

the self-referral law is uniquely effective in controlling overutilization, and that it works well precisely because providers scrub 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, D. McCarty Thornton, 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—which still comprises 82 percent of all enrollees. Absent the law's curbs, Medicare would be highly vulnerable to overutilization again. Indeed, in 1995, when Representative THOMAS introduced similar legislation, the Congressional Budget Office estimated the bill would cost Medicare \$400 million over 7 years.

It is particularly hypocritical that the American Medical Association is lobbying for repeal of the law's compensation provisions. Last time I checked, AMA's Code of Medical Ethics bars members from entering into self-referral arrangements.

The Health Care Financing Administration has promised to issue final regulations for the physician self-referral law by next spring. At this juncture, it would be deeply irresponsible to enact legislation that effectively repeals the heart of the law—which is the Federal Government's ability to require fair-market value parameters for compensation arrangements between providers.

If the law is repealed, taxpayers will again be forced to foot the bill for billions of dollars in provision of unnecessary services. Enactment of the Thomas proposal would shorten Medicare's life and return us to the days of the 1980's, when physicians created sham joint ventures to which they steered their patients for unnecessary, expensive, and even painful tests.

I hope that we will not go down that road.

THE MEDICARE PHYSICIAN SELF-REFERRAL
IMPROVEMENT ACT
BILL SUMMARY

The Medicare Physician Self-Referral Improvement Act of 1999 introduced by Rep. Stark refines the self-referral laws in a number of ways. Below is a summary of the bill that highlights major provisions in current law and major changes that this legislation makes to those provisions.

Current law bans compensation between doctors and providers in certain designated health services areas. It is designed to provide a "bright line" in the law and to avoid requiring the government to investigate difficult "kickback" cases. The current law includes many complex exceptions to the total ban.

The Medicare Physician Self-Referral Improvement Act of 1999 would replace most of the compensation exceptions with a single "Fair Market Value" test. It would maintain the exceptions to the ban for physician re-

cruitment and de minimis gifts. Under the fair market value test, an agreement must be in writing, for a definite period of time, and not be dependent on the volume or value of referrals. The compensation in the contract must be a reasonable "fair market" rate.

Current law requires "direct supervision" by referring physicians of those providing designated health services to qualify for the in-office ancillary service exception.

The Medicare Physician Self-Referral Improvement Act of 1999 would require general supervision which is a less stringent standard than current law, but it would require that generally the physician be on the premises.

Current law provides a general managed care exemption.

The Medicare Physician Self-Referral Improvement Act of 1999 would clarify that the managed care exemption extends to Medicaid managed care plans and Medicare+Choice organizations.

Current law provides an exception from the law in instances where no alternative provider is available.

The Medicare Physician Self-Referral Improvement Act of 1999 would change that exception so that the Secretary of Health and Human Services would determine whether an area is underserved and therefore needed such an exception.

Current law requires reporting of provider financial relationships and those of their immediate families, and institutes civil monetary penalties for failure to comply with such reporting requirements.

The Medicare Physician Self-Referral Improvement Act of 1999 would repeal that reporting requirement and replace it with a requirement that physicians have records available for audit purposes. It would also abolish the civil monetary penalties that go along with the current financial relationship reporting requirement.

Current law provides a list of designated health services that are covered by the self-referral ban.

The Medicare Physician Self-Referral Improvement Act of 1999 would remove eyeglasses and lenses from the list and would clarify that the law does not cover ambulatory surgical centers or hospices.

Current law requires HCFA to provide advisory opinions upon request, but has no deadline for their completion.

The Medicare Physician Self-Referral Improvement Act of 1999 would require that advisory opinions be answered by HCFA within 60 days.

Current law forbids providers from providing DME and parenteral and enteral nutrients as part of the in-office ancillary exception.

The Medicare Physician Self-Referral Improvement Act of 1999 would eliminate the ban.

RPS, INC. RECOGNIZED IN
CONGRESS

HON. FRANK MASCARA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. MASCARA. Mr. Speaker, I rise today to pay tribute to a company in my district, RPS, Inc., an FDX Company. This company has grown in less than 15 years to become the

second largest small-package carrier in North America, and has established a reputation for efficient, affordable, and safe service.

RPS is a major employer and business operating in the southwest corner of Pennsylvania. Its headquarters have been located outside of Pittsburgh since the company was started in 1985 by President and CEO Daniel J. Sullivan. Since then, RPS has been one of the fastest growing companies in the transportation industry and currently employs over 30,000 people nationally, and ships over 1.4 million packages a day. In 1996 the company became the first small-package carrier to offer service to every business address in North America. One reason for the company's outstanding success is rooted in its commitment to technological innovation and emphasis on safe, reliable service.

Recently, RPS was awarded the 1999 Parcel Delivery Carrier of the Year by the National Small Shipments Traffic Conference (NASSTRAC), an organization of shipping executives and industry peers. In the Parcel Delivery category, this honor was bestowed solely upon RPS for its outstanding industry innovations, leadership, technology, on-time performance, service to customers, and sales support. The significance of this award is that industry professionals and peers deemed RPS to be the best in the industry, above all competitors.

In addition, the company and its employees have been recognized for their unparalleled safety record and efficient service to customers. The American Trucking Association recently named two RPS drivers, Keith Herzig and Vicki Carpenter, as Road Team Captains. This title is conferred upon 12 elite drivers annually for their exemplary safety and service records. Furthermore, RPS won the American Trucking Association's National Truck Safety Contest in 1998 or having the fewest number of accidents in the 20 million miles hauled category. RPS can serve as an example to other companies in industries which operate heavily on our nation's highways.

I am honored to have such a fine company in my district and to represent them in Congress. I am certain RPS will continue to have a long and successful future serving America's business transportation needs.

THE ANNUNCIATION PARISH
COMMUNITY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. KUCINICH. Mr. Speaker, I rise today in celebration of the Annunciation Parish Community as it celebrates its 75th year of dedicated service to the West Cleveland community.

The Annunciation Parish Community, through its "willingness to bear Jesus to the world," has served as a center for the religious expression and the spiritual growth of the West 130th and Bennington communities.

Through the rite of Baptism as well as conversions, Annunciation has brought many members of the community into the Catholic