Use physicians to establish, review and revise the plan of care for each IRF patient.

Use coordinated multidisciplinary team approaches in the rehabilitation of each inpatient.

Have 75 percent of their cases in 10 diagnoses—stroke, spinal cord injury, congenital deformity, amputation, major multiple trauma, fracture of femur (hip fracture), brain injury, and polyarthritis, including rheumatoid arthritis, neurological disorders, and burns.

Further, in order to be eligible for IRF care, patients must be able to sustain three hours of therapy a day.

Only one of the IRF standards is under debate: the rule requiring IRFs to have 75 percent of their cases in 10 diagnoses (the ''75 percent rule''). Many have argued that the 10 diagnoses no longer represent a clinically appropriate standard for defining IRF services. The issue of variation in patient need within diagnoses has always existed. Finally, an estimated 87 percent of IRFs are currently out of compliance with the rule.

We recognize the need to distinguish IRFs from other Medicare providers in order to pay appropriately for their services. As you know, IRFs are paid more than acute hospitals. Given the current state of clinical evidence and patient classification systems, the dilemma is how to construct a fair rule that allows Medicare beneficiaries to receive appropriate rehabilitation services and avoids undesirable financial incentives to expand the types of patients in IRFs beyond what is clinically necessary. On the one hand, an unchanging list of 10 diagnoses to characterize an appropriate patient population for the IRF setting is a blunt instrument. Medical practice may have changed since 1983, when the 10 diagnoses were first included in the 75 percent rule. On the other hand, using instead the 20 diagnoses in the IRF-prospective payment system (PPS) reflects IRFs' past admitting practice but does not necessarily identify a clinically appropriate population.

In the short term, the Secretary has few other options but to enforce the 75 percent rule consistently; the issue is which diagnoses should go into the calculation. One short-term strategy that the Secretary could pursue is to lower the percentage of cases (required to be from 10 diagnoses) in the current 75 percent rule to 50 percent for some period of time, not to exceed one year. According to CMS's analysis, most IRFs could meet this standard. During that period of time, the Secretary could consult with an expert panel of clinicians to reach a consensus on the diagnoses to be included in the 75 percent rule as well as the appropriate clinical criteria for patients within the respective diagnoses. It is most imperative that the panel resolve the joint replacement issue because a large and growing proportion of IRF patients likely fall into this category. If the Secretary can complete this consultation prior to the October 1, 2003 proposed implementation date, it may be unnecessary to lower the 75 percent to 50 percent.

Over the long run, the Secretary also may want to periodically revisit the list of diagnoses and clinical criteria for rehabilitation patients. The expectation would be to move away from simple diagnosis-based criteria to patient-based criteria. Consistent with that objective, MedPAC is interested in linking payment to high-quality outcomes, as evidenced by our recommendation in the June 2003 Report to the Congress. In that report, we find that IRFs are particularly suited to linking payment for quality because the patient assessment instrument is standardized, credible, and data are routinely collected; also a risk-adjustment mechanism is built into the PPS. In the future, the IRF payments could be based on the patient-specific criteria and linked to outcomes. This also could be part of the criteria CMS could use to decide whether a facility would be designated as an IRF, potentially eliminating the need for criteria such as the 75 percent rule, although practically we see the need for such rules in the short term.

We look forward to offering any assistance we can to CMS in these endeavors.

Sincerely,

GLENN M. HACKBARTH, J.D.,
Chair.

ABOLISHING THE FEDERAL RESERVE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Mr. PAUL. Mr. Speaker, I rise to introduce legislation to restore financial stability to America's economy by abolishing the Federal Reserve. I also ask unanimous consent to insert the attached article ''The Greatest Theft in History'' by Professor Murray Sabrin, into the RECORD. Professor Sabrin provides an excellent summary of how the Federal Reserve is responsible for the nation's current economic difficulties.

Since the creation of the Federal Reserve, middle and working-class Americans have been victimized by a boom-and-bust monetary policy. In addition, most Americans have suffered a steadily eroding purchasing power because of the Federal Reserve's inflationary policies. This represents a real, if hidden, tax imposed on the American people.

From the Great Depression, to the stagflation of the seventies, to the burst of the dotcom bubble, every economic downturn suffered by the country over the last 80 years can be traced to Federal Reserve policy. The Fed has followed a consistent policy of flooding the economy with easy money, leading to a misallocation of resources and an artificial ''boom'' followed by a recession or depression when the Fed-created bubble bursts.

With a stable currency, American exporters will no longer be held hostage to an erratic monetary policy. Stabilizing the currency will also give Americans new incentives to save as they will no longer have to fear inflation eroding their savings. Those members concerned about increasing America's exports or the low rate of savings should be enthusiastic supporters of this legislation.

Though the Federal Reserve policy harms the average American, it benefits those in a position to take advantage of the cycles in monetary policy. The main beneficiaries are those who receive access to artificially inflated money and/or credit before the inflationary effects of the policy impact the entire economy. Federal Reserve policies also benefit big spending politicians who use the inflated currency created by the Fed to hide the true costs of the welfare-warfare state. It is time for Congress to put the interests of the American people ahead of the special interests and their own appetite for big government.

Abolishing the Federal Reserve will allow Congress to reassert its constitutional authority over monetary policy. The United States Constitution grants to Congress the authority to coin money and regulate the value of the currency. The Constitution does not give Congress the authority to delegate control over monetary policy to a central bank. Furthermore, the Constitution certainly does not empower the federal government to erode the American standard of living via an inflationary monetary policy.

In fact, Congress' constitutional mandate regarding monetary policy should only permit currency backed by stable commodities such as silver and gold to be used as legal tender. Therefore, abolishing the Federal Reserve and returning to a constitutional system will enable America to return to the type of monetary system envisioned by our nation's founders: one where the value of money is consistent because it is tied to a commodity such as gold. Such a monetary system is the basis of a true free-market economy.

In conclusion, Mr. Speaker, I urge my colleagues to stand up for working Americans by putting an end to the manipulation of the money supply which erodes Americans' standard of living, enlarges big government, and enriches well-connected elites, by cosponsoring my legislation to abolish the Federal Reserve.

[From USA Daily, May 6, 2003]

THE GREATEST THEFT IN HISTORY

(By Murray Sabrin)

If you have a savings account, your bank probably credits it with interest every month. At the end of the month, you expect the bank to pay you the amount of interest it was obligated to pay you—no more no less. In other words, you would not expect the bank to change the interest it was going to pay you unless your account explicitly allows the bank to readjust the interest rate at its discretion.

We know the interest rate paid on short-term ''risk free'' deposits are based on the ''real rate'' plus an inflation premium. Historically, the real rate—the rental price of money—is the annual rate that borrowers and lenders agree on is typically 2–3 percent. So if you borrow $100 for a year, you would expect to pay the lender about $103 at the end of one year.

However, if price inflation is expected to be 3% for the year the loan is outstanding, the lender wants to protect his principal from the decline in the dollar's purchasing power. So, the interest rate on the loan would thus not be just 2% (assuming this is the real rate), but 2% plus an inflation premium of 3%, for a total of 5%.

Currently the annual inflation rate is about 2.5%. Thus, the risk free rate (the real rate-2%—plus the inflation premium) on savings deposits and money market funds should be about 4.5%. For Americans who seek the safety of savings accounts and money market funds for their hard-earned money, the current average yield of 0.7% on money market funds is well below the current risk free rate. In addition, savers who own short-term U.S. Treasury debt are receiving slightly more than 1.1 % annually.

What's going on? How can savers be receiving about 3.5% less than the risk free rate on their money market accounts and savings accounts?

The answer is simple: The Federal Reserve, the government created institution that was founded to ''stabilize'' the value of the dollar and ''smooth'' ''out the business cycle'', which has the legal authority to create money out of thin air, is nothing more than the greatest manipulator of interest rates in the history of the world.

The FED pumps money into the banking system if it wants to lower interest rates in order ''to stimulate'' the economy, and conversely will take money out of the banking system if it want to dampen borrowing and ''cool off'' an overheated economy.

For the past two-and-a-half years the FED has been pumping money into the banking system, driving down short-term interest rates to its current levels, well below the risk free rate. In fact, the American people are being penalized heavily for saving. Real interest rates are negative.

In short, the American people are being ripped off to the tune of tens of billions of dollars per year.

To put this in dollars and cents, there are $2.2 trillion in money market funds, with an average annual yield of 0.7%. The income from these funds is about $15 billion a year. If interest rates were 4.5%, savers would have nearly one hundred billion dollars in income or $85 billion more than they are currently receiving.

Moreover, there is $4.61 trillion in the nation's time and savings deposits, earning an average of about 1.0% or more depending on the financial institution your money is deposited in. (ING Direct pays 2.10% online on short-term deposits. The money can be transferred from your checking account to an online account and back. The minimum deposit to open an account is only $1. This is not a misprint.)

Using the same 4.5% risk free rate, savers should be receiving about $210 billion on their short-term deposits at the nation's financial institutions. Instead, they are earning about $50 billion, for a loss of $160 billion in annual income. In addition, the U.S. Treasury has approximately $1 trillion in short-term debt that is yielding a little more than 1%. Savers holding the federal government's short-term debt are losing approximately $35 billion in annual income.

The bottom line: While the economic debate in Washington DC centers around President Bush's tax cut proposal, which should pass intact because less money in the federal government means more freedom and prosperity for the American people, the Federal Reserve continues to perpetuate the greatest theft in world history. By having the power to manipulate interest rates, the FED in effect has not only a license to print money but also can redistribute income form savers to borrowers.

The winners of the FED's interest rate manipulations include the nations' financial institutions, business borrowers and government. The losers are anyone who wants to save for the proverbial rainy day and accumulate money for a down payment on a house or other family need.

Thus, Federal Reserve policy aids and abets the legalized theft of hundreds of billions of dollars per year from low-and middle-income families to the economic elites of this country and profligate governments at all levels—all with the approval of the U.S. Congress and the Bush administration.

After 90 years of manipulating interest rates, it is time to abolish the FED and return the country to the only sound monetary system that is consistent with liberty and prosperity—the gold standard.

MILWAUKEE TURNERS CELEBRATE 150TH YEAR ANNIVERSARY

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Mr. KLECZKA. Mr. Speaker, on Saturday, September 6, 2003 the Milwaukee Turners will celebrate their 150th anniversary of providing the community with leadership in the fields of physical fitness, social justice and cultural preservation.

German revolutionary and patriot Frederick Ludwig Jahn founded the Turners in Germany in 1811. The original purpose of the Turners was to overthrow Napoleon who had conquered Prussia and to work toward a unified Germany. The Turners became powerful enough to start a revolution to make Germany a republic. The effort was defeated and 600,000 Germans were exiled.

German immigrants who came to America in 1848, as a result of the events in Europe, were called 48'ers. The first Turner Society in the United States was founded in Cincinnati, Ohio in 1848. The 48'ers established athletic, social and cultural societies throughout the United States. At the turn of the century there were hundreds of active societies. Today there are only sixty-five Turner societies that remain. Milwaukee was once known as the ''German Athens of America'' because of the notable artistic, political and civic culture of the city. The Milwaukee Turners was a central part of this community.

The Milwaukee Turners received its charter from the Wisconsin State Legislature in 1855. The Turner motto is ''Sound Mind in a Sound Body''. The philosophy of the organization is a holistic approach to the development of human potential through the harmonious integration of both intellectual and physical aspects of the individual.

Over the years the Milwaukee Turners have actively opposed all forms of oppression and supported women's suffrage. The Turners also promoted the concept of including physical education as part of the public schools curriculum. The Turners Society in Milwaukee continues to support the original ideals and offers physical activities for people of all ages.

Today, in an age of growing concern for the physical health of Americans and the lack of physical exercise, the Milwaukee Turners is ahead of the curve and is continuing to provide a vital service to the community through their outstanding physical fitness programs.

I salute Milwaukee Turners efforts in improving the health of our citizens and congratulate the Milwaukee Turners on celebrating a proud history of supporting social justice, freedom and physical and mental well being for 150 years. I wish to extend my best wishes for continued success in the years to come.

REMEMBERING CHESTERFIELD SMITH

HON. JANE HARMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Ms. HARMAN. Mr. Speaker, Chesterfield Smith, who died in Florida yesterday at 85, invented the modern law firm and the modern legal profession. Either of these accomplishments is more than enough for a lifetime.

He was my dear friend, a mentor to me and thousands of idealistic lawyers. Improving the world was axiomatic to him: it came with legal training and a law license. Doing anything less was unacceptable.

Probably his most important chapter was 1973–74, when he was president of the American Bar Association during the Nixon impeachment. He steered the organization and helped steer the country through a crisis in which our legal system was tested. It survived, and so did we.

We will miss Chesterfield's skills, his heart, his compass, his courage, and his loyalty. His wife, Jacqueline, and his family, are in our hearts.

INTRODUCTION OF THE MEDICARE MENTAL HEALTH COPAYMENT EQUITY ACT OF 2003

HON. TED STRICKLAND

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 17, 2003

Mr. STRICKLAND. Mr. Speaker, today Representative MURPHY and I are introducing the Medicare Mental Health Copayment Equity Act of 2003, which will dramatically improve Medicare for millions of the program's beneficiaries by phasing out over six years the discriminatory 50-percent copayment required for outpatient mental health services. If this bill is enacted, Medicare beneficiaries will pay a 20 percent copayment for outpatient mental health care, just as they do for all other outpatient health services under Medicare by the year 2009. This bill is identical to S. 853, which was introduced by Senator OLYMPIA SNOWE earlier this year.

According to the National Institute of Mental Health, nearly 2 million Americans over the age of 65 suffer from depression. The 1999 Surgeon General's report on mental illness found that 20 percent of Americans 55 and older experience mental disorders that are not considered a normal part of aging, such as anxiety, alcoholism, and Alzheimer's disease. As many as one in two new residents of nursing facilities are at risk of depression. Perhaps most strikingly, seniors have the highest rate of suicide of any age group in this country. A Medpac report titled ''Assessing Medicare Benefits'' issued in June 2002 confirms that the Medicare senior population faces serious problems accessing mental health care:

> Medicare beneficiaries are apparently having difficulty in obtaining needed mental health services. Despite the availability of proven treatments, one recent analysis found that of those beneficiaries over 65 who needed treatment, 63% did not receive it. The likelihood of people with mental health conditions receiving services was significantly lower if they were Medicare beneficiaries, compared with those who had employment-based insurance or Medicaid coverage.

The Medpac report also states that the access problems will be reduced if the discrepancy between the mental health copayment and the copayment required for all other outpatient care under Medicare is eliminated:

> Beneficiaries face a 50 percent coinsurance for most outpatient mental health services, compared with 20 percent for most other outpatient services. Equalizing cost sharing for outpatient mental health and other outpatient care would reduce a financial barrier to mental health care and provide parity to beneficiaries with mental disorders and those with other illnesses, with a small increase in Medicare spending . . . This change also would simplify Medicare's cost-sharing structure.

Medicare beneficiaries need and deserve access to affordable mental health care. I urge my colleagues to end Medicare's random discrimination and improve the health of seniors