

support its vision, we will continue to move toward an American civil justice system that will truly meet the need of its citizens in the 21st century.

TRIBUTE TO VALLEY COLLEGE

**HON. HOWARD L. BERMAN**

OF CALIFORNIA

**HON. HENRY A. WAXMAN**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 30, 1999

Mr. BERMAN. Mr. Speaker, my colleague, Representative HENRY A. WAXMAN, and I, rise to pay tribute to Los Angeles Valley College, which this year is celebrating its 50th anniversary. Over the past five decades, Valley College has exemplified the best in American public education. Despite charging nominal fees to its students, the college has a top-notch faculty, the largest library in the San Fernando Valley and today offers more than 50 academic majors. Forty percent of the students who attend Valley College view it as a pathway to facilitate transfers into four-year colleges and universities.

When Valley College opened its doors in 1949, the San Fernando Valley was a suburban/rural community. The changes in the college since that time have paralleled the changes in the Valley, which is much more diverse than it was at the end of the Second World War. The College had done an outstanding job of adapting its curriculum and facilities to new and different circumstances.

Valley College has also kept up with the rapid pace of technological change at the end of the 20th century. The library recently completed its automation project and is now online with access to four separate databases. The College currently maintains a Bio-Tutorial Lab, Computer Science Lab, Music Listening Lab, Speech Lab, Foreign Language Lab, Statistics Lab and several open labs with Internet access for all students.

Valley College has developed a program that provides a number of one- and two-year technical programs such as accounting, business administration and computer sciences. Through the years, thousands of students have used these programs to enter rewarding careers.

Valley College has also made a concerted effort to meet the educational needs of high school students in the San Fernando Valley. The Afternoon College enables these young people to improve their basic skills before they graduate, which helps ensure that they will succeed in college. The Early-Start Program allows college-bound high school students to earn college credit while still attending high school.

We ask our colleagues to join us in saluting Dr. Tyree Wieder, President of Valley College, and the entire faculty and staff on this special occasion. Thanks to these dedicated educators, Valley College is a superb example of the best that California's Community College System has to offer. With the continued hard work of such committed individuals, the next 50 years at Valley College will be equally successful in serving our community.

EXTENSIONS OF REMARKS

PREMIUM SUPPORT: DO WHAT I SAY, NOT WHAT I DO

**HON. FORTNEY PETE STARK**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 30, 1999

Mr. STARK. Mr. Speaker, in March, the Bipartisan Commission on the Future of Medicare voted 10 to 7 on a plan known as Premium Support. The law establishing the Commission required that for a formal report to be issued, 11 votes were needed.

One of the 10 votes for Premium Support was by Samuel Howard of Nashville, Tennessee.

Premium Support is a proposal to use higher premiums in traditional Medicare to push beneficiaries into private, managed care HMO-type plans. It is based on the theory that the private sector is more efficient and can do a better job—save money and offer extra benefits—than the traditional Medicare program.

Mr. Howard was one of the leading proponents of the idea that the business sector is always better than the government sector, and that government is inept and stupid. His comments in the Commission's public meetings never varied from that theme.

I submit for the RECORD an article from The Tennessean of September 4, 1999:

STATE BLAMES XANTUS CHIEF FOR INSOLVENCY

(By Keith Snider)

Xantus Corp. Chairman Samuel H. Howard used TennCare money to finance other business deals, misled state regulators and presided over a health plan that routinely lost claims, a report filed yesterday alleges.

State receivers who have been running insolvent Xantus HealthPlan of Tennessee blamed Howard for much of its demise, saying his business decisions left the TennCare plan disorganized and vulnerable.

Xantus disregarded a state law that requires health maintenance organizations to maintain a minimum net worth, the report says, and used cash from the health plan to pay debts and expand its parent firm, Xantus Corp., into Mississippi and Arkansas.

"Xantus HealthPlan of Tennessee was not managed in a compliant, operationally sound, or financially sound manner for several years," leaving it unable to meet its obligations, the report concludes.

Howard released a short statement challenging the report and saying he hasn't had time to read it in detail.

"I could not disagree more with its findings and conclusions," said Howard, former chairman of the Nashville Area Chamber of Commerce and one of the city's most prominent African-American businessmen. "I am deeply disappointed that our voluntary entry into rehabilitation has resulted in a report of this nature."

The Tennessee Bureau of Investigation said it is continuing a probe of possible wrongdoing at Xantus, but spokesman Mark Gwyn would not say whether the report will affect the investigation.

Officials in the attorney general's office and in the state Department of Commerce and Insurance couldn't be reached late yesterday for comment.

David Manning, a former state official who co-wrote the report with Manny Martins, would not say whether the receivers have

shared information with the TBI. "Obviously, we're making public filings and they're available for anybody who has an interest," he said.

Xantus, the state's third-largest TennCare plan with 160,000 members, has been in the hands of receivers since March 31.

On Thursday, Manning and Martins asked a Davidson County Chancery Court judge to approve a rehabilitation plan that would replace the health plan's management and begin paying creditors with \$30 million in state funds.

The new report, supported by a thick stack of documents, describes a business that gradually was run into the ground.

Among other things, Howard used money from Xantus HealthPlan in 1994 to repay a \$1 million start-up loan and used at least \$2.8 million in 1996 to open a health plan in Mississippi, the report says.

Howard explained the 1994 transaction as a "management fee" paid by Xantus HealthPlan to Xantus Corp., but the report says no management agreement existed at the time and would have required state approval.

Xantus Corp. overcharged the health plan by millions of dollars in management fees to replace money it had originally invested in Xantus HealthPlan, the report says. That left the health plan relying only on TennCare payments to keep its net worth above state minimums.

After the state warned Xantus in April 1998 that it was undercapitalized, Howard approved a \$10 million transfer from the health plan to the parent company to pay the \$9 million balance of a Nations-bank loan, the report says.

And in September 1998, Xantus diverted an additional \$350,000 from the health plan to its Mississippi business despite reporting a negative net worth of \$3.4 million in the same quarter, the report says.

Xantus misreported its net worth for that year, the report says, and financial reports for that year show "a pattern of questionable financial 'recovery' at the end of the first three calendar quarters" and that the health plan "recurrently 'rallied' at the end of each quarter."

Howard misled Commerce and Insurance officials on management fees, the source of loans, intercompany transfers, his salary, and about how he intended to finance the acquisition of Health Net's TennCare business two years ago, the report alleges.

Xantus didn't properly investigate loss-plagued Health Net before buying it, the report says, and limped along with inexperienced managers and a claims processing system that paid claims to the wrong provider, paid the wrong amount, lost claims and denied claims that had been preauthorized.

The receivers said earlier this week that their estimate of how much Xantus owes doctors and hospitals has grown from \$50 million-\$60 million to \$80 million because the processing system hasn't been sorted out.

Manning characterized the findings as "a factual report that reaches reasonable conclusions."

State Sen. Thelma Harper, who called a June news conference along with other prominent African-American leaders to express concern about the investigation of Xantus, couldn't be reached for comment.

Howard, who has blamed flaws in the \$4.3 billion TennCare program for Xantus' problems, said yesterday he's learned "that the gap between the business world and government is deep and wide."

But the report says Howard's contention that Xantus had an unfair share of very sick