

The original documents are located in Box 27, folder “7/1/75 HR8109 Protection of Medicaid Eligibility Exemption of Puerto Rico, Guam, and the Virgin Islands from Certain Medicaid Requirements” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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57/1/75

APPROVED
JUL 1 - 1975

THE WHITE HOUSE

WASHINGTON

July 1, 1975

ACTION

Last Day: July 12

Postal
7/2
Jo Archib
7/2

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *June*

SUBJECT: Enrolled Bill H.R. 8109 - Protection of Medicaid Eligibility; Exemption of Puerto Rico, Guam and the Virgin Islands from Certain Medicaid Requirements

Attached for your consideration is H.R. 8109, sponsored by Representative Rogers, which:

- Continues the eligibility of certain social security recipients for Medicaid benefits; and
- Extends the exemption of Puerto Rico, Guam and the Virgin Islands from the "freedom of choice" requirement in Medicaid law, which allows Medicaid patients to choose their own physician or hospital.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB recommends that you sign the enrolled bill today, July 1. Max Friedersdorf, Phil Buchen (Lazarus) and I concur.

RECOMMENDATION

That you sign H.R. 8109 at Tab B.



-- waive for Puerto Rico, Guam and the Virgin Islands the "freedom of choice" requirement in Medicaid law, which allows Medicaid patients to choose their own physician or hospitals.

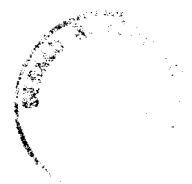
H.R. 8109 was introduced on June 20, 1975 and was rushed through both Houses of Congress just prior to the July 4 recess. While there was no opportunity for the Administration to present formal views on the bill, HEW indicated informally to Congress that it opposed the income disregard provision (Section 1).

Medicaid Eligibility Provision. In 1972, when Congress enacted legislation providing for a 20 percent increase in social security benefits, it included a temporary two-year disregard of that increase in determining Medicaid eligibility. The provision was later extended to June 30, 1975. H.R. 8109 would make that income disregard permanent. The House Committee report estimates that "less than 50,000" indigent persons currently receiving medical care under title XIX would no longer be eligible for such care--unless the States take other corrective action--if the temporary provision is allowed to expire. HEW believes enactment of this provision of H.R. 8109 would result in additional Federal costs of between \$25 and \$50 million in 1976.

"Freedom of Choice" Exemption. Under current law, Puerto Rico, Guam and the Virgin Islands are exempted until July 1, 1975 from a requirement in title XIX of the Social Security Act authorizing persons eligible for Medicaid assistance to choose the hospital and physician from which to receive medical services.

The exemption was included in a 1967 law primarily because of the extensive public health care systems in these areas and the significantly higher costs in Puerto Rico of private as compared with public hospital and physician services. At present, most medically indigent patients in Puerto Rico are treated through the Commonwealth's public health care system. Present law requires the three jurisdictions to comply with the freedom of choice provision as of July 1, 1975 or risk losing Federal Medicaid funds for their Medicaid programs.

The provision of the enrolled bill exempting Puerto Rico, Guam, and the Virgin Islands from freedom of choice requirements is not controversial. The following arguments for and against approval are addressed solely to the income disregard provision in H.R. 8109.



Arguments for Approval

-- The provision would assure Medicaid eligibility for an estimated 50,000 needy older persons. Otherwise, some of these persons would have to "spend-down" the amount of the 1972 social security increase to maintain eligibility. Other persons would lose eligibility--if States do not choose to act--because they live in the 23 States that have no "spend-down" provision.

-- Although treating the 1972 social security increase differently from other types of income is inequitable, similar inequities already exist in other areas, e.g. certain wage income is disregarded in determining eligibility for other public assistance programs.

Arguments Against Approval


-- The provision is inequitable in treating one group of persons differently from others in determining Medicaid eligibility and in singling out only the 1972 social security increases for special treatment. As a result, it creates situations where persons in the same economic circumstances have different eligibility determinations based merely on source--rather than amount--of income.

-- Approval of a permanent "grandfather" clause for the 20 percent increase would create an undesirable precedent for legislation to disregard future social security increases in determining Medicaid eligibility. Moreover, recipients need not lose eligibility since States may adjust Medicaid standards at their discretion to continue to provide eligibility to persons affected by the social security increase and other persons in similar circumstances.

-- The legislation would increase outlays by between \$25 and \$50 million, whereas the Administration's Medicaid cost-savings proposals would decrease Federal outlays by an estimated \$636 million and could result in States taking steps to reduce eligibility for benefits.

Recommendations

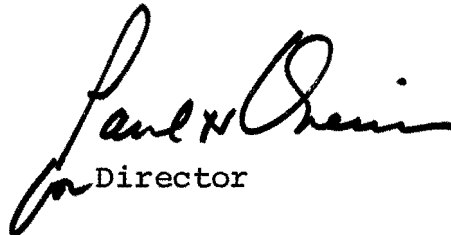
HEW, in its views letter, concludes that its objections to Section 1 of the bill do not justify a veto. The Department has no objection to Section 2, the "freedom



of choice" waiver provision, and, accordingly, recommends that H.R. 8109 be signed into law.

* * * * *

We believe that the income disregard provision of H.R. 8109 is undesirable on the merits and on budgetary grounds, as described above. We concur with HEW, however, that it is not so seriously objectionable as to warrant disapproval, particularly in light of the group affected. In view of the June 30, 1975 expiration date, we recommend that you sign H.R. 8109 on July 1, 1975 in order to remove any uncertainty with respect to Medicaid coverage for this group.


Director

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 1 - 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8109 - Protection of Medicaid eligibility; exemption of Puerto Rico, Guam, Virgin Islands from certain Medicaid requirements
Sponsor - Rep. Rogers (D) Florida

Last Day for Action

Recommend action on July 1, 1975 to prevent uncertainty about Medicaid eligibility, as explained below.

Purpose

Continues the eligibility of certain social security recipients for Medicaid benefits and extends the exemption of Puerto Rico, Guam and the Virgin Islands from Medicaid "freedom of choice" requirements with respect to health care providers.

Agency Recommendations

Office of Management and Budget Approval

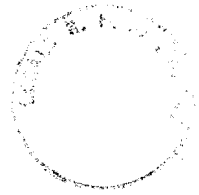
Department of Health, Education,
and Welfare Approval

Discussion

H.R. 8109 would make permanent two provisions of title XIX of the Social Security Act (Medicaid) scheduled for expiration on June 30, 1975 under present law. These provisions:

-- disregard in income determinations for purposes of Medicaid eligibility the 20 percent Social Security increase provided in 1972; and

To
J. Cannon
7-1-75
12:15 p.m.



-- waive for Puerto Rico, Guam and the Virgin Islands the "freedom of choice" requirement in Medicaid law, which allows Medicaid patients to choose their own physician or hospitals.

H.R. 8109 was introduced on June 20, 1975 and was rushed through both Houses of Congress just prior to the July 4 recess. While there was no opportunity for the Administration to present formal views on the bill, HEW indicated informally to Congress that it opposed the income disregard provision (Section 1).

Medicaid Eligibility Provision. In 1972, when Congress enacted legislation providing for a 20 percent increase in social security benefits, it included a temporary two-year disregard of that increase in determining Medicaid eligibility. The provision was later extended to June 30, 1975. H.R. 8109 would make that income disregard permanent. The House Committee report estimates that "less than 50,000" indigent persons currently receiving medical care under title XIX would no longer be eligible for such care--unless the States take other corrective action--if the temporary provision is allowed to expire. HEW believes enactment of this provision of H.R. 8109 would result in additional Federal costs of between \$25 and \$50 million in 1976.

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The provision of the enrolled bill exempting Puerto Rico, Guam, and the Virgin Islands from freedom of choice requirements is not controversial. The following arguments for and against approval are addressed solely to the income disregard provision in H.R. 8109.

Arguments for Approval

-- The provision would assure Medicaid eligibility for an estimated 50,000 needy older persons. Otherwise, some of these persons would have to "spend-down" the amount of the 1972 social security increase to maintain eligibility. Other persons would lose eligibility--if States do not choose to act--because they live in the 23 States that have no "spend-down" provision.

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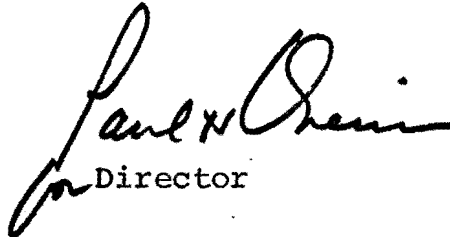
Recommendations

HEW, in its views letter, concludes that its objections to Section 1 of the bill do not justify a veto. The Department has no objection to Section 2, the "freedom

of choice" waiver provision, and, accordingly, recommends that H.R. 8109 be signed into law.

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Director

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1, 1975

Time: 1200noon

FOR ACTION: Art Quern *AQ*
Max Friedersdorf
Ken Lazarus
Jim Marsh

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 1

Time: 430pm

SUBJECT:

H.R. 8109 - Protection of Medicaid Eligibility;
exemption of Puerto Rico, Guam, Virgin Islands from
Certain Medicaid requirements.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

OMB recommends signature today.

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

Room 231

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1, 1975

Time: 1200noon

FOR ACTION: Art Quern ✓
Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 1

Time: 430pm

SUBJECT:

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For Your Recommendations

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Draft Reply

For Your Comments

Draft Remarks

REMARKS:

OMB recommends signature today.

Please return to Judy Johnston, Ground Floor West Wing

Quern - recommend approval.



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.

Judy
MF
OK

Date: July 1, 1975

Time: 1200noon

FOR ACTION: Art Quern
Max Friedersdorf
Ken Lazarus

MB

cc (for information):

Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 1

Time: 430pm

SUBJECT:

H.R. 8109 - Protection of Medicaid Eligibility;
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For Your Recommendations

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Draft Reply

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Draft Remarks

REMARKS:

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Please return to Judy Johnston, Ground Floor West Wing

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If you have any questions or if you anticipate a
delay in submitting the material...



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ADVANCE COPY

DRAFT

TO: Jim Stimpson, OMB
Rm. 7208, New EOB
Ph. 395-3736

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Per phone conversation

PR: Jim Hinchman, HEW
Rm. 5109-N Ph 245-7746

Dear Mr. Lynn:

This is in response to Mr. Frey's request of June 30, 1975, for a report on H.R. 8109, an enrolled bill "To amend title XIX of the Social Security Act to extend the protection against the loss of Medicaid because of the 1972 increase in social security benefits, and to extend the exemption of Puerto Rico, Guam, and the Virgin Islands from certain requirements relating to choice of provider."

The first section of the bill deals with the treatment of the 1972 increase in old age, survivors' and disability insurance benefits under title II of the Social Security Act in the determination of Medicaid eligibility under State plans approved under title XIX of the Act. Apart from the optional medically-needy program, eligibility for assistance under a State Medicaid plan is, in general, tied to eligibility under one of the Social Security Act's cash assistance programs. Prior to implementation of the supplemental security income program, any individual receiving cash assistance under title I, IV-A, X, XIV, or XVI of the Act was eligible for Medicaid. Section 249E of the Social Security Amendments of 1972 provided that any individual who was both eligible for or receiving cash assistance under one of those titles and entitled to OASDI benefits under title II for August 1972 should be deemed eligible for such cash assistance for the purpose of determining Medicaid eligibility during the period September 1972 through September 1974 if the individual would have been eligible for such cash assistance had he not received the 1972 increase in OASDI benefits. The purpose of this disregard was to prevent individuals who were eligible for Medicaid prior to the 1972 increase in

OASDI benefits from losing that eligibility because the increase made them ineligible for cash assistance. Section 233 of Public Law 93-66 extended the period for application of the disregard through **June** 1975. Section 1 of the enrolled bill would make it permanent. Enactment would increase Federal costs for the Medicaid program by between \$25 million and \$50 million in fiscal year 1976.

Section 2 of the bill deals with the application of the so-called freedom-of-choice requirement for State Medicaid plans to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam. Under title XIX of the Social Security Act, a State Medicaid plan must provide that eligible individuals will have the right to select from among qualified health care providers the one from whom they wish to receive services. In 1967 Congress exempted the Commonwealth of Puerto Rico, the Virgin Islands, and Guam from this requirement in recognition of the special characteristics of the health care delivery systems in those jurisdictions and especially the extensive use of public health care systems by most individuals. The current exemption expired on June 30 of this year. Section 2 of the bill would make the exemption permanent. The Department has no objection to this provision of the bill. Its enactment would not increase Federal costs for the Medicaid program.

Because the Department has concluded that our objections to section 1 of the bill does not justify a veto of it, and because we have no objection to section 2, we recommend that H.R. 8109 be signed into law.

Sincerely,

Secretary



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JUL 1 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 8109, an enrolled bill "To amend title XIX of the Social Security Act to extend the protection against the loss of Medicaid because of the 1972 increase in social security benefits, and to extend the exemption of Puerto Rico, Guam, and the Virgin Islands from certain requirements relating to choice of provider."

The first section of the bill deals with the treatment of the 1972 increase in old age, survivors' and disability insurance benefits under title II of the Social Security Act in the determination of Medicaid eligibility under State plans approved under title XIX of the Act. Apart from the optional medically-needy program, eligibility for assistance under a State Medicaid plan is, in general, tied to eligibility under one of the Social Security Act's cash assistance programs. Prior to implementation of the supplemental security income program, any individual receiving cash assistance under title I, IV-A, X, XIV, or XVI of the Act was eligible for Medicaid. Section 249E of the Social Security Amendments of 1972 provided that any individual who was both eligible for or receiving cash assistance under one of those titles and entitled to OASDI benefits under title II for August 1972 should be deemed eligible for such cash assistance for the purpose of determining Medicaid eligibility during the period September 1972 through September 1974 if the individual would have been eligible for such cash assistance had he not received the 1972 increase in OASDI benefits. The purpose of this disregard was to prevent individuals who were eligible for Medicaid prior to the 1972 increase in

OASDI benefits from losing that eligibility because the increase made them ineligible for cash assistance. Section 233 of Public Law 93-66 extended the period for application of the disregard through June 1975. Section 1 of the enrolled bill would make it permanent. Enactment would increase Federal costs for the Medicaid program by between \$25 million and \$50 million in fiscal year 1976.

The disregard which the bill would enact into permanent law is inequitable because it grants a particular group of individuals rights under the Medicaid program that are not available to other similarly situated individuals. In particular, it preserves Medicaid eligibility for certain individuals who were on the OASDI and cash assistance rolls in August of 1972 while denying it to individuals with the same income from the same sources who did not become eligible for OASDI benefits or cash assistance until a later date. The Department has consistently opposed provisions of law granting this sort of inequitable preferential treatment to selected groups.

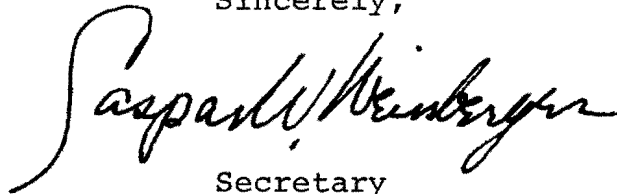
At the same time, it must be recognized that the disregard is an attempt to respond to a small but highly visible part of the general problem created by tying Medicaid eligibility to eligibility for cash assistance and thus denying Medicaid assistance to other individuals at the same income level whose income comes from other sources, such as the OASDI program. While we believe that this general problem can be properly dealt with only as part of a comprehensive national health insurance program, there will continue to be wide support for piecemeal solutions, particularly the extension of existing provisions of law, until a national health insurance program is enacted. This support was evidenced by the lack of any substantial opposition to the enrolled bill when it was before the Congress.

In light of this circumstance and the relatively low cost involved, the Department has reluctantly concluded that our objections to section 1 of the bill are not sufficient to justify returning it to the Congress without the President's approval.

Section 2 of the bill deals with the application of the so-called freedom-of-choice requirement for State Medicaid plans to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam. Under title XIX of the Social Security Act, a State Medicaid plan must provide that eligible individuals will have the right to select from among qualified health care providers the one from whom they wish to receive services. In 1967 Congress exempted the Commonwealth of Puerto Rico, the Virgin Islands, and Guam from this requirement in recognition of the special characteristics of the health care delivery systems in those jurisdictions and especially the extensive use of public health care systems by most individuals. The current exemption expired on June 30 of this year. Section 2 of the bill would make the exemption permanent. The Department has no objection to this provision of the bill. Its enactment would not increase Federal costs for the Medicaid program.

Because the Department has concluded that our objections to section 1 of the bill does not justify a veto of it, and because we have no objection to section 2, we recommend that H.R. 8109 be signed into law.

Sincerely,

A handwritten signature in cursive script, reading "S. Asparulo Weinberger". The signature is written in black ink and is positioned above the printed name "Secretary".

Secretary

To be added
to file, pls.

Kate

Room 106

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1, 1975

Time: 1200noon

FOR ACTION: Art Quern
Max Friedersdorf
Ken Lazarus ✓

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: July 1

Time: 430pm

SUBJECT:

H.R. 8109 - Protection of Medicaid Eligibility;
exemption of Puerto Rico, Guam, Virgin Islands from
Certain Medicaid requirements.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

OMB recommends signature today.

Recommend approval. -- Ken Lazarus 7/1/75

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the material...

TWO TECHNICAL MEDICAID AMENDMENTS

JUNE 25, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H.R. 8109]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 8109) to amend title XIX of the Social Security Act to extend the protection against the loss of medicaid because of the 1972 increase in Social Security benefits, and to extend the exemption of Puerto Rico, Guam, and the Virgin Islands from certain requirements relating to choice of provider, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY

The amendment makes permanent two minor provisions of current Medicaid law due to expire on June 30, 1975, which:

- (1) protect the Medicaid eligibility of people who were eligible for cash assistance and Medicaid in August, 1972, but who would have lost that eligibility because of the increase in their income when the 1972 twenty percent increase in Social Security benefits went into effect; and
- (2) exempt Puerto Rico, Guam and the Virgin Islands from the general Medicaid provision that requires freedom-of-choice of the provider of service.

BACKGROUND

The Committee reported the bill by unanimous voice vote without a formal hearing because of the urgency of extension of the provisions in order to assure the protection of Medicaid eligibility for thousands of aged, blind and disabled persons, and because of the noncontroversial nature of the amendments.

There has been no Senate consideration of similar legislation to date, although there are no known objections to it.

COST OF LEGISLATION

The Department has not provided official estimates of the cost of the provision to extend the disregard of the 1972 Social Security increase for purposes of Medicaid eligibility or of the number of people affected. The Committee estimates that less than 50,000 persons still benefit from the disregard provision (it applies only to persons who were eligible for cash assistance in August, 1972), and that cost to the Federal government is less than \$20 million. It is important to note that this "cost" is money that is already spent under current law but which would become a savings if the disregard expired and the persons affected lost their Medicaid coverage.

There is no additional Federal cost resulting from the provision to exempt Guam, Puerto Rico, and the Virgin Islands from the freedom-of-choice requirement. Without the proposed amendment making the exemption permanent, Puerto Rico estimates increased costs to the Commonwealth of at least \$70 million.

HISTORY AND NEED FOR THE LEGISLATION

DISREGARD OF SOCIAL SECURITY INCREASE

Eligibility for Medicaid is generally tied to eligibility for cash assistance. Until 1974, any person who received cash assistance under Titles I, X, XIV, or XVI of the Social Security Act was automatically eligible for Medicaid. Loss of cash assistance eligibility means complete loss of Medicaid eligibility in 23 States, and a loss of some coverage or services in most other States as well.

In September, 1972, a twenty percent increase in Social Security benefits went into effect. This resulted in an increase in income for many persons on cash assistance who were also Social Security beneficiaries. Across the country, some 180,000 people stood to lose their eligibility for cash assistance and Medicaid because the few dollars increase in their monthly Social Security check would put them above the income level allowed for cash assistance eligibility. If this had been allowed to happen, the increase would have resulted in their being considerably worse off than they were before the benefits increase because of the loss of Medicaid coverage. To protect against this, P.L. 92-603 provided that the Social Security increase should be disregarded in determining Medicaid eligibility. The disregard applies (1) only for purposes of Medicaid, (2) only for people who were eligible for cash assistance and Medicaid and who also received Social Security in August, 1972, and (3) only with regard to the 1972 Social Security Increase enacted in P.L. 92-336.

The original provision stipulated that the increase would not be taken into account in determining Medicaid eligibility until October, 1974. P.L. 93-66 extended the exemption until June 30, 1975. The proposed amendment would extend the disregard of the 1972 increase indefinitely.

It should be stressed that this provision does not have any effect on the upcoming eight percent Social Security increase that people will receive in July or on its impact on eligibility for cash assistance or Medicaid.

EXEMPTION FROM FREEDOM-OF-CHOICE REQUIREMENT

The Medicaid program contains a requirement that recipients must be allowed freedom of choice of the provider from whom they wish to receive service, provided of course that the provider meets the standards established by the program and agrees to accept Medicaid reimbursement as full payment. From the beginning of the Medicaid program, however, the situation in Puerto Rico, Guam, and the Virgin Islands has made application of this requirement inappropriate. Consequently the Congress enacted in 1967, and successively extended, an exemption of these jurisdictions from the freedom-of-choice provision.

These jurisdictions had in place before Medicaid a well-developed public health care system, used by most of the population, which it was felt was important to preserve. Further, Medicaid coverage was extended to substantial portions of the population, many of whom were not eligible for Federal matching, but who were included in the program because of their medical indigence. Currently some 2.3 million people are covered in Puerto Rico, for example, with nearly 1 million persons not eligible for Federal matching and paid for in full with Commonwealth funds.

Additionally, by law the amount of the Federal contribution is limited to a maximum amount—\$30 million per year in Puerto Rico, \$1 million in the Virgin Islands, and \$900,000 in Guam. In the case of Puerto Rico, this amount is somewhat less than 50 percent of their costs for services to persons eligible for Federal matching, and in fact is less than 1/3 of the amount they spend on Medicaid over-all. Because of this limitation on Federal funds, and the large eligible population to be served, Puerto Rico has stretched their coverage by limiting application of the freedom-of-choice provision so that certain kinds and types of services are paid for only if the public providers are used. Their current freedom-of-choice program is limited to services of generalists, a very few specialists, and some routine laboratory and x-ray services.

The Commonwealth has estimated that full implementation of the freedom-of-choice provision would increase their own expenditures by approximately \$70 million, over twice the amount of Federal funds they receive for Medicaid. There would be no additional Federal assistance in meeting this cost. Exemption of Puerto Rico and the other jurisdictions from the freedom-of-choice requirement would allow them to determine how to utilize their own limited dollars in meeting the health needs of the large eligible population.

INFLATION IMPACT

The exemption of Puerto Rico, Guam and the Virgin Islands from the freedom-of-choice requirement is expected to make unnecessary the expenditure of an additional \$70 million in Commonwealth funds for Medicaid, and thereby avoid a substantial cost inflation in medical care costs in Puerto Rico which could be expected to occur if all covered services could be provided by any private practitioner on the island.

The additional Medicaid expenditures for persons who would lose their Medicaid eligibility if the amount of their 1972 Social Security benefit increase was counted as part of their income is expected to

have no inflationary impact because it will continue present practice without change.

OVERSIGHT FINDINGS

No oversight findings were relevant to or part of the Committee consideration of the legislation. No findings on the subject have been received from either the Committee on Government Operations or this Committee's Subcommittee on Oversight and Investigations.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill removes the expiration date of June 30, 1975, for the provision of current legislation which provides that Social Security beneficiaries who were recipients of cash assistance in August, 1972, are protected against loss of their Medicaid eligibility because of the increase in their income resulting from the 1972 twenty percent Social Security increase.

It is the Committee's intent to make this protection permanent.

Section 2 of the bill provides a permanent exemption for Puerto Rico, Guam and the Virgin Islands from the general Medicaid requirement concerning freedom of choice of provider.

The Committee recognizes the inappropriateness of this requirement to the special situation in these territories.

AGENCY REPORTS

There were no agency reports on the legislation. No statement of position was received from the Administration prior to Committee consideration of the bill.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 1902 OF THE SOCIAL SECURITY ACT

STATE PLANS FOR MEDICAL ASSISTANCE

SEC. 1902. (a) A State plan for medical assistance must—

(1) * * *

* * * * *

(23) *except in the case of Puerto Rico, the Virgin Islands, and Guam*, provide that any individual eligible for medical assistance (including drugs) may obtain such assistance from any institution, agency, community pharmacy, or person, qualified to perform the service or services required (including an organization which provides such services, or arranges for their availability, on a prepayment basis), who undertakes to provide him such services; and a State plan shall not be deemed to be out of compliance with the requirements of this paragraph or paragraph (1) or (10)

solely by reason of the fact that the State (or any political subdivision thereof) has entered into a contract with an organization which has agreed to provide care and services in addition to those offered under the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization;

* * * * *

For purposes of paragraph (10) any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV and who for such month was entitled to monthly insurance benefits under title II shall for purposes of this title only be deemed to be eligible for financial aid or assistance for any month thereafter if such individual would have been eligible for financial aid or assistance for such month had the increase in monthly insurance benefits under title II resulting from enactment of Public Law 92-336 not been applicable to such individual.

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H. R. 8109

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend title XIX of the Social Security Act to extend the protection against the loss of medicaid because of the 1972 increase in Social Security benefits, and to extend the exemption of Puerto Rico, Guam, and the Virgin Islands from certain requirements relating to choice of provider.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 1902(a) of the Social Security Act is amended by adding at the end the following new paragraph:

“For purposes of paragraph (10) any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV and who for such month was entitled to monthly insurance benefits under title II shall for purposes of this title only be deemed to be eligible for financial aid or assistance for any month thereafter if such individual would have been eligible for financial aid or assistance for such month had the increase in monthly insurance benefits under title II resulting from enactment of Public Law 92-336 not been applicable to such individual.”

SEC. 2. Section 1902(a) (23) of the Social Security Act is amended by inserting after “(23)” the following: “except in the case of Puerto Rico, the Virgin Islands, and Guam.”

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

July 1, 1975

Dear Mr. Director:

The following bills were received at the White House on July 1st:

H.R. 5398 ✓
H.R. 8109 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.