

7 weeks, you are breaking that contract. The House Agriculture Appropriations Committee was eliminating almost \$100 million out of the payments to the farmers that they thought they had signed up for next year. You are reducing WIC by having it frozen. You are reducing nutrition programs by \$300 million on the House side. Contracts are being broken. I thought both sides had agreed to a contract. Both sides were committed to it. Therefore, we find that we are already breaking contracts.

When you are going to use Social Security funding, then I think we are breaking a contract with those who are expecting that. Sure, we are having a bump in the road on Medicare. We all understand that. The President has submitted two budgets reducing part A. Now, everybody talks about Medicare and paints it with a broad brush. It is part A that is short, not part B. Part A is the hospital and part B is the doctor, if you want to put it into categories. So part A is the part having problems. Part B still has a surplus. Part B will have a surplus from now on, the way things are going.

So we have one part of Medicare to be fixed. Even now, there is a \$100 billion surplus in part A, as I understand it. If you continue to use it, over a period of time, that will be reduced to zero. You need to keep it at a level where it will not be reduced and where the level will stay the same over the next 7 years.

Mr. President, if Social Security were protected, we could pass the balanced budget amendment and get on with actually passing our spending bills. We hear a lot about how bad things have been. I have been here 22 years now. I did not see any vetoes, under the Republican administration, as it related to tax increases and spending increases. I did not see those vetoes. We did not have enough votes to override them, if the Republicans would have stayed together. But, no, we went from a \$900 billion deficit to \$5 trillion in 12 years under Republican leadership. During that time, Republicans had 6 years of control here in the Senate Chamber. Could you have supported a veto? Absolutely, you could have sustained a veto.

Now, Mr. President, I do not mind debating the issues, but I certainly hate to be singled out and it becomes a personal issue. As I say, the junior Senator from Oklahoma came very close to the edge of being challenged under the rules of the Senate yesterday. So I just hope that, as we debate the issues, we eliminate the personalities and the personal attacks. It is nice to have a picture of your grandson here on the Senate floor. I have five grandchildren. I enjoy grandchildren. But do you know something? It is hard for me to believe, as a grandfather, that if I watched my daughter give birth to a son, my grandson—as I read the *RECORD* and listened to him yesterday, in his first breath, it was handed to

him and the first thing he thought about is that this poor child owes \$18,000 in back taxes, or he has that debt on him. I would have thanked the Lord for my daughter coming through the delivery healthy. I would thank the Lord for being given a healthy baby before worrying about how much tax load or debt load that newborn baby had. Nevertheless, I am sure the taxpayers had something to do with paying for the picture of that grandson that was here on the Senate floor.

So here we are getting personal again, and I do not like it. The only way I know how to say to my colleagues that think the debate is about who supports a balanced budget—this is a debate about who wants to save Medicare. This is a debate about who wants to raid Medicare, who wants to cut the deficit, and that sort of thing. Those issues are fine. But when I am accused of voting one way here and going home and saying another thing—the day of the Pony Express is over. It is instantaneous what I say and do here, and it is getting to my constituents.

So while people are predicting doom and gloom again today, the BB-6 can point to a record of deficit reduction and a commitment to balance the budget, while protecting the pact we made with citizens to protect Social Security. So we passed a bill in 1990, under a Republican President, signed by him, not to include the Social Security trust fund.

I yield the floor.

Mr. KENNEDY. Mr. President, are we proceeding as in morning business?

The PRESIDING OFFICER. That is correct, for a period of up to 10 minutes.

THE HEALTH INSURANCE REFORM BILL

Mr. KENNEDY. Mr. President, earlier this afternoon, there were some comments made about where we are on the Kassebaum-Kennedy health reform bill. I wanted to just take a few moments of the Senate's time to review a little bit of the bidding on where we have been, where we are, and what the hope is in terms of the future.

Mr. President, as we know, this legislation was developed by Senator KASSEBAUM, myself, and other members of our Labor and Human Resources Committee in the wake of the 1994 debate on comprehensive health care. It was really reflective of the expressions that were made by Republicans and Democrats alike, both the now majority leader, Senator DOLE, and others on the Democratic side, who said, "Let us try to find common ground together, areas where we agree. Let us try, if we cannot do a comprehensive program, to at least shape a proposal that can make a difference to millions of Americans—particularly those with preexisting conditions—recognizing the importance of portability, moving from one job to another, being

able to carry the insurance if, for some reason, an individual loses their job, or the company closes down."

Over the period of really the last months, and even over recent years, that proposal has been working its way through the Labor and Human Resources Committee. It had virtually unanimous support of Republicans and Democrats alike, and it has worked its way through the Senate with 100 votes. Unanimity, Mr. President, 100 votes—a unanimous vote here in the Senate and in our committee. I find that to be an extraordinarily rare occasion, when you take something that can provide such a meaningful difference and provide relief for families and for working families, a measure that can make a very important difference, particularly to those with preexisting conditions.

The efforts of Senator KASSEBAUM and myself have been to try to keep the legislation clean—that is, to try to resist various amendments, in spite of the fact that we might have agreed with some of those provisions at other times. That was certainly true in my case with regard to the excellent proposals that were added to the measure by Senator DOMENICI and Senator WELLSTONE on mental health. I feel very strongly that it is about time that we treat mental health in the way that we consider other serious illnesses, and not make the consideration of mental health a stepchild in our health care policy areas.

Nonetheless, we had worked out a process where we were going to try to move ahead with the areas that we could agree on, so that we can move through this legislative process with that in mind. We accepted some matters that were overwhelmingly supported by Members of the Senate where there was no serious objection.

We accepted the mental health provisions. But it has always been the position of the Senator from Kansas and myself that we were going to be committed to a proposal that would provide just the measures which initially came out of the committee unless we were going to be able to convince our Members in the conference that we needed to make at least some progress in the areas of mental health.

Senator DOMENICI, Senator WELLSTONE, I must say Tipper Gore, who has been enormously interested in the areas of mental health, have all weighed in in terms of making the case once again of the importance of extending some protections to the area of mental health. That is an issue which I know is still under consideration by at least those that are meeting. I can point out for the Members of the Senate, that those meetings have not included the Members of this side of the aisle, but we have tried to work in a constructive way in at least getting some of these ideas forward for the consideration of those who are in the room.

I want to just mention parenthetically that there were some comments

made earlier today on the issue of appointing conferees. It has always been our position that we should have conferees that reflect at least the will of the Senate, but the various proposals that have been made here in terms of the conferees were not even close to the ratio of Republican to Democrat. We were not going to agree to a stacked deck and a position that would not reflect the will of the Senate.

It always interests me how worked up some of our Members can become when they are talking with this righteous sense of indignation about the fact that there is some objection to the appointment of the conferees, particularly in the way and the numbers in which they were suggested. There has never been any reluctance to naming conferees that were going to be reflective and represent the committees that had the prime jurisdiction. That is the way it has been done here. The particular proportion that was suggested was completely out of order, which is why we are in that stalemate.

Most importantly, we are prepared to see the measure that passed 100 to nothing here on the floor of the U.S. Senate, or the measure that passed unanimously out of our committee, to pass out of the conference, to pass the House of Representatives, to pass the Senate and be signed by the President of the United States in the matter of the next day or two. That is what we are able to do as legislators. That would make a difference to the 25 million Americans each year who would be helped by this bill—who would find that they are able to be assured of continuing attention to their particular health needs as long as they were going to pay their participation in premiums.

We have the opportunity to move on that legislation. It is still out there. We are caught in a situation evidently that unless we are prepared to accept other measures which have been controversial and divisive and recognized as such, or where at least very important questions have been raised about those matters, that we cannot make progress unless we are prepared to bend on those matters. It is still my hope that even at this very sensitive time in the discussions where leaders in the House and leaders in the Senate are attempting to try to make at least one additional effort to try to find the common ground, that we can still resolve this and be able to respond to the millions of our fellow citizens that have these preexisting conditions and want to be able to carry their health care measures with them.

But I want to take just a few moments of the Senate's time this afternoon—I see other colleagues. Could I ask for 5 more minutes?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I appreciate it.

Mr. President, I still hope that we will be able to achieve this measure.

I have gone into, in some detail, the principal concerns of the issues on medical savings account. But there are a few items that have been mentioned with regard to medical savings accounts that were not mentioned here in the course of this afternoon.

Let us understand that if insurance companies want to sell medical savings accounts, they can do that today. They do not need to have additional legislation. For those that say let us have the free choice, individuals can be out and purchase those measures at the present time. A number of States have begun to set up their own medical savings accounts. So the idea that we are denying some kind of free choice is virtually inaccurate and a distortion and a gross misrepresentation about where the medical savings account issue is.

Individual companies—and there are the companies, for example, like the Golden Rule Insurance Co., that are out selling medical savings accounts today. Of course, it is true that Golden Rule Insurance Co. has been drummed out of the State of Vermont because of the way that they have exploited consumers. And it is true that Golden Rule Insurance Co., the principal company that would benefit from medical savings insurance companies, refuses to share market information with even the American Academy of Actuaries so that we could get a real reflection as to what has been the experience of that company. When asked by the American Academy to share their data, Golden Rule said, absolutely no, we will not do that, even though they have experienced extraordinary profits in this area.

Nonetheless, Mr. President, one of the factors that was not raised this afternoon was the fact that we are talking about the cost to the American taxpayers by those that are proposing medical savings accounts. The Joint Tax Committee has estimated that if there were just to be 1 million Americans out of the pool of about 130 million Americans who purchase health insurance, if we have to have 1 million of those, the cost to the taxpayers and to the deficit would be \$3 billion for 1 million people. That is not what I am saying. That is what the Joint Tax Committee is saying.

We are talking about when you are going from 1 million to 10 million to 20 million, or as the Rand Corp. considered, 70 million, you do not need much of a slide rule to understand what this is going to do to the Federal deficit, let alone health care policy.

So it is so interesting to me to hear out there many of our Members saying, "All we want is freedom. All we want is freedom." Sure it is all they want is freedom to put their hands into the till of the Federal Government and take out billions of dollars to subsidize what will be primarily a benefit for the richest individuals in this country; the richest individuals in this country. And we pointed that out over the course of the debate and the discussion. I heard

one of my colleagues talk about the fact that there were some Democrats that wanted this at another time. At another time, we were talking in the context of a comprehensive health care reform where we were going to have effective cost controls, an entirely different situation than we have today.

So those who are out on the floor with their big charts saying what is wrong with these words that were stated a few years ago, I daresay that is when we were talking about a comprehensive program with effective kinds of cost containment, which is not what we are dealing with today. Anyone should understand it. I question whether it would have been really justified even at that time. But, nonetheless, there were those that believed it ought to be given a try, and that was an issue within that context that I think was legitimate. But that is not what we are talking about.

Make no mistake about it. We are talking about underwriting the health care insurance for the wealthiest individuals at the expense of the average taxpayer. The Joint Tax Committee has pointed out, well, if you spend \$3 billion, how much of that would go to average working families? How much would they benefit from that? One percent of that \$3 billion would benefit average working families. Who gets the rest of the 99 percent? The ones that get the rest of the 99 percent are going to be in the highest income brackets. That is just one issue that ought to be debated and discussed.

There is a body of opinion in the Senate and in the House of Representatives that support this concept. Certainly we ought to have an opportunity to review it. We ought to examine it. We ought to have at least an opportunity to see whether the greatest fears about what it would mean in terms of cost and what it would mean in terms of skewing the whole insurance system and what it would mean in terms of preventive care are true—we ought to at least have an opportunity to test that.

The President of the United States has indicated that he would sign a bill, if there was a proposal that would really test this idea, in an area that provided a real test about medical theory and about the costs of this program over a reasonable period of time, which seems to me to be a reasonable position. Why we have to deal with this at this time is beyond me. But nonetheless, it is a matter which is at least before the House of Representatives.

Mr. President, I will include in my full comments the various opinions that have been made about the American actuaries, what they believe will be the impact in terms of the cost of health insurance, the analysis which has been made about who would use this, who would benefit and who would suffer under this program, what the impact would be on children who are so often the ones who are left out and left

behind, and the fact that medical savings accounts will effectively discourage all preventive care in terms of needy children in our society and what the Congressional Research Service said was going to be the health implications. These are important matters. I believe that the Senate, before it is going to jump into this program, ought to have very complete answers to it.

So I hope if we are going to have an opportunity—and certainly we should at some time—to get to the issue of medical savings account, the American people ought to understand that we have the opportunity in the House of Representatives and the Senate of the United States to do something meaningful for millions and millions and millions of American families today. We have a proposal that will make a difference to those families—more than 25 million of those families. It passed unanimously in the House and the Senate of the United States, with broad bipartisan support. Our urging is that we take that very important, modest but very, very important proposal and that we move it down to the President's desk and we get on with it. If there are other measures that ought to be debated, let us debate them but not on this bill.

Mr. President, if we follow that recommendation of the Senator from Kansas [Mrs. KASSEBAUM] and those of us who are members of the committee, we can do something truly worthy to be remembered in the area of health care reform.

Mr. President, medical savings accounts do not belong in the Kassebaum-Kennedy health insurance reform bill. They have already been rejected by the Senate. A bill containing them cannot be enacted into law and signed by the President. They are an untried idea with the potential to destroy the access to affordable, comprehensive coverage that tens of millions of Americans now enjoy.

Millions of Americans need insurance reform, so that they can be secure in the knowledge that their health care, coverage cannot be taken away because they become sick, because they change jobs, or because they lose their job. Their hopes should not be held hostage to this extremist, special interest proposal. But because the Republican leadership in the House and Senate is pursuing a rule or ruin approach to this legislation, their hopes may be dashed once again.

Medical savings accounts sound good in theory. Why not encourage businesses and individuals to buy less costly high-deductible health insurance policies and put the premium savings into a tax-free account that can be used to pay some routine medical costs? But in this case, what sounds like good medicine in theory is quack medicine in practice.

Medical savings accounts are an idea whose time should never come. Under conservative estimates by the Joint Tax Committee they are a \$3 billion

tax break for the wealthy and healthy. As the Center on Budget and Policy Priorities said, "MSAs create new tax shelter opportunities. Use of an MSA would be highly advantageous to substantial numbers of higher income taxpayers. Low and moderate-income taxpayers would receive little or no tax benefits from using MSAs because they either do not pay income taxes or pay taxes at much lower rates." The American Academy of Actuaries concluded that medical savings accounts are "Taxing money from the unhealthy and giving it to the healthy." The Joint Tax Committee estimated that only 1 percent of the tax benefits would go to people with incomes of less than \$30,000.

If more people enroll in these accounts than Joint Tax has estimated, as many analysts believe will happen, the cost could rise to the tens of billions. How ironic that those who are loudest in their clamor to reduce the deficit are willing to waste these vast sums on this destructive special interest boondoggle. If we have billions to spare, they should be spent on reducing the cost of coverage for hard-working American families or on deficit reduction—not on a perverse income transfer from the poor and sick to the healthy and rich.

Medical savings accounts raise premiums for the vast majority of Americans—especially those who are sick and need coverage the most—by siphoning the healthiest people out of the insurance pool. As premiums rise, more and more working families will be forced to drop coverage. In the words of the Congressional Budget Office, medical savings accounts "could threaten the existence of standard health insurance." Mary Nell Lenhardt, Senior Vice-President of Blue Cross and Blue Shield concluded, that MSAs destroy "the whole principle of insurance." A new report by the Urban Institute concludes that, even under conservative assumption, premiums for comprehensive coverage could rise by 40 percent. If a higher proportion of people shift to MSAs, the cost of comprehensive coverage could rise by more than 300 percent.

Moderate income people who choose medical savings accounts could be exposed to financial disaster if someone in the family becomes seriously ill. As the American Academy of Actuaries said, "individuals and families who experience significant medical expenses soon after the establishment of MSA programs will face high out-of-pocket costs. These high out-of-pocket costs will not be randomly distributed. They will be concentrated among older workers and their families and among those with disabilities and chronic illness." The last thing that the American people need—especially those who need health care the most—is another massive increase in the cost of medical care.

Because they encourage high deductible plans, medical savings accounts discourage preventive care. According

to the Congressional Research Service, high deductible plans that come with MSAs have meant that poor children are 40 percent less likely to get the care they need as compared to fully-insured children. This is the wrong direction for health policy.

Medical savings accounts are a giveaway to the insurance companies who have the worst record of profiting from the abuses of the current system. But the American people should not have to pay such a high price to reward them—even in return for \$1.5 million in campaign contributions over the last 5 years. It is no accident that a company like Golden Rule Insurance favors medical savings accounts. This is a company that is ranked near the bottom by consumer reports because of its inadequate coverage, frequent rate increases, and readiness to cancel policies. When Golden Rule withdrew from Vermont because they were unwilling to compete on the level playing field created by insurance reform, Blue Cross and Blue Shield took over their policies. They found that one in four policies included an exemption. Whole body parts, like arms, backs, breasts, and even skin were written out of coverage. Newborns were excluded unless they were born healthy.

The Republican medical savings account plan includes absolutely no guarantees that companies profiting from selling these policies will be prevented from abuses like this in the individual market. Moreover, although MSA's are billed as providing catastrophic protection, there is no requirement that they have reasonable life-time limits or not impose excessive co-payments when the deductible level is reached.

It is shocking that the very company that has provided the financial engine behind this right-wing proposal has refused to share any data about its plans with the American Academy of Actuaries or other impartial analysts. Golden Rule knows that medical savings accounts can't stand the light of day—and that's why they are trying to ram them through on a bill that the American people want.

Some Republicans are anxious to include MSA's in the insurance reform bill because MSA's are part of their long-run plan to dismantle Medicare and turn it over to private insurance companies. This is a foot in the door for that item on the right-wing agenda—and this, too, has no place in an insurance reform program.

No respectable health policy analyst supports medical savings accounts. Newspapers from the Washington Post to the New York Times to the Los Angeles Times to the Boston Globe have condemned them. The President has said that they could doom the bill's prospects for becoming law. They don't belong in this bill—and I urge my colleagues to reject them.

Finally, Mr. President, I would like to say a word about the charge that I

am blocking the appointment of conferees. The fact is that the list of proposed conferees the Republican leadership has offered is unprecedented in its unfairness. In the last three Congresses, there has been no conference that has been so stacked. The only reason for this unacceptable proposal is to try to ram medical savings accounts—a proposal the Senate has already rejected and which will kill the bill—into insurance reform.

Republicans leaders know that Americans want the reforms promised in this bill and have little interest in medical savings accounts. That is why Representative KASICH said, on March 24, "We will not let medical savings accounts destroy the ability to give people portability and eliminate pre-existing conditions." On March 29, Speaker GINGRICH said he would not let medical savings accounts stand in the way of a Presidential signature. But the American people should know that there is a vast gap between the words and the reality. In spite of repeated offers from the Democrats to sit down and discuss the issues in the bill, in spite of three separate Democratic proposals for a sensible compromise on medical savings accounts, Republican leaders have been unwilling to negotiate and unwilling to back off their insistence on this poison pill.

Whether the issue is tax fairness, preservation of comprehensive health insurance for the vast majority of Americans, or the special interests versus the general interests, medical savings accounts are bad medicine for our health care system. They are a poison pill that would kill health insurance reform. The Senate has already spoken. It is time to send a clean bill to President Clinton without further delay. The American people are waiting.

PROBLEMS WITH MEDICAL SAVINGS ACCOUNTS

1. LAVISH TAX BREAKS FOR THE RICH

The \$1.7 billion revenue loss will go almost exclusively to the highest income and healthiest Americans.

Joint Tax Committee Analysis concludes that less than 1% of those who will purchase MSAs under this amendment will make less than \$30,000 a year. Virtually no one will purchase these plans who makes less than \$20,000 a year.

The well-to-do will be able to use MSA as a second IRA, except that this IRA will have no income limits and will accrue disproportionately to the extremely wealthy. People choosing this option with large assets can use their own money to pay their medical bills and protect their tax deferred MSA savings.

Health care analysts are virtually unanimous in their opposition to MSAs.

The American Academy of Actuaries says that MSAs are, "Taking money from the unhealthy and giving it to the healthy."

The Center on Budget and Policy Priorities says, "MSAs create new tax shelter opportunities. Use of an MSA would be highly advantageous to substantial members of high income taxpayers."

2. HAND-OUT TO GOLDEN RULE INSURANCE COMPANY

To select MSAs, an individual is required to select a catastrophic insurance plan, and Golden Rule is one of the largest marketers

of catastrophic plans in the country. MSAs would simply allow Golden Rule to greatly enlarge their market.

The company has given \$1.6 million in political contributions to Republicans over the last 5 years.

They are near the bottom of insurance company rankings done by consumer groups, such as Consumers' Union, because they provide inadequate coverage, frequent rating increases, very aggressive underwriting, and readiness to contest claims and cancel policies.

3. UNRAVELS HEALTH INSURANCE AND INCREASES PREMIUMS FOR WORKING AMERICANS

Because healthy and wealthy individuals are most likely to purchase MSAs, those who remain behind in the traditional insurance plans will likely face higher premiums because the insurance pool has been weakened.

The premium increases could be high enough to force lower income working people to drop their coverage.

Insurance pool for ordinary Americans without MSAs will suffer both from healthy people pulling out to obtain MSAs and also from individuals with MSAs who become sick going back into the traditional insurance pools.

4. PART OF THE REPUBLICAN PLAN TO "WITHER AWAY" MEDICARE

This Golden Rule plan is the tool that Republicans want to use to have Medicare "wither on the vine." It is advocated by Speaker GINGRICH—who coined this phrase and by Leader DOLE, who proudly talks about his vote against the original enactment of the Medicare program.

Clearly, Medicare MSAs have an even greater potential to undermine the financial stability of the Medicare program to both beneficiaries and the taxpayers who support it by exposing the program to an option that rewards cherry-picking healthy beneficiaries—not competition over cost and quality. Medicare MSAs were included in the Republican reconciliation bill vetoed by President Clinton in December, 1995.

Today's amendment is just the first step back toward the Republicans and Golden Rule's ultimate goal of putting in MSAs into the Medicare program. They were rejected doing Medicare MSAs when the President vetoed their excessive Medicare cuts; now—through today's amendment—they are setting the stage for pushing Medicare MSAs as the next logical step.

5. DISCOURAGES PREVENTIVE CARE

MSAs may discourage cost-saving preventive care, such as annual check-ups, immunizations and other wellness efforts. The high deductible coverage associated with MSAs may lead to delayed care and under-utilization of routine and preventive health care services.

MSAs divert participation from managed care. Capitated plans and other managed care arrangements hold the promise of coordinated, quality-tested care and cost efficiency not provided through MSAs.

MSAs will not promote cost containment in the long-run. By allowing people to have MSAs when they are healthy but switch to more traditional coverage when they become ill, the MSAs simply become a vehicle for sheltering income, not a means of promoting more cost-conscious consumers.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair.

Mr. President, yesterday the trustees of the Medicare and Social Security trust funds released their long-awaited

annual report, and that report confirms our worst fears that the Medicare Hospital Insurance trust fund—which pays for the hospital bills of our Nation's elderly—will be bankrupt in nearly 4 years, in the year 2001. This is a year earlier than the trustees predicted in their last report.

The report, which by law, Mr. President, was due April 1 but only received yesterday, 10 weeks late, indicates that the Medicare trust fund ran a deficit of \$2.6 billion in 1995 and that the deficit will nearly quadruple to \$9.2 billion this year. By the year 2001, the fund will have a deficit of \$56 billion, and, having exhausted all accrued interest, it will be bankrupt.

That is what we are looking at. The Trustees report provides a striking reminder that this crisis which the Medicare system faces did not disappear with the President's veto of the Balanced Budget Act of 1995—the one honest attempt to make structural reforms to the Medicare Program. To the contrary, this report shows us that Medicare is going broke at even a faster rate than previously predicted.

What are we doing about it? Last year, Congress passed a 7-year balanced budget plan—the first in a generation—that included Medicare reforms that would have extended the life of the hospital insurance trust fund for a decade and also addressed long-term structural reforms to help preserve the program for the critical time when the baby boomers begin to retire. This proposal was vetoed by the President.

The plan passed by Congress allowed Medicare to grow at a rate of over 6 percent a year—not cut, Mr. President, but grow at a rate of over 6 percent a year—with the spending per beneficiary growing from \$5,300 to \$7,000 by the year 2002.

It has been characterized by some on the other side that these are draconian cuts. Is a 6-percent increase a draconian cut? Is an increase in payments for beneficiaries from \$5,300 to \$7,000 by the year 2002 a cut? It certainly is not, Mr. President.

The Medicare reforms passed by Congress last year made changes to the system that reflect the way health is practiced in the 1990's, offering for the first time real health care choice to seniors. What is wrong with choice? We proposed insurance options that would allow doctors and hospitals to integrate and provide affordable coordinated care to seniors. We proposed medical savings accounts as an option—an option, not a mandate—for Medicare beneficiaries giving individuals the ability to manage their own health care dollars, choose any doctor they want, and shop around for the best quality care at the best price.

Congress acted. The President chose to abdicate. We responded to the urgency to save the program. The President chose to veto our proposals, thus ensuring that the crisis in Medicare is simply going to continue. Understanding the political risks involved in engaging in a debate over Medicare, I

think we acted responsibly. I think we negotiated in good faith. I would hate to think that this was all just an exercise in futility.

Yet, we have seen more of the same from this administration this year. The President's budget includes Medicare gimmicks, not Medicare reforms. As we all know, the Medicare problem is not just a crisis of the much talked about pending insolvency of the Medicare Hospital Insurance—HI—trust fund, it is a fiscal crisis affecting all areas of the Medicare program, with Federal spending increasing by 12 percent in 1995 and projected to grow 8.6 and 10 percent from now until the year 2005.

The administration attempts to be deceptive by proposing to move spending obligations for home health care from part A, where outlays are limited by incoming receipts from the Medicaid HI tax, to part B, where 72 percent of the funds come from general revenues and where, theoretically, there are no limits on growth in spending or solvency problems. I think it is deceiving to make this accounting move and mask it as reforms that "save" the Medicare Program.

This gimmick does add life to the part A trust fund ensuring solvency to the year 2005 as opposed to 2001, but it is simply that, Mr. President. It is a gimmick. It does nothing to address the true problem of the Medicare system which is basically the absence of market influences and a lack of alternatives to the current one-size-fits-all program. Seniors need and deserve the same choices in health care plans available to the rest of us. Why should they not have it?

Mr. President, we are going to attempt again to put forth real Medicare reforms this year. It is my hope the President will stop proposing gimmicks, stop scaring the seniors, and start dealing honestly with true Medicare reforms that everybody can understand. At the end of the day, we are not all that far apart. I believe we share the same goals of saving the Medicare Program for future generations. So let us get on with it in real, honest reforms.

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. KENNEDY. 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 MEDICARE TRUSTEE'S REPORT AND THE REPUBLICAN BUDGET

Mr. KENNEDY. Mr. President, today is D-day, the anniversary of the Normandy invasion, a climactic moment in the long struggle to liberate Europe in World War II. How ironic it is that on this anniversary, Republicans are

reviving their failed campaign to deny Medicare benefits to the same senior citizens who fought so bravely for our country in that war.

One of the most unsavory tactics in the Republican attack on Medicare last year was their disinformation campaign to use the 1995 Medicare trustee's report to justify their cuts. Their scare tactics were unsuccessful. Their crocodile tears for Medicare were unconvincing.

The \$89 billion—the amount which the Trustees said was needed to restore solvency—could not possibly justify the \$270 billion in Medicare cuts or the higher premiums and higher deductibles proposed by the Republicans. Far from preserving and protecting, and strengthening Medicare, the Republican plan was designed to damage and destroy it by forcing senior citizens to give up their family doctors and join HMO's and other private insurance plans. President Clinton saved Medicare by vetoing the Republican plan—and he was right to do so.

This year, the Republicans are returning to the scene of their crime. They are trotting out the same old sales campaign that didn't sell in 1996. They are trying to use this year's trustee's report to peddle a retread of the irresponsible proposals the American people resoundingly rejected last year.

There is nothing really new in this year's report. There has been a modest change in projections of outlay and income—projections that always fluctuate from year to year. Under this year's projections, Medicare solvency extends to 2001 rather than 2002. That leaves us 5 years to make necessary corrections instead of 6 years—corrections that the President has already proposed and that could be adopted tomorrow if the Republicans were not determined to use Medicare as a piggy bank for new tax breaks for the wealthy.

They are not prepared to say: All right, these are the adjustments in the Medicare system that are necessary to carry the Medicare solvency for the next 10 years. We are not going to do that. We are not going to agree to it because we want to be able to squeeze Medicare even more, to justify our tax breaks which have been estimated by Mr. KASICH in the House at over \$178 billion. Let us just understand that, I say to our senior citizens.

Mr. President, the \$178 billion they want for tax breaks for wealthy individuals and corporations, where are they getting it? By squeezing the Medicare system. It is wrong. And the seniors understood that it was wrong last year and it is wrong this year as well.

Just as there is nothing really new in this year's trustee's report, there is nothing really new in this year's Republican retread. As they did last year, Republicans try to justify their deep Medicare cuts by claiming they are needed to preserve Medicare against the insolvency of the hospital insurance trust fund.

The hypocrisy of this claim is so transparent that no senior citizen should take it seriously. Last year, a few weeks before they proposed their massive Medicare cuts, House Republicans passed a tax bill that took almost \$90 billion in revenues out of the Medicare hospital insurance trust fund over the next 10 years—and brought it that much closer to insolvency.

Understand, Republicans took \$90 billion out of that last year for the purposes of their tax breaks. We did not hear a word then about the impending bankruptcy in Medicare. The President's economic recovery plan in 1993 extended the solvency of the trust fund for 3 years. It passed without a single Republican vote.

When we had the opportunity to provide for additional kinds of solvency, we were unable to get a single Republican vote. We did not hear a word from the Republicans then about the impending bankruptcy of Medicare.

Like last year, the Republican plan proposes deep cuts in Medicare to fund new, undeserved tax breaks for the wealthy. Like last year, the Republican plan is designed to cause Medicare to "wither on the vine" in the words of Speaker GINGRICH—by forcing senior citizens to give up their family doctor and join private insurance plans. Majority Leader DOLE has said that enacting Medicare was a mistake from the beginning—and he is trying to use this budget to correct that mistake.

Last year, Republicans tried to justify their excessive Medicare cuts with a large array of misguided arguments. This year they are repeating the same arguments, as if repetition can somehow substitute for reality. The American people were not fooled last year—and they certainly will not be fooled this year.

When Republicans took up the issue last year, they proposed to cut Medicare by \$270 billion—three times more than the amount the Medicare trustees said was needed to stabilize the trust fund. This year, Republicans are proposing to cut \$167 billion from Medicare. By contrast, the President's plan cuts Medicare by \$116 billion—44 percent less, but it guarantees Medicare solvency for 10 years. And it funds Medicare at the level necessary to assure that quality care will be available for senior citizens when they need it.

Even worse, Republicans support an inflexible ceiling on Medicare spending. Consequently, if inflation is higher or medical needs are greater than anticipated, Medicare spending will not go up, and many senior citizens will be out of luck and out of care.

An estimated 20 percent of all Medicare hospitalization can be avoided by relying on better preventive services and more timely primary and outpatient care.

So, if we have interventions earlier, if we have better home care, if we have the investment in our seniors to avoid the more costly expenses when they