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GOVERNMENT FULL COMMITTEE CONSIDERATION
OF

H.R. 7536

TO AMEND TITLE 10, UNITED STATES CODE, TO REDUCE THE
COST-SHARING REQUIRED OF PARTICIPANTS IN THE CIVILIAN
HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED
SERVICES (CHAMPUS) FOR INPATIENT MEDICAL CARE
PROVIDED ON AN EMERGENCY BASIS

AND

H.R. 3351

TO AMEND CHAPTER 55 OF TITLE 10, UNITED STATES CODE,
TO AUTHORIZE DEPENDENTS OF MEMBERS OF THE UNI-
FORMED SERVICES SERVING ON ACTIVE DUTY TO USE
CHAMPUS INPATIENT COST-SHARING RATES FOR CERTAIN
SURGERY PERFORMED ON AN OUTPATIENT BASIS

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COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS

SECOND SESSION

JUNE 17, 1980

DOCUMENTS

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., Tuesday, June 17, 1980.

The committee met, pursuant to notice, at 10:30 a.m., in room 2118, Rayburn House Office Building, Hon. Melvin Price (chairman of the committee) presiding.

The CHAIRMAN. The committee will be in order.

This morning we meet to consider two proposals concerning the civilian health and medical program of the uniformed services, CHAMPUS, that were reported by the Military Personnel Subcommittee on June 5, 1980.

The first bill, H.R. 7536, introduced by Mrs. Holt and cosponsored by most members of the subcommittee, would reduce the inpatient cost sharing under CHAMPUS for emergency medical treatment to retired members and their dependents.

The second bill, H.R. 3351, is a proposal submitted by the Department of Defense that would authorize CHAMPUS participants to use inpatient cost-sharing rates for certain ambulatory surgical procedures.

Before discussing these bills, Mr. White and Mrs. Holt will make brief statements.

[H.R. 7536 and H.R. 3351 are as follows:]

(1)

96TH CONGRESS
2D SESSION

H. R. 7536

To amend title 10, United States Code, to reduce the cost-sharing required of participants in the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for inpatient medical care provided on an emergency basis.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1980

Mrs. HOLT (for herself, Mr. WHITE, Mr. MONTGOMERY, Mr. HILLIS, Mr. KAZEN, Mr. WON PAT, Mr. NICHOLS, and Mr. BEARD of Tennessee) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To amend title 10, United States Code, to reduce the cost-sharing required of participants in the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for inpatient medical care provided on an emergency basis.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That section 1086(b) of title 10, United States Code, relating
- 4 to contracts for medical care for retired members of the uni-
- 5 formed services and their dependents, is amended—

1 (1) by inserting "nonemergency" in clause (3)
2 before "inpatient care"; and

3 (2) by adding at the end thereof the following new
4 clause:

5 “(4) For emergency inpatient care—

6 “(A) in the case of a person covered by sec-
7 tion 1074(b) of this title, the greater of \$25 or the
8 amount that would have been charged under sec-
9 tion 1075 of this title had the care being paid for
10 been obtained in a hospital of the uniformed serv-
11 ices; and

12 “(B) in the case of a person covered by sec-
13 tion 1076(b) of this title or described in subsection
14 (c)(2) who is eligible for health benefits under this
15 section, the greater of \$25 or the amount that
16 would have been charged under section 1078(a) of
17 this title had the care being paid for been obtained
18 in a hospital of the uniformed services.”.

19 SEC. 2. The amendments made by the first section of
20 this Act apply to health care provided after September 30,
21 1980.

96TH CONGRESS
1ST SESSION

H. R. 3351

To amend chapter 55 of title 10, United States Code, to authorize dependents of members of the uniformed services serving on active duty to use CHAMPUS inpatient cost-sharing rates for certain surgery performed on an outpatient basis.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1979

Mr. PRICE (for himself and Mr. BOB WILSON) (by request) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To amend chapter 55 of title 10, United States Code, to authorize dependents of members of the uniformed services serving on active duty to use CHAMPUS inpatient cost-sharing rates for certain surgery performed on an outpatient basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1079(b) of title 10, United States Code, relating
4 to contracts for medical care for spouses and children of
5 members of the uniformed services, is amended by adding at
6 the end thereof the following new clause:

1 “(4) \$25 for surgical care that is authorized by
2 subsection (a) and received while in an outpatient
3 status and that has been designated (under joint regu-
4 lations to be prescribed by the Secretary of Defense
5 and the Secretary of Health, Education, and Welfare)
6 as care to be treated as inpatient care for purposes of
7 this subsection. Any care for which payment is made
8 under this clause shall not be considered to be care re-
9 ceived while in an outpatient status for purposes of
10 clauses (2) and (3).”.

**STATEMENT OF HON. MARJORIE S. HOLT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MARYLAND**

Mrs. HOLT. Thank you, Mr. Chairman.

As you know, I have been a strong proponent of improving the health-care delivery system for the military, including retirees and their dependents. Therefore, I applaud you for reviewing the proposed legislation to enhance the CHAMPUS program.

It was clear by the testimony we received from the young officers and enlisted men last week that military benefits are eroding. It was equally as obvious that, as indicated by Mr. White, health-care delivery to active duty members and their dependents is high on their list of desired benefits.

I frequently receive similar complaints from my retired military constituents. These are people, many of whom are on relatively modest incomes, who were promised that military medical facilities would readily open their doors to retired members and their dependents. They remember the period when health care was readily available to them and their dependents.

While we constantly hear how military benefits are eroding for active duty members and their dependents, these benefits—particularly health care benefits—are becoming increasingly more difficult for retired military members and their dependents to obtain. These retired military people have served our country well, and are no less deserving than our active duty members.

An example of the inequities in the current law can be illustrated by an incident that occurred last year after the Naval Academy hospital was closed. One of my constituents had to go in a civilian hospital because of a medical emergency. She stayed in the hospital for 30 days

for a cost of \$10,000. Her share of the \$10,000 was \$2,500—25 percent of the total. However, the cost sharing for an active duty dependent receiving the same medical treatment would have been \$150—\$5 per day. In this case, the retiree had to pay \$2,350 more than the active duty dependent.

My bill, H.R. 7536, would reduce the inpatient cost sharing for emergency treatment to retired members and their dependents participating in CHAMPUS.

Specifically, my bill is designed to redress some of the problems retirees are having in acquiring emergency health care under CHAMPUS by:

Eliminating the 25 percent copayment required for emergency inpatient care for retired members and their dependents,

Establishing a \$25 per patient fee, or the daily rate for a military medical facility—currently \$5—whichever is greater, for emergency inpatient care for retired members and their dependents.

This copayment method is currently available to all active duty dependents on a nonemergency and emergency basis.

Retaining the current copayment rate of 25 percent for nonemergency inpatient care for retired members and their dependents.

The Department of Defense has estimated the cost of my bill to be approximately \$5 million per year, while the Congressional Budget Office has estimated the annual cost at about \$15 million. So I think that the correct figure is somewhere in that area.

The administration does not support the bill, and they have stated in testimony before our committee that the current 25-percent cost sharing is “inferior in financial protection to most commercial plans and the Federal employment health programs.” To me that’s a good reason for supporting it.

But they said that they were going to do a comprehensive study of CHAMPUS—one of our famous studies—and they wanted to correct everything at one time. My answer to that is that we’re tearing it down piecemeal, so I can’t see any reason that we shouldn’t try to take steps to correct a situation such as this. This will only take care of emergency situations.

I would strongly urge my colleagues to support this legislation.

The CHAIRMAN. Mr. White.

Mr. WHITE. Mr. Chairman, Mrs. Holt has very adequately described the contents of her bill, and I move its adoption.

Mr. STRATTON. Mr. Chairman, if the gentlewoman would yield to me.

Mrs. HOLT. I’ll be glad to yield, if I have the time.

Mr. STRATTON. You said the case that started you out on this bill was somebody coming into the hospital at Annapolis for emergency treatment and the bill was \$10,000.

Mrs. HOLT. That is correct.

Mr. STRATTON. And she had to pay \$2,500?

Mrs. HOLT. That is right.

Mr. STRATTON. How long a stay was represented by that \$10,000?

Mrs. HOLT. Thirty days.

Mr. STRATTON. So under your bill they would have to pay \$25 a day?

Mrs. HOLT. They would have to pay \$5 per day, which would be \$150. Is that correct?

Mr. HOGAN. Yes; that is correct.

Mr. STRATTON. \$5 a day.

Mrs. HOLT. CHAMPUS would pay the bill, but they would have to pay \$5 per day of that amount.

Mr. STRATTON. I know.

Mrs. HOLT. We promised them that they were going to have health care, that was part of the deal that we made with them, when they served in the military. So now we are closing all these hospitals and losing all our doctors, and ordinarily a person could get to Bethesda or to Walter Reed.

Mr. STRATTON. I understand what the gentlewoman is trying to do, and at some point I'll probably be in the same position and I would like to keep the amount as low as possible. But you're going from \$2,500 of a \$10,000 bill to \$150. Wouldn't it be more likely to get approval if you were to specify 10 percent rather than 25 percent, or 5 percent?

Mrs. HOLT. If the gentleman would yield?

I'm putting it on the same basis as the active duty dependents, and I think that's a lot more consistent, to have the same kind of plan. There will be very few people who will have emergencies and have to go to a private hospital such as this, not a military hospital. They will be able to go to the military hospitals. But this takes care of that small percentage of them who can't get to a military hospital and who don't have other hospitalization.

Mr. STRATTON. It's a little hard for me to see how you could have an emergency that would involve a 30-day stay in a hospital. I think that must be a little bit more than just—

Mrs. HOLT. What if you had a heart attack on the street and they couldn't get you to Walter Reed and you had to stay in the hospital for 30 days?

Mr. STRATTON. I don't know, but it seems to me that what we're talking about is like an appendectomy, or kidney stones, you indicate something that you're going to get operated on. Today you don't stay in the hospital very long; you get out.

Mrs. HOLT. If the gentleman would yield?

You're absolutely correct. The normal care would be 2 days in the hospital and they would not have to pay the 25 percent of that 2 days if it were an emergency and if they couldn't get to a military hospital.

Mr. STRATTON. You say that the administration is opposed to the bill, and if they are they will probably put a lot of roadblocks in the way of the bill. My thought is simply that you are going a little bit overboard. I mean, we all want to be generous to our retirees. But Mr. Ford and I spent a lot of time on the Compensation Subcommittee some years ago trying to prevent our being too kind to some of these retirees because we already have a \$130 million unfunded liability in our retirement, and it just seems to me that it would be a little bit more sensible, at a time when the gentlelady is trying to reduce Government expenses, not to go from \$2,500 to \$5 in what we're going to ask them to contribute, but to go just a little bit more slowly and go down to maybe 10 percent.

Mrs. HOLT. Will the gentleman yield?

I thought the gentleman was going to say if the administration is opposed to it that he's going to be for it. I'm disappointed.

Mr. STRATTON. I have run up against the administration so often that I know that they have a number of resources, unfortunately, to support their position.

Mrs. HOLT. I don't think this is unreasonable at all. I think that the administration supports the concept. They said that it was the way to go, but they wanted to wait until they did one of their famous studies.

Mr. STRATTON. I know. But instead of waiting I'm just suggesting that if the gentlewoman would not cut it so drastically, but come down from 25 percent to 10 percent, I think we could all support it much more easily.

Mrs. HOLT. I think that would be completely inconsistent. I would like the staff to comment.

Mr. HOGAN. Mr. Stratton, maybe I can help a little bit with them.

The formula that Mrs. Holt is using is precisely the same formula that is used for dependents of active duty personnel.

Mr. STRATTON. I know. But we have a big difference between active duty and retirees. I think that's the point. The whole reason that we didn't go into recomputation was that when it came to spending money on pay the money we felt should go to the active duty personnel and not to the retirees. We want to be as generous as possible with our retirees. I'm a retiree. You're a retiree. Naturally, we want to stay on the gravy train as long as possible. But we don't have unlimited resources, and, therefore, I'm suggesting that we shouldn't necessarily follow the same formula for retirees as we follow for dependents because the retirees are going to multiply by the thousands in the years ahead and we're buying a lot of financial long-term trouble for ourselves.

Mrs. HOLT. Will the gentleman yield?

Mr. Chairman, we are not adding anything. What we are trying to do is maintain what we have told the people that they would have, that they would have health care, that they would have medical care.

Mr. STRATTON. I know. But when we don't have any doctors we can't carry out all of those promises.

Mr. Nichols has been trying to get some doctors, but the administration won't even go along with a paltry \$9,000 to try to attract doctors.

So even though we have promised them the world when they retired, the reality of it is that we're not in a position to supply that right now.

The CHAIRMAN. Mr. Campbell, do you have any comments?

Mr. CAMPBELL. Mr. Chairman, the only point that I would make is that we're really talking about a fairly small number of people here. We're talking about just those emergency cases, which will run at roughly 27,000 in fiscal year 1981, which is about 14 percent of the inpatient individuals for the retired community. So we're not really looking at the entire retired community, just the emergency-care-type patients.

Mr. BRINKLEY. Mr. Chairman.

Mrs. HOLT. Mr. Chairman, I move the adoption of the bill.

Mr. BRINKLEY. Mr. Chairman, I insist on the record and I ask to be recognized.

The CHAIRMAN. The gentleman is recognized.

STATEMENT OF HON. JACK BRINKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. BRINKLEY. Thank you, Mr. Chairman.

For many years in the code the words "as available" were tied to the law, which gave retirees the right to treatment in military hospitals. They weren't noticed a whole lot because we had many military doctors. Now with the military doctor shortage they are noticed quite a lot and, therefore, more and more of our retirees find it necessary to go to civilian facilities.

Many of these retirees feel as if we are breaking our word and our commitment with them because there seemed to be a quasi-contractual thing, that they were led to believe that they would have medical treatment, emergency or not. But now the situation is different, so, therefore, since the military hospitals cannot handle them, I think it's the thing to do to shape up CHAMPUS, to be as generous as possible with them. I think it is an example that we must show these retirees in order to attract others to military service to know that we will keep our word with them. I think our word should be our bond, in spite of those two words "as available," because people were led to believe that they would have medical services.

Therefore, Mr. Chairman, I support the measure and ask for its adoption.

Mrs. HOLT. Mr. Chairman, I move the adoption of the bill.

The CHAIRMAN. Mr. White, do you have anything to add?

Mr. WHITE. Yes, Mr. Chairman.

I just want to echo what Mr. Brinkley has said, that one of the problems that we are having in retention and in inducement is the perception of erosion of benefits, and this is some measure, a measure, to try to restore that confidence in the military.

When they speak of dependents—I have just checked again—dependents do not include children after they are 18 years of age.

Mr. HOGAN. Twenty-one.

Mr. WHITE. Twenty-one years of age, and, of course, if you're a retiree it's unlikely that you would have children under 21 years of age. It includes, in practicality, the retiree and his spouse or his widow. So we're really not talking about a lot. The estimate of the Congressional Budget Office, which is more inclined to be conservative, that is more conclusive, is \$15 million. So it's not a large amount of money that we're talking about, as a signal to those who are in the service today and those who would think about joining the service as a means of inducing people to come in. It would certainly be a talking point for recruiters, and it would probably be cheaper than a lot of the other incentive programs that we're talking about today to try to keep people in the service.

Mr. Bob Wilson.

The CHAIRMAN. Mr. Wilson.

Mr. BOB WILSON. Mr. Chairman, I would just like to put in a word.

I agree with what Mr. White has just said. This is a signal to the active duty personnel. We are not so much concerned over the retired personnel as we are the active duty personnel and retention. This is a signal that means we are going to live up to our promise to those who do retire. It's a very important benefit, and certainly at that cost it's as cheap as anything we could do to give them at this particular time an assurance that the Congress is concerned about their benefits.

I support it wholeheartedly.

The CHAIRMAN. The question is on reporting the bill to the House. Those in favor will vote aye.

[Chorus of "Ayes."]

The CHAIRMAN. Those opposed will vote no.

["No" vote.]

The CHAIRMAN. The ayes appear to have it. The ayes have it, and the motion is agreed to.

Now we'll go to H.R. 3351. Mr. White, the chairman of the Personnel Subcommittee is recognized.

**STATEMENT OF HON. RICHARD C. WHITE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS, CHAIRMAN,
MILITARY PERSONNEL SUBCOMMITTEE**

Mr. WHITE. Thank you, Mr. Chairman.

H.R. 3351 is a bill to authorize CHAMPUS participants to use inpatient cost-sharing rates for certain ambulatory surgical procedures, which the Department of Defense has estimated would result in some cost savings to the Government.

At the present time, as I understand it, the person comes to have outpatient treatment they are charged more than they would be charged individually if they had gone in for inpatient treatment, and the objective is to give a cost avoidance to the U.S. Government of some \$250 million, I believe it was if I recall correctly.

Mr. CAMPBELL. That is correct. The first year.

Mr. WHITE. The first year. By giving the outpatient the same break as though he had gone in for inpatient treatment. That is to say, that he would pay \$25 per patient. This is for active duty dependents; \$25 per patient for ambulatory surgery, rather than the present law, which is deductible \$50 per person plus 20 percent of the remaining charges, so consequently, with that size of a bill facing them, they would rather go into the hospital, at greater cost to the U.S. Government.

I certainly urge its adoption.

The CHAIRMAN. Mr. Wilson.

Mr. BOB WILSON. No thank you, Mr. Chairman.

The CHAIRMAN. Mrs. Holt.

Mrs. HOLT. Thank you, Mr. Chairman.

I think the gentleman from Texas has certainly explained it very clearly. It's reasonable, and we should pass this legislation. So I would urge that we do report it out favorably, and so move.

The CHAIRMAN. The question is on reporting the bill favorably to the House. Those in favor, vote aye.

[Chorus of "Aye's."]

The CHAIRMAN. Those opposed will vote no.

[No response.]

The CHAIRMAN. The ayes appear to have—the ayes have it, and accordingly the bill will be reported favorably.

There is no other business before the committee so the committee will recess, subject to call of the Chair.

[Whereupon, at 10:50 a.m., the committee recessed, to reconvene subject to call of the Chair.]

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