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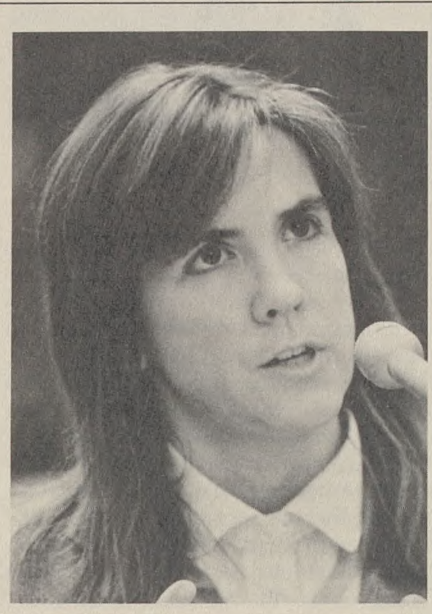
Senate Passes Consumer Banking Legislation

Hidden within the sweeping provisions of the financial restructuring bill passed by the Senate March 30 (see page 3) was a consumer package that provides "true protections for consumers with homes or savings deposits and stage setters for a major legislative effort on the House side to address community and basic banking needs," said Peggy Miller, Consumer Federation of America Legislative Representative.

The Senate bill strengthens dramatically requirements for disclosure of basic terms of open-end home equity loans in contracts and advertisements. Those disclosures are to include: a warning that default on such a loan can lead to loss of the house, requirements for repayment, and the circumstances under which the bank or the customer could terminate the loan agreement.

In addition, the bill would prohibit banks from unilaterally changing the terms of a loan agreement after the contract is signed and from calling in a loan for reasons not related to delinquency or security of collateral. (A much weaker bill, H.R. 3011, was passed in late February by the House Banking Committee's Subcommittee on Consumer Affairs.)



CFA Legislative Representative Peggy Miller testified on basic banking services before the House Select Committee on Aging in March.

Truth-in-Savings Adopted

The Senate bill also includes truth-in-savings provisions similar to those passed in the House last summer and applicable to savings and other deposit accounts at banks, savings and loan associations, and credit unions.

Specifically, the bill calls for an account's annual percentage yield, the period for that yield, minimum balance, regular fees, and penalties for early withdrawals to be spelled out in all printed advertisements and solicitations. Ads for free or no-cost accounts would not be allowed if minimum balances, a limit on transactions, or transaction fees are imposed.

The bill would also eliminate the "investable balance" accounting method brought to light in a 1987 CFA bank fee survey. Under this system, banks factor out the non-investable portion of the savings balance when determining payment levels, thus paying only a fraction of the stated interest.

"The provisions on home equity loans and truth-in-savings should help to assure homeowners and savings depositors that they understand what they have signed, and that the contractual terms are not going to change," Miller said.

"A change in terms on a home equity loan could result in enormous increases in payments or even loss of the home due to delinquency," Miller continued. "This bill eliminates that possibility, and we applaud Banking Committee Chairman William Proxmire (D-WI) and Sen. Christopher Dodd (D-CT) for their strong leadership roles in seeing that this gets passed."

Other Consumer Protections Added

At the last minute, the Senate included an additional two consumer items in the bill.

Amendments to section four of the Bank Holding Company Act would require the Federal Reserve Board to take into account the community reinvestment performance when acting on any application for expanded powers. A good or excellent CRA rating is required as condition of approving such an application to exercise expanded powers.

The Senate also added a provision that overrides federal preemption of state laws establishing Financial Consumer Associations (FCA), thus making federally controlled depository institutions subject to such laws.

FCA laws would require banks to mail to consumers a prescribed insert concerning the establishment of a consumer membership organization. These associations would be responsible for oversight, research, and investigation into statewide financial service issues and problems.

Senate Bill Sets Stage for House Effort

Consumer and community groups intend to push for even stronger community reinvestment and basic banking provisions in House legislation. The aim is to include strong enforcement and agency reform initiatives in the CRA language and to mandate provision of low-cost accounts for lower income people.

"The CRA and FCA provisions in the Senate Bill will help us in our efforts on the House side to carry a strong consumer and community agenda. We were pleased at the decision to add them to the Senate Banking Bill," Miller concluded.

Voting Record Reveals Strong Support for Consumers

The Consumer Federation of America has named nine U.S. senators and 39 House members as "Consumer Heroes" in recognition of their strongly pro-consumer voting records in 1987. CFA also designated six senators and 17 representatives as "Consumer Zeroes" for their consistent opposition to consumer interests.

CFA's 1987 Voting Record is based on 12 key Senate votes and 14 key House votes on such issues as bank practices, product safety, insurance, health, and housing.

For the first time since 1971-72, when CFA began compiling voting records, senators supported the consumer interest on more than half the votes analyzed. Overall, senators voted with consumers an average of 59 percent of the time in 1987, a dramatic improvement over 1986, when senators had a 45 percent voting average on key consumer issues.

Members of both parties registered significant gains, with Senate Democrats averaging 77 percent, up from 66 percent in 1986, and Senate Republicans voting with consumers 37 percent of the time, an improvement from their 27 percent showing in 1986.

In addition, Sen. Robert T. Stafford (R-VT) became the first Republican senator ever to receive a 100 percent rating from CFA.

Leading the sharp improvement in Senate ratings were strong pro-consumer performances by several first-term members. Senators Barbara Mikulski (D-MD) and Brock Adams (D-WA) were among nine senators with perfect 100 percent ratings. Three other first-year senators rated at 83 percent, including Bob Graham (D-FL), Harry Reid (D-NV) and Wyche Fowler (D-GA).

"As anticipated, the increased support for consumer initiatives is partly a result of the strong pro-consumer voting record of senators elected in 1986," said Gene Kimmelman, CFA's Legislative Director. "Each replaced a senator with a significantly lower rating. Clearly, the 1986 election made a difference to consumers."

U.S. House members averaged 53 percent ratings on the 14 votes analyzed, up just two points from 1986, and within two points of the average for each year since 1983. Democrats averaged 71 percent, a two-point gain, and Republicans scored 26 percent, up a single point.

"In recent years, we have witnessed a trend toward increased bi-partisan support for consumer issues. That trend seems to be getting stronger," Kimmelman said. "Particularly in the Senate, Republicans have played an increasingly supportive role on consumer issues."

Although differences between the two parties on consumer issues remain significant, differences among members from different parts of the country are also key. In the Senate, members from the Northeast voted for consumer interests 82 percent of the time, while Western senators were pro-consumer on just under half of all votes.

Northeastern Republican senators were almost as likely as Democrats from the rest of the country to vote for consumer legislation. These Republicans averaged a 68 percent rating, compared to 65 percent for Southern Democrats and 76 percent for Western Democrats. Southern Republican senators, at 22 percent, were least likely to support consumers.

House votes reflect a similar pattern, although not as pronounced. Northeastern Republicans were about twice as likely to vote for consumers as Republicans from the rest of the country, averaging 42 percent, compared to 23 percent for Midwestern Republicans, 22 percent for Western Republicans, and 20 percent for Southern Republicans. Overall, representatives from the Northeast voted pro-consumer 66 percent of the time, and representatives from the South voted pro-consumer 43 percent of the time.

Congressional Heroes and Zeroes listed, see page 3.

ATV Fight Moves to Congress

In the absence of effective action by the Consumer Product Safety Commission (CPSC) to address adequately the hazards posed by all-terrain vehicles (ATVs), legislative measures have been introduced in Congress to strengthen consumer protections.

In January, Sen. Alfonse D'Amato (R-NY) introduced S. 2016 to ban the sale of three-wheeled ATVs and ATVs specifically designed for use by children under the age of 16. The bill also provides for refunds to past purchasers of these ATVs and to those who purchased adult-sized ATVs for use by children under 16.

No action has yet been scheduled on the bill.

In March, Rep. Joe Barton (R-TX) introduced H.R. 3991, with bipartisan support, to require manufacturers to offer refunds to past purchasers of three-wheeled ATVs and to prohibit the commercial sales of new and used three-wheeled ATVs.

"Both these measures provide certain fundamental safeguards omitted in the consent decree," said Susan Weiss, CFA Legislative Representative. "We applaud the leadership of Sen. D'Amato and Rep. Barton in advancing legislation that promises to take up where the CPSC has clearly faltered. Their actions provide a strong affirmation that safety is not, and cannot be, a partisan issue."

ATVs have been associated with nearly 1,000 deaths and more than 350,000 injuries requiring hospital emergency room treatment since 1982.

"The CPSC's failure to adequately protect consumers, in particular the nation's children, from the hazards of these dangerous vehicles makes Congressional intervention imperative," Weiss said at a hearing on H.R. 3991 before the Subcommittee on Commerce, Consumer Protection, and Competitiveness March 16.

The hearing came two days after the CPSC and ATV manufacturers finalized their consent decree, which Weiss said "fails to provide effective means to get—and keep—even the most dangerous of these vehicles off the market and out of the hands of children and other consumers."

The CPSC abandoned its original request for refunds (the only means sought to get vehicles off the market) and agreed to permit continued sales of certain sized ATVs to children under 16. Further, the decree allows commercial sale of used three-wheeled ATVs.

CFA Legislative Representative Susan Weiss testified in support of H.R. 3991 before the Subcommittee on Commerce, Consumer Protection, and Competitiveness in March.

To protect consumers, the decree simply relies on a variety of safety warnings as well as an agreement by the distributors not to sell new three-wheeled ATVs.

In March, CFA released the results of a survey showing that a resale market for hazardous three-wheeled ATVs exists in the wake of the consent decree. "If the CPSC had required refunds to consumers for ATVs, we believe that ATV owners would not have been forced to foist these unsafe vehicles off on other unsuspecting consumers," said CFA Product Safety Director Mary Ellen Fise, who conducted the survey.

In light of unresolved safety concerns, a coalition comprised of CFA, the American Academy of Pediatrics, the American Public Health Association, and U.S. PIRG has filed a joint motion to intervene in the ATV lawsuit. While that motion has been denied, the judge hearing the case in U.S. District Court in Washington, D.C., has granted these groups the status of *amici* and the right to present their views on the consent decree. Sen. D'Amato also has been granted *amicus* status, as has the National Association of Attorneys General.

A hearing has been set for April 18 for presentation of final arguments. Consumer and safety advocates hope to convince the judge to modify the decree before signing it.

CFA and other concerned groups are also actively lobbying Congress to expedite passage of the ATV legislation as part of CPSC reauthorization.

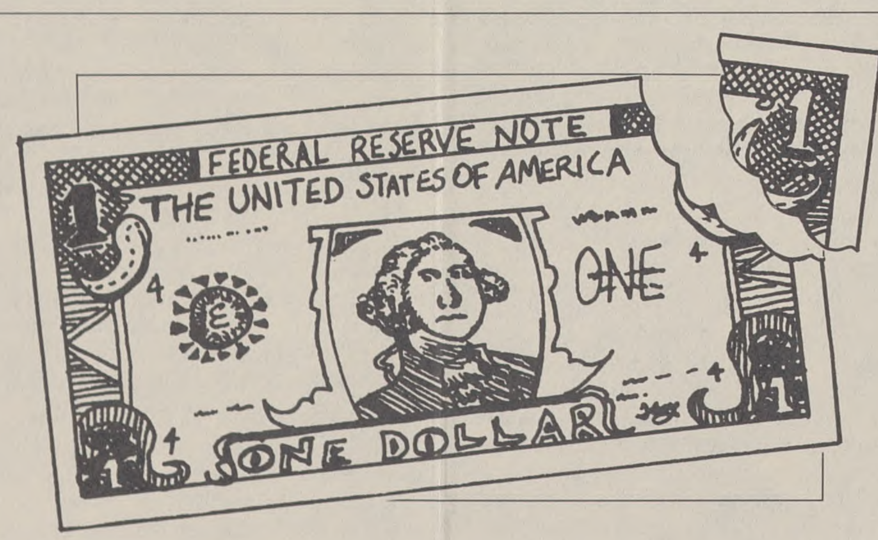
Sen. Pete Wilson (R-CA) introduced separate legislation March 3 designed to ban the sale of lawn darts. The language in this bill is identical to the language in S. 1882, the CPSC reauthorization bill introduced by Sen. Albert Gore (D-TN). S. 1882 is currently pending floor action.

Currently, the sale of lawn darts is banned except to adults, and they may not be sold in toy stores or toy departments. The package must display a warning label that the darts are not designed for use by children.

Sen. Wilson introduced his bill, which would revoke the existing exemption to the ban, one day after the CPSC met to discuss lawn darts. The agency again failed to reach an agreement on whether to ban lawn darts by revoking the exemption or set performance standards for lawn darts, which CPSC staff has estimated would take three years and cost $200,000 in contract funds.

"In other words, CPSC would fully bear the cost of creating an exception that would allow certain lawn darts to stay on the market," Fise stated in comments submitted to the CPSC in March. "CFA believes that this burden should be placed on those who manufacture and profit from such lawn dart sales."

Inflation Takes Bite Out of Civil Penalties



Enforcement of the nation's health and safety laws has been seriously weakened by the enormous devaluation of many civil penalties as a result of inflation, according to a report released in February by the Consumer Federation of America (CFA) and the U.S. Public Interest Research Group (U.S. PIRG).

Among the 27 key federal health and safety laws surveyed in the report, half of the 70 penalty provisions reviewed were last changed 10 or more years ago, slashing their present purchasing power by approximately 50 percent and more.

"Effective deterrence is critical to enforcement of this nation's health and safety laws," said Susan Weiss, CFA Legislative Representative and co-author of the report. "As inflation has taken the bite out of civil penalties, it has become less onerous to violate the law."

The report was submitted to Congress in February in conjunction with a hearing on S. 1014, the "Federal Civil Penalties Adjustment Act," introduced by Sen. Frank Lautenberg (D-NJ). The bill calls for an immediate adjustment of civil monetary penalties to account for inflation. It would also establish an automatic mechanism for periodically adjusting penalty amounts.

"Maintaining the deterrent impact of civil penalties will mean safer products, safer travel, safer workplaces, and a cleaner environment," Sen. Lautenberg said. "It also will free honest businesses from the unfair competition posed by those who save costs by violating federal laws."

The report cites examples of civil penalties that have been reduced significantly by inflation, including:

- The Motor Vehicle Safety Act, whose civil penalty of $1,000 for each violation has remained unchanged since 1966. Inflation has reduced its value to just over one-quarter of its original worth.
- The Consumer Product Safety Act's civil penalties of $2,000 per violation up to a maximum of $500,000 have not changed since the law was passed in 1972. Inflation has reduced them to 36 percent of their original value, or $720 and $180,000, respectively.
- The Occupational Safety and Health Act of 1970 retains its original penalties of $1,000 per violation of health and safety standards and $10,000 for failure to provide a safe workplace. To keep pace with inflation, these penalties would have to increase almost three-fold, to $2,970 and $29,700.

"Rising inflation has created a 'deterrence gap' in which the economy has grown while penalties have stayed the same," Weiss said. "Since the mid-70s, the price of goods and services has more than doubled. It seems that everything but the law has kept pace with inflation."

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House Advances Consumer Banking Agenda

Consumer protections in the Committee Print of major banking legislation to be marked up in the House Banking Committee this spring include a mixed bag of strong protections in some areas and weak in others.

"The print contains good language requiring government check cashing and commercial loan disclosure by federal depository institutions," said Peggy Miller, CFA Legislative Representative. Miller added, however, that the language regarding basic banking and community reinvestment "is poor, perhaps even harmful to the consumer position."

The committee finalized the print March 23. Mark up is expected in mid-April or later.

At the last minute, the committee included in the print its previously passed truth-in-savings legislation. But the establishment of financial consumer associations, which consumer advocates had hoped to have addressed, was left out entirely.

Check Cashing, Commercial Loan Disclosure Provisions Strong

The government check cashing provisions would require depository institutions to offer consumers a check cashing card allowing the holder to cash any government check without charge. Institutions could levy an initial processing fee to cover the reasonable costs of processing the application.

This language is identical to that in Rep. Charles Schumer's (D-NY) bill, H.R. 4026, and to that in an amendment offered on the Senate floor in 1987 by Sen. Howard Metzenbaum (D-OH) which passed. In conference on the 1987 legislation, Congress chose to ask for a Government Accounting Office (GAO) study before making a final decision. The GAO study is currently underway but is not due to be completed until fall of 1988.

"We believe adequate evidence already exists that check cashing outlets, currently the only available place for many low income consumers to cash government checks, are guilty of terrible price gouging," Miller said. She cited CFA's 1987 survey of non-bank check cashing services and a more recent survey by the New Jersey Public Advocate.

"These circumstances warrant more rapid Congressional action, which this legislation would provide," Miller said. The print also calls for public disclosure of the geographic distribution of commercial lending, making commercial loans subject to the disclosure provision of the Home Mortgage Disclosure Act.

The purpose of the provision is to make available the information necessary to monitor the extent to which banks and other lenders provide credit to local businesses.

CRA, Basic Banking Provisions Weak

Consumer advocates were disappointed by the poor Community Reinvestment (CRA) and basic banking provisions in the print, which Miller called "very poorly drafted, with broad loopholes which render it virtually useless. There is a positive element in the language emphasizing community involvement in setting rating priorities, which CFA supports, but other enforcement and reform features are needed to strengthen the CRA impact," she added.

Consumer advocates have endorsed an approach to the CRA issue contained in a bill introduced by Rep. Joseph Kennedy II, which would establish a Consumer Affairs Division in each of the banking regulatory agencies, create a new rating and exam system which would help to enforce the CRA provisions overall, and tie these CRA provisions to a broad array of bank powers.

In the area of basic banking services, consumer advocates hope to get language included in the bill strengthening the provision of low-cost bank accounts to lower income people by specifying the actual fee banks can charge, eliminating the credit card I.D. and ATM sole use requirements, and mandating public notification.

Senate Votes to Repeal Glass-Steagall

Senate banking legislation containing consumer provisions (see page 1) also removes most of the remaining legal barriers separating commercial and investment banks and replaces those barriers with new limitations on bank powers to sell and underwrite securities and insurance.

The bill would repeal those sections of Glass-Steagall that prohibit banks that belong to the Federal Reserve System from affiliating through a bank holding company with firms that underwrite or sell securities.

If enacted, the bill would immediately enable bank holding companies to underwrite most securities—including municipal-revenue bonds, mortgage-backed securities, and commercial paper—through a subsidiary separated from their banks.

Beginning six months after the law is enacted, securities affiliates would be granted authority to sell and underwrite mutual funds and corporate bonds. Furthermore, by April 1, 1991, Congress would be required to vote on whether these securities affiliates would be allowed to underwrite corporate stocks.

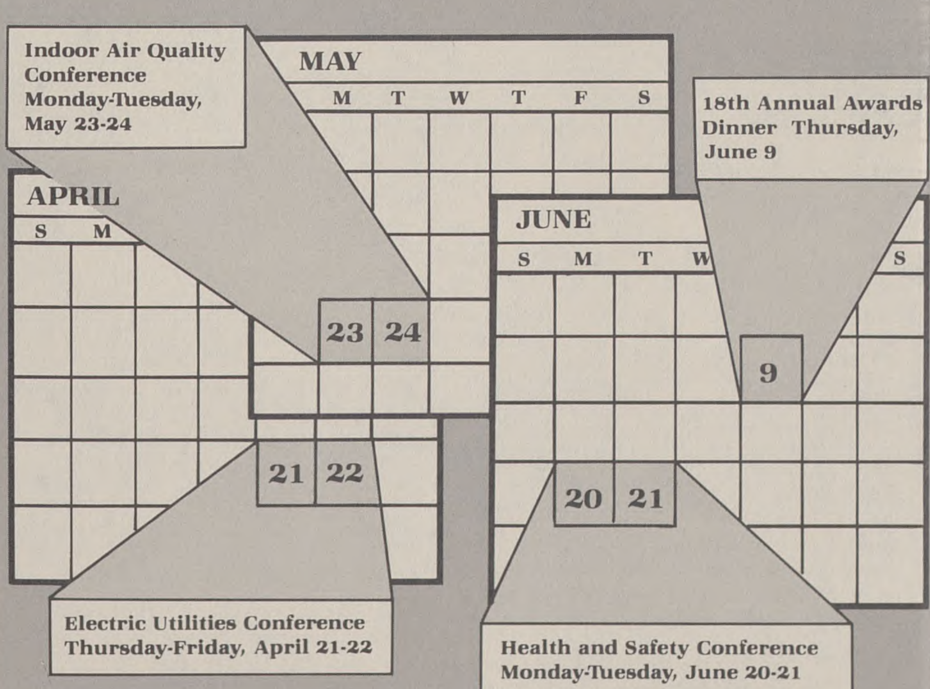
Banks taking advantage of the new powers would be subject to stricter capital requirements and to stiff limits on financial and personnel connections with their securities affiliates. The bill would also increase penalties for violating a range of banking laws.

To limit concentration, mergers would not be allowed between bank holding companies with total assets of more than $30 billion and investment banks with assets greater than $15 billion.

State-chartered banks or their subsidiaries would be allowed to deal in insurance only if they are owned by bank holding companies based in that state, they confine their insurance activities to that state, and are expressly permitted to deal in insurance by state law.

Enactment of the legislation this year is by no means guaranteed, since House Banking Committee Chairman Fernand St Germain (D-RI) favors a much narrower expansion of bank powers, the committee is divided, and the committee print outlines an entirely different approach than that in the Senate bill.

Coming Events at CFA



Congressional Heroes & Zeroes

Nine Senate heroes had perfect 100 percent ratings:

Brock Adams (D-WA)	Barbara A Mikulski (D-MD)	Claiborne Pell (D-RI)
Carl Levin (D-MI)	George J. Mitchell (D-ME)	Paul S. Sarbanes (D-MD)
Howard M. Metzenbaum (D-OH)	Daniel Patrick Moynihan (D-NY)	Robert T. Stafford (R-VT)

Seven House heroes also scored 100 percent:

Ronald V. Dellums (D-CA)	Dale E. Kildee (D-MI)	Ted Weiss (D-NY)
Brian J. Donnelly (D-MA)	Joe Moakley (D-MA)	Sidney R. Yates (D-IL)
Dennis M. Hertel (D-MI)		

House heroes scoring 93 percent are:

Anthony C. Beilenson (D-CA)	Steny H. Hoyer (D-MD)	Henry J. Novak (D-NY)
Thomas J. Downey (D-NY)	Gerald Kleczka (D-WI)	Don J. Pease (D-OH)
Richard J. Durbin (D-IL)	John J. LaFalce (D-NY)	Claude Pepper (D-FL)
Dennis E. Eckart (D-OH)	Mickey Leland (D-TX)	Charles B. Rangel (D-NY)
Don Edwards (D-CA)	Sander M. Levin (D-MI)	Peter W. Rodino, Jr. (D-NJ)
Lane Evans (D-IL)	Edward J. Markey (D-MA)	James H. Scheuer (D-NY)
James J. Florio (D-NJ)	Robert T. Matsui (D-CA)	Stephen J. Solarz (D-NY)
Sam Gejdenson (D-CT)	Nicholas Mavroules (D-MA)	Fortney H. "Pete" Stark (D-CA)
Frank J. Guarini (D-NJ)	Matthew F. McHugh (D-NY)	Gerry E. Studds (D-MA)
Charles A. Hayes (D-IL)	Kweisi Mfume (D-MD)	Henry A. Waxman (D-CA)
George J. Hochbrueckner (D-NY)	George Miller (D-CA)	

The following Senate zeroes failed to vote for consumers even once:

James A. McClure (R-ID)	Steven D. Symms (R-ID)	Malcolm Wallop (R-WY)

Three Senate zeroes had an 8 percent rating:

Phil Gramm (R-TX)	Jesse Helms (R-NC)	Don Nickles (R-OK)

Seventeen House zeroes recorded only one or no pro-consumer votes:

Connie Mack (R-FL)	Tom DeLay (R-TX)	Bob McEwen (R-OH)
Robert E. Badham (R-CA)	James M. Inhofe (R-OK)	Michael G. Oxley (R-OH)
Dan Burton (R-IN)	Jack F. Kemp (R-NY)	Bob Stump (R-AZ)
Dan Coats (R-IN)	Jon Kyl (R-AZ)	Robert S. Walker (R-PA)
Howard Coble (R-NC)	Bill Lowery (R-CA)	David O'B. Martin (R-NY)
Larry Combest (R-TX)	Edward R. Madigan (R-IL)	

(Copies of the 1987 Congressional Voting Record are available from CFA for $10. Non-profit organizations may purchase it for $5.)

Gas Bypass Could Cost Consumers Billions

Residential and small business consumers of natural gas could find their bills more than $2 billion higher as a result of the Federal Energy Regulatory Commission's (FERC) unfair policies on bypass of local distribution companies, according to a report released in March by Consumer Federation of America.

"Big industrial consumers of natural gas have been threatening to bypass the local distribution company by tapping directly into interstate pipelines, but small residential and commercial consumers do not have such options," said Mark Cooper, CFA Research Director and principal author of the report. "This could shift the costs of local distribution onto the backs of consumers.

The report, entitled "A Residential Consumer View of Bypass of Natural Gas Local Distribution Companies," shows that potential impacts are concentrated in 18 states that account for 75 percent of all industrial consumption of gas outside of the major producing region. In large industrial states, such as California, New York, Illinois, and Ohio, the stakes are in the hundreds of millions of dollars, the report finds.

"Regulation of natural gas pipelines requires efficient management of natural monopoly, but the FERC has been authorizing bypass projects that make no sense in terms of either economic efficiency or equity," Cooper said.

The report advocates a case-by-case approach to bypass and proposes three rigorous economic standards for the evaluation of individual projects:

• **The Simple Cost of Service Test**—The bypass project should be able to provide the specific service at a lower cost than the existing local distribution company.

• **The Total Cost of Service Test**—The bypass project should not raise the cost of natural gas distribution for all customers originally served by the local distribution company.

• **The Equal Benefits Pricing Rule**—Where the project passes the first test, but fails the second, bypass should be denied, but the local distribution company should be allowed to make a price offer to the bypasser which ensures a fair contribution to the fixed costs of the system based on a principle of equal benefit.

Recovery of Local Distribution Costs From Industrial Users: 1986 Largest Industrial States

State	Consumption (Billion MCF)	Prices ($/MCF) City Gate	Prices ($/MCF) Burner-Tip	Local Cost Recovery (Million $)
Alabama	112	3.44	3.63	21.28
California	345	2.76	3.92	400.20
Florida	64	2.65	2.92	17.28
Georgia	106	3.80	3.95	15.90
Illinois	254	3.02	4.15	287.02
Indiana	149	3.34	3.70	53.64
Iowa	78	3.30	3.38	6.24
Maryland	49	3.83	5.43	78.40
Michigan	115	4.07	4.86	90.85
Minnesota	57	3.31	3.38	3.99
New Jersey	72	3.31	4.31	72.00
New York	70	3.34	4.92	110.60
North Carolina	78	3.42	3.73	24.18
Ohio	166	3.89	4.70	134.46
Pennsylvania	174	3.54	4.01	81.78
South Carolina	59	3.24	3.78	31.86
Tennessee	82	3.25	3.79	44.28
Wisconsin	87	3.85	4.07	19.14

"Almost a billion dollars in capital outlays have been authorized by the FERC to build redundant facilities that will not add one BTU of natural gas to national reserves or make the flow of natural gas more efficient," Cooper said. "These projects simply waste resources and damage small consumers in pursuit of FERC's policy of competition-at-all-costs.

The report reviews the impact of deregulation on consumers in a number of industries, concluding that there can be significant costs imposed on consumers by inappropriate deregulation. It draws a direct analogy between unfair cost-shifting in the telecommunications and railroad industries—which consumers have long battled against—and natural gas bypass.

"The FERC avoided its regulatory reponsibility in one case by saying the public utility commission (PUC) could do whatever it wanted with a revenue shortfall of over $100 million that resulted from a FERC-approved bypass," Cooper added. "But those costs won't just disappear. If the local PUC is going to be forced to deal with the impact of FERC's policy, they should have a much larger role in deciding whether bypass should be allowed in the first place."

"Bypass raises fundamental questions affecting the way the majority of Americans pay for one of their basic necessities—heat," Cooper said. "FERC's head-in-the-sand, competition-at-all-costs policy has made it incumbent upon Congress to act to set a national policy on bypass."

Mandated Health Benefits Bill Passes Committee

A bill that would require employers to offer health insurance coverage for their workers was passed by the Senate Labor and Human Resources Committee February 17. Sponsored by Committee Chairman Edward Kennedy (D-MA), S. 1265, the "Minimum Health Benefits for All Workers Act," passed by a 10-6 vote after a number of amendments important to consumers were included in the legislation.

In the wake of the skyrocketing health care costs of the past decade, 37 million Americans are now left without adequate health insurance. S. 1265 mandates benefits for all those who work at least 17½ hours per week and their dependents.

According to a study conducted by the Business Resource Group, Inc., a benefits and administrative services company, employers generally agree that offering health care benefits helps to attract and retain quality employees. But employers generally do not see the need to have those benefits mandated at the Congressional level.

Small businesses have opposed the bill on the grounds that the costs of providing the mandated benefits would force many employers out of business. In response to this concern, the committee included a provision in the bill exempting for five years from enactment businesses with four or fewer employees. Small family farms also are exempted until farm prices have been at 70 percent of parity for two years for the main commodity of the farm.

CFA is part of a coalition of groups that actively supports the Kennedy bill. "Too often, health insurance coverage determines whether a patient receives care in hospital emergency rooms. The Kennedy bill mandates would provide a large proportion of the uninsured with access to this crucial determinant," said CFA Legislative Aide Karen Hoehn.

The minimum benefits package required by the bill was initially defined to include physician services, hospital services, diagnostic tests, prenatal/well-baby care, and catastrophic coverage. The committee expanded this package to include coverage for mental health benefits, with a 50 percent co-payment for out-patient services.

The bill also sets limits on employee contribution to the insurance package, as follows: $250 deductible/individual; $500 deductible/family; 20 percent co-payment; no deductible or co-payment on prenatal/well-baby care.

Full Senate action on the bill has not yet been scheduled.

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