

legislation. In too many instances, people with diabetes do not have access to the management programs and equipment necessary to properly care for their illness. Without these management tools, diabetic patients face higher risks of the long-term complications that rob them of their sight and mobility.

"Diabetes is a chronic illness, but one that can be controlled—even reversed—when patients have access to and follow appropriate management programs under the care of an endocrinologist. Medical science has shown that complications of diabetes do not have to happen. Costs associated with chronic illnesses have been identified as a significant health care crisis that we will face in the future, according to a study released in November 1996 by the Robert Wood Johnson Foundation. An earlier taxpayer-funded study has already proven that management programs reduce complications from diabetes.

"Fewer complications means a greater quality of life for the 16 million Americans with diabetes and a lower health care bill for all Americans. Our Medicare program needs the common-sense, cost-saving reform proposed in this bill. As soon as it is passed, we will begin to invest in economical diabetes prevention programs that improve patients' lives and save the country's health care dollars."

#### LILLY SUPPORTS MEDICARE COVERAGE IMPROVEMENT FOR DIABETES PATIENTS

Representatives Elizabeth Furse (D-1st-OR) and George Nethercutt (R-5th-WA) will introduce a bill requiring Medicare coverage of self-management training services and blood testing strips, important preventive measures for people with diabetes who want to stay healthy and avoid complications. Eli Lilly and Company vigorously supports the Furse-Nethercutt diabetes bill.

More than 16 million Americans have diabetes, a serious disease that affects the body's ability to produce or respond properly to insulin, a hormone that allows blood sugar to enter the cells of the body and be used for energy. Approximately half of all diabetes cases occur in people older than 55.

Studies show that providing coverage for diabetes supplies, and self-management training directly helps people with diabetes avoid devastating and costly complications like kidney failure, heart attack, stroke, blindness and amputations.

According to the American Diabetes Association, diabetes costs the U.S. \$138 billion a year in health costs. About one-fourth of the Medicare budget (nearly \$30 billion a year) is devoted to treating diabetes and its complications. People on Medicare are one-and-a-half times more likely to have diabetes and its complications than other persons. Yet Medicare does not cover the tools to properly manage their disease.

Two-thirds of diabetes expenditures are related to the complications of the disease. The American Diabetes Association estimates that up to 85 percent of the complications associated with diabetes can be prevented. Yet today, only 30 percent of all patients receive any type of diabetes self-management training.

Lilly is a leader in diabetes care, celebrating 75 years of lifesaving Lilly insulin in 1996. In addition to providing disease treatments, Lilly specializes in diabetes education, teaching patients about the roles of diet, exercise, medication and monitoring their blood glucose levels to best manage their disease. Through our PCS subsidiary's Information Warehouse of 1.2 billion pharmacy records, Lilly helps physicians and health care providers identify particularly

vulnerable points in the progression of diabetes.

Lilly believes the Furse-Nethercutt bill will prove to be extremely valuable as a prevention measure for people with diabetes, while helping reduce future Medicare costs.

#### COMMUNITY RETAIL PHARMACY COALITION,

Alexandria, VA, January 7, 1997.

Hon. ELIZABETH FURSE,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE FURSE: The Community Retail Pharmacy Coalition is writing to indicate its support for your bill to improve Medicare coverage of outpatient self management training and blood testing strips for diabetics. The Coalition consists of the National Community Pharmacists Association (NCPA), representing independent retail pharmacy, and the National Association of Chain Drug Stores (NACDS). Collectively, the 60,000 retail pharmacies represented by the Coalition provide 90 percent of the 2.3 billion outpatient prescriptions dispensed annually in the United States.

This program will help reduce the relatively high percentage of Medicare expenditures which result from caring for Medicare's significant diabetic population. We understand that this program will save Medicare \$1.6 billion over the next six years. Allowing Medicare beneficiaries to use their local retail pharmacy provider to obtain this education and training makes sense. The nation's community retail pharmacies already provide a convenient location for Medicare beneficiaries to obtain the supplies that they need to help manage their diabetes, such as insulin and test strips.

The Coalition supports this bill, but asks that you assure that pharmacists meeting the educational requirements to participate in the program are, in fact, eligible for payment for these services under Medicare. The bill defines a "provider" as an individual or entity that provides other items or services to Medicare beneficiaries for which payment may be made. Pharmacies already provide such items and would appear to qualify as a "provider" under this bill. However, pharmacies are not currently classified as "suppliers" under the Medicare program, and we urge that your bill do so to assure that pharmacies qualify under this important program.

We believe that similar programs to increase quality and reduce costs could be developed for other disease states that are common in the Medicare population, such as asthma and high blood pressure. We would be very willing to work with you on developing such programs. We acknowledge and applaud your leadership in increasing the quality of care for diabetics who are covered by Medicare.

Sincerely,

RONALD L. ZIEGLER,  
President and Chief Executive Officer,  
NACDS.

CALVIN N. ANTHONY,  
Executive Vice President, NCPA.

#### INTRODUCING THE HEALTH CARE COMMITMENT ACT

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. MORAN of Virginia. Mr. Speaker, today, I rise to the "Health Care Commitment Act." This legislation allows Medicare eligible mili-

tary retirees and their dependents to voluntarily participate in the Federal Employee Health Benefits Program.

We recruit young men and women to serve in our nation's military with a promise that the government will provide them health care for life. While this is not a contract, many men and women enlist with the good faith belief that we will provide their medical needs for when they retire. After these men and women have served their country and turned 65, the Department of Defense reneges on its promises, turns them away from its insurance programs and effectively denies them access to its medical treatment facilities.

The Department of Defense is the only large employer in this nation that kicks its retirees out of its health insurance programs. But it does not need to be. Civilian employees in the same Department of Defense, and throughout the government, are given the opportunity to participate in one of the finest health insurance programs in the country. The Federal Employees Health Program is an established health insurance program that enables employees to choose from a range of health insurance packages. Federal retirees, unlike their counterparts who served in the military, are not dropped from their insurance plans when they turn 65 and are not placed at the bottom or priority lists. Instead they are treated with the respect and dignity that they deserve.

My legislation ensures that all federal retirees, whether they served their nation as a member of the armed forces or as a civilian employee, are treated with the same dignity and have an equal opportunity to participate in the Federal Employees Health Benefits Program.

#### THE ENTERPRISE RESOURCE BANK ACT OF 1996

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. BAKER. Mr. Speaker, today I am introducing legislation, with my distinguished colleague, the Minority Leader of the Capital Markets Subcommittee, Rep. PAUL KANJORSKI (D-PA), to reform the Federal Home Loan Bank System (FHLB). Throughout the 104th Congress, Mr. KANJORSKI and I have worked diligently to craft a bi-partisan reform bill. This legislation reflects the product of our subcommittee from April of last year.

While this bill reflects general consensus among members of the subcommittee, we are committed to working with other members of the full committee as well as the Administration to craft a bill that reflects most concerns. Greater attention will be given to the regulation and governance of the Bank System, the proper capital structure, the membership profile, and the mission of the system.

The Federal Home Loan Bank System was established in 1932 primarily to provide a source of intermediate- and long-term credit for savings institutions to finance long-term residential mortgages and to provide a source for liquidity loans for such institutions, neither of which was readily available for savings institutions at that time the Federal Home Loan Bank system was created.

In recent years, the System's membership has expanded to include other depository institutions that are significant housing lenders.

The segment of savings institutions and other depository institutions that are specialized mortgage lenders has decreased in size and market share and may continue to decrease. The establishment of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Government National Mortgage Association (Ginnie Mae) and the subsequent development of an extensive private secondary market for residential mortgages has challenged the Federal Home Loan Bank System as a source of intermediate- and long-term credit to support primary residential mortgages lenders.

For most depository institutions, residential mortgage lending has been incorporated into the product mix of community banking that typically provides a range of mortgage, consumer, and commercial loans in their communities.

Community banks, particularly those in rural markets, have a difficult time funding their intermediate- and long-term assets held in portfolio and accessing capital markets. For example, rural nonfarm businesses tend to rely heavily on community banks as their primary lender. Like the savings associations in the 1930's, these rural community banks draw most of their funds from local deposits. Longer-term credit for many borrowers in rural areas may therefore be difficult to obtain. In short, the economy of rural America may benefit from increased competition if rural community banks are provided enhanced access to capital markets.

Access to liquidity through the FHLB System benefits well-managed, adequately-capitalized community banks. For these banks, term advances reduce interest rate risk. In addition, the ability of a community bank to obtain advances to offset deposit decreases or to temporarily fund portfolios during an increase in loan demand reduces the bank's overall cost of operation and allows the institution to better serve their market and community.

Used prudently, the FHLB System is an integral tool to assist properly regulated, well-capitalized community banks, particularly those who lend in rural areas and underserved neighborhoods, a more stable funding resource for intermediate- and long-term assets.

With that in mind, I have introduced this legislation today to enhance the utility of the Federal Home Loan Bank System. I want the mission of the system to remain strong in the ability to help Americans realize the dream of home ownership, but equally as important: I want the System to enrich the communities in which Americans build their dreams.

America is the world capital of free enterprise. Free enterprise is the foundation on which the "American Dream" is built, and it is the engine by which "American ingenuity" is driven. My legislation will help nurture American free enterprise. That is why I call this bill the "Enterprise Resource Bank Act."

The Enterprise Resource Bank Act will strengthen the System's mission to promote residential mortgage lending (including mortgages on housing for low- and moderate-income families. Enterprise Resource Banks will facilitate community and economic development lending, including rural economic development lending. And Enterprise Resource Banks will facilitate this lending safely and soundly, through a program of collateralized

advances and other financial services that provide long-term funding, liquidity, and interest-rate risk management to its stockholders and certain non-member mortgages.

Since 1932, the Bank System has served as a link between the capital markets and local housing lenders, quietly making more money available for housing loans at better rates for Americans. Today the Federal Home Loan Banks' 5,700 member financial institutions provide for one out of every four mortgage loans outstanding in this country, including many loans that would not qualify for funding under secondary market criteria. The Bank System accomplishes this without a penny of taxpayer money through an exemplary partnership between private capital and public purpose.

More than 3,500 of the Bank System's current members are commercial banks, credit unions and insurance companies that became eligible for Bank membership in 1989. They demonstrate the market's value of the Bank System by investing in the capital stock of the regional home loan banks. These institutions have recognized the advantages of access to the Bank System's credit programs and have responded to their local communities' needs for mortgage lending. As the financial marketplace grows larger and more complex, I envision the Bank System as a necessary vehicle for serving community lending needs especially in rural and inner-city credit areas.

The Federal Home Loan Bank System serves an active and successful role in financing community lending and affordable housing through the Affordable Housing Program (AHP) and the Community Investment Program (CIP). The AHP program provides low-cost funds for member institutions to finance affordable housing, and the CIP program supports loans made by members to community-based organizations involved in commercial and economic development activities to benefit low-income areas.

The Federal Home Loan Banks' loans (advances) to their members have increased steadily since 1992 to the current level of more than \$122 billion. Since 1990, the Banks have made \$7.1 billion in targeted Community Investment Program advances to finance housing units for low- and moderate-income families and economic development projects. In addition, the Banks have contributed more than \$350 million through their Affordable Housing Programs to projects that facilitate housing for low- and moderate-income families.

While these figures are impressive, the Federal Home Loan Bank System needs some fine tuning to enable it to continue to meet the needs of all its members in a rapidly changing financial marketplace. The Enterprise Resource Bank Act of 1996 recognizes the changes that have occurred in home lending markets in recent years, which is reflected in the present composition of the Bank System's membership. Enacting this legislation will enhance the attractiveness of the Banks as a source of funds for housing and related community development lending, and will encourage the Banks to maintain their well-recognized financial strength. Specifically, my legislation: targets the Bank System's mission in statute to emphasize the System's important role of supporting our nation's housing finance system and its potential role of supporting economic development by providing long term credit and liquidity to housing lenders; estab-

lishes voluntary membership and equal terms of access to the System for all institutions eligible to become Bank System members, and eliminates artificial restrictions on the Banks' lending to member institutions based on their Qualified Thrift Lender status; equalizes and rationalizes Bank members' capital stock purchase requirements, preserving the cooperative structure that has served the System well since its creation in 1932; separates regulation and corporate governance of the Banks that reflect their low level of risk ensuring the Banks can meet their obligations; and modifies the methodology for allocating the Bank System's annual \$300 million REFCORP obligation so that the individual Banks, economic incentives are consistent with their statutory mission to support primary lenders in their communities.

Taken together, these interrelated provisions address the major issues identified in a recent series of studies of the Bank System that Congress required from the Federal Housing Finance Board (FHFB), the Congressional Budget Office (CBO), the General Accounting Office (GAO), the Department of Housing and Urban Development (HUD) and a Stockholder Study Committee comprised of 24 representatives of Federal Home Loan Bank shareholder institutions from across the country.

The Enterprise Resource Banks Act will make the Banks more profitable by enabling them to serve a larger universe of depository institution lenders more efficiently, and it will return control of the Banks to their regional boards of director who are in the best position to determine the needs of their local markets. At the same time, it will provide for the safety and soundness oversight necessary to ensure that this large, sophisticated financial enterprise maintains its financial integrity and continues to meet its obligations.

I first offered comprehensive legislation to modernize the Bank System in 1992. The legislation is the culmination of efforts over the last three years to address in a balanced way the concerns of the Banks' member institutions, community and housing groups, and various government agencies. Together with my respected colleague, Rep. PAUL KANJORSKI, I look forward to passage of this important legislation to modernize an institution that works to improve the availability of housing finance and the opportunity of credit for all Americans, particularly those who are underserved.

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#### HOMEOWNERS' INSURANCE AVAILABILITY ACT OF 1997

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 7, 1997*

Mr. LAZIO of New York. Mr. Speaker, today I introduce the Homeowners' Insurance Availability Act of 1997 as a first step toward addressing the exploding costs of Federal natural disaster assistance. Between 1988 and 1994, the Federal Government spent more than \$45 billion in disaster assistance, of which approximately half was for residential losses. Like coastal areas in many parts of the country, the shoreline homeowners in my Long Island district have been particularly hard hit by recent winter storms and nor'easters.