

Mr. Speaker, I urge my colleagues to vote in favor of the Jackson-Lee amendment.

THE MEDICARE SUBSTITUTE
ADULT DAY CARE SERVICE ACT

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 5, 1998

Mr. STARK. Mr. Speaker, I am pleased to rise with my colleagues Representatives CARDIN, KLECZKA, and LEWIS with whom I serve on the Ways and Means Health Subcommittee, to introduce The Medicare Substitute Adult Day Care Services Act.

This bill would update the Medicare home health benefit to incorporate modern setting for rehabilitation. While the home had been the only setting in which a homebound person could reasonably be expected to receive therapy, that is no longer always the case. This legislation would allow patients and their families to choose the best setting for their individual needs. This new choice would be provided at no additional cost to the Medicare program.

Adult day care centers (ADCs) are proving to be effective—often preferable—alternatives to complete confinement in the home. Homebound people can utilize these centers because they provide door-to-door services for their patients. ADCs send special vehicles and trained personnel to a patient's home and will go so far as to get the patient out of bed and transport them to the ADC site in specially-equipped vehicles. Without this transportation component, homebound patients would be not able to utilize such a service.

For certain patients, the ADC setting is far preferable to traditional home health care. The ADC can provide skilled therapy like the home health provider, but also provide therapeutic activities and meals for the patients. These centers provide a social setting within a therapeutic environment to serve patients with a variety of needs. Thus, patients have the opportunity to interact with a broad array of people and to participate in organized group activities that promote better physical and mental health. Rehabilitation can be enhanced in such a setting.

It is also important to note that ADC care provides an added benefit to the caregivers for frail seniors. When a Medicare beneficiary receives home health services in the home, these providers are not in the home all day. They provide the service they are paid for and then leave. Many frail seniors cannot be left alone for long periods of time and this restriction prevents their caregivers from being able to maintain employment outside of the home. If the senior were receiving ADC services, they would receive supervised care for the whole day and the primary care giver would be able to maintain a job and/or be able to leave the home for longer periods of time.

From a cost perspective, an ADC setting can provide savings as well. In the home care arena, a skilled nurse, a physical therapist, or any home health provider must travel from home to home providing services to one patient per site. There are significant transportation costs and time costs associated with that method of care. In an ADC, the patients are brought to the providers so that a provider can see a larger number of patients in a short-

er period of time. That means that payments per patient for skilled therapies can be reduced in the ADC setting compared to the home health setting.

The Medicare Substitute Adult Day Care Services Act would incorporate the adult day care setting into the current Medicare home health benefit. It would do so by allowing beneficiaries to substitute some, or all, of their Medicare home health services in the home for care in an adult day care center (ADC).

To achieve cost-savings, the ADC would be paid a flat rate of 95% of the rate that would have been paid for the service had it been delivered in the patient's home. The ADC would be required, with that one payment, to provide a full day of care to the patient. That care would include the home health benefit and transportation, meals and therapeutic activities.

It is especially important to note that this bill is not an expansion of the home health benefit. It would not make any new people eligible for the Medicare home health benefit. Nor would it expand the definition of what qualifies for reimbursement by Medicare for home health services.

In order to qualify for the ADC option, a patient would still need to qualify for Medicare home health benefits just like they do today. They would need to be homebound and they would need to have a certification from a doctor for skilled therapy in the home.

All the bill would do is recognize that ADCs can provide the same services, at lower costs, and include the benefits of social interaction, activities, meals, and a therapeutic environment in which trained professionals can treat, monitor and support Medicare beneficiaries who would otherwise be at home without professional help. All of these things aid the rehabilitation process of patients.

In order to participate in the Medicare home care program, adult day care centers would need to meet the same standards that are required of home health agencies. The only exception to this rule is that the ADCs would not be required to be "primarily" involved in the provision skilled nursing services and therapy services. They would be required to provide those services, but because ADCs provide services to an array of patients, skilled nursing services and therapy services may not always be their primary activity. Otherwise, all the home health requirements would apply to ADCs.

Here is an example of how the system would work if this bill were law. A patient is prescribed home care by his or her doctor. At that time the patient and his or her family decide how to arrange for the services. They could choose to receive all services through the home, or could choose to substitute some adult day care services. So, if the patient had 3 physical therapy visits and 2 home health aide visits, they could decide to take the home health aide visits at home, but substitute three days of ADC services for the physical therapy visits. On those days, the patient would be picked up from home, taken to the ADC, receive the physical therapy, and receive the additional benefits of the ADC setting (group therapy, meals, socialization, and transportation). All of these services would be incorporated into the payment rate of 95% of the home setting rate for the physical therapy service. It is a savings for Medicare and an improved benefit to the patient—a winning solution for everyone.

While we believe this bill would create savings for Medicare without any additional protections, to make sure that that is the case, we have included a budget neutrality provision in the bill. This provision would allow the Secretary of Health and Human Services to change the percentage of the payment rate for ADC services if growth in those services were to be greater than current projections under the traditional home health program.

This is a small step forward for rehabilitation therapy for seniors. Eligibility for the home health benefit is not changed so it is not an expansion of the benefit. We believe that patients would greatly benefit from the option of an adult day care setting for the provision of home health services and look forward to working with our colleagues to enact this incremental, important Medicare improvement.

CREDIT CARD ON-TIME PAYMENT
PROTECTION ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 5, 1998

Mr. LaFALCE. Mr. Speaker, I am today introducing the "Credit Card On-Time Payment Protection Act" to address the growing financial penalties imposed on credit card holders who pay their credit card bills in full each month.

While most of the information we see on credit cards and credit card debt is alarming, one positive fact has received little attention. This is the fact that over 40 percent of credit card holders routinely pay off their credit card balances in full each month without incurring finance charges or carrying credit balances. This use of credit cards only for transactions rather than credit has been relatively stable over time. According to the Federal Reserve Bank of New York, 43 percent of households with credit cards routinely paid off their card balances in 1983, with 41 percent continuing to regularly pay off card balances in 1995.

At a time of escalating consumer debt, paying off of credit card debt should be encouraged. But the credit card companies have taken the opposite approach. Rather than encouraging a reduction of debt they are imposing penalties on card holders who pay off their card balances on time. Rather than encouraging responsible use of credit cards and reducing credit card delinquencies, they are creating new disincentives to reduce credit card debt.

Press articles began appearing two years ago describing how one credit card issuer, then another, had begun imposing minimum finance charges or maintenance fees on the accounts of card holders who regularly paid off the card balances each month. Other card issuers began to reimpose annual fees on the "no fee" accounts of card holders who paid in full. The theory behind this was, if consumers were going to have to pay a fee, they might as well carry credit balances and pay interest charges. Our colleague JOE KENNEDY responded to this problem with a bill to prohibit the imposition of a minimum finance charge or fee on a credit card account solely because a card holder paid off any credit extended in full.

Late last year the press reported that several large national retail company chains were

cancelling their co-branded credit cards for card holders who paid their monthly balances on time. This meant that their most responsible customers were suddenly deprived of the use of their credit cards. More recently, our colleague SID YATES brought to my attention a far more subtle, but equally effective, method that some credit card companies are using to exact fees payments from card holders who pay on time. This involves manipulation of the "payment due" date on the credit card statement to induce earlier payment of the monthly payment amount than is necessary to avoid any finance charges, thus allowing the card issuer more time to hold and earn interest on the payment.

Under the Truth in Lending Act, if a card issuer provides a "grace period" during which any credit charges can be repaid in full without incurring finance charges, it must be disclosed to the consumer in the initial card offering and in the monthly billing statement. There is no specific requirement, however, that the monthly "payment due" date be the same as this disclosed grace period, especially if no interest charge is actually charged until the end of the stated grace period. This has permitted, for example, one Chicago area bank to decrease the 25 day grace period it discloses in promotions and agreements with consumers to only 20 days in the payment due date it includes in statements of card holders who routinely pay off their monthly balances. This permits the bank an extra "float" on these payments of at least five days each month without the knowledge of the card holder. Court documents estimated that this bank has used this tactic to induce card holders to advance nearly \$600 million each month five days before it is actually necessary to avoid interest charges.

This manipulation of monthly payment due dates falsely induces card holders to transmit payments earlier than necessary every month, depriving them of the use of their own money up to 60 days each year! And it allows card issuers to benefit from the additional float on millions of dollars each month. Given the huge percentage of card holders who pay off their monthly bills, and the fact that large national credit card issuers are beginning to use this practice, this problem may affect millions of card holders across the United States with a credit card volume of potentially tens of billions of dollars annually.

I am pleased to join with Representatives KENNEDY and YATES in introducing legislation that would eliminate these unfair and costly practices that discourage responsible credit card use. The bill would make it a violation of the Truth in Lending Act for any credit card issuer to cancel the credit card account, or impose new fees, finance charges or other costs on any credit card account solely on the basis that the credit extended during billing periods is regularly repaid in full without incurring finance charges.

The bill also would make it a prohibited fee or charge for a card issuer to send card holders billing statements with payment due dates that are earlier than the date disclosed in promotions and card agreements and have the effect of inducing the card holder to send payments earlier than would otherwise be necessary to avoid finance charges. Taken together, these charges would preserve the accounts of the most responsible credit card users and save consumers potentially millions of dollars each year in unnecessary fee payments.

While I consider myself a strong supporter of legislation to modernize the banking industry, I cannot accept bank practices that impose unnecessary and unproductive costs on consumers. Imposing new charges and canceling the accounts of consumers who pay their credit card bills on time serves one purpose, and one purpose only—to increase the already record levels of bank fee income. These practices have no other economic or policy purpose or rationale.

At a time of escalating consumer debt and record levels of credit card delinquencies and personal bankruptcy, the banking industry should not engage in practices that discourage responsible use of credit and reduction in credit card debt. The practices I have outlined are discriminatory, they are unfair to consumers and they are wrong. I urge Congress to end these practices by adopting my legislation.

The text of the bill follows:

H.R.—

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Credit Card On-Time Payment Protection Act of 1998."

SEC. 2. PENALTIES FOR ON-TIME PAYMENT PROHIBITED.

Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by inserting at the end thereof the following new subsection:

"(h) PENALTIES FOR ON-TIME PAYMENT PROHIBITED—

"(1) IN GENERAL.—In the case of any credit card account under an open-end consumer credit plan, no creditor may cancel an account, impose a minimum finance charge for any period (including any annual period), impose any fee in lieu of a minimum finance charge or impose any other charge or penalty with regard to such account or credit extended under such account solely on the basis that any credit extended has been repaid in full before the end of any grace period applicable with respect to the extension of credit.

"(2) PAYMENT DUE DATES.—For purposes of paragraph (1), a creditor shall be deemed to have imposed a prohibited charge or penalty on an account under an open end consumer credit plan if the creditor regularly transmits to the obligor of such plan a statement for a billing cycle in which credit has been extended under such plan that includes a payment due date as required by subsection (b)(9) of this section—

"(A) that is different from and in advance of—

"(i) the date by which payment must be made for any credit extended under such credit plan to avoid incurring a finance charge that was disclosed to such obligor pursuant to subsection (c)(1)(A)(iii) of this section;

"(ii) the actual date by which payment would otherwise have to be made to avoid incurring a finance charge if calculated on the same basis as the date by which or the period within which any payment must be made to avoid incurring a finance charge that was disclosed to such obligor pursuant to subsection (c)(1)(A)(iii); and

"(B) that has the purpose or effect of inducing the obligor of such plan to transmit payment to the creditor earlier than what otherwise would be required to avoid incurring a finance charge.

"(3) SCOPE OF APPLICATION.—Paragraph (1) shall not be construed as—

"(A) prohibiting the imposition of any flat annual fee which may be imposed on the con-

sumer in advance of any annual period to cover the cost of maintaining a credit card account during such annual period without regard to whether any credit is actually extended under such account during such period; or

"(B) otherwise affecting this imposition of the actual finance charge applicable with respect to any credit extended under such account during such annual period at the annual percentage rate disclosed to the consumer in accordance with this title for the period of time any such credit is outstanding."

SEC. 3. REGULATIONS.

The Federal Reserve Board, not later than 6 months after the date of the enactment of this Act, shall issue final regulations to implement the amendments made by this Act.

PERSONAL EXPLANATION

HON. FRANK RIGGS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 5, 1998

Mr. RIGGS. Mr. Speaker, I was absent from the House of Representatives on July 30 and 31, 1998, pursuant to a leave of absence. During my absence, I missed a number of votes. Had I been present, the following is how I would have voted:

Rollcall No. 355: "Yea"; Rollcall No. 356: "No"; Rollcall No. 357: "Yea"; Rollcall No. 358: "Yea"; Rollcall No. 359: "Yea"; Rollcall No. 360: "Yea"; Rollcall No. 361: "Yea"; Rollcall No. 362: "No"; Rollcall No. 363: "No"; Rollcall No. 364: "No"; and Rollcall No. 365: "Yea".

Rollcall No. 366: "Yea"; Rollcall No. 367: "Yea"; Rollcall No. 368: "Yea"; Rollcall No. 369: "No"; Rollcall No. 370: "Yea"; Rollcall No. 371: "Yea"; Rollcall No. 372: "Yea"; Rollcall No. 373: "Yea"; Rollcall No. 374: "Yea"; Rollcall No. 375: "No"; and Rollcall No. 376: "Yea".

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, AND JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

SPEECH OF

HON. JOHN W. OLVER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 4, 1998

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4276) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1999, and for other purposes:

Mr. OLVER. Mr. Chairman, I rise in strong support of full funding for the Economic Development Agency (EDA).

Despite the country's roaring economy, cities and towns in my rural district have suffered huge job losses over the last year, and the EDA has provided critical support to these economically distressed communities.

The EDA has funded regional economic planning to maximize job creation and development, provided capital for small businesses, and funded utilities and road construction to