

was looking for; an extensive new system for \$250,000. That proposal came from Health Systems Resources Inc., in Atlanta. HSR agreed to install an IBM RS6000 and a UNIX-based work-station, along with 60 terminals and 12 PCs—enough to put every department in the hospital on-line.

Now all Campbell had to do was come up with a way to get the system to pay back. The key would be using the system to cut costs. Campbell divided the entire medical staff into small teams, each one with access to a PC and a mission—to examine a different element of the hospital's service with an eye toward reducing waste.

Take the pharmacy and therapeutics committee, headed by Brandon Watters, an internist. One of the committee's tasks: to assess the hospital's use of cephalosporins, a type of antibiotic. Harry Porter, a member of the committee and director of the pharmacy, called up records of what the hospital had been spending on antibiotics. It turned out that in the previous year, Woods's use of all cephalosporins had gone up 204%, mainly because its use of Rocephin, the most expensive antibiotic, had gone up. So Porter, who documents the use of all drugs in the hospital, had the computer graph the applications of Rocephin. The chart revealed that 70% of the time the powerful antibiotic was dispensed to treat infection but that 30% of the time it was administered to prevent infection in patients undergoing surgery.

After a bit of research the committee determined that far less expensive (but equally effective) antibiotics could be substituted for the surgical use of Rocephin. The result; an estimated \$40,000 savings on Rocephin in 1995. To keep the medical staff up to date with his committee's findings, Watters imports all of his results from Quattro Pro into Microsoft Publisher, which he then uses to publish *inPHARMation*, the hospital's pharmacy and therapeutics newsletter.

Food waste was another target. Thanks to the dietary and food-services committee headed by Michele Fleming, director of food and nutrition services, Woods now uses a PC spreadsheet to track virtually every aspect of food service, from patient's satisfaction with portion size to seasoning preferences. As a result, patients are less likely to end up with food they don't like and won't eat. Fleming knew, for example, that in the second quarter of 1995, only 92% of patients said they received the correct seasoning packets with their food. By the fourth quarter the number was up to 100%.

To save nurses and administrative employees time, the new system streamlined the laborious admissions process. Today patients zip from the lobby to their hospital bed in minutes. With just a few keystrokes, an admissions clerk enters a new patient's record into the system and instantly creates an electronic billing form on the main server. The clerk then hits another button to print out an embossed plastic identification card on a special printer. Using an imprint of the card, the clerk can also quickly manufacture a plastic hospital ID bracelet. Because billing and accounting have been integrated into the system, patient charges and insurance bills are tallied electronically during the patient's stay.

Gone, too, are the days of carbon-copy requisition forms. Now nurses simply order lab work and diagnostic images through the computer system. In addition, lab equipment has been electronically connected to the mainframe. Now Cindy Glaze, supervisor of the laboratory, can transfer blood-test results from her lab instruments to her computer terminal and then, with a keystroke, on to the emergency room, the operating room, or a nursing station.

Automation has all but eliminated some of the worst administrative chores. When a

nurse electronically orders 500 ccs of erythromycin from the pharmacy for a patient, the system automatically charges the patient's billing record. It used to take weeks for the hospital to finalize patients' bills; today bills are ready whenever patients are ready to leave the hospital. And no one fills in forms by hand or licks envelopes and mails them off to Blue Cross or Medicare; instead, charges are automatically transferred to the proper electronic form, and then, using a dial-up account, a bill is transmitted to the third-party payer. Ethridge says that reimbursement takes about 14 days.

As for the new switchboard operator, Virginia Huff, she rests easier knowing that the computer takes care of the Medicare logs. When a doctor orders an MRI for an elderly patient, the charge automatically transfers to an electronic log. Running the log for the entire year takes just a couple of hours of computer processing time.

Campbell's plan has worked. Not only have Wood's outpatient utilization rates increased by 25%, but the hospital's net income has nearly doubled in the past five years. Last year outpatient utilization rates actually surpassed inpatient rates—which means higher revenues because insurance companies typically reimburse outpatient procedures at a higher rate. After Campbell dropped the prices of lab work, the volume of work in the small lab increases dramatically—300,000 tests in 1995, up from 115,000 in 1991. Remarkably the hospital has not raised the prices of care in five years, nor has Campbell added any clerical positions to the staff, even with all the increased billing. "If we were still keying in bills, we would need at least twice as many people in the billing department alone," says Ethridge.

Fewer nonmedical positions means more dollars to recruit doctors—a critical goal. The average can general \$1 million in revenues for the hospital annually. Woods uses some of the freed-up money to pay for new recruits' medical education in exchange for a commitment to practice there. The difference in the opportunities for young doctors today and in 1988, when he joined the hospital, is huge, says Cox. "Today we have all the technology that big urban medical centers have. So doctors can come here and not feel at a disadvantage."

Active recruitment efforts along with a healthy cash surplus have allowed Woods to expand services. For example, Campbell hired Dan Early to direct the new Resource Counseling Center. In addition, to reach African Americans in the county (a population that traditionally has had trouble accessing health care), Campbell founded the Minority Health Alliance for education and care.

Recently the University of Tennessee Medical Center in Knoxville chose Woods as one of its first partners in its telemedicine program, which allows doctors to work via videoconferencing hookups. Woods's telemedicine facility is located in what used to be the gift shop. So far the state-of-the-art satellite link has been used primarily for dermatology. But doctors can also keep up to date with the medical advances at U.T. without leaving Etowah. Craig Riley, for example, an internist, attends live conferences at U.T. via satellite and can even use the live link to complete the continuing medical education credits he needs to meet Woods's credit requirements.

As Woods moves into a new era of health care, Campbell continues to position the small hospital for aggressive growth. Last year Woods joined Galaxy Health Alliance, in Chattanooga, a managed-care network of 13 rural and suburban hospitals in four states. (Woods is also part of another managed-care network that includes U.T.) Although managed care may represent a con-

troversial new road for medicine, few hospitals want to be left out of the loop. An Zuvekas, senior research staff scientist at the Center for Health Policy Research at George Washington University Medical Center, in Washington, D.C., predicts that rural hospitals increasingly are going to depend on advanced electronic networks for their survival. She reasons that it's more effective for managed-care plans to interact just once with a group of hospitals than to deal with them individually; consequently, says Zuvekas, rural hospitals that are able to share both data and expertise over a wire are going to distinguish themselves as worthy partners in the managed-care relationship.

The road ahead is filled with uncertainty. Potential Medicare cuts could make it even more difficult for rural hospitals to make ends meet, and managed care might force many more hospital mergers and acquisitions. Still, Campbell has a grand outlook for Woods. On a tour of the hospital, he points out the window to a mound of dirt. "That will be a state-of-the-art women's center," he says. "We are finally going to start delivering babies again." A nearby parking lot will soon be transformed into an expanded intensive care unit and emergency room, he adds.

Ethridge, meanwhile, is just trying to enjoy the fact that for once Woods isn't struggling. "We've been waiting six years to slow down," she says. Given Campbell's ambitions, Ethridge probably shouldn't plan on too long of a lull.

SUPPORT THE FEDERAL PROCUREMENT SYSTEM

HON. WILLIAM H. ZELIFF, JR.

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. ZELIFF. Mr. Speaker, I am introducing a bill today which will foster the continued participation of small business in the Federal Government's procurement system.

During my tenure in Congress, I have been closely involved in the procurement reform debate. As a member of the key committees of jurisdiction over this issue, Government Reform and Oversight and Small Business, and in my own experience as a small businessman, I know the importance of the small business community in Federal procurement.

Small business is vital to this Nation's economic success. And with enactment of the Federal Acquisition Reform Act, which I strongly supported, Congress created a newly reformed, streamlined procurement system designed to assist all businesses.

Although recently, agency actions have limited small business participation as prime contractors in the procurement process by inappropriately bundling contract requirements in order to decrease the number of contracts an agency must manage. Government agencies have argued that by bundling these contract requirements, it is simply much easier for them to do their job because they only have to deal with one or two vendors instead of hundreds.

Working with only one or two vendors as opposed to working with hundreds of suppliers may be easier for agencies, but limiting Federal contract opportunities to only a few companies on a few contracts, is unfair to small businesses. Not only is this practice unfair, it eliminates built-in competition in the Federal

contracting system, which in turn leads to an increase in costs for necessary goods and services paid for by the American taxpayer.

This unfair contract bundling is corrected by the legislation before you today. In addition to maintaining the integrity of the procurement reforms passed last Congress and earlier this Congress, the bill directs agencies to avoid unnecessary agency contract consolidations. Removing these inappropriate consolidations ensures that more small business will compete for Federal contracts.

This protective measure loudly echoes this Congress's support for the counsel, assistance and protection of our Nation's job creators—small business. By supporting this measure my colleagues will join me in my efforts to support both an efficient and openly competitive Federal procurement system.

TECHNICAL CORRECTIONS AND MISCELLANEOUS AMENDMENTS TO TRADE LAWS

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 30, 1996

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in support of H.R. 3815, a bill to make technical and miscellaneous changes to our trade laws. In particular, I want to call attention to a very important section of the bill which is necessary to provide clear direction to the Customs Service, preventing it from improperly administering country of origin rules. Section 30 of the bill is intended to prevent the Customs Service from proceeding with any action that would change the status quo for the rules of origin governing the American hand tool industry.

Section 30 of the bill represents the Ways and Means Committee's concern that Customs is attempting to significantly change longstanding rules of origin on which American manufacturers have relied, without authorization from Congress. First, the contention by Customs that a 1992 decision by the U.S. Court of International Trade in the National Hand Tool case, which upheld a determination by Customs that specific articles were not "substantially transformed," directed Customs to abrogate prior determinations for different products involving different domestic processing is not supported by the decision of the presiding judge. Given the record in the National Hand Tool case, the Government's contemporaneous arguments, and the court's silence as to any intent to overturn precedent, no weight or credibility can be given to the present contention by Customs that National Hand Tool changed the law and now mandates the revocation of the long-standing ruling letters for hand tools manufactured in the United States from imported metal forgings. Second, Customs' proposal to apply a tariff-shift standard to supplant the traditional case-by-case substantial transformation test which follows the time-tested judicial interpretation of the marking statute and its criteria of changes in name, character, or use has not been authorized by Congress. On July 8, 1996, the U.S. Court of International Trade ruled that in attempting to overrule or abrogate the substantial transformation test Customs "con-

travenes Congressional intent, exceeds Customs' authority to promulgate regulations . . . and therefore is arbitrary and . . . not in accordance with law."

Section 30 of H.R. 3815 is a bipartisan approach adopted unanimously by the committee after extensive debate. It would impose a 1-year moratorium on any actions by the administration to revoke administrative ruling letters in effect on July 17, 1996. Additionally, it would require the Secretary of the Treasury, prior to issuing any significant policy change to the rules of origin, to consult with interested parties, and report to the congressional committees of jurisdiction the rationale for the proposed policy change. Under section 30, a proposal to revoke longstanding ruling letters relied on by hand tool manufacturers at least since the early 1980's, would constitute a significant policy change.

The moratorium will provide a period for the committees of jurisdiction to review, study and determine the appropriate rules of origin for hand tools manufactured in the United States from imported forgings. The required consultation with the Congress upon the expiration of the moratorium is an added precaution to ensure that no policy changes are implemented by administrative action that amount to abrogation of longstanding court rulings and Congressional intent. Finally, the moratorium will provide time for the WTO working group on the harmonization of rules of origin to continue their work without interim changes by the Customs Service that may be disruptive to and have potentially profound adverse impact on American hand tool manufacturers and other manufacturing sectors of our economy.

At this point, I would also like to submit the following letter from the Joint Industry Group [JIG], a coalition of over 100 companies and associations of importers who have also expressed concerns regarding origin rules.

THE JOINT INDUSTRY GROUP,
Washington, DC, May 15, 1996.

Hon. ROBERT E. RUBIN,
Secretary of the Treasury, Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: Earlier this year, Deputy Secretary Summers advised Congressman Crane that the Customs Service had been instructed to withhold publication of a final rule that would have extended Part 102 of the Customs Regulations (NAFTA Annex 311 Rules of Origin) to trade with all countries. The Joint Industry Group (JIG) is a coalition of over 100 companies, associations and firms that represent billions of dollars annually in trade. Therefore, as importers and associations of importers that would have been badly damaged had those rules gone into effect, we were pleased by and fully supported that decision.

There now appears to be a concerted effort underway, sponsored by a small group of manufacturers calling itself the American Hand Tool Coalition, to gain a competitive advantage by having the Treasury Department reverse its position. The implications of applying Part 102 to all trade are very broad and potentially unsettling.

The proponents of such action suggest that the Treasury Department could limit it to a specific product, but adoption of rules under Part 102 on a piecemeal basis would be bad policy and set a disastrous precedent. To do so would inevitably lead to an endless succession of changes and or exceptions and a proliferation of different origin rules for different industries. Similar problems previously occurred when Customs first implemented regulations in 1985 which nominally

applied to textile products, but the principles of which have been extended on a piecemeal basis to all other commodities. From a practical standpoint, it would be virtually impossible to adopt any segment of Part 102 without also adopting the Part's general interpretative rules, many of which are unsatisfactory and result in an unwarranted departure from existing law.

We respectfully ask the Department to abide by its commitment not to publish the rule that would extend Part 102 to trade from all countries other than our NAFTA partners, Canada and Mexico.

Sincerely,

EVELYN SUAREZ,
Chairperson,
Rules of Origin Committee.

GIVE LAW ENFORCEMENT THE TOOLS THEY NEED TO FIGHT TERRORISM

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FRAZER. Mr. Speaker, I rise today to urge my colleagues to pass anti-terrorism legislation requiring the manufacturers of explosives to include chemical markers and smokeless powders.

The American people elected us to this body to do our job. Which is to pass legislation that is in the best interest of this country, not interest of a group of owners. It is time to do our job.

During the 104th Congress we have seen the bombing of a Federal building in Oklahoma City which caused the death of 170 people, the standoff between Federal law enforcement officials and the Freeman group in Montana.

Today, the American people are outraged by TWA flight 800 and the Atlanta Centennial Park bombing. The people of the Virgin Islands lost a loved one on TWA flight 800, which was a personal loss to me.

Mr. Speaker, we have a role to play, which is to pass legislation that will give law enforcement the tools that they need to fight terrorism.

INCENTIVES FOR AGRICULTURE

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. THOMAS. Mr. Speaker, 1 million acres of farmland in the United States will be eaten up by parking lots, freeways, and suburban growth this year. In fact, within the hour, one acre of precious farmland in the Central Valley of California will be taken out of production.

The Central Valley of California currently produces over \$13 billion in agriculture produce and feeds millions in the United States and around the world. Farmland in areas surrounding cities is being displaced by urban development at one of the fastest rates in history and for this reason our farmers have been placed under new pressures. A time can be foreseen in which an area like the Central Valley may not even be capable of feeding itself because of urban outgrowth.