

solely on fiscal attractiveness. Planning here is for people—not profits.

Even for programs that do not involve prepayment, there are areas such as New York City where it is very difficult to attract numbers of highly qualified physicians into practice. I think Harlem is one of the instant areas.

The agonizing trials of Group Health Association of America affiliates in securing adequate financing is repeated several times in documents presented to the Committee on Interstate and Foreign Commerce in its hearings on H.R. 2987 conducted last year. They can be found in the record of the 1965 hearings at pages 313-317.

The expressed need today is greater. The Medical Foundation of Bellaire, Ohio, is a nonprofit community health organization whose affiliated 16-physician Bellaire Medical Group serves seven Appalachia counties in Ohio and West Virginia. This foundation now reports need for financing \$1,230,000 of construction, compared with \$500,000 to \$800,000 reported at the time of last year's hearings.

Group practice plans in St. Paul, Minn., and San Diego, Calif., which reported no construction financing needs last year now state they need respectively \$750,000 and \$625,000 of financing for needed expansion.

Starting a new plan depends on adequate financing. Just this week I was in New Haven, Conn., where there is a vigorous movement for the development of a group practice facility. This project is unusually important because, although primarily for comprehensive patient care on a prepayment basis, it would operate in the Yale-New Haven Medical Center, where it would also serve as an education center to train future physicians in family type medical care in a group practice setting. The project is sponsored by the Greater New Haven Central Labor Council and other consumer groups and has been assured of cooperative participation by the joint board of the Yale University School of Medicine and the Yale-New Haven Hospital. They are confronted with the immediate need for financing of \$750,000 for a new facility and an additional \$500,000 for later expansion.

Appended are copies of statements from these and other organizations regarding needs for financing.

They represent, gentlemen, a story of lost time and dollars, of dedicated men having to pay exceedingly high interest and amortization rates when loans were gained and of men tapping their operating capital to secure as much as two-thirds of the total loan. That has been our own experience in New York City.

A brief note was sent by me, as president of the Health Insurance Plan of Greater New York, at that time. In it I noted that after great difficulty in securing any financing in our early days—between 1945 and 1955—we are now able to get a certain measure of facilities financing. But only up to about one-third of the capital cost. This has forced HIP and its affiliated group partnerships to use assets to carry the other two-thirds of all construction costs. Further, under New York State insurance law, there are serious limitations on HIP's ability to use funds for facilities.

To operate in this financial straitjacket has meant that at times we have had to settle for less than adequate facilities and locations for our medical group. We have been delayed for years in relocating, mod-