

TO AMEND THE ACT ENTITLED "AN ACT TO ESTABLISH A VETERANS' BUREAU," ETC.

APRIL 28, 1924. - Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. JOHNSON of South Dakota, from the Committee on World War Veterans' Legislation, submitted the following

REPORT

[To accompany H. R. 8869]

The Committee on World War Veterans' Legislation to whom was referred the bill (H. R. 8869) to amend the act entitled "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and further to amend and modify the war-risk insurance act," approved August 9, 1921, and to amend and modify the war-risk insurance act, and to amend the vocational-rehabilitation act, having considered the same, report thereon with the recommendation that it do pass.

In the hearings conducted before the committee on proposed legislation, as recommended by the Director of the United States Veterans' Bureau and American Legion, Disabled American Veterans, and Veterans of Foreign Wars, the Director of the Veterans' Bureau was heard at length, as well as representatives of the various organizations of service men affected by this class of legislation and also medical experts who were not connected with either the bureau or the service organizations.

The recommendations of the persons appearing before the committee have been given the most careful attention, and this bill is designed to make such remedial amendments in the existing law as experience has shown to be wise or necessary.

The attention of the House should be specifically directed to several substantial changes in the law as contained in this bill.

1. By an amendment to section 2 of the act which established the Veterans' Bureau full authority of administration is given the director, enabling him to designate employees to perform such duties as he may assign them and to delegate to such subordinates sufficient authority to enable the work of the bureau to be carried on.

2. It is provided specifically that the commissioned personnel detailed from the United States Public Health Service to the Veterans' Bureau, while so detailed, shall be subject to the exclusive direction and control of the director for all administrative and disciplinary purposes.

3. The files, records, reports, and other papers and documents pertaining to any claim are declared confidential, with certain exceptions as to the disclosure of information contained therein.

4. Decentralization to subdistrict offices is authorized in the same manner as now provided for regional offices in the discretion of the director.

5. The director is given authority to obtain the opinion of the Attorney General on questions of law arising in the administration of the Veterans' Bureau in the same manner as the heads of executive departments may now secure such an opinion.

6. In connection with the treatment authorized for noncompensable disabilities, treatment will not be furnished if the injury or aggravation was incurred as the result of his own willful misconduct during or subsequent to his service, and no claim of willful misconduct in the service shall be set up by the bureau unless a conviction by court-martial is shown. There is the further provision that if in the event of a court-martial conviction it is established to the satisfaction of the director that an injustice has been done, the director, notwithstanding such conviction, may award the benefits of such treatment.

7. Hospitalization in Government hospitals and necessary traveling expenses will be authorized in the case of any veteran of any war or expedition who has not been dishonorably discharged from the service and who is in need of hospitalization, without regard to the nature or origin of his disabilities. Preference for such hospitalization, however, will be given to those veterans who are financially unable to pay for hospitalization and their necessary traveling expenses.

8. The report which the director of the bureau files with Congress on the first Monday in December of each year will include complete information concerning all activities of the bureau, showing in detail the number of claimants and the amount of compensation paid, the number of veterans of various wars and expeditions receiving hospitalization and medical treatment, the number of dependents drawing compensation and the amount of such compensation, the number of persons holding and paying for Government life insurance, and a full and itemized statement of moneys received and disbursed by the director or any of his agents for the preceding year.

9. The director is authorized to forego recovery of payments from beneficiaries without fault where such recovery would defeat the purpose of benefits otherwise authorized or would be against equity or good conscience.

10. Payments heretofore made under a regulation declared invalid by the Comptroller General which permitted permanent and total disability to be presumed from hospitalization or from temporary total disability for six consecutive months are validated so as to relieve from the necessity of their recovery.

11. The director is authorized to sell, lease, or exchange surplus equipment, supplies, products, etc., and to lease for a term not exceed-

ing three years lands or buildings under the control of the bureau, the net proceeds of all such sales, leases, or exchanges to be covered into the Treasury to the credit of the appropriation from or on account of which the subject of such sale, lease, or exchange was purchased or is maintained.

12. It is specifically provided that the benefits of the war risk insurance act, the vocational rehabilitation act, and the Veterans' Bureau act shall not be granted to any conscientious objector, or to any alien discharged from the military or naval forces on account of his alienage.

13. A short title, "The Veterans' Bureau act." is given the act establishing the Veterans' Bureau.

14. The procedure for suits under the contract of insurance is defined and provision is made for bringing in all parties in interest. As a part of the procedure it is provided that the court upon final hearing shall enter a judgment or decree fixing the respective rights of the parties and decreeing that the director make an award of the insurance in accordance with such decree. As a part of the decree the court may allow a reasonable attorney fee not exceeding 20 per cent of the amount recovered by the claimant or plaintiff, for the attorneys of the successful party, such fee to be paid by the bureau to the attorney, and not to be deducted from the amount decreed to be due the plaintiff. The amount of attorneys' fee in other cases will not exceed \$10 in any one case, instead of \$3, as at present. The section is made applicable to all suits now pending.

15. The director will be permitted to designate persons who will have the power to issue subpoenas and compel the attendance of witnesses. This merely authorizes the delegation of the powers which the director now has under section 15 of the war risk insurance act.

16. Members of the National Guard called into Federal service who became disabled or who died before being accepted and enrolled for active service are placed in the same status as men inducted by local draft boards.

17. Section 300 is so amended that the presumption of service connection is made conclusive in those cases where within six years after separation from the active military or naval service a person is shown to have a neuropsychiatric disease or mental or nervous disease or derangement, or an active tuberculous disease, or encephalitis lethargica, or amebic dysentery developing a 10 per cent degree of disability or more. It is further provided that no person suffering from paralysis, paresis, blindness, or constitutional lues as the result of disease shall be denied compensation by reason of willful misconduct. Compensation is made payable for personal injury or disease contracted or aggravated in service prior to April 6, 1917, by any member of the military or naval forces on or after April 6, 1917, who is discharged subsequent to that date. There is a limitation, however, that an ex-service man who becomes entitled to compensation under the six-year presumption shall not receive compensation for any period prior to the date of the enactment of the amendment.

18. The rates of compensation payable to widows and children are slightly increased, and the present provision that widows and parents may not receive death compensation on account of the loss of their husbands or sons if already in receipt of a pension or compensation

on account of some other person has been remedied so as to permit the payment of compensation on account of the death of the husband or son to the widow or parent, notwithstanding the receipt by the latter of a pension or compensation on account of the loss of some other person in some prior war. No changes in rates of compensation are to be retroactive in effect.

19. The burial expense allowance is granted whenever a person dies while receiving from the bureau compensation or vocational training, without reference to the financial condition of the deceased, and whenever a veteran is receiving treatment or training and dies away from home at the place to which he was ordered by the bureau, or traveling under orders of the bureau, burial benefits are payable without reference to the indigency of the deceased, and transportation costs to a place of burial are also included. There is to be no deduction of accrued pension or compensation from the sum allowed. There is omitted from the provision for burial expenses, however, any allowance for burial of persons dying in the service.

20. The payment of compensation to a parent on account of the death of a child is to continue until the death of the parent.

21. The loss of the use of limbs is made equivalent to the loss of limbs as a statutory permanent total disability and the loss of both ears is added as a condition declared to be permanent total disability. A special rate of compensation is provided for the loss of the use of both eyes, and for the loss of the use of both eyes and one or more limbs, the compensation for the loss of the use of both eyes to be \$150 a month, and compensation for the loss of the use of both eyes and one or more limbs to be \$200 a month.

22. A veteran so helpless as to be in need of a nurse or attendant is to be allowed \$50 per month for that purpose in the discretion of the director. Under the present law this amount is allowed only to blind, legless, or armless veterans, while in other cases the allowance permitted for a nurse or attendant may not exceed \$20 per month.

23. It is provided that where a beneficiary of the bureau is entitled to treatment or hospitalization under section 302 of the war-risk insurance act, and an emergency develops or has developed requiring immediate treatment or hospitalization, and no bureau facilities are or were feasibly available, the director is authorized to reimburse the beneficiary the reasonable value of such services otherwise obtained.

24. Provision is made for apportionment of compensation where the disabled person and his dependent parents are not living together, where the disabled person and wife are not living together, where the children are not in his custody and where the disabled person is in a penal institution or a hospital or under domiciliary care, the director of the bureau being authorized to apportion the compensation to the disabled man, his wife, children, parents, all or any of them, collectively or separately.

25. Disability compensation provided by section 302 of the war-risk insurance act is made payable in addition to any gratuity or pension under other laws except that payments of compensation will not be made unless all claim for pension on account of injury on or after April 6, 1917, is surrendered.

26. An ex-service man shown to have a tuberculous disease of compensable degree, who has been hospitalized for a period of one year

and who in the judgment of the director will not reach a condition of arrest by further hospitalization, and whose discharge from further hospitalization will not be prejudicial to him or his family, and who is not feasible for training, shall upon request be discharged from hospital and shall be rated as permanently and totally disabled, said rating to be continued for a period of three years.

27. Except in case of fraud participated in by the beneficiary no reduction or discontinuance of compensation will be effective until the first day of the third calendar month next succeeding that in which the reduction or discontinuance is determined, and no reduction in compensation will be made retroactive except in case of fraud in which the beneficiary has participated.

28. The time for filing claim is extended from five years as at present to six years from discharge in cases where disability arose in service; six years from the beginning of the disability where disability began after separation from service and six years from date of death. This period in turn may be extended for one year additional in the discretion of the director.

29. The provision that compensation shall not be payable while a person is in receipt of service or retirement pay has been changed to refer only to active service or retirement pay.

30. Injuries or death resulting from hospitalization or from vocational training, when not due to misconduct, are made compensable in the same manner as though such injury or death had occurred in military service.

31. Automatic revival of insurance is provided in whole or in part in the cases of any person who allowed his insurance to lapse while suffering from a compensable disability for which compensation was not collected where such person dies or becomes permanently and totally disabled without collecting such compensation, the amount of uncollected compensation to be computed in all cases at the rate provided by section 302 of the war risk insurance act as amended. This provision makes definite the language interpreted by the bureau in the Schwartz case. The provision for the deduction of premiums from the amount of insurance so revived remains the same as at present.

32. Waiver of the payment of premiums when due for persons confined in hospital for a compensable disability, for persons rated as temporarily totally disabled and for persons rated as mentally incompetent during the period for which they have no legal guardian, and not later than six months where a guardian has been appointed, are to be made without application and may be allowed retroactively. All premiums, the payment of which is so waived, will bear interest at 5 per cent and will be deducted as now provided from any insurance settlement.

33. Section 410 of the war risk insurance act is repealed.

34. The test of rehabilitation is made employability.

35. Maintenance and support allowance for trainees is to be payable for two months after the employability of the rehabilitated person is determined, whereupon all duty and obligation of the United States toward such person with respect to his vocational rehabilitation will cease. No course of vocational training will be commenced after January 1, 1925, and no further extension of completed training is to be granted after that date.

The following letter from the Director of the United States Veterans' Bureau gives estimates of the possible costs of changes incorporated in this bill:

UNITED STATES VETERANS' BUREAU,
Washington, April 26, 1924.

HON. ROYAL C. JOHNSON,
Committee on the World War Veterans' Legislation,
House of Representatives.

MY DEAR MR. JOHNSON: In accordance with the request of the Committee on World War Veterans' Legislation, there is transmitted herewith an estimate of the probable cost of the provisions under H. R. 8869, as introduced by you on April 24, 1924. In this connection it has been impossible, in the limited time available, to make estimates of certain proposed changes, as follows:

1. Section 15, paragraph 3, "That compensation for the loss of the use of both eyes and one or more limbs shall be \$200 per month."

2. Section 15, paragraph 10, "That compensation provided for in this section shall be in addition to any gratuity or pension payable under other laws * * *."

3. Section 15, paragraph 11, providing for the temporary and total rating for three years for a tuberculosis case discharged from hospital upon his own request, after the maximum improvement from hospitalization has been reached.

4. Section 19 adds section 316 to the war risk insurance act, providing for compensation where a beneficiary of the bureau suffers or has suffered any injury or an aggravation of that injury as result of training, hospitalization, or medical treatment not the result of his misconduct.

The above provisions are not considered on a whole as involving a material increase in cost, although in all probability, if passed, they will to some extent increase expenditures.

It is estimated that the increased cost of this proposed legislation on all other items will be approximately as follows:

Section 6, amending section 13 of the act establishing the Veterans' Bureau, provides that no claim of willful misconduct will be set up except under certain circumstances, not considering the retroactive effect: \$2,585,700 per year.

Section 7, adding to the act establishing the Veterans' Bureau a new section (13a), providing for general hospitalization, not considering any additional cost due to hospital construction: \$8,430,000 per year.

Section 14a of the Veterans' Bureau act, as added by section 9, validating certain overpayments which under present legislation are collectible (this is not an additional cost, since the funds have already been disbursed): \$1,889,265.

Amendments to section 300 of the war-risk insurance act has included in section 13, providing for the six-year presumptive period for mental or nervous diseases, active tuberculous diseases or encephalitis lethargica or amebic dysentery, developing a 10 per cent degree of disability: \$19,878,000 per year.

Section 301 of the war-risk insurance act is amended by section 14, providing for increased dependency pay for death compensation: \$2,415,300 per year.

The second paragraph of section 301, as amended by section 14, provides for the burial of all compensable beneficiaries: \$76,000 per year.

The third paragraph of section 302, as amended by section 15, provides permanent total disability for the loss of the use of both ears and for the payment of \$150 per month for the loss of the use of both eyes: \$228,700 per year.

Paragraph 5 of section 302, as amended by section 15, provides for additional sum to be paid attendants: \$231,600 per year.

Section 305, as amended by section 16, provides that the effective date of reduction or discontinuance of compensation shall be the first day of the third calendar month next succeeding that in which such reduction or discontinuance is determined: \$941,000 per year.

Section 309, as amended by section 17, providing an additional year in which an ex-service man or woman may file claim for compensation, \$1,731,130 per year.

Section 23, which amends the vocational rehabilitation act, (a) providing for allowance for maintenance being payable for two months after the employability of the rehabilitated person is determined. While this measure will involve a direct cost it is estimated that, due to the indirect effects of the provisions of this amendment in particular respect to limitation of further extension of completed training and to the very probable speeding up of the rehabilitation program, the direct cost will be offset by the probable savings. (b) The provision that no training shall be commenced after January 1, 1925, is not

believed to involve any additional expenditures, since estimates of probable expenditures over the next several years are based upon the pending load and the in-training load, which basis is in no sense affected by this limitation, since it would appear that all men eligible for training and pending assignment to training will have entered training by that date.

From a review of the foregoing it would appear probable that the proposed legislation amending the existing veteran legislation as proposed by H. R. 8869 will cost annually approximately \$36,517,430. There have not been included, as stated in the first paragraph, certain costs which can not be estimated. Taking all of this legislation into consideration, I believe that the additional cost, stated in general and approximate terms, will range between thirty-five and forty million dollars per year.

Very truly yours,

FRANK T. HINES, *Director.*

