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COMMITTEE PRINT

COMPARISON OF
HEALTH INSURANCE PROPOSALS
FOR OLDER PERSONS, 1961

PREPARED BY THE STAFF
OF THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE



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**COMPARISON OF HEALTH INSURANCE PRO-
POSALS FOR OLDER PERSONS, 1961**

The following chart has been prepared by the staff of the Special Committee on Aging for use by Members of the Senate. It consists of a comparison of selected legislative proposals regarding the financing of health care for older persons.

COMPARISON OF HEALTH INSURANCE PROPOSALS FOR OLDER PERSONS, 1961

	McNamara bill (S. 65)	Administration bill Anderson bill (S. 909) King bill (H.R. 4222)	Dulski bill (H.R. 1765) Gilbert bill (H.R. 676) St. Germain bill (H.R. 4168) †	Javits bill (S. 937)
Who is covered.....	All retired aged (except railroad and Federal retirees ¹): 13.2 million OASDI beneficiaries, 1.5 million OAA recipients, 1.4 million other retired men over 65 and retired women over 62.	OASDI eligible persons age 65 and over, including employed aged; also includes railroad retirees. 13.75 million OASDI beneficiaries and 0.5 million railroad retirees.	All OASDI eligible persons, including employed aged, also younger dependents.	Persons 65 and over who (a) have incomes under \$3,000 (for individuals); \$4,500 (for couples); or who did not pay any income tax in the preceding year, (b) who are residents of their States, and (c) who are not recipients of other public assistance medical plans.
How many.....	16.1 million (as of 1962).....	14.25 million (as of 1963).....	17.5 million (approximate, as of January 1962).	11 million (maximum estimate).
Benefits.....	Balanced medical care with emphasis on preventive medicine, except physicians' fees.	Same as McNamara bill, except requires deductible charges.	Hospitalization, nursing-home care, and surgeon's fees.	Bill specifies that State must provide eligible individuals with choice of 1 of 3 options: <i>Private voluntary insurance policy</i> , with State paying one half—but not exceeding \$60—of individual's premium; or <i>A preventive, diagnostic, short-term illness plan</i> consisting of at least certain benefits, more at the option of the State; or a <i>Long-term illness plan</i> made up of at least certain benefits, payments for which would consist of 80 percent of expenditures over \$250 by single individual, \$400 by married individual. Specific benefits under each of latter 2 plans as follows: <i>Preventive, diagnostic, and short-term illness plan (PDS-T)</i> : minimum of 21 days a year. <i>Long-term, illness plan</i> : Minimum of 120 days per year. <i>Preventive, diagnostic, and short-term plan (PDS-T)</i> : 3 days for each unused hospital day—total depending on maximum number of hospital days approved by State. <i>Long-term plan</i> : 365 days per year.
Hospitalization.....	90 days a year.....	90 days a year, with \$10 per day deductible required for first 9 days, with a minimum deductible of \$20.	60 days a year.....	
Nursing homes.....	180 days; or 2 days for each unused hospital day.	180 days, or 2 days for each unused hospital day up to a total of 150 units of service.	120 days, or 2 days for each unused hospital day.	

ERRATA

Under "Hospitalization" for Administration Bill (S. 909 and H.R. 4222), on page 2, benefits should read as follows:

"90 days per *benefit period*," deleting "90 days per year."

Under "Nursing Homes" for S. 909 and H.R. 4222, on page 2, benefits should read as follows:

"180 days per *benefit period*," deleting "180 days."

(NOTE: "Benefit period" means a period of consecutive days beginning with the first day—not included in any previous benefit period—on which such individual is furnished inpatient hospital services, and ending with the last day of the first 90-day period thereafter during each day of which he is not in a hospital or in a nursing home.)

Home health service-----	240 visits a year; 2 $\frac{3}{4}$ visits for each unused hospital day. Includes therapy and home-maker services; medical social work, etc. No prior hospitalization required.	240 visits a year. Services the same as McNamara bill.	None-----	<i>PDS-T: 24 days per year. Long-term illness plan: 385 days per year.</i>
Surgeon's and physicians' fees.	None-----	None-----	Full payment of surgeon's fees..	<i>PDS-T: 12 days of services per year, outside of hospital. Long-term illness plan: Optional with State.</i>
Diagnostic, laboratory, and X-ray services.	Provides for necessary laboratory tests and X-rays in a hospital, either on inpatient or outpatient basis.	Same as McNamara bill, but requires \$20 deductible for each diagnostic study on an outpatient basis.	Covers only inhospital patients.	<i>PDS-T: Services up to \$100 per year. Long-term illness plan: Optional with State, up to \$200 per year.</i>
Expensive drugs-----	All drugs used in hospital; for outside hospital, a portion of such drugs when prescribed generically. Precise amount and kinds of coverage to be determined by Secretary of HEW, after study, and within actuarial limits.	Only drugs used in hospital.	Only drugs used in hospital-----	<i>PDS-T: Not stipulated in bill; optional with State. Long-term illness plan: Maximum of \$350 costs.</i>
Research and demonstration projects to improve quality and efficiency of health services.	Provided in the bill-----	Not stipulated in the bill-----	Not stipulated in the bill-----	Not stipulated in bill.
Financing method-----	(a) For OASDI eligibles, $\frac{1}{2}$ of 1 percent of first \$4,800 wages; $\frac{3}{4}$ of 1 percent after 1971; $\frac{3}{8}$ percent for self-employed; $\frac{1}{16}$ percent after 1971. (b) For other retirees, from general revenue (\$290 million—part of which already being spent; approximately \$265 million in Federal funds now expended for OAA, MAA, and other Federal medical programs for aged), net new cost about \$25 million.	Increases OASDI taxable wage base from \$4,800 to \$5,000 beginning with 1962; provides for rate increase beginning in 1963 of $\frac{1}{2}$ of 1 percent of first \$5,000 of employee wages; $\frac{3}{8}$ of 1 percent of first \$5,000 for self-employed.	For OASDI eligibles, $\frac{1}{2}$ of 1 percent of first \$4,800 wages; $\frac{3}{8}$ percent for self-employed.	Program financed by Federal matching of funds appropriated by each State government. Individual enrollment fees, based on State-determined schedule (with lowest fee not less than 10 percent of per capita cost). Federal share based on per capita income of each participating State, but no less than 33 $\frac{1}{3}$ nor more than 66 $\frac{2}{3}$ percent, average 50 percent nationally. Federal matching would be available to States on programs costing up to \$128 per capita. State would be reimbursed for one-half of administrative costs.

See footnotes at end of table, p. 4.

COMPARISON OF HEALTH INSURANCE PROPOSALS FOR OLDER PERSONS, 1961—Continued

	McNamara bill (S. 65)	Administration bill Anderson bill (S. 909) King bill (H.R. 4222)	Dulski bill (H.R. 1765) Gilbert bill (H.R. 676) St. Germain bill (H.R. 4168) ²	Javits bill (S. 937)												
Total costs (estimate)-----	\$1.1 billion for the first year; \$1.5 billion annually when fully in effect.	\$1.1 billion, early year cost.-----	\$1.4 billion-----	If 8¼ million persons participate, approxi- mate cost would be: <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td></td> <td style="text-align: center;"><i>Minimum</i> ^a</td> <td style="text-align: center;"><i>Maximum</i> ^b</td> </tr> <tr> <td>Federal..</td> <td style="text-align: right;">\$371, 125, 000</td> <td style="text-align: right;">\$528, 000, 000</td> </tr> <tr> <td>States....</td> <td style="text-align: right;">371, 125, 000</td> <td style="text-align: right;">528, 000, 000</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;">742, 500, 000</td> <td style="border-top: 1px solid black; text-align: right;">1, 056, 000, 000</td> </tr> </table>		<i>Minimum</i> ^a	<i>Maximum</i> ^b	Federal..	\$371, 125, 000	\$528, 000, 000	States....	371, 125, 000	528, 000, 000		742, 500, 000	1, 056, 000, 000
	<i>Minimum</i> ^a	<i>Maximum</i> ^b														
Federal..	\$371, 125, 000	\$528, 000, 000														
States....	371, 125, 000	528, 000, 000														
	742, 500, 000	1, 056, 000, 000														
Effective dates-----	Hospital and outpatient diag- nostic services, July 1, 1962; home health services, Jan. 1, 1963; expensive drugs, July 1, 1963; nursing homes, Jan. 1, 1964.	All services except nursing homes, Oct. 1, 1962; nursing homes, July 1, 1963.	1 year after enactment.-----	^a \$90 per capita estimated as cost of mini- mum benefits program. ^b \$128 maximum per capita stipulated in bill, as maximum dollar amount of benefit Federal Government will share. July 1, 1962.												

¹ These groups have an option to "buy in."

² All the same as Forand bill (H.R. 4700) of 86th Congress.

