

care is to receive the encouragement it should have and to make the contribution to the better health of our people which such action can bring.

Only where the costs of preventive care are already paid and where doctors' income is thus already assured through the voluntary action of his patients—only under these circumstances is there incentive on the part of doctor and patient alike to keep people out of hospitals and thus to check the alarming increase in costs of medical care and the alarming and soon to be aggravated pressure upon both hospital space and hospital costs. If time permitted I could give a personal illustration of this in the last 4 months. But I think I better not take time to do that because of other witnesses.

We can submit carefully compiled evidence to show that subscribers to group health plans do have hospital utilization rates which are from 50 to 80 percent of those of other insured groups in the population.

But for easily understood reasons group health plans face a difficult problem of receiving financing for the physical facilities they need. This has always been true and no one can accurately estimate how much benefit such plans might have brought to our country through voluntary action of its citizens if the financial problem could have been solved.

Such consumer-sponsored plans are nonprofit, of course, to begin with. They therefore cannot offer expectation of substantial earnings as security. We have all sorts of evidence from all kinds of different plans throughout the country to the effect that if they had been profitmaking organizations they would have had no difficulty, but the fact that they were nonprofit service agencies made it very difficult for them to borrow money they needed so badly. Second, the doctors' facilities, clinic buildings, and the like which are essential if such plans are to operate at all, are single-use buildings and therefore not in the nature of prime objects of investment by financial institutions. Third, in many, many cases the need is greatest in smaller communities where even if the local bank desires to make such loans, it simply lacks the resources with which to do so unless a guarantee is provided such as H.R. 9256 could give. Fourth, while the members and subscribers to such plans—or the potential members and subscribers to such plans—could and indeed have put up enough contribution to finance the operations of a plan, there are many, many instances where they are quite unable to subscribe the amounts of money necessary to finance expensive modern health facilities.

Let me cite a couple of examples.

First, take the case of a small community threatened with loss of its only hospital and of all its doctors and where families subscribed \$100 each to provide their town with desperately needed modern clinic facilities. Some \$45,000 was needed to complete construction of these facilities over and beyond what could be raised by the people's efforts. In the absence of legislation like H.R. 9256, it took 15 years before these earnest people were able to borrow the funds necessary to supplement their own and to provide the facilities their town needed.

Another case is one right now, where an already established group health plan in a rural area is ready and willing to construct a branch clinic in a neighboring community. The nearest hospital to this