In earlier testimony before this committee, on March 1, the Under Secretary of the Department of Health, Education, and Welfare stated that "today, group practices number nearly 2,000." Unfortunately Mr. Cohen did not have the benefit of our latest survey. Just last year, the AMA undertook a direct mail inquiry of all physicians. Responses show that there are now 5,450 group practices with approximately 26,000 physicians participating in such groups.

This remarkable growth of group practices, an increase of 350 percent in 5 years, has taken place without Federal subsidization.

DIRECT LOANS UNWARRANTED

Title II of H.R. 9256 would authorize the Housing and Home Finance Administrator to make loans to any group practice units or organizations to assist in financing the construction cost of group practice facilities. We see no justification for this provision. We have already shown that physicians, perhaps more so than any other group, are able to obtain financing, through usual channels, to meet the cost of constructing facilities.

H.R. 9256 is not primarily concerned with physician owned and operated group practices, but is intended to provide preferential assistance to prepaid closed panel group practices, particularly those which may be established by agencies or organizations. We see no justification for such priority.

DISCRIMINATORY PREFERENCES

Our fourth reason for opposing certain provisions of H.R. 9256 concerns the discriminatory nature of this bill as evidenced by the priorities established. In this respect let us examine pertinent provisions of the bill.

H.R. 9256 provides that mortgages may be insured or loans given to the following (sec. 1007(a)):

> (A) A private agency or organization (including a medical or dental group) undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care or dental care, or both which may include hospitalization, to members or subscribers primarily on a group practice prepayment basis;
>
> (B) A public or private nonprofit agency or organization established for the purpose of improving the availability of medical or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it; or
>
> (C) A medical or dental group.

The bill requires certain priorities. Section 302(a) requires the Federal Housing Commissioner and the Housing and Home Finance Administrator to establish jointly criteria determining priorities in insuring mortgages and making loans—

> which criteria shall give preference in the case of applications involving facilities to be located in smaller communities and in the case of applications of agencies or organizations described in subparagraph (A) or (B) of section 1007(4) of the National Housing Act which are public or nonprofit organizations as defined in section 1007(5) of such Act, and in such other cases as they may deem appropriate and consistent with the purpose of this Act.