

"you work overtime and we're not going to give you cash, we're going to give you an opportunity to take time off and aren't you happy about that?"

Yes, we need to change our Fair Labor Standards Act to some degree to allow for some categories of people to have that kind of flexibility, but this kind of assault on the overtime provisions of the Fair Labor Standards Act, which did not include any protections, employers could go bankrupt and walk away with your compensatory time and you could not get it, employers could coerce people and say, "I'm not paying you in cash. You don't have a choice. I'm going to give you time off instead."

The overtime pay that workers earn in American is very important to the quality of life of families, and when the Republicans say, "We are coming for your overtime," it is just one more assault on working families, one more reason for this families first agenda.

The Davis-Bacon confrontation continues. They are trying to take away the Davis-Bacon protections, which only seek to guarantee that from one area of the country to another you do not undercut and erode the standard of living and the wages of workers by bringing in big Federal projects and having them go to low-bidding, roaming, renegade contractors who move about the country with low-paid workers under terrible conditions, who provide no health insurance, who provide no pension plans, who do not have decent working conditions, and you let them undercut the construction workers in the local areas.

So the families first agenda is a defense of workers agenda. We are defending them from the onslaught of the Republican majority here in the Congress.

The educational opportunities part of the Agenda is also a defense of an attack on educational opportunities. This Republican majority started the year by proposing that we abolish the Department of Education. No other industrialized nation in the world has proposed to run away from and abandon its responsibilities to provide some kind of centralized coordination of education.

Every other nation understands how important education is in its prosperity, in maintaining its standard of living and its place and position in the global economy as well as its position of leadership. Some nations understand very well that if you invest very heavily in education, you can take certain segments of the global economy.

I do not think it is by accident that Bangalore, India, is one of the places which is highlighted for computer programming technology. Companies from all over the world reach into Bangalore, India, to get computer programmers. For 1 month's wages that United States companies pay here to computer programmers, they can get a whole year's worth of work from an Indian computer programmer in Ban-

galore. It is not by accident that in Bangalore somebody has provided the education for large numbers of people, somebody has chosen to specialize and to make that a human resource that all the world wants to reach into.

We should understand that the future of the country is not bound up in our F-22 fighter planes, the future of the country will not be guaranteed by a new Star Wars system, the future of the country has nothing to do with more Seawolf submarines. We have added \$13 billion to the defense budget, and that will buy us no more education. It will buy us weapons systems that will be obsolete in terms of the kinds of challenges that we are going to face. The global economy is not about who has the best weapons. We are way ahead of everybody else. We are likely to stay ahead of everybody else. What we need is education.

In the housing projects of Brownsville, the people are very concerned about education. My opponent who is going from door to door ought to tell them about the \$10,000 tax deduction that is being proposed by the Democrats. The Democratic President is proposing a \$10,000 tax deduction for college and job training. Under this provision, families will be able to deduct up to \$10,000 from their taxes for tuition at a college, graduate school or certified training or technical program. I want to emphasize that, a certified training or technical program will also be included for a 2-year period.

The deduction will also be available to recent graduates paying off interest on student loans. There are many families in poor communities who have one member who has gone to college who is struggling to pay back that loan or one member who is in college who is being hit with tuition increases. In the City College of New York City, in the State College of New York State, increases in tuition have resulted in thousands of students dropping out of school because they are poor. When you are poor, there is no margin. They were struggling to meet the previous tuition. If you raise it by \$500 or \$700, then you wipe out the opportunity, because they do not have any savings, they do not have any margin. They are living at a point where providing daily necessities is all their income will provide.

My Republican opponent will learn this if she will just stay there and listen long enough. We also have 2 years of college for kids with good grades, some merit scholarships.

Finally, economic opportunity is on the agenda. Nobody wants to back away from providing small businesses with new opportunities and greater help for small businesses. I think small entrepreneurs ought to be included under the National Labor Relations Act. Some way should be developed to help small entrepreneurs in the process of dealing with larger corporations and dealing with working conditions that, because they are small and because they are not united, invite exploitation.

People who learn how to operate computers, people who are able to program computers, people who are able to enter the high tech world of telecommunications also need some protection. They need some help. I would go beyond the Democratic agenda and make certain that they get the kind of help that is needed in meeting the kind of intense and hostile competition that comes from large corporations trying to bargain them into bargain situations.

We have a situation right now where the sweat shops are being highlighted because sweat shops are forced by a bidding process to go for the cheapest possible work setup. They are exploiting workers, and that has become a scandal that has been temporarily exposed. We hope that some good will come out of the present exposure, but that kind of situation is a continuing problem for small businesses.

Mr. Speaker, I want to conclude by saying that we will come back to explore the Families First Agenda. The Families First Agenda is a packaging which really concretizes what the Democratic minority has been trying to do all year long.

We have fought the hostile attacks on the American workers and the work force. We have fought for better working conditions for workers. We have fought for families to have a chance to survive. We have fought for the minimum wage. We continue to fight for aid to students in college. We fought for aid for Head Start students. We fought the Republicans on the cuts in title I.

Our Families First package is only a statement that we will continue to be the champions of American working families. We will defend workers, we will defend families, and in the process we will defend the conditions which will help to make this Nation a great Nation. The transition we are in, the transition which leads to a great income gap between the rich and poor, the suffering that is taking place quietly out there is people try to make ends meet, all of it is relevant to the coming election, all of it is relevant to the things that we as Members of Congress and other elected officials are responsible for. We want to make America great and the only way to make America great is to follow the leadership of the Democrats and put families first.

#### CLINTON ADMINISTRATION SHELVES RULES ON HEALTH MAINTENANCE ORGANIZATIONS

The SPEAKER pro tempore (Mr. GUTKNECHT). Under a previous order of the House, the gentleman from California [Mr. HORN] is recognized for 5 minutes.

Mr. HORN. Mr. Speaker, I was shocked when I read in yesterday's Long Beach Press Telegram an article that originated in the New York Times concerning the administration's shelving of rules as they concern HMO's, health maintenance organizations. For

years I have felt very strongly that most doctors I know and most Americans I know do not want a doctor to be paid a bonus because that doctor does not refer the patient to the specialist whom is needed to solve a particular problem. Probably each of our district offices has had one or more cases where our constituents have complained of that type of treatment under both Medicaid and Medicare depending on the type of health organization they have gone to.

Let me read the first two paragraphs of this article:

Facing a torrent of criticism from health maintenance organizations, the Clinton administration has temporarily shelved new rules that would have restricted the common HMO practice of rewarding doctors who cut costs and control the use of services by Medicare and Medicaid patients.

On March 27, the administration issued rules to protect consumers by limiting the use of such financial incentives to reward doctors. But after the protests by HMO's health maintenance organizations the Department of Health and Human Services quietly suspended enforcement of the rules, which are mandated by a 1990 law.

□ 1730

That is a law passed by the Congress of the United States. We are now in 1996, and that has been kicking around in the Department of Health and Human Services over the last two administrations, the Bush administration and the Clinton administration. I must say, I think that set of rules ought to be reexamined by the Clinton administration. People are sick and tired of seeing poor care because somebody is making a profit out of it.

This article goes on to cite a few classic examples which could happen anywhere in the United States. One lawyer—Mark Hiepler of Oxnard—who has been successful in suing a number of HMO's said the incentives created conflicts of interest and put a wedge between doctor and patient. "The more a doctor treats a patient, the less money he gets," said Hiepler, who added: "The less he treats a patient, the more money he gets. The incentives take several forms. In many cases," says reporter Robert Pear of the New York Times. "In many cases, a group of internists or family doctors receives a flat payment—say \$70 a month—to manage all the care required by a Medicare patient. If the patient needs tests or specialty care, the physician group must provide it or pay for it. This might encourage the group to minimize the referral of patients to specialists."

Mr. Speaker, I think we have to be very careful when we have conflicts of interest that lead to wrong medical judgments which are to the ultimate ill of the patients involved. It is one thing to find economies in a hospital or a nursing home, or any human organization, but we do not find economies when we make a decision that ends up in a tragic situation because the general practitioner or health care gatekeeper could not discover something

that perhaps only a specialist could discover and that individual patient has not been referred by the gatekeeper to the specialist.

I think that is shocking, and I think the administration ought to reexamine its decision. If there are problems with those regulations that defy common sense, that is one thing. But if the Federal Government sides with one party in this relationship, it should be the patient.

Mr. Speaker, I think the deferral is an outrage and the administration ought to get to work, clean up the regulations and issue them if they prevent conflicts of interest and if they prevent responsible, solid, and effective medical practice. I do not know one doctor, frankly, that does not think what has been going on with these so-called gatekeepers is a real tragedy.

Mr. Speaker, I include the article by Robert Pear of the New York Times which appeared in the Long Beach Press-Telegram on July 8. It is entitled "U.S. rules on HMOs shelved."

#### U.S. RULES ON HMOs SHELVED

INCENTIVES: PLAN ATTEMPTED TO PROTECT PATIENTS FROM CUTS IN MEDICAL REFERRALS

(By Robert Pear)

WASHINGTON.—Facing a torrent of criticism from health maintenance organizations, the Clinton administration has temporarily shelved new rules that would have restricted the common HMO practice of rewarding doctors who cut costs and control the use of services by Medicare and Medicaid patients.

On March 27, the administration issued rules to protect consumers by limiting the use of such financial incentives to reward doctors. But after the protests by HMOs, the Department of Health and Human Services quietly suspended enforcement of the rules, which are mandated by a 1990 law.

The rules were an effort by the administration to ensure that elderly and poor people were not denied medically necessary care.

But HMOs, including Kaiser Permanente, Aetna, Humana and the Health Insurance Plan of Greater New York, denounced the rules, saying they would force the companies to rewrite contracts with tens of thousands of doctors. HMOs said the government did not understand the importance of financial incentives in a fast-moving, competitive industry.

The rules do not flatly prohibit such incentives, but limit the amount of money that a doctor can lose on any one patient or patients with very high medical costs.

The rules would require HMOs to disclose details of these incentives to patients and the government.

Health plans say they establish such financial incentives to deter inappropriate and unnecessary care. But critics say the rewards have led to the denial of needed services.

Mark Hiepler of Oxnard, a lawyer who has successfully sued several HMOs, said the incentives created conflicts of interest and put a wedge between doctor and patient.

"The more a doctor treats a patient, the less money he gets," Hiepler said. "The less he treats a patient, the more money he gets."

The incentives take several forms. In many cases, a group of internists or family doctors receives a flat payment—say \$70 a month—to manage all the care required by a Medicare patient. If the patient needs tests or special-

ity care, the physician group must provide it or pay for it. This might encourage the group to minimize the referral of patients to specialists.

In addition, doctors may receive cash bonuses if they meet certain goals for controlling the use and cost of care. Or the health plan may withhold a portion of the doctors' pay and distribute it at the end of the year if spending was less than projected.

In their comments on the new rules, HMOs said it is common to make more than 25 percent of potential payments to doctors contingent on the physicians' success in controlling the use and cost of care, including referrals.

When the Clinton administration issued the rules limiting such incentives March 27, Secretary of Health and Human Services Donna Shalala declared: "No patient should have to wonder if their doctor's decision is based on sound medicine or financial incentives. This regulation should help put Americans' minds at rest."

The rules were supposed to take effect May 28, but the Clinton administration has pulled them back for further review, without any notice to consumers.

In a brief memorandum mailed to HMOs on May 28, the administration said, "We realize this compliance date is unrealistic." The memo added that the government would not take any enforcement actions before Jan. 1, 1997.

Bruce Fried, director of the Office of Managed Care at the Federal Health Care Financing Administration which supervises Medicare and Medicaid, said, "It would have been overly burdensome are probably impossible" for HMOs to comply sooner. "We were overly ambitious," he said in an interview.

But the American Medical Association, medical specialty groups and consumer organizations said that the rules were a good first step in protecting patients and that the government should impose even more stringent restrictions on the use of financial incentives to limit care.

When the rules were first proposed in December 1992, federal health officials solicited comments, and they tried to address the concerns expressed by HMOs and the public in the final regulations issued this year. The officials said they were surprised by the vehement objections expressed by HMOs in the last three months.

When the final rules were issued in March, federal officials said few HMOs would be affected. The protests by HMOs suggest that they make much greater use of bonuses and other financial rewards than federal officials had assumed.

The U.S. District Court in Nashville expressed concern in a recent case, saying HMOs had "pecuniary incentives" to deny care to Medicaid recipients in Tennessee.

Rep. Pete Stark, D-Calif., the author of the 1990 law, said its purpose was "to protect patients from being killed by denial of medical care."

Stark said he was dismayed to read comments on the new rules by HMOs and their lobbying organization, the American Association of Health Plans. "Their opposition speaks volumes about what is wrong with managed care in America today," he said.

Stark asserted that the industry's comments showed "no regard for the care of patients" and were "designed to derail the regulations."

Karen Ignagni, president of the American Association of Health Plans, rejected the criticism. "Any suggestion that we don't support beneficiary protections or government regulation of the quality of care is just plain wrong," she said.

But Ignagni said the new rules "are impractical and unrealistic and do not reflect

recent developments in the market," where many doctors are eager to share financial risks with HMOs.

More than 4 million Medicare beneficiaries and 12 million Medicaid recipients are in HMOs and other managed-care plans, and enrollment is rapidly increasing.

The rules place limits on the financial incentives that HMOs may give to doctors. First, they say, "No specific payment of any kind may be made directly or indirectly under the incentive plan to a physician or physician group as an inducement to reduce or limit medically necessary services" to a specific patient under Medicare or Medicaid.

The rules also say that if doctors stand to lose more than 25 percent of their pay because of the use of medical specialists or other factors, the HMO must provide insurance to the doctors to limit their financial losses.

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3755, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION APPROPRIATIONS BILL, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-662) on the resolution (H. Res. 472) providing for consideration of the bill (H.R. 3755) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the House stands in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1829

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 6 o'clock and 29 minutes p.m.

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3754, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-663) on the resolution (H. Res. 473) providing for consideration of the bill (H.R. 3754) making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

#### REPORT OF OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, FISCAL YEARS 1994 AND 1995—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, without objection, referred to the Committee on Resources:

*To the Congress of the United States:*

I am pleased to submit the Biennial Report of the Office of Ocean and Coastal Resource Management, National Ocean Service, National Oceanic and Atmospheric Administration (NOAA) for fiscal years 1994 and 1995. This report is submitted as required by section 316 of the Coastal Zone Management Act (CZMA) of 1972, as amended (16 U.S.C. 1451, *et seq.*).

The report discusses progress made at the national level in administering the Coastal Zone Management and Estuarine Research Reserve Programs during these years, and spotlights the accomplishments of NOAA's State coastal management and estuarine research reserve program partners under the CZMA.

WILLIAM J. CLINTON.

THE WHITE HOUSE, July 9, 1996.

#### REPORT OF CORPORATION FOR PUBLIC BROADCASTING, FISCAL YEAR 1995—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, without objection, referred to the Committee on Commerce:

*To the Congress of the United States:*

In accordance with the Communications Act of 1934, as amended (47 U.S.C. 396(i)), I transmit herewith the Annual Report of the Corporation for Public Broadcasting (CPB) for Fiscal Year 1995 and the Inventory of the Federal Funds Distributed to Public Telecommunications Entities by Federal Departments and Agencies: Fiscal Year 1995.

Since 1967, when the Congress created the Corporation, CPB has overseen the growth and development of quality services for millions of Americans.

This year's report highlights ways the Corporation has helped millions of American families and children gain new learning opportunities through technology. At a time when technology is advancing at a pace that is as daunting as it is exhilarating, it is crucial for all of us to work together to understand and take advantage of these changes.

By continuing to broadcast programs that explore the challenging issues of our time, by working with local communities and schools to introduce more

and more children to computers and the Internet, in short, by honoring its commitment to enriching the American spirit, the Corporation is preparing all of us for the 21st century.

WILLIAM J. CLINTON.

THE WHITE HOUSE, July 9, 1996.

#### 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. PALLONE) to revise and extend their remarks and include extraneous material:)

Mrs. MALONEY, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

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

Mr. GUTKNECHT, for 5 minutes, today.

Mrs. SMITH of Washington, for 5 minutes, on July 12.

Mr. EHLERS, for 5 minutes, on July 11.

Mr. MCINTOSH, for 5 minutes, on July 11.

Mr. HORN, for 5 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PALLONE) and to include extraneous material:)

Mrs. MALONEY.

Mr. MILLER of California.

Mr. ACKERMAN.

Mr. PELOSI.

Mr. GEJDENSON.

Mrs. LINCOLN.

(The following Members (at the request of Mr. HORN) and to include extraneous material:)

Mr. LEWIS of California.

Mr. RADANOVICH.

Mrs. JOHNSON of Connecticut.

Mr. THOMAS.

Mr. ROGERS.

(The following Members (at the request of Mr. GOSS) and to include extraneous material:)

Mr. PALLONE.

Mr. HASTERT.

Mr. FALEOMAVAEGA.

Mr. STARK in two instances.

Mr. TALENT in two instances.

Mr. PAYNE of New Jersey in two instances.

Mr. WOLF.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On June 28, 1996:

H.R. 2437. An act to provide for the exchange of certain lands in Gilpin County, Colorado.