CONGRESSIONAL OVERSIGHT ON ADMINISTRATION'S REQUEST FOR $87 BILLION

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, all of us who have had the both pleasant and unpleasant experience of seeing our wounded young at our military hospitals, pleasant because they are so brave and so encouraging, and unpleasant because we see lives that have been so severely damaged, want us to be successful in the rebuilding and the democratization of Iraq. But I think it is imperative that the oversight responsibilities of this Congress be used now more than ever before maybe in our history and, that is, to determine the utilization of the administration's request of $87 billion.

It would be unconscionable for us to move forward on this request without understanding and persisting that the United States secures a U.N. resolution to include our allies both in burden sharing in the amount of money and troops, that we have a detailed exit strategy and we begin to work with our NATO allies, that we have full public congressional hearings for all of America to hear on the basis of the existence of the weapons of mass destruction and nuclear weapons, and finally, Mr. Speaker, that we protect and take care of our returning soldiers and veterans, as well as their families.

We hope that we can vote on this, but we must vote on it separately and not together.

MANUFACTURING MUST BE PROTECTED

(Mr. MANZULLO asked and was given permission to address the House for 1 minute.)

Mr. MANZULLO. Mr. Speaker, manufacturing is an endangered species that we must work now to protect. Some say manufacturing is no longer vital to our economy, the service industries will compensate.

I agree with Henry Kissinger when he says, ''I think that a country has to have a massive industrial base in order to play a significant role in the world. And to that extent, outsourcing of jobs concerns me.'' What made the American economy strong was industrial innovation. America led the world in new production methods and increased efficiency. How can we be innovators if we have no industry left?

With our strong industry, we built the most impressive fighting force the world has ever seen, a military that keeps us safe and the world free, but when our satellites are made in China, bomb parts made in Switzerland, night vision crystals in France and the Pentagon now wanting to buy 30,000 flight jackets with Pakistani goat hair, as opposed to U.S. goat hair, are we defending our economy or supporting the economies of other countries?

In some sectors of defense, we have been forced to recognize foreign technology is now vastly superior to our own. We must, we must stand by U.S. manufacturing to maintain a strong defense base.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. CULBERSON). Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

HOSPITAL MORTGAGE INSURANCE ACT OF 2003

Mr. NEY. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 659) to amend section 242 of the National Housing Act regarding the requirements for mortgage insurance under such Act for hospitals.

The Clerk read as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Hospital Mortgage Insurance Act of 2003''.

SEC. 2. STANDARDS FOR DETERMINING NEED AND FEASIBILITY FOR HOSPITALS.

(a) IN GENERAL.—Paragraph (4) of section 242(d) of the National Housing Act (12 U.S.C. 1715z–7) is amended to read as follows:

''(4)(A) The Secretary shall require satisfactory evidence that the hospital will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for hospitals and satisfactory assurance that such standards will be applied and enforced with respect to the hospital.

''(B) The Secretary shall establish the means for determining need and feasibility for the hospital, if the State does not have an official procedure for determining need for hospitals. If the State has an official procedure for determining need for hospitals, the Secretary shall require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this subsection (a) shall take effect and apply as of the date of the enactment of this Act.

(2) EFFECT OF REGULATORY AUTHORITY.—Any authority of the Secretary of Housing and Urban Development to issue regulations to carry out the amendment made by subsection (a) may not be construed to affect the effectiveness or applicability of such amendment under paragraph (1) of this subsection.

SEC. 3. EXEMPTION FOR CRITICAL ACCESS HOSPITALS.

(a) IN GENERAL.—Section 242 of the National Housing Act (12 U.S.C.1715z–7) is amended—

(1) in subsection (b)(1)(B), by inserting '', unless the facility is a critical access hospital (as that term is defined in section 1861(mm)(1) of the Social Security Act (42 U.S.C. 1395x(mm)(1)))'' after ''tuberculosis''; and

(2) by adding at the end the following:

''(i) TERMINATION OF EXEMPTION FOR CRITICAL ACCESS HOSPITALS.—

''(1) IN GENERAL.—The exemption for critical access hospitals under subsection (b)(1)(B) shall have no effect after July 31, 2006.

''(2) REPORT TO CONGRESS.—Not later than 3 years after July 31, 2003, the Secretary shall submit a report to Congress detailing the effects of the exemption of critical access hospitals from the provisions of subsection (b)(1)(B) on—

''(A) the provision of mortgage insurance to hospitals under this section; and

''(B) the General Insurance Fund established under section 519.''.

SEC. 4. STUDY OF BARRIERS TO RECEIPT OF INSURED MORTGAGES BY FEDERALLY QUALIFIED HEALTH CENTERS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall conduct a study on the barriers to the receipt of mortgage insurance by Federally qualified health centers (as defined in section 1905(l)(2)(B) of the Social Security Act (42 U.S.C. 1396d(l)(2)(B))) under section 1101 of the National Housing Act (12 U.S.C. 1749aaa), or other programs under that Act.

(b) REPORT.—Not later than 6 months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall submit a report regarding any appropriate legislative and regulatory changes needed to enable Federally qualified health centers to access mortgage insurance under section 1101 of the National Housing Act (12 U.S.C. 1749aaa), or other programs under that Act to—

(1) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(2) the Committee on Financial Services of the House of Representatives.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. NEY) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. NEY).

Mr. NEY. Mr. Speaker, I yield myself such time as I may consume.

This morning we are considering H.R. 659, the Hospital Mortgage Insurance Act of 2003. This legislation will make substantial improvements to the FHA Hospital Mortgage Program, making it easier for hospitals to obtain mortgage insurance.

This vital program provides credit enhancement, merges public and private resources, and makes available billions of dollars in new hospital construction and improvements.

Hospitals, Mr. Speaker, face significant financial challenges when providing care to patients, we all know that, who are covered by Medicare and Medicaid. At the same time, improvements in technology and health care knowledge necessitate capital improvements such as additions and renovations to existing buildings. It is generally accepted that modern health care facilities will improve the quality of life and the health of the population.

In an effort to assist States to provide modern health care facilities, Congress enacted section 242 of the National Housing Act in 1968.

Section 242 permits FHA to insure mortgages of hospital sponsors used to finance the replacement, modernization and rehabilitation of inefficient existing facilities. Low interest rate costs attributable to FHA insured financing, as well as the development of more cost-efficient facilities, substantially reduces both provider and Federal and State reimbursement.

To be eligible for section 242 financing, a hospital must obtain a Certificate of Need from a designated State agency, or in the absence of a Certificate of Need authority, a State-commissioned feasibility study. In addition, the hospital must demonstrate that there are reasonable State or local minimum licensing and operating standards already in effect.

However, as a result of continuing Federal policy encouraging deregulation, Certificate of Need authority has ''sunset'' in some States. In fact, over the last 20 years, at least 18 States have repealed their Certificate of Need process and programs.

The problem has been further compounded by at least two other factors. In some States retaining Certificate of Need authority, some projects will not qualify for the CON process. In others, the relevant State agency often lacks the authority to commission alternative feasibility studies.

I remember addressing the Ohio Certificate of Need program for indigent care while serving in the State Senate in Ohio. Ohio was not alone in reforming that program. For example, several States repealed their Certificate of Need program, including Arizona, California, Indiana, Kansas, Minnesota, Missouri, Oregon, Pennsylvania, Texas and Utah.

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One unintended consequence of those changes was to make it more difficult for hospitals in these States, particularly in rural areas, to obtain FHA insurance. This raised the cost of lending for hospitals, making it more difficult for them to improve existing facilities or build desperately needed new facilities.

This bill addresses that problem by giving HUD the freedom to devise new requirements for hospitals to be eligible for FHA mortgage insurance. It will significantly reduce the cost to providers of complying with expensive, pre-deregulation Certificate of Need eligibility requirements; and it will provide major economic stimulus to State and local communities as well as construction and permanent employment opportunities.

Two noncontroversial amendments have been added to the bill. One exempts critical-access hospitals from meeting the 242 statutory requirement that 50 percent of the patient-days in the facility be for acute care.

This will allow FHA to insure mortgages for small, rural hospitals with long-term care nursing facilities, an important change for communities in which there is not a large enough population to support two separate entities. This exemption will last for 3 years, during which time HUD will submit a report to the authorizing committees concerning its effect on the fund and eligibility.

The other amendment requires HUD to perform a study on the barriers to insuring mortgages for federally qualified health centers. The original amendment, to make them eligible for section 242 insurance, was dropped and this was inserted.

In order to ensure our health care system remains the best in the world, we must support continued advances in technology and improvement in medical care. The Hospital Mortgage Insurance Act of 2003 seeks to do just that by helping hospitals around the country, and especially in our rural areas, to continue modernizing their facilities and improving the quality of life for their patients.

Mr. Speaker, I urge Members to support this important piece of legislation. I thank the gentleman from Ohio (Mr. OXLEY), and I thank our ranking member, the gentleman from Massachusetts (Mr. FRANK), and our staff for the work on this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am delighted to be here to support this effort to make sure that the Federal Housing Administration is fully able to support hospitals. I wish it were as available to support housing, but we will deal with that in other settings.

As the gentleman from Ohio (Mr. NEY) has made clear, changes in Certificate of Need and other changes at the State level dealing with health care have put obstacles in the way of hospitals using FHA mortgage insurance. This is not a cost to the Federal Government; it is an example of trying to make medical care less expensive in ways that do not drain the Federal Treasury. It is a matter really that leverages the Federal system in ways that will help slow the increase in hospital costs and makes a great deal of sense. It is the kind of technical fix that is not terribly controversial, but is very important and will have enormous benefit.

I am pleased that we are going to be doing this in this quick fashion. I hope that this goes all of the way through the process; and the sooner the President can sign this bill, the better we will have treated the important cause of medical care.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. NEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation, and insert extraneous material thereon.

The SPEAKER pro tempore (Mr. CULBERSON). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. NEY. Mr. Speaker, I yield myself such time as I may consume.

I thank the ranking member of the committee, and I also thank the ranking member of the subcommittee, the gentlewoman from California (Ms. WATERS). There has been a great bipartisan spirit on this bill and others, and we appreciate Members working together for the betterment of the people.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlewoman from Texas (Ms. JACKSON-LEE) will later be managing on the Democratic side a bill from the Subcommittee on Immigration dealing with religious workers which I sponsored, and I would now like to express my appreciation to the gentlewoman and to the majority on the Committee on the Judiciary for bringing it forward. I will be back at a hearing on the Committee on Financial Services on the Sarbanes-Oxley bill, and so I take this opportunity to thank the gentlewoman.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me this time. I will take just a moment to thank the gentleman from Massachusetts (Mr. FRANK) for his leadership on the religious immigration bill that will be brought up later. Without the gentleman's leadership, we would not be here, and he is helping thousands of religious communities and others serve this Nation in a humanitarian way.

Mr. Speaker, I think the biggest point of this S. 659 is that it affects the Nation's health insurance program for 34 million seniors and 5 million disabled persons. Every Member in our congressional districts deals constantly with the need for increased and improved benefits for senior citizens and disabled persons.

A particular case I am grappling with in my office now is a young man injured severely a few years ago in the prime of his life and needs the kind of resources that can be provided by the enhancement of this legislation. My words are that this is an important move, and we thank the Committee on Financial Services for this amendment, as well as to emphasize that it is imperative that we move the Medicare logjam in the United States Congress so we can begin to holistically address the needs of those in nursing homes, senior citizens who have prescription drug needs, and how we deal with those who are least able to provide for themselves.

Mr. Speaker, I rise in support of H.R. 659, amending the National Housing Act. I support this legislation in the name of safeguarding Medicare and Medicaid. This bill affects a program that is the nation's health insurance program for 34 million senior citizens and 5 million disabled persons; therefore, I must contribute to every effort to sustain it. When hospitals, especially rural facilities, assess the need to make improvements and renovations

to existing buildings or structures, the more relaxed feasibility standards for approving mortgage insurance will allow investors and hospital board members to more comfortably initiate proposed improvements without contemplating an impact on the federal healthcare assistance programs that we have worked so hard to preserve.

Specifically, H.R. 659 will allow for a uniform set of eligibility requirements that will protect FHA insurance funds while also spurring insurance premium revenues which, in turn, translate into improvements to hospital facilities. It will also further the cost reduction goals of the federal regulation scheme. Furthermore, this bill will provide protection for hospitals in states where there is neither ''sunset'' or state-authorized deregulation by way of the certificate of need (CON) requirements. Most importantly, H.R. 659 will provide significant economic rejuvenation to state and local healthcare communities.

In our troubled economy, it is not surprising that many hospitals struggle to secure its capital. For smaller, rural hospitals, it is almost impossible to do so.

The Department of Housing and Urban Development's Section 242 mortgage bond program has been drafted and amended this legislation to help hospitals in this area, but 80 percent of its clients have been from New York and 10 percent from New Jersey, according to the Greater New York Hospital Association. We must ensure that the help reaches areas like the Greater Houston area.

Since its start in 1968, Section 242, which provides Federal Housing Administration insurance to back hospital capital improvement bonds, has secured over 300 hospital loans in 40 states and Puerto Rico. In practice, however, that has meant hundreds of loans in the Northeast and very few elsewhere.

However, the program has recently insured a tax-exempt proposal in Texas, and others are beginning the process. Applications are currently under review in Oklahoma and Wisconsin, and facilities in California, Colorado, and Minnesota will soon turn their interest into action.

Hospitals want Section 242-protected loans, in part, because the lenders have made the application process less cumbersome. The Department streamlined its business processes during the late 1990s to make the program easier for hospitals and their bankers. Therefore, states that don't require certificates of need have become more willing to accept commissioned studies of need and feasibility. As a result, the program is now accessible to many more hospitals nationwide.

Rural hospitals, long cut off from capital, are now using a program that could make a dramatic difference. Under the Medicare Rural Hospital Flexibility Program, part of the Balanced Budget Act of 1997, Medicare can designate critical-access hospitals—hospitals that receive cost-based rather than formula-based reimbursements from Medicare for inpatient and outpatient services. That allows the hospitals to recoup capital costs and improve their bottom line. HUD has streamlined the Section 242 process for them by covering financial feasibility studies and working with the hospitals to ensure success by hiring consultants to develop transition plans.

Many rural hospitals were build during the 1950s and 1960s with loans and grants from the Hill-Burton Program (Title VI of the Public Health Service Act). But appropriations for the program ended in 1974, and since then the hospitals have had trouble getting access to capital.

The loans under Section 242 may be used for construction refinancing, remodeling, or expansion of new and existing facilities. Architect fees, planner fees, title and recording fees, and other costs normally associated with a capital improvement project are also eligible. Also, up to 4.5 percent of the loan amount may be used for financing and placement fees, and 2 percent for working capital.

An FHA-insured mortgage can cover up to 90 percent of the replacement value of the assets pledged as security for the debt. Because the pledged assets include all of the hospitals' assets, not just the current project, the insured mortgage may cover the full costs.

The threshold qualification for the program is a certificate of need (CON) issued or pending for the project. If a state does not have a CON process, HUD will work with the state to establish guidelines for conducting an independent feasibility study.

With respect to the Baptist Hospitals of Southeast Texas, the Texas Department of Health conducted a feasibility study under guidelines it established in an agreement with the FHA. Pursuant to this agreement, the borrower is responsible for the cost of the feasibility study, which can be paid directly by the borrower or from the mortgage proceeds. During construction, the annual insurance premium is charged on the full amount of the approved mortgage and is capitalized in the loan for the full construction period.

The Section 242 program is of paramount importance because it is a credit-enhancement vehicle that can be of tremendous use to large health systems. This program has distinct applications which can be used by a whole litany of hospitals—community and critical-access hospitals, proprietary institutions.

Mr. Speaker, for the above reasons, I support H.R. 659.

Mr. OXLEY. Mr. Speaker, I'd like to thank Housing Subcommittee Chairman BOB NEY for introducing this important legislation. This bill is a great example of common sense triumphing over bureaucratic impediments.

The Federal Housing Administration has been helping Americans buy homes for nearly 70 years. This backing helps American families struggling with the costs of homeownership to obtain lower interest rates on their mortgages and for many, may be the difference between securing a home loan or not.

Today we're here to ensure that these same benefits are available for hospitals across the country. In the 1970s, Congress enacted legislation to provide mortgage insurance to hospitals making capital improvements, provided they submitted an approved certificate of need from their state government. Too many hospitals are unable to take advantage of the significant benefits incurred by FHA insurance because their states no longer provide the certificates of need necessary to qualify for FHA-backed mortgages. This bill responds to the changes in state programs over the past twenty years.

By allowing the Department of Housing and Urban Development to craft guidelines for qualifying hospitals without certificate of need programs, this bill will improve healthcare in communities across America. This legislation will build new maternity wards, modernize facilities and put hospitals in communities that do not have reasonable access to these services locally.

With this bill, we can move toward ensuring that quality, affordable medical care is readily available in rural and urban communities where financing is most needed.

I command Congressman NEY for his leadership and thank Committee and Subcommittee Ranking Members Congressman FRANK and Congresswoman WATERS for their help and support with this legislation.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield back the balance of my time.

Mr. NEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. NEY) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 659.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

KOREAN WAR VETERANS RECOGNITION ACT OF 2003

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 292) to amend title 4, United States Code, to add National Korean War Veterans Armistice Day to the list of days on which the flag should especially be displayed.

The Clerk read as follows:

H.R. 292

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Korean War Veterans Recognition Act of 2003''.

SEC. 2. DISPLAY OF FLAG ON NATIONAL KOREAN WAR VETERANS ARMISTICE DAY.

Section 6(d) of title 4, United States Code, is amended by inserting ''National Korean War Veterans Armistice Day, July 27;'' after ''July 4;''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from Texas (Ms. JACKSON-LEE) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 292.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill adds the National Korean War Veterans Armistice