

i.e. for professional medical services. They do not provide for the type of diagnostic or corrective care normally associated with hospital services and require only occasional visits by physicians and only the incidental use of other professional medical personnel, in contrast with the type of services normally provided in hospitals.

This being the case, it would appear that the principal purpose of these veteran care contracts is the furnishing of services through the use of service employees, rather than the furnishing of services by professional medical personnel. As such, these contracts would be within the purview of the Service Contract Act.

Sincerely yours,

CLARENCE T. LUNDQUIST, *Administrator.*

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AMERICAN NURSING HOME ASSOCIATION,  
Washington, D.C., February 6, 1968.

MR. WILLIAM J. DRIVER,  
*Administrator of Veterans' Affairs,*  
*Veterans Administration, Washington, D.C.*

DEAR MR. DRIVER: Enclosed herewith is a copy of a letter which I have written to Mr. Clarence Lundquist, Administrator of the Wage and Hour Division of the Department of Labor, asking for a ruling that Extended Care Facilities under Public Law 89-97 and Skilled Nursing Homes under Public Law 90-248 having contracts with the Veterans Administration are exempt from the provisions of the Service Contract Act of 1965.

It is conceded that such act does not apply, for example, to the District of Columbia, provided for other levels of care under skilled nursing homes, in "intermediate care facilities" whose definition has been left to the states, which have not as yet acted, I asked for a ruling covering solely ECF's and Skilled Nursing Homes.

If ECF's and Skilled Nursing Homes are held to be covered by the Services Contract Act, the recently enacted minimum wage (and effective February 1, 1967) amendments which provide that nursing homes shall pay \$1.00 an hour and time and one-half over 48 hours will not apply. Rather these facilities will be subject to a minimum wage of \$1.60 an hour and time and a half over 8 hours in any one day and 40 hours in any one week.

In some areas of the country, where the present rate of \$1.60 an hour is being paid for aides and orderlies, the hardship from this bill will not be too disruptive. However, as you know, the great majority of the states do not have minimum wage rates about the \$1.00 to \$1.25 an hour range. Above and beyond this, since only employees who cared for veteran patients would be covered, a nursing home administrator would have to keep two sets of books on these employees in regard to maximum hours as well as minimum wages.

Many of our member nursing homes have raised the question that if they are held not to be exempt from the Services Contract Act whether they will be able to continue to participate in the Veterans Administration program because of the financial hardship that would ensue. The Association and its members has enjoyed the extremely good relationship which we have had with the Veterans Administration.

I followed the legislative history of the Service Contract Act closely. I am certain, for the reasons set forth in my letter of January 29, 1968, to Mr. Lundquist, among others, that Congress never intended that agreements between the Veterans Administration and ECF's and Skilled Nursing Homes should be cov-