

STATEMENT OF JAMES BRINDLE, PRESIDENT, HEALTH INSURANCE PLAN OF GREATER NEW YORK, ON BEHALF OF THE GROUP HEALTH ASSOCIATION OF AMERICA; ACCOMPANIED BY DR. W. P. DEARING, EXECUTIVE DIRECTOR, GROUP HEALTH ASSOCIATION OF AMERICA

Mr. BRINDLE. Mr. Chairman and members of the committee, my name is James Brindle. I am president of the Health Insurance Plan of Greater New York, an active member organization of Group Health Association of America. With me are Jerry Voorhis, president and executive director of the Cooperative League of the United States of America and secretary of Group Health Association of America, Dr. W. P. Dearing, executive director of Group Health Association of America, and Gibson Kingren of the Kaiser Foundation Health Plan. My testimony today is on behalf of Group Health Association of America and in strong support of H.R. 9256.

Some background on Group Health Association of America may be helpful in evaluating my support of H.R. 9256.

Group Health Association of America is a nonprofit organization dedicated to improving the availability, efficiency and quality of medical care. Toward this end the association works especially for the creation and expansion of group health prepayment plans. These plans are actually organizations of consumers and physicians banded together to provide comprehensive health care on a nonprofit basis directly to the individual through group medical practice. The consumer pays a regular monthly fee, in advance, for his health care.

I would like to emphasize some key words and phrases in this definition of Group Health Association of America and apply them to the reasoned need for H.R. 9256.

Very important is the word "nonprofit." It represents a blessing to the consumer, we believe on the basis of our experience, in the form of more quality comprehensive medical care for the dollar. Yet it represents years of financial difficulty and frustration for consumers who establish sponsoring organizations to try to build a modern group health program.

Our hope is that you will make it more feasible for these nonprofit groups of consumers, working cooperatively with physicians, to finance group health plans.

Groups of physicians seeking financing for profitmaking medical enterprise seldom have trouble getting financing from their local banking institutions or, in the case of loans of major size, from outside banking and insurance firms. When well-to-do physicians with established practices plan to build in prosperous communities, money for capital expenditures is readily available. For such commercial and profit-oriented ventures, doctors have also found the door of the Small Business Administration open to their needs.

Many nonprofit group health plans have had quite different experiences. What is required in the consumer's interest and what must be offered to attract physicians to an economically deprived urban or rural neighborhood may not offer the most attractive prospect for venture capital. Location and design of a consumer-sponsored medical group facility is based on health service requirements rather than