

and to meet increased constructional costs (over the estimated cost of such project on the basis of which such grants were made and those previously estimated) through no fault of such recipient, the Secretary is authorized to make a loan to such recipient not to exceed 50 percentum of such project costs, as determined by the Secretary if the Secretary determines that such recipient is unable to obtain such an amount for such purposes from other public or private sources.

(b) Any such loan such be made only on the basis of an application submitted to the Secretary in such form and containing such information and assurances as he may prescribe.

(c) Each such loan shall bear interest at the rate of  $2\frac{1}{2}$  per centum per annum on the unpaid balance thereof and shall be repayable over a period determined by the Secretary to be appropriate, but not exceeding fifty years.

(d) There are hereby authorized to be appropriated \$40,575,000 to carry out the provisions of this section.

#### VI. SPECIFIC QUESTIONS ABOUT H.R. 6526

1. Why should taxpayers of the other states supply funds to people of the District that are not available to the people in other states?

The District of Columbia metropolitan area is a federally created being which serves all states. The people in the District metropolitan area should have the same opportunity to have proportionate medical center facilities that the 10 states represented by the members of this subcommittee have.

The present Hill-Harris grant formula for the District prevents this. This bill makes the D.C. area residents who serve all states equal to the state citizens. The loan provision in the bill takes the place of state, county and municipal grants and bonds in these states.

2. Why do not the D.C. Hospitals and Medical Centers roll up their sleeves and raise the facility money?

The D.C. Hospitals and Medical Centers have done this. They have struggled to raise money to meet operating deficits with some success.

They will have to raise some \$20,000,000 in addition to the funds in this bill for programs associated but not in this bill. Of special note is the effort of Children's Hospital requiring the raising of some \$13,000,000.

The fund raising potential to meet such capital requirements as provided by this legislation simply does not exist elsewhere.

3. Why do not private profit organizations such as Medi-center construct the extended care facilities?

Two institutions in the District have considered this approach in depth and found it infeasible here. There are two basic reasons that militate against this approach in the District.

The first is that the private entrepreneurs raise the per diem costs by cost of land and private borrowing rates and profits to the point that no sizeable economy would be available to the patients. The second reason is that the medical professions' affiliation and association with the existing medical care institutions make affiliation with a profit-making corporation very difficult. The anticipated ease of transfer of patients has been the basic problem where such private motel-type facilities have been constructed.