Senate Gets Bill to Aid in School Health, Starting Grants to States at $10,000,000

WASHINGTON, May 15—Senator Leverett Saltonstall, Republican, of Massachusetts, and six colleagues today introduced a national school health services bill which would authorize $10,000,000 for Federal grants in aid to the states for the first year, and $15,000,000 thereafter to promote school health programs.

"This legislation does not seek to be all-inclusive or pretend to be the only answer to the fundamental and long-neglected problem of improving the health of our young people," Mr. Saltonstall said on the floor of the Senate. "However, it will make a modest start toward establishing a national policy whereby our American children will not be permitted to reach maturity with physical or mental defects which can be diagnosed or corrected in the early stages."

He said the measure would assist states to do these things:

1. Provide and maintain school health services which would, for example, mean more thorough examinations to determine whether the child is gaining weight, has faulty teeth, a heart, etc.

2. Provide for treatment of small defects, especially in rural areas and those of severe economic distress.

3. Provide for demonstrations and training of personnel for state and local school health service.

4. Integrate new services made possible by the new funds with health activities already provided by communities.

5. Establish a school health services board composed of the Chief of the Children's Bureau as chairman, the United States Commissioner of Education and the Surgeon General of the Public Health Service to work with the Children's Bureau in considering and approving state plans.

6. Establish a national advisory committee on school health services of twelve members appointed by the President, to include representatives of health, education and child welfare.

Senator Saltonstall all emphasized that planning and actual administration of the school health services would be left entirely to the discretion of state agencies, and that school health services would be conducted "with complete disregard for race, color or creed."

Senators who joined with Mr. Saltonstall in introducing the bill were Alexander Smith of New Jersey, Raymond E. Baldwin of Connecticut, Irving M. Ives of New York and Henry Cabot Lodge Jr. of Massachusetts, all Republicans, and J. W. Fulbright of Arkansas, Democrat. A similar bill in the House is sponsored by Representative Evan Howell, Republican, of Illinois.
National Committee Working for the Enactment of the
NATIONAL SCHOOL HEALTH SERVICES ACT

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Publisher, Parents' Magazine

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May 16, 1947

Mrs. Eleanor Roosevelt
342 Madison Avenue
New York, N. Y.

Dear Mrs. Roosevelt:

The National School Health Services Act, which you wrote about the other day in your column referring to it as the "National School and Health Bill" has now been introduced into the Senate by six Senators. I am enclosing, herewith, a clipping from today's NEW YORK TIMES on this.

Perhaps this would be an opportunity for you to say something more about this bill which has a very good chance of being enacted this session of the legislature. Your support of this bill is most helpful, but I am concerned that some people may not have recognized that you were referring to the National School Health Services Act because you unfortunately referred to the bill by an incorrect name. I certainly appreciate your constant help.

Kindest regards.

Sincerely yours,

GEORGE J. HECHT
Chairman
National Committee Working for the Enactment of the
NATIONAL SCHOOL HEALTH SERVICES ACT

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Publisher, Parents' Magazine

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May 14, 1947

Mrs. Franklin D. Roosevelt
Hyde Park, New York

Dear Mrs. Roosevelt:

Many, many thanks to you for your endorsement of
the School Health Bill in your column published
on Tuesday. Unfortunately, however, you referred
to the bill as "The National School and Health
Bill." The correct name of this bill is "The
National School Health Services Act." I am afraid
that the way you referred to it might cause people
to confuse it with some of the other school and
health bills that have been introduced.

I am wondering whether you wouldn't put a short
paragraph in "My Day" explaining that when you re-
ferred to the School and Health bill you really meant
the National School Health Services Act.

The bill is to be introduced into the Senate this
week. The House number is HB-1960. If you wish
the Senate number, have your secretary call me and
I will be able to give it to her at the end of the
week.

Thinking you will be interested, I am enclosing,
herewith, a copy of my testimony on Federal Aid for
Education.

Sincerely yours,

GEORGE J. NICHOL
Chairman

CG: Mrs. F. D. Roosevelt
342 Madison Avenue
New York, N.Y.
TESTIMONY ON FEDERAL AID FOR EDUCATION

by George J. Hocht
Publisher of "Parents' Magazine" and "School Management"

to the House of Representative's Committee on Education

The forgotten child is the shame of the United States today. The educational expenditures of nearly-bankrupt Great Britain is about 3% of its income; Russia spends more than 7% of its income on education; and yet the wealthiest country in the world, the United States, is spending only 1-1/2% of its income on education.

If children were cattle they would be getting a much squarer deal from Uncle Sam! The Federal Government appropriates many times as much money for the welfare of cattle, hogs and other farm animals, as it does for the education of children. Furthermore, while the Federal Government appropriates nothing towards the salaries and training of teachers, it votes, annually, many, many millions for the education of farmers and for agricultural extension workers to be sent to every state in the Union to teach farmers how to care for their cattle.

For more than twenty years I have been publishing America's leading magazine for mothers and fathers on the rearing of children. "Parents' Magazine" is read every month in more than a million homes where there are more than two million children. For fifteen years I have also been publishing "School Management", the largest circulation magazine for school administrators. And so I know whereof I speak.

Total funds appropriated and available for the U.S. Department of Agriculture for the Fiscal Year of 1946 were $2,300,000,000. Total funds appropriated and available for the U.S. Office of Education for the Fiscal Year of 1946 was a little over one-and-a-half million dollars, which is about 1/10th of 1% of the Department of Agriculture appropriation. For research activities of the Bureau of Animal
industry alone, more than $10,000,000 was appropriated in the Department of Agriculture as compared to the total appropriation for the Office of Education of $1,600,000. And then there is the Department of Agriculture also gets $35,000,000 for the Extension Service throughout the 48 states and about $2,000,000 for Agricultural Economics; $1,000,000 for the Forest Service and $39,000,000 for Soil Conservation.

Nations can rightfully be judged by the care and education that they give their children. The future of the United States is being shaped in the schoolrooms of today. How can America continue its leadership in world affairs if the next generation grows up badly educated, all because too little money was appropriated in many of our less wealthy states, where they have more children than money? For our Nation to survive and prosper adequate schools must be maintained and living wages must be paid to teachers -- wages sufficiently high to attract and keep well-qualified and trained people for the vitally important job of teaching future generations.

Within the past five years 350,000 qualified teachers have left their profession. Roughly, this amounts to one out of every four teachers in the public school system of America. In 1915 only 7% of college students were enrolled as future teachers, compared with 17% in 1930. Former teachers returning from retirement and teachers holding "emergency" permits fill only a fraction of the gap. Why have so many teachers left the field? Low salaries are the chief reason. The national average of pay for teachers, principals and supervisors in 1945 was only $1,786. In 1944 half the teachers in the country were being paid less than $31.25 per week. This for men and women, professionally trained, to whom we entrust the all-important task of educating our children?

Much more money is needed in the educational field primarily to pay teachers -- so that there are enough teachers, so that they get a living wage and so that qualified young people do go into the teaching profession and get adequate training. But money is also needed for other educational purposes. Many of our school buildings are a disgrace. There are still more than a hundred thousand one-room
school houses in which the proper teaching of children of varying ages is virtually impossible. There is need for safe school buses to transport the children. And need for adequate text books, maps and other necessary school supplies.

And why not use in our schools the successful methods of teaching that were developed by our Army and Navy during the past war? By means of sound motion pictures and slide films our Armed Forces Training Programs found that learning time could be shortened between 35% and 55% with a corresponding increase in the length of time the material was remembered. Naturally every school should have a generous supply of the best text books, but every school should also have access to teaching films and a sound motion picture projector and a slide film projector. The use of teaching films is actually an economy. Children learn faster and remember more. The Federal Government should aid the states in acquiring teaching films and projectors to give our Nation's children the benefit of the same modern methods as were used so successfully among the men and women in our Armed Forces.

Simply because a State doesn't have any big industries in it; or hasn't wealthy people who pay large taxes, a share of which goes toward local school support, is no reason why essential activities such as schools should be underfinanced. When this happens in other fields, the Federal Government steps in and provides money so that vitally important activities can be continued. The Federal Government provides virtually all the money needed to fight forest fires throughout the country. If we depended upon State appropriations for forest fire prevention there would hardly be any forests left and large areas of our country would be burned over and arid. Unbelievable dust storms would sweep from the poorer states that didn't provide forest fire protection over on to the wealthier states which did. And so, the Federal Government appropriates ample money to all the states to provide for adequate forest fire protection. Uncle Sam seems also to be more interested in trees than in children!

In some states as much as $6000 per year is spent for the education, per school classroom; in other states less than $100 per year is spent per classroom. More
More than $6000 in some states -- less than $100 in other states. Is this fair?

Federal Aid to Education is nothing new for the U.S. Government. In the history of the United States, well over a hundred Federal Aid-to-Education bills have been passed. But there has never been any Federal Aid to Education where it is needed most; namely, aid to the Elementary School. There is Federal aid for agricultural colleges and for Home Economics and other vocational courses. The Federal Government also provides for school lunches and yet there is no aid to education where it is needed most; namely, for young children.

Thousands upon thousands of children in the Southern States are not going to school at all because there are no teachers. Either there isn't any money to pay the teachers or the amount of money is so small that no teachers will take the job. The situation is a national scandal! These conditions cannot be permitted to continue! The forgotten child is the shame of the United States.

While I know this is a hearing on Federal aid to Education legislation, may I put in a one-minute plug here for a related legislative matter; namely the Federal school lunch appropriation which will shortly be considered by this committee. Children cannot profit to the maximum from education given them if they are undernourished. Immerable surveys made during the past fifteen years show that a shockingly large portion of our children are not properly nourished -- either because their families haven't the economic means or they lack the nutrition knowledge to feed them properly. Consequently, may I urge an adequate appropriation for the continuation of the Federal School Lunch Program which has been carried on so successfully and advantageously for the last four or five years.

Of course education is the responsibility of the states. But if the states can't finance the job alone or even if they just aren't financing it adequately, is the Federal Government going to permit this vital job to remain undone? If the states do not provide money to protect the forests, the Federal Government provides money to see that this is done anyway because it is vitally important. Will the Federal Government sit back and say it is not concerned as to whether or not
Children are educated if they happen to live in States which cannot or do not provide adequate money for the education of children.

I wish to go on record as heartily in support of the Federal Aid to Education Bill HR2953 with the following three changes:

(1) The $40 minimum foundation school program for elementary and secondary education now proposed in the bill should be increased to $50. The proposed $40 dollar foundation program is just too low to provide adequate educational facilities. Even $50 isn’t any where near enough! It ought to be much more!

(2) TheMcCown Education Bill (HR2953) in the House is to my mind preferable to the Taft Education Bill (6472) in the Senate because it provides that every state should get some Federal aid from it. The Taft Senate Bill as it now stands would not provide any money at all for at least twenty-three states. I think this is wrong for two reasons: First of all, the citizens of every state pay taxes to the Federal Treasury and therefore share in the cost. Consequently I believe that all states should get some benefit from it. Any state, no matter how wealthy, could use Federal money to great advantage in bettering its educational facilities. Secondly, and this is a very practical reason, unless every State gets something from this Bill, many Representatives in the House, and perhaps some Senators, will vote against it because the territory that they represent will get no benefit from the legislation. But even theMcCown Bill does not go far enough, in my opinion, in giving money to all the states. I therefore suggest that one-third of the money to be appropriated to the states under the Act should be divided among the states in proportion to the number of children in each state between the ages of five and seventeen inclusive, and the remaining two-thirds of the money should be divided according to the present apportionment formula of the Bill, namely the $40 annual minimum per child or preferably a $20 minimum provision.

The wealthier states would with Federal money be helped to bring up their poorer counties to the level of the rest of the state. Certainly it is just as important and necessary to improve the schools in the poor district of a wealthy state as it is to improve them in the poor districts of a poor state. In both such
districts children are getting an inadequate education which should be improved.

(3) My suggested changes in the McCoven Bill will, naturally, cost considerably more money. As close as I am able to estimate it, this will add $250,000,000 per year to the cost of the program. I suggest therefore that the Bill be revised to provide an appropriation of $250,000,000 for the first year; $300,000,000 for the second year, $350,000,000 for the third year and for subsequent years as much as may be necessary to carry out the purposes of the Act.

I should like to make clear, however, that even if any or all of these suggested amendments are not accepted, I will support either the Taft Education Bill in the Senate (Senate No. 472) or preferably the McCoven Education Bill in the House, (HR 2953) or whatever compromise Bill is developed by the House and Senate jointly. Any bill providing for Federal aid for elementary and secondary education is a step in the right direction! I don't think either the Taft or McCoven Bills go anywhere near far enough but they are a tremendously important and worthwhile beginning. The vital thing is to get the U.S. Government committed to some sort of a program of Federal aid for elementary and secondary education. And this must be done at once.

May I urge that this House Committee clear their Federal aid to education bill in advance with the Senate Education Sub-Committee in order that in both branches of Congress the committees in charge should report out the same bill. If each House proceeds with a different bill, the likelihood of getting any bill enacted before Congress adjourns this Summer for the balance of the year will be slim indeed.

The children of America have been kept waiting far too long! Uncle Sam cannot afford and must not keep the children waiting any longer! The forgotten child is the shame of the United States!!
May 14, 1947

Mrs. Franklin D. Roosevelt
29 Washington Square South
New York 11, N. Y.

Dear Mrs. Roosevelt:

On behalf of the Committee may I express our sincere appreciation of your recent column entitled "New Health Bill Goes A Long Way In The Right Direction".

I regret that neither I nor Dr. Davis were able to get in touch with your office in time to inform you of the delay in introducing the Bill. However, from our point of view its early appearance has resulted in added interest on the part of many.

It may be only a coincidence but the day following the appearance of your article it was decided that there would be a special Presidential message on the subject, causing a further delay in the introduction of the Bill. The fact of the Presidential message is, naturally, confidential.

I am sure that you will be pleased to know that we intend to use this column as one of our main means for obtaining the active support of the Parent Teachers Association against the Taft "charity" measure.

Again, many thanks for your continued help and assistance.

Sincerely yours,

Joseph H. Louchheim
Executive Director

JH:iga
Mrs. Eleanor Roosevelt
Hyde Park
New York.

Dear Mrs. Roosevelt:

You were very kind to devote your column yesterday to the health bill. I am sending you an advance copy of the bill and an explanatory statement.

I hope you are well and not working too hard.

With my very best wishes and kindest regards,

Sincerely yours,

Robert F. Wagner

United States Senate
WASHINGTON, D.C.

May 13, 1947
80TH CONGRESS
1ST SESSION

IN THE SENATE OF THE UNITED STATES

April 1947

Mr. introduced the following bill; which was read twice and referred
to the Committee on

A BILL

To provide a national health insurance and public health program.

1 Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

2 That this Act, divided into titles and sections according to

3 the following table of contents, may be cited as the "National

4 Health Insurance and Public Health Act of 1947".

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PART B—CONSTRUCTION OF HEALTH FACILITIES


1. TITLE I—DECLARATION OF PURPOSE

2. FINDINGS AND DECLARATIONS

3. 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) 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;

(g) 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;

(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, includ-
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

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the class of services required and consents to furnish such
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 determin-
ing 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 speci-
fied 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
14); or

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

(b) Every individual, not eligible therefor under sub-
section (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 are 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 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.

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 fur-
nished, 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 serv-
ices, it shall be the policy to utilize individuals or organiza-
tions 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 agree-
ment 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 under-
taking to comply with this title and with regulations pre-
scribed thereunder, shall be made upon terms and condi-
tions consistent with the efficient and economical admin-
istration 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 designa-
tion 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 desig-
nate 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 agree-
ment 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 in 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
1 with whom the agreement is made to require payments from
2 patients with respect to the additional cost of more expensive
3 facilities occupied at the request of the patient, or with
4 respect to services not included as benefits under this title.
5 (e) Agreements for the furnishing of home-nursing
6 services or auxiliary services as benefits under this title
7 shall provide for payment in accordance with such methods
8 as the State agency may approve from among those set forth
9 in regulations prescribed pursuant to this title.
10 (f) In any health-service area where agreements for
11 the furnishing of general medical or general dental services
12 provide for payment only on a per capita basis, the per
13 capita payments with respect to those individuals residing
14 in the area who have failed to select a practitioner or other
15 person to furnish such services to them, or who having
16 made one or more successive selections have been refused
17 by the practitioners or other persons selected, shall be made
18 on a pro rata basis among the practitioners and other persons
19 under agreement to furnish such services in the area.

AMOUNT OF PAYMENTS FOR SERVICES

Sec. 219. (a) Rates or amounts of payment for partic-
11 particular services or classes of services furnished as benefits
12 under this title shall be adapted to take account of relevant
13 regional, State, or local conditions and practices. In arriving
14 at the payments to be made for services of general medical
15 and dental practitioners, specialists, professional and prac-
16 tical nurses, or other practitioners, regard shall be had for
17 the annual income or its equivalent which the payments
18 will provide, and consideration shall be given to degree
19 of specialization, and to the skill, experience, and responsi-
20 bility involved in rendering the services. Such payments,
21 together with the other terms and conditions of the
22 agreements made under this part, shall be adequate to
23 provide professional and financial incentives to practitioners
24 to advance in their professions and to practice in localities
25 where their services are most needed, to encourage high
26 standards in the quality of services furnished, to give assistance
27 in their use of opportunities for postgraduate study, and
28 to allow for adequate vacation.
29 (b) The rates and amounts of payments fixed under
30 the different methods of payments specified in subsections
31 (a), (b), (c), and (e) of section 218, and the methods of
32 making payments, shall assure reasonably equivalent awards
33 for practitioners selecting different methods of payment, in
34 consideration of the value of the services they render.
35 (c) In order to maintain high standards in the quality
36 of medical or dental services furnished as benefits, a State
37 agency may fix maximum limits for the State or for classes
38 of health-service areas, upon the number of eligible indi-
39 viduals 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 estab-
lished 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 in-
fluence 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 per-
sonal 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 adminis-
trative 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 adminis-
trative 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 com-
mittees 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 admin-
istrative 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 per-
sonnel, 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 the performance of agree-
ments for the provision of such services. Such local com-
mittees 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 com-
mittee 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 indi-
viduals entitled to personal health services as benefits;

(2) promote personal relationships between physi-
cian and patients;

(3) promote coordination among and between gen-
eral 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 mem-
bers 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 offi-
cers and committees, local advisory committees, and local pro-
fessional committees shall observe the provisions of this
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, 1949 (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 on 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
compliance or fails to submit an approvable plan, as the case may be.

(f) In 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 three members to be appointed by the President by and

with the advice and consent of the Senate, 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 the 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 pro-
vision of personal health services under this title without
regard to civil service or other laws pertaining to the ap-
pointment, status, or compensation of Federal employees, or per-
taining 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 avail-
able 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 traveling 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 sub-
jects. 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 allot-
ment 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, ob-
tained 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 per-
tains, except as may be necessary for the proper administra-
tion 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 unavail-
able 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 physi-
cians, 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 eligible 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 postgraduate 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. When-
ever 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 re-
spect 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 sec-
tion, 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. Elig-
ibility 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 Admin-
istrator's responsibilities under this section, but the Admin-
istrator 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 com-
mittee 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 sub-
section (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 in-
volving matters or questions of professional practice or
conduct, the hearing body shall contain competent and dis-
interested professional representation; and with respect to
any complaint involving only matters or questions of profes-
sional 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

1 duties shall be subject to the limitations and rights of judicial
2 review contained in section 205 of such Act.
3 (d) In any State which has assumed responsibility for
4 the administration of benefits under this title as provided in
5 part D, the powers and duties of the State agency shall be
6 subject to such rights of judicial review in the courts of the
7 State as the law of the State may provide; subject, however,
8 to review by the Supreme Court of the United States in
9 such cases and in such manner as is provided in section 237
10 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 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

1
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, of the estimated annual average of all wages received during the three 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)
1 to maintaining as nearly as practicable a uniform rate of
2 expenditure for personal health-service benefits in successive
3 fiscal years, except for appropriate allowance on account
4 of anticipated increase in the personnel and facilities available
5 to furnish personal health-service benefits and on account
6 of reduction or withdrawal of restrictions or limitations pursuant
7 to section 202 (b), and (2) to establishing and
8 maintaining a reserve in the account adequate to meet
9 emergency demands in accordance with subsection (d)
10 of this section and adequate to maintain the rate of expenditure or to permit its gradual reduction if the income of the
11 account should fall below the income which had been
12 anticipated.
13 (b) In accordance with regulations prescribed after
14 consultation with the State agencies, the Board, prior to
15 the beginning of each fiscal year, shall allot to the several
16 States, for the fiscal years 1950, 1951, and 1952, 90 per
17 centum, and for each fiscal year thereafter 95 per centum,
18 of each sum determined pursuant to subsection (a). Such
19 regulations shall provide for allotments on the basis of—
20 (1) the population in the several States eligible
21 for benefits under this title;
22 (2) professional and other personnel, hospitals, and
23 other facilities, and supplies and commodities, to be
24 available in the several States in the provision of such
25 benefits; and
26 (3) the cost of reasonable and equitable compensa-
27 tion to such personnel and facilities and for such
28 supplies and commodities.
29 Such allotments shall operate, to the maximum extent possible, both to assure provision to eligible individuals of ade-
30 quate personal health-service benefits in all States and all
31 local health-service areas, and also to increase the adequacy
32 of services where personnel and facilities are below the
33 national average.
34 (c) From time to time during each fiscal year, the
35 Board shall allot to the several States the remaining 10 per
36 centum or the remaining 5 per centum, as the case may be, of
37 each sum determined pursuant to subsection (a). In making
38 allotments under this subsection, the Board shall take into
39 consideration the factors specified in subsection (b), but
40 shall, in addition, give special consideration to the extent to
41 which allotments under subsection (b) have proved to be
42 insufficient to permit provision of reasonably adequate benefits
43 under this title.
44 (d) In addition to the sums determined pursuant to
45 subsection (a) to be available for the provision of personal
46 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, epide-
mic, 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 deter-
minations pursuant to subsection (a) were made. Allot-
ments 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.

(c) 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 pro-
vision of benefits of that class, except that the administra-
tive 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 allot-
ments 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 avail-
able therefor pursuant to section 271 (a)) for the costs
of administration of such benefits in such State. Expendi-
tures 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 ill-
ness, 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 proj-
ect (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 assist-
ance in carrying it out, and (b) for which the Board finds,
with the advice of the Advisory Council and after con-
sultation with other Federal departments and agencies con-
cerned 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 re-
spect 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, dis-
ability 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 pre-
ceding 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 H—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 $3,600 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; pro-
vided, in the case of a death benefit, that the em-
ployee (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 pre-
miums) 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 im-
posed 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, profes-
sional, or other self-employment.

(b) The term "employment" means any service of

(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 airc-
craft 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 sec-
tion 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 col-
gen of dues or premiums for a fraternal bene-
ficiary society, order, or association, and is performed
away from the home office or is ritualistic service
in connection with any such society, order, or
association; or
(C) such service is performed by a student
who is enrolled and is regularly attending classes
at a school, college, or university;
(8) service performed in the employ of a foreign
government (including service as a consular or other
officer or employee or a nondiplomatic representative);
(9) service performed in the employ of an in-
strumentality 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 instrumen-
tality thereof; and
(B) the Secretary of State shall certify to the
Federal Security Administrator that the foreign gov-
ernment, 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 instrumentali-
ties thereof; and
(10) service performed in the employ of an inter-
national organization entitled to enjoy privileges, exemp-
tions, and immunities as an international organization
under the International Organizations Immunities Act.
(c) In any case in which an individual has received
$3,600 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
individual 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 geo-
graphic sense, means the several States, as defined in sub-
section (i).

(k) The term "dependent" means an unmarried child
(including a stepchild, adopted or foster child) of an indi-
vidual, 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;

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

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 "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—

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

(3) to 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) to 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) to 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” includes 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 non-
profit institutions, training in the administration or the provi-
sion 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 im-
provement 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 avail-
able in each political subdivision of 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 and 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 hear-
ing on such disapproval.

ALLOTMENTS

SEC. 305. From the total sums appropriated under
section 302 for each fiscal year, the Federal Security Ad-
ministrator 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 pro-
vide 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 there-
upon 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 semianually, esti-
mate the amount to be paid to the State from its allot-
ment 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 Gen-
eral 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 con-

tinental 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, Hawai,
Puerto Rico, or the Virgin Islands, the Federal per-
centage 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 there-
after 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 promul-
gation shall be conclusive for each of the two fiscal years
in the period beginning July 1 next succeeding such pro-
mulgation: Provided, That the Federal Security Admin-
istrator 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 Administra-
tor, after reasonable notice and opportunity for hearing to
the State agency administering or supervising the admin-
istration 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 sub-
stantially 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 satis-
fied 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 con-
sultations 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 chil-
dren 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 and 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".

(e) Section 624 of such Act is amended by striking out the words "33 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 1/3 per centum" in the third sentence of such subsection and inserting in lieu thereof the words "the State's allotment percentage".

(f) Subsection (b) of section 625 of such Act is amended by striking out the words "33 1/3 per centum" in the first sentence of the subsection and 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.
A BILL

To provide a national health insurance and public health program.

By Mr.  

April  , 1947

Read twice and referred to the Committee on
Dear Friend:

You will be interested to know, I am sure, that on Monday, May 18, 1947, my colleagues, Senators Murray, Pepper, Chavez, Taylor and McGrath, Representative Dingell and I expect to introduce the new National Health Insurance and Public Health bill.

I am enclosing a brief summary of the bill which is designed to meet the principal health needs of most of our population. They are self-supporting, self-respecting groups -- they neither ask for nor want medical charity, but they sorely need a way of meeting the costs of sudden, unpredictable sickness so that these costs will not be catastrophic to family income or savings. Voluntary insurance plans cannot do the job; after many years of effort, the large-scale plans provide very limited benefits and the plans which supply comprehensive medical and hospital services cover only about 3% of our population.

Health insurance is an extension of our social security system. Our bill also provides for care of the indigent. In addition, it strengthens community-wide public health services, services for mothers and children, and the program for construction of needed hospitals.

My colleagues and I believe that this bill proposes a sound national health program, to assure our people access to adequate medical care and other health services.

We hope that this advance information will be useful to you in interpreting the contents of the measure after it has been introduced. Please regard it as confidential until that time.

Sincerely yours,

Robert F. Wagner

Enclosure
THE NATIONAL HEALTH INSURANCE ACT, 1947

Summary of Provisions

The National Health Insurance and Public Health Bill (S., ) provides like its predecessor (S. 1606 of 1945-46), for a comprehensive national health program through a nation-wide system of prepaid personal health service benefits and through Federal grants to states for expanded health services. All the essential principles of national health insurance are maintained.

MAIN CHANGES FROM THE 1945-46 BILL

Name of Bill

The 1947 Bill is entitled the NATIONAL HEALTH INSURANCE AND PUBLIC HEALTH ACT.

Decentralization of Administration

The 1947 Bill establishes a system of local administration under state-wide plans. It retains a provision for national funds (insurance and general revenue) and national standards. For details see below.

Each state would be allocated a definite amount of money from the National Health Insurance fund. The state in turn would allocate funds to each local area. The principles for the allocations are stated in the law. Thus each state and locality would be assured a certain sum, and the general size of the amount (except for supplementary amounts needed in an emergency) would not be dependent upon the discretion of federal officers.

Administration By A Board Instead of By A Single Federal Officer

The administration would be under a Board of five persons, established as part of the Federal Security Agency. All members would be on full-time salary. Three of the Board would be appointed by the President with the approval of the Senate (one of these must be a physician); the other two would be ex officio, i.e., the Surgeon General of the Public Health Service and the Commissioner for Social Security.

Explicit Recognition of Voluntary Plans That Provide Services

This principle was recognized in the 1945-46 Bill. In the 1947 Bill the policy is stated fully and definitely.

Persons Covered

The new bill covers some groups not provided for in 1945-46, e.g., civilian federal employees and their dependents. State and local governments may by voluntary action cover their employees and their dependents. Needy persons can
be provided for, as in the 1945-46 Bill, through action by state and local governments, paying premiums for these persons into the health insurance fund.

Other Changes

The new bill makes special provisions for rural areas; expands and makes more explicit the guarantees of professional rights to doctors, dentists, and hospitals; removes the ceilings on the per diem payments to hospitals; and makes numerous additional changes based on criticisms and suggestions expressed at the hearings on the 1945-46 Bill.

HEALTH INSURANCE PROVISIONS

What Services Will Be Available?

All needed preventive, diagnostic, and curative services by a family physician of the patient's choice; services of specialists when required; hospital care; laboratory and X-ray services; unusually expensive medicines; special appliances and eyeglasses. Dental, home nursing and auxiliary services to be limited in extent, if personnel is inadequate.

Who Are Eligible for Services?

All employed and self-employed persons. This includes all employees in industry, commerce, agriculture, and domestic service; employees of non-profit institutions; farmers, business and professional men and women, and other persons in business for themselves. Recipients of old age or survivors benefits, railroad retirement or civil service pensions will be covered. The wives, children under eighteen (or over eighteen if disabled), disabled husbands, and dependent parents of all these insured persons are covered. Needy persons not insured through their own earnings will qualify if contributions are paid on their behalf by a public agency.

Rights of The People and The Professions.

Everyone has free choice of his doctor, hospital, group clinic, dentist, or nurse from among all the practitioners and organizations in the community that wish to participate. All physicians, dentists, nurses, and all hospitals and clinics meeting approved standards are guaranteed the right to participate but none is required to do so.

Quality of Service

Through the use of professional advisory bodies and otherwise, provision is made for assuring high quality of services; aid would be made available for medical research and for the training of physicians, dentists and others.

How Financed?

The finances are not settled in the 1947 Bill. Separate financial legislation is required. Like the 1945-46 Bill, provision is made for three percent of earnings (presumably one-half from employed
persons, one-half from their employers) to be paid into a national health insurance fund. The three percent is calculated on earnings up to $3,600 a year. Additional sums are authorized to be appropriated from general taxation to cover specified items of service (dental and home nursing), and as grants to states to care for needy persons and others on whose behalf premiums are paid by public agencies.

How Would Physicians and Hospitals Be Paid?

Physicians (general practitioners) will be paid according to methods (fee-for-service, salary, per capita basis, or combinations) chosen by a majority of the physicians in an area. Individual physicians or organized groups of physicians may be paid by methods other than that chosen by the majority of those in that area. The same applies to dentists. Specialists will be paid by the method they and the insurance officers agree upon. Hospitals would be paid full cost of service.

How Administered?

There would be a federal administrative board as stated above, but the administration of services and funds would fall mainly upon the states and localities. Through state surveys, local administrative areas would be defined for medical, dental and hospital services. In each area there would be a local administrative body which, at the discretion of the locality with the approval of the state, might be either (a) a local administrative committee, which would be appointed by the State and which would in turn appoint its executive officer, or (b) an administrative officer appointed by the State, with a local advisory committee. The local committees of either type must include both lay and professional representatives. National and state advisory councils are provided for, with similar representation, but all purely professional matters come under wholly professional advisory bodies.

AID TO STATES FOR PUBLIC HEALTH PURPOSES

The Bill provides:
1. Federal grants-in-aid to states for expanded public health services.
2. Similar grants for expanded maternal and child health services. The Federal government would pay between 50 and 75% of what a state spends for these two programs, with the largest percentage of Federal aid going to the poorest states.
3. For medical care of needy persons, through the insurance system. The States would be authorized to use Federal grants, as well as their own funds, to pay insurance premiums for those who are eligible for public assistance.
4. For increase in the amount of money and improvement of the grant-in-aid formula under the Hospital Survey and Construction Act.