

On the second point I would agree with Mrs. Dwyer very much that we didn't do enough work in helping to train far more doctors and nurses than we did. I think this should have been stepped up tremendously and I think it is going to have to be. But our point here in our testimony is, that the impact for these plans is literally to sharply reduce the hospital utilization rate and to the extent that they expand, people can be well taken care of without having to spend anywhere near as much time in the most expensive type of care without demanding the most professional personnel.

Mrs. DWYER. You are really talking about preventive care?

Mr. VOORHIS. Yes, indeed I am. I have just gone through some of it myself.

Mrs. DWYER. Thank you.

Mr. DOHERTY. We would like to thank Mr. Voorhis for answering the questions. We agree with him wholeheartedly.

Mr. BRINDLE. I would like to make an additional statement.

We don't see this bill as the answer to many of the problems of adequate medical care for the American people, certainly not to the shortages Mr. Voorhis indicated.

But the more effective organization of these group practice prepayment plans has demonstrated they can reduce hospital utilization—one step toward ameliorating some of the problems we are going to run into.

Mr. BARRETT. Mr. Shoemaker, do you want to comment?

Mr. SHOEMAKER. I think we can see group practice as one way to meet the volume demand that will be developing out of medicare legislation. We certainly realize that this is not the only answer, but certainly one of the answers.

Mr. BARRETT. Mr. Harvey?

Mr. HARVEY. Mr. Chairman, I would just like to address this collectively, if I could, just to see if I understand this now in relation to the other testimony this morning.

As I understand it, the doctors themselves have no difficulty financing group practice or clinics when they do it themselves. But the difficulty that you are reciting here this morning is the difficulty encountered by the nonprofit corporations which themselves are conducting the group prepayment plan, or whatever you want to call it. But that the distinction—that is the distinction, is that correct? The difficulty that Mr. Kingren, for example, encountered with the \$400,000 unit with 10 doctors in it was the difficulty being encountered by that particular nonprofit corporation. Would you agree with me, and am I correct, however, that the 10 doctors themselves could undoubtedly go to the bank and borrow the equivalent of \$40,000 apiece to finance that particular unit?

Mr. KINGREN. In speaking for the Kaiser Foundation Health Plan, I have to be a little apart from these other gentlemen because our organization is a little different. We have a totally integrated program, including hospitals and outpatient facilities.

We don't pay doctors a salary. They are organized into partnerships and they are paid on a capitation basis; that is, they are paid so many dollars per health plan member per month. Part of our contract with the medical groups is to provide them with equipment