



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142

WASHINGTON, TUESDAY, JUNE 25, 1996

No. 95

House of Representatives

The House met at 10:30 a.m. and was called to order by the Speaker.

MORNING BUSINESS

The SPEAKER. Pursuant to the order of the House of May 12, 1995, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority and minority leaders limited to not to exceed 5 minutes.

The SPEAKER pro tempore (Mr. FOLEY). The Chair recognizes the gentleman from Georgia [Mr. GINGRICH] for 5 minutes.

TRIBUTE TO CONGRESSMAN BILL EMERSON

Mr. GINGRICH. Mr. Speaker, I thank the Chair for recognizing me.

I just want to take this moment to share with my colleagues briefly the sense of sadness that I think that we all feel at the passing away of Congressman BILL EMERSON of Missouri. BILL EMERSON was a tremendous human being who worked extraordinarily hard on the issue of hunger, reach out in a bipartisan way, and was recognized around the world as somebody who cared deeply about everyone on the planet having a chance to have a decent meal and to live a life which has good nutrition.

Congressman EMERSON was an expert on nutrition programs here and abroad. He was also a man who cared deeply. He cared deeply about his family, about his district, about representing the people of Missouri, and about serving in the U.S. Congress. I think that as all of us watched him struggle with cancer and we watched as he came to the floor with oxygen, he came to the

floor in a wheelchair, but he was absolutely, totally dedicated to serving. He loved this House. He loved the process of dealing with issues and problems and helping people, and he loved the interaction between human beings.

I think all of us are a little poorer and all of us in the House I think on both sides of the aisle are certainly a little sadder at the loss of this fine, wonderful gentleman who passed away over the weekend. I simply wanted to share with the House those thoughts on behalf I think of all the Members of the House.

TIME TO PASS HEALTH INSURANCE REFORM

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

Mr. PALLONE. Mr. Speaker, I have taken to the floor many times in the last few months to talk about the need to pass health insurance reform, the bill that was originally sponsored by Senators KENNEDY and KASSEBAUM on a bipartisan basis that would try to achieve significant reform in the areas of portability and preexisting conditions.

I have also been very critical of the Republican leadership in the House which continues to press an amendment or an addition, if you will, to the Kennedy-Kassebaum bill that would include medical savings accounts.

I have referred to the medical savings accounts as the poison pill that basically will bring down health insurance reform this year and could very well make it impossible to pass any health insurance reform that would address the issues of portability and preexisting conditions.

I mention this today on the floor, Mr. Speaker, because there was an excellent editorial in the Star Ledger, which

is New Jersey's largest circulation daily, which essentially addressed the issue of health insurance reform as well as medical savings accounts and pointed out how significant this legislation is in terms of providing additional health insurance for many Americans who lose their health insurance when they lose a job or because of a prior medical condition.

The editorial also details to some extent, I would say, why we should not include medical savings accounts if we ever want to see health insurance reform and to see more Americans covered by health insurance. So Mr. Speaker, I just wanted to read, if I could, some relevant sections of this editorial that was in the New Jersey Star Ledger today, because I think it really says it all in terms of where we are going or should be going with this health reform issue.

It starts out and it says:

The latest census bureau study says that 66.6 million people, one of every five Americans, will lose their medical coverage for a month or more during any 28-month period. That means a huge part of the population is always vulnerable to a major health care problem. It also makes it clear why Congress must stop playing games and pass a bill that would help protect people who get caught between jobs and lose their health coverage.

In the same time it takes for you to lose your coverage and get it back, your new insurance company can, and most likely will, stamp "prior and existing illness" on any condition you have, on anything that turns up within the first few months of the new coverage, whether it's pregnancy, cancer, heart disease, or your child's asthma—and the company will refuse to pay.

So, to the list of the chronically uninsured, you can add those who have insurance that does a fat lot of good for the health problems they face. This addresses the problem of pre-existing conditions.

The most vulnerable are people who are laid off or switch jobs, including those who switch to better jobs where the health benefits may be improved but come with a waiting period before the coverage kicks in. It's the kind of thing that can make a bigger

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

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paycheck smaller faster than you can say, "Why doesn't someone do something about this?"

Mr. Speaker, the *Star Ledger* says that, "Somebody is trying." They point out that, "the Kennedy-Kassebaum bill, sponsored by one Democrat and one Republican, would restrict the insurance companies' ability to impose waiting periods or deny coverage for existing health problems. The bill would give people who are caught between jobs a better change of holding on to health coverage that means something. It is a conservative and useful beginning to health care reform."

However, "the bill is bogged down because some of the same people who have been telling us we do not need to tinker with the health care system could not resist tinkering with this bill and they've added all sorts of amendments, including one that would allow medical savings accounts."

"Medical savings accounts are offered as a way for everyone to self-insure by putting money in tax-sheltered accounts as an alternative to buying coverage."

"Of course, since most people cannot afford health insurance premiums, it's not likely most can sock away as much cash as it would take to cover the family's medical needs. That is why medical savings accounts are nothing but a tax break that would cost the Government and benefit only the wealthy as well as a heavy Republican contributor pushing this approach."

What the *Star Ledger* is saying in this editorial, Mr. Speaker, is that it is time for us in the House of Representatives, as well as in the Senate, to push forward with health insurance reform that will help those who change jobs, the issue of portability, or help those who lose their job, or help those who have preexisting conditions.

Too many Americans, anywhere from 40 to 60 million Americans, could benefit from this legislation, and it is simply being held up because the Republican leadership insists on including these medical savings accounts simply because of special interests. They received something like \$1.2 million in the last few years from the Golden Rule Insurance Co., which is pushing these accounts. It is time for real health insurance reform.

WHY CONSUMERS SHOULD SUPPORT MSA'S

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 hope the gentleman from New Jersey [Mr. PALLONE] will stay around for just a moment to listen to this.

In 1994, the then House majority leader, the gentleman from Missouri, DICK GEPHARDT, thought MSA's, medical savings accounts, were such a good

idea that he included them in the Democrat leadership bill.

In 1994, all but one Democrat on the House Committee on Ways and Means voted in favor of medical savings accounts in the Clinton health care reform plan. So I think the gentleman from New Jersey, Mr. PALLONE, and others on the Democrat side who complain about medical savings accounts should realize that their leadership, not only in the House but in the Senate, when the Medical Cost Containment Act of 1992 was—which included medical savings accounts—presented to the Senate, even TOM DASCHLE, was there sponsoring it. So, Mr. Speaker, I think it is appropriate that I talk about medical savings accounts this morning.

We have heard a great deal from that side of the aisle, talk about how they are tax breaks for the rich, which is absolutely false, and I think we have all these Democrat leaders who have supported it, so I think the bottom line is, it is good for America. They were based upon the premise that the consumer, in this case the purchaser of health care, should have control over their health care dollars. This is important, because those of us who believe that by empowering people to have more control over their health care spending, they will become more cost conscious and in all likelihood would seek information to shop around, look at the marketplace.

Mr. Speaker, let us ask the basic question: What are medical savings accounts? During debate on the Clinton health care bill, we learned that Americans want health care reform that will provide consumers with the ability to choose the type of health care plans that best suit their needs. Medical savings accounts would provide consumers with just such an opportunity.

Under current tax law, third-party insurance is subsidized and self-insurance is penalized. Every dollar an employer pays for third-party insurance is excluded from employee income. When employees try to save that money, it is taxed. Medical savings accounts should be given the same tax incentive as currently given to third-party health insurance premiums.

Mr. Speaker, if we are to provide true health care reform, we must provide individuals with the options of being allowed to create medical savings accounts. On that side of the aisle, they have talked about giving retirement accounts for women who are at home and for working people. We had that in our American dream account. Medical savings accounts are under the same concept. They would enable consumers to use tax-free savings accounts to self-insure for routine, out-of-pocket medical expenses. The inclusion of a medical savings account would provide people with the opportunity to choose higher deductibles in the place of premium savings in individual medical savings accounts.

Mr. Speaker, our health care bill, which the gentleman from New Jersey

[Mr. PALLONE] was talking about, provides that taxpayers would be permitted to have one account to make an annual deposit of no more than \$2,000 if single, \$4,000 if married. Under this bill, in order to make these contributions be tax deductible, an individual must be covered by a high deductible health care plan. By empowering consumers with choice and individual responsibility, healthy competition among insurance companies is created and it is better for all of us.

In 1994, in the issue of the *Journal of American Health Policy* article entitled, "Why Medical Savings Accounts Deserve a Closer Look," it said: "Research has shown that these accounts give lower health care expenditures markedly without any negative health effects on individuals with such coverage."

What are some of the advantages? They are portable, total freedom of choice, allows spending on long-term care premiums, will increase the number of insured Americans and, of course, Mr. Speaker, they create wealth through all of us increasing our savings rate.

Critics claim that health care has become too complicated and that consumers are no longer capable of making cost-conscious decisions. Several studies show that health care consumers do make cost-conscious decisions provided they are given the financial incentive to do so.

Critics also claim that consumers will not seek preventive care in order to save money for these accounts, but studies show that they do not deter preventive care. What we find is that savings result from a more discriminating use of optional services, and consumers select less expensive health care benefits.

Perhaps the criticism we hear the most is that these accounts would attract the healthy, leaving the sick with conventional insurance. In that case, the adverse selection or what is called cherry-picking, would cause an increase in the cost of traditional insurance. But this has not been shown to be true. Companies using this type of account have not experienced this problem. Several different groups and organizations have already established these accounts for their employees, and I believe the success they have met in so doing is a surprise for some of the critics.

What do the polls tell us about the public's reaction to medical savings accounts? Well, of the 1,000 workers responding to a survey conducted by the Marketing Research Institute, 87 percent said they would like to have medical savings accounts. Of course, when I mentioned earlier about the critics, we have the gentleman from Missouri [Mr. GEPHARDT], we have the gentleman from South Dakota [Mr. DASCHLE], we have all the Democrats on the Committee on Ways and Means voting for medical savings accounts, so it is clear it is bipartisan.