change would be needed in the presently-scheduled financing provisions (i.e. maximum taxable earnings base and contribution rates).

Question: Does the Department have in contemplation any new plan for Medicare-Medicaid, to deal with the problems of the unemployed and the retired and disabled as well as for cash assistance recipients?

Answer: As the President has announced, we recommend that the same medicare protection now provided for the aged be provided for social security beneficiaries getting disability benefits. Under this proposal hospital and medical insurance protection would be available to 1½ million disabled persons under 65—workers, adults getting benefits based on childhood disabilities, and widows. In addition, we will recommend several relatively other changes that will increase the administrative effectiveness of the medicare program.

We also recommend that the States be authorized to enter into agreements under which they can pay the $3 monthly premium for supplementary medical insurance on behalf of the medically needy aged and disabled as well as for cash assistance recipients.

We are very much concerned about the problem older people have in meeting the cost of prescription drugs. We recognize that this matter deserves our prompt attention. The President has asked the Department to undertake a comprehensive study of the problems of including the cost of prescription drugs under medicare, and this study is underway.

Chairman PROXMIRE. Senator Talmadge?

Senator TALMADGE. Mr. Secretary, there was recommended in the report on public welfare minimum standards for public assistance payments below which no State may fall. Would you comment on this proposal?

Mr. COHEN. Yes; the Advisory Council report proposes two rather strikingly new principles in the public welfare program. It says that there should be a minimum standard of subsistence determined by Federal law.

But recognizing that many States, particularly the low-income States, and I should say they are largely the Southern States, cannot meet that minimum standard entirely out of their own income under the present matching formula, the Advisory Council proposed revising the Federal matching formula system to one where the Federal Government would assume the full responsibility for the difference in cost between the State share and the total cost of the State program.

Let me try to make it very simple. Let's say that the State share is one-half of 1 percent of the total personal income payments in that State. The Federal Government then would pay the whole additional cost above that to meet the standard.

In other words, my comment on that report is that it really involves a very interesting and striking change in Federal-State relationships and Federal-State financing. A Federal standard is proposed which heretofore has not been in the Federal law. The report proposed that in order to meet the standard, a different type of Federal matching relationship would be needed. It is certainly worth considering.

It, of course, would also take quite an additional amount of Federal money to carry out and I should add that as a third factor. It is of some significance, because you can't have a standard with a hundred percent Federal financing above the State's share without it costing the Federal Government more than at present.

Senator TALMADGE. Am I correct in assuming, therefore, that you oppose that recommendation?

Mr. COHEN. Well, I had not yet supported it or opposed it because we are studying it, but I recognize that there is a great deal of merit in it, because there are many people on the welfare rolls today who are