

Press Release 4/8/65

Mr. Dole, Mr. Chairman:

As debate on HR 6675, draws to a close it is apparent that the real opposition to the bill stems from the fact hospitalization benefits are to be financed by a compulsory payroll tax administered by the Social Security Administration.

It is obvious the great majority of members, Republican and Democrat, would support HR 6675 if it were not for this feature. To support this statement I remind my colleagues of the action taken by this body, July 29, 1964 on HR 11865.

The principal provisions of that Bill, (11865), as taken verbatim from the Committee Report were as follows:

A. FIVE PERCENT ACROSS-THE-BOARD INCREASE IN INSURANCE BENEFIT PAYMENTS

The bill would increase the insurance benefit payments under present law by 5 percent for all persons now on the benefit rolls and for all future beneficiaries.

1. *Workers, dependents, and survivors benefits*

For workers retiring at age 65 with average monthly earnings of \$400 or less, monthly payments would range from \$42 to \$133.40 for primary beneficiaries as compared with \$40 to \$127 under present law. Primary benefits ranging up to \$143.40 would be payable to people who retire and come on the benefit rolls in the future as the increase in the earnings base that the committee is recommending makes possible the counting of up to \$5,400 of annual earnings toward benefits along with the 5-percent increase in payments. Survivors and dependents benefits would also be proportionately increased.

2. *Family benefits*

Under present law, the ceiling on the total amount of family benefits payable on a worker's earnings record ranges from \$60 to \$254 a month, depending on the worker's average monthly earnings. Under the bill the minimum amount of monthly benefits for a family would be raised to \$63 and the maximum would be \$281.20 at the \$400 average monthly earnings level, which is the highest possible under the present \$4,800 earnings base. In the future, maximum family benefit amounts up to \$300 would be payable as the \$5,400 earnings base that the bill would provide becomes effective and average monthly earnings rise above \$400.

B. PAYMENT OF BENEFITS TO CERTAIN AGED PERSONS

The bill would provide limited benefits for certain aged individuals who have some social security coverage but not enough to meet the minimum required by existing law.

A special provision would liberalize the eligibility requirements so that certain aged people who do not meet the work requirements in present law could qualify for benefits on the basis of as few as three quarters of coverage. Upon attaining age 72, a worker or widow who qualifies under these provisions would get a monthly benefit of \$35; a wife who qualifies would get a benefit of \$17.50.

1. *Men and women workers*

To accomplish the above, a new concept of "transitional insured" status under the bill would provide that these oldest workers will receive benefits with only three quarters of coverage, as contrasted with the present requirement of six quarters. For those workers who are not quite so old, the quarters of coverage requirement would increase until the requirement merges with the present minimum requirement of six quarters.

The following table illustrates the operation of the "transitional insured" status provision for workers:

C. PAYMENT OF CHILD'S INSURANCE BENEFITS TO CHILDREN ATTENDING SCHOOL OR COLLEGE AFTER ATTAINMENT OF AGE 18 AND UP TO AGE 22

The bill would provide for the payment of child's insurance benefits until the child reaches age 22, provided the child is attending school, including a vocational school, or college as a full-time student after he reaches age 18.

This provision would become effective for the month following the month of enactment, or September 1964—whichever is later. It is estimated that 275,000 children will benefit in the total amount of \$175 million under this provision in 1965.

D. BENEFITS FOR WIDOWS AT AGE 60

The bill would provide for the payment of benefits to widows beginning at age 60 at their election, with the benefits payable to those who claim them before age 62 actuarially reduced to take account of the longer period over which they will be paid. (Under present law widow's benefits are payable at age 62.)

This provision would be effective for months after the month of enactment. In the first full year, 1965, it is estimated that 180,000 widows will take advantage of this provision and receive \$150 million in benefits.

The vote on final passage in favor of the measure was an overwhelming 399 to 8. This bill could have been enacted early last year if the Administration had not insisted on additional provisions financed by a regressive payroll tax. The point is that nearly everyone supports the concept that adequate medical protection should be made available to the aged but it should be voluntary and should reflect ability to pay.

In conclusion let me restate my support for those provisions embodied in HR 11865 last year and now contained in HR 6675. Let me also state that it is unfortunate that the provisions in HR 6675 relating to compulsory hospitalization under social security will compel many of us to vote against the measure. This one provision poses an enormous threat to the cash benefit programs under the Social Security system by imposing upon that system a liability to finance undetermined future service benefits. Therefore, in my opinion, this bad feature necessarily outweighs the beneficial provisions.