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# Congressional Record S. 6505-6 - Health Care and Standby Wage-Price Controls

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HEALTH CARE AND STANDBY WAGE-PRICE CONTROLS

Mr. MANSFIELD. Mr. President, pending the arrival of the distinguished Senator from Illinois (Mr. STEVENSON) who will manage the bill which is now before the Senate because it comes out of the Committee on Banking, Housing and Urban Affairs, I should like to make a few observations and, if I may, direct some questions to the distinguished Senator from Louisiana (Mr. JOHNSTON) relative to the health care program and its application.

First, let me say, to put the economic picture starkly and bleakly, the dollar overseas is down and down to its lowest point since last November.

Our trade balance is down.

The stock market is down.

The gross national product is down—around 5 percent or a little bit more.

Unemployment is down, from 5.2 to 5.1 percent, but that is a good sign.

Productivity is down by 5.5 percent.

Interest rates are up. The prime rate now in a number of banks stands at 11 percent.

Inflation, from March 1973 to March 1974, amounted to 10.5 percent. For the first 3 months of this year, January, February, and March, the inflationary figure is 14.5 percent—and going up.

These facts indicate the position in

which the United States economy finds itself at the moment.

Mr. President, I think that will serve as an introduction to the question which I am about to propound to the distinguished Senator from Louisiana. It has to do with health care and wage and price control. As a sponsor of the Muskie-Stevenson-Johnston amendment, which is designed to place wage and price controls on a standby basis, I should like to take this opportunity to clarify the situation which is of great concern to many of my constituents in Montana and others throughout the Nation—a concern regarding the status of health care.

Hospitals and nursing homes are deeply concerned that many administrative regulations and legislative action continuing controls over the health care industry but, at the same time, decontrolling many other aspects of our economy, will have a serious and economically disastrous effect.

Many of these institutions are finding it extremely difficult to operate when they are forced to accept increases in the cost of supplies, drugs, equipment, and salaries, but they are not permitted to pass directly these increases in their patients' charges. Under any reasonable system, there is just no way that this can go on too long without many of the facilities going into bankruptcy or shutting down entirely.

I also understand the general philosophy behind health-care cost increases. This is an area in which the consumer has little choice.

It is my understanding that as of midnight on Tuesday, April 30, all controls will be taken off health care and other economic areas in the same category at the present time. Is that a correct statement?

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. It is my further understanding that the legislation now being considered would apply only to those sectors of the economy that the President and the appropriate agency would decide should be controlled. Is that correct?

Mr. JOHNSTON. Well, it goes a little further than that, in that it relates only to those sectors of the economy in which there is serious inflation and in those sectors in which that serious inflation produces serious hardship or serious deprivation and in which the imposition of controls would not produce an untoward lessening in supply.

Mr. MANSFIELD. The basis, then, on which the President and/or the agency could act would be for reasons of:

First, severe inflation in the economy as a whole, in a particular sector of the economy. Furthermore, these standards would apply to all sectors of the economy and the President and/or the appropriate agency would have to make an affirmative decision before it could go into effect;

Second, serious inflation in an economic sector which, in the absence of controls, would lead to severe hardship or deprivation; and

Third, that the need for controls to moderate that hardship or deprivation outweighs the possible adverse supply consequences of controls.

That is the basis, then, on which the President and/or the agency so designated to carry out the elements of this act, if it becomes law, would be guided by?

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. I have usually supported wage and price controls for all, if it was deemed necessary, but I believe we must cautiously approach selective controls. Any counsel that the distinguished Senator or members of the Banking Committee might offer the administrators of the hospitals and nursing homes would be most appreciated. I think the first thing we could say is that along with the rest of this act, controls will be taken off the public health sector tomorrow at midnight.

Mr. JOHNSTON. That is correct. I would further say to the distinguished majority leader with respect to health care, that the triggering tests for controls do not involve anticipatory inflation. In other words, the test requires that there be serious inflation in the economy as a whole, that there be actual serious inflation in the particular sector involved. The fact that inflation may occur at some point in the future is not sufficient unto this bill to trigger the controls. The testimony we heard in the Subcommittee on Production and Stabilization, at least from the people in the health-care industry, indicated there was not now that kind of inflation in the health-care industry.

What the administration stated was that it feared inflation would result from the removal of controls. So I would say to the distinguished majority leader that anticipated inflation is not sufficient to meet the test. It must be actual inflation.

I would also say with respect to health care that they are treated alike with all the other sectors of the economy. We are not singling out health care as did the bill the administration initially introduced.

With respect to cost passthrough, I woud simply point out that controls, first of all, must be raily administered under section 205 of the bill. A provision which improperly or unreasonably would not permit cost passthrough would be inequitable and unreasonable.

Second, the bill requires that the effect on supply would be taken into consideration by the President and that any regulations which unduly restrict supply are not to be implemented by the President.

Mr. MANSFIELD. I thank the distinguished Senator from Louisiana. I feel that this will give encouragement to the health-care area. It is understood that there will be no special or selective consideration given to the health-care area and that it will be treated on the same basis as other economic areas and segments of the economy and that all controls will expire, unless something is done, at midnight, April 30, 1974.

Mr. JOHNSTON. That is correct.

Mr. MANSFIELD. I thank the Senator and apologize to the Senator from Illinois (Mr. STEVENSON) for bringing up this question at this time.

Mr. HUDDLESTON. Mr. President, to reiterate what the distinguished majority leader has just pointed out, controls still exist on medical services, including hospitals and nursing homes. The health care industry has for some months been caught in a squeeze because of these price controls, which will expire at midnight tomorrow. And, that expiration will enable all segments of the economy to be treated equally.

Would not the pending bill, however, authorize the President to discretionarily reimpose such controls for a period of 30 days after enactment as he so desires?

Mr. JOHNSTON. That provision has been taken out of the bill.

Mr. HUDDLESTON. It has been deleted.

Mr. JOHNSTON. Because of the concern of the Senator from Kentucky and the distinguished majority leader relative to this 30-day provision, that has been taken out of the amendment that Senators MUSKIE, STEVENSON, and I will shortly introduce. No controls may be imposed in any sector unless findings are made with respect to that sector.