



# NEWS from

## U.S. Senator Bob Dole

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OPENING STATEMENT OF SENATOR BOB DOLE  
FINANCE SUBCOMMITTEE HEARINGS  
ON MEDICARE AND MEDICAID ADMINISTRATIVE AND  
REIMBURSEMENT REFORM ACT

Thank you, Mr. Chairman. I am pleased today to join you and the other members of the Subcommittee to hear comments on S. 1470.

I can only echo much of what Senator Talmadge has said regarding the rapid rise in health care expenditures--particularly the federal share of these expenditures. I, like you, Mr. Chairman, feel that the hearings held last year on your similar proposal, provided us with many constructive suggestions. The result we have before us today is this bill. As ranking minority member of this subcommittee, I have a particular interest in seeing that meaningful improvements are made in the Medicare and Medicaid programs.

We are familiar with the figures which show that total health care spending comprised 4.5% of the GNP in 1950, while today it amounts to approximately 8.6%. Projected Fiscal Year 1978 spending for Medicare and Medicaid programs alone account for \$47.5 billion. But the significance stretches beyond those dollar expenditures. The average American citizen is also required to spend increasing out-of-pocket costs for health care either directly or indirectly through insurance premiums and taxes. We must recognize that the delivery system itself is not completely responsible for generating those inflationary pressures. Rising labor and supply costs; the need to constantly upgrade equipment and facilities; skyrocketing malpractice premiums; and compliance with proliferation of new regulations have all contributed.

In my view, the proposal we are discussing today addresses many of these problems realistically. As a Senator from the State of Kansas, many sections of which are less densely populated, I understand the importance of provisions that consider the differences in hospital needs because of their differing location, size and patient mix.

Section 11 which provides incentives for physician practice in low-fee shortage areas is of special importance to states such as my own, where physicians are badly needed, but where recruitment is difficult.

Mr. Chairman, I join you in welcoming the witnesses who are with us today and those we will hear from in the next three days. I believe there is a consensus among the members of the committee that no provision of this legislation is written in concrete. We look forward to hearing suggestions and possibilities for improvement. I will be particularly interested in hearing Mr. Califano's remarks regarding the proposed organization of the new health care financing administration. I share Senator Talmadge's concern that as proposed, the new administration would not only not reduce the bureaucracy but would add to what has already become the catastrophic illness of our multi-faceted poorly functioning governmental structure.

For example, it has come to my attention that in the Kansas City H.E.W. Regional Office, the social rehabilitation service has 76 employees. Of these, only 14 have responsibility for Medicaid.

Under the new reorganization plans - 36 of the 76 employees are being sent to the health care financing administration. So above the 14 Medicaid employees, 22 additional social rehabilitation service personnel are being superimposed. The balance (40) will go to the Office of Human Development of Social Security Administration.

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Mr. Chairman, I am convinced after hearing your remarks and after having heard of the instance I mentioned, that the issue of the present reorganization plans should be considered carefully by our subcommittee. It's quite clear that there are serious problems with the proposed reorganization of the health care financing administration.

I suggest that the subcommittee request the Comptroller General to evaluate the entire situation and report back to us within 30 days. I think he should find out whether this new agency is developing more as a bureaucratic Frankenstein than as a means of doing a better job with fewer people.

The Comptroller General should be supplied with all of our committee files dealing with the development of HCFA. He should be asked to consult with the Civil Service Commission apart from reviewing the matter with any H.E.W. people he thinks knowledgeable.

It would also be helpful if the Secretary would agree to hold off with further implementation of the HCFA until we have all had a chance to review the report of the Comptroller General.

Mr. Chairman, I am pleased to be with you today and pledge my cooperation and support in trying to get a handle on the problems which confront us.