The original documents are located in Box D22, folder "Medical, Dental - Hospital Bureaus of America, Inc. Annual Convention, Washington, DC, September 12, 1967" of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

MEDICAL, DENTAL-HOSPITAL BUREAUS OF AMERICA, INC,
ANNUAL CONVENTION. 10 A.M. TUESDAY, SEPT. 12, 1967
SHOREHAM HOTEL, WASHINGTON, D.C.

IT USED TO BE THAT THE MOST POPULAR SAYING IN AMERICA WAS, "IT'S A FREE COUNTRY." WELL, IT'S STILL A FREE COUNTRY, BUT NOW THE EXPRESSION YOU HEAR ~~MOST~~ quite OFTEN IS "I COULDN'T CARE LESS."

SINCE IT IS A FREE COUNTRY, I SUPPOSE EVERY AMERICAN HAS A RIGHT TO BE DISINTERESTED OR TO FEEL ALIENATED OR TO LOSE HIMSELF AMONG THE HIPPIES. IN SHORT, HE HAS A RIGHT TO SAY "I COULDN'T CARE LESS." BUT THIS DOES NOT MEAN WHAT HE IS DOING IS DESIRABLE EITHER IN TERMS OF HIS OWN SELF INTEREST OR THAT OF SOCIETY.

IT IS OFTEN SAID THAT THE PEOPLE OF THIS NATION GET JUST THE KIND OF GOVERNMENT THEY DESERVE. BECAUSE THEY HAVE THE PRIVILEGE OF CHOOSING THE INDIVIDUALS WHO SERVE THEM IN

PLACES OF GOVERNMENT. THEY ARE TOLD IT IS THEIR DUTY TO VOTE. BUT, INDEED, THEIR DUTY EXTENDS FAR BEYOND THAT. IT MUST INCLUDE AN INTEREST IN THE EVERYDAY HAPPENINGS OF GOVERNMENT AT THE LOCAL, STATE AND FEDERAL LEVELS IF DEMOCRACY IS TO SUCCEED.

DEMOCRACY FAILS IN THIS COUNTRY TO THE EXTENT THAT AMERICANS MUTTER, "I COULDN'T CARE LESS."

GOVERNMENT FAILS IN THIS COUNTRY TO THE EXTENT THAT IT IGNORES THE WISHES OF THE PEOPLE AND REFUSES TO AVAIL ITSELF OF THE EXPERTISE AVAILABLE FOR THE CARRYING OUT OF THOSE WISHES.

YOU PEOPLE ASSEMBLED HERE ARE AMONG THE EXPERTS. YOU SPECIALIZE IN PROVIDING THE BUSINESS SERVICES NEEDED FOR THE EFFICIENT OPERATION OF THE OFFICES OF PHYSICIANS, DENTISTS, HOSPITALS, CLINICS, AND OTHER HEALTH-RELATED ORGANIZATIONS.

I CAN ASSUME, THEN, THAT YOU CARE--CARE ABOUT HEALTH LEGISLATION, CARE ABOUT MEDICARE AND MEDICAID AND THE DIRECTION YOUR GOVERNMENT IS TAKING IN THE HEALTH FIELD. I CAN ONLY GUESS WHETHER YOU HAVE CARED ENOUGH TO CONCERN YOURSELF DIRECTLY WITH THAT LEGISLATION AND TO MAKE YOUR VIEWS KNOWN TO MEMBERS OF CONGRESS.

LET ME BE COMPLETELY FRANK WITH YOU AND TELL YOU AT THE OUTSET THAT I VOTED AGAINST THE MEDICARE BILL WHEN IT FIRST CAME BEFORE CONGRESS IN 1965. I DO NOT REGRET THAT VOTE, AND I STILL HAVE GRAVE MISGIVINGS ABOUT THE EVENTUAL OUTCOME OF THE MEDICARE PROGRAM.

BUT I VOTED FOR THE SOCIAL SECURITY AMENDMENTS OF 1967, WHICH INCLUDE CHANGES IN THE MEDICARE AND MEDICAID PROGRAMS. THESE CHANGES REPRESENT IMPROVEMENTS WHICH ARE MUCH NEEDED--JUST A FEW OF THE CHANGES CONGRESS WILL HAVE TO FORMULATE TO TRY TO MAKE MEDICAL ASSISTANCE PROGRAMS WORK PROPERLY.

TO MANY AMERICANS WHO HAVE HAD NO DIRECT EXPERIENCE WITH MEDICARE, IT IS A PROGRAM THAT SOUNDS JUST FINE. BUT THOSE WHO HAVE STRUGGLED WITH MEDICARE RED TAPE WIND UP FRUSTRATED AND FURIOUS. THE EDITOR OF A WEEKLY NEWSPAPER IN MY CONGRESSIONAL DISTRICT IN MICHIGAN SPOKE OUT WHEN HE BECAME EXERCISED ABOUT MEDICARE ALONG ABOUT LAST MAY.

IN AN EDITORIAL HEADLINED, "MEDICARE'S A MESS." THIS EDITOR WROTE IN PART:

"WE'RE BEGINNING TO GET A STRONG IMPRESSION THAT, HOWEVER HELPFUL IT MAY BE TO OUR SENIOR CITIZENS, THE OPERATION OF THE MEDICARE AND MEDICAID PROGRAMS ON THE LOCAL LEVEL IS A MESS. IT'S SUPPOSED TO PAY FOR TREATING THE AILMENTS OF THE ELDERLY, BUT THOSE WHO ARE TREATING THOSE AILMENTS JUST AREN'T GETTING THEIR PAY. MUCH OF THIS IS MUDDLED BY THE LONG, TIME-CONSUMING MEDICARE FORMS THAT HAVE

TO BE FILLED OUT. LOCAL AMBULANCE SERVICES AND AREA HOSPITALS HAVE BOTH BEEN AFFECTED BY THIS MUDDLED MESS, QUITE SEVERELY IN SOME CASES. THESE VARIOUS PROBLEMS MAY BE IRONED OUT BY TIME, BUT RIGHT NOW...MEDICARE'S A MESS." SO WROTE AN EDITOR WHO CARES ABOUT THE PEOPLE IN HIS COMMUNITY.

CONGRESS NOW IS TRYING TO CLEAN UP THE MESS. AS YOU KNOW, THE HOUSE HAS PASSED A SOCIAL SECURITY BILL WHICH SEEKS TO IMPROVE THE FUNCTIONING OF THE MEDICARE PROGRAM AND PUTS A LIMIT ON RUNAWAY MEDICAID BEFORE IT BANKRUPTS US ALL.

Bill Report

WHAT DOES THE BILL DO IN CONNECTION WITH MEDICARE?

IT INCREASES FROM 90 TO 120 THE NUMBER OF DAYS OF HOSPITALIZATION COVERED IN A SPELL OF ILLNESS, WITH THE PATIENT TO PAY A COINSURANCE AMOUNT OF $20 FOR EACH ADDITIONAL DAY.

IT ELIMINATES THE PRESENT REQUIREMENT THAT A PHYSICIAN CERTIFY THAT AN INDIVIDUAL NEEDS HOSPITALIZATION AT THE TIME OF ADMISSION TO A HOSPITAL OR THAT A PERSON REQUIRES HOSPITAL OUT-PATIENT SERVICES.

UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM, THE BILL PROVIDES FOR AN ALTERNATIVE TO THE TWO EXISTING METHODS OF PAYING FOR PHYSICIANS' SERVICES--THE METHODS OF THE RECEIPTED BILL AND ASSIGNMENT. UNDER THE NEW PROCEDURE, PHYSICIANS OR OTHER PERSONS PROVIDING COVERED MEDICAL AND HEALTH SERVICES MAY REQUEST PAYMENT ON THE BASIS OF AN ITEMIZED UNPAID BILL WITHOUT HAVING TO AGREE, AS UNDER THE ASSIGNMENT METHOD, THAT THE PROGRAM'S REASONABLE CHARGES WILL BE ACCEPTED AS PAYMENT IN FULL. ALTHOUGH THE BENEFITS STILL WOULD BE PAID TO THE PHYSICIAN ONLY IF HIS BILL DID NOT EXCEED THE SO-CALLED REASONABLE CHARGES, THE PHYSICIAN NEED NOT AGREE TO THE SO-CALLED REASONABLE CHARGES IN ADVANCE.

THE BILL ALSO SEEKS TO SIMPLIFY BILLING FOR HOSPITALS. IT DOES THIS BY TRANSFERRING COVERAGE OF OUTPATIENT HOSPITAL DIAGNOSTIC SERVICES TO THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM AND BY ELIMINATING THE COINSURANCE PROVISION FOR PATHOLOGY AND RADIOLOGY SERVICES. IT FURTHER PERMITS HOSPITALS TO COLLECT CHARGES FROM OUTPATIENTS FOR RELATIVELY INEXPENSIVE SERVICES, SUBJECT TO FINAL SETTLEMENT IN LINE WITH MEDICARE PROVISIONS ON REIMBURSABLE COSTS.

THE BILL AMENDS THE DEFINITION OF A PHYSICIAN TO INCLUDE A DOCTOR OF PODIATRY, BUT NO PAYMENTS WILL BE MADE FOR ROUTINE FOOT CARE WHETHER PERFORMED BY A PODIATRIST OR A MEDICAL DOCTOR.

IT IS HIGHLY IMPORTANT IN TERMS OF THE FUTURE OF MEDICARE THAT CONGRESS IS TAKING A HARD LOOK AT THE COSTS OF THE PROGRAM. THE HOUSE WAYS AND MEANS COMMITTEE TOOK REAMS OF

TESTIMONY ON THE SUBJECT OF MEDICAL AND HOSPITAL COSTS BUT FOUND ITSELF SHY OF ANSWERS. AS A RESULT, THE HOUSE-APPROVED BILL AUTHORIZES THE HEALTH-EDUCATION-AND-WELFARE DEPARTMENT TO EXPERIMENT WITH VARIOUS METHODS OF REIMBURSING HOSPITALS UNDER MEDICARE, MEDICAID AND THE CHILD HEALTH PROGRAMS. THE AIM IS TO PROVIDE HOSPITALS WITH INCENTIVES FOR KEEPING COSTS DOWN WHILE GIVING QUALITY CARE.

THERE ARE IMPORTANT DETAILS IN SOME OF THE MEDICARE CHANGES IN THE HOUSE-APPROVED BILL AWAITING SENATE ACTION.

PHYSICAL THERAPY FURNISHED TO AN OUTPATIENT IN HIS HOME OR A NURSING HOME WOULD BE COVERED UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM. BUT THIS APPLIES ONLY IF THE SERVICES ARE PROVIDED UNDER HOSPITAL SUPERVISION.

DIAGNOSTIC X-RAYS TAKEN IN A PATIENT'S HOME OR A NURSING HOME WOULD BE SIMILARLY COVERED BUT SUCH SERVICE MUST BE SUPERVISED BY A PHYSICIAN AND MUST BE IN KEEPING WITH HEALTH

AND SAFETY REGULATIONS.

CONSIDERATION IS BEING GIVEN TO EXTENDING COVERAGE UNDER THE SUPPLEMTARY MEDICAL INSURANCE PROGRAM TO THE SERVICES OF ADDITIONAL TYPES OF PERSONNEL WHO INDEPENDENTLY PROVIDE HEALTH SERVICES. THE HOUSE-APPROVED BILL DIRECTS THE SECRETARY OF HEALTH-EDUCATION-AND-WELFARE TO STUDY AND RECOMMEND POSSIBLE ACTION IN THIS AREA.

AS YOU KNOW, THERE IS MUCH CONCERN IN THE CONGRESS OVER THE COST OF MEDICARE AND MEDICAID. THIS HAS RESULTED NOT ONLY IN COST STUDIES AND AN INCREASE IN PAYROLL TAX IN CONNECTION WITH MEDICARE BUT A CLAMPDOWN ON MEDICAID.

THE PURPOSE OF MEDICAID WAS TO HELP THE STATES PROVIDE BETTER MEDICAL CARE AND SERVICES TO PERSONS UNABLE TO AFFORD ADEQUATE CARE. IT WAS NEVER INTENDED THAT THE FEDERAL MATCHING FUNDS OFFERED UNDER THIS PROGRAM PAY THE HEALTH

CARE EXPENSES OF A LARGE PORTION OF THE WORKING POPULATION IN THIS COUNTRY--PEOPLE OF MODERATE INCOME. YET SOME OF THE STATES REACHED INTO THE MIDDLE INCOME GROUP IN DEFINING WHO IS MEDICALLY NEEDY. THIS WAS A DISTORTION OF THE INTENT OF CONGRESS AND DEMANDED CORRECTIVE ACTION.

THE HOUSE THEREFORE VOTED TO SLAP A CEILING ON FEDERAL FUNDING OF SUCH PROGRAMS WHILE GIVING STATES WHICH HAVE GONE BEYOND CONGRESSIONAL INTENT A CHANCE TO ADJUST.

THUS, THE BASIC LIMITATION IS THAT FEDERAL FUNDING WILL BE AVAILABLE FOR FAMILIES WHOSE INCOME EXCEEDS 133-AND-1/3 PER CENT OF THE HIGHEST INCOME ORDINARILY PAID TO A FAMILY OF THE SAME SIZE UNDER THE AID-TO-DEPENDENT-CHILDREN PROGRAM. AN ALTERNATIVE FEDERAL SHARING TEST IN THE BILL IS THAT THE FAMILY INCOME LEVEL COULD BE NO HIGHER THAN 133-AND-1/3 PER CENT OF THE STATE PER CAPITA INCOME FOR A FAMILY WITH FOUR

MEMBERS. THIS 133-AND-1/3 LIMITATION GOES INTO EFFECT NEXT JULY 1 BUT INITIALLY WILL APPLY ONLY TO STATES WITH PLANS APPROVED AFTER JULY 25.

FOR STATES WITH PLANS ALREADY APPROVED, THE CEILING WILL BE 150 PER CENT EFFECTIVE NEXT JULY 1, 140 PER CENT EFFECTIVE JAN. 1, 1969, AND 133-AND-1/3 PER CENT ON JAN. 1, 1970.

WE HAVE ALSO SOUGHT TO COORDINATE MEDICAID AND THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM BY MAKING IT EASIER FOR STATES TO "BUY IN" TO THE SUPPLEMENTARY PROGRAM FOR THEIR PUBLIC ASSISTANCE RECIPIENTS AGED 65 AND OVER. THE HOUSE-APPROVED BILL GIVES STATES THE OPTION TO "BUY IN" TO SMI FOR ALL OF THEIR AGED IN NEED OF MEDICAL ASSISTANCE, NOT JUST THOSE RECEIVING CASH ASSISTANCE.

THE BILL FURTHER GIVES STATES THE OPTION OF ALLOWING

MEDICAID RECIPIENTS WHO ARE NOT ALSO CASH ASSISTANCE RECIPIENTS TO RECEIVE REIMBURSEMENT DIRECTLY FOR PHYSICIANS' SERVICES ON THE BASIS OF AN ITEMIZED BILL, PAID OR UNPAID.

YOU PEOPLE ARE INTERESTED, OF COURSE, IN THE CHILD HEALTH AMENDMENTS TO THE SOCIAL SECURITY ACT.

PERHAPS MOST IMPORTANTLY, THE STATES WILL BE EXPECTED TO TAKE OVER RESPONSIBILITY FOR ADMINISTERING THE PROJECT GRANTS BY JULY 1972. IN EFFECT, THIS IS THE BLOCK GRANT APPROACH WHICH REPUBLICANS HAVE BEEN URGING IN PLACE OF CATEGORICAL ASSISTANCE GRANTS HEDGED ABOUT WITH WASHINGTON RED TAPE.

THE BILL MOVES IN THIS DIRECTION BY CONSOLIDATING ALL THE CHILD HEALTH AUTHORIZATIONS. BEGINNING WITH FISCAL YEAR 1969, 50 PER CENT OF THE TOTAL AUTHORIZATION WILL BE FOR FORMULA GRANTS, 40 PER CENT FOR PROJECT GRANTS AND 10 PER CENT

FOR RESEARCH. BY 1972, WHEN THE STATES TAKE OVER THE PROJECT GRANTS, 90 PER CENT OF THE TOTAL AUTHORIZATION WILL GO TO THE STATES AS FORMULA GRANTS.

THE BILL AUTHORIZES PROJECT GRANTS TO HELP REDUCE THE INCIDENCE OF MENTAL RETARDATION AND OTHER HANDICAPPING CONDITIONS ASSOCIATED WITH COMPLICATIONS IN CHILD-BEARING, TO HELP REDUCE INFANT AND MENTAL MORTALITY, TO PROMOTE THE HEALTH OF CHILDREN OF SCHOOL AND PRESCHOOL AGE, AND TO PROVIDE DENTAL CARE AND SERVICES TO CHILDREN. IT IS THE RESPONSIBILITY FOR THESE PROJECTS THAT IS TO BE TRANSFERRED TO THE STATES BEGINNING IN JULY 1972.

THE HOUSE-APPROVED BILL AUTHORIZES FEDERAL PAYMENTS COVERING UP TO 75 PER CENT OF THE COST OF COMPREHENSIVE DENTAL HEALTH SERVICES FOR CHILDREN. THESE PAYMENTS WOULD COVER ONLY CHILDREN FROM LOW-INCOME FAMILIES. THE PROBLEM

OF PROVIDING DENTAL CARE FOR CHILDREN OF LOW-INCOME FAMILIES IS SO GREAT THAT WE CAN EXPECT TO SEE COMMUNITY-WIDE DENTAL HEALTH PROGRAMS ESTABLISHED.

EFFORTS MAY ALSO BE MADE TO INCREASE THE EFFICIENCY OF DENTISTS THROUGH THE USE OF ASSISTANTS AND AUXILIARY PERSONNEL.

THERE IS SPECIAL EMPHASIS IN THE HOUSE-PASSED SOCIAL SECURITY BILL ON PROJECTS TO DEVELOP NEW AND MORE EFFICIENT WAYS OF FURNISHING HEALTH SERVICES.

PRESENT AND ANTICIPATED MANPOWER REQUIREMENTS IN OBSTETRICS AND PEDIATRICS ARE SO LARGE THAT THE NATION MAY FACE A CRISIS IN MATERNAL AND CHILD HEALTH CARE UNLESS WAYS CAN BE FOUND TO INCREASE THE NUMBER AND EXPAND THE EFFICIENCY OF PROFESSIONAL PERSONNEL.

COST. ALL OF THESE PROGRAMS COST MONEY. BASIC TO ALL

OF THEM IS THE QUESTION...IS THIS THE RIGHT APPROACH.

MEDICARE IS ON THE BOOKS. WE SHOULD GIVE IT AS FAIR A TEST AS POSSIBLE.

IT CAN HARDLY BE COINCIDENCE THAT MEDICAL COSTS HAVE RISEN BY 6.6 PER CENT--THE SHARPEST INCREASE IN TWO DECADES--DURING THE FIRST YEAR OF MEDICARE.

HOSPITAL EXPENSES ARE RISING 10 TO 12 PER CENT A YEAR, AND PHYSICIANS' CHARGES ARE CLIMBING 8 PER CENT A YEAR. DRUG COSTS ALSO ARE JUMPING AS THE USE OF EXPENSIVE MEDICATIONS INCREASES.

MEDICARE INVITES THE USE OF HEALTH SERVICES AND HOSPITALS--AND, IT INVITES INFLATION. HOSPITALS AND NURSING HOMES NATURALLY SEEK THEIR FULL COSTS OF CARE FOR THE AGED, PLUS AN ADDED PERCENTAGE FOR IMPROVEMENT AND MODERNIZATION. A PHYSICIAN NATURALLY CHARGES HIS "USUAL AND CUSTOMARY" FEES.

THUS, THE MORE A HOSPITAL SPENDS TO CARE FOR THE AGED THE HIGHER ITS "PLUS" PAYMENTS. AND A PHYSICIAN, TO AVOID GOVERNMENT COMPLAINTS OF EXCESSIVE MEDICARE FEES, COULD FIND THE ANSWER BY RAISING HIS CHARGES FOR ALL HIS PATIENTS. LET ME ASSURE YOU THAT AS A BILL-PAYING PATIENT I AM NOT ADVOCATING THIS COURSE OF ACTION. THIS COUNTRY IS FINDING OUT THAT YOU SIMPLY CANNOT HAVE QUALITY HEALTH CARE AT BARGAIN BASEMENT PRICES.

ONE FACTOR IN THE SHARP RISE IN HOSPITAL COSTS OBVIOUSLY IS THAT CERTAIN HOSPITAL EMPLOYEES HAVE BEEN IN THE LOW-PAY BRACKET. THEY ARE CATCHING UP. THEY CAN BE EXPECTED TO CATCH UP COMPLETELY AT SOME FUTURE DATE.

THERE WILL BE HIGHER COSTS AS MORE REFINED AND EXTENSIVE MEDICAL TREATMENTS ARE DEVELOPED. BUT THESE COSTS MAY BE OFFSET BY GREATER USE OF OUT-OF-HOSPITAL FACILITIES,

SHORTER HOSPITAL STAYS, AND REDUCED EXPENSE FOR CURATIVE TREATMENT AS A RESULT OF IMPROVED ILLNESS PREVENTION.

THE AMERICAN HOSPITAL ASSOCIATION EXPECTS HOSPITAL CARE COSTS NOW AVERAGING ROUGHLY $58 A DAY TO LEVEL OFF AT $75 A DAY IN THREE TO FIVE YEARS. WILBUR MILLS, CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE, HAS REMARKED THAT THIS INCREASE IS "ABOUT TWICE AS MUCH AS WE ESTIMATED IN FIXING THE TAX TO PAY FOR MEDICARE."

I DON'T KNOW THAT THERE ARE ANY SOLID ANSWERS TO THE QUESTION OF RISING HEALTH CARE COSTS. BUT I DO KNOW THAT MEDICARE MUST BE KEPT FISCALLY SOUND. AND THIS WILL MEAN STEADY INCREASES IN PAYROLL TAXES FOR THE FORESEEABLE FUTURE.

Tabbies p. 99

WE STILL HAVE NOT, OF COURSE, SOLVED THE PROBLEM OF CATASTROPHIC ILLNESS OR ACCIDENT REQUIRING HOSPITAL STAYS OF A YEAR OR MORE. LET'S PUT AMERICA'S INGENUITY TO WORK ON

THIS PROBLEM.

YOU PEOPLE ARE KNOWLEDGABLE IN THE BUSINESS AFFAIRS OF HEALTH CARE. BECOME INVOLVED IN THE LAW-MAKING THAT AFFECTS YOU. MAKE YOUR VOICES HEARD AND YOUR PRESENCE FELT.

DON'T BE AMONG THOSE PEOPLE WHO SPEND A LOT OF TIME AND EFFORT TRYING TO AVOID CIVIC RESPONSIBILITY. WHAT IF PAUL REVERE HAD SAID: "WHAT DO YOU MEAN, ME RIDE THROUGH EVERY MIDDLESEX VILLAGE AND TOWN, AND IN THE MIDDLE OF THE NIGHT, TOO? WHY PICK ON ME? AM I THE ONLY MAN IN BOSTON WITH A HORSE?"

REMEMBER ALWAYS AND PONDER UPON THE WARNING SOUNDED BY EDMUND BURKE WHEN HE SAID: "ALL THAT IS NECESSARY FOR THE FORCES OF EVIL TO WIN IN THE WORLD IS FOR ENOUGH GOOD MEN TO DO NOTHING." THANK YOU.

Churchill - Democracy worst
Franklin - Monarchy vs a Republic.

-END-

multilith copy

AN ADDRESS BY REP. GERALD R. FORD, R-MICH.
BEFORE THE
MEDICAL, DENTAL-HOSPITAL BUREAUS OF AMERICA, INC., MEETING
IN ANNUAL CONVENTION

FOR RELEASE ON DELIVERY
AT 10 a.m. TUESDAY, SEPT. 12, 1967
THE SHOREHAM HOTEL, WASHINGTON, D.C.

It used to be that the most popular saying in America was, "It's a free country." Well, it's still a free country, but now the expression you hear most often is "I couldn't care less."

Since it is a free country, I suppose every American has a right to be disinterested or to feel alienated or to lose himself among the hippies. In short, he has a right to say "I couldn't care less." But this does not mean what he is doing is desirable either in terms of his own self interest or that of society.

It is often said that the people of this nation get just the kind of government they deserve because they have the privilege of choosing the individuals who serve them in places of government. They are told it is their duty to vote. But, indeed, their duty extends far beyond that. It must include an interest in the everyday happenings of government at the local, state and federal levels if democracy is to succeed.

Democracy fails in this country to the extent that Americans mutter, "I couldn't care less."

Government fails in this country to the extent that it ignores the wishes of the people and refuses to avail itself of the expertise available for the carrying out of those wishes.

You people assembled here are among the experts. You specialize in providing the business services needed for the efficient operation of the offices of physicians, dentists, hospitals, clinics, and other health-related organizations.

I can assume, then, that you care--care about health legislation, care about Medicare and Medicaid and the direction your government is taking in the health field. I can only guess whether you have cared enough to concern yourself directly with that legislation and to make your views known to members of Congress.

Let me be completely frank with you and tell you at the outset that I voted against the Medicare Bill when it first came before Congress in 1965. I do not regret that vote, and I still have grave misgivings about the eventual outcome of the Medicare Program.

But I voted for the Social Security Amendments of 1967, which include changes in the Medicare and Medicaid programs. Those changes represent improvements which are much needed--just a few of the changes Congress will have to formulate to try to make medical assistance programs work properly.

To many Americans who have had no direct experience with Medicare, it is a program that sounds just fine. But those who have struggled with Medicare red tape wind up frustrated and furious. The editor of a weekly newspaper in my congressional district in Michigan spoke out when he became exercised about Medicare along about last May.

In an editorial headlined, "Medicare's A Mess," this editor wrote in part:

"We're beginning to get a strong impression that, however helpful it may be to our senior citizens, the operation of the Medicare and Medicaid programs on the local level is a mess. It's supposed to pay for treating the ailments of the elderly, but those who are treating those ailments just aren't getting their pay. Much of this is muddled by the long, time-consuming Medicare forms that have to be filled out. Local ambulance services and area hospitals have both been affected by this muddled mess, quite severely in some cases. These various problems may be ironed out by time, but right now...Medicare's a mess." So wrote an editor who cares about the people in his community.

Congress now is trying to clean up the mess. As you know, the House has passed a Social Security bill which seeks to improve the functioning of the Medicare program and puts a limit on runaway Medicaid before it bankrupts us all.

What does the bill do in connection with Medicare?

It increases from 90 to 120 the number of days of hospitalization covered in a spell of illness, with the patient to pay a coinsurance amount of $20 for each additional day.

It eliminates the present requirement that a physician certify that an indiviual needs hospitalization at the time of admission to a hospital or that a person requires hospital out-patient services.

Under the supplementary medical insurance program, the bill provides for an alternative to the two existing methods of paying for physicians' services--the methods of the receipted bill and assignment. Under the new procedure, physicians or other persons providing covered medical and health services may request payment on the basis of an itemized unpaid bill without having to agree, as under the assignment method, that the program's reasonable charges will be accepted as payment in full. Although the benefits still would be paid to the physician only if his

bill did not exceed the so-called reasonable charges, the physician need not agree to the so-called reasonable charges in advance.

The bill also seeks to simplify billing for hospitals. It does this by transferring coverage of outpatient hospital diagnostic services to the supplementary medical insurance program and by eliminating the coinsurance provision for pathology and radiology services. It further permits hospitals to collect charges from outpatients for relatively inexpensive services, subject to final settlement in line with Medicare provisions on reimbursable costs.

The bill amends the definition of a physician to include a doctor of podiatry, but no payments will be made for routine foot care whether performed by a podiatrist or a medical doctor.

It is highly important in terms of the future of Medicare that Congress is taking a hard look at the costs of the program. The House Ways and Means Committee took reams of testimony on the subject of medical and hospital costs but found itself shy of answers. As a result, the House-approved bill authorizes the Health-Education-and-Welfare Department to experiment with various methods of reimbursing hospitals under Medicare, Medicaid and the child health programs. The aim is to provide hospitals with incentives for keeping costs down while giving quality care.

There are important details in some of the Medicare changes in the House-approved bill awaiting Senate action.

Physical therapy furnished to an outpatient in his home or a nursing home would be covered under the supplementary medical insurance program. But this applies only if the services are provided under hospital supervision.

Diagnostic X-rays taken in a patient's home or a nursing home would be similarly covered but such service must be supervised by a physician and must be in keeping with health and safety regulations.

Consideration is being given to extending coverage under the supplementary medical insurance program to the services of additional types of personnel who independently provide health services. The House-approved bill directs the Secretary of Health-Education-and-Welfare to study and recommend possible action in this area.

As you know, there is much concern in the Congress over the cost of Medicare and Medicaid. This has resulted not only in cost studies and an increase in payroll tax in connection with Medicare but a clampdown on Medicaid.

The purpose of Medicaid was to help the states provide better medical care and services to persons unable to afford adequate care. It was never intended that the Federal matching funds offered under this program pay the health care expenses of a large portion of the working population in this country--people of moderate income. Yet some of the states reached into the middle income group in defining who is medically needy. This was a distortion of the intent of Congress and demanded corrective action.

The House therefore voted to slap a ceiling on Federal funding of such programs while giving states which have gone beyond congressional intent a chance to adjust.

Thus, the basic limitation is that Federal funding will not be available for families whose income exceeds 133-and-1/3 per cent of the highest income ordinarily paid to a family of the same size under the aid-to-dependent-children program. An alternative Federal sharing test in the bill is that the family income level could be no higher than 133-and-1/3 per cent of the State per capita income for a family with four members. This 133-and-1/3 limitation goes into effect next July 1 but initially will apply only to states with plans approved after July 25.

For states with plans already approved, the ceiling will be 150 per cent effective next July 1, 140 per cent effective Jan. 1, 1969, and 133-and-1/3 per cent on Jan. 1, 1970.

We have also sought to coordinate Medicaid and the supplementary medical insurance program by making it easier for states to "buy in" to the supplementary program for their public assistance recipients aged 65 and over. The House-approved bill gives states the option to "buy in" to SMI for all of their aged in need of medical assistance, not just those receiving cash assistance.

The bill further gives states the option of allowing Medicaid recipients who are not also cash assistance recipients to receive reimbursements directly for physicians' services on the basis of an itemized bill, paid or unpaid.

You people are interested, of course, in the child health amendments to the Social Security Act.

Perhaps most importantly, the states will be expected to take over responsibility for administering the project grants by July 1972. In effect, this is the block grant approach which Republicans have been urging in place of categorical assistance grants hedged about with Washington red tape.

The bill moves in this direction by consolidating all of the child health authorizations. Beginning with fiscal year 1969, 50 per cent of the total authorization will be for formula grants, 40 per cent for project grants and 10 per cent for research. By 1972, when the states take over the project grants, 90 per cent of the total authorization will go to the states as formula grants.

The bill authorizes project grants to help reduce the incidence of mental retardation and other handicapping conditions associated with complications in child-bearing, to help reduce infant and maternal morality, to promote the health of children of school and preschool age, and to provide dental care and services to children. It is the responsibility for these projects that is to be transferred to the states beginning in July 1972.

The House-approved bill authorizes Federal payments covering up to 75 per cent of the cost of comprehensive dental health services for children. These payments would cover only children from low-income families. The problem of providing dental care for children of low-income families is so great that we can expect to see community-wide dental health programs established. Efforts may also be made to increase the efficiency of dentists through the use of assistants and auxiliary personnel.

There is special emphasis in the House-passed Social Security bill on projects to develop new and more efficient ways of furnishing health services.

Present and anticipated manpower requirements in obstetrics and pediatrics are so large that the Nation may face a crisis in maternal and child health care unless ways can be found to increase the number and expand the efficiency of professional personnel.

Cost. All of these programs cost money. Basic to all of them is the question... is this the right approach.

Medicare is on the books. We should give it as fair a test as possible.

It can hardly be coincidence that medical costs have risen by 6.6 per cent--the sharpest increase in two decades--during the first year of Medicare.

Hospital expenses are rising 10 to 12 per cent a year, and physicians' charges are climbing 8 per cent a year. Drug costs also are jumping as the use of expensive medications increases.

Medicare invites the use of health services and hospitals--and, it invites inflation. Hospitals and nursing homes naturally seek their full costs of care for the aged, plus an added percentage for improvement and modernization. A physician naturally charges his "usual and customary" fees.

Thus, the more a hospital spends to care for the aged the higher its "plus" payments. And a physician, to avoid Government complaints of excessive Medicare fees could find the answer by raising his charges for all his patients. Let me assure you as a bill-paying patient, I am not advocating this course of action. This country is finding out that you simply cannot have quality health care at bargain basement prices.

One factor in the sharp rise in hospital costs obviously is that certain hospital employees have been in the low-pay bracket. They are catching up. They can be expected to catch up completely at some future date.

There will be higher costs as more refined and extensive medical treatments are developed. But these costs may be offset by greater use of out-of-hospital facilities, shorter hospital stays, and reduced expense for curative treatment as a result of improved illness prevention.

The American Hospital Association expects hospital care costs now averaging roughly $58 a day to level off at $75 a day in three to five years. Wilbur Mills, chairman of the House Ways and Means Committee, has remarked that this increase is "about twice as much as we estimated in fixing the tax to pay for Medicare."

I don't know that there are any soldi answers to the question of rising health care costs. But I do know that Medicare must be kept fiscally sound. And this will mean steady increases in payroll taxes for the foreseeable future.

We still have not, of course, solved the problem of catastrophic illness or accident requiring hospital stays of a year or more. Let's put America's ingenuity to work on this problem.

You people are knowledgable in the business affairs of health care. Become involved in the law-making that affects you. Make your voices heard and your presence felt.

Don't be among those people who spend a lot of time and effort trying to avoid civic responsibility. What if Paul Revere had said: "What do you mean, me ride through every Middlesex village and town, and in the middle of the night, too? Why pick on me? Am I the only man in Boston with a horse?"

Remember <u>always</u> and <u>ponder upon</u> the warning sounded by Edmund Burke when he said: "All that is necessary for the forces of evil to win in the world is for enough good men to do nothing." Thank you.

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AN ADDRESS BY REP. GERALD R. FORD, R-MICH.
BEFORE THE
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It used to be that the most popular saying in America was, "It's a free country." Well, it's still a free country, but now the expression you hear most often is "I couldn't care less."

Since it is a free country, I suppose every American has a right to be disinterested or to feel alienated or to lose himself among the hippies. In short, he has a right to say "I couldn't care less." But this does not mean what he is doing is desirable either in terms of his own self interest or that of society.

It is often said that the people of this nation get just the kind of government they deserve because they have the privilege of choosing the individuals who serve them in places of government. They are told it is their duty to vote. But, indeed, their duty extends far beyond that. It must include an interest in the everyday happenings of government at the local, state and federal levels if democracy is to succeed.

Democracy fails in this country to the extent that Americans mutter, "I couldn't care less."

Government fails in this country to the extent that it ignores the wishes of the people and refuses to avail itself of the expertise available for the carrying out of those wishes.

You people assembled here are among the experts. You specialize in providing the business services needed for the efficient operation of the offices of physicians, dentists, hospitals, clinics, and other health-related organizations.

I can assume, then, that you care--care about health legislation, care about Medicare and Medicaid and the direction your government is taking in the health field. I can only guess whether you have cared enough to concern yourself directly with that legislation and to make your views known to members of Congress.

Let me be completely frank with you and tell you at the outset that I voted against the Medicare Bill when it first came before Congress in 1965. I do not regret that vote, and I still have grave misgivings about the eventual outcome of the Medicare Program.

But I voted for the Social Security Amendments of 1967, which include changes in the Medicare and Medicaid programs. These changes represent improvements which are much needed--just a few of the changes Congress will have to formulate to try to make medical assistance programs work properly.

To many Americans who have had no direct experience with Medicare, it is a program that sounds just fine. But those who have struggled with Medicare red tape wind up frustrated and furious. The editor of a weekly newspaper in my congressional district in Michigan spoke out when he became exercised about Medicare along about last May.

In an editorial headlined, "Medicare's A Mess," this editor wrote in part:

"We're beginning to get a strong impression that, however helpful it may be to our senior citizens, the operation of the Medicare and Medicaid programs on the local level is a mess. It's supposed to pay for treating the ailments of the elderly, but those who are treating these ailments just aren't getting their pay. Much of this is muddled by the long, time-consuming Medicare forms that have to be filled out. Local ambulance services and area hospitals have both been affected by this muddled mess, quite severely in some cases. These various problems may be ironed out by time, but right now...Medicare's a mess." So wrote an editor who cares about the people in his community.

Congress now is trying to clean up the mess. As you know, the House has passed a Social Security bill which seeks to improve the functioning of the Medicare program and puts a limit on runaway Medicaid before it bankrupts us all.

What does the bill do in connection with Medicare?

It increases from 90 to 120 the number of days of hospitalization covered in a spell of illness, with the patient to pay a coinsurance amount of $20 for each additional day.

It eliminates the present requirement that a physician certify that an individual needs hospitalization at the time of admission to a hospital or that a person requires hospital out-patient services.

Under the supplementary medical insurance program, the bill provides for an alternative to the two existing methods of paying for physicians' services--the methods of the receipted bill and assignment. Under the new procedure, physicians or other persons providing covered medical and health services may request payment on the basis of an itemized unpaid bill without having to agree, as under the assignment method, that the program's reasonable charges will be accepted as payment in full. Although the benefits still would be paid to the physician only if his

bill did not exceed the so-called reasonable charges, the physician need not agree to the so-called reasonable charges in advance.

The bill also seeks to simplify billing for hospitals. It does this by transferring coverage of outpatient hospital diagnostic services to the supplementary medical insurance program and by eliminating the minimum provision for pathology and radiology services. It further permits hospitals to collect charges from outpatients for relatively inexpensive services, subject to final settlement in line with Medicare provisions on reimbursable costs.

The bill amends the definition of a physician to include a doctor of podiatry, but no payments will be made for routine foot care whether performed by a podiatrist or a medical doctor.

It is highly important in terms of the future of Medicare that Congress is taking a hard look at the costs of the program. The House Ways and Means Committee took reams of testimony on the subject of medical and hospital costs but found itself shy of answers. As a result, the House-approved bill authorizes the Health-Education-and-Welfare Department to experiment with various methods of reimbursing hospitals under Medicare, Medicaid and the child health programs. The aim is to provide hospitals with incentives for keeping costs down while giving quality care.

There are important details in some of the Medicare changes in the House-approved bill awaiting Senate action.

Physical therapy furnished to an outpatient in his home or a nursing home would be covered under the supplementary medical insurance program. But this applies only if the services are provided under hospital supervision.

Diagnostic X-rays taken in a patient's home or a nursing home would be similarly covered but such service must be supervised by a physician and must be in keeping with health and safety regulations.

Consideration is being given to extending coverage under the supplementary medical insurance program to the services of additional types of personnel who independently provide health services. The House-approved bill directs the Secretary of Health-Education-and-Welfare to study and recommend possible action in this area.

As you know, there is much concern in the Congress over the cost of Medicare and Medicaid. This has resulted not only in cost studies and an increase in payroll tax in connection with Medicare but a clampdown on Medicaid.

The purpose of Medicaid was to help the states provide better medical care and services to persons unable to afford adequate care. It was never intended that the Federal matching funds offered under this program pay the health care expenses of a large portion of the working population in this country--people of moderate income. Yet some of the states reached into the middle income group in defining who is medically needy. This was a distortion of the intent of Congress and demanded corrective action.

The House therefore voted to slap a ceiling on Federal funding of such programs while giving states which have gone beyond congressional intent a chance to adjust.

Thus, the basic limitation is that Federal funding will not be available for families whose income exceeds 133-and-1/3 per cent of the highest income ordinarily paid to a family of the same size under the aid-to-dependent-children program. An alternative Federal sharing test in the bill is that the family income level could be no higher than 133-and-1/3 per cent of the State per capital income for a family with four members. This 133-and-1/3 limitation goes into effect next July 1 but initially will apply only to states with plans approved after July 25.

For states with plans already approved, the ceiling will be 150 per cent effective next July 1, 140 per cent effective Jan. 1, 1969, and 133-and-1/3 per cent on Jan. 1, 1970.

We have also sought to coordinate Medicaid and the supplementary medical insurance program by making it easier for states to "buy in" to the supplementary program for their public assistance recipients aged 65 and over. The House-approved bill gives states the option to "buy in" to SMI for all of their aged in need of medical assistance, not just those receiving cash assistance.

The bill further gives states the option of allowing Medicaid recipients who are not also cash assistance recipients to receive reimbursements directly for physicians' services on the basis of an itemized bill, paid or unpaid.

You people are interested, of course, in the child health amendments to the Social Security Act.

Perhaps most importantly, the states will be expected to take over responsibility for administering the project grants by July 1972. In effect, this is the block grant approach which Republicans have been urging in place of categorical assistance grants hedged about with Washington red tape.

The bill moves in this direction by consolidating all of the child health authorizations. Beginning with fiscal year 1969, 50 per cent of the total authorization will be for formula grants, 40 per cent for project grants and 10 per cent for research. By 1972, when the states take over the project grants, 90 per cent of the total authorization will go to the states as formula grants.

The bill authorizes project grants to help reduce the incidence of mental retardation and other handicapping conditions associated with complications in child-bearing, to help reduce infant and maternal mortality, to promote the health of children of school and preschool age, and to provide dental care and services to children. It is the responsibility for these projects that is to be transferred to the states beginning in July 1972.

The House-approved bill authorizes Federal payments covering up to 75 per cent of the cost of comprehensive dental health services for children. These payments would cover only children from low-income families. The problem of providing dental care for children of low-income families is so great that we can expect to see community-wide dental health programs established. Efforts may also be made to increase the efficiency of dentists through the use of assistants and auxiliary personnel.

There is special emphasis in the House-passed Social Security bill on projects to develop new and more efficient ways of furnishing health services.

Present and anticipated manpower requirements in obstetrics and pediatrics are so large that the Nation may face a crisis in maternal and child health care unless ways can be found to increase the number and expand the efficiency of professional personnel.

Cost. All of these programs cost money. Basic to all of them is the question.. is this the right approach.

Medicare is on the books. We should give it as fair a test as possible.

It can hardly be coincidence that medical costs have risen by 6.6 per cent--the sharpest increase in two decades--during the first year of Medicare.

Hospital expenses are rising 10 to 12 per cent a year, and physicians' charges are climbing 6 per cent a year. Drug costs also are jumping as the use of expensive medications increases.

Medicare invites the use of health services and hospitals--and, it invites inflation. Hospitals and nursing homes naturally seek their full costs of care for the aged, plus an added percentage for improvement and modernization. A

physician naturally charges his "usual and customary" fees.

Thus, the more a hospital spends to care for the aged the higher its "plus" payments. And a physician, to avoid Government complaints of excessive Medicare fees, could find the answer by raising his charges for all his patients. Let me assure you as a bill-paying patient, I am not advocating this course of action. This country is finding out that you simply cannot have quality health care at bargain basement prices.

One factor in the sharp rise in hospital costs obviously is that certain hospital employees have been in the low-pay bracket. They are catching up. They can be expected to catch up completely at some future date.

There will be higher costs as more refined and extensive medical treatments are developed. But these costs may be offset by greater use of out-of-hospital facilities, shorter hospital stays, and reduced expenses for curative treatment as a result of improved illness prevention.

The American Hospital Association expects hospital care costs now averaging roughly $58 a day to level off at $75 a day in three to five years. Wilbur Mills, chairman of the House Ways and Means Committee, has remarked that this increase is "about twice as much as we estimated in fixing the tax to pay for Medicare."

I don't know that there are any quick answers to the question of rising health care costs. But I do know that Medicare must be kept financially sound. And this will mean steady increases in payroll taxes for the foreseeable future.

We still have not, of course, solved the problem of catastrophic illness or accident requiring hospital stays of a year or more. Let's put American ingenuity to work on this problem.

You people are knowledgible in the business affairs of health care. Become involved in the law-making that affects you. Make your voices heard and your presence felt.

Don't be among those people who spend a lot of time and effort trying to avoid civic responsibility. What if Paul Revere had said: "What do you mean, me ride through every Middlesex village and town, and in the middle of the night, too! Why pick/on me? Am I the only man in Boston with a horse?"

Remember always and ponder upon the warning sounded by Edmund Burke when he said: "All that is necessary for the forces of evil to win in the world is for enough good men to do nothing." Thank you.

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