company to process medical claims doubled last year, according to one analyst. The company says performance has since rebounded.

What had been 44 claims-processing centers across the country were consolidated at about 25 locations, and the number of employees handling claims was reduced by more than one-fifth. Employees with 15 years of experience were replaced by people with less than a year's experience, said R. Max Gould, Aetna U.S. Healthcare's head of customer service.

In a series of audits of Colorado health insurers, the state Division of Insurance has cited widespread problems related to payment of claims, among other shortcomings. The regulatory agency this year assessed fines against PacifiCare of Colorado Inc., HMO Colorado Inc., Blue Cross Blue Shield of Colorado and Gem Insurance Co.

Gem, which tripled enrollment in three years and accumulated a backlog of 106,000 unpaid claims, said in June that its low prices ''led to . . . poor customer service.''

When Prudential moved processing of many Washington area claims to Jacksonville, Fla., in the spring of 1997 ''initially there was some conversion disruption,'' Prudential spokeswoman Peggy Frank Lyle said. The company was compressing 40 claims-processing sites and 28 member-services sites nationwide into four.

It's ''very difficult when you have that many new people to train,'' Lyle said.

In April, Maryland's hospitals filed a coordinated complaint with the state insurance commissioner alleging health plans were systematically denying payment for medically necessary care after the care had been delivered.

United Healthcare, though not singled out for criticism, showed the highest level of denied claims, according to Maryland Hospital Association data. The percentage of hospital days for which it initially refused payment rose to 14.6 percent in 1997—more than one in seven—from 4.4 percent in 1996, the association reported.

''When we find the care is not appropriate, we deny [payment for] the hospital day,'' United Healthcare Vice President Sharon Pavlos said.

Kaiser Foundation Health Plan of the Mid-Atlantic States Inc., also know as Kaiser Permanente, in June paid $117,000 to settle an array of potential violations cited by the Virginia Bureau of Insurance.

For example, more than one-fifth of the time, a review found, Kaiser failed to add interest to late claim payments as required by law.

Kaiser said its problems got much worse last year, after the period covered by the review. The February 1997 takeover of Humana Group Health Inc., ''crashed our little system'' said Bernard J. Tyson, president of Kaiser's Central East Division. ''We don't have . . . the right infrastructure and information systems to manage now a big piece of our business.''

The company plans to complete a major upgrade next spring. In the meantime, it fired the outside contractor that had been handling its claims and switched to a better internal system, officials said. ''Clean'' claims, which are claims that don't raise questions, were being processed in an average of 26.7 days during June, compared with about 50 days at one point last year.

Trebach's most severely delayed bills ''fell in some black hole,'' spokeswoman Darlene Frank said.

For Trebach, a social worker in the Fairfax County public schools, a final indignity was the doctors' warning that a ''warrant in debt'' might be ''delivered to your home by a Sheriff.''

''This would be so frightening for my children,'' said Trebach's wife, Loretta DiGennaro.

Consumers ignore payment demands at their peril, as a clerk in a Washington electrical supply business recently discovered. Long after his insurer had rejected a series of 1995 and 1996 hospitals bills—so much later that the insurer can't document the reason—the hospital turned them over to a collection agency, according to Crouse at the JEMM insurance brokerage.

Now, under a court order, the clerk's wages are being garnisheed to pay the debt.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, AND JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

SPEECH OF

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 4, 1998

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4276) making appropriations for the Department of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1999, and for other purposes.

Mrs. MORELLA. Mr. Chairman, I rise in opposition to the amendment offered by my friend from Maryland.

My friend and neighbor Mr. BARTLETT argues that it is actually the U.N. which owes us money. Nothing could be further from the truth. The figures which he cites from the GAO include costs of non-U.N. peacekeeping operations undertaken by the United States in our own national interest, such as the Gulf War and our operations in Bosnia and Haiti, as well as Somalia.

Every living former Secretary of State opposes the Bartlett amendment, including James Baker, Alexander Haig, George Schultz, and Henry Kissinger. This is hardly a bunch of free-spending, bleeding-heart liberals out to hand over U.S. sovereignty. They support U.N. funding not only because it is a legal obligation, but because it serves our national interest in contributing to global peace, prosperity and security, and because it serves our humanitarian interests in assisting refugees, improving human rights, and establishing the rule of law. Our continued failure to honor our obligations threatens our interests by threatening the U.N.'s financial and political viability.

Many of us recognize the need for U.N. reform. But these efforts are hampered, not helped, by the current U.N. financial problem. We have been trying to reduce our U.N. budget share, but negotiations ended last year when other members would not agree to pay more until the U.S. paid at least its current obligated share. As the former Secretaries have noted, ''without a U.S. commitment to pay arrears . . . U.S. efforts to consolidate and advance U.N. reforms and reduce U.S. assessments are not going to succeed.''

I urge a ''no'' vote on the Bartlett amendment.