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## EXTENSIONS OF REMARKS

3349

CONGRESSIONAL RESEARCH SERVICE'S MEMOS SHOW S. 1895 MEDICARE BOARD IS A RECIPE FOR DISASTER

### HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 22, 2000

Mr. STARK. Mr. Speaker, S. 1895, the Breaux-Frist Premium Support proposal to change Medicare is a recipe for administrative disaster.

Don't take my word for it. Following are quotes from two Library of Congress Congressional Research Service memos describing the many problems with S. 1895.

Just ask yourself, in the history of the world, has the administration of a large program (and Medicare is spending about \$220 billion a year) ever been successfully accomplished by a committee of seven?

As the ultimate Founding Father, George Washington said,

... wherever and whenever one person is found adequate to the discharge of a duty by close application thereto, it is worse executed by two persons, and scarcely done at all if three or more are employed therein.

The full CRS papers are available from my office at 239 Cannon HOB, Washington, DC 20515 (202-225-5065).

Following are other quotes from the studies. Describing how Medicare would be largely independent of the Secretary of HHS and the Administrator of HCFA, the CRS writes:

#### NEW, UNTESTED IDEAS

This organizational and administrative design is somewhat unusual when considered in light of traditional guidelines regarding the effective administration of government programs. These guidelines normally call for placing major elements of a program in the same agency or department, and lodging authority over the program in the head of the agency or department, while authorizing the agency head to delegate that authority.

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The Secretary of HHS and the administrator of HCFA appear to be almost totally removed from any role regarding the Division of HCFA-Sponsored Plans, although they would apparently retain supervision and authority over the Division of Health Programs.

To a large extent, the proposed organizational and administrative restructuring of the agencies that would be administering the proposed Medicare program appears to depart from the traditional guidelines for the administration of government programs.

#### DIVIDED ADMINISTRATION: A RECIPE FOR CONFUSION?

The administration of the Medicare program is divided between the board and the Division of HCFA-Sponsored Plans. The fact that the Division must submit its sponsored plans to the board for approval compounds the problem. . . . What happens if the Division is unwilling or unable to develop plans the board finds acceptable? The board may appeal to the President for assistance, but since he appears to have little or no administrative or supervisory authority or responsibility regarding the operations of the board, he may have little motivation to intervene on its behalf.

The CRS points out that OMB is the only independent agency "exercising considerable authority over other independent bodies . . . as the President's surrogate . . .

Even OMB, however, does not share or assume operating authority over government programs assigned to other agencies or departments.

It is difficult to find an example where independent bodies share administrative responsibility over a program, and where one body may veto the plans of another, as with the board and the Division of HCFA-Sponsored Plans.

#### CRS writes:

##### WHO'S IN CHARGE HERE? WHERE'S THE ACCOUNTABILITY?

Under S. 1895 the Secretary of HHS appears to be stripped of supervisory authority over the Medicare Program and of practically all authority over the Division of HCFA-Sponsored Plans [even though that Division is within HHS and operating under Federal laws].

Apparently, the Secretary would retain supervisory authority over only the Division's budget. Since the Secretary would have no role to play in the Division's activities, there is a possibility that its budget requests might not receive much support compared to other agencies in the Department.

The CRS memo notes "two of the most independent units existing within departments appear to be the Office of Comptroller of the Currency and the Office of Thrift Supervision," both in Treasury.

... such independence generally is given only to independent regulatory commissions that for convenience sake are located within departments.

But note, Mr. Speaker: Medicare is not just a regulatory program: It is an insurance program for 40 million people that spends \$220 billion a year and processes nearly a billion medical claims a year.

#### CRS writes:

##### WHY 7 MEMBERS?

A further issue of authority and ease of decisionmaking is raised by the seven-member composition of the proposed Medicare Board. The current trend is to establish boards of three to five members, because larger boards often experience great difficulty in reaching a decision. Most recently, the former Interstate Commerce Commission, which initially consisted of 11 members, and was later reduced to five members, was abolished and many of its functions were transferred to a three-member Surface Transportation Board.

##### WHAT PRESIDENT?

The amount of independence granted the Medicare Board from the President and from congressional oversight is highly unusual and serves to limit the accountability of the board members . . .

Presidential authority over one of the largest government programs would . . . be severely limited, because the Chief Executive would have virtually no authority over board activities . . . Congressional influence and direction would also be limited because the board, able to raise its own operating funds, would not be subject to the yearly appropriations process.

##### TALK ABOUT MAKING HCFA MORE UNRESPONSIVE!

It is rare for such agencies to be authorized to generate their operating funds. Only a

handful of such agencies, nearly all involved with banking and financial matters, have such authority.

#### IN CONCLUSION, LET'S BE ANTI-DEMOCRACY

Congress Sometimes departs from traditional guidelines regarding what is considered the type of organizational and administrative structure most likely to result in the effective delivery of government programs. The proposed bill restructuring the Medicare program, departing as it does from those guidelines, raises questions because it would divide program responsibility and authority between two government entities, an independent Medicare Board and the Division of HCFA-Sponsored Plans. Difficulties in administering the program are more likely to arise and produce conflicts more difficult to resolve when a program is divided between two distinct federal entities than when located within one entity. Additionally, there may be a problem when one of the entities is located within a department and the head of the department has little if any supervisory authority over that entity. That situation may serve to separate the department head from any problems that the entity may be experiencing and make it less likely that he or she would be willing or able to help resolve those problems. Finally, the amount of independence proposed for the Medicare Board would make it more difficult for the President to exercise guidance and direction over the Medicare program, and for Congress to provide guidance and direction to the board through its use of the appropriations process.

TRIBUTE TO DENMARK'S AMBASSADOR TO THE UNITED STATES, K. ERIK TYGENSEN

### HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 22, 2000

Mr. LANTOS. Mr. Speaker, I invite my colleagues to join me in bidding farewell to Ambassador K. Erik Tygesen, who has served as Denmark's extraordinary envoy to the United States for the past five years. Ambassador Tygesen's outstanding efforts to promote the diplomatic relations between the United States and Denmark are a reflection of his exemplary devotion to democratic ideals, and we are immensely grateful for his commitment and integrity. He will be missed here in Washington.

In July 1997 President Clinton traveled to Denmark, the first-ever visit of a United States President in office. The trip was an overwhelming success, due in large part to the preparations and planning of Ambassador Tygesen. This visit further strengthened the long and strong lasting ties between our two countries. In his speech to Her Majesty the Queen of Denmark, President Clinton said, "The United States has had relations with Denmark longer than with any other country, and our nations have never been closer than today. On almost every issue we stand together, and on some of the most important issues we stand together almost alone. But America always knows it is in the right if Denmark is by our side."

Ambassador Tygesen embodies these sentiments that President Clinton voiced. Consistent with a long Danish tradition of championing peace, Ambassador Tygesen was a