

Why impose the most pain on those for whom it will be most difficult to bear? Why ask the very people who cannot tighten their belts to tighten their belts? Where is the Minnesota standard of fairness?

I do not see a focus on cutting more unneeded military and corporate welfare spending. I do not see a focus on eliminating lucrative tax breaks for special interests. I do not see a focus on moving away on the House side, and it seems to be that some of my colleagues on the other side of the aisle have split on this, on dealing with the problem of tax cuts for wealthy people.

What are we talking about? We are talking about \$370-some billion, the vast amount of which flows to people on the top. If you have an income of \$200,000 a year, it is a break of about \$30,000. If you have a family income of under \$30,000 a year, it is a break of about \$100 a year. What are we talking about here? Where is the standard of fairness?

Mr. President, over and over and over again, through the time of this 104th Congress, I have been on the floor. I remember when I first uttered these words, I thought to myself, "Are you just giving a speech or is it going to happen?" I had to believe it was going to happen to say it. I said that my fear is the deficit reduction is going to be based on the path of least political resistance. That is exactly what is going on.

I remember David Stockman's book about the early eighties. He said what we should have done was go after the weak claims, not the weak claimants. We are not going after the weak claims, we are not going after the corporate welfare, we are not going after the military contracts, we are not going after the tax breaks, but we are going after the family farmers, we are going after the children, we are going after senior citizens, we are going after education.

There is no standard of fairness whatsoever. It is all based upon who are the folks who have the financial and the political clout to get their voice heard here and who are the vast majority of the people who are shut out of the process. We are going to have one sharp budget debate. When it gets to Medicare and Medicaid, I am going to insist that my colleagues know this policy well and understand exactly what the consequences are of what they are doing. When it comes to the cuts in agriculture—disproportionate cuts—I want to make sure that people know that we are talking about farmers not out of sight out of mind, but the producers in this country, and what this is going to do to family farmers. When it comes to education, I want people to understand the consequences of what it means when we do not invest in education and young people. When it comes to children and child nutrition programs, I want to make this argument: Do not go after the most vulnerable citizens in this country.

When it comes to alternatives, I want to talk about the corporate welfare, I want to talk about the tax dodgers, I want to talk about the military contract, and I want to talk about how we really can contain health care costs. I look forward to this debate. I hope all of the people in the United States of America are engaged in it.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. COVERDELL). Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent to speak as in morning business.

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

THE ASSAULT ON MEDICARE: MYTH AND REALITY

Mr. KENNEDY. The Republican budget plans in the Senate and House of Representatives propose unprecedented cuts in Medicare, some \$250 to \$300 billion over the next 7 years. Cuts of this magnitude will break America's contract with the elderly. Millions of senior citizens will be forced to go without health care they need. Millions more will have to choose between food on the table, adequate heat in the winter, paying the rent, and medical care.

These cuts will also be a heavy blow to the quality of American medicine. It will damage hospitals and other health care institutions that depend on Medicare and that provide essential care for Americans of all ages, not just senior citizens. Progress in medical research and training of health professionals depend on the financial stability of these institutions. Academic health centers, public hospitals, and rural hospitals will bear an especially serious burden if these deep cuts are enacted.

In addition, such cuts will inevitably impose a hidden tax on workers and businesses who will face increased costs and higher insurance premiums as physicians and hospitals shift even more costs to the nonelderly.

According to recent statistics, Medicare now pays only 64 percent of what the private sector pays for comparable physician services. For hospital care, the figure is 68 percent. The proposed Republican cuts will widen this already ominous gap even farther.

Because of the current gaps in Medicare, senior citizens already pay too much for the health care they need. Elderly Americans pay an average of one-fifth of their income to purchase health care, a higher proportion than they paid before Medicare was enacted.

Yet the reason Medicare was enacted in the first place, 30 years ago, was to deal with the health care crisis affect-

ing the lives of older Americans at that time. How can we care any less about their needs today?

Medicare today does not cover prescription drugs. Its coverage of home health care and nursing home care is extremely limited. We go to any senior citizen home in America and ask the senior citizens there how many of them are paying, say, \$50 a month for prescription drugs, half the hands will go in the air. If asked how many pay \$25 a month or more per month for prescription drugs, three-quarters of the hands go in the air.

Looking at what has happened in terms of cost of those prescription drugs, which are so necessary for the senior citizens, we find those costs have been going right up through the roof. They are absolutely an essential part of the needs for our elderly people, and they are not included in the Medicare Program, and they are draining down scarce resources for retirees and for senior citizens.

Unlike virtually all private insurance policies, Medicare does not have a ceiling on out-of-pocket costs. It does not cover eye care, it does not cover foot care, it does not cover dental care. All of those are important needs for our senior citizens.

Yet the Republican budget cuts will ask senior citizens to pay \$900 more a year out of their pockets when the cuts are fully implemented. And the Republican tax bill already passed by the House of Representatives gives the tax cut of \$20,000 to wealthy individuals making more than \$350,000 a year. That is not right and the American people know it.

The assault on Medicare is based on five myths. Myth No. 1 is that deep cuts are needed to save Medicare from bankruptcy. The hypocrisy of this claim is astonishing. A few weeks ago, the House Republicans included a provision in their tax bill to take \$90 billion out of the Medicare hospital insurance trust fund over the next 10 years. We did not hear a word then about the impending bankruptcy of Medicare. They took that amount of money out of the Medicare trust funds. They did not have to unless they were interested in increasing the tax reductions for the wealthiest individuals, but they took that out of the Medicare trust funds.

Now they are talking about how the Medicare fund itself is facing financial difficulties, when just 3 weeks ago they took \$90 billion out of there to use it for tax cuts for the wealthiest individuals.

It is true that an April 3 report of the Medicare trustees projects that the Medicare hospital insurance trust funds will run out of money by the year 2002. Few, if any, Republicans will be talking about deep Medicare cuts to cure that problem if they did not also need such cuts to finance their tax cut for the wealthy.

As the Medicare trustees themselves noted in their report, modest adjustments can keep Medicare solvent for

an additional decade—plenty of time to find fair solutions for the longer term. Similar projections of Medicare insolvency have been made numerous times in the past. Each time, adjustments enacted by Congress were able to deal with the problem without jeopardizing beneficiaries, and we can do the same again.

For example, an estimated 20 percent of all Medicare hospitalizations could be avoided with better preventive services, and more timely primary and outpatient care. As much as 10 percent of all Medicare expenditures may be due to fraud, and that could be reduced substantially by the better certification procedures. This has been shown by the hearings that have been held by Senator COHEN of Maine with a series of recommendations which, fully implemented, would stabilize the Medicare trust fund.

The message is clear: We do not have to destroy Medicare in order to save it. The American people understand that basic point, and Congress should recognize it, too.

Myth No. 2 is that the Republican budget proposal is not a cut, because the total amount of spending will continue to grow. In fact, the Republican plan calls for spending \$250 billion less on Medicare than the Congressional Budget Office says is necessary to maintain the current level of services to beneficiaries.

Every household in America knows that if the cost of rent and utilities goes up and income stays the same, there is a real cut in your standard of living. If Medicare pays \$80 toward the cost of your visit to a doctor in 1995 and the same \$80 in 1996, but his fee goes up by \$20, the value of your Medicare protection is cut by \$20. Every senior citizen understands that.

The irony is that our Republican colleagues accept this argument when they talk about defense expenditures. They know that defense is being cut if funds increase more slowly than inflation. Our colleagues should apply the same accounting rules to the needs of senior citizens as they do the purchase of guns and tanks.

Myth No. 3 is that Medicare is different from Social Security and is an entitlement less deserving of protection. In fact, the distinction between Medicare and Social Security is false because Medicare is a part of Social Security.

Like Social Security, Medicare is a compact between the Government and the people. It says, "Pay into the trust fund during your working years and we will guarantee decent health care in your old age." Any elderly American who has been hospitalized or suffers from a serious chronic illness knows there is no security without Medicare. The cost of illness is too high. A week in intensive care can cost more than a total yearly income of most senior citizens. Low- and moderate-income elderly will suffer the most from Medicare cuts. Eighty-three percent of all Medi-

care spending is for older Americans with annual incomes below \$25,000. Two-thirds is for those with incomes below \$15,000.

Imagine, average income of \$15,000 and trying to make ends meet when a person fought in the world wars of this country, has been a part of the whole building of the American economy, sacrificed to bring up children, and is barely making it at \$15,000, and then there are the important health care needs to be attended to that are no fault of your own. Those are the people that we are talking about that are going to be adversely impacted with these cuts.

When the Republicans tried to cut Social Security in the 1980's, the American people said, "No," and they will say no to these equally damaging proposals to cut Medicare in the 1990's.

Myth No. 4 is that Medicare costs can be cut by encouraging seniors to join managed care. True, it can help bring medical costs under control in the long run. Enrollment by senior citizens in managed care is already increasing rapidly. It is up by 75 percent since 1990, but no serious analyst believes that increased enrollment in managed care will substantially reduce Medicare expenditures in the timeframe of the proposed Republican cut. In fact, according to the General Accounting Office, Medicare is now actually losing money on managed care because only the healthiest senior citizens tend to enroll in it, leaving Medicare left to pay for those more seriously ill.

The only realistic way to save money in the short term on managed care is to penalize senior citizens who refuse to enroll. This option has already been suggested by the Republican health task force in the House. I say it is wrong to force senior citizens to give up their freedom to choose their own doctors and hospitals. It is wrong to penalize them financially if they refuse to enroll in managed care.

I will add, in the debate we had on the health care measures of last year, that particular option was preserved for our senior citizens and it ought to be preserved in any health care reform.

Myth No. 5 is that the deep, unilateral cuts in Medicare are necessary to balance the budget. As President Clinton told the White House Conference on Aging last week, 40 percent of the projected increase in Federal spending in coming years will be caused by escalating health costs.

What this Republican budget fails to recognize is that the current growth in medical care is a symptom of the underlying program in the entire health care, not a defect in Medicare alone. In fact, Medicare has done a better job than the private sector in restraining costs in recent years.

Since 1984, Medicare costs have risen at an annual rate of 25 percent lower than comparable private health care spending. Slashing Medicare unilaterally is no way to balance the budget. It will simply shift the costs from the

budget of the Federal Government to the budgets of senior citizens, their children, and their grandchildren.

If Medicare is cut in isolation, senior citizens will also face greater discrimination from physicians and hospitals, who are less willing to accept the elderly as patients, because Medicare reimbursements are much lower than the reimbursements available under private insurance.

We know that previous cuts in the Medicare reimbursement have led to serious cost-shifting, as physicians and hospitals seek to make up their reduced income from Medicare patients by charging higher fees to other patients. The result has been higher health care costs and higher health insurance premiums for everyone, as cost-shifting becomes a significant hidden tax on individuals and businesses.

The right way to slow Medicare growth is in the context of overall health reform that will slow rising health costs in the economy as a whole. That is the way to bring Federal health costs under control without cutting benefits or shifting costs to working families, comprehensive reform, to try to make available to our seniors good health care, preventive care programs to provide the services to keep people out of the hospitals so they do not go into the high-cost facilities, and to try to do something in terms of home care, community-based care, which is much more satisfactory for our seniors and can be done at considerably less cost. And to build upon the nurses, nursing profession, to assist with skilled nursing attention some of the needs for our seniors.

In the context of broad health reform, the special needs of academic health centers, rural health centers, inner-city hospitals also can be addressed. Deep Medicare cuts alone, by contrast, will undermine the availability and quality of care for young and old alike.

We are talking about the kind and quality of trained health personnel that Medicare participates in. We are talking about necessary institutions, academic institutions which are the center for much of the research that benefits our senior citizens. We are talking about diminishing the kinds of research that has to take place in those areas as well.

President Clinton has emphasized he is willing to work for bipartisan reform of the health care system, but the Republicans have said no. The only bipartisanship they seem to be interested in is the kind that says, "Join us in slashing Medicare." That is not the kind of bipartisanship the American people want. It is not the kind of bipartisanship that senior citizens deserve.

It is especially telling that Republicans are proposing these harsh cuts in Medicare at the same time they support the massive tax cut that will disproportionately benefit the richest individuals and corporations in our society. The Republican tax plan that has

already passed the House will reduce Federal revenues by \$250 billion. Without that tax cut for the wealthy there would be virtually no need to cut Medicare in order to achieve a balanced budget under their plan. The Senate Budget Resolution reserves \$170 billion for tax cuts. Without that allocation the Medicare cuts could be reduced by two-thirds without any increase in the deficit.

The arguments used to justify deep cuts in Medicare cannot pass the truth-in-labeling test. They will not fool the American people. As the ceremonies on V-E Day earlier this week commemorating the end of World War II in Europe reminded us, today's senior citizens have stood by America in war and peace and America must stand by them now. The senior citizens of today are the veterans of the Army, the Navy, the Air Force, the Marines, and the hard-working men and women on the home front. They pulled us through that terrible war. We cannot pull the rug out from under them on Medicare now.

I urge the Senate to reject these unwise Republican proposals.

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

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

ORDER OF PROCEDURE

Mr. BURNS. Mr. President, I ask unanimous consent that I may proceed as if in morning business for no more than 10 minutes.

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

THE BUDGET

Mr. BURNS. Mr. President, we have all been receiving phone calls and getting letters about the proposed budget that is being recommended now or being talked about and marked up in the respective committees in the Senate and House of Representatives. We have had time to talk to the chairmen of those committees and get copies of the proposal that they have put forth. In other words, the great debate has started on this year's budget.

I think we have to applaud the chairman of each committee because they have come forward with very daring proposals. I applaud the chairmen, especially Senator DOMENICI of the Senate Budget Committee. When you look at our deficit spending we see, yes, that the deficit did become lower last year. It went down. But it now continues to climb. The deficit this year alone stands at \$175 billion, and for a while. But, nonetheless, it is growing at the outrageous rate of \$482 million a day. That sounds like a lot of money to me.

So, consequently, it is time for this body and this Government to do something responsible and to deal very frankly with the budget, to be up front about it, and to try to address some of the problems that we have because I think most Americans are wanting something done to rein it in.

It is absolutely necessary if we are to continue the economic viability and the leadership in this world for our Nation. We cannot continue to stand by and conduct business as usual, and in so doing allow the national debt to increase by \$1 trillion every Presidential term.

So the time has come for bold initiatives to look at getting spending under control, and Senator DOMENICI's budget right now does exactly that.

The chairman of the Budget Committee slows the annual growth of most lines. Every line in that budget, with the exception of a few, grow every year. We have heard a lot of attention brought to the Medicare line, growing 10 to 11 percent every year. Now we want to slow that growth because already the trustees of that trust fund have told us that by the year 2002 it will be broke and they will pay no bills at all.

Also it transforms Medicaid into block grant funds to the States where they will have the responsibility to do something responsible to get spending under control.

It further calls for the establishment of a bipartisan congressional committee to represent policy changes needed to maintain the short-term solvency of the Medicare system. Such measures would generate the savings needed to put the system on a financially sound footing for the next 7 years while we work together to develop a long-term solution for Medicare solvency gap. There can be no getting around the fact that, if we continue on the path that we are presently on, Medicare will lapse into bankruptcy within 7 years and then it will be too late, or too expensive, to solve the problem.

The chairman's budget proposes the elimination of spending for the National Biological Survey. I have long said that we had the resources within the organizations of the Fish and Wildlife, the Park Service, or in the Department of the Interior to do that without creating another bureau or the money that goes with it. We also want our policy decisions based on sound science and we start dealing with the biological makeup of this country or this world. And I think we can do it without the National Biological Survey.

The chairman's budget proposes the reduction in the Agricultural Research Service by 10 percent which would reduce the total outlays in this program by \$1 million.

It is true that we all will not agree with this budget. This is one area where I do not agree. This is one area where we cannot pull back on any investment in the research and develop-

ment in agriculture. I will stand on this floor and maintain until I can draw my last breath that the second thing everybody who lives in this Nation does every morning is eat. I do not know what the first thing is that they do. They have a lot of options there. But I know the second thing they do is eat.

We still have an obligation to feed this Nation and this society.

So when it comes time to talking about budgets, basically that is what a balanced budget amendment would have done; make us talk about the most important things and to set our priorities where we think those important things are.

We have to look to the necessities of life, not to the frills but the necessities of life and also the individual responsibility that each one of us has at just being a citizen of this great country.

You might be surprised to know that for the first time in the history of agriculture our yields in wheat are going down, because we are just not getting enough money for research, plant breeding, developing those strains of wheat that are disease resistant because that is a constant thing; it goes on all the time. And so we must, if we are going to feed this Nation—and right now, 1 farmer feeds 145 other people. Also, one of our greatest exports is agriculture. In fact, it has been in the black forever. We have to continue with our ability to produce foodstuffs, food and fiber for this society.

The chairman of the Budget Committee also proposed the privatization of the PMA's, the power marketing administrations. They are making money for the Treasury. They also generate and produce power for our REA's. In rural America, we would not have electricity yet if it was not for REA's. My father served on an REA board. I have often said if it was not for REA on the farms, we would be watching television by candlelight.

We have to be very cautious in the way we set our priorities in this budget. So consequently I think we have to take a very hard look at long-term revenue implications that would happen, that is, if WAPA, western area power marketing, and the Southwest and the Southeast are moved into private hands.

And this is nothing new. We will argue about different parts of the budget. Where we set our priorities is what is really important for this Nation and the people who live in it. That is what this budget will do. But it will be a responsible budget that I am sure, after America looks at it, we will have the confidence in its integrity to do what we have to do, and that is to balance the budget by the year 2002.

I do not think there is anything that will come before this body that will be any more important than the issue of this budget and the roadmap, the blueprint to get us where we want to be as