

H.R. 9256 is basically similar to H.R. 2987, 89th Congress, upon which the AMA testified before the House Interstate and Foreign Commerce Committee in March 1965. Our objections to H.R. 2987 went to the substance of the bill. While we believe that this proposal, concerning itself as it does with mortgage insurance and direct loans, is more appropriately before this committee, we find that there has not been sufficient change in the legislation or in the circumstances on which our objections were based to warrant a change in our position. Accordingly, not persuaded that this legislation is advisable or necessary, we appear here today to again voice our opposition.

At the outset it should be clearly understood that the American Medical Association does not oppose group practice by physicians. It is recognized that such practices may afford some advantages to both the physician and the patient, and that the number of group practices is constantly increasing. It should be also recognized, however, that this type of practice is neither feasible nor desirable for all of the physicians of our Nation.

Since there are different types of group practices, we should keep before us the intent of this bill with respect to the type of group practice which it would foster. It is our opinion that H.R. 9256 is designed primarily to provide for the construction of prepaid closed-panel group practices. I will speak more to this point, shortly.

Our reasons for objecting to the measure pending before this committee may be briefly categorized. First, physicians do not have difficulty in obtaining conventional loans. Second the number of group practices is increasing without Federal financing. Third, direct loans by the Federal Government are unwarranted. And fourth, the bill is discriminatory in the priorities granted to applicants.

PHYSICIANS ENJOY GOOD CREDIT STANDING

Physicians enjoy a high credit standing in their community. It is generally recognized that the physician has a high potential earning capacity. That this potential is usually realized may be seen from surveys which have compared the M.D. to other professions or to the businessman and have found the physician to be at the top of the earnings or net income ladder. And when a physician participates in a partnership or in a group practice, his personal income tends to be still greater. As far as we know, there has been nothing shown which would indicate that physicians require any special or unconventional form of assistance when financing the construction of their offices or the equipping of them.

THE NUMBER OF GROUP PRACTICES IS INCREASING

One might suppose from the emphasis stemming from the bill that a need for group practice is not being met. The implication is there—that growth in group practice is being stifled and that special assistance is needed. This is not so.

Three surveys with respect to group practice are significant. In 1946 a survey conducted by the Public Health Service, with the cooperation of the AMA, revealed the existence of only 368 group practices. A second survey conducted by the PHS in 1959-60, in which the AMA closely cooperated, showed there were 1,546 group practices.