

something more than 20 percent of the total payment to the hospital.

Carol Jimenez, an attorney for the Los Angeles-based Center for Health Care Rights and the appellants' lead attorney, said the ruling "will result in both beneficiaries and the Medicare program paying more for hospital outpatient services."

In an announcement following the decision, Jimenez cited a General Accounting Office report finding that Medicare patients' cost sharing, as well as Medicare's costs, vary dramatically for the same service depending on where it is received. For example, cataract surgery that cost a patient \$1,200 in a hospital [plus additional amounts paid by Medicare] would cost a patient only \$250 and the Medicare program only \$1,000 if performed in an independent surgical center.

"\* \* \* the Ninth Circuit \* \* \* concluded, 'While we are sympathetic to the plight of Medicare beneficiaries who are burdened by ever rising medical costs, we conclude that 'none of [the existing laws] compels HHS to limit the charges.'

The court wrote that Congress is aware of both the cost-shifting problems and HHS' failure to "correct" it. "\* \* \* Congress is aware of the issue—indeed Congress may have caused the problem by introducing prospective payment for some services but not others—and that Congress has deliberately declined to address it.

The court also noted that Congress is studying the feasibility of a prospective payment system for hospital outpatient services which could address the beneficiaries concerns. "Thus, we decline the beneficiaries' invitation to preempt congressional action in this very delicate area of public policy," the court wrote.

Mr. Speaker, it is way past time that Congress acted to correct this multi-billion dollar cost shift onto retirees and the disabled and to fulfill Medicare's promise of an 80-20 copay system.

#### IN RECOGNITION OF GREGORY SZURNICKI

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 4, 1997*

Mr. ACKERMAN. Mr. Speaker, I rise today with great pride to share with my colleagues in the House of Representatives the story of a man whose entire life has been committed to making the lives of others better.

I speak of Gregory Szurnicki, who was honored on January 25, 1997 by the Kings Park Chamber of Commerce as the 1996 Man of the Year.

The youngest of nine children, Gregory entered the Armed Forces shortly before his 20th birthday to fight in World War II. He, like many other courageous young soldiers, landed on Omaha Beach in Normandy, France on D-day, June 6, 1944. Five campaigns later, the war ended for him just outside of Berlin, Germany and 1 year later was discharged from military service.

After the war, he settled in Suffolk County, and began working at the Kings Park State Hospital in charge of 85 patients during the evening shift. It was here that he began his efforts to improve the quality of life of the patients and the employees. He effected such changes as improved patient-staff ratio, upward mobility through career ladders, and a

higher level of training opportunities. In 1975, Greg founded the Kings Park Employees Federal Credit Union and served as the union's president until 1996.

Throughout his career, he formed many civic groups and became extremely active in local civic affairs. His involvement with the union as an advocate and organizer led him to many positions on the local, regional, and statewide levels where he could continue to work for the good of all.

Since his retirement in 1988, Greg has continued to stay fully involved in civic affairs. He serves as the facilitator for the Northwest Civic Coalition and the Suffolk Community Alliance, whose membership includes all the major civic coalitions in Suffolk County.

Greg is truly one of Kings Park's treasures and has been a driving force in ensuring that Kings Park is a better place to live in.

I ask my colleagues to join with me in saluting Gregory Szurnicki who has provided a lifetime of service to his country and his community, and in congratulating him on being named the 1996 Man of the Year by the Kings Park Chamber of Commerce.

#### MICHIGAN STATE REPRESENTATIVE ROBERT A. DEMARS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 4, 1997*

Mr. DINGELL. Mr. Speaker, I rise today to honor a great man and friend, former Michigan State Representative Bob DeMars. Bob was devoted to his family and committed to his work and his cherished memory will not fade from the hearts and minds of those who knew and loved him.

Bob died as he lived: serving the people of his district in Lincoln Park, Melvindale, Ecorse and Allen Park.

As a Michigan native, Bob spent his entire life in public service, first as a teacher, then as mayor, city councilman, city treasurer, and State representative.

Bob taught for 26 years in the Lincoln Park Public Schools. He served as a local president for the Michigan Education Association and as a local president, state vice president, and national vice president of the American Federation of Teachers.

Bob was a veteran of World War II where he served in the U.S. Navy's Submarine Service. He introduced many bills to assist veterans, introducing legislation that provided special license plates for veterans of World War I, World War II, and the Korean and Vietnam wars to honor those who served their country.

In community service, Bob served as president of the Lincoln Park Jaycees and the Lincoln Park Kiwanis Club. He was also a member of the American Legion, V.F.W., Chamber of Commerce, Eagles, Masons, Scottish Rite, Shriners, Moose, Optimists, Historical Society, and the P.T.A. He sponsored two Little League baseball teams. In the Democratic Party, Bob served as vice-chairman of the 26th District and was a precinct delegate. He was a member of the Michigan Democratic Party and the Lincoln Park, Allen Park and Melvindale Democratic Clubs.

Bob's 15-year-old daughter Maeann and wife of 32 years, Deanie were the light of his life.

Today we join his friends and family in remembering Bob DeMars and thank him for the growth and encouragement he gave to our community and its people.

He is greatly missed.

#### INTRODUCTION OF EWING-LEWIS LENDER AUDIT LEGISLATION

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 4, 1997*

Mr. EWING. Mr. Speaker, in partnership with Mr. LEWIS of Kentucky, I have introduced a bill which will repeal an ineffective and burdensome regulation now mandated by the Higher Education Act of 1965, as amended by the Higher Education Amendments of 1992. This act blindly requires all lenders who participate in the Federal Family Education Loan Program to perform expensive, comprehensive annual audits on their student loan portfolios. Similar legislation was included in the continuing resolution adopted for fiscal year 1997, and thus expires on September 30 of this year. Passage of this bill will permanently extend the lender audit exemption.

In our respective districts, the gentleman from Kentucky and I represent small banks and credit unions which maintain and service small student loan portfolios in compliance with the Federal Family Education Loan Program. The profit on these portfolios is estimated to be around \$3,000 to \$5,000 annually, while the audit required by the Department of Education costs anywhere from \$2,000 to \$14,000 annually. As you can see it does not make sense for small lenders to service these loans and participate in the FFEL program. In fact, many small lenders are selling their portfolios and leaving the student loan business altogether. This is not fair to student borrowers in rural areas who are increasingly unable to utilize lending institutions that they are familiar with. This is also not fair to smaller lenders who wish to service and maintain student loans. If this policy is enforced, small lenders will be effectively cut out of the student loan business and consumers will be denied the opportunity to do business at their local bank.

I contacted the Department of Education about the possibility of a waiver or alternative to this detrimental mandate. The Department stated, "\* \* \* lender audits are required by statute \* \* \*" and that the "\* \* \* statute does not provide authority for the Department to waive the annual audit based on the size of the lender's FFEL portfolio or the cost of the audit." Furthermore, according to the Department of Education's Office of the Inspector General, lender portfolios totaling less than \$10 million do not even have to send their audit to the Department for review. They are only required to "\* \* \* hold the reports for a period of 3 years and shall submit them only if requested." That means lenders waste thousands of dollars on a compliance audit that is never sent anywhere or reviewed by anyone. I have no doubt that protecting the integrity of the Student Loan Program is important to all of us. However, this current situation does not protect any portfolios under \$10 million because no one reviews the results of the audits.

The Office of the Inspector General at the Department of Education has also expressed

concern regarding this burden in their semi-annual report (October 1993–March 1994) stating, “\* \* \* we are concerned that the cost may outweigh the benefits of legislatively required annual audits of all participants, regardless of the size of participation or the risk they represent to the program.” In this report the Inspector General recommends that a threshold be established for requiring an institutional audit, “\* \* \* and we continue to believe that a threshold is necessary for both the institutional and lender audits. Such a threshold would eliminate the audit burden for the smaller participants in the program while helping assure that scarce departmental resources are focused on the areas of greatest risk.”

The Ewing-Lewis bill works in concert with the Department of Education and the authorizing committee which have expressed the need for an audit threshold. This legislation will help the little guy in the student loan business and ensure consumer choice and convenience. Please support this sorely needed legislation.

#### INVESTMENT IN AMERICA ACT

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 4, 1997*

Mr. TRAFICANT. Mr. Speaker, every session since coming to Congress in 1985, I have introduced a bill to reinstate a 10-percent domestic investment tax credit [ITC] for the purchase of domestic durable goods. I am reintroducing this bill today, and I invite all Members to become cosponsors.

Mr. Speaker, as you know, the Ways and Means Committee intends to overhaul tax policy during the 105th Congress. I believe my 10 percent investment tax credit bill should be considered as a part of that new tax plan.

The way this bill works, it couldn't be simpler. If an American businessman buys a domestic product like a new machine or computer to improve their business, the consumer can take a 10-percent tax credit if that product was made in America. If the consumer purchases a new American-made automobile or truck, they can take a 10-percent tax credit. The tax credit would be worth up to \$1,000.

Investment tax credits are not new, but mine incorporates buy-American language to assist economic enhancement. I believe that repealing the investment tax credit in 1986 was one of the major reasons for the downfall in investment. As a result, American companies are competing with one hand tied behind their backs. Under my bill, at least 60 percent of the basis of the product must be attributable to value within the United States to take advantage of the credit. In other words, language the Commerce Department already uses to define an American-made product.

The purpose of the investment in America tax credit is to stimulate the economy by spurring consumers and businesses to purchase American-made goods to enhance our long-term competitiveness. I don't know of a simpler way to change our complex tax policy for the better. I have always argued that the social problems this country faces can be linked to the unfair and harmful trade and tax policies enacted by the Congress. The 105th Congress offers us a unique opportunity to make a difference in the direction this country is headed.

Mr. Speaker, I urge all Members to cosponsor my bill. As a Congress, we need to show the American people that we are sincere about making America a strong nation once again.

#### STATEMENT ON THE TRANSITION TO WORK ACT

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 4, 1997*

Mrs. KENNELLY. Mr. Speaker, I am introducing legislation today to help Americans with disabilities return to work. The Transition to Work Act would provide Social Security Disability Insurance [SSDI] recipients with three important bridges to employment. First, continued Medicare coverage for those leaving the rolls for work; second, a disabled worker tax credit to cushion the loss of disability benefits and to make work pay; and third, greater choice in vocational rehabilitation providers. The legislation is supported by the Arc, the American Rehabilitation Association, the American Association of University Affiliated Programs, American Network of Community Options and Resources, American Psychological Association, American Speech-Language-Hearing Association, Bazelon Center for Mental Health, International Association of Business, Industry and Rehabilitation, National Easter Seal Society, National Multiple Sclerosis Society, the United Cerebral Palsy Associations, and Jerry Mashaw, chairman of the Disability Policy Panel of the National Academy of Social Insurance [NACI]. The proposal is based on the work incentive recommendations of the NACI Disability Policy Panel.

The primary barrier confronting many Americans with disabilities attempting to leave the SSDI rolls for work is the fear of losing health coverage. The Transition to Work Act would alleviate this anxiety by guaranteeing continued Medicare coverage for at least 6 years after an individual first leaves SSDI for work, this is a 2-year extension over current law. Furthermore, after that time period, the legislation would allow an individual to buy-in to Medicare part A based on a capped, income-related premium. Beneficiaries would pay 10 percent of earnings in excess of \$15,000 for the Medicare buy-in premium, those earning less than \$15,000 would continue to get Medicare part A free. This new Medicare coverage extension and buy-in would assure disabled Americans that their health coverage would not be pulled out from under them if they return to work.

Second, we must recognize that there is little incentive to make the transition to employment if work pays little or no more than disability insurance. For this reason, the Transition to Work Act would establish a new refundable tax credit to supplement the Earned Income Tax Credit [EITC] for individuals leaving the disability rolls for work. The maximum annual credit for an individual without children would be \$1,200 and would phase out at \$18,000 in earned income. The new credit would be especially helpful to individuals without children since their current EITC is relatively small, only \$306 a year.

And, finally, the legislation would provide SSDI recipients with a “Ticket for Work Oppor-

tunity” that could be used to purchase either private rehabilitation or State vocational rehabilitation [VR] services, replacing the current system which automatically refers individuals to the State VR agency. Under this new system, which would be implemented first as a demonstration project, providers of VR services would get paid for results, not services. Providers would receive one milestone payment upon an individual's initial placement into employment, and then for 5 years thereafter would receive 50 percent of the amount the DI trust fund is saving because an individual has left the rolls for work. Payments to providers would actually occur in the second through sixth years of employment since individuals still receive cash disability payments during their first year of employment. Not only would this proposal increase the overall availability and choice of vocational rehabilitation services for disabled Americans, but it would also guarantee that payment for those services reflect savings to the SSDI trust fund.

Let me say that it is no easy task for Americans to leave the disability rolls for work. After all, these same individuals were forced to leave employment because of the severity of their disability. However, we can and should do more to help disabled individuals make the transition back to employment. Every SSDI recipient we help return to work, means one more person attaining a higher standard of living. In addition, it also means fewer dollars leaving the Social Security trust fund. I hope my colleagues will join me in this effort to reduce the barriers facing those with disabilities who want to return to work. A more detailed description of the legislation follows this statement.

#### THE TRANSITION TO WORK ACT OF 1997

##### DETAILED DESCRIPTION OF PROVISIONS

The Transition to Work Act would: (1) extend Medicare coverage for an additional two years and provide for an income-related Medicare buy-in thereafter; (2) create a Disabled Worker Tax Credit; and (3) demonstrate the effectiveness of encouraging people to work through Tickets for Work Opportunity.

##### *Continued Medicare coverage and improved Medicare buy-in*

Under current law, a beneficiary who goes back to work is entitled to up to 39 months of continued Medicare coverage. That 39 months begins after the 9 months of trial work during which the individual also continues to receive both cash benefits and Medicare. After a 3-month grace period, cash DI benefits cease.

The proposal would extend the continuation of Medicare for an additional 2 years. As under current law, no cash benefits would be paid during this continuation period. As a result of the plan, Medicare would continue for a total of 6 years after the beneficiary first began to work. This would eliminate one of the largest disincentives to work.

After the individual had retained employment and his Medicare continuation coverage had ended, he would be permitted to purchase Medicare coverage based on an income-related premium. The premium would be 10% of the individual's earnings in excess of \$15,000. The premium would be capped at the maximum premium under current law.

Current law allows disabled and other individuals to purchase Medicare coverage. DI beneficiaries may purchase Medicare Part A Hospital Insurance at the full actuarial cost of coverage. In 1997, that amount is \$3,732 annually. Beneficiaries may purchase Medicare Part B at the same premium as other enrollees—about \$526 a year in 1997. Under current