

the bill on the patient's behalf, just as insurance companies pay medical bills on the patient's behalf now. The difference is that complicated and expensive formulas for patient copayments, coinsurance, and deductibles in addition to premium costs are eliminated.

The standard benefit package is in fact extremely generous. It covers all inpatient and outpatient medical services without limits on duration or intensity except as delineated by outcomes research and practice guidelines based on quality standards. It provides for coverage of comprehensive long-term care, dental services, mental health services and prescription drugs. Cosmetic procedures and other "frill" benefits such as private rooms and comfort items are not covered.

The extent of State discretion is substantial. The Federal budget is divided into quality assurance, administrative, operating, and medical education components. The system is financed 86% by the Federal Government and 14% by the States. That Federal pie is then apportioned among the States. For example, States with large elderly populations can be expected to require a larger volume of higher intensity services and will receive a larger Federal contribution. However, the States are free to determine how that money is allocated among types of providers and to negotiate those allocations according to the State's individual needs, provided Federal standards are met. The ability of HMO's to operate and compete on a capitulated basis is preserved.

The States must demonstrate the efficacy of their methodologies or Federal models will be imposed. However, States are not required to seek waivers in advance. While the Federal Government will not make separate allocations to states for capital and operating budgets, the states are free to allocate capital separately to assure adequate distribution of resources throughout the State and to develop their own mechanisms for doing so.

The financing package reflects the CBO scoring of this bill's predecessor, H.R. 1200, in the 103d Congress. The numbers were provided by the Joint Committee on Taxation [JCT] on the basis of the CBO scoring. Accordingly, the Bill is fully financed. In fact, JCT estimates that the American Health Security Act will lead to deficit reduction approximating \$100 billion per year by the year 2004.

Everyone will contribute to the health insurance system, except the very poor. Employers will pay 8.7 percent of payroll and individuals will pay 2.2 percent of their taxable income. A tobacco tax equal to \$0.45 per cigarette pack is also imposed. These payroll deductions are lower than current insurance costs for most businesses and individuals, even while providing universal coverage and a more generous benefit package than exists in the private market today. The key is that the money necessary to provide coverage to people who cannot afford it comes from the administrative savings achieved through the elimination of the insurance company middle man. Americans are freed from the hassle of obtaining and keeping their insurance and have a federal guarantee that their health care costs will be paid for, regardless of who their employer is, where they move, or how their personal or family situation changes.

In addition to providing realistic and affordable financing, the Bill provides quality assurance mechanisms that enhance systemwide quality and truly protect the consumer. It at-

tempts to end the interference between doctor and patient. It establishes a system of profiling practice patterns to identify outliers on a systematic basis. Pre-certification of procedures and hospitalization—getting permission from insurers before your doctor can treat you—is prohibited except for case management of catastrophic cases.

Practice guidelines and outcomes research are emphasized as the main quality and utilization control mechanisms which gives physicians latitude to deviate from cookbook medicine where required for individual cases without going through intermediaries. Only if practitioners consistently deviate are they subject to review to ascertain the basis for the pattern of practice. This system includes mechanisms for education and sanctions including case-by-case monitoring when the review indicates serious quality problems with a specific provider.

The need for a 1:1 ratio of primary care physicians to specialists is explicitly set forth. Federal funding to graduate medical education is tied to achieving this ratio. Funding to the National Health Service is also provided to achieve this goal.

Special grants are provided to meet the needs of underserved areas through enhanced funding to the community health centers, both rural and urban, to enable outreach and other social support mechanisms. In addition, states have discretion to make special payment arrangements to such facilities to improve local access to care. It is anticipated that the revenue streams established for the public health service, community health centers, and education of primary care providers will double the primary care capacity of rural and other underserved areas in this country.

In summary, the American Health Security Act will provide all the citizens with the health care they need at a price both they and their country can afford. It is clear that we cannot afford the price of doing nothing.

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WILLIAM J. "BUD" FLANAGAN  
ADMIRAL, U.S. NAVY, RETIRED

**HON. OWEN B. PICKETT**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1997*

Mr. PICKETT. Mr. Speaker, I rise today to recognize and applaud the career of Adm. William J. "Bud" Flanagan, Jr. Admiral Flanagan retired on February 1, 1997, after 29 years of service, having successfully served in several of the Navy's most demanding jobs and concluding that service as the Commander in Chief of the U.S. Atlantic Fleet. "Bud Flanagan", the private citizen, has moved on to new and exciting challenges. "Admiral Flanagan", Naval career officer, left a legacy of unique accomplishments and an impact on the Atlantic Fleet, Southeastern Virginia, and the Navy at large that invites our praise and deserves our applause.

I first came to know Admiral Flanagan in 1987, when he served as Navy's Deputy Chief of Legislative Affairs to the House of Representatives. He worked tirelessly to represent the U.S. Navy and facilitate the Department's liaison with the Congress. After successfully meeting his responsibilities as Commander of Destroyer Squadron Five, he returned to Washington and served from 1988 to 1991 as

the Department of the Navy's Chief of Legislative Affairs. Following that tour, in 1992 Bud was assigned command of the U.S. Second Fleet. In 1994, he was nominated to the rank of Admiral and assigned Commander in Chief of the U.S. Atlantic Fleet.

I have had the pleasure of working with and knowing some of this nation's finest military officers in all branches of the armed forces, and I include Bud Flanagan in that honored company. He is a noted operational strategist, an "operator's operator", who brought a distinctive combination of vision, strength and humanity to the various responsibilities he carried out, in and out of Washington. I worked with him on many issues impacting the second district of Virginia and the Tidewater region. Bud was unfailing in his genuine concern for the welfare of the communities where he commanded and the Navy he led and loved. Admiral Flanagan developed innovative solutions to community needs, most especially for the Tidewater region, as our community moved to address the changing demands of the next millennium. Admiral Flanagan's initiatives, all of which were innovative, ranged from working intermodal transportation issues; housing initiatives for sailors and marines that would facilitate home ownership, public/private ventures to facilitate local economic development and modernization of Naval Base Norfolk, and the application of business practices in the management of the fleet. Bud's innovative ideas saved taxpayers and the Department of the Navy millions of dollars. These were just the latest in a series of contributions that have been the hallmark of Admiral Flanagan's career.

Today I say congratulations to an outstanding career that made a real difference in the lives of many Americans. I extend my sincerest best wishes to the Admiral and his family in the next phase of their life's journey. I know whatever Bud Flanagan decides to accomplish, he will be successful. Fortunately, despite retirement, the Admiral remains a true Virginian, maintaining a home in Eastville, VA. Fair winds, following seas and Happy Birthday.

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MIDDLE EAST PEACE DEPENDS ON  
ECONOMIC DEVELOPMENT

**HON. JAMES P. MORAN**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, March 20, 1997*

Mr. MORAN of Virginia. Mr. Speaker, I rise to express my support for more projects like the new Marriott Hotel to be built on the beachfront in Gaza. I offer the recent essay by my constituent, Mr. Ralph Nurnberger, from the Christian Science Monitor (3/6/97), as an excellent recognition of the need for more targeted economic aid to the West Bank and Gaza. As Mr. Nurnberger states, ". . . the real test of the peace process is how it affects the daily lives of Israelis and Palestinians. If substantive and visible improvements do not result, no international agreements can succeed." He is absolutely right. Only the development of a strong economic infrastructure will ensure that progress and peace will succeed.