

It may be seen from the foregoing excerpt that it is not the medical or dental groups of subparagraph (c) which are intended to be benefited by H.R. 9256, but the agencies or organizations which undertake to provide medical care to members or subscribers primarily on a group practice prepayment basis. Thus the question is not simply whether mortgages should be insured for, or loans given to, "group practices" but whether preference for such loans should be given to corporations, associations, trusts, or other organizations which undertake to make available medical care.

During the fourth day of hearings by the Interstate and Foreign Commerce Committee, its chairman, Congressman Oren Harris, who had introduced H.R. 2987 containing substantially similar priorities, stated (p. 321, hearings, Mar. 2, 3, 4, and 5, 1965, on H.R. 2987):

We might as well acknowledge the issue involved here. We have been talking around the fringes of it and arguing about whether the funds are available, with most of my colleagues thinking it was primarily for medical groups to get together and organize a group practice facility. In my judgment, this program is not primarily intended for that kind of clinic. I think the facts here are that those who are sponsoring and proposing this are doing so on the basis of organizing and expanding the prepayment type of clinical and medical treatment program, and to operate it on that basis.

On another point, Mr. Harris said:

This is a program to permit certain groups, private groups or organizations, to go out and organize this kind of a program. This committee and the Congress will have to decide whether we want to put up funds from the Federal Government to establish this kind of a program. That is the way I see it.

I quote further from Congressman Harris:

The purpose of this legislation is to promote a group-type, prepayment-plan program in order that it can be organized and put into effect in certain of these congested or highly populated areas.

We believe that a system of medical care provided through prepaid closed panel clinics should not be subsidized by the Federal Government. We believe that this legislation is unnecessary.

In closing we would again emphasize that this legislation is discriminatory, designed to promote a system of furnishing medical care through closed panel prepayment group health plans; that it is unnecessary in view of the rapidly increasing number of group practices being formed without Federal legislation; that direct loans are unwarranted; and that physicians enjoy excellent credit standing in their communities and need no special assistance in financing the construction of office facilities.

We urge you to reject this legislation.

Mr. Chairman, the American Medical Association is grateful for this opportunity to present its views on this bill. We hope that our comments will be helpful to the committee, and we will be pleased to attempt to answer any questions which may be asked.

Mr. BARRETT. Thank you, Dr. Renger.

I gather from your statement that your organization feels that the group medical practices bill is unnecessary because private financing for such facilities is available in a conventional mortgage market. Now, there may be others who may disagree with your organization, but I would like your reaction to this. What if this subcommittee were to discard the standby direct loan authorization and were to authorize only FHA insurance loans whenever a private lender is able to make