

and serves more than eight million members in nine states and the District of Columbia. Seventy percent are in California. Kaiser is both insurer and provider; employers typically pay fixed yearly fees for each member, no matter how much care is provided.

Clearly, Kaiser has its limits as a model for others. It is unlike many mainstream health plans in that it is a not-for-profit company—though one with annual revenue of more than \$25 billion and operating margins of 5 percent. Its facilities tend to be large, and it has a lingering reputation for practicing an impersonal, regimented style of medicine that limits patient choice, despite recent efforts like the creation of physicians' personal Web pages and e-mail communication with patients.

Still, most health care experts who have studied Kaiser are impressed. "Kaiser has a model that consciously manages both quality and costs in a way that has been very effective," said Margaret O'Kane, president of the National Committee for Quality Assurance, an independent group that monitors health plans.

Kaiser's approach is best illustrated in two ways: its management of chronic illnesses like heart disease and diabetes, and its \$3 billion initiative to use information technology to improve clinical care and streamline operations.

Across the country, health costs are skewed. In any given year, 90 percent of spending provides care for 30 percent of the population, and more than half of total spending goes to 5 percent of the population. Much of it is spent on people with chronic illnesses like heart disease and diabetes. So helping people with those ailments stay as healthy as possible offers much opportunity for cutting costs—and for improving lives.

In Northern California, Kaiser has sharply reduced the death rate for its three million members there in recent years by monitoring and controlling blood pressure and cholesterol levels and by promoting the use of aspirin and beta blockers (to reduce the risk of heart attacks) and statins (to lower cholesterol). The death rate from heart disease among the Kaiser members is 30 percent lower than it is in the rest of the Northern California population, adjusted for age and gender.

Four months ago, Jose Flores, 44, a postal worker in San Francisco, had double-bypass heart surgery. While still in the hospital, he was enrolled in a program of education and treatment, which is run by nurses and lasts a year. Patients receive instruction on diet, exercise and cholesterol management; smokers are placed in a course to help them quit.

Mr. Flores says he is on a drug regimen that includes beta blockers and Lovastatin, a generic cholesterol-lowering statin. He takes large doses of niacin, a vitamin that raises the level of high-density lipoprotein, the "good" cholesterol that protects against heart attacks. He walks for an hour, five days a week. His eating habits have been transformed, too: fried foods were once a staple of his diet, but no more. Blacklisted, too, are sour cream, cheese and corn chips. "Now, I try to avoid all that," Mr. Flores said.

In Northern California alone, Kaiser spends \$55 million a year on chronic-care management programs. "But what's really expensive is if we don't take care of these people and manage their chronic conditions," said Dr. Robert Mithun, chief of internal medicine at Kaiser's medical center in San Francisco.

Dr. Mithun's comment may seem like no more than common sense, but it does not reflect the typical logic of the dominant fee-for-service model of health care. Most doctors and hospitals get a fee from insurers for each patient visit, clinical test, surgical procedure or day a patient spends in a hospital.

In practice, the fee-for-service system is often an invitation to do more of everything—more visits, more tests, more surgery. What gets done is what gets paid for, and insurers usually do not pay for preventive care or chronic care management provided by nurses or in group classes, like the ones at Kaiser.

In the fee-for-service medical economy, doctors and hospitals routinely strike different deals at different fees with many different insurers. The results are complexity, inefficiency and a constant bureaucratic tug-of-war between health care providers and insurers over claims.

The Kaiser economy seems a world apart. "What works at Kaiser is the integration of the financing and delivery of care, and the aligned incentives that allow you to make more rational decisions about health care for members," said Ms. Sekhri, the policy expert at the World Health Organization, who has studied Kaiser.

Ms. Sekhri was a co-author of a 2002 report that compared Kaiser in California with the National Health Service of Britain. The report found that for comparable spending, the Kaiser system in California did a better job of keeping people with chronic conditions out of hospitals. And when Kaiser patients were admitted to hospitals, their stays were generally shorter. Recently, Britain sent groups of primary care physicians and hospital administrators to California to learn from Kaiser.

The Labor government in Britain may look to Kaiser as an efficient model for its health service, which is run by the government. But the Bush administration is more interested in Kaiser as a model for the efficiencies and integration that can be achieved through information technology.

In May, the Bush administration appointed Dr. David J. Brailer to the new post of national coordinator of health information technology. His mandate is to prod the nation's health care system into the computer age. Bringing patient records and prescriptions out of the pen-and-ink era promises to save both dollars and lives. The automation of an electronic system could sharply reduce medical errors, which are estimated to be responsible for 45,000 to 98,000 deaths a year, according to the Institute of Medicine of the National Academy of Sciences.

Kaiser has been investing heavily in information technology for years. Its clinical information system includes electronic records with a patient's history, prescriptions and preventive health recommendations. A doctor can call up a patient's X-ray or magnetic resonance image on a desktop personal computer. Electronic prescribing—a goal in the government plan—is routine at Kaiser.

Yet Kaiser is in the midst of a several-year, \$3 billion program, called KP HealthConnect, to drastically improve and integrate its clinical and administrative systems and Web-based services for members. Once it is in place, Kaiser clinicians will be able to tap into a vast but flexible storehouse of data that uses intelligent software to automatically flag potentially harmful drug combinations for a patient or to suggest what treatments have been most effective for other people who are of the same sex, age group and—eventually—genetic profile.

Dr. Brailer, for one, checks in regularly on the progress of HealthConnect. George Halvorson, Kaiser's chief executive, said, "Policy makers are looking to us as the cutting edge of how health care can be supported electronically."

Kaiser has had setbacks in the program. Last year, it abandoned I.B.M. as its main partner on the project and chose to go with specialized health care software provided by Epic Systems, a private company in Madi-

son, Wis. Despite the switch, HealthConnect is scheduled to be rolled out during the next couple of years across Kaiser's operations.

The conversion of inefficient paperwork to a digital network also opens the door to fostering more efficient markets in health care. Markets rely on information, yet the health care economy is one in which information on patients, treatments and outcomes is trapped on paper and isolated in clinics, hospitals and insurance offices—instead of being shared, analyzed and compared, while still insuring privacy.

The fee-for-service model exists because patient visits, clinical tests and surgical procedures can be measured. They are inputs, in economic terms. Whether those inputs are effective is another matter.

In recent years, there have been efforts to focus on the quality of health care. The National Committee for Quality Assurance conducts annual reports based on a health plan's use of practices shown to improve patients' health, from timely prenatal care to cholesterol management. Kaiser plans consistently earn excellent ratings in the group's reports, and, this year, it had four of the five top-rated plans in the Pacific region, its stronghold.

Dr. Francis J. Crosson, the executive director of the physicians' side of Kaiser, said, "Our future has to be to compete on quality, offering people demonstrably better care and better value."

And the Kaiser system delivers quality while controlling total costs. A recent survey of health care costs in 15 metropolitan areas by Hewitt Associates, the human resources consulting firm, found that the cost for care per employee last year was lowest in the San Francisco area, where Kaiser members were about 35 percent of the insured population, at \$5,515, and was highest in regions where Kaiser did not operate—led by New York, at \$6,818 a worker.

Quality yardsticks are helpful, but they still measure inputs—ones associated with better health—instead of tracking how patients fare. The longer-term goal is for health plans to use technology more, as leading companies in the rest of the economy do. For the health plans, that may mean constantly tracking patients, treatments and results. "To have a real market for quality in health care, you need a product," Mr. Halvorson said. "And that means reliable, timely information about outcomes, clinical trial sorts of databases that show things like, for example, 50-year-olds in our system have fewer heart attacks."

"With the right information and the right incentives," he added, "capitalism creates very good solutions."

A TRIBUTE TO DAVID J. MANNING

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mr. TOWNS. Mr. Speaker, I rise in honor of David J. Manning for his dedication to Interfaith Medical Center and continued community efforts.

David was elected Senior Vice President of Corporate Affairs of KeySpan Energy in April 1999. He is the Senior Officer reporting to the Chairman, with responsibility for public affairs, government relations, internal and external communications, community development and altruism, corporate brand strategy, and environmental policy and operations.

Before joining KeySpan Energy, Mr. Manning had been President of the Canadian Association of Petroleum Producers (CAPP)

since 1995. From 1993 to 1995, he was Deputy Minister of Energy for the Province of Alberta, Canada, the source of approximately 14 percent of the natural gas used in the U.S. From 1988 to 1993, he was Senior International Trade Counsel for the Government of Alberta, based in New York City. Previously, he was in the private practice of law in Alberta, Canada. Mr. Manning is eligible for admission to the New York Bar. KeySpan Energy is the 4th largest natural gas distributor in the United States, serving much of New York City, Long Island, Boston and New Hampshire. It is also the largest investor owned electric power generator in New York State, and operates the LIPA electric system on Long Island under contract. David is past Chairman of the Brooklyn Chamber of Commerce, Vice Chairman of the Long Island Housing Partnership Board, and Coordinating Committee Co-chair of the current National Petroleum Council Natural Gas Study.

Most recently, for his community service and contributions to the Interfaith Medical Center, David is receiving the Spirit Award for Excellence in Community Service from the Center.

Mr. Speaker, David J. Manning has used his position as a national leader in the energy industry to strengthen and improve our community. As such, he is more than worthy of receiving our recognition today and I urge my colleagues to join me in honoring this truly remarkable person.

IN MEMORY OF CORPORAL
NICHOLAS DIERFUF

HON. BEN CHANDLER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mr. CHANDLER. Mr. Speaker, I rise today to honor the life of Corporal Nicholas J. Dierfuf. On April 8, 2004, Corporal Dierfuf made the ultimate sacrifice for his country while serving in Iraq. The work of our young men and women in the armed services is vital for the safety and security of our nation. The death of Corporal Dierfuf is a true loss to the United States. I salute his dedication while serving in the 1st Light Armored Reconnaissance Battalion, a unit in the 1st Marine Division. My thoughts and prayers are with his wife, Emily Duncan Dierfuf, his parents, and all those who loved him.

RECOGNIZING PAUL WESTFALL
FOR ACHIEVING THE RANK OF
EAGLE SCOUT

HON. SAM GRAVES

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mr. GRAVES. Mr. Speaker, I proudly pause to recognize Paul Westfall of Blue Springs, Missouri, a very special young man who has exemplified the finest qualities of citizenship and leadership by taking an active part in the Boy Scouts of America, Troop 138, and in earning the most prestigious award of Eagle Scout.

Paul has been very active with his troop, participating in many Scout activities. Over the

many years Paul has been involved with Scouting, he has not only earned numerous merit badges, but the respect of his family, peers, and community.

Mr. Speaker, I proudly ask you to join me in commending Paul Westfall for his accomplishments with the Boy Scouts of America and for his efforts put forth in achieving the highest distinction of Eagle Scout.

CONGRATULATING ST. MICHAEL'S
UKRAINIAN ORTHODOX CHURCH
ON ITS 75TH ANNIVERSARY

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mr. KANJORSKI. Mr. Speaker, I rise today to ask you and my respected colleagues in the House of Representatives to pay tribute to St. Michael's Ukrainian Orthodox Church on the joyous occasion of its 75th anniversary this Sunday in Scranton, Pennsylvania.

This church has a rich and proud history in the Eleventh District of Pennsylvania. Groundbreaking for St. Michael's began on September 2, 1929. The dedicated men and women were the founding members who provided the community with a place to worship. Their children, grandchildren and great-grandchildren continue to worship at St. Michael's. Members of the congregation are involved in a variety of civic activities that show their dedication to helping those who are less fortunate.

The church community shares its heritage through food each June. Visitors can partake in delicious foods such as homemade pyrohy, holubtsi and halushki, just to name a few. Through the Annual Food Festival, church members celebrate culture. But more than that, the festival unites people as it exposes a different ethnicity, fostering understanding and appreciation.

I would like to recognize Rev. Nestor S. Kowal, pastor of St. Michael's, as well as Karen Nebesky and Charles Warholak, Jr., co-chairpersons of the anniversary celebration.

Mr. Speaker, I ask that you join me today in acknowledging the significant contributions made by St. Michael's Ukrainian Church and to congratulate its members on the occasion of its 75th anniversary.

IN RECOGNITION OF THE 2004
CLEVELAND COUNCIL OF BLACK
NURSES HALL OF FAME INDUCTEES

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mrs. JONES of Ohio. Mr. Speaker, I rise today to recognize the many outstanding achievements of four distinguished healthcare professionals—Drs. Dorothy Bradford, Valerie George, Daisy Alford-Smith, and May Wykle.

Their endless acts of community service, excellence in the field of nursing education and many nursing affiliations are testimonies to their accomplishments, which have been recognized both locally and nationally.

Their sensitivity and willingness to help others were critical ingredients throughout their il-

lustrious careers. May the legacy of their work continue to inspire the hearts and minds of others.

I am honored to join with the Cleveland Council of Black Nurses and the people of the 11th Congressional District in celebrating the "Living Legacy" of these visionaries.

CONGRATULATING J. ROGER WIL-
LIAMS AS TEXAS' 105TH SEC-
RETARY OF STATE

HON. MICHAEL C. BURGESS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 2004

Mr. BURGESS. Mr. Speaker, on Wednesday, November 17, 2004, Texas Governor Rick Perry named J. Roger Williams, a Weatherford businessman, Texas' 105th Secretary of State.

A nationally respected businessman, Roger Williams will be a powerful statesman. Mr. Williams will represent Texas entities both home and abroad by promoting all our great state has to offer. The Secretary of State serves as liaison for the governor on border and Mexican Affairs. As a dedicated civic leader and generous philanthropist, Mr. Williams comes well prepared for his new tenure as Texas' 105th Secretary of State.

In addition to his duties representing Texas, Roger Williams will serve as the state's chief elections officer. The Office of Secretary of State also is the official repository for official and business records; publishes government rules and regulations; and attests to the governor's signature on official documents.

Most recently, Mr. Williams served as Chairman of the Board of Roger Williams Automall in Weatherford and Vestry Financial Corporation of Fort Worth. From 1974 to 1995 Williams was President and Chief Executive Officer of Jack Williams Automall, the multiple-line dealership founded by his father, Jack Williams, in 1958.

A former professional baseball player, Roger Williams played for the Atlanta Braves farm team from 1971 to 1974, and he owned and operated the San Antonio Brewers professional baseball club from 1972 to 1975. He also served as assistant head coach and later head coach for the baseball team at Texas Christian University, his alma mater.

Roger Williams has been recognized nationally for his business acumen, as a 1981 inductee into the Automobile Hall of Fame and as the Fort Worth Chamber of Commerce Businessman of the Year in 1984. He was named by Time magazine as Automobile Dealer of the Year in 1985 and by Sports Illustrated as Import Automobile Dealer of the Year in 1986. Lockheed Martin Management Association named Williams Manager of the Year in 1977.

I welcome J. Roger Williams to his new role as Texas Secretary of State and extend my congratulations to Mr. Williams and his family, his wife Patty and their two daughters, Jaclyn and Sabrina.