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APPROVED  
SEP 21 1976

89/01/76

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day: September 24

September 20, 1976

Posted  
9/22/76  
archives  
9/22/76

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *Jim Cannon*

SUBJECT:

H.R. 10394 - Federal Payments to State Veterans' Homes

Attached for your consideration is H.R. 10394, sponsored by Representative Satterfield.

The enrolled bill provides for increases in Federal per diem payments by the Veterans Administration to State veterans' homes and would remove the limitation in current law that per diem payments may be made only for wartime veterans in State nursing homes and hospitals.

A detailed discussion of the provisions of the enrolled bill is provided in in OMB's enrolled bill report at Tab A.

OMB, VA, Max Friedersdorf, Counsel's Office (Kilberg) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 10394 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

SEP 16 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10394 - Federal Payments  
to State Veterans' Homes  
Sponsor - Rep. Satterfield (D) Virginia

Last Day for Action

September 24, 1976 - Friday

Purpose

Provides for increases in Federal per diem payments by the Veterans Administration to State veterans' homes, and expands eligibility for certain types of care in State homes.

Agency Recommendations

Office of Management and Budget	Approval
Veterans Administration	Approval

Discussion

Current law authorizes the Veterans Administration (VA) to make per diem payments to State veterans' homes for the purpose of assisting and encouraging States to provide care and treatment for veterans. Existing per diem rates, set by P.L. 93-82 as of September 1, 1973, are \$10.00 for hospital care, \$6.00 for nursing home care, and \$4.50 for domiciliary care. In fiscal year 1977, VA estimates that 13,800 veterans will be cared for in State veterans' homes at a Federal cost of approximately \$29 million.

H.R. 10394 would increase the existing rates to \$11.50 per day for hospital care, \$10.50 per day for nursing home care, and \$5.50 per day for domiciliary care, retro-active to January 1, 1976. In addition, the bill would remove the limitation in current law that per diem payments may be made only for wartime--as opposed to peacetime--



veterans in State nursing homes and hospitals. The wartime service limitation would still apply for veterans in State domiciliaries.

VA estimates that H.R. 10394 would cost \$11.3 million in fiscal year 1977, and a total of \$66.5 million over the first five years. The nine month retroactive portion of the bill--January 1, 1976 to September 30, 1976--would cost \$7.4 million. The cost of H.R. 10394 in fiscal year 1977 can readily be encompassed within the amounts provided in the second concurrent Congressional budget resolution for VA programs. If the bill is approved, funding for the rate increase will be considered during the upcoming budget review.

VA opposed H.R. 10394 during hearings in the House and Senate on the grounds that the existing rate structure is sufficient to provide an adequate level of care and that there has been no significant demand by the States for an increase in rates. However, the bill was passed by voice vote in both Houses. In its attached views letter on H.R. 10394, VA recommends approval because of support from several veterans organizations based on rising medical costs and because the rate increases in the enrolled bill are somewhat lower than those originally proposed by the Congress.

We do not believe that either the increase in per diem rates or the expanded eligibility will provide better quality of care. In addition, the Administration has consistently opposed the removal of the wartime service requirement for entry to the homes, on the basis that no programmatic justification has been provided to support the change.

Nevertheless, we believe that the following considerations must also be taken into account:

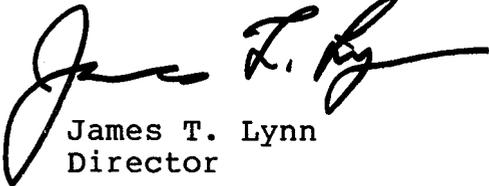
-- this Federal-State program encourages States to pay for part of the cost of veterans' care, as opposed to the considerably higher cost of caring for veterans in VA facilities which are completely Federally financed,

-- medical program costs have been subject to inflation rates of at least 10% per year,

-- because the Federal per diem rate has not changed since 1973, the States have had to absorb all the cost increases since that time for care of veterans in State homes,

-- the extension of State nursing home and hospital care to peacetime veterans would allow those veterans to be treated at lower cost to the Federal Government than in VA facilities, where peacetime veterans are currently admitted.

In summary, we believe that this Federal-State program should be continued, that States should be encouraged to provide care for veterans, and that the arguments noted above outweigh our objections to higher per diem rates and the expansion of eligibility for State home care. Accordingly, we recommend approval of H.R. 10394.



James T. Lynn  
Director

Enclosures



VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420



September 14, 1976

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

Dear Mr. Lynn:

This will respond to the request by the Assistant Director for Legislative Reference for the views of the Veterans Administration on the enrolled enactment of H.R. 10394, 94th Congress, a bill "To amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes."

The subject bill would amend section 641 of title 38, United States Code, to increase the amounts paid by the Veterans Administration to States for the care and treatment of eligible veterans receiving such care in State homes. It would increase the VA reimbursement from the current \$4.50 per diem rate to \$5.50 for domiciliary care; from \$6.00 to \$10.50 for nursing home care; and from \$10.00 to \$11.50 for hospital care. It would expand the eligibility requirements of veterans for whom reimbursement payments would be made to the States for hospital care or for nursing home care to include any veteran eligible for such care in a VA facility. Payment under current law for these two categories is limited to a veteran of any war or of service after January 31, 1955. Eligibility for domiciliary care, however, would continue to include this limitation. Although the new rates are effective October 1, 1976, the Administrator shall pay each State, in a lump sum, an amount equal to the difference between the total amount paid for

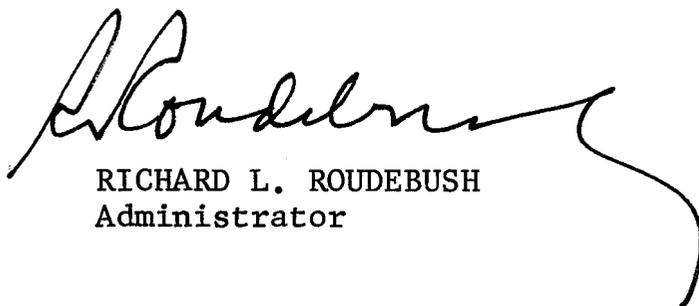
care provided from January 1, 1976, to October 1, 1976, and the amount that would have been paid had the new rates been effective on January 1, 1976.

In our reports to the Congress on this and similar proposals, we stated that we believed the present rate structure was adequate, especially in the absence of specific documentation by the States that the proposed new rate structure would provide an increased quality of care. However, since enactment of the enrolled bill, I have received an indication of support for this legislation, based on rising medical costs, from many members of the National Association of State Veterans' Homes, as well as from several National Veterans' Service organizations.

Furthermore, it must be pointed out that the rates contained in the enrolled bill have been revised from those contained in the bill as introduced. The original bill would have provided a per diem rate of \$6.50 for domiciliary care and \$13.50 for hospital care. The original bill would have cost the Veterans Administration \$74.4 million for the first five years, while the enrolled enactment will cost approximately \$66.5 million in the first five years.

Under all of the circumstances now present, I recommend that the President approve H.R. 10394.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. Roudebush", with a long, sweeping tail that extends to the right and then curves downwards.

RICHARD L. ROUDEBUSH  
Administrator

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

SEP 16 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10394 - Federal Payments  
to State Veterans' Homes  
Sponsor - Rep. Satterfield (D) Virginia

Last Day for Action

September 24, 1976 - Friday

Purpose

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Agency Recommendations

Office of Management and Budget	Approval
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Discussion

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H.R. 10394 would increase the existing rates to \$11.50 per day for hospital care, \$10.50 per day for nursing home care, and \$5.50 per day for domiciliary care, retroactive to January 1, 1976. In addition, the bill would remove the limitation in current law that per diem payments may be made only for wartime--as opposed to peacetime--



To-  
Johnston  
9-17-76  
4:45 p.m.

veterans in State nursing homes and hospitals. The wartime service limitation would still apply for veterans in State domiciliaries.

VA estimates that H.R. 10394 would cost \$11.3 million in fiscal year 1977, and a total of \$66.5 million over the first five years. The nine month retroactive portion of the bill--January 1, 1976 to September 30, 1976--would cost \$7.4 million. The cost of H.R. 10394 in fiscal year 1977 can readily be encompassed within the amounts provided in the second concurrent Congressional budget resolution for VA programs. If the bill is approved, funding for the rate increase will be considered during the upcoming budget review.

VA opposed H.R. 10394 during hearings in the House and Senate on the grounds that the existing rate structure is sufficient to provide an adequate level of care and that there has been no significant demand by the States for an increase in rates. However, the bill was passed by voice vote in both Houses. In its attached views letter on H.R. 10394, VA recommends approval because of support from several veterans organizations based on rising medical costs and because the rate increases in the enrolled bill are somewhat lower than those originally proposed by the Congress.

We do not believe that either the increase in per diem rates or the expanded eligibility will provide better quality of care. In addition, the Administration has consistently opposed the removal of the wartime service requirement for entry to the homes, on the basis that no programmatic justification has been provided to support the change.

Nevertheless, we believe that the following considerations must also be taken into account:

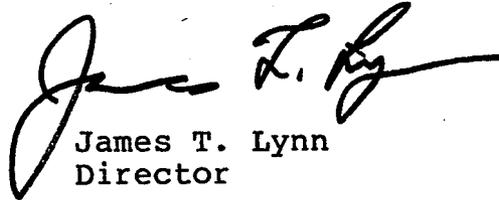
-- this Federal-State program encourages States to pay for part of the cost of veterans' care, as opposed to the considerably higher cost of caring for veterans in VA facilities which are completely Federally financed,

-- medical program costs have been subject to inflation rates of at least 10% per year,

-- because the Federal per diem rate has not changed since 1973, the States have had to absorb all the cost increases since that time for care of veterans in State homes,

-- the extension of State nursing home and hospital care to peacetime veterans would allow those veterans to be treated at lower cost to the Federal Government than in VA facilities, where peacetime veterans are currently admitted.

In summary, we believe that this Federal-State program should be continued, that States should be encouraged to provide care for veterans, and that the arguments noted above outweigh our objections to higher per diem rates and the expansion of eligibility for State home care. Accordingly, we recommend approval of H.R. 10394.



James T. Lynn  
Director

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 17

Time: 500pm

FOR ACTION:

David Lissy *DL*  
Max Friedersdorf *MF*  
Heblaz Hilberg *HH*

cc (for information):

Jack Marsh  
Jim Connor  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date:

September 20

Time:

200pm

SUBJECT:

H.R. 10394-Federal payments to State Veterans' homes

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

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



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 17

Time: 500pm

FOR ACTION:

David Lissy  
Max Friedersdorf  
Bobbie Kilberg

cc (for information):

Jack Marsh  
Jim Connor  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date:

September 20

Time:

200pm

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For Necessary Action

For Your Recommendations

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Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston ground floor west wing

9.17  
Recommend approval  
mf



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.

James M. Cannon  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 17

Time: 500pm

FOR ACTION:

David Lissy  
Max Friedersdorf  
Bobbie Kilberg

cc (for information):

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ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston ground floor west wing

*No objection  
Kilberg 9/20/76*

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.

James M. Cannon  
For the President

THE WHITE HOUSE

WASHINGTON

September 20, 1976

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: MAX L. FRIEDERSDORF *M-6*  
SUBJECT: HR 10394 - Federal payments to State  
Veterans homes

The Office of Legislative Affairs concurs with the agencies  
that the subject bill be signed.

Attachments

## CARE OF VETERANS IN STATE HOMES

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DECEMBER 10, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROBERTS, from the Committee on Veterans' Affairs,  
submitted the following

### REPORT

together with

### SUPPLEMENTAL CONCURRING VIEWS

[To accompany H.R. 10394]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 10394) to amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes, having considered the same, reports favorably thereon, unanimously by voice vote, without amendment, and recommends that the bill do pass.

#### PURPOSE OF THE BILL

Historically, the contribution of the Federal Government to State homes was one of assistance in domiciliary care. However, in 1939 the basic statute was amended permitting federal aid payments where hospital care and treatment were furnished in State homes. The per diem allowances during recent years have been extended to nursing home care where State homes have been able to supply such services.

Public Law 91-178 made available grants to States for alteration, renovation and remodeling of existing State home facilities, and Public Law 88-450 permitted VA grants for new nursing home care construction at State homes as well as alterations.

On September 1, 1973, the per diem paid to State homes for hospital care was set at \$10.00, for nursing home care \$6.00 and for domiciliary care \$4.50. The reported bill would raise the State home reimbursement rates to \$13.50 per day for hospital care, \$10.50 per day for nursing home care and \$6.50 per day for domiciliary care.

The average cost per day to care for a patient in a Veterans Administration hospital is \$77.88, nursing care unit \$41.74 and a VA domiciliary \$15.53.

It is evident from the foregoing that the States, through public and private funds, are carrying the larger cost share of maintaining veterans in State homes. The reported bill would provide a more equal distribution of the total cost.

Today there are approximately 11,000 veterans being cared for in State veterans' homes at a Federal cost of approximately \$22,229,000.

#### OVERSIGHT FINDINGS

Pursuant to clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

Hearings were held on July 10, 1975, and testimony was received from the Veterans' Administration, the National Association of State Veterans Homes, The American Legion, the Disabled American Veterans and the Veterans of Foreign Wars.

The Veterans' Administration feels the present rate structure is adequate unless it can be documented that the proposed rate increase will provide an increased quality of care. The Committee feels the increase is justified since medical care costs have risen dramatically since September, 1973, when the rates were last increased.

In regard to clause 2(1)(3)(D) of Rule XI, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

In regard to clause 2(1)(3)(C) of Rule XI, no cost estimate or comparison has been presented by the Congressional Budget Office relative to the provisions of H.R. 10394.

#### INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the Committee feels that the enactment of H.R. 10394 would not be inflationary.

#### COST ESTIMATE

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the enactment of H.R. 10394 would result in the following estimated increased costs to the Veterans Administration:

Fiscal year:	Cost (in millions)
1976	\$6.1
Transition quarter	3.5
1977	13.8
1978	14.5
1979	15.0
1980	15.5
Total	68.4

#### AGENCY REPORT

The following comments were received from the Veterans' Administration on the reported bill:

VETERANS' ADMINISTRATION,  
OFFICE OF THE ADMINISTRATION OF VETERANS' AFFAIRS,  
November 3, 1975.

HON. RAY ROBERTS,  
Chairman, Committee on Veterans' Affairs,  
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 10394, 94th Congress, a bill "To amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes."

The subject bill would amend section 641 of title 38, United States Code, to increase the amounts paid by the Veterans' Administration to States for the care and treatment of eligible veterans receiving such care in State homes. It would increase the VA reimbursement from the current \$4.50 per diem rate to \$6.50 for domiciliary care; from \$6.00 to \$10.50 for nursing home care; and from \$10.00 to \$13.50 for hospital care. It would expand the eligibility requirements of veterans for whom reimbursement payments would be made to the States. Under current law such payments can be made for veterans of any war or of service after January 31, 1955, while the subject bill applies to any veteran eligible for care in a VA facility. The provision limiting payments to one-half of the cost of the veterans' care in the State home is retained in the law.

We believe the present rate structure is adequate, especially in the absence of specific documentation by the States that the proposed new rate structure would provide an increased quality of care.

Furthermore, it is obvious that enactment of the subject bill would result in major cost increases to the VA, at a time when the President is urging substantial reductions in the growth of Government spending as a step toward balancing the Federal Budget within three years.

Enactment of the subject bill would result in the following estimated increased costs to the Veterans' Administration:

Fiscal year:	Cost (in millions)
Transition quarter	\$3.5
1977	13.8
1978	14.5
1979	15.0
1980	15.5
1981	15.6
Total	77.9

In view of the foregoing, we are opposed to the enactment of H.R. 10394.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,  
Administrator.

## 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 (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## TITLE 38, UNITED STATES CODE

\* \* \* \* \*

## Chapter 17—Hospital, Domiciliary, and Medical Care

\* \* \* \* \*

## Subchapter V—Payments to State Homes

## § 641. Criteria for payment

(a) The Administrator shall pay each State at the per diem rate of—

- (1) ~~[\$4.50]~~ \$6.50 for domiciliary care,
- (2) ~~[\$6]~~ \$10.50 for nursing home care, and
- (3) ~~[\$10]~~ \$13.50 for hospital care,

for each veteran [of any war or of service after January 31, 1955] receiving such care in a State home, if [in the case of such a veteran receiving domiciliary or hospital care,] such veteran is eligible for such care in a Veterans' Administration facility [or if, in the case of such a veteran receiving nursing home care, such veteran meets the requirements of paragraph (1), (2), or (3) of section 610(a) of this title, except that the requirements of clause (B) of such paragraph (1) shall for this purpose refer to the inability to defray the expenses of necessary nursing home care; however, in no case shall the payments made with respect to any veteran under this section exceed one-half of the cost of the veteran's care in such State home].

(b) *In no case shall the payments made with respect to any veteran under this section exceed one-half of the cost of the veterans' care in such State home.*

\* \* \* \* \*

## SUPPLEMENTAL CONCURRING VIEWS OF HON. GEORGE E. DANIELSON

I fully concur with the majority views of the Committee respecting H.R. 10394, a bill to amend Title 38 of the U.S. Code to promote the care and treatment of veterans in State veterans' homes. In my opinion, however, there is an ambiguity resulting from the language of the bill as reported, in that the mandate contained in Subparagraph (a) appears to be in conflict with the limitation which is separately imposed in Subparagraph (b). The purpose of these separate concurring views is to point out, clarify and resolve that apparent conflict.

During debate by the full Committee, considerable discussion was had on this point, and, without exception, it was agreed by the Members of the Committee that despite the apparent mandate of Subparagraph (a), the provisions of Subparagraph (b) would and must serve as a limitation upon the mandate of Subparagraph (a).

In order to remove the above-mentioned conflict, I offered an amendment to Subparagraph (a) so that it would read as follows:

*"(a) Subject to the provisions of Subsection (b) hereof, the Administrator shall pay each State at the per diem rate of—*

*"(1) \$6.50 for domiciliary care,*

*"(2) \$10.50 for nursing home care, and*

*"(3) \$13.50 for hospital care, for each veteran receiving such care in a State home, if such veteran is eligible for such care in a Veterans' Administration facility.*

(Proposed amendment in italic).

The proposed amendment was not agreed to because of the stated unwillingness of the majority of the Members to change the existing language. However, it was agreed by all that Subparagraph (a) would be limited by Subparagraph (b) in the manner which would have been provided by the proposed amendment set forth above.

Respectfully submitted,

GEORGE E. DANIELSON.

(5)

○



# Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

## An Act

To amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 641 of title 38, United States Code, is amended to read as follows:*

**"§ 641. Criteria for payment**

"(a) The Administrator shall pay each State at the per diem rate of—

- "(1) \$5.50 for domiciliary care,
- "(2) \$10.50 for nursing home care, and
- "(3) \$11.50 for hospital care,

for each veteran receiving such care in a State home, if such veteran is eligible for such care in a Veterans' Administration facility.

"(b) In no case shall the payments made with respect to any veteran under this section exceed one-half of the cost of the veterans' care in such State home."

(b) Paragraph (19) of section 101 of title 38, United States Code, is amended by striking out "of any war (including the Indian Wars)" in the first sentence and "of any war" in the second sentence.

(c) (1) The amendments made by subsection (a) of this section shall be effective on October 1, 1976.

(2) At the time of the first payment to a State under section 641 of title 38, United States Code, as amended by subsection (a) of this section, the Administrator of Veterans' Affairs shall pay such State, in a lump sum, an amount equal to the difference between the total amount paid each such State under such section 641 for care provided by such State in a State home from January 1, 1976, to October 1, 1976, and the amount such State would have been paid for providing such care if the amendment made by subsection (a) of this section had been effective on January 1, 1976.

*Speaker of the House of Representatives.*

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