordination of health services and activities; enactment and enforcement of necessary standards and regulations; production or procurement, and distribution, of therapeutic and prophylactic preparations; and related matters. The term does not include: construction of hospitals, water supplies, sewerage or other waste-disposal systems, or of other facilities; operation or maintenance of hospitals (except hospitals for persons afflicted with infectious diseases), water supplies, sewerage or other waste-disposal systems; and related matters."

PART B—GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH SERVICES

MATERNAL AND CHILD-HEALTH SERVICES

Appropriation

SEC. 121. (a) For the purpose of enabling each State to provide and maintain services and facilities for promoting the physical and mental health of mothers and children, by establishing and maintaining adequate maternal and child-health services, and to develop more effective measures for carrying out the purposes of this section, including demonstrations and the training of personnel for State and local maternal and child-health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1946, a sum sufficient to carry out the purposes of this section. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for establishing and maintaining adequate maternal and child-health services.

APPROVAL OF STATE PLANS

SEC. 122. (a) A State plan for maternal and child-health services to be approved under this section must—

- (1) provide for financial participation by the State;
- (2) provide for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency;

(3) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Chief of the Children's Bureau shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan;

(4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

(5) provide for the extension and improvement of local maternal and child-health services and facilities administered by local health units so that the plan will be in effect in all political subdivisions of the State not later than a date ten years after the date of approval of the first State plan approved under this section;

(6) provide for cooperation with medical, health, nursing, education, and welfare groups and organizations and, when necessary, for working agreements with any public agency or agencies administering or providing services related to the services furnished under the State plan, including public agencies concerned with nursing, education, welfare, assistance, social insurance, workmen's compensation, labor, industrial hygiene, or medical care;

(7) provide for the development of demonstration services and for the training of personnel;

(8) provide that as services and facilities are furnished under the plan they shall be available to all mothers and children in the State or locality who elect to participate in the benefits of the program; and

(9) provide that the State agency shall have authority to make and publish such rules and regulations as are necessary for the efficient operation of such services, having special regard for the quality and economy of service.

(b) The Chief of the Children's Bureau shall approve any plan for maternal and child-health services which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State agency of his approval.

SERVICES FOR CRIPPLED CHILDREN

Appropriation

SEC. 123. For the purpose of enabling each State to provide and maintain services for locating crippled or otherwise physically handicapped children, and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and aftercare, for children who are crippled or otherwise physically handicapped or who are suffering from conditions which lead to crippling, or physical handicap, and to develop more effective measures for carrying out the purposes of this section, including demonstrations and the training of personnel for State and local crippled children's services, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1946, a sum sufficient to carry out the purposes of this section. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for establishing and maintaining adequate crippled children's service.

APPROVAL OF STATE PLANS

SEC. 124. (a) A State plan for services for crippled and other handicapped children to be approved under this section must—

(1) provide for financial participation by the State;

(2) provide for the administration of the plan by a single State agency or the supervision of the administration of the plan by a single State agency, and for appropriate coordination of the plan with the maternal and child-health program of the State health agency;

(3) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Chief of the Children's Bureau shall exercise no authority with respect to the selection, tenure of office, and compensation of

any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan;

(4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

(5) provide for carrying out the purposes specified in subsection (a) so that the program will be in effect in all political subdivisions of the State, and the services and facilities available to all crippled children not later than a date 10 years after the date of approval of the first plan approved under the section;

(6) provide for cooperation with medical, health, nursing, education, and welfare groups and organizations and, when necessary, for working agreements with any public agency or agencies administering or providing services related to the services furnished under the State plan, including public agencies concerned with nursing, education, welfare, assistance, social insurance, workmen's compensation, labor, industrial hygiene, or medical care;

(7) provide that as services and facilities are furnished under the plan they shall be available to all crippled children in the State who elect to participate in the benefits of the program; and

(8) provide that the State agency shall have authority to make and publish such rules and regulations as are necessary for the efficient operation of such services, having special regard for the quality and economy of service.

(b) The Chief of the Children's Bureau shall approve any plan for crippled children's services which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State agency of his approval.

PAYMENT TO STATES

SEC. 125. (a) From the sums appropriated therefor under section 121 or 123, the Secretary of the Treasury shall pay to each State which has an approved plan for material and child-health services, or for services to crippled children, respectively, for each year or part thereof covered by such plan, amounts equal to the Federal proportion of the total amount of public funds expended under the respective State plan, during each year or part thereof covered by such plan, as is determined in accordance with section 127 of this title upon the basis of the financial resources of the State, not counting so much of such total expenditures by the State as are included in any other State plan aided by grants under any other section of this part, or any other part of this title, or any other Act of Congress. The amounts so paid to a State by the Secretary of the Treasury shall be used exclusively for carrying out the purposes of the respective sections of this part.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, from time to time but not less often than semiannually, estimate the amount to be paid to the State with respect to each State plan for each year or part thereof under the provisions of subsection (a) of this section, such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended for each such plan in such period in accordance with the provisions of subsection (a) and (B) such other data as to such estimated expenditures and such other investigations as he may find necessary.

(2) The Secretary of Labor shall then certify to the Secretary of the Treasury the amount so estimated for each State plan, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior period for such State plan was greater or less than the amount which should have been paid to the State under subsection (a) for such period; except that such increases or reductions shall not be made to the extent that such sum has been applied to make the amount certified for any prior period greater or less than the amount estimated by the Secretary of Labor for such prior period.

(3) The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

. OPERATION OF STATE PLANS

SEC. 126. In case of any State plan for maternal and child-health services, or for services to crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 121, or section 123, respectively, to be included in the plan, he shall notify such State agency that further payments will not be made to the State under such plan (or, in his discretion, that further payments will not be made to the State under such plan for services in which there is such failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, he shall make no further certification to the Secretary of the Treasury with respect to such plan for such State.

FEDERAL GRANT PERCENTAGES

SEC. 127. (a) The financial resources of the several States shall be measured by per capita income accruing to the inhabitants thereof.

(b) The Federal proportion with respect to any State, for the purposes of section 125 of this title, shall be 100 per centum less the non-Federal proportion. The non-Federal proportion for each State whose per capita income is greater than or equal to the per capita income of the continental United States and for the District of Columbia, Alaska, and Hawaii shall be 50 per centum each, and the non-Federal proportion for Puerto Rico and the Virgin Islands shall be 25 per centum each. The non-Federal proportion for each State whose per capita income is less than the per capita income of the continental United States shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States, except that (1) the non-Federal proportion shall in no case be less than 25 per centum, and (2) the non-Federal proportion shall be rounded to the nearest whole per centum.

(c) The percentages representing the Federal proportion of total expenditures under these programs shall be promulgated by the Secretary of Labor between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall for the purposes of this section be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary of Labor shall promulgate such percentages as soon as possible after the enactment of this Act, which promulgation shall be conclusive for the purposes of this section for each of the two fiscal years in the period beginning July 1, 1945, and ending June 30, 1947.

STUDIES, INVESTIGATIONS, ADMINISTRATION, RULES AND REGULATIONS, AND ANNUAL REPORT

SEC. 128. (a) The Children's Bureau shall make and aid the financing of such studies, demonstrations, investigations, and research as will promote the efficient administration and operation of this part. In such administration, the Chief of the Children's Bureau shall pursue general policies established by him after consultation with advisory committees composed of professional and public members which he shall appoint (without regard to the civil-service laws), with the approval of the Secretary of Labor, to advise him on matters pertaining to the furnishing of the care and services authorized by this part, and after consultation with a conference of the State health officers with respect to section 121, and a conference of State officers responsible for the administration of State plans with respect to section 123. Insofar as practicable, the Chief of the Children's Bureau shall obtain agreement of these State authorities prior to the issuance of such general policies.

(b) The Chief of the Children's Bureau, with the approval of the Secretary of Labor, shall make and publish such rules and regulations as may be necessary to the efficient administration of this part.

(c) In carrying out the duties imposed upon him by this part, the Chief of the Children's Bureau is hereby authorized and directed, with the approval of

the Secretary of Labor, to enter into such agreements or cooperative working arrangements with the Surgeon General of the Public Health Service and with the Social Security Board as may be necessary to insure coordination in the administration of programs and services administered by him with those under parts A and C of this title and with those under title II of this Act.

(d) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this part.

DEFINITION

SEC. 129. In this part, the term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

APPROPRIATION

SEC. 130. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1946, the sum of \$5,000,000 for all necessary expenses of the Children's Bureau in administering the provisions of this part of this title, and in developing and promoting effective measures for carrying out the purposes of this part, including studies, demonstrations, investigations and research, the training of personnel for Federal, State, and local services, and the payment of salaries and expenses of personnel detailed at the request of State agencies to cooperate with and assist such agencies in carrying out the purposes of this part of this title; and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this part.

PART C—GRANTS TO STATES FOR MEDICAL CARE OF NEEDY PERSONS

APPROPRIATION

SEC. 131. For the purpose of enabling each State to provide medical care, as far as practicable under the conditions in such State, for needy persons, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1946, the sum of \$10,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted and had approved by the Social Security Board (hereinafter referred to as the "Board") State plans for medical care of needy persons.

APPROVAL OF STATE PLANS

SEC. 132. (a) A State plan for medical care must—

(1) provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;

(2) provide for financial participation by the State, and for such distribution of funds, as to assure meeting in full the need of individuals for medical care throughout the State, as determined in accordance with standards established by the State;

(3) (A) provide for the establishment or designation of a single State public assistance agency to administer or to supervise the administration of the plan for medical care; and (B) provide that there will not be more than one public assistance agency of a local subdivision of the State established or designated to administer the plan for medical care within such subdivision;

(4) provide for granting to any individual, whose claim for medical care is denied, an opportunity for a fair hearing before such State agency;

(5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Board to be necessary for the proper and efficient operation of the plan;

(6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports;

(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan; and

(8) provide that the State agency shall, in determining need for medical care, take into consideration (A) the requirements of individuals claiming medical care under the plan, and (B) any income and resources of an individual claiming medical care under the plan, which must be taken into consideration with regard to an individual claiming assistance under a State plan approved under the Social Security Act, as amended.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes as a condition of eligibility for medical care under the plan any citizenship or residence requirement, or any requirement which excludes any recipient of public assistance under a State plan approved under the Social Security Act, as amended.

PAYMENT TO STATES

SEC. 133. (a) From the sums appropriated therefor under section 131, the Secretary of the Treasury shall pay to each State which has an approved plan for medical care, for each year or part thereof covered by such plan, amounts equal to the Federal proportion of the total amount of public funds expended under the State plan, during each year or part thereof covered by such plan, as is determined in accordance with section 135, not counting so much of such expenditures for medical care for any individual under the age of eighteen years who at the time of such expenditure is living in a public or private institution, or for any individual who has attained the age of eighteen years and at the time of such expenditure is living in a public institution, and not counting so much of such total expenditures by the State as are included in any other State plan aided by grants under any other part of this title, or any other Act of Congress. The amounts so paid to a State by the Secretary of the Treasury shall be used exclusively for carrying out the purposes of this title.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each period for which a payment is to be made to the State under subsection (a), estimate the amount to be paid to such State for such period under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such period in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such period, and if the sum of such amount and the estimated Federal grant to be paid the State under subsection (a) is less than the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other data as to such estimated expenditures and such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board (A) reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior period was greater or less than the amount which should have been paid to the State under subsection (a) for such period, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Board, of the net amount recovered during any prior period by the State or any political subdivision thereof with respect to medical care furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior period greater or less than the amount estimated by the Board for such prior period: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

(3) The Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified.

(4) The period for which estimates and certifications are made under this section shall be a calendar quarter, except that, upon application by a State, the Board may extend the period for such State to not more than four calendar quarters.

OPERATION OF STATE PLANS

SEC. 134. In case of any State plan for medical care which has been approved by the Board, if the Board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(a) that the plan has been so changed as to impose any requirement prohibited by section 132 (b), or that in the administration of the plan any prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(b) that in the administration of the plan there is a failure to comply substantially with any provision required by section 132 (a) to be included in the plan;

the Board shall notify such State agency that further payments will not be made to the State under such plan until the Board is satisfied that such prohibited requirement is no longer imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such plan for such State.

FEDERAL GRANT PERCENTAGES

SEC. 135. (a) The Federal proportion with respect to any State, for the purposes of section 133 of this title, shall be 100 per centum less the non-Federal proportion. The non-Federal proportion for each State whose per capita income is greater than or equal to the per capita income of the continental United States and for the District of Columbia, Alaska, and Hawaii shall be 50 per centum each, and the non-Federal proportion for Puerto Rico and the Virgin Islands shall be 25 per centum each. The non-Federal proportion for each State whose per capita income is less than the per capita income of the continental United States shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the continental United States, except that (1) the non-Federal proportion shall in no case be less than 25 per centum, and (2) the non-Federal proportion shall be rounded to the nearest whole per centum.

(b) The percentages representing the Federal proportion of total expenditures under this program shall be promulgated by the Board between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall for the purposes of this section be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Board shall promulgate such percentages as soon as possible after the enactment of this Act, which promulgation shall be conclusive for the purposes of this section for each of the two fiscal years in the period beginning July 1, 1945, and ending June 30, 1947.

ADMINISTRATION

SEC. 136. (a) In carrying out the duties imposed upon it by this part, the Board is hereby authorized and directed, with the approval of the Federal Security Administrator, to enter into such agreements or cooperative working arrangements with the Surgeon General of the Public Health Service, and with the Chief of the Children's Bureau, as may be necessary to insure coordination in the administration of programs and services under this part with those under parts A and B of this title and with those under title II of this Act.

(b) Medical care under this part may be provided either (1) by the State or local public assistance agency administering the plan for medical care through (A) money payments to individuals claiming such care, or (B) payments to the persons or institutions furnishing such care or, (C) direct provision of such care; (2) in accordance with agreements (authorized in regulations by the Board) between such State or local agency and other agencies of the State or political subdivision thereof, by such other agencies; or, (3) through arrangements by a State or local public agency with the Surgeon General for services furnished under title II of this Act, on the basis of equitable payments to the Personal Health Services Account established under title II of this Act: or (4) through such combination or modification of (1), (2), or (3) as the Board may approve.

DEFINITION

SEC. 137. In this part, the term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

TITLE II—PREPAID PERSONAL HEALTH SERVICE BENEFITS

PRIMARY PERSONAL HEALTH SERVICE BENEFITS

SEC. 201. (a) Every individual, who is currently insured, and has been determined by the Board to be eligible for benefits under this title in a current benefit year, shall be entitled to receive personal health service benefits.

DEPENDENT'S PERSONAL HEALTH SERVICE BENEFITS

(b) Every dependent (as defined in section 214 (1)) of an individual who is currently insured and who has been determined by the Board to be eligible for benefits under this title in a current benefit year, shall be entitled to receive personal health service benefits, if such dependent is not entitled to receive such benefits under subsection (a) of this section in the current benefit year.

PERSONAL HEALTH SERVICE BENEFITS FOR RETIRED AND SURVIVOR BENEFICIARIES

SEC. 202. Every individual entitled for any period to monthly benefits under title II of the Social Security Act, as amended, shall be entitled to receive personal health service benefits for the current benefit year, if such individual is not entitled to receive such benefits under section 201.

ADMINISTRATION

SEC. 203. (a) The Surgeon General of the Public Health Service shall perform the duties imposed upon him by this Act, under the supervision and direction of the Federal Security Administrator, and after consultations with the Advisory Council (hereinafter established) as to questions of general policy and administration, and in consultation with the Board shall also have the duty of studying and making recommendations as to the most effective methods of providing personal health service benefits, and as to legislation and matters of administrative policy concerning health and related subjects.

(b) The Surgeon General is hereby authorized and directed to take all necessary and practical steps, not inconsistent with the provisions of this title, to arrange for the availability of the benefits provided under this title and of services and reports required by the Board for administration under this Act.

(c) In carrying out the duties imposed upon him by this title, the Surgeon General is hereby authorized and directed, after consultation with the Advisory Council as to questions of general policy and administration, and with the approval of the Federal Security Administrator, to negotiate and periodically to renegotiate agreements or cooperative working arrangements with appropriate agencies of the United States, or of any State or political subdivision thereof, and with other appropriate public agencies, and with private agencies or institutions, and with private persons or groups of persons, and with combinations thereof, to utilize their services and facilities and to pay fair, reasonable, and equitable compensation for such services or facilities, and for the Personal Health Services Account (hereinafter referred to as the "Account"), established in accordance with section 212, to receive reimbursements for services rendered with respect to individuals or services under section 209, and to negotiate and periodically renegotiate agreements or cooperative working arrangements for the purchase or availability of supplies and commodities necessary for the benefits provided under this title, and to enter into contracts for such services, facilities, supplies, and commodities (subject to the limitations specified in section 214 (h)).

(d) In carrying out the duties imposed upon him by this title, the Surgeon General is hereby authorized and directed, with the approval of the Federal Security Administrator, to enter into such agreements or cooperative working arrangements with the chief of the Children's Bureau and with the Social Security Board as may be necessary to ensure coordination in the administration of programs and services under this title with those under parts B and C of title I of this Act.

(e) In the administration of this title, the Surgeon General shall, insofar as practicable, give priority and preference to utilizing the facilities and services of State and local departments or agencies on the basis of mutual agreements with such departments or agencies.

(f) The Surgeon General may delegate to any officer or employee of the Public Health Service or of any Federal, State or local cooperating department or agency, such of his powers and duties, except that of prescribing rules and regulations, as he may consider necessary and proper to carry out the purposes of this title.

(g) The Surgeon General, after consultation with the Board, and after consultation with the Advisory Council as to questions of general policy and administration, and with the approval of the Federal Security Administrator, shall prescribe and publish such rules and regulations and require such records and reports, not inconsistent with other provisions of this Act, as may be necessary to the efficient administration of this title: *Provided*, That when rules and regulations relate to the performance by Federal, State, or local departments or agencies, of functions under mutual agreements made therewith, or to the establishment or determination of local areas for administrative purposes, such rules and regulations shall be made by the Surgeon General after consultation with representatives of such departments or agencies.

(h) The Surgeon General shall periodically notify the Secretary of the Treasury of obligations incurred under arrangements entered into by the Surgeon General in accordance with this section and to whom such obligations obtain and the Surgeon General shall from time to time certify disbursements from the Account to meet such obligations, and such certified disbursements shall be paid from the Account by the Secretary of the Treasury.

(i) Except with respect to States or local areas for which other arrangements have been made, under the provisions of this section, the Surgeon General shall appoint local-area committees to aid in the administration of this title. The members of such local-area committees shall be selected from panels of names submitted by the professional and other agencies and organizations concerned with medical, dental, and nursing services and education and with the operation of hospitals and laboratories and from among other persons, agencies, or organizations informed on the need for or provision of medical, dental, nursing, hospital, laboratory, or related services and benefits. The membership of such local-area committees shall include (1) medical and other professional representatives, and (2) public representatives, in such proportions as are likely to provide fair representation to the principal interested groups that furnish and receive personal health services, having regard for the functions of the local-area committees. Such committees shall be consulted at frequent intervals, and shall be kept informed by the local-area officers of the Public Health Service with respect to arrangements for the availability of benefits under this title and policies to be followed in carrying out the provisions of this title. Such committees are hereby authorized to make annual and special reports, with recommendations, if any, to the local-area officers or to the Surgeon General through his State or regional officers having administrative responsibility for the respective local areas. Such committees, with the same or corresponding functions, shall be appointed by each State or local cooperating department or agency with respect to local areas for which such other arrangements have been made under the provisions of this section.

(j) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1946, and for each fiscal year thereafter, a sum sufficient for all necessary expenses in carrying out the duties imposed upon the Surgeon General, the Board, and the Advisory Council by this title, including the printing of forms and reports, making such studies and demonstrations and such provisions for the training of personnel as may be expected to improve the quality of the services and promote the efficient administration of this title and for the pay, allowances, and traveling expenses of commissioned officers and other personnel assigned to duty in carrying out the purposes of this title in the District of Columbia and elsewhere.

(k) Appointment is hereby authorized in the Public Health Service of such personnel and in such grades as may be necessary for the proper and efficient administration of this title, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended. Such personnel, and commissioned officers of the Regular or Reserve Corps of the Public Health Service, may be assigned to duty in such bureaus, divisions, sections, and other units as the Surgeon General may find it necessary to establish, with the approval of the Administrator, for carrying out the purposes of this title, without regard to

limitations otherwise specified in the Public Health Service Act (Act of July 1, 1944, 58 Stat. 682).

(1) The Surgeon General shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged under this title. Such report shall include a record of consultations with the Advisory Council, recommendations of the Advisory Council, and comments thereon.

NATIONAL ADVISORY MEDICAL POLICY COUNCIL

SEC. 204. (a) There is hereby established a National Advisory Medical Policy Council (herein referred to as the "Advisory Council") to consist of the Surgeon General as Chairman and sixteen members to be appointed without regard to the civil-service laws by the Surgeon General and with the approval of the Federal Security Administrator. The sixteen appointed members shall be selected from panels of names submitted by the professional and other agencies and organizations concerned with medical, dental, and nursing services and education and with the operation of hospitals and laboratories and from among other persons, agencies, or organizations informed on the need for or provision of medical, dental, nursing, hospital, laboratory, or related services and benefits. The membership of the Advisory Council shall include (1) medical and other professional representatives, and (2) public representatives, in such proportions as are likely to provide fair representation to the principal interested groups that furnish and receive personal health services, having regard for the functions of the Advisory Council. The Advisory Council shall meet not less frequently than twice a year and whenever at least four of the members request a meeting. Each appointed member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and the terms of office of the members first taking office shall expire, as designated by the Surgeon General at the time of appointment, four at the end of the first year, four at the end of the second year, four at the end of the third year, and four at the end of the fourth year after the date of appointment. Each appointed member shall receive compensation at a rate not to exceed \$25 per day during the time spent in attending meetings of the Advisory Council and for the time devoted to official business of the Advisory Council under this title, inclusive of travel time; and actual and necessary traveling expenses and per diem in lieu of subsistence, allowable in accordance with the Standardized Government Travel Regulations, while away from his place of residence upon official business under this Act. The Advisory Council, and each of its appointed members, shall be provided by the Surgeon General with such secretarial, clerical or other assistants as the Congress shall authorize and provide each year for carrying out the purposes of this section.

(b) The Advisory Council shall advise the Surgeon General with reference to questions of general policy and administration in carrying out the provisions of this title, including—

(1) professional standards of quality to apply to personal health service benefits;

(2) designation of specialists and consultants;

(3) methods and arrangements to stimulate and encourage the attainment of high standards through coordination of the services of general or family practitioners, specialists and consultants, laboratories, and other auxiliary services, and through the coordination of the services of physicians and dentists with those of educational and research institutions, hospitals and public-health centers, and through other useful means;

(4) standards to apply to participating hospitals, to the relations or coordination among hospitals, and to the establishment and maintenance of the list of participating hospitals;

(5) adequate and suitable methods and arrangements of paying for personal health service benefits;

(6) studies and surveys of personal health services and of the quality and adequacy of such services; and

(7) grants-in-aid for professional education and research projects.

(c) The Advisory Council shall establish special advisory, technical regional, or local committees or commissions, whose membership may include members of the Advisory Council or other persons or both, to advise upon general or special questions, professional and technical subjects, questions concerning administration, problems affecting regions or localities, and related matters.

METHODS AND POLICIES FOR ADMINISTRATION

SEC. 205. (a) Any physician, dentist, or nurse legally qualified by a State to furnish any services included as personal health service benefits under this title shall be qualified to furnish such services as benefits under this title (except as otherwise provided in subsection (c) of this section or in subsection (f) of section 214), and this provision shall extend to any group of physicians, dentists, or nurses or combinations thereof whose members are similarly qualified.

(b) Every individual entitled to receive general medical or general dental benefit shall be permitted to select, from among those designated in subsection (a) of this section, those from whom he shall receive such benefit, subject to the consent of the practitioner or group of practitioners selected, and every such individual and every group of such individuals shall be permitted to make such selection through a representative of his or their own choosing, and to change such selection.

(c) Services which shall be deemed to be specialist or consultant services, for the purposes of special rates of payment under this title, shall be those so designated by the Surgeon General, and the practitioners from among those included in subsection (a) of this section who shall be qualified as specialists or consultants and entitled to the special rates of compensation provided for specialists or consultants shall be those so designated by the Surgeon General as qualified to furnish such specialist or consultant services and only with respect to the particular class or classes of specialist or consultant services he shall determine for each such specialist or consultant, in accordance with general standards previously prescribed by him after consultation with the Advisory Council. In establishing such standards and in designating such specialists or consultants the Surgeon General shall utilize as far as is consistent with the purposes of this title standards and certifications developed by competent professional agencies and shall take into account the personnel resources and needs of regions and local areas.

(d) The services of a specialist or consultant shall ordinarily be available only upon the advice of the general or family practitioner or of a specialist or consultant attending the individual. The services of specialists and consultants shall also be available when requested by an individual entitled to specialist and consultant services as benefits and approved by a medical administrative officer appointed by the Surgeon General.

(e) The Surgeon General shall publish and otherwise make known in each local area to individuals entitled to benefit under this title the names of medical and dental practitioners and groups of practitioners who have agreed to furnish services as benefits under this title and to make such lists of names readily available to individuals entitled to benefits under this title. Such lists of names shall include general or family practitioners and qualified specialists and consultants, respectively, and with respect to qualified specialists and consultants the class or classes of specialist or consultant services for which each has been qualified.

(f) The methods of administration, including the methods of making payments to practitioners, shall—

(1) insure the prompt and efficient care of individuals entitled to personal health service benefits;

(2) promote personal relationships between physician and patient;

(3) provide professional and financial incentives for the professional advancement of practitioners and encourage high standards in the quality of services furnished as benefits under this title through the adequacy of payments to practitioners, assistance in their use of opportunities for postgraduate study, coordination among the services furnished by general or family practitioners, specialists and consultants, laboratory, and other auxiliary services, coordination among the services furnished by practitioners, hospitals, public-health centers, educational, research, and other institutions, and between preventive and curative services, and otherwise;

(4) aid in the prevention of disease, disability, and premature death; and

(5) insure the provision of adequate service with the greatest economy consistent with high standards of quality.

(g) Payments from the Account to general medical and family practitioners or to general dental practitioners, for services under this part, shall be made—

(1) on the basis of fees for services rendered to individuals entitled to benefits, according to a fee schedule;

(2) on a per capita basis, the amount being according to the number of individuals entitled to benefit who are on the practitioner's list;

(3) on a salary basis, whole time or part time; or

(4) on a combination or modification of these bases, as the Surgeon General may approve;

according in each local area as the majority of the general medical and family practitioners or of the general dental practitioners, respectively, to be paid for such services shall elect: *Provided*, That (1) the Surgeon General may also make payments by another method (from among the methods listed in this subsection) to those general medical and family practitioners or to those general dental practitioners who do not elect the method of such majority, especially when in the judgment of the Surgeon General such alternative method of making payments contributes to carrying out the provisions of subsection (f) of this section; (2) any of the methods of making payments (from among the methods listed in this subsection) may be used, according as the Surgeon General may approve, in making payments to groups of practitioners that contain designated specialists or consultants as well as general or family practitioners; and (3) nothing in this subsection shall prohibit the Surgeon General from negotiating agreements or cooperative working arrangements to utilize inclusive services of hospitals and their staffs and/or attending staffs, or from entering into contracts for such inclusive services, in accordance with the provisions of section 203.

(h) The methods of making payments from the account to designated specialists and consultants for services under this title, furnished as special medical or special dental benefit, may include payments on salary (whole time or part time), per session, fee-for-service, per capita, or other basis, or combinations thereof, as the Surgeon General and the specialists and consultants may agree.

(i) Rates or amounts of payment for particular services or classes of services furnished as benefits under this title may be nationally uniform or may be adapted to take account of relevant regional or local conditions and other factors. Payments shall be adequate, especially in terms of annual income or its equivalent and by reference to annual income customarily received among physicians, dentists, or nurses, having regard for age, specialization, and type of community; and payments shall be commensurate with skill, experience, and responsibility involved in furnishing service.

(j) In order to maintain high standards in the quality of services furnished as medical or dental benefit, the Surgeon General may prescribe maximum limits to the number of potential beneficiaries for whom a practitioner or group of practitioners may undertake to furnish general medical or general dental benefit, and such limits may be nationally uniform or may be adapted to take account of relevant factors.

(k) In any local area where payment for the services of a general or family practitioner is only on a per capita basis, the Surgeon General shall make per capita payments (subject to limits, prescribed in accordance with subsection (j) of this section) on a pro rata basis among the practitioners and groups of practitioners of the local area on the list established pursuant to subsection (e) of this section with respect to those individuals in the local area who, after due notice, have failed to select a general or family practitioner or who having made one or more successive selections have been refused by the practitioner or practitioners selected.

(l) In each local area the provision of general medical or general dental benefit for all individuals entitled to receive such benefits shall be a collective responsibility of all qualified general medical or family practitioners or of all qualified general dental practitioners, respectively, in the area who have undertaken to furnish such benefit.

(m) Home-nursing benefit shall ordinarily be available only upon the advice of a legally qualified attending physician. Home-nursing benefits shall also be available when requested by an individual entitled to this benefit and approved by a medical officer designated by the Surgeon General.

PARTICIPATING HOSPITALS

SEC. 206. (a) The Surgeon General shall publish a list of institutions which he finds to be participating hospitals, and shall from time to time revise such list to include thereon all institutions which he thereafter finds to be participating hospitals and to withdraw therefrom all institutions which he finds cease to meet the requirements of a participating hospital. Inclusion of an institution upon such list shall, unless and until withdrawn by the Surgeon General, be conclusive that such institution is a participating hospital for the purpose of this section.

(b) The Surgeon General is directed to make findings of fact and decisions as to the status of any institution as a participating hospital in accordance with general standards previously prescribed by him after consultation with the Advisory Council. Any institution which is not included by the Surgeon General in the list of participating hospitals, or having been included thereon has been withdrawn therefrom, may file with the Surgeon General a petition to be included in such list, which petition shall set forth such information as the Surgeon General may deem necessary to establish that such institution meets the requirements of a participating hospital. Whenever requested by any institution the petition of which has been denied, the Surgeon General shall give such institution reasonable notice and an opportunity for a fair hearing with respect to the decision denying such petition, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision.

(c) The Surgeon General shall exercise no supervision or control over a participating hospital (which is not owned and operated, or leased and operated, by the United States), nor shall any requirement for participation by a hospital or any term or condition of any agreement under this part relating to, or on behalf of, any such hospital prescribe its administration, personnel, or operation.

APPEAL; JUDICIAL REVIEW; LIMITATIONS UPON THE POWERS OF THE SURGEON GENERAL

SEC. 207. (a) The Surgeon General is hereby authorized to establish necessary and sufficient appeal bodies to hear complaints from individuals entitled to benefits under this title, from practitioners who have entered into agreement for the provision of services as benefits under this title, and from participating hospitals, and, having regard for the findings, conclusions, and recommendations of such appeal bodies, to take such steps as may be appropriate and are not contrary to any other provision of this title to remedy the grounds for complaint, if any; and to establish necessary and sufficient appeal bodies to hear and determine disputes among practitioners and/or participating hospitals, and to take such steps as may be appropriate and are not contrary to any other provision of this title to settle such dispute: *Provided*, That with respect to any complaint or dispute involving matters or question of professional practice or conduct the hearing body shall contain competent and disinterested professional representation: *Provided further*, That with respect to any complaint or dispute involving only matters or questions of professional practice or conduct the hearing body shall consist exclusively of such professional persons.

(b) In the administration of subsection (a), the Surgeon General shall, insofar as they are applicable to this title, have all the powers and duties conferred upon the Board by sections 204, 205, and 206 of the Social Security Act, as amended. Such powers and duties shall be subject to the limitations and rights of judicial review contained in section 205 of such Act. The provisions of subsections (e) and (f) of section 205 of such Act and the provisions of sections 207 and 208 of such Act shall be applicable to this title in the same manner and to the same extent as they are applicable to title II of the Social Security Act, as amended: *Provided*, That nothing in section 205 (i) of such Act shall prevent the Surgeon General from certifying payments to such individual, agency, office, or institution as the Board or the Surgeon General may prescribe: *Provided further*, That nothing in section 207 of such Act shall limit the right of any person or the Surgeon General to transfer or assign moneys payable under this title to a participating hospital or to any agency or institution utilized under this title.

(c) The Board is directed to make findings of fact and decisions as to the rights of any individual applying for benefits under this title. In carrying out this responsibility the Board shall have all of the powers and duties conferred upon it under title II of the Social Security Act, as amended. Such powers and duties shall be subject to the same limitations and rights of judicial review contained in section 205 of such Act. The provisions of subsections (e) and (f) of section 205 of such Act and the provisions of sections 207 and 208 of such Act shall be applicable to this title in the same manner and to the same extent as they are applicable to title II of the Social Security Act, as amended.

RELATION WITH WORKMEN'S COMPENSATION BENEFITS

SEC. 208. No individual shall be entitled to any benefits under this title with respect to any injury, disease, or disability on account of which any medical, dental, home nursing, laboratory, or hospitalization service is being received, or

upon application therefor would be received, under a workmen's compensation plan of the United States or of any State. In the case of an individual receiving any personal health service with respect to any such injury, disease, or disability, the Surgeon General shall be subrogated to the rights of such individual, against any person, organization, or agency in connection with such injury, disease, or disability, to the extent of the estimated cost incurred in furnishing such service. Reimbursements and recoveries for any such service shall be paid to the Secretary of the Treasury and he shall credit them to the Account.

PROVISION OF BENEFITS FOR NEEDY AND OTHER NONINSURED PERSONS AND
REIMBURSEMENTS FOR SERVICES

SEC. 209. (a) Notwithstanding any other provision of this title, any or all benefits provided under this title to individuals entitled to such benefits may be furnished to other individuals for any period for which equitable reimbursements to the Account on behalf of such other individuals have been made or for which reasonable assurance of such reimbursements has been given by public agencies of the United States, the several States, or any of them or of their political subdivisions, such reimbursements to be in accordance with agreements and working arrangements negotiated by the Surgeon General with such public agencies and in accordance with contracts into which the Surgeon General may enter. Services furnished as benefits to such other individuals shall, as far as may be practical in each area, be of the same quality, be furnished by the same methods, and be paid for through the same arrangements, as services furnished to individuals entitled to benefits under this title.

(b) The provisions of subsection (a) of this section shall extend to groups of persons for whom the Congress of the United States makes provision (including needy persons entitled to medical care under part C of title I of this Act) and to moneys appropriated therefor, and to moneys provided for grants to States or for administrative expenses under this Act and other Acts of Congress. The provisions of subsection (a) of this section shall also extend to services furnished with respect to any injury, disease, or disability excluded by section 208 from entitlement to benefit, and reimbursements made in accordance with such provisions of subsection (a) may be in full satisfaction of reimbursements or recoveries otherwise required by section 208.

LIMITATIONS ON BENEFITS

SEC. 210. (a) The Surgeon General may, after consultation with the Advisory Council and with the approval of the Administrator, determine for any calendar year or part thereof that every individual entitled to general medical, general dental, or home-nursing benefit may be required by the physician, dentist, or nurse furnishing such benefit to pay a fee with respect to the first service or with respect to each service in a period of sickness or course of treatment. Such determination shall be made only after good and sufficient evidence indicates that such determination is necessary and desirable to prevent or reduce abuses of entitlement to any such benefit, and shall fix the maximum size of such fee at an amount estimated to be sufficient to prevent or reduce abuses and not such as to interpose a substantial financial restraint against proper and needed receipt of medical, dental, or home-nursing benefit. Such determination may also limit the application of such fees to home calls, to office visits, or to both, and may fix the maximum total amount of such fee payments in a period of sickness or course of treatment, and may also provide for differences in the maximum size of such fees or total amount of such fee payments for urban and rural areas and with regard for differences among States or communities. Each such determination shall be withdrawn as rapidly as the Surgeon General finds practical.

(b) The Surgeon General, having regard for the adequacy of available personnel, may, after consultation with the Advisory Council and with the approval of the Administrator, determine for any calendar year or part thereof that general dental, special dental, or home-nursing benefit shall have such restricted content as the Surgeon General may determine: *Provided*, That on and after July 1, 1947, the restricted content of general dental or special dental benefit shall include at least (1) examination (including X-ray survey) and diagnosis; (2) prophylaxis; (3) extraction of teeth which are considered by the dentist and an attending physician to be or likely to be injurious to the general health of the individual; and (4) treatment of acute diseases of the teeth, their supporting structures, and adjacent parts, including fractures of the teeth or jaws.

With respect to general dental or special dental benefit, such determination may fix an age above which the restriction on content shall apply. With respect to home-nursing benefit, restriction of content may be effected by limitation of the service to part-time care on an hourly or visit basis, by limitation of the types of cases for which such benefit shall be available, by limitation of the maximum amount of service per case, or otherwise, as may be practical and necessary. Any restriction on the content of general dental, special dental, or home-nursing benefit shall be reduced or withdrawn as rapidly as the Surgeon General finds practical.

(c) The maximum number of days in any benefit year for which any individual may be entitled to hospitalization benefit under section 201 or 202 shall be sixty: *Provided, however*, That when the Surgeon General finds that moneys in the Account are adequate, he may increase the maximum with respect to hospitalization benefit provided under section 201 or section 202, or both, to not more than one hundred and twenty days for the following calendar year.

(d) No application by an individual for hospitalization benefits shall be valid under this title (1) with respect to any day of hospitalization if such application is filed more than ninety days after such day; (2) with respect to any day of hospitalization more than thirty days following the diagnosis of tuberculosis or a psychosis; and (3) with respect to any day in a hospital or other institution for mental or nervous disease or tuberculosis.

(e) The Surgeon General, after consultation with the Advisory Council and with the approval of the Federal Security Administrator, having regard for current and prospective amounts in the Account, may limit for any calendar year or part thereof the cost of laboratory benefit which shall be borne by payments from the Account, and such limitation may be with respect to a class of services, supplies, or commodities, with respect to maximum payments per beneficiary in a benefit year, with respect to a specified fraction of the cost, or combinations thereof.

REPORT CONCERNING DENTAL, NURSING, AND OTHER BENEFITS; CARE AND PREVENTION FOR CHRONIC SICKNESS AND MENTAL DISEASES

SEC. 211. (a) The Surgeon General and the Social Security Board jointly shall have the duty of studying and making recommendations as to the most effective methods of providing dental, nursing, and other needed benefits not already provided or not currently furnished under this title, and as to expected costs for such needed benefits and the desirable division of the costs between (1) the financial resources of the Account or other public funds, and (2) payments to be required of beneficiaries receiving such benefits, and shall make reports, with recommendations as to legislation, on such benefits from time to time but not later than two years after the effective date of this title.

(b) The Surgeon General and the Social Security Board jointly shall also have the duty of studying and making recommendations as to needed services and facilities for the care of the chronic sick afflicted with physical ailments and for the care of individuals afflicted with mental or nervous diseases, and as to needed provisions for the prevention of chronic physical diseases and of mental or nervous diseases, and shall make reports, with recommendations as to legislation, from time to time but not later than three years after the effective date of this title.

PERSONAL HEALTH SERVICES ACCOUNT

SEC. 212. (a) There is hereby created on the books of the Treasury of the United States a separate account to be known as the "Personal Health Services Account" (in this title, referred to as the "Account"). There is hereby authorized to be appropriated to the account such sums as may be required to finance the benefits, payments, and reimbursements provided under this title.

(b) From such appropriations, the Secretary of the Treasury shall credit quarterly to the Account amounts equivalent to 3 per centum of the wages (as defined in section 217 (a)) paid after June 30, 1946, with respect to employment (as defined in section 217 (b)) after such date.

(c) From such appropriations, the Secretary of the Treasury shall credit annually to the Account amounts estimated by the Surgeon General, with respect to the preceding fiscal year, to have been expended for the payment or provision

of general dental, special dental, and home-nursing benefits. The Surgeon General shall report to the Congress each year the basis for such estimate.

(d) From such appropriations, the Secretary of the Treasury shall credit annually to the Account amounts estimated jointly by the Surgeon General and the Social Security Board to have been expended for the payment or provision of benefits, other than general dental, special dental, and home-nursing benefits, provided under section 202 with respect to individuals who became entitled thereto by reason of currently insured status (as defined in section 215) or of fully insured status (as defined in title II of the Social Security Act, as amended) acquired through wages paid prior to January 1, 1946, including (1) the total amount estimated with respect to individuals who acquired such status wholly prior to such date, and (2) an equitable share of the amount estimated with respect to individuals who acquired such status partially prior to such date. The Surgeon General and the Social Security Board shall jointly report to the Congress each year the basis for such estimate.

(e) The Secretary of the Treasury shall also credit to the Account reimbursements to the Account made in accordance with the provisions of sections 203 and 209.

(f) The Secretary of the Treasury is directed to pay from time to time from the Account into the Treasury the amount estimated by him and the Surgeon General which will be expended during a three-month period for the administration of this title. Such payments shall be covered into the Treasury as miscellaneous receipts for the reimbursement of expenses incurred in connection with the administration of this title. If it subsequently appears that the estimates for any particular period were too high or too low, appropriate adjustments shall be made by the Secretary of the Treasury in future payments.

(g) The amounts which stand to the credit of the Account shall be available for the payment or provision of benefits and for administrative expenses under this title, and for no other purposes; and the sum of disbursements for the payment or provision of benefits under this title and for the payment of reimbursements to the Treasury for administrative expenses incurred therewith shall not exceed the amounts which stand to the credit of this Account, as specified in this section.

GRANTS-IN-AID FOR MEDICAL EDUCATION, RESEARCH, AND PREVENTION OF DISEASE AND DISABILITY

SEC. 213. For the purposes of encouraging and aiding the advancement and dissemination of knowledge and skill in providing benefits under this Act and in preventing illness, disability, and premature death, the Surgeon General is hereby authorized and directed to administer grants-in-aid to nonprofit institutions and agencies engaging in research or in undergraduate or postgraduate professional education. Such grants-in-aid shall be made with respect to each project (1) for which application has been received from a nonprofit institution or agency, stating the nature of the project and giving the reasons for the need of financial assistance in carrying it out, and (2) for which the Surgeon General finds, with the advice of the Council established under section 204 and after consultation with other Federal departments and agencies concerned with research or professional education, that the project shows promise of making valuable contributions to the education or training of persons useful to or needed in the furnishing of medical, dental, nursing, hospital, laboratory, and related benefits provided under this title, or to human knowledge with respect to the cause, prevention, mitigation, or methods of diagnosis and treatment of disease and disability. During the five-year period beginning January 1, 1946, the Surgeon General and the Advisory Council shall give preference and priority to grants-in-aid with respect to projects to aid servicemen (as defined in section 217 (g)) seeking postgraduate education as medical or dental practitioners or training for administration of personal health services, disability benefits, rehabilitation services, and related services. For the purposes of this subsection there shall be available for the calendar year 1946 the sum of \$10,000,000, for the calendar year 1947 the sum of \$15,000,000, and for each calendar year thereafter an amount equal to 2 per centum of the amount expended for benefits under this title in the last preceding fiscal year. Such grants-in-aid, in such amounts and for payment at such times as are approved by the Surgeon General, shall be certified for payment to the Secretary of the Treasury, who shall pay them from the Account to the designated institutions or agencies.

DEFINITIONS

SEC. 214. As used in this title—

(a) The term "personal health service benefits" includes general medical benefit, special medical benefit, general dental benefit, special dental benefit, home-nursing benefit, laboratory benefit, and hospitalization benefit.

(b) The term "general medical benefit" means services furnished by a legally qualified physician or by a group of such physicians, including all necessary services such as can be furnished by a physician engaged in the general or family practice of medicine, at the office, home, hospital, or elsewhere, including preventive, diagnostic and therapeutic treatment and care, and periodic physical examination.

(c) The term "special medical benefit" means necessary services, requiring special skill or experience, furnished at the office, home, hospital, or elsewhere by a legally qualified physician who is a specialist or consultant with respect to the class of service furnished, by a group of such physicians, or by a group of physicians including such specialists or consultants.

(d) The term "general dental benefit" means services furnished by a legally qualified dentist or by a group of such dentists, including all necessary dental services such as can be furnished by a dentist engaged in the general practice of dentistry (with or without the aid of an assistant or hygienist under his direction) and including preventive, diagnostic and therapeutic treatment, care and advice, and periodic examination.

(e) The term "special dental benefit" means necessary services, requiring special skill or experience, furnished at the office, hospital, or elsewhere by a legally qualified dentist (with or without the aid of an assistant, a hygienist, or anesthetist under his direction) who is a specialist or consultant with respect to the class of service furnished, by a group of such dentists, or by a group of dentists, including such specialist or consultants.

(f) The term "home-nursing benefit" means nursing care of the sick furnished in the home by (1) a registered professional nurse; or (2) a practical nurse who is legally qualified by a State or, in the absence of State standards or requirements, who is qualified with respect to standards established by the Surgeon General after consultation with the Advisory Council and with competent professional nursing agencies, and who furnishes nursing care under the direction or supervision of the State health agency, the health agency of a political subdivision of a State, or an organization supplying and supervising the services of registered professional nurses.

(g) The term "laboratory benefit" means such necessary laboratory or related services, supplies, or commodities as the Surgeon General may determine, including chemical, bacteriological, pathological, diagnostic and therapeutic X-ray, and related laboratory services, refractions, and other ophthalmic services furnished by a legally qualified practitioner other than a physician, physiotherapy, special appliances prescribed by a physician, and eyeglasses prescribed by a physician or other legally qualified practitioner: *Provided*, That when any such services, supplies, or commodities are provided to a hospitalized patient, or are provided by a physician or dentist incidental to services furnished under subsections (b), (c), (d), and (e) of this section, payment for such services, supplies, or commodities shall be included in payments for hospitalization or for services furnished under such subsection, respectively, as otherwise provided in this title.

(h) The term "hospitalization benefit" means an amount, as determined by the Surgeon General after consultation with the Advisory Council: Not less than \$3 and not more than \$7 for each day of hospitalization, not in excess of thirty days, which an individual has had in a period of hospitalization; and not less than \$1.50 and not more than \$4.50 for each day of hospitalization in excess of thirty in a period of hospitalization; and not less than \$1.50 and not more than \$3.50 for each day of care in an institution for the care of the chronic sick. In lieu of such compensation, the Surgeon General may enter into contracts with participating hospitals for the payment of the reasonable cost of hospital service at rates for each day of hospitalization neither less than the minimum nor more than the maximum applicable rates specified in this subsection, such payment to be full reimbursement for the cost of essential hospital services, including the use of ward or other least expensive facilities compatible with the proper care of the patient: *Provided*, That such payment

may be included in a contract, between the Surgeon General and a participating hospital, for inclusive services of a participating hospital and its staff and/or its attending staff, as provided in sections 203 and 205: *Provided further*, That such payment shall not affect the right of participating hospitals to require payments from patients with respect to the additional cost of more expensive facilities furnished for lack of ward facilities or occupied at the request of the patient, or with respect to services not included within a contract.

(i) The term "period of hospitalization" means a period of one or more consecutive days of hospitalization.

(j) The term "day of hospitalization" means any day for the whole of which an individual has been confined in a participating hospital on the advice of a legally qualified physician for the purpose of receiving necessary hospital service: *Provided*, That, with respect to a day in which an individual is admitted to or discharged from a hospital, such term may, in accordance with regulations to be prescribed by the Surgeon General, include a period of time of less than a whole day.

(k) The term "participating hospital" means an institution providing all necessary and customary hospital services, and found by the Surgeon General to afford professional service, personnel and equipment adequate to promote the health and safety of individuals customarily hospitalized in such institution and to have procedures for the making of such reports and certifications as the Surgeon General may from time to time require, to assure that hospitalization benefit will be provided only to or on behalf of individuals entitled thereto: *Provided*, That with respect to inclusion in the list of participating hospitals the Surgeon General may accredit a hospital for limited varieties of cases and may accredit an institution for the care of the chronic sick, taking into account for the purpose of such limited accrediting, the type and size of community which the institution serves, the availability of other hospital facilities, and such other matters as the Surgeon General may deem relevant.

(l) The term "dependent" means an unmarried child (including a stepchild, adopted, or foster child) of an individual, who is under the age of eighteen, or who is under a disability which has continued for a period of not less than six consecutive calendar months and is living with such individual or receiving regular support from him; a wife of an individual living with such individual or receiving regular support from him; a husband who is under a disability which has continued for a period of not less than six consecutive calendar months, and is living with or receiving regular and substantial support from such individual; and a parent who is living with or receiving regular and substantial support from such individual.

ELIGIBILITY

SEC. 215. (a) An individual shall be deemed to be currently insured under this title if he (1) had during his eligibility period been paid wages of not less than \$150, or (2) acquired not less than six quarters of coverage during the first twelve of the last fourteen completed calendar quarters immediately preceding the first day of a benefit year, not counting among such completed quarters any quarter in any part of which the individual was under a disability which lasted six consecutive months or more.

(b) The term "eligibility period" means the first four of the last six completed calendar quarters immediately preceding the first day of a benefit year.

(c) As used in this title, the term "quarter" and the term "calendar quarter" mean a period of three calendar months ending on March 31, June 30, September 30, or December 31; and the term "quarter of coverage" means a calendar quarter in which the individual has been paid not less than \$50 in wages. In any case where an individual has been paid prior to 1946 in a calendar year \$3,000 or more in wages, or after 1945 in a calendar year \$3,600 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage. In any case where wages have been paid pursuant to a ruling based on the National Labor Relations Act or a labor relations act of any State, or under a compromise settlement resulting from a dispute within the jurisdiction of any such Act, such wages shall be deemed to have been paid on the employer's normal dates of payment of wages earned in the periods to which such wages apply.

(d) The term "benefit year" means a period of four consecutive calendar quarters, as determined by the Board.

EFFECTIVE DATE

SEC. 216. The benefits provided under this title shall become effective beginning April 1, 1947.

COVERAGE PROVISIONS AND DEFINITIONS

SEC. 217. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash, and the sum paid to an individual pursuant to an order based on the National Labor Relations Act, or the labor relations act of any State or under a compromise settlement resulting from a dispute within the jurisdiction of any such Act, which sum if it had been paid for services rendered during the period for which reinstatement has been ordered would have constituted remuneration for employment; except that such term shall not include—

(1) That part of the remuneration which, after remuneration equal to \$3,600 has been paid to an individual during any calendar year after 1945, is paid to such individual during such calendar year;

(2) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical and hospitalization expenses in connection with sickness or accident disability, or (D) death, provided the employee (i) has not the option to receive, instead of provision for such death benefit, any part of such payment, or, if such death benefit is insured, any part of the premiums (or contributions to premiums) paid by his employer, and (ii) has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(3) The payment by an employer (without deductions from the remuneration of the employee) of any social-insurance contributions imposed upon an employee;

(4) The value of services exchanged for other services for which there is no payment other than the exchange.

(b) The term "employment" means any service of whatever nature, performed after June 30, 1946, by an employee for the person employing him, irrespective of the citizenship or residence of either, (A) within the United States, (B) under a contract of service which is entered into within the United States, or (C) in connection with an American vessel or civil aircraft during the performance of which the vessel touches at a port in the United States, if the employee is employed on and in connection with such vessel when outside the United States, except—

(1) Casual labor not in the course of the employer's trade or business;

(2) Service performed on or in connection with a vessel not an American vessel by an employee, if the employee is employed on and in connection with such vessel when outside the United States;

(3) Service performed in the employ of the United States Government, or of an instrumentality of the United States which is wholly owned by the United States: *Provided*, That service performed in the employ of the Tennessee Valley Authority on an hourly basis shall not come within this exception;

(4) Service performed in the employ of a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

(5) Service performed by a duly ordained or duly commissioned or licensed minister of any church in the regular exercise of his ministry and service performed by regular members of religious orders in the exercise of duties required by such orders;

(6) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

(7) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code; if—

(A) the remuneration for such service does not exceed \$45; or

(B) such service is in connection with the collection of dues or premiums for a fraternal beneficiary society, order, or association, and is performed away from the home office or is ritualistic service in connection with any such society, order, or association; or

(C) such service is performed by a student who is enrolled and is regularly attending classes at a school, college, or university;

(8) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(9) Service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) If the Secretary of State shall certify to the Board that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof.

(c) For the purposes of this title, the term "employment" and the term "remuneration" includes the services of a self-employed individual.

(d) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (6) of subsection (b).

(e) The term "employee" includes (in addition to any individual who is a servant under the law of master and servant) any individual who performs service, of whatever nature, for a person, unless the service is performed by the individual in pursuit of his own independently established business. The term "employee" also includes an officer of a corporation.

(f) The term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented nor numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

(g) The term "serviceman" means a man or woman who has performed active military or naval service in the Army or Navy of the United States, the United States Marine Corps, or the United States Coast Guard, or in any component part of any of the foregoing, after September 7, 1939.

(h) The term "State" includes Alaska, Hawaii, and the District of Columbia.

TITLE III—GENERAL PROVISIONS

SEPARABILITY

SEC. 301. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby.

[Correspondence with President Truman. For release Thursday, March 21, 1946]

STATEMENT BY JAMES E. MURRAY, CHAIRMAN, SENATE COMMITTEE ON EDUCATION AND LABOR

WASHINGTON, D. C.

Senator James E. Murray, chairman of the Senate Education and Labor Committee, released today a letter received from President Truman endorsing a pro-