

bill we reached largely retains the parental coverage in these special cases.

Many of my colleagues have expressed concern about the CHIP program replacing private insurance. I am reminded, though, of the testimony of CBO Director Orszag who reported to the Finance Committee this summer that this program is about as efficient as a program can be.

That being said, this bipartisan legislation makes an effort to mitigate the replacement of private insurance by requiring GAO and the Institute of Medicine to report on best practices for enrolling low-income children who need assistance the most. It requires the Secretary to help States implement those methods. I believe this rational approach will prove to be effective in reducing crowdout and will protect the State's flexibility, contrary to the Bush administration's overly restrictive rule that essentially bars States from expanding their program. I do not know why you would want to bar States from expanding their program when we are living in a time when more and more children have less and less health coverage.

When I went around my State in the last 2 years, I would go to cafes and we would think maybe 10 people would show up, so we would set the table up with 10 chairs. Then 100 people would show up. These were middle-income people, lower income people. I finally realized when you have got less money in your pocket, when health care premiums go up 100 percent, as they have in our State in the last decade, you feel it first in your pocket. When it costs 100 percent more to go to college, as it does at the University of Minnesota in the last 10 years, and you are a middle-class person, a low-income person, you feel it first in your pocket.

That is what has been going on in this country. There has been an enormous shift of resources away from the great majority of people in this country who are just trying to get by, to the very top echelon of people in this country.

We are trying to reverse that with this Congress. We are trying to change that with this Congress. We need vital programs such as children's health insurance more than ever, especially as these rising health care costs force families to tighten their budget.

The President should reconsider his threat to veto, and my colleagues who say they are against this bipartisan compromise legislation should reconsider their opposition. I thank the Finance Committee for their efforts to bring this bill to the floor, and to expand this important, successful initiative. It is not only good for American kids, it is good for our families, it is good for all of us.

When I think about the health care my daughter got when she could not even swallow and all of the doctors who were there to help her and the nurses who were there to help her, all kids should have that kind of beginning. That is what this bill is about.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, are we in morning business?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. GRASSLEY. I ask unanimous consent to speak for what time I might consume.

The PRESIDING OFFICER. Without objection, it is so ordered.

SCHIP

Mr. GRASSLEY. Mr. President, soon the Senate will be debating the Children's Health Insurance Program. I might refer to that from time to time as CHIP, C-H-I-P, Children's Health Insurance Program.

This program is sunsetting in a week. The program was started 10 years ago, a product of a Republican-led Congress. It is a targeted program. It is a program designed to provide affordable health coverage for low-income children of working families. Those are families, working families, who make too much to qualify for Medicaid but struggle to afford private insurance and may not even have it.

Last July, because this program has to be reauthorized right now, the Senate Finance Committee reported bipartisan legislation to enhance and improve CHIP by a strong vote of 17 to 4.

In August, the Senate passed the Finance bill with the same bipartisan support by a vote of 68 to 31. On Tuesday, 265 Members of the House of Representatives voted for the bill that now will be before the Senate. That bill is a product of informal conferencing between the House and Senate. Clearly, we have a bill with strong bipartisan support. I want to emphasize that because this is the way the Senate Finance Committee has operated over a long period of time, both with Republicans in control and Democrats in control. Senator BAUCUS worked very closely with me when we were in the majority. Senator BAUCUS has continued that working relationship now that Democrats control the Congress and he is chairman of the committee. I welcome and appreciate that bipartisan leadership. It is obviously represented in this product that will soon be before the Senate.

This legislation maintains the fundamental provisions of the Senate. I want to emphasize that it maintains the fundamental provisions of the Senate bill not to denigrate the work of the House of Representatives but as a reflection of the fact that we had to work out something that would not be filibustered in the Senate. In the House of

Representatives they don't have such provisions for filibuster. The House had some deference to the Senate. I appreciate that. But I also appreciate the fact that a lot of my colleagues—and these are Republican colleagues to whom I refer, not Democratic colleagues—said so often during the months of consideration of this bill before we finally passed it the first time that this \$35 billion didn't mean much that we passed in the Senate because the House of Representatives passed a \$50 billion CHIP bill and it would come back much bigger. I tried to say to my colleagues at that particular time that there would have to be a realization that if we were going to avoid a filibuster in the Senate, we would have to have something closer to the Senate provisions than the House. So I emphasize that this is pretty much the legislation the Senate originally passed, albeit right now it is a compromise between the House and Senate. There was a cap on new spending of \$35 billion. There are no Medicare provisions in this bill as there were in the Senate bill. Spending is paid for by an increase in the cigarette tax. I commend the majority in the House and Senate for cooperating with Senate Republicans and for working with us on our priorities during the negotiations that led to this agreement. This compromise agreement is consistent with the principles we put forth in the Senate bill.

Mr. REID. Mr. President, would my friend yield?

Mr. GRASSLEY. Of course I will.

Mr. REID. I was in my office with the TV on listening to my friend from Iowa. I was compelled to come to the Chamber. I have been in Washington for a long time as a Member of Congress. I served in other offices before I came. All my adult life I have been involved in government one way or the other. They were all part-time jobs until I came back. The reason I came to the floor is that in my experience over all these many years I have rarely seen anyone with the leadership that this ranking member, former chairman of the Finance Committee, offered with this very difficult children's health issue. I say that without qualification. I have said it in closed meetings, and I have said it in public meetings, and I say it before the American people this afternoon. I wish we could have done more with this. I wish we could have done more. But, as I said, and as the distinguished senior Senator from Iowa heard me say in my office, in my years in government, I have spent more time on this issue than anything else I have ever worked on. We could not be at the point we are now but for the Senator from Iowa.

It has been very difficult. The House had to give up a tremendous amount of what they wanted. The Senator from Iowa and I both served in the House. They are two different institutions. It is difficult for the House, from my having served there, to understand and appreciate the difficulties we have here.

I don't know how I can say more than what I have said. I am impressed with the way Senator GRASSLEY has handled this bill. We had difficult issues that came with the House because they had so much, and we were only going to offer them a lot less than what they wanted. But the Senator from Iowa was firm. He was gracious. He was a gentleman through it all.

As I have told a number of people, with CHUCK GRASSLEY, no one ever has to wonder how he stands. It is not "I will go talk to my staff," or "I will get back to you." He told us in those meetings what he could do and what he couldn't. I was compelled to come to the floor because we had a real gesture of statesmanship by the Senator from Iowa with this SCHIP legislation.

Mr. GRASSLEY. Mr. President, before the distinguished Senate majority leader leaves, I thank him for those very kind remarks. I also want to recognize him. Without his being an honest broker as an intermediary between the House and the Senate, particularly among Democrats, I don't think we would be here either. I appreciate that very much. As a person who has worked hard on this for 4 months, it wouldn't have happened without the Senate majority leader as well. I thank him very much.

Getting back to the bill, I want to explain that this is fundamentally the Senate bill. We had a cap on new spending at \$35 billion. That is where the Senate was. The Senate didn't have any Medicare provisions in their bill. The House did. We didn't have any in our bill, the House had Medicare provisions in theirs. Those are dropped out. There is a lot of Medicare provisions that we must act on, but Senator BAUCUS and I want to do that as separate pieces of legislation. We will do that, and we have committed to the House to do that.

Spending is paid for by an increase in the cigarette tax. That is similar in both the House and Senate. I do want to commend the majority in the House and Senate for cooperating with Senate Republicans and for working with our priorities during the negotiations that led to this agreement. This compromise agreement is consistent with principles that we put forth in the Senate bill. I made clear during the debate on the bipartisan Senate bill before we originally passed it that the Senate went as far as I was willing to go in terms of spending and politics. It makes sense that we stayed true to the Senate bill. The Senate, after all, had a veto-proof majority. So it made sense to stay as close as possible to that successful formula, if the President would go through with his statement of veto and actually veto it.

The legislation before this body maintains all of the key policy provisions of the Senate-passed bill. This bipartisan bill refocuses the program on low-income children. It phases adults off the program. It prohibits a new waiver for parent coverage. It reduces

the Federal match rate for States that cover parents. It includes new improvements to reduce the substitution of public coverage for private coverage. This compromise bill maintains the focus on low-income uninsured children and adds coverage for more than 3 million low-income children.

The compromise bill discourages States from covering higher income kids by reducing the Federal matching rate for States that wish to expand eligibility over 300 percent of Federal poverty limits. It rewards States that cover more low-income kids by providing targeted incentives to States that increase enrollment for coverage of low-income kids. So there is a very clear message to the States, all 50 States: Cover your poorest kids, meaning your kids from low-income families, first. Don't spend money on childless adults, as we heard so often during the debate. The word CHIP has no A in it. It is for children, not adults. Don't spend money on parents unless you can prove you are covering low-income kids. Don't spend money on higher income kids unless you can prove that your State is covering your lower income kids first. It is all there in black and white. Everybody can read it.

I get a sense, talking to some of my colleagues, that they haven't read what we are going to be voting on. Anyone who suggests this bill is an expansion to higher income kids or other populations, as has been done under some waivers given by the Bush administration, is simply not reading the bill.

Since the Senate passed a bill the first time, the subject of crowdout has become a lot more important in the debate. I want to define the word "crowdout." That is the substitution of public coverage for people who were previously in private insurance, individual or corporate, health care policies. Crowdout occurs in CHIP because the CHIP benefit is attractive and there is no penalty for refusing private coverage if you are eligible for public coverage.

On August 17, the Center for Medicare and Medicaid Services put out a letter giving States new instructions on how to address the crowdout, trying to stop going from private coverage to the CHIP program. I appreciate the administration's willingness to engage this issue. They have some very good ideas. But I also think there are some flaws in that policy stated on August 17 by the Secretary of HHS. States are supposed to cover 95 percent of the lowest income kids under that policy statement. But it has been a month since they have issued the policy statement, and CMS still cannot explain what data States should be using to make that determination about 95 percent. Personally, I believe CMS should have answers before they issue policies. If they still can't explain how it works a month later, I believe, as the saying goes, they obviously aren't ready for prime time. So the compromise bill

that is before the Senate and passed the House last night replaces the CMS letter with a more thoughtful, reasonable approach.

The Government Accountability Office and the Institute of Medicine would produce analyses on the most accurate and reliable way to measure the rate of public and private insurance coverage and on best practices by States that they would take to address crowdout problems because we don't want to create a public program that moves people from one private coverage to the other. That has happened to some extent over the last few years. We don't want to go further. This deals with that problem. We want to talk about people who don't have any health coverage rather than moving people from private to public.

Following the two reports that are referred to by the Institute of Medicine, as well as the Government Accountability Office, the Secretary, in consultation with the States, under this bill will develop crowdout best practices recommendations for the States to consider and develop a uniform set of data points for States to track and report on coverage of children below 200 percent of Federal poverty guidelines and on crowdout.

Next, States that extend CHIP coverage to children above 300 percent FPL must submit to the Secretary a State plan amendment describing how they will address crowdout for this population, encouraging the best practices recommended by the Secretary to limit moving people from private coverage to public. After October 1, 2010, Federal matching payments will not be permitted to States that cover children whose families' income exceeds 300 percent of poverty, if the State does not meet a target for the percentage of children at or below 200 percent of poverty enrolled in CHIP because we want the emphasis upon low-income children being covered. And at the lower income level, less have to have insurance in the private sector as opposed to higher income people maybe having to have that. So, simply put, cover lower income kids first or the State does not get money to cover higher income kids.

Now, I know some people are obsessed with the State of New York in their efforts to cover kids up to 400 percent of poverty. It seems to come up in the talking points of every person who is against the legislation now before the Senate. This bill does not change the CHIP eligibility rules in any way—not one bit. This bill does not expand the CHIP program to cover middle-income families or higher income kids. It does not do it. The bill actually goes in the other direction. The real fact is the bill makes it very difficult for any State to go above 300 percent of poverty. It will make it very difficult for New Jersey, the only State currently covering kids above 300 percent of poverty, to continue to do so if they do not do a better job of covering low-income kids.

If you are concerned about the State of New York, well, do not waste your time looking at this bill. You will not find answers to New York's fate here in this legislation. The answer is where it has always been—in the office of the Secretary of HHS, Mike Leavitt. Only he has the authority to allow any State to cover children up to 400 percent of poverty. The authority to approve what States do with the CHIP program rests with him and no one else. This bill does nothing to change that authority. That is a fact. I heartily encourage those of you who have not read the bill and are talking along this line to read the bill. You will find out that what I have just said is a fact. It is all there in black and white.

I also want to say a few words about the President's position on this bill and speak directly to the President, as I spoke to him on the phone at 10 minutes to 9 last Thursday about why he should not veto this bill.

Mr. President, it is unfortunate that you are not—or at least there are words out that you are not—going to support this bill, that you might veto it. I would hope, Mr. President, that you would reconsider. I would hope that you would sign this bill. President Bush, you yourself made a commitment to covering more children. I could quote several times you have said this. But I will go back to something I heard you say personally. It was during the Republican National Convention in New York City. Mr. President, you were very firm on this point. Here is what you said. I want to quote what you said:

America's children must also have a healthy start in life. In a new term, we will lead an aggressive effort to enroll millions of poor children who are eligible but not signed up for the government's health insurance programs. We will not allow a lack of attention or information to stand between these children and the health care they need.

So, Mr. President, that is what you said back at the Republican Convention. You were reelected. You have a lot of mandates you are trying to carry out. This Republican Senator is trying to help you carry out that mandate you were elected on based on that speech you made.

I think that you, Mr. President, were pretty clear in your convictions then. I would like to repeat your words because I think they are very important. President Bush, you said that you would "lead an aggressive effort to enroll millions of poor children . . . [in] the government's health insurance programs." That is the end of your quote. I am happy to make sure we fulfill that commitment you made, President Bush, but I believe your current budget, where you suggested \$5 billion more, does not do the job. I happen to agree with your policy. I think this bill carries out your policy. But I do not think, President Bush, this bill can do that. You obviously cannot do that for the \$5 billion more you have in your bill.

The Congressional Budget Office reports that your budget proposal, President Bush, for SCHIP for fiscal year 2008 would result in a loss of coverage—not an increase of coverage that you say you want—a loss of coverage of 1.4 million children and pregnant women. Increasing the numbers of uninsured children is clearly not the goal you expressed or what we want to accomplish in our legislation. So we carry out the policies of covering the kids you want to cover with the amount of money that will do it. That is what we have done in this legislation before us.

Now, this bill does not warrant the overheated rhetoric we heard in the House last night.

I want to say to the President—before I get on to the point about what was said in the House last night—also, the President has another policy he wanted to work into this SCHIP reauthorization. He wanted to use the private sector and use the tax deductibility of individual policies to cover some—and even a great amount—of uninsured people. He thought the SCHIP bill would be a vehicle to do that. I agree with the President's policy on doing that.

There was a period of time—during February, March, and April—that we were negotiating with the White House when I said I thought very much what Senator WYDEN of Oregon was trying to do—and the Senator is on the floor—was worthy of doing. I asked the White House would they try to find some help for me and Senator WYDEN, that maybe we could do this. They did not find any support for that. They still say they want to do that, but sometime along April or May, we had to make a decision here. Were we going to do what the President wanted to do on SCHIP? So we could not do what the White House wanted to do through the private sector as part of SCHIP, so in order to negotiate a bipartisan agreement, we had to forget that aspect. But I promised the White House all the time that I was going to be working for those goals of covering the uninsured through tax deductibility of individual policies, as Senator WYDEN has suggested, and get universal coverage, even, if we can. I am still committed to that.

I spoke to the President of the United States about that last Thursday when I was on the phone with him. I said: Let's get this SCHIP behind us. And I am going to join Senator WYDEN in his effort to do it so we can get bipartisanship started on that issue, as well as what we have on SCHIP.

So I am asking President Bush: Won't you please consider signing this bill, and then let Senator WYDEN and me work with you on trying to take care of the 47 million people who do not have health insurance—do it through the private sector, do it through the tax deductibility of policies like that.

We even had Senator CLINTON, in her statement in Iowa, in her campaign for the Presidency, speak along the same

efforts of using tax deductibility of private insurance to take care of medical problems generally but mostly the problems of the uninsured.

So I think we can move in ways of accomplishing what the President wants to accomplish, but it just could not be done on the SCHIP. So you have to do what you have to do around here. If it takes two steps to get the job done, you do it. So I want everybody to know I am not abandoning any efforts to take care of the uninsured. I am going to work with Senator WYDEN on that.

Now, if I could go to the debate, the overheated rhetoric we had last night in the House. This is a bill which improves coverage for kids who are poor. This bill does not make it easier for illegal immigrants to get benefits. I do not know how that comes up, but that red herring has been going on over the last 24 hours, and somehow people believe anything they are told. Here is a case of reading the bill again. The bill clearly states that funds cannot go to illegal immigrants.

The desperate efforts I heard on the House side to suggest this bill makes it easier for illegal immigrants to get benefits simply strains credibility. The bill does not extend eligibility for illegal immigrant children or pregnant women. I heard that.

The bill does not make CHIP an entitlement. Now, we all know what the definition of "entitlement" is. That was thrown out in the debate in the Senate 2 months ago when we had this bill up. An entitlement is something that, if you qualify for it, you get it, and the money comes from the Federal Treasury, and there is no limit on the amount of money. That is an entitlement. This is a specific amount of money which is going to be spent on this program. Not one dollar more can be spent. This is not an entitlement. Even as recently as a meeting I was in within the last 4 hours, among a mass of my colleagues, that argument was used. I do not know how intellectually dishonest you can be. You are a Member of the U.S. Senate. You know what the language of Government is. Maybe the people at the grassroots do not think of entitlements the way we do. They do not think of programs, appropriated accounts the way we do. But everybody who has been around this Senate a few months knows what those things are. And to call this program an entitlement is intellectually dishonest.

This bill is not a Government takeover of health care, either. And you heard that. This bill is not socialized medicine. Screaming "socialized medicine" during a health care debate is like shouting "fire" in a crowded theater. It is intended to cause hysteria that diverts people from reading the bill, looking at the facts.

To those of you, my colleagues, who make such outlandish accusations, I say: Go shout "fire" somewhere else. Serious people are trying to get real work done. Now is the time to get this work done.

I appreciate very much the leadership Chairman BAUCUS has provided. I thank him and Senator ROCKEFELLER for what they did to reach a bipartisan agreement because they gave as much as Senator HATCH and I gave as we were negotiating—the four of us—for this bipartisan agreement.

I also extend a sincere thanks to Senator HATCH, who is on the floor with me, for being a part of this effort. Senator HATCH was the main Republican sponsor of this bill 10 years ago, creating the State Children's Health Insurance Program. His commitment to the ideals and fundamentals of the program is steadfast, and the program is better for it.

When we began the debate on CHIP, I wrote down some principles I want to refer to—principles I gave my staff that I believed in that I thought were accomplishable goals in this reauthorization. I probably wrote these down—well, anyway, I will refer to them. But I wrote these principles down in my own handwriting and handed them to my staff and said this is how I think we ought to proceed with the negotiations on the CHIP bill. I am not going to go through and read it line by line, but this is what I wrote down sometime back in February, and I am going to refer to some of these without holding this paper up again.

Here are some highlights of these principles I wrote down entitled "Principles on SCHIP and How They Compare to The Bill."

It cannot be a middle-class entitlement, I said. This bill is not an entitlement. It must be paid for. This bill is paid for.

Another principle I wrote down is that it must be focused on families below 200 percent of Federal poverty level. This bill is focused on those low-income families.

Another principle: Kids should be covered before adults. This bill clearly makes that a requirement.

Another thing I said is the program should be capped—not an open-ended entitlement to States. The program continues to be capped in this bill.

I am here to say that my principles remain intact in this compromise document; therefore, I support the compromise bill and I urge my colleagues to do the same.

I yield the floor.

The PRESIDING OFFICER (Ms. CANTWELL). The Senator from Vermont is recognized.

CHIP

Mr. SANDERS. Madam President, before he leaves the floor, let me congratulate Senator GRASSLEY for his very fine work on this legislation, and Senator HATCH as well. It has been a true bipartisan effort. I want to take this discussion in a little different direction. I strongly support the SCHIP program. I happen to believe it is a disgrace that the United States of America remains the only country in the in-

dustrialized world which today does not guarantee health care to all of its people. I just came back the other day from a trip to Costa Rica, and this small, poor country manages to cover all of its people. Yet, in our country, we have 47 million Americans who have no health insurance, and we have some 9 million children who have no health insurance.

I always find it ironic that the American people seem to get from the White House what they don't want, and they don't get what they do want. The American people want to end the war in Iraq as soon as possible, a war which will soon be costing us, if you can believe it, \$750 billion—three-quarters of \$1 trillion—which even in Washington is a lot of money. For the war in Iraq, for Halliburton contracts, we seem to have an endless supply of money. The American people don't want it, but that is what they are getting.

On the other hand, the American people do want health insurance for their children. The American people strongly support—and the polls are very clear about this—the SCHIP program. The American people would like all of the children in this country to be covered. That is what they want, but that is what they are not getting.

What this bill, in fact, does do, which is very good—and I mentioned a moment ago my congratulations to Senator GRASSLEY and Senator HATCH for their efforts—is it takes us somewhere. It provides health insurance for 5 million more children, which is clearly a significant step forward, and I will strongly support this legislation.

It is interesting to me that from the White House the main argument, it appears, for opposition to this particular piece of legislation, and the reason they are threatening to veto it, one of the key reasons is this is an expansion of "government health care"—government health care. Let me read to my colleagues to whom it might be of interest, and to the American people, a poll on the economy done a few weeks ago by CBS News, from September 14 to September 16. This is the CBS poll.

Question No. 1: Which do you think would be better for the country: Having one health insurance program covering all Americans that would be administered by the government—administered by this terrible government—and paid for by taxpayers, or keeping the current system where many people get their insurance from private employers and some have no insurance? So CBS asked: Do you want a government-administered program covering all people or do you want the current system? The response from the American people was 55 percent believe in one health insurance for all Americans administered by the government; 29 percent want to maintain the current system.

We hear a lot of discussion from the White House about how terrible "government health care" is, and yet what the polls show by an almost 2-to-1 ma-

majority is that the American people would like a health insurance system guaranteeing health care to all people administered by the Government and paid for out of the tax base.

When I go back to Vermont, I find strong support for the Medicare Program, I find strong support for the Medicaid Program. Veterans want to see a significant increase in VA health care, which is, in fact, a 100-percent controlled Government program. In fact, Mr. Nicholson, who is head of the Veterans' Administration, former head of the Republican Party, says—and I think he is quite right—that the Veterans' Administration provides some of the very best quality health care in the United States of America, and they have been honored by national organizations who have looked at health care quality and have awarded distinction to the Veterans' Administration, which is, by the way, a 100-percent Government-run health care system. We have federally qualified health systems, health care programs all over America which time and time again are acknowledged to be tremendously successful. They are supported in a very strong, bipartisan way here in the Congress. They provide health care to millions of Americans—Government health care. So I think we should perhaps end this bogeyman mentality of Government health care—how terrible an idea it is. In fact, the American people want more Government health care in this country.

Our health care system has serious problems. In fact, it is in the midst of disintegrating. We have 47 million Americans today who have no health insurance, and that number, since President Bush has been in office, has gone up by over 7 million. The cost of health care is soaring. More and more people are not only uninsured, they are underinsured. Despite all of that, our country continues to spend twice as much per capita on health care as any other Nation on Earth. Meanwhile, despite all of that spending, despite all of the people who are uninsured, our health status measures—including infant mortality and life expectancy and the kind of work we do in disease prevention—ranks very low compared to other developed countries. We spend more, we get less value, we have more and more people uninsured, our health care system is disintegrating, and it is high time, in my view, that the United States ends the national disgrace of being the only country in the industrialized world that does not provide health care to all people.

Not only are more and more people uninsured; this system is even incapable of providing the doctors we need, especially in rural America. In cities we have doctors who are specialists earning millions of dollars a year, but somehow this system can't get doctors into rural America, into primary health care, into internal medicine. We lack dentists all over this country. We have a major nursing crisis, such that