

HEALTH MAINTENANCE ORGANIZATION ASSISTANCE ACT OF 1973

The President has signed a bill passed by Congress which authorizes the expenditure of \$375 million over a 5-year period for grants and loans to support planning, development, and initial operation of Health Maintenance Organizations (HMOs), which provide comprehensive health services on a prepaid, capitation basis.

The benefit package defined in the legislation includes the following basic services, which must be provided to each HMO member: physician services, inpatient and outpatient hospital services, emergency health services, mental health services (short-term outpatient evaluative services and crisis intervention services), alcohol and drug abuse treatment and referral services, diagnostic laboratory and diagnostic and therapeutic radiologic services, home health services, and preventive health services (including voluntary family planning services, infertility services, preventive dental care for children, and children's eye examinations). Supplemental services, for which health manpower is available in the area and for which the HMO member has contracted, include intermediate and long-term care facility services; vision, dental, and mental health services not included as a basic health service; long-term physical medicine and rehabilitative services; and prescription drugs.

Areas of activity that can be supported under the legislation are **feasibility surveys** (grants and contracts to public or nonprofit private entities); **planning** (grants and contracts to public or nonprofit private entities and guarantee of payment to non-Federal lenders to private, for-profit entities for development or expansion of an HMO to serve a medically underserved population); **initial development** (grants, contracts, and loan guarantees available on the same basis as assistance for planning); and **initial operations** (loans to

public or nonprofit HMOs and loan guarantees for private HMOs serving medically underserved populations, to cover operating deficits during the first 36 months of operation, including significant expansion as well as new starts). In any fiscal year not less than 20 percent of the sums for grants, contracts, and loans shall be for projects in rural areas.

Each employer operating under section 6 of the Fair Labor Standards Act of 1938 who employs not less than 25 persons and provides a health benefits plan must offer employees the option of membership in a qualified HMO in the area where they reside. If there is more than one HMO in the area, the option must include both a group practice HMO and an individual practice HMO. No employer shall be required to pay more for this option than would be required under existing agreements.

Four specific provisions in State laws restrictive of HMOs are preempted by this legislation, and States may not establish or enforce laws preventing HMOs from soliciting members through advertising services, charges, or other nonprofessional aspects of their operation.

The legislation provides for research and programs concerning the effectiveness, administration, and enforcement of quality assurance programs, and it calls for extensive study of all facets of quality of health care.

HMO services are authorized for American Indians and for domestic agricultural migratory and seasonal workers.

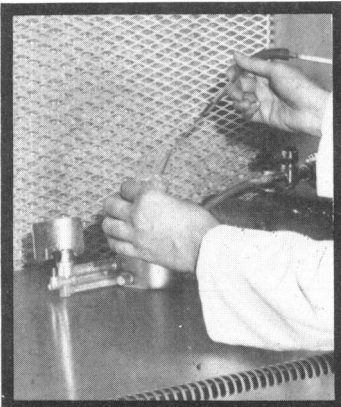
President Nixon has described the new law as a response to the challenge of finding new and better ways to improve health care. "The signing of this act," the President noted, "marks another milestone in this Administration's national health strategy."

Cover—In experiments on body temperature regulation, supported by the National Institute of Neurological Diseases and Stroke, Dr. James M. Lipton uses a heat lamp on white rats restrained in glass cylinders. Another photograph, on page 93, shows the rat shutting off the lamp. How the rat does this and the relationship of these experiments to thermoregulation problems in human beings are explained in a report on pages 92, 93.

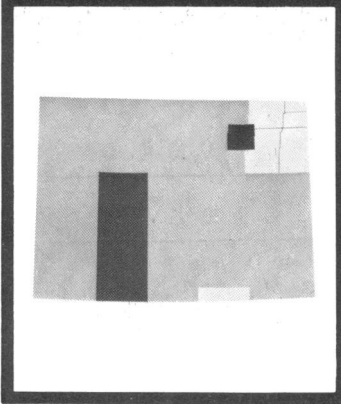
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