

good for the country?" And we follow that. DAVE PRYOR really has done that.

He has been just a distinguished Member of this body in addition to being a friend of all of us. It has been a real privilege to serve with him in the U.S. Senate. He has served Arkansas well, but I think more important than that, he has served the United States of America well. I am proud to have him as a colleague here in the Senate.

Mr. GORTON. Will the Senator from Illinois yield?

Mr. SIMON. I will be pleased to yield to my friend from Washington.

Mr. GORTON. I enjoyed the description by the Senator from Illinois of the Senator from Arkansas. I agree with it. I may also say I believe the Senator from Illinois has described himself.

Mr. SIMON. My friend from Washington has been too generous in that remark, but I thank him anyway.

Mr. President, if no one else seeks the floor—I see my colleague from Colorado does not look as if he is quite ready. He is still making notes.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The Senator from Tennessee.

Mr. FRIST. Mr. President, I ask unanimous consent that I be permitted to speak as if in morning business for a period of not more than 10 minutes.

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

#### MEDICARE: THE TICKING TIME BOMB

Mr. FRIST. Mr. President, I rise to discuss the approaching insolvency of our Medicare Program.

The Clinton administration has confirmed that Medicare is going bankrupt. We must act now to save it. We must reform Medicare to protect it, to preserve it, and to improve it.

Next year, for the first time in its 30-year history, the program will begin deficit spending. And on April 3, the Medicare Board of Trustees announced that Medicare will go bankrupt by the year 2002. In 7 years—well before I will be eligible for benefits—the program will have exhausted all of its resources and will cease to exist in its current form. We must act now.

This is not new information—Congress has been warned repeatedly of the Medicare time bomb. Mr. President, the clock is ticking—we must take action this Congress to save this vital program. I come before you today to discuss the successes and failures of this program, and to begin to look for ways to protect and preserve its long-term health.

What is Medicare? It is a Government program which gives 32 million older Americans and 4 million individuals with disabilities access to the private health care system. Medicare is actually made up to two entirely different programs: A hospital insurance program, which is compulsory for seniors, and a physician insurance program, which is voluntary, with 96 percent of all seniors participating in this voluntary insurance program.

Medicare's hospital insurance program—part A—is funded by a payroll tax on working citizens, a tax which entitles them to future benefits.

The physician insurance program, part B, in contrast, is funded by a combination of general tax revenues and premiums paid by the beneficiary.

Medicare has been very successful, successful in providing access to quality care. More than 37 million Americans today are covered by the program. Today's elderly live longer, live healthier lives, and enjoy a better quality of life than ever before. Medicare participants are extremely satisfied with the overall care they receive. Yet, Medicare has become a victim of its own success. All will be lost if we do not act to save Medicare.

Over the years, many have found fault with the program: it does not cover comprehensive benefits; it does not protect out-of-pocket costs; it does not really provide incentives for consumers to maintain cost-conscious behavior; it does not reward providers with keeping people healthy; and its costs clearly are growing out of control faster than the Nation's economy, faster than the budget as a whole, and faster than twice the rate of inflation. Medicare spending rose by 11 percent last year, while private sector health care spending rose by only 4 percent.

Thus, each of us comes to the Medicare Program with the hope of addressing one or more of these problems. As a citizen legislator, one who comes to the Senate directly from the private sector, I approach this challenge wearing many hats. I come to the table as a health care provider, a physician who on a daily basis has served the personal health care needs of thousands of Medicare patients. I come to the table as the son of two active parents, both of whom are 84 years of age. They have been beneficiaries of Medicare as they were treated for heart attacks, colon cancer, pulmonary edema, a fractured neck, bleeding ulcers, kidney failure, a broken arm, phlebitis, and a stroke. I come to the table as a father of three boys whose generation will be working to pay the bills for my generation. And I come to the table as a legislator who sees the looming crisis of Medicare staring us straight in the face.

When Medicare was designed in 1965, the goal very clearly was to provide senior citizens with greater access to our country's health care system. Medicare at that time was structured to mirror the private system of the time which in 1965 was primarily Blue Cross

and Blue Shield fee for service. That means Congress paid providers based solely on the cost of the care delivered. There was no fee schedule of negotiated rates with providers. There was no real justification of costs. Furthermore, at that time Medicare insulated providers from the Government by allowing them to work through fiscal intermediaries and carriers, similar to private insurance.

Now, Medicare is an insurance program that pays for private services. Great Britain took quite a different approach. I spent almost a year as a physician in England, and I as a physician worked directly for the English Government receiving a salary from the English Government as an employee of the National Health Service. The English have replaced their national insurance program and moved directly into Government provision of services. Whereas our country relies on the private sector for control and direction, England relies on direct Government intervention. This underlying philosophy is fundamental to our understanding of Medicare. Medicare was established to give seniors access to the very same health care system available to all other Americans.

But as the American medicine delivery systems have changed over the last 30 years, and matured and diversified, Medicare has remained stagnant. Medicare fails to give seniors access to the full range of plans currently available to all other Americans. The private system has evolved and Medicare has failed to keep up. Changes and improvements are required today before seniors and the disabled fall even further behind.

Managed care illustrates that point. Today, 63 percent of working Americans obtain their care through some type of managed care program. In contrast, only 9 percent of seniors are enrolled in some type of managed care. Yet, it is important for people to understand managed care is only one of the options in the private system today. There are many others. And reasoned Medicare reform would open the Medicare Program broadly to the many options that are available to all other Americans in our private system today. It would allow seniors the freedom to direct their Medicare money to the plan of their choice. For some, that would mean an employer-sponsored plan. For others, it would mean an indemnity-type plan, and for still others a looser form of managed care. But the bottom line is that the Government should no longer restrict a senior's choice of health plans.

New to this body, I find it hard to understand why Congress has failed to pay attention to the ticking time bomb—Medicare. By failing to address the issue head on, we only delay the inevitable and make it more difficult for our successors. If we choose not to preserve Medicare's integrity, we resign ourselves to either substantial benefit reductions for seniors or repetitive tax

increases. We must act now. Either my generation, the children of today's Medicare beneficiaries, will have greatly reduced opinions in the future, or our children will incur unprecedented tax increases.

Now, the President of the United States has failed to address this imminent financial crisis. In fact, the Clinton administration predicts Medicare expenditures will grow by a staggering 66 percent over the next 5 years. Yet, despite this forecast and despite the findings of the Medicare trustees and the entitlement commission, the President failed in his fiscal year 1996 budget to recommend even one measure to save Medicare.

We must act now. I expect that the President will rely simply on tax increases to maintain the program in the future, and that will work only for a short time, because it fails to address the underlying cause of the crisis. If nothing is done, the Medicare portion of FICA taxes would have to be raised by 125 percent. That is more than \$700 taken out of a \$40,000 salary. That is intolerable. Structural improvement is necessary if we are to protect and preserve Medicare in the long run. We can and will protect and save Medicare if we act now.

I will be taking time over the next several days to come back to the floor to continue this discussion of how best this Congress is to save Medicare.

I yield the floor.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair.

Mr. President, I ask unanimous consent I be allowed to speak for a period of time not to exceed 15 minutes as if in morning business.

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

Mr. BRYAN. I thank the Chair.

#### WELFARE REFORM

Mr. BRYAN. Mr. President, we are about to be engaged in a debate in this Chamber on welfare reform, an issue which has failed the recipients, has failed the American taxpayer, and on which I think men and women of good will on both sides of the political aisle agree we must undertake some major structural reforms. I think that we can do so in a bipartisan fashion.

It was in this context during the recent April recess that I spent an entire morning at one of the busiest welfare offices in Las Vegas, the West Owens District Welfare Office. May I say, Mr. President, to my colleagues, it was an educational opportunity, and if my colleagues have not previously done so, I would urge each of them to avail themselves of this opportunity.

I first sat in on a welfare eligibility interview, a process that lasts for approximately 1 hour. I observed this process from the beginning to its conclusion.

In the Owens Welfare Office, eligibility workers sit in very small interview rooms, somewhat affectionately referred to as the "chutes." The eligibility worker has a desk literally surrounded on all sides with shelves full of various forms and regulations that deal with the nearly 20 different programs a person in need of welfare assistance may be eligible to receive. The client comes into the interview room from the reception area, sits across from the eligibility worker's desk, and the interview process begins.

Now the interview I observed, contrary to some of the stereotypical images that are often projected, was of a young Caucasian woman. She was married, living with her husband and two children. Her situation represents the prototype of the kind of problem that many people in America face who seek welfare assistance.

She and her husband had moved to Nevada from California, and currently both are working. Although their jobs pay above the minimum wage, they are still unable to provide for their family of four. Her employer structures her workweek so that her hours do not exceed 20 hours per week, and so she is ineligible for the medical benefits which her employer pays for those who work full time. One of her children has a preexisting medical condition, so medical care is a necessity. Her husband's employer provides no medical insurance. She also needs to pay for the cost of child care, and her child care cost is more than 50 percent of the gross hourly wage that she makes each hour.

Following this eligibility determination interview, I sat down to a very frank discussion with eligibility workers concerning the areas of the welfare system that they believe need reforming.

Let me say, Mr. President, I had anticipated the thrust of the comments would be that you all in the Congress need to provide more money; the system works. In effect, I thought I might be hearing a defense of the status quo, because these are eligibility workers, the committed and dedicated people who choose, in terms of their own educational background and their work experience, to provide care to others. So these are highly compassionate, sensitive people who see the travail of life before them every day.

To my great surprise, they are as enraged and as frustrated and as angry as are the American people and each of us who, as Members of Congress, have had a chance to look at this system that has failed so abysmally. Their suggestions and comments to us, I think, are extremely worthwhile for us to consider. They are the people that are on the front lines. They know the nuances of the system. They know how the system is ripped off. And they also know of its shortcomings in providing help to those who all of us in this body would acknowledge are in genuine need of help.

As one of the underpinnings of the welfare system, I think all of us can agree, whether we position ourselves in the political spectrum to the left of center, to the right of center, or in the middle, that we want a system that encourages people to work.

Most of us in America have a work ethic that is part of our background. It is part of what our parents shared with us. And, for whatever measure of success we may have achieved in life, it is the presence of that work ethic that contributed to that success.

But a person who is on welfare, who gets a job, who achieves that first rung on the job ladder, oftentimes is confronted with a horrific choice. Immediately that individual may be cut off from all medical care, all child care assistance, and that individual may, in fact, find herself in a more disadvantageous position than before she attained employment.

That part of our system, it seems to me, ought to be fundamentally changed. We ought to be encouraging and rewarding those people like the young applicant whose interview I observed, who is going out, getting a job, and trying to help herself and her family.

Our present system provides all of the disincentives by not providing transitional help for her, so she can get a little better job, that pays a little bit more, so that she is able to provide for herself and her family. That, it seems to me, ought to be one of the structural incentives that any welfare reform ought to encourage.

The welfare system is replete with conflicts, both indefensible and maddening. It is the sort of thing that encourages the American public to react as it does when the word "welfare" is mentioned.

I would like to talk about a few of those, if I may, Mr. President.

One of the key policy problem areas the eligibility workers brought to my attention is how the term "household" is defined for determining the eligibility of individuals living together at one residence for different welfare assistance programs.

One of the most egregious examples of how policy and effect conflict is the Food Stamp Program definition of "household." Assume with me for the moment that two families have the same number of family members, and the same income. Applying the "household" definition can mean a family where everyone is a legal citizen is ineligible for food stamps, while a similar family with one member, who is an illegal alien, is eligible for such assistance.

Let me be more specific.

Let us assume family A and family B both have a total monthly household income of \$1,200, and each parent individually earns \$600. Family A's two working parents are both legal citizens. Family B also has two working parents, but one is an illegal alien.