

or to some other place where the people have not yet figured out that this administration's word means very little.

But he is going to have his government employees do his campaigning for him. At least have them do it on their own time. That would be the beginning of real reform.

MEDICAID

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I wanted to start out this evening by going over and trying to explain a little better some of the statements that were made by my colleagues on the Committee on Commerce with regard to low income seniors who, under current law, under the Medicaid program, are guaranteed that the Medicaid program or the Federal Government will pay the full amount of their part B premium.

Part B is that part of Medicare which covers doctors' bills. And in the motion to recommit that we had today on the Medicare bill, the gentleman from Massachusetts [Mr. MARKEY] addressed the issue and pointed out that there will be no guarantee that widows and other seniors who are low income will receive coverage by the Federal Government of their part B premium in the future because of the repeal of that provision in Medicaid.

The Speaker, Speaker GINGRICH, later this evening spoke and basically criticized Mr. MARKEY because he suggested that that was not true, that somehow Medicare under the Republican proposal, under the Gingrich proposal, would continue to cover those recipients. Well, I do not know what the Speaker had in mind, but he clearly was misinformed. He clearly has not read the bill or had not followed what had been happening both in committee as well as in the Committee on Rules as well as on the floor of this House when the bill came up.

The reality is that that guarantee for low income seniors, including the widows, was struck from the Medicaid bill in the Republican proposal that came out of the Committee on Commerce as well as out of the Ways and Means Committee. And I had actually proposed an amendment to bring that provision back, to guarantee that those low income seniors would have their part B premium paid. I brought up the amendment not out of the sky but because when I went back to my district in central New Jersey, I had many senior citizens who were what we called qualified Medicaid beneficiaries who received this benefit who came to meetings and forums that I had and were seriously concerned about the fact that this was being repealed.

And so I went back to the Commerce Committee and offered that amend-

ment, which was defeated on a partisan line, vote with the Republicans all voting against it.

When the Medicare bill came up in the Commerce Committee, my colleague, the gentleman from Illinois [Mr. RUSH], offered a similar amendment on Medicare on the theory that if it is no longer going to be covered under Medicaid, let us try to cover these poor seniors, these widows, these elderly under Medicare. And again, on a partisan line vote, that amendment was defeated, defeated by the Republicans, by the majority.

Yesterday I went before the Committee on Rules on the Medicare bill. I asked the Committee on Rules to consider an amendment on the floor today that would have guaranteed that those seniors would be covered. I had a dialog with the gentleman from Georgia [Mr. LINDER] and perhaps other members of the Committee on Rules where I explained what this was all about. And again, that request was denied.

So that in fact when the Medicare bill came up today for consideration, contrary to what the Speaker said, it does not guarantee that those widows and the people, those low income elderly, it does not have to just be widows, it is anyone who is 100 percent of the poverty line whether they are male or female, whatever their marital status, it does not guarantee, the bill that was passed today by the majority, that those poor and elderly people are covered for the part B premium.

□ 1915

What does this mean for these senior citizens? Well, essentially it means that they are going to go without physicians coverage. Part B pays for their doctor bills.

Now the other side said in committee, "Well, you shouldn't worry about that, Congressman PALLONE, because we have included in the block grant that we are going to now give to the States, even though there is no entitlement, no guarantee that these senior citizens get their part B paid, we are going to send in a block grant to the State under Medicaid, and, as the States want to do that, they can cover them." Well, that is very nice, but the reality, as the gentleman from California [Mr. WAXMAN] said before, is the amount of money that is going to be available pursuant to that block grant is about 85 percent of what is going to be needed.

In addition, there is no guarantee or requirement that the State pay that part B premium, so they are going to get 85 percent of what they need, but, if they decide not to spend it, not to even cover those widows and elderly, they do not have to. They can decide to cover 10 percent of them, 50 percent of them, or none of them, and the disincentive for not having the money to do it is certainly going to be there, so it is likelihood that they will not be covered.

Another reason why they are not likely to be covered is because that fig-

ure about how much is being block-granted to the States is based on the current premium, and, as we know and as the gentleman from Massachusetts [Mr. MARKEY] pointed out, the premium under the Medicare under the Republican bill that was passed today doubles over the next 7 years, so instead of being 40-something dollars a month, it is going to be \$90 a month by the year 2002. So what likelihood is there that those widows and those poor senior citizens are going to have the States covering them for their part B premium when the premium doubles, when the amount they are getting is based on current levels, and when they are getting only 85 percent of essentially what is necessary? I would maintain that the likelihood is almost nil.

This, what the Speaker said today, there is no question that he was misunderstood, but I have very little doubt that he intends to do anything to make sure that those people are covered. We are going to do something about it though. We are going to go to the Committee on Rules next week on the Medicaid bill on the reconciliation bill, which the gentleman from Texas [Mr. ARMEY] said is going to come up next Thursday on the floor, and when the Committee on Rules considers amendments next Tuesday or Wednesday, Mr. Speaker, myself and the others are going to be before it and ask that this amendment be considered to basically make it so that the Speaker has to announce whether he is going to include this provision or not for the widows and for the poor elderly. I doubt that we will see it, but we are certainly going to try.

I just wanted to point out again today when I went to the Committee on Rules yesterday many of us, many Members of this body, not only Democrats, but also some Republicans because I was there for a good deal of time, asked that amendments be considered today because they did not like the provisions of the Medicare bill that we considered, and I am sure it was noticed that the reality was that no amendments were considered. The only thing that was allowed was a substitute amendment, one substitute.

We also asked for at least a week's debate because, as you know, there have been no hearings on this bill in any committee. The Committee on Ways and Means had one day of hearings on the draft of the bill on a press release, but there were never any hearings on the actual bill that we voted on today, so we asked there be at least a week's worth of debate. What we were given today was 1 hour on the rule, which was a very closed rule, 3 hours' general debate on the bill, and one substitute amendment in which we were allowed 1 hour of debate. I would maintain that the biggest problem, or one of the biggest problems, that exists in this whole Medicare debate and with the whole Republican proposal is that most of my colleagues really do not even know what is in the bill because

there has not been the opportunity to have hearings or to have adequate debate.

Now, before I go into my concerns about how this bill is going to essentially eliminate and destroy the Medicare system, I wanted to introduce a few things into the RECORD, Mr. Speaker, that I did not have the opportunity to do in the Committee of the Whole today the way the rules are. You cannot do that in the Committee of the Whole. The first is a letter that was sent to me by three Republican State legislators in New Jersey from the Jersey shore who previously had sent a letter to all the New Jersey Members of this House indicating their opposition to the Republican leadership Medicare bill that we voted on today and who today, or earlier this week, sent another letter to all of my colleagues in the New Jersey delegation asking them to vote against the Republican Gingrich bill and also to vote for the Democratic substitute instead, and I just wanted to read part of this, or even all of it, because it is not that long, if I could, Mr. Speaker, because I think it says a lot about the debate and backs up what I have been saying today, but in this case this is coming from Republicans, Republican State legislators in New Jersey, and they write to the House Members, and they say:

STATE OF NEW JERSEY,
October 13, 1995.

Re: Medicare.

DEAR HOUSE MEMBERS: It is our understanding the House Ways and Means Committee has voted 22-14 to send the Medicare reform package to the House floor next week.

Our 9th District Delegation, which represents the largest Senior Citizen population in New Jersey in Ocean, Burlington and Atlantic counties, issued a letter on September 22, 1995 to House Speaker Newt Gingrich and Senate Majority Leader Bob Dole, urging them to scrap this plan.

Copies of our correspondence to Speaker Gingrich and Senator Dole were conveyed to New Jersey's Congressional Delegation. For your convenience, a second copy of this appeal is enclosed.

Please allow our Delegation this opportunity to reiterate our profound concerns about these cuts in Medicare services for our elderly.

As you are aware, alternative proposals have been offered that would maintain the solvency of the Part A and Part B trust funds until 2006. This \$90 billion compromise package would provide a decade for Congress and the White House to achieve a well-planned and balanced proposal to resolve Medicare's financial problems. This compromise would also provide the opportunity for a bipartisan consensus.

Our Delegation is genuinely sensitive to the difficult decision you face and have had our own feet roasted by the hot coals of Leadership. We feel very strongly that a rush to judgment on this issue is bad public policy. America must never turn its back on our parents and grandparents.

We, respectfully, urge New Jersey's House Members to oppose this \$270 billion Medicare cut. Your leadership, in targeting Medicare fraud, the staggering costs of health care and in building a bridge to the future with the alternative proposals set forth by Reps Sam

Gibbons and Ben Cardin, will provide the chance for Congress to seek a consensus solution to preserve Medicare for our parents and grandparents.

Thank you for your thoughtful attention to this appeal on behalf of the Senior Citizens of Ocean, Burlington and Atlantic counties.

Sincerely,

LEONARD T. CONNORS, Jr.
Senator—9th District.

JEFFREY W. MORAN
Assemblyman—9th
District.

CHRISTOPHER J. CONNORS
Assemblyman—9th
District.

Now I point this out, Mr. Speaker, because that is the way I voted today. I voted against this terrible Medicare bill, and I voted for the Democratic substitute sponsored by the gentleman from Florida [Mr. GIBBONS] and also the gentleman from Michigan [Mr. DINGELL], and it just pleases me to see not only that there are three State legislators at the Jersey shore that agree with that position and clearly understand why my position is accurate, but also that I believe that they and others like them in New Jersey influenced four of my colleagues on the Republican side, half of our New Jersey Republican delegation in Congress, to cast votes against the Gingrich Medicare plan today, and I think that we have worked very hard and essentially the vote today against the Medicare plan, against the Gingrich plan, as far as New Jersey goes, was really on a bipartisan basis.

Mr. Speaker, I am very proud of that fact. I hope that in the future we will see more Republican Congressmen coming out against this proposal and also more State legislators coming out against the proposal.

I want to yield, if I could, some time to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Would it be appropriate at this time to touch on another subject? Have you concluded most of your remarks?

Mr. PALLONE. Yes.

Mr. DOGGETT. I note first in this great Medicare debate, as I pointed out earlier today, we are about to substitute for the Medicare card a giant maze that looks somewhat like the maze that our Republican colleagues criticized President Clinton on last year on health care for the company. We are about to have a maze of that type presented to senior citizens. I wonder if some of them are not going to need to go back for a little late life education to get and understand the full maze of this, and I know you are familiar with this from your work there on the Committee on Commerce, but there are new commissions set up under this bill; are there not?

Mr. PALLONE. Yes, I wanted to commend the gentleman because I think he has pointed out that this bill has created such a bureaucracy over and above what, you know, what we have already, and I am glad he is pointing it out.

Mr. DOGGETT. This is the organizational chart. We will now have at a time we have been told we need less government we are now going to have a new baby-boom commission set up. We will have a variety of other new commissions, and boards, and agencies, and our seniors of course will face a wide range of new choices.

What it all boils down to, of course, is the choice to pay more and get less, but the way it is spread out, it is an organizational chart that is really an organizational nightmare. The lines that seem to me to be the most important though are the taking from the two funds that the gentleman is familiar with, part A and part B of Medicare, the taking from those funds, and taking that money out and really giving it, as you have been saying, to a tax cut for the most privileged members of our society, and I wanted to add to this very important debate, but I also would like at this point to comment on another topic that really related to my district.

Mr. PALLONE. Sure, I yield to the gentleman.

Mr. DOGGETT. This is about that we have been involved in a great debate today about the Medicare system and many of the important public policy issues. It is about another great debate and another debator.

Like many of the Members of this body of Congress on both sides of the aisle, Republican and Democrat, I had an opportunity early in my life to participate in the forensic program, and I rise tonight with the unhappy task of calling attention to a recent tragedy that befell members of the Texas Forensic Union, an award-winning debate and speech team of my alma mater at the University of Texas, Austin.

On a single weekend students were participating from the University of Texas along with their colleagues at debate tournaments in Kentucky and in Nevada. Unfortunately as one group of these young Texas students were returning from Nevada, their van was involved in a terrible accident just outside of Las Cruces, NV. A young man was killed in that mishap, Jason G. Wilson of Boca Raton, FL.

Mr. Speaker, although I did not have the good fortune of knowing Justin personally, I know that the hearts of people in this body, as were my friends at the University of Texas, go out to his friends at the University of Texas, go out to his family, and to his friends, and to the entire University of Texas community.

This was from all of the reports that I get from my friends at the University of Texas an exceptional young man, an excellent student, well liked by his peers and a very noteworthy debater who one day might have been participating in the Halls of this Congress. Justin's life was tragically cut short.

Mr. Speaker, all too often these days we hear of slipping academic standards, of deterioration of education, and a

lack of caring by our colleges and universities. By contrast, the young people who are involved in this tragedy, and particularly Justin Wilson, embodied a real commitment to excellence. He should be honored, and I know that he will be missed.

Justin and his colleagues were returning from intercollegiate competition, and I can remember attending similar events at an earlier time that were really significant in my life and in the lives of many others.

□ 1930

I can remember the camaraderie, the mutual respect that characterizes these events, and the opportunity to compete and achieve excellence is really very important to the future of our democracy. Our sympathies go out to all of those who were involved in this tragedy. It is an event that reminds us that every year there are thousands of committed young students of all types of political philosophies and outlooks, and their coaches and their faculty members representing with pride their particular college or university, individuals like Justin Wilson that try to make a difference in the academic community and in the broader life of democracy in our country.

Ironically, in my year of debating, the subject was whether the United States should have a Medicare System. Today, we have been debating this same topic, as the other young debaters like Justin were participating in considering topics of important national interest this year.

These individuals make great sacrifices. They often go unnoticed, but their work is very important. Justin's too-short life is appropriately remembered here tonight in the halls of our Nation's Capitol. We strive to be more aware of the contribution that these unique students, and particularly Justin Wilson, have made to our country. I thank the gentleman for yielding.

Mr. PALLONE. I thank the gentleman.

Mr. Speaker, when I left off, I was talking about the letter I had received from the three Republican State legislators at the Jersey shore indicating opposition to the Medicare bill that was passed today, and asking all of our colleagues in New Jersey to vote against it, and to vote for the substitute.

I believe that those State legislators and others influenced, as I said, half, four of the eight Republican Members from New Jersey, to vote against the Gingrich Medicare bill today, because they realize it is not in the interests of the State of New Jersey.

Mr. Speaker, I also wanted to enter into the RECORD a letter from the National Conference of State Legislatures, in which they express serious concerns about certain provisions in the House Medicare legislation.

Mr. Speaker, I also wanted to point out that one of the reasons New Jersey Members opposed this Medicare bill,

essentially on a bipartisan basis today, is because of concerns that were expressed in the State legislature in Trenton earlier this week about how much money the State would have to provide if we wanted to continue making sure that our senior citizens were to receive adequate health care.

If I could just read some excerpts from an article which appeared in the Asbury Park Press, which is my hometown daily, wherein the Democratic leaders in the State legislature, on October 18, basically pointed out that the Republican plan to slash Medicare and Medicaid funding “* * * would force New Jerseyans to pay far more for health care.”

In the attack they made on the GOP proposals, assemble minority leader, Joseph Dorian, and Senate minority leader, John Lynch, Mr. Lynch happens to be from my district, “* * * insisted that the cuts could force State taxes to soar because of New Jersey's commitment to offer health care for all residents.”

What Senator Lynch is essentially saying here, we have two choices in New Jersey if this bill becomes law. We either provide the services for the seniors at the level of care they have been accustomed to, and we pay more in State taxes to do so, or we do not offer the health care.

What Senator Lynch is saying, essentially, is that New Jersey, because of its tradition of wanting to provide quality health care to all its residents, is likely, and hopefully would opt to continue to provide the same level of care, but that is going to cost more in State taxes.

If I could just quote from Mr. Doria, the assembly minority leader, he says, “The cuts as presented are unreasonable and irrational.” He urged the State's congressional delegation to vote against the gentleman from Georgia, NEWT GINGRICH, and the madness, to vote against the mean-spiritedness. He even said New Jersey should not become “Newt's Jersey,” as I quoted.

Obviously, many of my Republican colleagues on the other side today felt strongly they did not want New Jersey to become Newt's Jersey, and thankfully, decided to vote against this very ill-advised piece of legislation.

Mr. Speaker, I just wanted to, if I could, in some of the time that I have here, to go over some of the reasons in a little more detail about why the Medicare bill that was passed today, the Republican bill, is so damaging to senior citizens and to the Medicare System, and to the health care system in general, and why the Democratic substitute, which I supported, would have corrected many of those problems that the Republican Medicare bill presents for the future of seniors' health care.

The biggest item, of course, and this is one of the things that my colleagues on the Democratic side have continued to stress, is that this leadership proposal, this Republican leadership proposal, essentially cuts \$270 billion out

of Medicare to pay for a \$245 billion tax cut, mostly for the wealthy.

I know my colleagues on the other side have said, “We are not really doing a tax cut. This is not budget-driven.” It is simply not true. We know that the trustees that the Republican leadership cite often, the Medicare trustees, basically said that there was only a need to save about \$90 billion in the Medicare program over the next 10 years in order to keep the Medicare program solvent. The trustees have basically indicated that repeatedly.

The substitute that the Democrats had would have saved \$90 billion. The rest of the money, the rest of that \$270 billion cut, is going for tax cuts, tax cuts mostly for the wealthy. Also, seniors are going to have to pay more under this bill. Essentially, they are going to be paying more to get less. The part B premiums will double without a penny of that increase going back into the part A Medicare hospital trust fund.

There are essentially two parts to Medicare: There is the hospital trust fund, which the trustees have said does face problems over the next few years unless something is done, and then there is the part B program, which pays for physicians or doctors' bills, which is not really in any trouble at this point.

Here we have the Speaker, the gentleman from Georgia [Mr. GINGRICH] and the Republicans redoubling the premiums on part B, which is not facing insolvency. The only reason they are doing that is so they have money left in order to pay for a tax cut.

The other thing that is extremely troubling about the bill is that seniors will ultimately be forced into HMO's and other managed-care systems, and that means in many cases they have to give up their own doctors. Again, my Republican colleagues have said, “We are not telling the seniors they have to go into an HMO or a managed-care system,” and that is true.

The law does not say that they have to choose the HMO, but the reality is that the amount of money that is being cut here is disproportionately hitting the traditional fee-for-service system, where people go to any doctor that they choose and the doctor gets reimbursed.

Therefore, this money that is being cut out of the system, this \$270 billion, is being distributed in a way over the next 7 years, so that a significant amount of it goes to pay for HMO's and managed care, but less and less of it will go to pay for the traditional Medicare system, where you can choose your own doctor.

Therefore, even though the Republicans are not saying that you have to join an HMO, what you will find happening is that less and less seniors will find that their own doctors will stay in the traditional fee-for-service system, because they will not get reimbursed enough for it to be worth their while to continue to operate that way, so fewer

and fewer doctors will be available to seniors, and take Medicare, under the traditional fee-for-service system.

The Republican plan also essentially destroys the high quality of care that we have in America's hospitals, because so much of the savings is in cuts to the reimbursement rate for hospitals, hospitals in inner cities, hospitals in suburbia, hospitals in rural areas. It depends to what extent those hospitals are dependent upon Medicare and Medicaid.

In other words, if you have a hospital, as you do for most of the hospitals in my part of New Jersey, where the majority of the money that they receive comes from either Medicare or Medicaid, if they are heavily dependent on Medicare and Medicaid and they have to face severe cuts in their reimbursement rates, they are going to be squeezed so much that essentially many of them will close, we estimate about 25 percent, and the others are going to significantly cut back on services. That is how the quality of care will suffer. That is how what probably is, and I would say is, no doubt in my mind, the best health care system in the world, probably the best health care system that has ever existed on this planet, will all of a sudden see significant cutbacks in quality of care.

Again, none of this would be necessary if the Speaker was not insisting on this tax break, primarily for wealthy Americans. I wanted to point out, if I could, that the Democratic substitute, which I supported today, which unfortunately did not pass, basically cured these problems, and addressed each of the concerns that I just brought up tonight about the Republican Medicare bill, and still managed to keep Medicare solvent and whole for the next 10 years.

Basically, what the Democratic substitute says is that, "We will cut \$90 billion out of the Medicare Program and we will save \$90 billion, instead of \$270 billion," which is exactly the amount that the trustees say is needed to shore up the trust fund for the next 10 years, but a consequence of that is that much of the tax cut for the wealthy is eliminated.

The Democratic substitute, which I supported, again, also eliminates the dramatic increases in part B premiums that double under the Republican plan. This is the thing, this is the part of Medicare that is going to hurt seniors on fixed incomes, because they are going to have to pay twice as much as they pay now.

Under the Democratic substitute, the premiums for part B will actually increase less than the current law, and so there is an effort to really ease the problem for seniors on fixed incomes.

Mr. DOGGETT. Mr. Speaker, will the gentleman yield on that point?

Mr. PALLONE. I yield to the gentleman from Texas.

Mr. DOGGETT. Under that substitute, would the gentleman have essentially provided the same amount of

security for the Medicare trust fund that the Republicans claim they were providing?

Mr. PALLONE. Absolutely, there is no question that not only Secretary Rubin, Secretary of Treasury, but also several other trustees, I think there were four that put out a letter saying that \$90 billion was necessary to shore up the trust fund.

Mr. DOGGETT. How in the world could you do it for \$90 billion when they said they would need \$270 billion to assure that the Medicare trust fund was there? How is it that you are able to do it for one-third the cost that they say they need in billions of dollars from Medicare?

Mr. PALLONE. It is very simple. As the gentleman from Texas [Mr. DOGGETT] has pointed out, and previously, they are using that extra money for a tax cut. It is primarily going to the wealthy Americans.

Mr. DOGGETT. So you could secure the entire Medicare trust fund for a third as much of what they took out today?

Mr. PALLONE. Over the next 10 years, that is right.

Mr. DOGGETT. Under your plan, the substitute, would seniors have seen this rapid increase in their premiums, and when the Senate finishes, an increase in deductibles? Would they have had out-of-pocket costs if your \$90 billion had been adopted today?

Mr. PALLONE. Absolutely not. The way the current law provides, I would estimate that the monthly part B premium by 2002 over 7 years would go up to about \$60 a month. It is now about \$46, I think.

Under the Gingrich plan, it goes to over \$90 a month. Under the substitute, it would be less than the \$60 under current law, so we would actually be providing for less of an increase in the premium than current law.

Mr. DOGGETT. You are advancing, then, a proposal that would cost less to seniors than they would be facing under existing law, and yet it would provide every bit of the security of the Medicare trust fund that we heard one person after another out here proclaiming that they were the defenders of, and that though these reports had come out year after year after year, they just discovered them this year, right after they raided the Medicare trust fund for millions of dollars, and added to its insecurity, but you have a way to secure it fully, to the extent the Republicans are securing it, at a third of the cost and without costing seniors any additional premium; in fact, less premium than they would face under existing law?

Mr. PALLONE. Exactly, and not only that, I would point out that the substitute also does not decrease the quality of health care from the point of view of the hospitals, which I talked about before, because even though that \$90 billion is coming from the reimbursement rate to hospitals, the reduction in the reimbursement rate is less

than half of what the Republican Gingrich bill proposed today. The hospital association and the various hospitals that I have talked to in my area have indicated that they could absorb that level of cut, unlike the level of cut in the Republican proposal.

Mr. DOGGETT. I know you have put in a long day and have been participating here on the floor all day during this debate, and I want to thank you for your efforts. I know with the kind of leadership that you have provided today, that New Jersey will never be Newt Jersey. In fact, it was interesting to see that even at least one of our Republican colleagues from the apparent Newt Jersey, who had voted in favor of the Newt plan in committee, apparently had a change of heart our here today, perhaps hearing the words of the many Republicans who have spoken out from New Jersey saying that they would exercise their independence and would stand up for seniors. If we can just get the Members of the Senate to do the same thing, there is yet hope, and if President Clinton will stand firm on this, there is yet hope that our seniors will not find themselves plucked clean.

Mr. PALLONE. I want to thank the gentleman. I think the gentleman also brings up an important point, which is that I think a lot of people think that today was the end of this process. In fact, today is the beginning of the process, because the Medicare bill, the Republican bill, still has to be addressed in the Senate. It will still go to conference. The President has already said that he intends to veto the bill. It will come back to the House, back to the Senate, and we will probably be here for several weeks, if not several months, continuing to debate this issue, and hopefully there will be an opportunity to persuade more Members from the other side of the aisle to either not support this, or change it, consistent with the Democratic substitute.

□ 1945

The other thing I wanted to point out about the substitute is that this whole shifting, if you will, of seniors into HMO's or into managed care where they do not have a choice of doctors is basically eliminated. There is no forced choice, because the system under the Democratic substitute is not changed in that there is no discrepancy in the reimbursement rate and the amount of money that is going to go, whether you are in an HMO or you are in the traditional fee-for-service system. So doctors will still be available under the traditional fee-for-service system and will continue to accept Medicare.

The other thing that I think is so important about the substitute, which has not really been debated a lot because so much of this debate on the Republican side has been subject-driven, is that the substitute seeks to include more of what I call preventive measures in Medicare.

I was hopeful, maybe I was naive, that when I took up Medicare reform this year that, rather than focus on the budget aspects and have a whole debate be driven by budget dynamics, that we would try to look to include in Medicare preventive measures which ultimately save money, because they prevent senior citizens from having to be hospitalized or institutionalized.

Now, just to give you an example, the Democratic substitute today makes a good start in that direction, because it includes programs like prostate screening. The whole idea is, let us do some things, whether it is prostate screening or it is other kinds of tests, so that we can detect problems that seniors might have at an early date so that they can have treatment on an outpatient basis, so that they can stay home and not have to be institutionalized.

So much of the cost, not only to the Medicare system but also to the Medicaid system, which we will be dealing with next week comes from having to institutionalize senior citizens in hospitals, nursing homes. Something like 70 percent of the money that the Federal Government spends on Medicaid in the State of New Jersey goes to pay for nursing home care.

If we could include preventive measures like this Democratic substitute that unfortunately was defeated today in our Medicare program, we could save a lot of money and come up with a better system without having to make the drastic changes and negative changes that the Republicans have proposed.

Mr. Speaker, I just wanted to bring up a couple of other points on the Republican bill today in the time that I have left, because oftentimes, obviously, since debate was limited to only 3 hours today and only half of that was on the Democratic side, there were several points that were made by Republican Members that I just thought were inaccurate or at least did not give a true picture of some of the things that are in this bill that the Republicans passed today.

One of the things that I thought needs to be addressed is this whole issue of fraud and abuse. In my committee, the Committee on Commerce, there was at least one day or perhaps several days of hearings not on this bill but just on the problem in general of fraud and abuse; and I know that I attended at least one of those hearings where a lot of attention was paid to the fact that tremendous amounts of money could be saved in the Medicare program and we would not have to cut other aspects of the program if we could weed out the fraud and abuse.

But, lo and behold, when the bill came up in the Committee on Commerce, we found that there were some provisions in the bill that, if anything, made it more difficult for the Federal Government, the prosecutors, the investigators, to go after fraud and abuse in the Medicare system. Specifically, we had testimony at an alternative hearing. Since we were not allowed to

have a hearing before the Committee on Commerce, some of the Democrats got together and had their own hearing; and we had testimony from the inspector general, June Gibbs Brown of the Department of Health and Human Services, and she pointed out some major flaws in the bill in terms of the effort to weed out fraud and abuse.

Mr. Speaker, I just wanted to quote some of the things that she said that I thought were most important.

She said that we believe that H.R. 2425 contains several provisions which would seriously erode our ability to address Medicare and Medicaid fraud and abuse. Most notably, these troublesome proposals include the following:

One, the bill would make the existing civil monetary penalty and antikickback laws considerably more lenient.

Two, the bill would substantially increase the Government's burden of proof in cases under the Medicare-Medicaid antikickback statutes. For the vast majority of present-day kickback schemes the proposed legislation would place an insurmountable burden of proof on the Government.

Next, the bill would create new exemptions to the Medicare-Medicaid antikickback statute which would be readily exploited by those who wish to pay rewards or incentives to physicians for the referral of patients.

Finally, a fund was created directing moneys recovered from wrongdoers under the bill, but instead of the funding of that money going to fund law enforcement, the moneys could go to private contractors. No funds would be made available to enhance existing government law enforcement activities.

I know that on the other side today they tried to, and did, in fact, include some provisions to try to improve on the fraud and abuse, but not every one of these concerns that was addressed by the inspector general was addressed, and so the bill, in my opinion, continues to provide loopholes and make it more difficult for us to enforce fraud and abuse. I think that is totally unconscionable in the context of the fact that we are trying to squeeze so much money out of this Medicare Program in order to achieve a tax cut.

Mr. Speaker, the other thing that I wanted to point out is a lot of attention was paid by Republicans today to the medical savings accounts. It was termed by my colleagues on the other side that this was a new and innovative program that was going to sort of be the wave of the future. I forget all of the adjectives that were used to say how wonderful the Medicare savings accounts were going to be.

I would point out that there is no question in my mind, first of all, that these medical savings accounts are not going to be available to a lot of senior citizens, but also, that it essentially is going to cost more for the program. In other words, the Medicare savings accounts will not save the Medicare Pro-

gram money, they are going to cost the program more money.

The CBO, the Congressional Budget Office, estimates show that medical savings accounts would essentially rob the program of \$2.3 billion over 7 years. In other words, it would cost that much more to the Medicare Program to have these Medicare savings accounts in effect.

It says that under the MSA's, as they are called, under the medical savings accounts, the Medicare Plus voucher could be used to buy a catastrophic health insurance policy with a deductible as high as \$10,000. Any difference between the cost of that policy and the voucher amount will be placed in a tax-deferred medical savings account. But only the wealthiest and healthiest seniors could afford to gamble with such a high-deductible policy. When these individuals buy MSAs, the average costs of those remaining in Medicare would increase.

So what essentially we are saying here is that the people that are going to take advantage of these medical savings accounts are the healthiest and wealthiest seniors, the ones that essentially we are not paying a lot of costs for under the current Medicare law in order to cover. If they are taken out of the system and the system has to pay out money into these medical savings accounts, what is going to happen is that the cost to Medicare is going to be more and not less, because the healthiest people that cost Medicare the least amount of money are the ones that are going to opt for it.

Mr. Speaker, the CBO says that. I mean it is not something that I am making up; it is something that is clearly indicated by the Congressional Budget Office.

The last thing I wanted to say, Mr. Speaker, because I think my time is almost up, is that there were many suggestions, most notably by Speaker GINGRICH this evening when he gave his speech on the floor, that this whole idea that Democrats were saying, and that I say, that this \$270 billion in cuts to the Medicare Program is going to be used for a tax break for the wealthy, the Speaker said that that is simply not true. He said that we are not going to do that, that is not our intention, and so forth and so on.

Well, my contention, Mr. Speaker, is that if that were not true, if this whole debate was not budget-driven for the purpose of creating these tax cuts, then there was absolutely no reason for this Medicare reform, as it is termed, to be linked with the budget reconciliation, which it will be next week. Next week we are going to take up the budget reconciliation and we are told that the Medicare is going to be clearly linked to that. Although it was voted on separately today, that is essentially a ruse, because it will be included in the budget reconciliation.

If the Speaker and the Republican leadership were going to be honest with us and say that they are not going to

use this for a tax cut, then they would have supported some of the amendments that we made in the Committee on Commerce and also tried to get included in the Committee on Rules that would have not allowed the savings to be scored for budgetary purposes.

We had such an amendment in the Committee on Commerce, and again, it was defeated along partisan lines with the Republicans voting against it, because they do, indeed, intend to score these Medicare savings of \$270 billion to pay for the \$245 billion in tax cuts. Those tax cuts, again, will go mostly to wealthy Americans and other corporations.

Mr. Speaker, I think it is a very tragic day for America's seniors that this Medicare bill was passed, and that the Democrat substitute was defeated, but hopefully, there will be more debate, if not here, then certainly in America as a whole over the next few weeks and the next few months to bring to light how terrible and devastating this bill, this Republican bill is, and that we will eventually see changes so that it does ultimately make it possible to continue to have a quality health care program for the poor senior citizens in this country.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS,

October 18, 1995.

Hon. NEWT GINGRICH,
Speaker of the House, The Capitol, Washington, DC.

DEAR MR. SPEAKER: On behalf of the National Conference of State Legislatures (NCSL), and the Special Committee on Health Care Reform of the National Association of Insurance Commissioners (NAIC), we are writing to express serious concerns about provisions in the House Medicare reform legislation currently under consideration. In particular, we urge you to reconsider provisions in the bill that exempt provider-based organizations (sometimes called provider-sponsored organizations (PSOs) or provider-sponsored networks (PSNs)) from the requirements of state regulation.

The proposal presents significant problems for the states and the current privately-based health insurance market in two fundamental respects. First, consumers could be harmed greatly by the loss of state-level protections resulting from the bill. Secondly, the proposal could eviscerate state regulation of health insurance overall.

By preempting state laws that otherwise apply to PSOs, in one fell swoop, the proposed legislation completely blocks the application of state insurance laws to these entities. These laws currently include financial and market conduct requirements, as well as other consumer protections, for many types of health plans which are similar to, if not identical in form and operation to, PSOs. Thus, state requirements—which have worked effectively for a substantial period of time—would be entirely eradicated for a growing and substantial segment of the health insurance market.

In order for the federal government to begin to provide the consumer protections deserved by all health care recipients, it must create a bigger and better Health Care Financing Administration to oversee these new organizations. This would result in bifurcated and potentially duplicative state and federal regulatory system. Further, con-

sumers currently benefit from the necessary protections within current state law. It is highly unlikely that the proposed federal regulatory structure would come close to providing elderly consumers with the ability to lodge complaints currently available for enrollees in state licensed plans. Most significant of all, it is unlikely that a new federal bureaucracy could deal effectively with solvency problems, thus leaving the financial stability of the entire system at risk.

Contrary to the assertions of some, the requirements in state law are not a stumbling block to market innovation. Many provider-sponsored entities already operate and compete under the existing state regulatory structure. We question the viability and quality of those entities which could not withstand the test of state regulation.

Second, it is perplexing that the 104th Congress, which is to be commended for championing the states in so many respects, would intrude in this instance on states' rights—particularly in an area where the states clearly have superior expertise and experience: insurance regulation. The proposed legislation exempts association plans, as well as PSOs, from state regulation. Presently, both types of entities are largely subject to state law.

You must recognize the threat to the state insurance regulatory mechanism that this provision in the reform legislation presents. The proposed uneven regulatory playing field where PSOs are subject to different, and possibly less stringent, requirements is a discriminatory system. Once created, it will not be easily stopped. Every other type of organization in the health care delivery system will want the same treatment. Importantly, under the terms and definitions of the bill, this will be easy. All entities will reconfigure themselves or form subsidiaries to become PSOs. We urge you to avoid this prospect that could lead to the effective federalization of health insurance regulation.

In summary, we strongly object to any provisions in Medicare reform legislation which exempt PSOs from state regulatory authority. All Medicare beneficiaries deserve the same protections afforded other citizens of the states. The erosion of traditional state authority contained in the proposal is simply not justified and could worsen, rather than improve, the health care system.

Thank you for your consideration. Please contact us if you have any questions.

Sincerely,

BILL POUND,
Executive Director, NCSL.

LEE DOUGLAS,

President, NAIC and Chair, Special Committee on Health Care Reform, Commissioner of Insurance, State of Arkansas.

REPUBLICANS PRESERVE MEDICARE FOR GENERATIONS TO COME

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Illinois [Mr. HASTERT] is recognized for 60 minutes as the designee of the majority leader.

Mr. HASTERT. Mr. Speaker, I thought we would take some time this evening to talk about the bill that we passed today, the Medicare bill where the Republican proposal to save and preserve Medicare for generations to come was passed in this House.

It was interesting to listen to some of the previous speakers and some of the shameless rhetoric that we have

heard through the last hour or so about some of the proposals that were supposedly proposed in the Medicare bill, and in the next hour I would like to talk about some of those fallacies that were presented here and talk about why Republicans decided that we had to look at a system that has been in place for 25 years, or actually 30 years, since 1965.

Mr. Speaker, what happened last April, the President's Board of Trustees for Medicare came forward and said that Medicare is going to go broke, that we start going into arrears next year, in fiscal year 1996, and by the year 2003 or 2004 Medicare would be totally bankrupt. So we had a choice. Basically, Democrats and others today had a choice in this Chamber. You could vote for a program that was going to save Medicare, preserve Medicare and give seniors choices, or you could vote no and let Medicare go bankrupt so there would be no Medicare system in the next year or 2 years or 7 years, and let seniors down, take away a promise that has been there for a number of years.

In developing the Medicare plan that we had before us today, I would just like to take a minute and say that I think we went beyond the traditional square of how politicians think. We brought in health care recipients, organizations like AARP and other consumer organizations for seniors. We brought in management, risk managers of the Fortune 500 companies, we brought in hospital folks, we brought in nursing home folks, we brought in doctors and other providers to listen to what their problems were and how to design a Medicare system for the future.

We asked people to do one thing, and that was to think beyond either cutting down the benefits that have always been there to squeeze down the dollars that we spend on Medicare and hold back those benefits, or hold back the dollars that the providers got, or those types of traditional ways that the previous leadership in this House has behaved towards Medicare, or to try to think beyond the traditional square. How do you create a new system, how do you create a Medicare system that will reach into the future that will give people better services, better choices, and be a system that really starts to move towards the private sector?

Well, we decided that the fee-for-service system that has always been the traditional Medicare delivery system in this country was near and dear to many people. We did not want to upset seniors, and we wanted to make sure that that system was always there if people chose to take it. Also then, we wanted to offer an array of choices, and those choices, one of them is about 10 percent of our seniors in Medicare today already take the choice of managed care, or what we call HMO's, or Health Maintenance Organizations.