June 30, 1999

I ask my colleagues to join me in saluting Mike Riley, whose sense of compassion, commitment to economic justice and devotion to his family is an inspiration to us all. I am proud to be his friend.

TIME TO INCREASE THE MINIMUM WAGE: THERE IS A HIGH COST FOR LOW WAGES

HON. TOM LANTOS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 29, 1999

Mr. LANTOS. Mr. Speaker, with 126 of our distinguished colleagues, I am a cosponsor of the bill, H.R. 325, which was introduced by our colleagues Congressman DAVID BONION and Democratic Leader RICHARD A. GEPHARDT. Our legislation would raise the minimum wage from $5.15 to $5.65 on September 1, 1999, and from $5.65 to $6.15 on September 1, 2000. An identical bill has been introduced in the Senate.

Mr. Speaker, the present minimum wage is a poverty wage. A single mother, with two children, working at minimum wage earns thousands of dollars less than the poverty level. You just cannot raise a family on $5.15 an hour. As Barbara Ehrenreich said in an essay entitled “The High Cost of Low Wages” which appeared in America @ Work: “Even in an economy celebrating unequaled prosperity, a person can work hard, full-time or even more, and not make enough to live on, at least if she intends to live indoors. I left thinking that if this were my real life, I would become an agitator in no time at all, or at least a serious nuisance.

It is essential that we increase the minimum wage, Mr. Speaker, in order to prevent further erosion of the purchasing power of low-wage workers. An increase in the minimum wage will serve as an important means for people to gain independence from government income support programs. It will boost worker morale and increase worker productivity.

Mr. Speaker, we can afford to increase the minimum wage—and now is the time to do it. Our nation has now experienced the longest period of time that we have been in a recession.

The principal provision in the Medicare Physician Self-Referral Improvement Act of 1999 creates a fair market value exception, or safe harbor, for providers who enter into compensation relationships with entities to which they refer Medicare and Medicaid beneficiaries for health services. All that is required under the fair-market value exception is that providers set down the terms of their arrangement in writing, that it is for a specified period of time and is signed by all parties; that it is not based on the volume or value of referrals; and that rates paid are commercially reasonable.

What honest doctor can’t meet those standards?

The bill that I am introducing also makes changes in the “direct supervision” requirement that governs the in-office ancillary services safe harbor; substantially narrows financial relationship reporting requirements for providers, who would only have to produce accounts of their financial relationships and those of immediate family members upon audit; modifies the law’s “direct supervision” requirement for in-office ancillary services; expands the prepared plan exception to include Medicare and Medicaid coordinated capitated plans; creates an exception for areas in which the HHS Secretary finds there are no alternative providers; exempts ambulatory surgical centers and hospices; alters the definition of a group practice; and requires HCFA to issue advisory opinions within 60 days of receiving a request.

If enacted, these changes would improve the law without undermining it—which as the Thomas bill clearly would. Policymakers know that
the self-referral law is uniquely effective in controlling overutilization, and that it works well precisely because providers screen their arrangements before finalizing contracts. In effect, the self-referral law is self-enforcing.

To further substantiate that point, at a May 13 Ways & Means Health Subcommittee hearing on the physician self-referral law, the HHS Inspector General's chief counsel, Daniel J. Sullivan, testified that the phony joint ventures on the 1980's have decreased significantly. That is good news.

The result is that compliance with the law is standard practice in the health industry today. Even Columbia-HCA, which I have long criticized, now has a system in place that carefully screens financial relationships with physicians in order to stay in compliance with the law.

This demonstrates that even without final regulations, the law is effectively controlling overutilization in Medicare's fee-for-service program, and it is likely to save billions of dollars as it is enforced.

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