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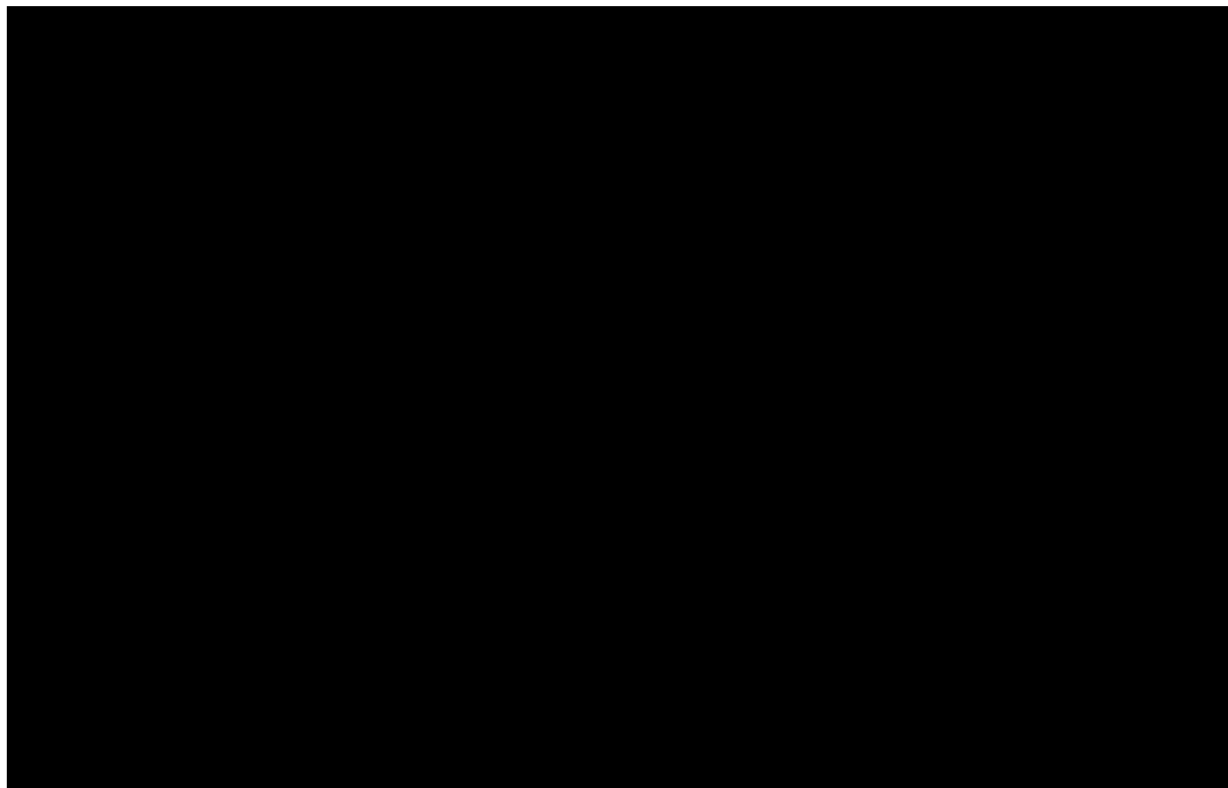
15 September 1949

MEMORANDUM FOR THE DIRECTOR

SUBJECT: HOSPITALIZATION COSTS OF FOREIGN SERVICE

1. The writer today discussed the general application of the Foreign Service Regulations, in regard to payment of hospitalization charges for personnel overseas, with Mr. Regis Walther, Administrative Officer for the Medical Branch of the Foreign Service. The pertinent issuance is Foreign Service Personnel Circular No. 2 issued March 21, 1949.

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3. Once it is established that the injury or illness occurred while the employee was overseas and is not subject to any of the exemptions indicated above, the main criterion for reimbursement apparently depends upon whether or not the disability was serious enough to require treatment in a hospital or clinic. This, of course, assumes a normal standard. For instance, hospital facilities in certain areas may be so inadequate that the employee's health would actually be jeopardized by their use; and the necessity for hospital treatment is judged on modern customs in the light of medical developments (thus while it was common practice in the past, and acceptable now in emergency, the usual place of childbirth is no longer in the home but takes place in a hospital). The two main grounds for rejections are;

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(a) The disability is trivial and does not require treatment in a hospital or clinic; and

(b) The disability was incurred in the United States.

4. Mr. Walthers informed me that as a practical matter it was the policy of the Foreign Service to pay all claims, and the burden of proof was not on the individual to support the claim but on the Foreign Service to challenge it. In the light of their past experience they found it more practicable to approach the matter in this fashion in view of:

(a) Economy; and

(b) Possible prejudice to an isolated individual

5. Some claims, of course, are naturally borderline cases and in considering them they review the following factors;

(a) Whether the disability was of a nature endemic to a particular area;

(b) Whether adequate medical advice was available; and

(c) Whether adequate medical supplies and facilities could be furnished; and

(d) Whether any recent change in station involved a marked variation in climate; and

(e) Whether there was any psychological strain upon the employee resulting from living abroad or the nature of his duties.

6. Although all related and reasonable expenses of the employee are paid for treatment in the hospital, including that immediately prior and post, they did not authorize reimbursement or payment for treatment at home except in an emergency. Compensation for loss in pay is obtained in rare cases under the Federal Employees Compensation Act, and, to that extent, it is supplementary to the Foreign Service Regulations.

7. Application of their regulations by the Foreign Service is far more lenient than the approach of the Bureau of Employees' Compensation under the Federal Employees Compensation Act. In essence, the Foreign Service simply requires the employee to be abroad at the time the disability occurred, whereas under Employees Compensation, the disability must be of a more or less abnormal nature occurring in the scope of the employee's employment. The most liberal benefits to employees would be obtained by applying the Foreign Service Regulations in their fashion, supplemented by the use of the Federal Employees Compensation Act for claims which are of a trivial nature and not recognized by the Foreign Service.