

THE PRESIDENT'S CALL FOR INDISPENSABLE LEADERSHIP—
JANUARY 21, 1997

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. OWENS. Mr. Speaker, President Clinton's inaugural address was not a State of the Union speech obligated to provide substance for general proposals. Appropriately, the President used his second inaugural statement to set a tone for the next 4 years, the prelude to the 21st century. America is a great country blessed by God with wealth far surpassing any Nation on the face of the Earth now, or in the past. The Roman Empire was a beggar entity compared to the rich and powerful Americans. God has granted us an opportunity unparalleled in history. President Clinton called upon both leaders and ordinary citizens to measure up to this splendid moment. The President called upon all of us to abandon ancient hatreds and obsessions with trivial issues. For a brief moment in history we are the indispensable people. Other nations have occupied this position before and failed the world. The American colossus should break the historic pattern of empires devouring themselves. As we move into the 21st century we need indispensable leaders with global visions. We need profound decisions.

INDISPENSABLE NATION

Under God, The indispensable nation, Guardian of the pivotal generation, Most fortunate of all the lands, For a brief moment, The whole world we hold in our hands, Internet sorcery computer magic, Tiny spirits make opportunity tragic, We are the indispensable nation, Guardian of the pivotal generation, Millionaires must rise to see the need, Or smother beneath their splendid greed, Capitalism is King, With potential to be Pope, Banks hoard gold, That could fertilize universal hope, Jefferson Lincoln Roosevelt King, Make your star spangled legacy sting, Dispatch your ghosts, To bring us global visions, Indispensable leaders, Need profound decisions, Internet sorcery computer magic, Tiny spirits make opportunity tragic, We are the indispensable nation, Guardian of the pivotal generation, With liberty and justice for the world, Under God.

SUPPORT GREATER MEDICARE EQUITY AND FAIRNESS BY REFORMING THE AAPCC PAYMENT FORMULA

HON. JIM RAMSTAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. RAMSTAD. Mr. Speaker, I rise today to introduce legislation to respond to an issue of great importance to Medicare beneficiaries and health care providers in my district and throughout the country—reforming the payment for Medicare risk-based managed care plans.

Currently, Medicare payments to risk-based health care plans are calculated on the basis of Medicare spending in each county's fee-for-service section—medical care outside of managed care plans. The variation in the adjusted average per capita cost [AAPCC] formula re-

flects different utilization of health care services.

In 1996, Dr. John E. Wennberg, the director of the Center for the Evaluative Clinical Studies at Dartmouth Medical School, published "The Dartmouth Atlas of Health Care." The atlas shows that the rates of hospital beds and physicians per 1,000 residents determines how much care Medicare beneficiaries use. Revising the highly variable AAPCC payment formula will result in greater equity for Medicare beneficiaries regardless of where they live, allowing choices among plans and more equitable distribution of out-of-pocket costs and additional benefit packages.

Because of the need to correct the inequity in the AAPCC payment formula for millions of Medicare beneficiaries, I strongly supported changes to the formula during consideration last session of the Medicare Preservation Act. Regrettably, congressional efforts to reform the geographic disparity and inequities in the AAPCC formula were denied by the stroke of the President's veto pen.

The legislation I am introducing today narrows the AAPCC payment gap between rural and urban areas in a budget neutral fashion. At a minimum, a county would receive 80 percent of the national input-price-adjusted capitation rate. This change helps reflect the true cost of doing business, taking into consideration uncontrollable factors such as wage rates or supply costs. The language also implements a 3-year average for the baseline rather than 1 year. This change provides greater representation of historical health care costs for an area. This bill is based on the Physician Payment Review Commission's "1996 Annual Report to Congress."

When the Health Care Financing Administration [HCFA] released the 1997 payment rates for Medicare managed care plans, the agency told us that payments nationally to Medicare-managed care plans would increase an average of 5.9 percent as of January 1, 1997—significantly lower than the 1996 national average increase of 10.1 percent.

This is good news in terms of the solvency of the Medicare trust fund—we need to slow the rate of growth of Medicare spending to stave off its imminent bankruptcy. The bad news is that this average increase reflects wide variation in percentage increases from county to county. Four counties: Valencia, N.M.; and three New York State counties Bronx, Monroe and New York, actually will receive negative growth—real decreases. Because the actual dollar variations are also extreme, many low-payment areas get a double whammy—lower percentage increases off a lower base.

This situation continues a trend inherent in the flawed payment formula. The following table illustrates the vast variation between counties across the country. I believe it is important to point out that even though the 1996 AAPCC payment increased an average of 10.1 percent not all counties shared in the bounty of that increase. The same is also true for the 1997 AAPCC payments.

Counties that typically lost ground were those in efficient markets and rural counties with historically lower reimbursement rates. Because of these lower payment rates and lower annual increases, these regions will continue to lack the ability to attract managed care options to their area or offer enhanced health care benefits often found in higher payment communities.

MONTHLY PAYMENT RATES TO MEDICARE-MANAGED CARE PLANS

| Area/county | 1995 payment | 1995 per-cent increase | 1996 payment | 1996 per-cent increase | 1997 payment | 1997 per-cent increase |
|----------------------|--------------|------------------------|--------------|------------------------|--------------|------------------------|
| National average ... | \$400 | 5.9 | \$440 | 10.1 | \$466 | 5.9 |
| Richmond, NY | 668 | 6.2 | 758 | 13.4 | 767 | 1.1 |
| Kern, CA | 439 | 5.8 | 478 | 8.9 | 512 | 7 |
| Hennepin, MN | 359 | 2 | 386 | 7.6 | 405 | 4.8 |
| Tulare, CA | 333 | 2.9 | 360 | 7.9 | 390 | 8.4 |
| Vernon, WI | 209 | 6.6 | 237 | 13.2 | 250 | 5.5 |

The payment rates also illustrate the overall instability and unpredictability of AAPCC's—factors that discourage health plans from entering new markets and remaining in other markets.

If there is a silver lining to HCFA's release of the 1997 risk-based managed care payment rates, it was contained in Dr. Vladeck's remarks: "The formula used to set HMO payment rates is flawed. It shortchanges rural areas and markets where care is delivered more efficiently, and may limit beneficiary choice."

Dr. Vladeck's comments indicate HCFA's understanding of the inequity in the current AAPCC formula and the need for change if we are to offer all Medicare beneficiaries true choices in the type and form of health care they want to receive. I see this as a signal that in the months ahead we can work in a bipartisan, pragmatic way to improve the AAPCC payment formula.

Mr. Speaker, correcting the AAPCC payment formula is vital. The 105th Congress has the opportunity to make the formula more equitable. I look forward to working with you and my colleagues on the Committee on Ways and Means to make the needed changes to the AAPCC payment formula. The longer we continue to use the current formula, the longer efficient health care markets will be penalized and rural areas will lag behind, leaving many Medicare beneficiaries with fewer choices.

CURT FLOOD: AN UNCOMMON MAN

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. CONYERS. Mr. Speaker, 1 month ago, I introduced legislation repealing baseball's antitrust exemption. The bill was designated H.R. 21, in honor of Curt Flood's number when he played for the St. Louis Cardinals.

In an ear when the terms hero and courage are used all too frequently, Curt Flood stands out as the genuine article, a true inspiration to all Americans who care about economic and social equality. I am attaching a letter from President Clinton and several articles written which describe his career and reiterate these very points.

Most of us are well aware of the courage Curt Flood displayed when he refused to accept being traded to the Philadelphia Phillies. His letter to then Commissioner Kuhn cut directly to the core of the issue:

After 12 years in the Major Leagues, I do not feel that I am a piece of property to be bought and sold irrespective of my wishes. I believe that any system which produces that result violates my basic rights as a citizen and is inconsistent with the laws of the United States and the several states.