

ernment, determined as of December 31 of each year commencing with 1966.

The contingent liabilities referred to by the amendment include (1) liability of the Government under its various trust funds (such as the old age and survivors insurance trust fund and the highway trust fund); (2) liabilities of Government-sponsored corporations (for example, the Commodity Credit Corporation); (3) indirect liabilities of the Federal Government not included as part of the public debt, such as Federal Housing Administration debentures; and (4) liabilities of Federal insurance and annuity programs.

Under the amendment, data with respect to these insurance and annuity programs (which include the civil service retirement system, veterans' pension, and war risk insurance programs) are to include information regarding their actuarial status on both a balance-sheet basis and a projected source-and-application-of-funds basis.

The report is also to indicate the collateral pledged, or the assets available (or to be realized) as security for the specified liabilities, and present an analysis of their significance in terms of past experience and probable risks. Thus, for example, in the case of federally insured home mortgages the assets available on foreclosures may, under favorable circumstances, offset the potential Federal liability. But the reporting of assets is not to stop with a recording of assets related to the liabilities. Under the amendment the Secretary of the Treasury is to set forth all other assets which would be available to liquidate liabilities of the Federal Government.

In order to provide flexibility and to prevent data included in the report from being misconstrued or misleading, the amendment provides that the Secretary of the Treasury may set forth such explanatory material as he determines to be necessary or desirable. Under this provision, if he believes particular data are likely to lead to improper conclusions he may qualify that data sufficiently to negate such conclusions.

A bill identical to this section (S. 1013) was reported favorably by the committee on September 14, 1965, and passed the Senate. However, the House has not acted on that bill. A substantially identical bill was also approved by the committee in the 88th Congress. It too passed the Senate but the House did not act on it prior to the adjournment of the 88th Congress.

3. Coverage of drug expenses under supplementary medical insurance benefits (sec. 403 of the bill and secs. 1832, 1833, 1845, 1846, and 1847 of the Social Security Act)

1. BACKGROUND OF AMENDMENT

Part A of medicare is essentially designed to cover the costs of short-term institutional care provided in connection with acute illness. Part B, the supplemental medical insurance plan, while providing benefits during periods of acute illness, is also a mechanism for coping with certain of the expenses associated with chronic illness such as physician visits and home health services.

Part A of medicare pays the cost of prescribed drugs provided to a beneficiary while he is receiving covered care in a hospital or extended