

These patients require essentially the same care as a medicare patient.

Mr. EVERETT. Do medicare patients come under this ruling?

Mr. WALKER. No, we understand they do not. This is such a minute part of the total patient load that, while it is everything to the veteran, actually the average nursing home in the country—for example, my 60-bed nursing care unit in Miami has the largest caseload of veterans it has ever had. Mr. Johnson's unit in Florida has 100 beds and has never had more than 10 veterans. Patients pay \$16 a day.

The effect on the patient for this program to be hampered in any way would be very serious. The effect on the nursing home financially would be very little, if anything. We went along with the program and offered our suggestions. The effect on the cost of the total medicare and medicaid program—and, for the record, I am a member of the new advisory council that will advise Secretary Cohen on the medicaid program. If this ruling is allowed to stand and the program continues, then it will mean a multimillion-dollar increase in cost to carry the program.

Mr. EVERETT. In other words, you will either have to kick Mr. Johnson out or—

Mr. WALKER. Or Mr. Johnson will have to go back to the VA Hospital, where it will cost \$35 to \$40 a day.

Mr. EVERETT. Do you have any trouble getting employees at the wages you pay now?

Mr. WALKER. No, sir. We have always paid a little above the minimum. However, I will be frank to say that most of the States in this country are in serious trouble financially, just as the Federal Government is. For example, the nursing homes of Oklahoma have absorbed a \$3 million a year minimum wage increase since last February and what the nursing home is facing in this situation.

Mr. EVERETT. How far back does that go?

Mr. ERCOLANO. That goes back to 1966 at the time the Service Contract Act was initiated. This is a letter from one of our members in Guthrie, Okla. It says:

Mr. Abbott of the Department of Labor visited my facility on January 10, 1968. He checked my records and found that I was in compliance with the minimum wage law. He then asked if I had a contract with the Veterans' Administration