

question of whether these nursing homes will pay minimum wage, because they are complying with the minimum wage requirements—what we are talking about is this punitive retroactive application?

Mr. WALKER. We are talking about two things. At this point the minimum wage is \$1.15. A year ago it was \$1. In February it was \$1.15. Next February it will be \$1.30. The next February it will be \$1.45, until it reaches a maximum of \$1.60 under the law.

STAFF DIRECTOR. In other words, Congress has put the nursing homes under an escalating minimum wage program so we are not talking about your business being under a minimum wage, but we are talking about the retroactive application of the law?

Mr. ERCOLANO. And also if there is room for an exemption in the nursing home field under the Service Contract Act.

STAFF DIRECTOR. Mr. Walker, have you tallied what you would owe?

Mr. WALKER. It would run about \$100,000.

STAFF DIRECTOR. In your three homes?

Mr. WALKER. Yes.

STAFF DIRECTOR. And you have never had over 10 veteran patients?

Mr. WALKER. I have never had over 12 veterans in the three homes in the whole program. We have not canceled the contracts, incidentally, his records are kept the same way, and all that have still exist and everything is not only there but is utilized as needed.

STAFF DIRECTOR. And there is no special arrangement that results in medicare patients having a different relationship with the doctor?

Mr. WALKER. Not one bit.

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lients or just veteran patients?

Mr. ERCOLANO. Just veteran patients. As far as I know they have never contended that either medicare or title 19 of the Federal Public Assistance patients came under the Services Contract Act. They never contended that.

Mr. EVERETT. They are liable to do it, aren't they?

Mr. ERCOLANO. I hate to say "Yes" but I guess it certainly is possible.