

"(d) The term 'Administrator' means the National Health Administrator."

Sec. 304. In the following sections of title 24, United States Code, chapter 4, relating to Saint Elizabeths Hospital, there shall be substituted for the words "Federal Security Administrator", wherever they occur, the words "Surgeon General of the Public Health Service": Sections 164, 165, 166, 167, 168, 169, 170, 180, 181, 184, 191a, 196b, and 211.

Sec. 305. Section 179 of title 24, United States Code, is hereby amended to read as follows:

"The Superintendent of Saint Elizabeths Hospital shall make a report through the Surgeon General of the Public Health Service to Congress annually at the beginning of each regular session, which shall show in detail the receipts and expenditures for all purposes connected with the hospital for the fiscal year preceding such session."

Sec. 306. Upon the direction of any officer or employee of the Government of the United States, requesting the Government to deduct from the salary of such employee a fixed sum or percentage to be paid to any voluntary nonprofit health insurance fund, said sum or percentage shall be deducted from the salary of such employee or officer, and shall be paid as directed by him. The term "United States" in this section shall be deemed to include all departments, bureaus, agencies, and other divisions of the Government and also corporations, the stock of which is wholly owned by the said Government. The term "health insurance fund" shall be deemed to include any nonprofit organization undertaking to provide, or to insure against the expense of, hospital, medical, dental, or any other services connected with health.

Sec. 307. The Secretary of the Treasury is authorized and directed, beginning with the fiscal year ending June 30, 1948, to deposit for each year in a special fund in the Treasury of the United States proceeds of taxes, duties, imposts, or excises in an amount equal to the aggregate of the amounts authorized to be appropriated for such year under this Act. Amounts deposited in such fund shall be available for expenditure only pursuant to appropriations made under authority of this Act, and no moneys shall be payable on any of said appropriations except from said fund. Any amounts remaining in the fund after the expiration of the period for which such amounts are available for expenditure shall be covered into the general fund of the Treasury.

Sec. 308. 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.

(S. 1320 is as follows:)

[S. 1320, 80th Cong., 1st sess.]

A BILL To provide a national health insurance and public health program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles and sections according to the following table of contents, may be cited as the "National Health Insurance and Public Health Act of 1947".

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TITLE I—DECLARATION OF PURPOSE

FINDINGS AND DECLARATIONS

- SEC. 101. The Congress hereby finds and declares that—
 - (a) good health is essential to the security and progress of the Nation and the promotion of the general welfare;
 - (b) ill health is a major cause of human suffering, family break-down, economic loss, destitution, and dependency;
 - (c) the health of the Nation is a national concern; its preservation demands the fullest cooperation of individuals and governments, local, State, and Federal, in conjunction with voluntary professional and non-

professional organizations, and calls for utilization of the Nation's resources to provide the needed health facilities and personnel;

(d) there are serious inadequacies in the availability of health services to the people of the United States, impeding the preservation and improvement of the health, vigor, and security of the American people;

(e) the development of adequate health services is essential to maintain and improve the efficiency, security, and well-being of the American people, to promote maximum employment, production, and free competition in private enterprise, and to increase progressively the standard of living, welfare, and happiness of all of the people of the Nation;

(f) it is the policy of the United States to take such steps and to utilize such of its resources as are necessary toward making adequate health services available to all our people regardless of residence, race, creed, color, or economic status;

(g) as a measure of common defense and national security, it is essential to establish a national health program to encourage the development of more adequate local health services and facilities throughout the Nation;

(h) to promote the general welfare of the people of the United States, the Congress hereby establishes a national health program (1) to aid and foster health and medical progress throughout the Nation; (2) to prevent sickness, disability, and premature death; (3) to promote personal relationships between physicians and patients; (4) to stimulate scientific advancement, research, and professional education in medical and related fields; (5) to promote the more effective coordination among general practitioners, specialists, nurses, hospitals, and other persons furnishing health services; (6) to enable patients to have more effective free choice in selecting their physicians; (7) to provide adequate health services consistent with the highest standards of quality; and (8) to be administered locally in accordance with American ideals of democracy and individual freedom and in conjunction with other preventive, diagnostic, and curative services, public and private, in a manner designed to preserve the customary freedom and responsibility of professional persons in the exercise of professional judgment as to the care of a patient.

TITLE II—PREPAID PERSONAL HEALTH SERVICE BENEFITS

PART A—BENEFITS AND ELIGIBILITY

CLASSES OF PERSONAL HEALTH SERVICES

SEC. 201. (a) The personal health services to be made available as benefits to eligible individuals as provided in this part are medical services, dental services, home-nursing services, hospital services, and auxiliary services. Each class of services shall be provided by persons (including individuals, partnerships, corporations, associations, consumer cooperatives, and other organizations) who are authorized by applicable State law, and who are qualified under part B of this title, to do so.

(b) Medical services consist of (1) general medical services such as can be rendered by a physician engaged in the general or family practice of medicine, including preventive, diagnostic, and therapeutic care and periodic medical examinations; and (2) specialist services rendered by a physician who is a specialist in the class of services rendered, as defined in section 211 of this Act. Such services may be rendered at the office, home, hospital, or elsewhere, as necessary.

(c) Dental services consist of (1) general dental services rendered by a dentist engaged in the general practice of dentistry, including preventive, diagnostic, and therapeutic care, and periodic dental examinations; and (2) specialist services rendered by a dentist who is a specialist in the class of services rendered, as defined in section 211 of this Act. Such services may be rendered at the office, home, hospital, or elsewhere, as necessary.

(d) Home-nursing services consist of nursing care of the sick rendered in the home by a registered professional nurse or a qualified practical nurse.

(e) Hospital services consist of hospitalization, including necessary nursing services, and such physician, laboratory, ambulance, and other services in connection with hospitalization as the National Health Insurance Board (hereinafter referred to as the "Board"), after consultation with the National

Advisory Medical Policy Council (hereinafter referred to as the "Advisory Council"), by regulation designates as essential to good hospital care, for a maximum of sixty days in any benefit year; but hospital services shall not include hospitalization in a mental or nervous disease or tuberculosis hospital or institution, or hospitalization for any day more than thirty days following the diagnosis of tuberculosis or a psychosis. Whenever the Board, after consultation with the Advisory Council, finds that moneys in the account (established by section 271) are adequate and that facilities are available, it may by regulation increase the maximum days of hospitalization in any benefit year.

(f) Auxiliary services consist of such chemical, bacteriological, pathological, diagnostic X-ray and related laboratory services; X-ray, radium, and related therapy; physiotherapy; services of optometrists and chiropodists; and prescribed drugs which are unusually expensive, special appliances, and eyeglasses; as the Board, after consultation with the Advisory Council, by regulation designates as auxiliary services on the basis of its finding that their provision under this title is practicable and is essential to good health care.

AVAILABILITY OF BENEFITS

SEC. 202. (a) Medical services, hospital services, and, except as otherwise provided in subsection (b) of this section, all other personal health services specified in section 201 shall be made available as benefits to eligible individuals in all health-service areas within the United States as rapidly and as completely as possible having regard for the availability of the professional and technical personnel and the hospital and other facilities needed to provide such services. To this end the resources and needs of each State shall be surveyed and a program developed in each State to assure the maximum participation and use of health personnel and facilities in the provision of benefits, and to encourage improvement in the number and distribution of such personnel and facilities throughout the State. Additional surveys shall be undertaken as required, and the program in the State from time to time modified on the basis thereof.

(b) If the Board, after consultation with the Advisory Council, finds that the personnel or facilities or funds that are or can be made available are inadequate to insure the provision of all services included as dental, home-nursing, or auxiliary services under section 201 of this title, it may by regulation limit for a specified period the services which may be provided as benefits, or modify the extent to which, or the circumstances under which, they will be provided to eligible individuals. Any such restriction or limitation shall be reduced or withdrawn as rapidly as may be practicable; and, in the case of dental services, priority in the reduction or withdrawal of any such restriction or limitation shall be given to children.

(c) The Board shall 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 of making reports from time to time, with recommendations as to legislation, but the first such report shall be made not later than two years after benefits under this title first become available.

HOW BENEFITS OBTAINED; FREE CHOICE BY PATIENT

SEC. 203. Every individual eligible for personal health services available under this title may freely select the physician, dentist, nurse, medical group, hospital, or other person of his choice to render such services, and may change such selection: *Provided*, That the practitioner, medical group, hospital, or other person has agreed under part B to furnish the class of services required and consents to furnish such services to the individual. General medical and general dental services may be obtained by request made by the individual directly to the practitioner of the individual's choice. Specialist, home nursing, hospital, and auxiliary services shall be obtained from the specialist, nurse, hospital, or other person of the individual's choice, whenever the practitioner from whom he is receiving medical or dental services as benefits under this title refers him for specialist, home-nursing, hospital, or auxiliary services upon determining that such services are required in the proper care of his particular case; or whenever, upon request of the individual, an administrative medical officer, upon a like determination, refers him for such services. The Board, by regulation, shall

dispense with the necessity of referral in cases of emergency, and may dispense with the necessity of referral under specified circumstances or as respects specified classes of services, or both, if it finds, after consultation with the Advisory Council, that such action will be conducive to the provision of more adequate amount and quality of health care and will not unreasonably increase the expenditures from the account for such services.

ELIGIBILITY FOR BENEFITS

Sec. 204. (a) Every individual shall be eligible for benefits under this title throughout any benefit year if—

(1) he has received (or, in the case of income from self-employment, has accrued)—

(A) not less than \$150 in wages during the first four of the last six calendar quarters preceding the beginning of the benefit year; or

(B) not less than \$50 in wages in each of six calendar quarters during the first twelve of the last fourteen calendar quarters preceding the beginning of the benefit year (not counting as one of such fourteen calendar quarters any quarter in any part of which the individual was under a total disability which continued for six months or more);

(2) he is entitled, for the first month in the benefit year, to a benefit under title II of the Social Security Act, as amended, or to an annuity under the Civil Service Retirement Act, as amended (5 U. S. C., ch. 14); or

(3) he is on the first day of the benefit year a dependent of an individual who is eligible under paragraph (1) or paragraph (2).

(b) Every individual, not eligible therefor under subsection (a), shall be eligible for benefits under this title during the remainder of a benefit year, beginning with—

(1) the first day of any calendar quarter in such benefit year, if he has received (or, in the case of income from self-employment, has accrued) not less than \$150 in wages during the first four of the last six calendar quarters preceding the beginning of such calendar quarter;

(2) the first day of the first month in such benefit year for which he is entitled to a benefit or annuity referred to in subsection (a) (2); or

(3) the first day in such benefit year on which he is or becomes a dependent of an individual who is eligible for benefits under subsection (a) (1) or (2) or under paragraph (1) or (2) of this subsection.

(c) No individual shall be deemed eligible for any personal health services as a benefit under this title which are required by reason of any injury, disease, or disability on account of which any medical, dental, home-nursing, hospital, or auxiliary service is being received, or upon application therefor would be received, under a workmen's compensation law of the United States or of any State, unless equitable reimbursements to the account for the provision of such services as benefits have been made or assured under section 205 of this title. In any case in which an individual receives any personal health service as a benefit under this title with respect to any such injury, disease, or disability, for which no reimbursement to the account has been made or assured, the United States shall to the extent permitted by State law be subrogated to all rights of such individual, or of the person who furnished such service, to be paid or reimbursed, pursuant to such workmen's compensation law, for the cost of furnishing such service.

PROVISION OF BENEFITS FOR NONINSURED NEEDY AND OTHER INDIVIDUALS

Sec. 205. (a) Any or all benefits provided under this title to individuals eligible for such benefits may be furnished to individuals (including the needy) not otherwise eligible therefor, for any period for which equitable reimbursements to the account on behalf of such needy or 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 with such public agencies. Services furnished to such needy or other individuals as benefits shall be of the same quality, be furnished by the same methods, and be paid for through the same arrangements, as services furnished to individuals eligible for benefits under this title.

(b) Federal grants to States under titles I, IV, and X of the Social Security Act, as amended, shall be available to the States for provision of personal health services for noninsured needy individuals in accordance with the provisions of subsection (a) of this section and of section 282.

**PART B--PARTICIPATION OF PHYSICIANS, DENTISTS, NURSES, HOSPITALS,
AND OTHERS****PHYSICIANS AND DENTISTS; SPECIALISTS**

SEC. 211. Any individual who is a physician or a dentist legally authorized in a State to render any services included as general medical services or general dental services shall be deemed qualified to render such services in that State as benefits under this title. Any such individual who is found to possess skill and experience of a degree and kind sufficient to meet standards established for a class of specialist services shall be deemed qualified to receive compensation for specialist services of such class as benefits under this title. The Board, after consultation with the Advisory Council, shall establish standards as to the special skills and experience required to qualify an individual to render each such class of specialist services as benefits under this title, and to receive compensation for such specialist services. In establishing such standards and in determining whether individuals qualify thereunder, standards and certifications developed by professional agencies shall be utilized as far as is consistent with the purposes of this title, and regard shall be had for the varying needs and the available resources in professional personnel of the States and of local health-service areas.

NURSES

SEC. 212. Any individual shall be deemed qualified to render home-nursing services in a State as benefits under this title if such individual is (a) a professional nurse registered in such State, or (b) a practical nurse (1) who is qualified as such under State standards or requirements, or, in the absence of State standards or requirements, is found to be qualified under standards established by the Board after consultation with the Advisory Council and with nursing agencies, and (2) who furnishes nursing care under the direction or supervision of the State health agency, the health agency of a political subdivision of the State, or an organization supplying and supervising the services of registered professional nurses in the State.

HOSPITALS

SEC. 213. Any hospital or other institution shall be deemed qualified to furnish all or particular classes of hospital services as benefits under this title if it is qualified to furnish such services under State standards or requirements for the maintenance and operation of hospitals which apply to the class or classes of services to be furnished, or if, in the absence of such State standards or requirements, it is found to afford professional services, personnel, and equipment adequate to promote the health and safety of individuals requiring the class or classes of hospital services to be furnished, according to standards which the Board shall establish after consultation with the Advisory Council.

AUXILIARY SERVICES

SEC. 214. Any person (as defined in section 281 (1)) who is qualified under State standards or requirements to furnish a class of services included as auxiliary services, or, in the absence of State standards or requirements, is found to be qualified to furnish a class of such services under standards established for such class by the Board after consultation with the Advisory Council, shall be deemed qualified to furnish such class of auxiliary services in that State as benefits under this title.

AGREEMENTS WITH INDIVIDUAL PRACTITIONERS, HOSPITALS, AND OTHERS

SEC. 215. Any individual (or, in the case of hospital or auxiliary services, any person) qualified under this part to furnish any class or classes of personal health services as benefits may enter into an agreement with the State agency which in accordance with part D has assumed responsibility for the administration in the State of benefits under this title (hereinafter in this title referred to as the "State agency"), to furnish such class or classes of services as benefits to individuals eligible therefor under this title.

AGREEMENTS WITH VOLUNTARY HEALTH INSURANCE AND OTHER ORGANIZATIONS

SEC. 216. (a) In the provision of personal health services, it shall be the policy to utilize individuals or organizations qualified under this part to render such services, including (1) any organized group of individuals, (2) any partnership, association, or consumer cooperative, (3) any hospital or any hospital and its staff, or (4) any organization operating a voluntary health-service insurance plan or other voluntary health-service plan.

(b) The State agency is authorized to enter into an agreement with any organization referred to in subsection (a) for the provision of personal health services under this title. Any such organization, whether or not it enters into an agreement with the State agency on its own behalf, shall be permitted to act as agent for individuals or other persons in negotiating or in carrying out agreements with the State agency for rendering personal health services under this title.

(c) Any agreement under this section shall provide that each class of personal health services will be furnished only by individuals (or, in the case of hospital or auxiliary benefits, by persons, as defined in section 281 (1)), who are qualified under this part to render such class of services, and each of whom has agreed or has authorized an agreement to be made on his behalf with the State agency that he will furnish such services in accordance with this title and with regulations prescribed thereunder. Each such individual or person shall be responsible, both to the State agency and (in accordance with applicable State law) to individuals eligible for personal health services as benefits, for carrying out such agreement made by him or on his behalf.

PROVISIONS COMMON TO ALL AGREEMENTS

SEC. 217. (a) Each agreement made under this part shall specify the class or classes of services to be furnished or provided pursuant to its terms, shall contain an undertaking to comply with this title and with regulations prescribed thereunder, shall be made upon terms and conditions consistent with the efficient and economical administration of this title, and shall continue in force for such period and be terminable upon such notice as may be agreed upon.

(b) No agreement under section 216, and no designation of an agent, shall for more than one year preclude any individual or person qualified to furnish personal health services from exercising such rights as he would otherwise have under this part (1) to negotiate and enter into an agreement directly with the State agency, or (2) to designate another agent for such negotiation, or (3) to participate in another agreement under section 216.

(c) No agreement made under this part shall confer upon any individual or other person, or any group or other organization, the right of furnishing or providing personal health services as benefits, to the exclusion in whole or in part of other individuals, persons, groups, or organizations qualified to furnish or provide such services.

(d) If the State agency after investigation finds that an individual or other person under agreement to furnish or provide personal health services as benefits is no longer qualified to furnish or provide such services, or has committed a substantial breach of the agreement, it shall notify such person of its findings, together with the reasons therefor, and in the absence of a request for a hearing by such person under part F, or in the event of a final decision sustaining its findings after any hearing and further review provided under part F, may terminate the agreement and withdraw the person's name from the lists published pursuant to part C. After an agreement has been so terminated, no new agreement shall be entered into with such person under this title unless and until such person gives reasonable assurances to the State agency of his or its ability and willingness to discharge all obligations and responsibilities under a new agreement satisfactorily in accordance with its provisions.

METHODS OF PAYMENTS FOR SERVICES

SEC. 218. (a) Agreements for the furnishing of medical or dental services (other than specialist services) as benefits under this title shall provide for payment—

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

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

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

(4) on such combinations or modifications of these bases, including separate provision for travel and related expenses, as may be approved by the State agency;

according to each health-service area as the majority of the medical practitioners or of the dental practitioners, respectively, under agreement to furnish such services shall elect: *Provided*, That provision shall be made for another method or methods of payment (from among the methods listed in this subsection) to those medical practitioners or to those dental practitioners who do not elect the method of such majority, when it is found that such alternative method of making payments contributes to carrying out the provisions of section 235 of this title or otherwise promotes the efficient and economical provision of medical or dental services in the area.

(b) Agreements for the furnishing of specialist services as benefits under this title may provide for payments on the basis of fee for service, per case, per session, per capita, on salary (whole time or part time), or other basis, or combination thereof.

(c) Any of the methods of making payments from among the methods listed in subsection (a) or subsection (b) may be used in making payments to groups of practitioners or organizations or other agencies which undertake to provide specialist services as well as general medical or general dental services.

(d) Agreements for the furnishing of hospital services as benefits under this title shall provide for payment on the basis of the reasonable costs of hospitalization furnished as benefits: *Provided*, That the Board, after consultation with the Advisory Council and with representatives of interested hospital organizations, may by regulation prescribe maximum rates for hospitalization furnished as benefits under this title, and such maximum rates may be varied according to classes of localities or types of service. Payments to hospitals shall be based on the least expensive multiple-bed accommodations available in the hospital unless the patient's condition makes the use of private accommodations essential for his proper medical care. An agreement made for furnishing such services shall not affect the right of the hospital or other person with whom the agreement is made to require payments from patients with respect to the additional cost of more expensive facilities occupied at the request of the patient, or with respect to services not included as benefits under this title.

(e) Agreements for the furnishing of home-nursing services or auxiliary services as benefits under this title shall provide for payment in accordance with such methods as the State agency may approve from among those set forth in regulations prescribed pursuant to this title.

(f) In any health-service area where agreements for the furnishing of general medical or general dental services provide for payment only on a per capita basis, the per capita payments with respect to those individuals residing in the area who have failed to select a practitioner or other person to furnish such services to them, or who having made one or more successive selections have been refused by the practitioners or other persons selected, shall be made on a pro rata basis among the practitioners and other persons under agreement to furnish such services in the area.

AMOUNT OF PAYMENTS FOR SERVICES

Sec. 219. (a) Rates or amounts of payment for particular services or classes of services furnished as benefits under this title shall be adapted to take account of relevant regional, State, or local conditions and practices. In arriving at the payments to be made for services of general medical and dental practitioners, specialists, professional and practical nurses, or other practitioners, regard shall be had for the annual income or its equivalent which the payments will provide, and consideration shall be given to degree of specialization, and to the skill, experience, and responsibility involved in rendering the services. Such payments, together with the other terms and conditions of the agreements made under this part, shall be adequate to provide professional and financial incentives to practitioners to advance in their professions and to practice in localities where their services are most needed, to encourage high standards in the quality of services furnished, to give assistance in their use of opportunities for postgraduate study, and to allow for adequate vacation.

(b) The rates and amounts of payments fixed under the different methods of payments specified in subsections (a), (b), (c), and (e) of section 218, and the methods of making payments, shall assure reasonably equivalent awards for

practitioners selecting different methods of payment, in consideration of the value of the services they render.

(c) In order to maintain high standards in the quality of medical or dental services furnished as benefits, a State agency may fix maximum limits for the State or for classes of health-service areas, upon the number of eligible individuals with respect to whom any person may undertake to furnish such services as benefits. The State agency may reduce such limits for a health-service area on the basis of the recommendations of the persons furnishing such services in the area. Any such limits shall take account of professional needs and practices, shall provide suitable exceptions for emergency and temporary situations, and shall not exceed maximum limits fixed by regulations made by the Board, after consultation with the Advisory Council, which regulations may provide for nationally uniform limits or for limits varied to take account of relevant factors.

(d) The making of an agreement under section 216 with a group or other organization shall not operate to increase the payments to be made pursuant to any such agreement over the amounts which, in the absence of such group or organization, would be payable for the same services pursuant to agreements made under section 215 directly with the person or persons who furnish the services.

PROFESSIONAL RIGHTS AND RESPONSIBILITIES

SEC. 220. (a) Any person who enters into an agreement under this part may terminate such agreement after reasonable notice and after suitable arrangements are made to fulfill professional obligations to eligible individuals.

(b) Every physician, dentist, or nurse agreeing to render services as benefits under this title shall be free to practice his profession in the locality of his own choosing, consistent with the requirements of the laws of the States.

(c) Every physician, dentist, nurse, hospital, or other person entering into an agreement under this part shall be free to the extent consistent with applicable State law and customary professional ethics to accept or reject as a patient any individual requesting his services.

(d) No supervision or control over the details of administration or operation, or over the selection, tenure, or compensation of personnel, shall be exercised under the authority of this title over any hospital which has agreed to furnish personal health services as benefits.

PART C—LOCAL ADMINISTRATION

DECENTRALIZATION OF ADMINISTRATION

SEC. 231. In order that personal health-service benefits may be made available promptly and in a manner best adapted to local practices, conditions, and needs, responsibility for administration of the benefits provided under this title in the several local health-service areas shall be decentralized as fully as practicable to local administrative committees or local administrative officers, acting with the advice and assistance, as provided in this part, of local professional committees and, in the case of local administrative officers, the advice and assistance of local area committees. The health-service areas of a State shall be those so designated in the State plan of operations.

LOCAL ADMINISTRATIVE COMMITTEE OR OFFICER

SEC. 232. The local administrative agency for each local health-service area may, as determined by the State, be either—

(1) a local administrative committee established in accordance with section 233, which shall act through a local executive officer; or

(2) a local administrative officer, who shall act with the advice and assistance of a local advisory committee established in accordance with section 233.

The local administrative committee or officer, with the advice and assistance of such local professional committees as may from time to time be established, shall arrange for the furnishing of personal health-service benefits to eligible individuals in the area and to that end shall—

(a) publish, and make readily available to eligible individuals in the area, lists of the names of all persons who have agreed to furnish personal health services in the area, together with the class or classes of services which each has undertaken to furnish;

(b) disseminate pertinent information concerning the rights and privileges under this title of eligible individuals and of persons qualified to furnish personal health services as benefits;

(c) maintain effective relationships with physicians, dentists, nurses, hospitals, and other persons who have entered into agreements to furnish personal health services in the area, in order to facilitate the furnishing of such services in accordance with such agreements, to assure full and prompt payment to such persons for services so furnished, and to enlist their full cooperation in the administration of benefits under this title in the area;

(d) receive and, to the extent possible in the local area, adjust any complaints which may be made concerning the administration of benefits under this title in the area;

(e) perform such other duties (including the making of payments to persons furnishing personal health services in the area) as may be assigned by the State agency; and

(f) take or initiate such other administrative action as he finds will best carry out, within the area, the provisions of this title, and best effectuate its purposes.

LOCAL AREA COMMITTEES

SEC. 233. (a) A local area committee shall be established in each health-service area. If designated by the State as a local administrative committee, the local area committee shall perform the functions specified in section 232 and shall formulate policies for the administration of benefits under this title in the area. If designated as an advisory committee, it shall advise and assist in the performance of such functions and the formulation of such policies. The committee, whether administrative or advisory, shall participate in the solution of problems affecting the administration of such benefits, shall promote impartiality and freedom from political influence in such administration, and shall perform related functions to the end that administration in the area may be responsive to the wishes and needs of persons furnishing and receiving benefits in the area, be adapted to local practices and resources, and provide adequate and high quality personal health services to all eligible individuals.

(b) Each local area committee shall consist of not less than eight nor more than sixteen members. The members shall be so selected that a majority of the committee shall be representative of the interests of individuals in the area who are eligible for benefits, and the remaining members shall be chosen from the several professions, hospitals, and other organizations in the area by whom such benefits will be provided.

(c) The local area committee shall meet as often as may be necessary, and whenever one-third or more of the members request a meeting; in the case of a local administrative committee, not less frequently than once each month, and in the case of a local advisory committee, not less frequently than once in each quarter of the year. At least one meeting of the committee each year shall be open to the public, notice of which shall be published and at which any person in the area may participate. At least once each year there shall be a State-wide meeting of local administrative officers and representatives of local administrative committees. At least once in each year there shall be a State-wide meeting of representatives of all local advisory committees in the State, and any reports or recommendations made at such meeting shall on the request of such meeting be transmitted through the State agency to the Board.

LOCAL PROFESSIONAL COMMITTEES

SEC. 234. Local committees representative of the persons furnishing personal health services in the area shall be established in each health-service area to assist the local administrative committee and its executive officer, or the local administrative officer and the local advisory committee, as the case may be, in the preservation of the customary freedom and responsibility (under applicable State law) of practitioners in the exercise of professional judgment as to the care of patients, and in the solution of technical problems concerning the participation of professional personnel, hospitals, and other qualified persons in the provision of personal health services as benefits, and to advise the local administrative or executive officer and the local area committee regarding matters of professional practice or conduct arising in connection with performance of agreements for the provision of such services. Such local committees shall meet on

call of the local administrative committee or officer, as the case may be, or upon their own motion. The members of any such local professional committee may be professional members of the local area committee or other professional persons or both.

METHODS OF ADMINISTRATION

SEC. 235. (a) In each health-service area the methods of administration shall be such as to—

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

(2) promote personal relationships between physician and patients;

(3) promote coordination among and between general practitioners, specialists, those who furnish auxiliary services, nurses, and hospitals, in the furnishing of services under this title, between them and public-health centers and agencies, and educational, service, research, and other related agencies or institutions, and between preventive, diagnostic, and curative services, public and private;

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

(5) encourage improvement in the number and distribution of professional personnel and facilities; and

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

(b) Local administrative officers shall be appointed by the State agency or the head thereof, in accordance with the merit system provided for in the State plan of operations; local administrative committees shall be appointed by such agency or the head thereof, from individuals residing in the respective health-service areas, and the executive officers of such committees shall be appointed by the committees in accordance with the merit system; the local health-service areas shall be those so designated in such plan; and members of local advisory committees and of local professional committees shall be selected in accordance with methods set forth in such plan.

(c) In exercising their functions and discharging their responsibilities under this title local administrative officers and committees, local advisory committees, and local professional committees shall observe the provisions of this title, and of regulations prescribed thereunder, and of any regulations, standards, and procedures prescribed by the State agency.

PART D—STATE ADMINISTRATION

DECLARATION OF POLICY

SEC. 241. It is the intent of Congress that the benefits provided under this title be administered wherever possible by the several States, in accordance with plans of operations submitted and approved as provided in this part, and in each State insofar as feasible by the same State agency which administers, or supervises the administration of, the State's general public health and maternal and child health programs.

STATE PLAN OF OPERATIONS

SEC. 242. (a) Any State desiring to assume responsibility for the administration in the State of the personal health-service benefits provided under this title to all individuals in the State who are eligible for such benefits, may do so for the period beginning July 1, 1940 (when benefits first become available under this title), or for the period beginning July 1 of any succeeding year, if it has undertaken, through its legislature, to administer such benefits in accordance with the provisions of this title and with the provisions of regulations and standards prescribed thereunder, and, at least twelve months in advance, has submitted and had approved a State plan of operations which—

(1) designates as the sole agency for the State-wide administration of benefits under this title a single State agency duly authorized under the law of the State to administer such benefits within the State in accordance with the provisions of this title, the provisions of regulations and standards prescribed thereunder, and the provisions of the State plan;

(2) provides for the designation of a State advisory committee which shall include members who are familiar with the needs for personal health services in urban and rural areas, and who are representative of the interests of

individuals in the State who are eligible for benefits, such members to constitute a majority, and members chosen from the several professions, hospitals, and other organizations in the State by whom such benefits will be provided, to advise the State agency in carrying out the administration of such benefits in the State;

(3) provides for the decentralized administration of this title in the State in accordance with part C, for the designation of local health-service areas, and for such methods of selecting the members of local advisory committees and of local professional committees as are calculated to insure representation of the nature set forth in sections 233 and 234, respectively;

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

(5) provides for the making of surveys of the resources and needs of the State, in accordance with section 202 (a), and sets forth a program for the administration of such benefits in the State which gives reasonable assurance (A) that maximum use will be made of all available health personnel and facilities desiring to participate in the provision of benefits to eligible individuals, (B) that funds allotted to the State for the several classes of benefits will be allocated in such manner as to give reasonable assurance of the availability of services in all health-service areas in the State, and (C) that any maldistribution or other inadequacies in the health personnel or facilities available for such purpose, or in the quality of the services rendered, will be progressively improved as rapidly as may be practicable;

(6) provides that the State agency will make such reports in such form and containing such information as the Board may from time to time reasonably require, and give the Board, upon demand, access to the records upon which such information is based;

(7) provides that all Federal funds paid to the State agency for purposes of carrying out this title in the State shall be properly safeguarded and expended solely for the purposes for which paid, and provides for the repayment by the State to the United States of any such funds lost by the State agency or diverted from the purposes for which paid;

(8) provides for cooperation, including where necessary entering into working agreements (with any appropriate transfer of funds) with other public agencies of the State or of its political subdivisions concerned with programs related to the purposes of this title, and with appropriate agencies of other States or of the United States administering this title, or benefits under this title, in other States.

(b) The Board shall approve any State plan and any modification thereof submitted by the State which it finds complies with the provisions of subsection (a). No change in a State plan shall be required within one year after initial approval thereof, or within one year after any change thereafter required therein, by reason of any change in the regulations or standards prescribed pursuant to this title, except with the consent of the State or in accordance with further action by Congress.

(c) In the event of its disapproval of any plan or any modification therein submitted by a State pursuant to this part, the Board shall notify the State of such disapproval and shall, upon request of the State, afford it reasonable notice and opportunity for a hearing on such disapproval.

(d) If a State has not prior to July 1, 1948, submitted and had approved a plan of operations, the Board shall notify the Governor of the State that the Board will be required to administer this title in the State, commencing July 1, 1949. The Board shall provide for the publication of such notice in at least two newspapers of general circulation in the State. If within sixty days after such notification to the Governor the State has not submitted an approvable plan, the Board shall undertake the administration of this title in the State, commencing July 1, 1949, and shall continue such administration until one year after the submission and approval of a plan of operations in accordance with this section: *Provided*, That the Board may waive the requirement that a State plan must be submitted and approved one year prior to commencement of State administration if it is satisfied in a particular case that the substitution of a shorter preparatory period will not prejudice the interests of eligible individuals in the State.

(e) Whenever the Board, after reasonable notice and opportunity for hearing to the State, finds that the State, having submitted and had approved a plan of operations under this part—

(1) is not complying substantially with the provisions of such plan, or with the provisions of this title or any regulations or standards prescribed thereunder, or

(2) has withdrawn its plan or failed to change it when and as required by a change in this title or in regulations prescribed thereunder, the Board shall notify the Governor of the State of such findings, together with its reasons therefor and a statement concerning the effect of such findings under this title, and shall provide for the publication of such notice in at least two newspapers of general circulation in this State. If within sixty days following such a notice the State has not taken appropriate action to bring its plan or its administration thereof into conformity with this title and regulations and standards thereunder, the Board shall immediately assume responsibility for the administration of this title in the State and shall administer the same in such State for so long thereafter as the State fails to give reasonable assurances of substantial compliance or fails to submit an approvable plan, as the case may be.

(f) If any State in which the Board has assumed responsibility for the administration of benefits under this title as provided in subsections (d) and (e) of this section, the Board shall have and discharge all authority and duties, in accordance with the provisions of this title, which it finds necessary for that purpose, and the term "State agency" wherever used in part B or part C of this title shall be deemed to refer to the Board.

(g) Nothing in this title shall preclude any State or any political subdivision thereof, whether or not the State has assumed responsibility for the administration of benefits under this title, from furnishing, with funds available from sources other than the account, any additional health services to individuals who are eligible for benefits under this title or any or all health services to individuals who are not so eligible.

PART E—NATIONAL HEALTH INSURANCE BOARD; NATIONAL ADVISORY MEDICAL POLICY COUNCIL; GENERAL ADMINISTRATIVE PROVISIONS

NATIONAL HEALTH INSURANCE BOARD

SEC. 251. (a) There is hereby established in the Federal Security Agency a National Health Insurance Board (referred to in this title as the "Board"), to be composed of five members, three of whom shall be appointed by the President by and with the advice and consent of the Senate, and the other two whom shall be the Surgeon General of the Public Health Service and the Commissioner for Social Security. During his term of membership on the Board, no appointed member shall engage in any other business, vocation, or employment. At least one of the appointed members shall be a doctor of medicine licensed to practice medicine or surgery in one of the States. Each appointed member shall receive a salary at the rate of \$12,000 a year and shall hold office for a term of six years, except that (1) 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 (2) the terms of office of the members first taking office after the date of the enactment of this Act shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years, and one at the end of six years, after the date of enactment of this Act. The President shall designate one of the appointed members as the Chairman of the Board.

(b) All functions of the Board shall be administered by the Board under the direction and supervision of the Federal Security Administrator. The Board shall perform such functions as it finds necessary to carry out the provisions of this title, and shall make all regulations and standards specifically authorized to be made in this title and such other regulations not inconsistent with this title as may be necessary. The Board may delegate to any of its members, officers, or employees, or with the approval of the Administrator to any other officer or employee of the Federal Security Agency, such of its powers or duties, except that of making regulations, as it may consider necessary and proper to carry out the provisions of this title. The Board may also enter into agreements for the furnishing or provision of personal health services under this title without regard to civil service or other laws pertaining to the appointment, status, or compensa-

tion of Federal employees, or pertaining to contracts for personal services, and without regard to section 3709 of the Revised Statutes, as amended, and any person rendering services pursuant to an agreement so made shall not by reason thereof be deemed to be an employee of the United States.

(c) In administering the provisions of this title, the Board is authorized to utilize the services and facilities of any executive department or other agency of the United States in accordance with an agreement with the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement, as may be agreed upon with the head of the executive department or other agency furnishing them.

(d) Personnel of the Board shall be appointed by the Administrator upon recommendation of the Board. The Administrator is authorized to detail to the Board, upon its request, any officer or employee of the Federal Security Agency, and in his discretion to reimburse, from funds available for the administration of this title, the appropriation from which the salary or, in the case of commissioned officers of the Public Health Service, the pay and allowances of such officer or employee are paid.

(e) Upon the request of any State agency administering a State plan of operations pursuant to part D of this title, or upon the request of any State desiring to prepare and submit a plan of operations, any officer or employee of the Board (including any officer or employee detailed to the Board pursuant to subsection (d)) may be detailed by the Board to assist in the administration, or in the preparation, of such State plan of operations. The funds available for the Federal administration of this title may, in the discretion of the Administrator, be reimbursed from funds allotted to the State pursuant to section 272 and available for State administration, for the salary (or for the pay and allowances) of any officer or employee so detailed.

ADVISORY COUNCIL

Sec. 252. (a) There is hereby established a National Advisory Medical Policy Council (referred to in this title as the "Advisory Council") to consist of the Chairman of the Board, who shall serve as Chairman of the Advisory Council ex officio, and sixteen members appointed by the Federal Security Administrator. At least eight of the sixteen appointed members shall be individuals who are familiar with the need for personal health services in urban or rural areas and who are representative of the interests of individuals eligible for benefits under this title, and at least six of the members shall be individuals who are outstanding in the medical or other professions concerned with the provision of services provided as benefits under this title and who are representative of the individuals, organizations, and other persons by whom personal health services will be provided. 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 that term, and the terms of the members first taking office shall expire, as designated by the Administrator 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. The Advisory Council is authorized to appoint such special advisory technical or professional committees as may be useful in carrying out its functions, and the members of such committees may be members of the Advisory Council, or other persons, or both. Appointed Advisory Council members and members of technical or professional committees, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Administrator, but not exceeding \$25 per day; and shall be entitled to receive actual and necessary travelling expenses and per diem in lieu of subsistence while so serving away from their places of residence. The Advisory Council, its appointed members, and its committees, shall be provided with such secretarial, clerical, or other assistance as may be provided by the Congress for carrying out their respective functions. The Advisory Council shall meet as frequently as the Board deems necessary, but not less than twice each year. Upon request by six or more members, it shall be the duty of the Chairman to call a meeting of the Council.

(b) The Advisory Council shall advise the Board with reference to matters of general policy and administration arising in connection with the making of regulations, the establishment of professional standards, and the performance of its other duties under this title.

STUDIES, RECOMMENDATIONS, AND REPORTS

SEC. 253. The Board shall have the duty of studying and making recommendations as to the most effective methods of providing health services, and as to legislation and matters of administrative policy concerning health and related subjects. At the beginning of each regular session of Congress, it shall make a full report to Congress of the administration of this title, including a report with regard to the adequacy of the financial provisions contained in this title and of appropriations made pursuant thereto, the methods of allotment of funds among the States, and related matters. Such report shall include a record of consultations with the Advisory Council, recommendations of the Advisory Council, and comments thereon.

NONDISCLOSURE OF INFORMATION

SEC. 254. Information concerning an individual, obtained from him or from any physician, dentist, nurse, or hospital, or from any other person pursuant to or as a result of the administration of this title, shall be held confidential (except for statistical purposes) and shall not be disclosed or be open to public inspection in any manner revealing the identity of the individual or other person from whom the information was obtained or to whom the information pertains, except as may be necessary for the proper administration of this title or of other laws, State or Federal. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

PROHIBITION AGAINST DISCRIMINATION

SEC. 255. In carrying out the provisions of this title, there shall be no discrimination on account of race, creed, or color. Personal health services shall be made available as benefits to all eligible individuals, and all persons qualified under part B to enter into agreements to furnish or provide such services shall be permitted to do so.

RURAL AREAS

SEC. 256. (a) In the administration of this title special consideration shall be given to the problems of rural areas, and particularly of those areas in which shortages of the professional and technical personnel and facilities, needed to provide personal health services, operate to make unavailable or to restrict disproportionately the availability of health services. With respect to any rural area determined, as a result of the survey of personnel resources, facilities, and needs made in the State pursuant to section 202 (a) of this title, to be an area of need for personnel or facilities, the program developed in the State pursuant to that section shall contain special provisions for the alleviation of the shortages in such area, which may include—

(1) as an alternative method of payment for physicians, dentists, nurses, or other individuals furnishing personal health services, located in or settling in the area, a method guaranteeing a minimum annual income for services furnished as benefits: *Provided*, That any such guaranty may be conditioned upon an agreement to furnish preventive services at the request of public-health authorities in the area;

(2) provision (A) for defraying out of the account the reasonable expenses of transportation to the area for individuals establishing practice in the area, and (B) for loans from the account to such individuals for office equipment essential to their provision of personal health service benefits; upon condition that such individuals enter into agreements to furnish personal health services as benefits in the area for a specified minimum period;

(3) provision for adequate ambulance services in connection with hospitals serving the area, and for defraying out of the account the expense of unusually costly travel incurred by eligible individuals in obtaining essential personal health-service benefits, if such travel has been recommended by the attending physician or dentist and certified by the local administrative officer as essential to the individual's proper care;

(4) provision for disseminating throughout the area pertinent information on the preventive and diagnostic health services available in the area, and for such other special activities as may be appropriate to acquaint eli-

gible individuals in the area with the benefits available under this title, and the manner in which they may be obtained.

(b) The Board is authorized to make such regulations, after consultation with the Advisory Council, as may be necessary to promote and facilitate the accomplishment of the objectives of this section. In administering grants under section 273 for professional education, the Board shall give special consideration to the need for training personnel who will practice in rural areas, and for post-graduate training of personnel who are practicing or will practice in such areas. The Board shall include in its annual reports to Congress recommendations concerning such further legislative measures as it considers desirable to assure to rural people an equality of opportunity to obtain the personal health service benefits available under this title.

PART F—ELIGIBILITY DETERMINATIONS, COMPLAINTS, HEARINGS, AND JUDICIAL REVIEW

DETERMINATIONS AS TO ELIGIBILITY FOR BENEFITS

SEC. 261. (a) The Federal Security Administrator, through such units of the Federal Security Agency as he may determine, shall upon his own initiative or upon application of any individual make determinations as to the eligibility of individuals for benefits under this title. Whenever requested by any individual determined by the Federal Security Administrator not to be eligible for benefits for any period, or by a dependent of any such individual, the Administrator shall give such individual or such dependent reasonable notice and opportunity for a hearing with respect to such determination and on the basis of the evidence adduced at the hearing shall affirm, modify, or reverse his determination.

(b) In carrying out his responsibility under this section, the Administrator shall have all the powers and duties conferred upon him under sections 205 and 206 of the Social Security Act, as amended. Such powers and duties shall be subject to the same limitations and rights of judicial review as are contained in section 205 of such Act. Eligibility for benefits under this title based on entitlement to an annuity under the Civil Service Retirement Act, as amended, shall be determined on the basis of certification by the Civil Service Commission.

(c) Nothing in part D of this title shall be deemed to require or authorize any assumption by the State agency, designated in accordance with an approved State plan of operations approved under such part, of any of the Administrator's responsibilities under this section, but the Administrator may utilize existing facilities and services of any such agency on the basis of mutual agreements with such agency.

COMPLAINTS OF ELIGIBLE INDIVIDUALS AND OF PERSONS FURNISHING BENEFITS

SEC. 262. (a) Any eligible individual aggrieved by reason of his failure to receive any personal health-service benefits to which he believes himself entitled, or dissatisfied with any service rendered him as a personal health-service benefit, and any person who has entered into an agreement to furnish services as personal health-service benefits and who is aggrieved by the failure or alleged failure of a local or other administrative officer or a local administrative committee to carry out the agreement in accordance with its terms, may make a complaint to the local administrative officer or local executive officer in the area in which the action or inaction complained of occurred, or to such other officer as may be provided in regulations. If the officer to whom such complaint is made finds, after investigation, that the complaint is well-founded, he shall promptly take such steps as may be necessary and appropriate to correct the action or inaction complained of; and he shall notify the individual or other person making the complaint of his disposition thereof. Any such individual or other person dissatisfied with the action taken may in writing request a hearing thereon and shall be afforded opportunity for the same pursuant to subsection (b) of this section.

(b) Provision shall be made for the establishment of necessary and sufficient impartial tribunals to afford hearings to individuals and other persons entitled thereto under subsection (a) of this section, or section 217 (d) of this title, and for further review of the findings, conclusions, and recommendations of such tribunals, in accordance with regulations made by the Board, after consultation with the Advisory Council. With respect to any complaint involving matters or questions of professional practice or conduct, the hearing body shall contain competent and disinterested professional representation; and with respect to any

complaint involving only matters or questions of professional practice or conduct the hearing body shall consist exclusively of such professional persons.

(c) In administering this section in any State which has not assumed responsibility for the administration of benefits under this title as provided in part D, the Board (subject to the provisions of section 251 (b)) shall, insofar as they are applicable to its functions under this title, have all the powers and duties conferred upon the Federal Security Administrator by sections 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 265 of such Act.

(d) In any State which has assumed responsibility for the administration of benefits under this title as provided in part D, the powers and duties of the State agency shall be subject to such rights of judicial review in the courts of the State as the law of the State may provide; subject, however, to review by the Supreme Court of the United States in such cases and in such manner as is provided in section 237 of the Judicial Code, as amended.

PART G—FISCAL PROVISIONS

PERSONAL HEALTH SERVICES ACCOUNT

SEC. 271. (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"). Funds in the account not required for current withdrawals shall be invested by the Secretary of the Treasury in the types of obligations which may be acquired by the Federal Old-Age and Survivors Insurance Trust Fund, and in accordance with provisions governing such investments in section 201 (c) to (e), inclusive, of the Social Security Act, as amended. Funds in the account shall be available for all expenditures necessary or appropriate to carry out this title; except that (subject to the provisions of section 272 (g)) only so much of such funds shall be available for salaries or other administrative expenses of any department or agency of the United States as may be authorized in annual or other appropriation Acts.

(b) There shall be appropriated to the account for the fiscal year ending June 30, 1950, and for each fiscal year thereafter—

(1) sums equal to 3 per centum of all wages estimated to be received during such fiscal year;

(2) sums equal to the estimated cost of furnishing dental services and home-nursing services as personal health-service benefits during such fiscal year; and

(3) any further sums required to meet expenditures to carry out this title.

(c) There shall be appropriated to the account in the fiscal year 1949, a sum equal to 1 per centum of all wages estimated to be received during such fiscal year, to constitute on July 1, 1949, a reserve in the account for the purposes specified in section 272 (a).

(d) The aggregate appropriations to the account, pursuant to clauses (2) and (3) of subsection (b), in appropriation Acts for any fiscal year from 1950 to 1952, inclusive, shall not exceed one-half per centum, and in appropriation Acts for any fiscal year from 1953 to 1955, inclusive, shall not exceed 1 per centum sums which shall be available from the account for provision during the fiscal years preceding such fiscal year. Whenever an appropriation is made on the basis of an estimate of wages to be received during a fiscal year, the appropriations for subsequent fiscal years shall be adjusted by any amount by which such estimate was greater or less than the amount of wages actually received. Before January 1, 1955, and periodically thereafter, the Congress will review this title and will determine the amounts of appropriations to be made thereafter.

(e) Sums received as reimbursements to the account pursuant to section 204 (c) or section 205, or by virtue of subrogation pursuant to section 204 (c), shall be deposited in the account and shall be available in accordance with the provisions of subsection (a) of this section.

ALLOTMENT OF FUNDS

SEC. 272. (a) The Board, after consultation with the Advisory Council, shall determine, as far in advance of the beginning of each fiscal year as possible, the sums which shall be available from the account for provision during the fiscal year of all classes, and of each of the five classes, of personal health-service

benefits specified in section 201 (a). Such sums shall be determined, after taking into consideration the estimated amount which will be in the account at the beginning of the fiscal year and the anticipated income of the account thereafter, with a view (1) to maintaining as nearly as practicable a uniform rate of expenditure for personal health-service benefits in successive fiscal years, except for appropriate allowance on account of anticipated increase in the personnel and facilities available to furnish personal health-service benefits and on account of reduction or withdrawal of restrictions or limitations pursuant to section 202 (b), and (2) to establishing and maintaining a reserve in the account adequate to meet emergency demands in accordance with subsection (d) of this section and adequate to maintain the rate of expenditure or to permit its gradual reduction if the income of the account should fall below the income which had been anticipated.

(b) In accordance with regulations prescribed after consultation with the State agencies, the Board, prior to the beginning of each fiscal year, shall allot to the several States, for the fiscal years 1950, 1951, and 1952, 90 per centum, and for each fiscal year thereafter 95 per centum, of each sum determined pursuant to subsection (a). Such regulations shall provide for allotments on the basis of—

(1) the population in the several States eligible for benefits under this title;

(2) professional and other personnel, hospitals, and other facilities, and supplies and commodities, to be available in the several States in the provision of such benefits; and

(3) the cost of reasonable and equitable compensation to such personnel and facilities and for such supplies and commodities.

Such allotments shall operate, to the maximum extent possible, both to assure provision to eligible individuals of adequate personal health-service benefits in all States and all local health-service areas, and also to increase the adequacy of services where personnel and facilities are below the national average.

(c) From time to time during each fiscal year, the Board shall allot to the several States the remaining 10 per centum or the remaining 5 per centum, as the case may be, of each sum determined pursuant to subsection (a). In making allotments under this subsection, the Board shall take into consideration the factors specified in subsection (b), but shall, in addition, give special consideration to the extent to which allotments under subsection (b) have proved to be insufficient to permit provision of reasonably adequate benefits under this title.

(d) In addition to the sums determined pursuant to subsection (a) to be available for the provision of personal health-service benefits, the Board, after consultation with the Advisory Council, is authorized to make emergency allotments from the account if it finds that a disaster, epidemic, or other cause has substantially increased the volume of personal health-service benefits required in any part of the United States over the volume anticipated when the determinations pursuant to subsection (a) were made. Allotments pursuant to this subsection shall be made to such State or States, for such class or classes of personal health-service benefits, and in such amounts, as the Board may find necessary to meet the emergency.

(e) The Board shall from time to time determine the amounts to be paid to each State from its allotments under this section, and shall certify to the Secretary of the Treasury the amounts so determined. The Secretary shall thereupon, and prior to audit or settlement by the General Accounting Office, pay to the State the amounts so certified.

(f) Funds paid to a State for any class of personal health-service benefits shall be used exclusively for the provision of benefits of that class, except that the administrative costs of the State in administering personal health-service benefits under this title may be met from the allotments to the State. Such administrative costs, which in any fiscal year shall not exceed 5 per centum of the aggregate allotments to the State for such fiscal year, shall be apportioned as between the several allotments in accordance with the costs of administering the respective classes of benefits; and such apportionment may be made in such manner, and by such sampling, statistical, or other methods, as may be agreed upon between the Board and the State agency.

(g) In any case in which the Board has assumed responsibility for the administration in a State of benefits under this title in accordance with section 242 (d) or (e), all allotments or balances of allotments to such State shall be available for expenditure by the Board for the provision of personal health-service

benefits in that State, and (until the Congress shall make funds available therefor pursuant to section 271 (a)) for the costs of administration of such benefits in such State. Expenditures authorized pursuant to section 271 (a) for such costs of administration shall be charged against allotments to such State.

GRANTS-IN-AID FOR MEDICAL RESEARCH AND EDUCATION

Sec. 273. For the purposes of encouraging and aiding the advancement and dissemination of knowledge and skill in providing benefits under this title and in preventing illness, disability, and premature death, the Board 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 (a) 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 (b) for which the Board finds, with the advice of the Advisory Council 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, or auxiliary services provided as benefits 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 July 1, 1949, the Board and the Advisory Council shall give preference and priority to grants-in-aid with respect to projects to aid veterans of World War II seeking postgraduate education as medical or dental practitioners or training for administration of personal health services, disability benefits, rehabilitation services, or related services. For the purposes of this section there shall be available for the fiscal year 1950 the sum of \$10,000,000, for the fiscal year 1951 the sum of \$15,000,000, and for each fiscal year thereafter an amount equal to 2 per centum of the amount expended for benefits under this title in the last preceding calendar year. Such grants-in-aid, in such amounts and for payment at such times as are approved by the Board, shall be certified for payment to the Secretary of the Treasury, who shall pay them from the account to the designated institutions or agencies.

PART II—MISCELLANEOUS PROVISIONS

DEFINITIONS

Sec. 281. As used in this title—

(a) The term "wages" means the sum of the following items, excluding any amount in excess of \$3,000 received (or, in the case of income from self-employment, accrued) by any individual during any calendar year—

(1) all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term does not include—

(A) 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 retirement, or sickness or accident disability, or medical and hospitalization expenses in connection with sickness or accident disability, or death; provided, in the case of a death benefit, that 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;

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

(C) the value of services exchanged for other services for which there is no payment other than the exchange; and

(2) all net income from farm, business, professional, or other self-employment.

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

(1) service in the active military or naval service of the United States;

(2) 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;

(3) casual labor not in the course of the employer's trade or business;

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

(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 a regular member of a religious order in the exercise of duties required by such order;

(6) service performed by an individual as an employee or employee representative as defined in section 1 of the Railroad Retirement Act of 1937, as amended;

(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 employer or a nondiplomatic representative);

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

(A) 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) the Secretary of State shall certify to the Federal Security Administrator 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; and

(10) service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act.

(c) In any case in which an individual has received \$3,000 in wages in a calendar year, not less than \$150 of such wages shall be deemed, for the purpose of section 204 (a), to have been received by him in the quarter during which the first of such wages were in fact received by him and in each quarter of such calendar year thereafter.

(d) The term "benefit year" means a period commencing on July 1 of any year and ending on June 30 of the succeeding year.

(e) 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.

(f) 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 indi-

vidual in pursuit of his own independently established business. The term "employee" also includes an officer of a corporation.

(g) 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 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.

(h) The term "American aircraft" means an aircraft registered under the laws of the United States.

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

(j) The term "United States," when used in a geographic sense, means the several States as defined in subsection (i).

(k) 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 total 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 total 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.

(l) The term "person" means an individual, a trust or estate, a partnership, a corporation, an association, a consumer cooperative, or other organization.

AVAILABILITY OF PUBLIC-ASSISTANCE GRANTS FOR SECURING PERSONAL HEALTH BENEFITS

SEC. 282. In order that Federal grants to States for old-age assistance, aid to dependent children, and aid to the blind shall be available to the States for provision of benefits for noninsured needy individuals, as provided in section 205—

(a) Title I of the Social Security Act, as amended, is amended—

(1) By amending section 6 to read:

"SEC. 6. When used in this title the term 'old-age assistance' means money payments to needy aged individuals, and reimbursements to the Personal Health Services Account with respect to needy aged individuals.";

(2) By striking out in section 3 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "who received old-age assistance" and inserting in lieu thereof "who received money payments".

(b) Title IV of such Act is amended—

(1) By amending section 406 (b) to read:

"(b) The term 'aid to dependent children' means money payments, and reimbursements to the Personal Health Services Account, with respect to a dependent child or dependent children.";

(2) By striking out in section 403 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "with respect to whom aid to dependent children is paid" and inserting in lieu thereof "with respect to whom money payments are made".

(c) Title X of such Act is amended—

(1) By amending section 1006 to read:

"SEC. 1006. When used in this title the term 'aid to the blind' means money payments to blind individuals who are needy, and reimbursements to the Personal Health Services Account with respect to blind individuals who are needy."

(2) By striking out in section 1003 (a) "not counting so much of such expenditure" and inserting in lieu thereof "not counting so much of any money payment"; and by striking out in clause (A) of such subsection "who received aid to the blind" and inserting in lieu thereof "who received money payments".

EFFECTIVE DATE

SEC. 283. The effective date of this title shall be the date of its enactment, but personal health services shall first become available as benefits in accordance with this title on July 1, 1949.

TITLE III—DEVELOPMENT AND EXPANSION OF HEALTH SERVICES

PART A—GRANTS TO STATES FOR HEALTH SERVICES

PURPOSES

SEC. 301. (a) The purpose of this part is to enable each State to

(1) expand its basic State and local public health organization and the basic services provided thereby, in order that such services, together with all other services provided through such organization, may be made readily available in all communities in the State;

(2) establish and maintain adequate maternal and child health services, and particularly services for locating and caring for crippled or otherwise physically handicapped children;

(3) establish and maintain adequate health services for the early detection, prevention, treatment, and control of tuberculosis, venereal diseases, mental disorders, cancer, heart and degenerative diseases, dental disorders, nutritional deficiency diseases, or other diseases or conditions which have a high morbidity or mortality incidence or which require extensive care or specialized therapy;

(4) establish and maintain adequate health services for the aged, the chronically ill, workers in industry and other groups in whose health or health problems the public has a special interest or responsibility; and

(5) provide training for personnel engaged or to be engaged in administering or furnishing services provided pursuant to this title, and to develop, promote, and demonstrate more effective measures for carrying out the purposes of this title.

(b) As used in subsection (a) of this section, "health services" include the provision of medical, nursing, dental, and hospital care and related services to individuals in the categories mentioned, to the extent that such care or services are not otherwise available to such individuals under title II of this Act, and includes with respect to impairments and diseases specifically mentioned, measures for the prevention, diagnosis, treatment, and control of the same.

GRANTS TO STATES

SEC. 302. To assist the States and the counties, health districts, and other political subdivisions of the States in carrying out the purposes set forth in section 301 of this title, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1948, the sum of \$100,000,000; for the fiscal year ending June 30, 1949, the sum of \$150,000,000; for the fiscal year ending June 30, 1950, the sum of \$225,000,000; for the fiscal years ending June 30, 1951, and June 30, 1952, the sum of \$300,000,000 each; and for succeeding years sums 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 under section 304 State plans for carrying out such purposes.

SERVICES TO STATES

SEC. 303. To enable the Federal Security Administrator (a) to assist the States by developing, promoting, and demonstrating more effective measures for carrying out the purposes of this part, by conducting investigations, studies, and research in preventive treatment or control measures, and by providing, through the Public Health Service or the Children's Bureau or through grants to public or other nonprofit institutions, training in the administration or the provision of health services to be furnished under this title, and (b) to pay the salaries, allowances, and travel expenses of commissioned officers and other personnel of the Public Health Service and the Children's Bureau detailed to assist the States in carrying out the purposes of this part, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subsection.

STATE PLANS

SEC. 304. (a) Any State desiring to take advantage of the provisions of section 302 may do so by submitting and having approved a State plan or plans for carrying out the purposes of section 301. Any such State plan must—

(1) provide for the establishment or designation of a single State health agency to administer or supervise the administration of the plan which, insofar as feasible, shall be the same State agency which administers or supervises the administration of the benefits provided under title II of this Act, and provide, in the case of a State plan to carry out any of the purposes of clause (2) of section 301 (a), for the administration or supervision of administration of such plan, not later than the end of the fourth year after the date of enactment of this Act, by the same State health agency which administers or supervises the administration of any other State plan to carry out any other of the purposes of that clause;

(2) provide for substantial financial participation by the State;

(3) provide for the training of personnel engaged or to be engaged in administering or providing health services under the plan;

(4) provide for the progressive extension and improvement of the services provided under the plan so that, within ten years after approval of the State's first such plan under this section, such services will be available in each political subdivision the State and, in the case of any plan to carry out the purposes of clause (1) of section 301 (a), there will be a full-time local or district health organization providing basic health services in each political subdivision of the State;

(5) provide for State standards for services to be furnished to individuals under the plan, including standards for professional personnel rendering medical, dental, nursing, and related types of care or services, and standards for hospital and other institutional care and services;

(6) provide that in carrying out the plan there will be no discrimination on account of race, color, creed, citizenship, or economic status, and for granting an opportunity for a hearing before the State agency to any individual denied any services under the plan and to any person or organization participating or desiring to participate in furnishing services under the plan;

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

(8) provide safeguards which restrict the use and disclosure of information concerning individuals receiving or providing services under the plan to purposes directly connected with the administration of the plan;

(9) provide that the State agency will cooperate with medical, dental, hospital, nursing, health, educational, and welfare groups or organizations in the State, and will cooperate, including where necessary entering into working agreements, with other public agencies administering or providing services related to those furnished under the plan;

(10) provide for the designation of an advisory council or councils and for technical advisory committees, as necessary, to consult with the State agency in carrying out the plan, such councils and committees to be composed of representatives of public and private agencies or organizations administering related programs, of persons chosen from the professions whose members furnish services under the plan, and, in the case of the councils, of representatives of the public selected from persons who are informed on the need for the services provided under the plan;

(11) provide that the State agency will make such reports, in such form and containing such information, as the Federal Security Administrator may from time to time reasonably require and will give him access to the records upon which such information is based;

(12) indicate the purpose or purposes, from among those set forth in section 301, which will be carried out under the plan, and provide, for each fiscal year during which the plan shall be in effect, a program for carrying out each such purpose. Such program shall include a financial plan of the total sums to be expended for each such purpose under the program during the fiscal year reasonable assurance by the State agency that it will expend for the program a sum approximately equal to that so estimated.

(b) The Federal Security Administrator shall approve any State plan, or modification of a State plan, which he finds complies with the provisions of subsection (a), except that he shall not approve any plan containing any require-

ment under which any person living in the State would be denied any services under the plan on account of place or length of residence. After initial approval of a plan, no change required pursuant to this title shall be effective prior to the July 1 next succeeding the making of such requirement, except with the consent of the State or in accordance with further action by Congress.

(c) In the event of his disapproval of any plan or any modification of a plan submitted by a State pursuant to this part, the Federal Security Administrator shall notify the State of such disapproval, and shall, upon request of the State, afford it reasonable notice and opportunity for a hearing on such disapproval.

ALLOTMENTS

SEC. 305. From the total sums appropriated under section 302 for each fiscal year, the Federal Security Administrator shall, as far in advance of the beginning of each fiscal year as possible and from time to time during each fiscal year, make allotments of such sums among the States in accordance with regulations prescribed by him. Such regulations shall provide for the making of allotments on the basis of (a) the population of the respective States, and (b) their financial resources. Such regulations shall also provide that the allotment for any State may be reduced to the extent that any amount estimated in the State's plan or plans to be expended thereunder for carrying out any one or more of the purposes in section 301, exceeds an amount fairly representing the need in such State for carrying out such purpose or purposes (as compared with the need for carrying out other purposes set forth in section 301, and with the amounts, if any, it estimates it will expend for such other purposes under plans submitted pursuant to this section). Upon making allotments under this section, the Federal Security Administrator shall thereupon notify the Secretary of the Treasury and each State of the amount of its allotment under this section.

PAYMENTS TO STATES

SEC. 306. (a) From the allotment available therefor under section 305, the Secretary of the Treasury shall from time to time pay to each State which has an approved plan for carrying out one or more of the purposes set forth in section 301 an amount, which shall be used exclusively for carrying out the State plan, equal to the Federal percentage of the total sums expended under the State plan during the period for which such payment is made.

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

(1) The Federal Security Administrator shall from time to time, but not less often than semiannually, estimate the amount to be paid to the State from its allotment under the provisions of subsection (a), such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended during the period for which the estimate is made in accordance with such subsection, including an estimate of the State and local funds to be expended, and (B) such other data as to estimated expenditures, and such investigations as the Administrator deems necessary.

(2) The Federal Security Administrator shall then certify the amounts so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by the amounts by which he finds that estimates of required expenditures for 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, prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

FEDERAL PERCENTAGE

SEC. 307. For the purposes of this part—

(a) the "Federal percentage" for any State shall be 100 per centum less 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 Federal percentage shall in no case be more than 75 per centum or less than 50 per centum, and (2) until per capita income data are regularly available for Alaska, Hawaii, Puerto Rico, or the Virgin Islands, the Federal percentage for Alaska and Hawaii shall be 50 per centum each, and the Federal percentage for Puerto Rico and the Virgin Islands

shall be 75 per centum, and thereafter the Federal percentage for each shall be computed as for a State;

(b) the Federal percentages shall be promulgated by the Federal Security Administrator 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 be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Federal Security Administrator shall promulgate such percentages as soon as possible after the enactment of this Act to be effective until July 1, 1949;

(c) the term "continental United States" does not include Alaska, Hawaii, Puerto Rico, or the Virgin Islands.

OPERATION OF STATE PLANS

SEC. 308. Whenever the Federal Security Administrator, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of a State plan, finds that, with respect to money paid the State for carrying out such plan from appropriations pursuant to section 302, there is a failure to comply substantially with--

(a) the provisions of this part;

(b) the provisions of such plan or the provisions required by section 304 (a) to be included in such plan;

(c) the regulations issued pursuant to this part;

he shall notify such State agency that further payments will not be made to the State from appropriations under such section (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 Federal Security Administrator shall make no further certification for payment to such State from appropriations under such section, or shall limit payment to activities in which there is no such failure.

REGULATIONS

SEC. 309. The Federal Security Administrator shall prescribe such regulations as may be necessary to carry out his functions under this title. All such regulations or amendments of regulations with respect to grants to States shall be prescribed only after consultation with a conference of representatives of the State agencies administering or supervising the administration of any of the plans affected by such regulations or amendments. Insofar as practicable, the agreement of such representatives to the regulations or amendments shall be obtained prior to their issuance.

ADMINISTRATION

SEC. 310. The Federal Security Administrator shall perform the functions with which he is charged under this title through the Public Health Service, the Children's Bureau and such other units of the Federal Security Agency as he may determine, and he may delegate such functions to officers and employees of the Agency.

ANNUAL REPORT

SEC. 311. The Federal Security Administrator shall include in his annual report to Congress a full account of the administration of this part, including a record of consultations with conferences of representatives of the State agencies administering or supervising the administration of plans approved under this title, the recommendations of such conferences, and comments thereon.

DEFINITIONS

SEC. 312. As used in this title, the term "State" means a State, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands.

REPEAL AND TRANSITION PROVISIONS

Sec. 313. (a) Parts 1 and 2 of title V of the Social Security Act, as amended, and section 314 of the Public Health Service Act, as amended, are hereby repealed.

(b) If any State cannot on date of enactment of this Act fully comply with the conditions required by this title for payments from the appropriations under section 302, such State may receive such payments until sixty days after the legislature of such State first meets in due course after such date of enactment or until the earliest effective date after such sixty days which could be given in such State to legislation passed within such sixty days to secure such payments, whichever is the later, if such State complies with such conditions to the extent possible. In the case of any State in which a State plan for services to crippled children approved under part 2 of title V of the Social Security Act provides, immediately prior to the enactment of this Act, for administration or supervision of administration of such plan by a State agency other than a State health agency, the plan of such State to carry out the purposes of section 301 (a) (2) of this Act with respect to services for crippled children may provide for administration or supervision of administration of the plan with respect to such purposes by such other agency, but only until the end of the fourth year after the enactment of this Act, and until the end of such fourth year such a provision shall be deemed to comply with the requirements of paragraph (1) of section 304 (a).

PART B—CONSTRUCTION OF HEALTH FACILITIES

AMENDMENTS OF HOSPITAL SURVEY AND CONSTRUCTION ACT

Sec. 321. (a) Section 621 of the Public Health Service Act (as added by the Hospital Survey and Construction Act) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 621. In order to assist the States in carrying out the purposes of section 601 (b), there are hereby authorized to be appropriated for the fiscal year ending June 30, 1947, the sum of \$75,000,000, and for the fiscal year ending June 30, 1948, and for each of the eight succeeding fiscal years the sum of \$100,000,000 for the construction of public and other nonprofit hospitals; and there are further authorized to be appropriated for such construction the sums provided in section 624. The sums appropriated pursuant to this section shall be used for making payments to States which have submitted, and had approved by the Surgeon General, State plans for carrying out the purposes of section 601 (b); and for making payments to political subdivisions of, and public or other nonprofit agencies in, such States."

(b) Paragraph (5) of section 623 (a) of such Act is amended by striking out the words "and for maintenance and operation".

(c) Section 624 of such Act is amended by striking out the words $33\frac{1}{3}$ per centum", in the second sentence of such section, and inserting in lieu thereof the words "such State's allotment percentage".

(d) Subsection (a) of section 625 of such Act is amended by striking out the words "and for its maintenance and operation when completed" from clause (4); and by striking out the words " $33\frac{1}{3}$ per centum" in the third sentence of such subsection and inserting in lieu thereof the words "the State's allotment percentage".

(e) Subsection (b) of section 625 of such Act is amended by striking out the words " $33\frac{1}{3}$ per centum" in the first sentence of such subsection and inserting in lieu thereof the words "the State's allotment percentage".

(f) Subsection (c) of section 625 of such act is amended by striking out the words " $33\frac{1}{3}$ per centum" and by inserting in lieu thereof the words "the State's allotment percentage".

(g) This section, and all amendments to the Public Health Service Act made by this section, shall become effective July 1, 1947. State plans approved by the Surgeon General pursuant to section 623 of that Act prior to July 1, 1947, shall not solely by virtue of such amendments, or any changes in regulations made necessary thereby, be deemed not to conform with title VI of that Act or regulations made thereunder but such plans may with the consent of the State and with the approval of the Surgeon General be modified retroactively to take full advantage of the amendments made by this section.