

# CLARIFICATION OF THE HEALTH INFORMATION PORTABILITY AND ACCOUNTABILITY ACT

**HON. DAVID L. HOBSON**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 22, 1997*

Mr. HOBSON. Mr. Speaker, on August 21, 1996, the *Health Information Portability and Accountability Act* became law. The health care administrative simplification provision of this new law is based largely on prior work done by my colleague Mr. SAWYER and myself.

As is to be expected, a few people don't want to play by the rules. It has come to my attention that a bill that I introduced in 1995 is being used by some of these groups to leverage an interpretation of the current law to say that standards for specific administrative simplification transactions to be adopted under the law are voluntary standards. I want to make it clear that, although voluntary standardization was considered in the past, it was judged to be unworkable in the real world and is not a part of the law today for that reason.

The industry has voluntary standards today. Because the standards are merely voluntary, a number of payers have continued to require others to use their individual formats, which has effectively prevented the industry as a whole from moving to a single, efficient electronic transaction environment. The splintered state of the current electronic interchange world is one key reason for the enactment of the administrative simplification provisions.

The intent of the law is that all electronic transactions for which standards are specific must be conducted according to the standards. These standards were not imposed by the law, but instead were developed by a process which included significant private sector input. Providers are given the option of whether to conduct the transactions electronically or "on paper" but if they elect to conduct them electronically, they must use the standards agreed upon through the law. Payers are required to accept these transmissions in the standard format in which they are sent and must not delay a transaction or adversely affect a provider who wants to conduct the transactions electronically.

I hope my statements today help clarify the intent of this legislation and work to prevent any non-compliance. There are specific deadlines for compliance and penalties in the law for anyone who fails to comply with the intent of this law. Mandatory compliance is required in order to meet the goals of simplifying the administration of our Nation's health care system and improving its efficiency and effectiveness.

## CAMPAIGN FINANCE REFORM

**HON. RON KIND**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 22, 1997*

Mr. KIND. Mr. Speaker, another day and still no campaign finance reform. As you know, I have been making a statement in the RECORD every day asking for you to schedule a vote on campaign finance reform. Each day I have

tried to point to reasons why we need reform, and examples of the problems that exist in the system. Today I was amazed and amused by three items which jumped out at me in the morning newspaper, each pointed once again for the desperate need for campaign finance reform.

The three items brought to our attention today are: the Senate majority dinner, to be held on November 5, where sponsors are asked to raise \$100,000 for the Republican Senate majority; a weekend retreat sponsored by the Democratic National Committee this weekend. The retreat costs \$50,000 and includes appearances by the President and the Vice President. And, finally, the recent disclosure that the Republican National Committee has spent \$800,000 on attack ads in the special congressional election in New York City.

Mr. Speaker, it should be obvious. There is too much money in the system, the average citizen is being shut out of the process, and the leadership of this House is unwilling to allow a vote on fixing campaign finance reform. Now is the time for action.

## EXCEPTIONAL ACCOMPLISHMENTS IN CONSERVATION

**HON. BART STUPAK**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 22, 1997*

Mr. STUPAK. Mr. Speaker, I rise today to pay tribute to two families in my district for their exceptional accomplishments in conservation of our resources. Harold and Virginia Schlenvogt are receiving the Menominee Conservation District's 1997 Conservation Farmers Award and Tom and Pat Schloegel are receiving the 1997 Conservation Forestry Award.

Harold and Virginia Schlenvogt own and operate a farm that has been in their family since 1932. The Schlenvogt farm is typical of the farms in Menominee County. It is 280 acres, with 150 acres cleared. There is a milking herd of 50 Holsteins and a herd of 40 young stock. The barns, silos, and sheds were all built by Harold, and a new home stands next to the site of the original farm house.

While the farm may be typical, the commitment of the Schlenvogt family to the task of farming and to community service is something special. In addition to full-time farming, Harold has served on many local boards and commissions, as well as church building and Sunday School boards. Harold and Virginia have passed along their strong family values. One son, Steve, has his own farm just down the road, and another son is serving the county as a member of the road commission.

The Schlenvogt's are now planning to retire and enjoy their 3 children and 10 grandchildren. While Menominee County still has some 300 producing farms, we will truly miss Harold and Virginia's agricultural contributions.

The second couple being honored for their conservation efforts is Tom and Pat Schloegel. The Schloegel's moved to Menominee in the mid 1960's to escape the pace and development of Chicago and to raise their family in God's country. One of their early investments was in a 280 acre parcel of property with many dilapidated old buildings and woods that were in need of sensible forestry management.

Over the past 30 years, Tom, Pat, and their children have harvested wood from the property and planted thousands of trees as part of the Forest Stewardship Program. When the Schloegel's four boys were in school, Tom sent saplings to their classes on Arbor Day to encourage an early education of the importance of forest stewardship in our youth. Tom and Pat's son Scott Schloegel is my chief of staff here in Washington and recalls many weekends spent with his family on the property working their garden, planting trees, and harvesting select trees that were marked for removal to allow healthy growth of the forest. Now every time Scott gets home to see his parents it includes a trip to "the farm" to monitor progress of the plantings and reminisce about the great times spent with the family over the years.

The Schloegel's continue their efforts to encourage stewardship today by planting trees to honor their grandson, constructing ponds for wildlife and giving Global Relief shirts to their children which say "Cool the Globe, Plant a Tree" on them.

Mr. Speaker, it is because of families like the Schlenvogt's and the Schloegel's that we in northern Michigan are able to enjoy such a high quality of life. I thank them for their conservation efforts and congratulate them on receiving their awards from the Menominee Conservation District.

## INTRODUCTION OF LEGISLATION TO HELP THE NATION'S SAFETY NET HOSPITALS: CARVE OUT OF DISPROPORTIONATE SHARE HOSPITAL PAYMENTS

**HON. CHARLES B. RANGEL**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 22, 1997*

Mr. RANGEL. Mr. Speaker, on behalf of myself and Mr. STARK, Mr. CARDIN, Mr. LEWIS of Georgia, and Mr. BECERRA, I am today introducing legislation to give equitable treatment to the Nation's safety net hospitals, the hospitals which serve a disproportionate share of the Nation's uninsured and low income.

Our bill carves out disproportionate share hospital [DSH] payments from the amount we give HMO's and pays those DSH funds directly to DSH hospitals when managed care company patients use a DSH hospital.

This legislation completes a process well-started in the Balanced Budget Act. In the just-enacted Balanced Budget Act, we carved out from what we pay HMO's the amount attributable to the cost of graduate medical education [GME] and provided that, when an HMO's patient actually uses a GME hospital, that hospital will be directly reimbursed by Medicare for its extra GME expenses. This provision corrects a serious problem facing our Nation's teaching and research hospitals: HMO's get paid as if they use these hospitals, but in many—but not all—cases, HMO's avoid these more expensive hospitals. The carve out will prevent windfalls to HMO's and permit the GME hospitals to compete fairly for HMO patients.

The same logic that supported the GME carve out supports the DSH carve out. Though the Senate Finance and Commerce Committees' bills provided for both a DSH carve out

and a GME carve out, the DSH carve out was dropped from the final BBA. There is no logic to not applying the same principle to DSH payments.

Our Nation's safety-net hospitals desperately need these extra payments—and HMO's which do not use DSH hospitals do not deserve the extra amount. For example, as data from 1995 show, the Nation's public hospitals in over 100 of America's largest metropolitan areas are among the key safety-net hospitals. These hospitals make up only about 2 percent of all the Nation's hospitals, yet they provide more than 20 percent of all uncompensated care and they rely on Medicare and Medicaid to fund more than half of that uncompensated care. In 1995, 67 of these safety-net hospitals reported incurring \$5.8 billion in uncompensated care costs—defined as bad debt and charity care—an average of over \$86 million per hospital. For these institutions, bad debt and charity care represented 25 percent of their total gross charges. These safety-net hospitals have the worst total margins—that is, "profits"—in the hospital industry. Overall, hospital margins from Medicare payments are at record highs and this fact justified the Medicare payment update freeze and reductions which were included in the Balanced Budget Act. But the Prospective Payment Assessment Commission estimates that in 1997 the Nation's major teaching hospitals, who also tend to be DSH hospitals, will have the lowest total margins of any hospital category: 3.9 percent—a thin and shrinking margin that will surely turn negative in the next economic downturn. The enactment of this legislation could help improve these margins and preserve the more than 800 hospitals who are receiving DSH payments.

Providing a DSH carve out will also help these hospitals compete equally for managed care patients. Failing to provide a carve out serves as an incentive to managed care plans not to use these more expensive hospitals. A recent White Paper from the National Association of Public Hospitals and Health Systems entitled "Preserving America's Safety Net Hospitals" explains why the DSH carve out should be legislated: "The current methodology for distributing Direct Graduate Medical Education, Indirect Medical Education, and DSH payments is seriously flawed in the Medicare managed care context. For Medicare patients enrolled in managed care, these supplemental payments are incorporated into the average adjusted per capita cost [AAPCC] which is the capitation payment made to managed care plans. The plans do not necessarily pass these payments along to the hospitals which incur the costs that justify the payments. In fact, some plans receive the payments and do not even contract with such hospitals. As Medicare increases the use of capitated risk contracting, the amount of DGME, IME, and DSH funds that go to teaching hospitals will diminish considerably unless this payment policy is changed. In essence, payments intended to support the costs of teaching or low income care are being diverted from the hospitals that provide the care to managed care plans that are not fulfilling this mission. For this reason, the GME and DSH payments must be carved out of the AAPCC rate and made directly to the hospitals that incur those costs."

I am pleased to report that the Hospital Association of New York State [HANYS] and the Greater New York Hospital Association

[GNYHA] have announced their support for this bill. I hope that other hospital associations around the Nation will quickly join in urging passage of this bill.

The carve out for graduate medical education was wisely included in the Balanced Budget Act. It is logical, appropriate, and important that we complete the work and carve out the DSH payments.

#### SOROPTIMIST INTERNATIONAL OF WASHINGTON, DC MARKS 75 YEARS OF SERVICE

#### HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 23, 1997*

Mr. MORELLA. Mr. Speaker, I rise today to honor Soroptimist International of Washington, DC formerly known as the Soroptimist Club. November 27, 1997, will mark the 75th anniversary of this distinguished organization's charter, an event that justly deserves our appreciation. The community service efforts of this group of professional women should be recognized, for they have served the needs of the metropolitan Washington, DC, area well. Additionally, they have worked with their counterpart clubs throughout the United States, and all over the world, to help victims of disasters and to improve the quality of life of the less fortunate.

Soroptimists in the Washington metro area have worked tirelessly to improve the education, health, and welfare of residents of all communities. For nearly 40 years Soroptimists have provided a monetary award to a high school senior based on achievements in citizenship. They have awarded scholarships to allow students to attend Gallaudet University and the Howard University School of Nursing. Also, each year they present a grant to a woman reentering the workplace. They are a founding benefactor of the Museum for Women in the Arts. Over the years, they have purchased bulletproof vests for police officers, imported German Shepherd dogs for the K-9 Corps, and helped the hospital for sick children install a new roof. They pay for mammograms at Providence Hospital for low-income women, and they purchase sleeping bags for the homeless of our community.

Mr. Speaker, please join me in congratulating and applauding the Soroptimist International of Washington, DC, and all Soroptimists throughout the world.

#### TRIBUTE TO EILEEN M. MCCARTHY

#### HON. MICHAEL PAPPAS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 23, 1997*

Mr. PAPPAS. Mr. Speaker, I rise today to acknowledge the achievement of a young, prominent American from New Jersey. Eileen M. McCarthy was recently named a national finalist in the second annual Samsung American Legion Scholarship Program. Eileen received this honor based on her participation in the New Jersey American Legion Auxiliary Girls State Program.

Eileen is among 95 other outstanding young Americans named as finalists to complete for

1 of 10 college scholarships, each worth \$20,000. These young girls were judged on the basis of their involvement in their school and community and for their academic achievements.

The scholarship program is funded by a \$5 million endowment from the Samsung Group, an international company headquartered in South Korea and is administered by the American Legion. The endowment was made in 1995 as an expression of appreciation and in recognition of our country's involvement and sacrifice in the Korean War.

Mr. Speaker, young women like Ms. McCarthy are excellent examples of America's commitment to education and community service. Her hard work and dedication would make veterans very proud. I wish to commend Ms. McCarthy on her exemplary work.

#### THE "NOT RAISING HOGS" BUSINESS

#### HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, October 23, 1997*

Mr. BURTON of Indiana. Mr. Speaker, this letter came from a young man in the 11th grade in Alabama, and I thought it was worth putting into the CONGRESSIONAL RECORD so everyone in America could see how some of our Government programs are being used.

To: Honorable Secretary of Agriculture, Washington, DC.

DEAR SIR: My friend, Ed Peterson, over at Wells Iowa, received a check for \$1,000 from the government for not raising hogs. So, I want to go into the "not raising hogs" business next year.

What I want to know is, in your opinion, what is the best kind of farm not to raise hogs on, and what is the best breed of hogs not to raise? I want to be sure that I approach this endeavor in keeping with all governmental policies. I would prefer not to raise razorbacks, but if that is not a good breed not to raise, then I will just as gladly not raise Yorkshires or Durocs.

As I see it, the hardest part of this program will be in keeping an accurate inventory of how many hogs I haven't raised.

My friend, Peterson, is very joyful about the future of the business. He has been raising hogs for twenty years or so, and the best he ever made on them was \$422 in 1968, until this year when he got your check for \$1000 for not raising hogs.

If I get \$1000 for not raising 50 hogs, will I get \$2000 for not raising 100 hogs? I plan to operate on a small scale at first, holding myself down to about 4000 hogs not raised, which will mean about \$80,000 the first year. Then I can afford an airplane.

Now another thing, these hogs I will not raise will not eat 100,000 bushels of corn. I understand that you also pay farmers for not raising corn and wheat. Will I qualify for payments for not raising wheat and corn not to feed 4000 hogs I am not going to raise?

Also, I am considering the "not milking cows" business, so send me any information you have on that too.

In view of these circumstances, you understand that I will be totally unemployed and plan to file for unemployment and food stamps.

Be assured you will have my vote in the coming election.

Patriotically Yours,

*Entre Prenuer.*