

physician income. Nevertheless, the professional groups support this. Why? Because their first and foremost job is to stand up for and to advocate for their patients. That is why they take that Hippocratic Oath.

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The patient-doctor relationship is foremost. HMOs have interposed themselves between the doctor and the patient. Quite frankly, they have put a financial consideration rather than the patient's best care into that decision-making. Mr. Speaker, we need to swing that pendulum back.

Now, this brings me, finally, and I just would like my colleagues from the other side to know that I only have a few more minutes in which to speak; this brings me to another health care issue, and that is that when we passed the Balanced Budget Act in 1997, we passed several provisions on reducing the rate of growth in Medicare. The implementation of those provisions has actually produced significantly more savings than we planned on, and those savings have had a significantly harmful effect on some of the provider groups.

Mr. Speaker, I just finished a series of town hall meetings around my district. I represent Des Moines, which is a major metropolitan suburban area, but I also represent southwest rural Iowa. There are a lot of small town county hospitals in my district. Because of certain provisions from the Balanced Budget Act with reduced payments to those hospitals, those hospitals are having a real hard time and are right on the verge of financial insolvency.

I grew up in a small town in northeast Iowa. I know how important it is that a small town have a hospital. It is important for a number of reasons. It is important for the people who live in that town or the farm families around it so that they do not have to travel 70 or 80 miles if they have a heart attack or if they want to deliver a baby, but it is also very important to the financial survival of that small town. If we do not have a hospital in that small town, it is hard to keep doctors in the town. If we do not have a hospital and doctors in that town, it is hard to keep businesses in that town, and it is almost impossible to convince any other business development in that community. So we are talking about not only an issue of public health, but we are also talking about an issue of economic survival.

My committee, the Committee on Commerce, is in the process, along with the Committee on Ways and Means, of drawing up a bill to bring some additional funds back into Medicare. I am working hard to ensure that we get some additional funding for those small towns and rural hospitals in Iowa and in other areas around the country. There will be discussion on whether we should provide additional payments to Medicare HMOs. I think we need to be careful on doing that.

Mr. Speaker, I have here a Report to Congressional Requesters from the United States General Accounting Office on Medicare Plus Choice. It is Entitled Payments Exceed Cost of Fee-for-Service Benefits, Adding Billions to Spending, and it is dated August 2000, and it was requested by Senator GRASSLEY, by Senator ROTH, by the gentleman from Michigan (Mr. DINGELL), and by the gentleman from California (Mr. THOMAS). I think it is really important for me to read the summary, the results, in brief:

"Medicare Plus Choice," this is a quote from this GAO report:

Like its predecessor managed care program, has not been successful in achieving Medicare savings. Medicare Plus Choice plans attracted a disproportionate selection of healthier and less expensive beneficiaries relative to traditional fee-for-service Medicare, a phenomenon known as favorable selection, while payment rates largely continue to reflect the expected fee-for-service costs of beneficiaries in average health. Consequently, in 1998, we estimated that the program spent about \$3.2 billion or 13.2 percent more on health plan enrollees than if they had received services through traditional fee-for-service Medicare. This year, the Health Care Financing Administration implemented a new methodology to adjust payments for beneficiary health status. However, our results suggest that this new methodology, which will be phased in over several years, may ultimately remove less than half of the excess payments caused by favorable selection. In addition, the combination of spending forecast errors built into the plan payment rates and the Balanced Budget Act payment provisions cost an additional \$2 billion, or 8 percent in excess payments to plans instead of paying less for health plan enrollees. We estimate that aggregate payments to Medicare Plus Choice plans in 1998 were about \$5.2 billion, or approximately \$1,000 per enrollees more than if the plan's enrollees had received care in the traditional fee-for-service program. It is largely these excess payments, and not managed care efficiencies, that enable plans to attract beneficiaries by offering a benefit package that is more comprehensive than the one available to fee-for-service beneficiaries while charging modest or no premiums.

Mr. Speaker, this brings us directly to the issue of prescription drug coverage. Because what this is saying is that number one, the Medicare HMOs have been skimming off the healthier beneficiaries so that they would have lower costs. That way they make more money on covering those. They are getting paid more for those Medicare beneficiaries than if those beneficiaries were simply in the regular Medicare plan. With those excess profits, what they do is they can entice other healthier seniors into it by offering a prescription drug benefit. I think as we consider whether and how Congress should implement a prescription drug benefit, we need to take into account this GAO report that documents that we have actually lost money with our Medicare HMOs, rather than saved money with our Medicare HMOs.

So when we look at this Medicare give-back bill that is coming along and will be signed into law, passed and signed into law, I am pretty sure, I

think we ought to be very careful and judicious about providing more money to those Medicare HMOs. We ought to be looking, in my opinion, at ways to provide pharmaceutical coverage, a prescription drug benefit for Medicare beneficiaries, regardless of whether they live in New York or Los Angeles or Miami or Harlan, Iowa. That benefit I think should be equally available, regardless of where one lives in this country. If we dump additional billions into a failed HMO program called Medicare Plus Choice, then I think we will be throwing money down the drain.

So clearly, this will be a package of provisions, and I absolutely feel that it is important to support provisions for additional coverage for our rural hospitals, for example, but I will also do my best to try to make sure that we do not go overboard with providing additional funds to Medicare HMOs, when this report from the GAO shows that even with the implementation of a new risk adjuster, we will still only take care of 50 percent of the excess payments.

Well, Mr. Speaker, I very much appreciate the opportunity to speak tonight on health care issues, and I look forward to working with my leadership and with members on both sides of the aisle to try to get adjustments made for Medicare for our rural hospitals and to get finally signed into law a real patient protection bill modeled along the lines of what we passed here in the House almost a year ago, the Norwood-Dingell-Ganske bipartisan consensus Managed Care Reform Act.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GILCHREST (at the request of Mr. ARMEY) for today on account of family matters.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. McNULTY) to revise and extend their remarks and include extraneous material:)

Mr. HOLT, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Mr. INSLEE, for 5 minutes, today.

Mr. PASCRELL, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. GREEN of Texas, for 5 minutes, today.

Mr. FARR of California, for 5 minutes, today.

(The following Members (at the request of Mr. DUNCAN) to revise and extend their remarks and include extraneous material:)

Mr. MCCOLLUM, for 5 minutes, today and September 19 and 20.