

trust fund, which pays inpatient hospital expenses, will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range.

The trustees urge the Congress to take additional actions designed to control Medicare costs, and to address the projected financial imbalance in both the short range and the long range through specific program legislation as part of a broad-based health care reform. The trustees believe that prompt, effective and decisive action is necessary.

And then it shows what the assets of the various funds are. It talks about the taxes. We spend 1.45 percent of our payroll, both that is matched by the employer that is paid for by the employee, for a total of 2.9 percent. That is what pays for the Medicare trust fund. It shows where the money has been in the past and what it is projected to be in the future.

I want to read one other summary that is at the very end of it because I think it is important. I think it is critical. It says, "A Message From the Trustees." This is the fifth set of trust fund reports on which we have reported.

During the past five years there has been a trend of deterioration in the long-range financial condition of the Social Security and Medicare programs and an acceleration in the projected dates of exhaustion in the related trust funds.

With respect to the Medicare Program, the most critical issue, however, relates to the Medicare Program. Both the hospital insurance trust fund and the supplementary medical insurance trust fund show alarming financial results, and it goes on to describe those.

Now, get a copy of this. Read it through yourself so you can cut through some of the rhetoric you hear if you are a regular C-SPAN viewer or that you see in the media. There is a serious problem, and it is our responsibility as your elected officials to deal with it.

This problem did not just come to light in the 104th Congress. The problem has been around for awhile. We certainly knew about it in the 103d Congress, and the reason that we were not able to solve something is that the President and the Democratic majority at that time wanted to bring about a solution that was not very popular with the American people.

I had so much more I wanted to tell you about. The solutions that we are proposing, I will pursue this later in a special order.

HOUSING CUTS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from New York [Mrs. MALONEY] is recognized during morning business for 2 minutes.

Mrs. MALONEY. Mr. Speaker, the HUD appropriations bill that is coming before the House takes a giant step

backward. The cuts will have a devastating impact on many regions of the country, including New York City, which I represent.

New York has a chronic problem in providing affordable housing. Section 8 public housing and other programs make the difference for many poor families. The New York City Housing Authority stopped accepting applications for section 8 in 1944. We have over 200,000 families on the waiting list. If this bill passes, we will have no housing for them in the foreseeable future.

New York's housing crisis and the crisis across the country will only grow worse. This bill will eliminate all new section 8 assistance. It will reduce funding for the elderly, the disabled, and AIDS by 45 percent. It will reduce funding for the homeless by 50 percent. This is about ensuring that all Americans have access to one of the most basic necessities of life: shelter.

In this country where we should be the beacon of progress for the rights of all, bills like this one show that we have become part of the darker side of the politics in the world. We cannot let this happen. We can reverse it.

STOP WASTING MEDICARE FUNDS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Florida [Mr. STEARNS] is recognized during morning business for 5 minutes.

Mr. STEARNS. Mr. Speaker, I do not think many Members know how many more cases of fraud, waste, and abuse have come before our Committee on Commerce. According to the General Accounting Office, the amount of taxpayers' dollars that will be lost to waste, fraud, and abuse for fiscal year 1996 is estimated to be an astounding \$19.8 billion, or roughly 10 percent.

In hearings held in both the House and Senate, evidence was presented showing how widespread these practices have become. The Committee on Commerce on which I sit has been holding a series of hearings on waste, fraud, and abuse; and frankly, some of the examples that we have discovered are simply unbelievable.

One such example was transmitted to me by Willis Publishing Co. in Lebanon, GA. I was provided with documented evidence of licensed providers of goods and services marking up their products by as much as a thousand percent. That is right. You heard me correctly. A thousand percent.

You might ask, how is this possible? A good example is billing of Medicare-Medicaid \$1,210.55 for 155 adult diapers which on a wholesale level cost 41 cents. Tripling the wholesale cost, a great markup, would have resulted in a price of \$1.23 each.

The licensed Medicare provider billed Medicare for \$1,210.55, collected \$986.44, and then had the nerve to bill Medicaid for the remaining \$242.11. U.S. taxpayers paid \$7.81 for each one of these diapers which went on wholesale for 41 cents each.

I will include the material I received from Willis Publishing in the RECORD.

Another very telling example of that further demonstrates that this type of abuse, but on a larger scale, was reported during the hearings held before the Senate Select Committee on Aging this past March.

At those hearings, the inspector general at the Department of Health and Human Services testified that a special investigation of home health care visits for which Medicare reimbursement was sought by a health care agency in Florida showed that from the \$45.4 million that was claimed, the office of inspector general estimated that almost \$26 million did not meet Medicare reimbursement guidelines.

This is just one agency in the State of Florida covering home health visits. Frankly, I shudder to think what the IG's office would find if it investigated all 50 States.

I would like to convey yet another example that was sent to my office by a constituent from Altoona, FL. This letter read, in part, "The hospital charges seemed to me to be excessive. One in particular in the amount of \$195 was for trimming my toenails. My only comment to that would be, that is a pretty expensive pedicure."

Mr. Speaker, it doesn't take a math genius to figure out how much money we could save by wiping out waste, fraud, and abuse in the Medicare Program. By my calculations, if, as has been reported by the GAO, such practices of bilking Medicare at the cost of \$20 billion a year are now prevalent, then by putting a stop to this type of fraudulent behavior we could save \$140 billion in expenditures over the next 7 years.

Mr. Speaker, earlier this year I introduced legislation to establish a bipartisan commission on the future of Medicare to make findings and issue recommendations on the future of this program. One of the areas on which the commission shall make specific findings is the need to eliminate waste, fraud, and abuse.

We are doing a vast disservice to our seniors if we do not stop this type of abuse from occurring. Such practice not only costs taxpayers money, but it cheats our seniors by denying them access to benefits they would have otherwise received.

Mr. Speaker, I include the following material for the RECORD:

WILLIS PUBLISHING,
Lebanon, GA, July 13, 1995.
c/o Representative CLIFF STEARNS,
Rayburn Building,
Washington, DC.

MS. CROW: Here is the question I'd like someone to answer during your congressional hearings on fraud and abuse in the Medicare/Medicaid system:

"How are prices set for the goods and services sold to Medicare/Medicaid recipients and who approves those prices?"

It is my belief, based on 2 years research, that there is corruption in every step of the Medicare/Medicaid delivery system. Per our conversation today, here is a synopsis of my findings:

1. "Licensed providers" are bribing government officials for the license and then for setting the prices paid at artificially high levels: [Example (see document transmitted with this letter): The "licensed providers" of goods and services are marking their products up by as much as 1,000% (one-thousand percent). An example of billing Medicare/Medicaid \$1,210.55 for 155 adult diapers which cost 41¢ each wholesale is included with this transmission. Tripling the wholesale cost—a great markup—would have resulted in a price of \$1.23 each. The "licensed Medicare provider" billed Medicare for \$1,210.55, collected \$968.44 and then billed Medicaid for the remaining \$242.11. U.S. Taxpayers paid \$7.81 each for diapers which wholesale for 41¢ each!]

2. Facilities which provide services to the elderly and handicapped are paying bribes to government agency personnel who refer the elderly and handicapped to them for treatment; [I have access to a tape of a conversation between a druggist and a personal care home owner in which the druggist offered a "kickback" if the owner would allow him to bill Medicare/Medicaid for all prescriptions of the owner's residents. This was not a "volume discount" but an under-the-table bribe.]

3. "Licensed providers" are bribing owners of facilities providing housing and other services to the elderly and handicapped to allow the providers to furnish goods and services to their residents; [Example: a "licensed provider" approached the owner of a personal care home about providing "hip protectors" to the elderly residents of the facility. The "provider" said he had a doctor who would "sign off" on the "protectors" and that the "hip protectors" were already "Medicare approved". The "hip protector" consisted of two cotton pads about 6 inches in diameter connected with Velcro belts to hold them in place around the hips. The price to Medicare—\$300.00 per unit!]

4. The nursing home and home-health industries are bribing legislators and government administrators and regulators to channel all Medicare/Medicaid payments into their industries rather than to the less-expensive "intermediate care" homes and "local" nurses, doctors and social workers who might accomplish the same goals at one-third to one-half the cost of nursing homes and the "licensed" home-health agencies. [This is common knowledge among State legislators in Georgia. Studies from Georgia government agencies and corroborating studies from Oregon, Maryland, South Carolina and numerous other places have shown that of the 40,000+ people residing in 24-hour skilled nursing facilities in Georgia with Medicaid funding, more than two-thirds do not need "skilled nursing" and would be better off in a smaller, more residential setting like a personal care home with the resultant savings to Georgia taxpayers of more than \$350,000,000 per year!]

In terms of long term care for the elderly and handicapped, including home-health and residential facilities, here are some experts that you might wish to contact regarding potential savings to Medicare/Medicaid and the real benefits for the elderly and handicapped which would be derived by eliminating the graft and corruption from the system:

Richard Ladd (former head Oregon and Texas agencies handling the elderly and handicapped who succeeded in reducing nursing home populations in both states) (512) 266-7406/266-7648, Austin, TX

Professor Rosalie Kane, Institute for Health Services Research, Univ. Minnesota, 420 Delaware Street SE, Box 197, Mayo Building, Room D-527, Minneapolis, MN 55455 (612) 624-5171]

Larry Polivka, University of S. Florida, Aging Dept., Tampa, FL (813) 974-3468

Please pass along my gratitude to Rep. Stern for the good work. If the fraud and abuse were eliminated in Georgia from the Medicare/Medicaid system, it would reduce the that expenditure by at least 50% while not cutting one needed service to the elderly and handicapped.

I am continuing my research and working with the Georgia Attorney General's office, several legislators and many professionals in the long-term care field. If I find more information, I'll send it along and if there is some specific information you need, please let me know.

Sincerely,

CLAY WILLIS.

SAFE AND AFFORDABLE HOUSING

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from New York [Ms. VELÁZQUEZ] is recognized during morning business for 1 minute.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today to call attention to the latest attack on our children, the elderly, and the poor. Today, when families are being forced to do more with less, the Republican crafted VA-HUD appropriations bill threatens the most basic human need, safe, and affordable housing.

The VA-HUD appropriations bill cuts homeless assistance by 50 percent, leaving the 600,000 individuals currently homeless with no hope. It slashes public housing subsidies by over \$2 billion, sentencing 3 million public housing tenants to higher crime. This will have a devastating effect in New York City.

Cuts in section 8 rental assistance and homeless programs come at a time when we should be working to give everyone a chance at having the basic necessity of shelter. Instead, this legislation forces these Americans further into despair.

These moves are on top of severe reductions already made by Republicans to programs like AFDC, food stamps, and child assistance programs. Cuts like this create a dangerous game of Russian roulette, forcing families to choose between caring for their loved ones, putting food on the table, or providing a roof over their head.

Mr. Speaker, that is simply too high a price to ask our families to pay, all in the name of balancing the budget and tax breaks for the wealthy.

SAVE MEDICARE

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Florida [Mr. SCARBOROUGH] is recognized during morning business for 5 minutes.

Mr. SCARBOROUGH. Mr. Speaker, I have got to tell you. I hear all this debate about Medicare and Medicaid and who is saving Medicare and who is trying to gut Medicare and Medicaid. At times I just find it laughable, the type of rhetoric that goes on inside the beltway of Washington, DC, and I am new to this game. I just came to Washington 6 months ago.

I remember over the course of the campaign, what frustrated the American people the most was the fact that Washington politicians loved to engage in doubletalk, double speak. And one of the things they got the biggest kick out of, but also got upset about the most, was the fact that in Washington, DC, a politician calls a spending increase a spending cut. Somebody will come to the floor and say, we are cutting this program by 50 percent, and then you open up the budget and look chapter and verse.

The fact of the matter is, we are only cutting the rate of increase by 50 percent and, in fact, we are spending more next year than we did last year. This happens on all the programs. It is a wonderful way for a Washington politician to sound like they are getting tough on fiscal matters when the fact of the matter is they continue to throw money out in the breeze and do not know how to discipline themselves.

Mr. Speaker, the thing that frustrated me as an average citizen sitting on the couch watching C-SPAN or CNN was the fact that sometimes it was hard to nail them down. And you said, well, one side is saying this, the other side is saying that, what is the truth? Let me tell you. You have an opportunity to get to the bottom of the truth on the Medicare issue.

We had the gentleman from Ohio talk about the summary report of 1995 of the status of Social Security and Medicare programs. I ask you as an American citizen, if you want to get to the bottom of this whole Medicare debate, to call your Representative at 202-225-3121. Call your Representative, ask for that report and it will tell you some very, very troubling things about Medicare.

The first thing it will tell you is that Medicare is going bankrupt in the year 2002. That is in 7 years. The House Republicans did not write this report. House Democrats did not write this report. It was written by the trustees. They came back and reported to President Clinton: Mr. President, we have 7 years before Medicare goes bankrupt, before senior citizens really are left out in the cold in this system. You have to do something to reform Medicare.

Some of us have begun to undergo the task of doing something to save Medicare. Let me just give you a few numbers about spending and Medicare because you are going to hear about how us trying to save Medicare is going to cut the program, going to slash the program. Let us forget Washington doubletalk and double speak for a second and just talk about the facts.

The fact of the matter is, spending on Medicare over the next 7 years is going to increase from about \$900 billion to \$1.6 trillion, \$900 billion to \$1.6 trillion. I was never very good in math; that is probably why I ran for office, but the fact of the matter is that in my hometown where I come from, going from