

FOR IMMEDIATE RELEASE

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Office of the White House Press Secretary
(Dallas, Texas)

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am pleased to sign into law H. R. 9019, the Health Maintenance Organization Amendments of 1976.

This legislation, which extends the HMO program for two years beyond the current expiration date of September 1977, is designed to make HMOs more competitive with traditional health insurance programs and health delivery systems.

The original HMO Act of 1973 authorized two major forms of federal assistance to stimulate the development of HMOs:

- a program of grants, contracts, loans and loan guarantees, and
- a requirement that employers who offer health insurance to their employees also offer them the option of joining a Federally qualified HMO.

Other requirements of the 1973 HMO Act, however, discouraged participation in the Federal HMO development and slowed the expansion of this important health industry. These amendments correct those deficiencies and provide the foundation for a strong nationwide system of HMOs.

My Administration is concerned with the following fundamental areas of medical and health care problems:

- the quality of medical care and rapidly rising costs,
- local shortages of medical personnel and services due largely to maldistribution of physicians and other health personnel; and
- the need to promote preventive medicine and maintain good health.

The HMO concept has demonstrated an ability to hold down rapidly rising medical costs while maintaining high quality standards, efficient utilization of medical personnel, and a focus on disease prevention and the maintenance of good health. This effort is another example of how our pluralistic medical care system can adapt to the needs and demands of the nation's health consumers without massive Federal intervention.

Such careful restructuring of the delivery system, while maintaining the strength of the private sector, is one way to achieve a viable long-term solution to the rapidly rising costs of medical care.

We must strive to develop other creative private sector mechanisms to accomplish these goals so that America's strong private health care system will remain the best in the world.

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