NEED FOR HEALTH CARE FACILITIES NOW GREATEST IN OUR HISTORY

This is the time to make needed health care facilities available as soon as possible. The medicare program will become effective on July 1 and many States already are increasing their medical services to the indigent through implementation of title 19 of the Social Security Act. Never in the history of this country has there been as much demand for medical services as there is today, and we expect this demand to expand substantially in the next few years. Group practice programs, with the inherent economies of group medical practice, can help to minimize the pressure caused by an increasing quantity of health-care dollars during a time marked by a shortage of physicians, a shortage of trained personnel and a shortage of adequate facilities.

SUMMARY

Kaiser Foundation Health Plan urges the passage of H.R. 9256 for the following reasons:

1. Experience has shown that capital to finance medical facilities for group practice organizations is difficult and often impossible to secure. This factor prevents many organizations from being established and keeps existing plans small so that many people who might wish to have the benefits of group practice plans are deprived of that opportunity.

2. Recent amendments to the Social Security Act are making substantial funds available for medical care. There may be overburdening of the relatively limited supply of doctors and health facilities available, with consequent detriment to the quality of medical service for the general public. Therefore it seems sound public policy for Congress to encourage expansion of efficient health facilities through insured loans.

3. To encourage long-term insured loans for facilities expansion is consistent with our free enterprise system. Experience has demonstrated that well-managed group practice prepayment plans can be self-sustaining, with the capacity to generate funds fully adequate to amortize indebtedness. However, group medical practice is a relatively new concept to the financial world and we believe that, in the absence of guaranteed repayment, lenders will continue their cautious policies and decline to make long-term loans to this kind of enterprise in the amounts which are required. A program of Government insured loans will open many doors now closed to qualified borrowers.

Kaiser Foundation Health Plan

KAISER FOUNDATION HEALTH PLAN HAS A LONG-ESTABLISHED POLICY IN SUPPORT OF INSURED LOANS FOR GROUP PRACTICE FACILITIES

In 1954 Mr. Henry Kaiser appeared before the Interstate and Foreign Commerce Committee—when it was chaired by Representative Charles A. Wolverton—in support of H.R. 7700 which would have provided insured loans for the construction of health facilities. This measure did not pass Congress. The support of H.R. 9256 is a continuation of Mr. Kaiser's proposal of 12 years ago. The need for this measure was present then; it is even more pressing today.

Mr. BARRETT. Thank you, Mr. Kingren.