to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MCCAIN (for himself, Mrs. KASSEBAUM, Mr. MURKOWSKI, Mr. STEVENS and Mr. SIMON):

S. 1869. A bill to make certain technical corrections in the Indian Health Care Improvement Act, and for other purposes; to the Committee on Indian Affairs.

THE INDIAN HEALTH CARE IMPROVEMENT TECHNICAL CORRECTIONS ACT OF 1996

Mr. MCCAIN. Mr. President, I rise today on behalf of myself and Senators KASSEBAUM, MURKOWSKI, STEVENS, and SIMON to introduce legislation to make various technical amendments to the Indian Health Care Improvement Act.

The bill we are introducing today will simply make technical changes to certain provisions of the act and extend the authorization for several Indian health care demonstration programs.

Mr. President, the Congress passed the Indian Health Care Improvement Act in 1976 to raise the level of health care provided to American Indians and Alaska Native communities. While the health status of Indian people has generally improved since its enactment, it still lags far behind any other segment of our population. Health crises in every possible problem area continue to afflict many reservation communities at alarming rates. The mortality rate for diabetes exceeds the national average by 139 percent. American Indians are four times more likely to die from alcoholism than other Americans. The incidence rates for fetal alcohol syndrome among native Americans is six times the national average.

The Indian Health Care Improvement Act was enacted to meet the fundamental trust obligation of the United States to ensure that comprehensive health care would be provided to American Indians and Alaska Natives as it is provided to all other Americans. The act was amended in 1992 to extend most of the authorized programs through the year 2000, at which time the Indian Health Service is required to report to Congress on the progress of meeting the health objectives outlined in the act. Until such time, we are seeking to make minor changes to certain provisions of the act to allow maximum flexibility in the delivery of health services to American Indians and Alaska Natives and to ensure that several important tribal programs can continue through the year 2000.

First, the bill amends section 4(n), the Indian health scholarship and loan repayment fund, by modifying the definition of the term ''Health Profession.'' This modification will provide greater flexibility to the IHS to determine eligibility for financial assistance to Indians enrolled in health degree programs. Second, the bill amends section 104(b), the Indian health professions scholarship, to maximize opportunities for scholarship recipients to meet their service obligations to the IHS. It also authorizes the Secretary to waive or suspend a service or payment obligation upon death, extreme hardship conditions or bankruptcy. Next, the bill amends section 206 regarding reimbursement from certain third parties of costs of health services to clarify the provisions for individuals in collection actions for services provided by IHS or tribal health facilities. These provisions were previously adopted by the Senate on October 31, 1995 as part of S. 325, the Native American Technical Corrections Act. However, the House has not yet acted upon S. 325 because the bill contained provisions resulting in joint referrals to a number of House committees. The bill I am introducing today has been drafted to permit referral to just one House Committee.

The bill also amends section 405 to continue the Medicare/Medicaid Demonstration Program for direct billing of Medicaid, Medicare and other third party payers. The demonstration program authorizes up to four tribally-operated IHS hospitals or clinics to participate directly in the billing and receipt of Medicare/Medicaid payments rather than through the current system of channeling payments through the IHS. The four participating tribes including Mississippi Choctaw Health Center, Bristol Bay Area Health Corporation, Choctaw Tribe of Oklahoma and South East Alaska Regional Health Consortium, unanimously report successful results and satisfaction with the program. Collections for some of these tribes have since doubled due to the implementation of the program. I have also received a strong interest from other Indian tribes in expanding this program so that other eligible tribal operators may participate in this direct billing process.

The Medicare/Medicaid Demonstration Program is set to expire on September 30, 1996 at which time the Secretary of the Department of Health and Human Services will evaluate the program and provide a recommendation on whether the program should be made a permanent program. However, without this proposed extension, the four tribal participants will be forced to shut down their direct billing/collection departments and return to the old system of IHS-managed collections.

Given the highly favorable reports of the participating tribal programs, we are proposing to continue the program through the year 2000 and expand the number of eligible tribal facilities from four to twelve. The Congress will evaluate the future of the program when the Secretary has submitted the final report on the project.

Finally, the act extends the authorization for several innovative health care demonstration projects that were established as model programs to be replicated on other Indian reservations. Several of these demonstration projects, including the California Contract Health Services Demonstration Program, the Gallup Alcohol and Substance Abuse Demonstration Program, the Substance Abuse Counselor Education Demonstration Program and the Home and Community Based Care Demonstration Program, are due to sunset in this fiscal year.

While the programs expire in fiscal year 1997, the Secretary is not required to provide a report on these programs until 1999. I believe that these programs should be reauthorized through the year 2000 in order to continue the important health care services provided by these programs and to achieve consistency with other portions of the act. The bill will simply extend the authorization for these programs through the year 2000 until such time that the Secretary prepares his report on the entire Indian Health Care Improvement Act.

Mr. President, this legislation is necessary to ensure the continuation of these important health care programs for Indian people. It is my hope that we can move this bill quickly and favorably. I urge my colleagues to support the immediate passage of this legislation.

I ask unanimous consent that the full text of this bill and the section-by-section summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1869

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the ''Indian Health Care Improvement Technical Corrections Act of 1996''.

(b) REFERENCES.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of the Indian Health Care Improvement Act.

SEC. 2. TECHNICAL CORRECTIONS IN THE INDIAN HEALTH CARE IMPROVEMENT ACT.

(a) DEFINITION OF HEALTH PROFESSION.—Section 4(n) (25 U.S.C. 1603(n)) is amended—

(1) by inserting ''allopathic medicine,'' before ''family medicine''; and

(2) by striking ''and allied health professions'' and inserting ''an allied health profession, or any other health profession''.

(b) INDIAN HEALTH PROFESSIONS SCHOLARSHIPS.—Section 104(b) of the Indian Health Care Improvement Act (25 U.S.C. 1613a(b)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking the matter preceding clause (i) and inserting the following:

''(3)(A) The active duty service obligation under a written contract with the Secretary under section 338A of the Public Health Service Act (42 U.S.C. 254l) that an individual has entered into under that section shall, if that individual is a recipient of an Indian Health Scholarship, be met in full-time practice, by service—'';

(ii) by striking ''or'' at the end of clause (iii);

(iii) by striking the period at the end of clause (iv) and inserting ''; or''; and

(iv) by adding at the end the following new clause:

''(v) in an academic setting (including a program that receives funding under section 102, 112, or 114, or any other academic setting that the Secretary, acting through the Service, determines to be appropriate for the purposes of this clause) in which the major duties and responsibilities of the recipient are the recruitment and training of Indian health professionals in the discipline of that recipient in a manner consistent with the purpose of this title, as specified in section 101.'';

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(C) by inserting after subparagraph (A) the following new subparagraph:

''(B) At the request of any individual who has entered into a contract referred to in subparagraph (A) and who receives a degree in medicine (including osteopathic or allopathic medicine), dentistry, optometry, podiatry, or pharmacy, the Secretary shall defer the active duty service obligation of that individual under that contract, in order that such individual may complete any internship, residency, or other advanced clinical training that is required for the practice of that health profession, for an appropriate period (in years, as determined by the Secretary), subject to the following conditions:

''(i) No period of internship, residency, or other advanced clinical training shall be counted as satisfying any period of obligated service that is required under this section.

''(ii) The active duty service obligation of that individual shall commence not later than 90 days after the completion of that advanced clinical training (or by a date specified by the Secretary).

''(iii) The active duty service obligation will be served in the health profession of that individual, in a manner consistent with clauses (i) through (v) of subparagraph (A).'';

(D) in subparagraph (C), as so redesignated, by striking ''prescribed under section 338C of the Public Health Service Act (42 U.S.C. 254m) by service in a program specified in subparagraph (A)'' and inserting ''described in subparagraph (A) by service in a program specified in that subparagraph''; and

(E) in subparagraph (D), as so redesignated—

(i) by striking ''Subject to subparagraph (B),'' and inserting ''Subject to subparagraph (C),''; and

(ii) by striking ''prescribed under section 338C of the Public Health Service Act (42 U.S.C. 254m)'' and inserting ''described in subparagraph (A)'';

(2) in paragraph (4)—

(A) in subparagraph (B), by striking the matter preceding clause (i) and inserting the following:

''(B) the period of obligated service described in paragraph (3)(A) shall be equal to the greater of—''; and

(B) in subparagraph (C), by striking ''(42 U.S.C. 254m(g)(1)(B))'' and inserting ''(42 U.S.C. 254l(g)(1)(B))'';

(3) in paragraph (5), by adding at the end the following new subparagraphs:

''(C) Upon the death of an individual who receives an Indian Health Scholarship, any obligation of that individual for service or payment that relates to that scholarship shall be canceled.

''(D) The Secretary shall provide for the partial or total waiver or suspension of any obligation of service or payment of a recipient of an Indian Health Scholarship if the Secretary determines that—

''(i) it is not possible for the recipient to meet that obligation or make that payment;

''(ii) requiring that recipient to meet that obligation or make that payment would result in extreme hardship to the recipient; or

''(iii) the enforcement of the requirement to meet the obligation or make the payment would be unconscionable.

''(E) Notwithstanding any other provision of law, in any case of extreme hardship or for other good cause shown, the Secretary may waive, in whole or in part, the right of the United States to recover funds made available under this section.

''(F) Notwithstanding any other provision of law, with respect to a recipient of an Indian Health Scholarship, no obligation for payment may be released by a discharge in bankruptcy under title 11, United States Code, unless that discharge is granted after the expiration of the 5-year period beginning on the initial date on which that payment is due, and only if the bankruptcy court finds that the nondischarge of the obligation would be unconscionable.''.

(c) REIMBURSEMENT FROM CERTAIN THIRD PARTIES OF COSTS OF HEALTH SERVICES.—Section 206 (16 U.S.C. 1621e) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking ''Except as provided'' and inserting ''(a) RIGHT OF RECOVERY.—Except as provided'';

(ii) by striking ''the reasonable expenses incurred'' and inserting ''the reasonable charges billed'';

(iii) by striking ''in providing'' and inserting ''for providing''; and

(iv) by striking ''for such expenses'' and inserting ''for such charges''; and

(B) in paragraph (2), by striking ''such expenses'' each place it appears and inserting ''such charges'';

(2) in subsection (b), by striking ''(b) Subsection (a)'' and inserting ''(b) RECOVERY AGAINST STATE WITH WORKERS' COMPENSATION LAWS OR NO-FAULT AUTOMOBILE ACCIDENT INSURANCE PROGRAM.—Subsection (a)'';

(3) in subsection (c), by striking ''(c) No law'' and inserting ''(c) PROHIBITION OF STATE LAW OR CONTRACT PROVISION IMPEDIMENT TO RIGHT OF RECOVERY.—No law'';

(4) in subsection (d), by striking ''(d) No action'' and inserting ''(d) RIGHT TO DAMAGES.—No action'';

(5) in subsection (e)—

(A) in the matter preceding paragraph (1), by striking ''(e) The United States'' and inserting ''(e) INTERVENTION OR SEPARATE CIVIL ACTION.—The United States''; and

(B) by striking paragraph (2) and inserting the following new paragraph:

''(2) while making all reasonable efforts to provide notice of the action to the individual to whom health services are provided prior to the filing of the action, instituting a civil action.'';

(6) in subsection (f), by striking ''(f) The United States'' and inserting ''(f) SERVICES COVERED UNDER A SELF-INSURANCE PLAN.—The United States''; and

(7) by adding at the end the following new subsections:

''(g) COSTS OF ACTION.—In any action brought to enforce this section, the court shall award any prevailing plaintiff costs, including attorneys' fees that were reasonably incurred in that action.

''(h) RIGHT OF RECOVERY FOR FAILURE TO PROVIDE REASONABLE ASSURANCES.—The United States, an Indian tribe, or a tribal organization shall have the right to recover damages against any fiduciary of an insurance company or employee benefit plan that is a provider referred to in subsection (a) who—

''(1) fails to provide reasonable assurances that such insurance company or employee benefit plan has funds that are sufficient to pay all benefits owed by that insurance company or employee benefit plan in its capacity as such a provider; or

''(2) otherwise hinders or prevents recovery under subsection (a), including hindering the pursuit of any claim for a remedy that may be asserted by a beneficiary or participant covered under subsection (a) under any other applicable Federal or State law.''.

(d) CALIFORNIA CONTRACT HEALTH SERVICES DEMONSTRATION PROGRAM.—Section 211(g) (25 U.S.C. 1621j(g)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1996 through 2000''.

(e) MEDICARE AND MEDICAID DEMONSTRATION PROGRAM.—Section 405(c) (42 U.S.C. 1395qq note) is amended—

(1) in paragraph (1)(D), by striking ''prior to October 1, 1990'' and inserting ''on or before the date which is 1 year after the date of submission of the plan''; and

(2) in paragraph (2)—

(A) by striking '', prior to October 1, 1989, select no more than 4'' and inserting ''select no more than 12''; and

(B) by striking ''September 30, 1996'' and inserting ''September 30, 2000''.

(f) GALLUP ALCOHOL AND SUBSTANCE ABUSE TREATMENT CENTER.—Section 706(d) (25 U.S.C. 1665e(d)) is amended to read as follows:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, for each of fiscal years 1996 through 2000, such sums as may be necessary to carry out subsection (b).''.

(g) SUBSTANCE ABUSE COUNSELOR EDUCATION DEMONSTRATION PROGRAM.—Section 711(h) (25 U.S.C. 1665j(h)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1996 through 2000''.

(h) HOME AND COMMUNITY-BASED CARE DEMONSTRATION PROGRAM.—Section 821(i) (25 U.S.C. 1680k(i)) is amended by striking ''1993, 1994, 1995, 1996, and 1997''and inserting ''1996 through 2000''.

SECTION-BY-SECTION SUMMARY—INDIAN HEALTH CARE IMPROVEMENT TECHNICAL CORRECTIONS ACT OF 1996

Section 1(a) sets forth the short title of the Act.

Section 1(b) provides that wherever a section or other provision is amended or repealed in this Act, such amendment shall be considered made to the referenced section or provision of the Indian Health Care Improvement Act (25 U.S.C. 1601 et. seq.).

Section 2(a) amends Section 4(n) of the Indian Health Care Improvement Act to modify the definition of ''Health Profession'' to specify that ''allopathic medicine'' shall be added as an eligible degree program for individuals to qualify for scholarships and loan repayment programs. This section also modifies the definition by striking the current language of ''and allied health professions'' and inserting ''an allied health profession, or any other health profession'' to allow the IHS additional flexibility to determine eligibility for scholarships and loan repayments for individuals enrolled in health professions not specified under this section.

Section 2(b) amends Section 104(b) of the Indian Health Care Improvement Act to add a new provision that clarifies that an individual serving in an academic setting that is funded under sections 102, 112, or 114 of the Act who is responsible for the recruitment and training of Indian Health Professionals shall be considered to be meeting their service obligations under section 338A of the Public Health Service Act. This provision will allow an individual to meet their service obligation to the IHS by working at a university or other academic setting which is responsible for recruiting and training American Indians in the health professions. This

is also intended to clarify that the Secretary may defer an individual's service obligation during the term of an internship, residency or other advanced clinical program. Section 104(b) is further amended by adding new subsections to address unique circumstances under which the Secretary to authorized to waive or suspend service or payment obligations due to death or the Secretary's determination that it would cause extreme hardship or to enforce such a requirement would be unconscionable. An additional subsection is added to clarify the terms under which an individual's payment obligation may be discharged in a bankruptcy proceeding.

Section 2(c) amends Section 206 of the Indian Health Care Improvement Act to clarify the notice provisions for individuals in collection actions for services provided by IHS or tribal health facilities and recoverable costs in such a collection action and the right of the United States and Indian tribes to recover against an insurance company or employee benefit plan.

Section 2(d) amends Section 211(g) of the Indian Health Care Improvement Act to extend the authorization for the California Contract Health Services Demonstration Program until the year 2000.

Section 2(e) amends Section 405(c) of the Indian Health Care Improvement Act to provide that applicants for the Medicare and Medicaid Demonstration Program must be accredited by the Joint Commission on Accreditation of Hospitals within one year of submission of an application. Section 405(c) is amended to increase the number of eligible tribal health facilities from four to twelve. The authorization for the Medicare and Medicaid Demonstration Program is extended until the year 2000.

Section 2(f) amends Section 706(d) of the Indian Health Care Improvement Act to strike out 706(d) in its entirety and add a new subsection that will extend the authorization for the Gallup Alcohol and Substance Abuse Treatment Center until the year 2000.

Section 2(g) amends Section 711(h) of the Indian Health Care Improvement Act to extend the authorization for the Substance Abuse Counselor Education Demonstration Program until the year 2000.

Section 2(h) amends Section 821(I) of the Indian Health Care Improvement Act to extend the authorization for the Home and Community-Based Care Demonstration Program until the year 2000.

By Mr. MOYNIHAN:

S. 1870. A bill to establish a medical education trust fund, and for other purposes; to the Committee on Finance.

THE MEDICAL EDUCATION TRUST FUND ACT OF 1996

Mr. MOYNIHAN. Mr. President, I rise to introduce legislation that would establish a Medical Education Trust Fund to support America's 124 medical schools and 1,250 teaching hospitals. These institutions are national treasures; they are the very best in the world. Yet today they find themselves in a precarious financial situation as market forces reshape the health care delivery system in the United States. Explicit and dedicated funding for these institutions, which this legislation will provide, will ensure that the United States continues to lead the world in the quality of its health care system.

This legislation requires that the public sector, through the Medicare and Medicaid programs, and the private sector, through an assessment on health insurance premiums, will contribute broad-based and fair financial support. Over the 5-year period, 1997 to 2001, the Medical Education Trust Fund established under this legislation would provide average annual payments of about $17 billion, roughly doubling the funding that we currently provide for medical education.

BRIEF HISTORY

My particular interest in this subject began in 1994, when the Finance Committee took up the President's Health Security Act. I was Chairman of the Committee at the time. In January of that year, I asked Paul Marks, M.D., President of Memorial Sloan-Kettering Cancer Center in New York City, if he would arrange a ''seminar'' for me on health care issues. He agreed, and gathered a number of medical school deans together one morning in New York.

Early on in the meeting, one of the seminarians remarked that the University of Minnesota might have to close its medical school. In an instant I realized I had heard something new. Minnesota is a place where they open medical schools, not close them. How, then, could this be? The answer was that Minnesota, being Minnesota, was a leading state in the growth of Health Maintenance Organizations, and HMO's do not send patients to teaching hospitals, absent which you cannot have a medical school.

We are in the midst of a great age of discovery in medical science. It is certainly not a time to close medical schools. This great era of medical discovery is occurring right here in the United States, not in Europe like past ages of scientific discovery. And it is centered in New York City. This heroic age of medical science started in the late 1930's. Before then, the average patient was probably as well off, perhaps better, out of a hospital as in one. Progress from that point 60 years ago has been remarkable. The last few decades have brought us images of the inside of the human body based on the magnetic resonance of bodily tissues; laser surgery; micro surgery for reattaching limbs; and organ transplantation, among other wonders. I can hardly imagine what might be next. Physicians are now working on a gene therapy that might eventually replace bypass surgery.

After months of hearings and debate on the President's Health Security Act, I became convinced that special provisions would have to be made for medical schools, teaching hospitals, and medical research if we were not to see this great moment in medical science suddenly constrained. To that end, when the Committee on Finance voted 12 to 8 on July 2, 1994, to report the Health Security Act, it included a graduate medical education and academic health centers trust fund. The trust fund provided an 80-percent increase in Federal funding for academic medicine; as importantly, it represented stable, long-term funding. While nothing came of the effort to enact universal health care coverage, the medical education trust fund enjoyed widespread support. An amendment by then-Senator Malcolm Wallop of Wyoming to kill the trust fund by striking the source of its revenue—a 1.75-percent assessment on health insurance premiums—failed on a 7 to 13 vote in the Finance Committee.

I continued to press the issue in the first session of the 104th Congress. On September 29, 1995, during Finance Committee consideration of the budget reconciliation legislation, I offered an amendment to establish a similar trust fund. With a new majority in control and the committee in the midst of considering a highly partisan budget reconciliation bill, my amendment failed on a tie vote, 10 to 10. Notably, however, the House version of the reconciliation bill did include a graduate medical education trust fund. That provision ultimately passed both Houses as part of the conference agreement, which was subsequently vetoed by President Clinton.

The conference agreement on the budget resolution, being considered by the Senate and House this week, also apparently assumes that this year's Medicare reconciliation bill will include a similar trust fund.

That is the history of this effort, briefly stated.

NEED FOR LEGISLATION

Medical education is one of America's most precious public resources. It should be explicitly financed with contributions from all sectors of the health care system, not just the Medicare Program as is the case today. The fiscal pressures of a competitive health care market are increasingly closing off traditional implicit revenue sources—such as additional payments from private payers—that have in the past supported medical schools, graduate medical education, and research. This legislation provides alternative funding to prevent the deterioration of these institutions and the invaluable services they provide.

Events in Rochester, NY, a community with a long and proud tradition of quality, cost-effective health care, provide a good example of how market forces are reshaping the health care delivery system. Last year, the only option available to retirees of Kodak at no additional cost was a managed care plan. Unfortunately, that managed care plan excluded Strong Memorial, Rochester's prestigious teaching hospital. Strong Memorial was established in 1920 with the help of George Eastman and was named for Henry Strong, a financier of Eastman. Yet ironically, 75 years later, Eastman Kodak's retirees could not get care at Strong Memorial Hospital.

After much protest, the managed care plan brought Strong Memorial into its provider network, but only after Kodak agreed to make separate payments for 1 year to support the costs of graduate medical education at

Strong. The Rochester community worked out a solution, however temporary, to the problems faced by its primary teaching hospital, but we cannot, and should not, rely on the Kodaks of the world to finance medical education. We must adopt a comprehensive Federal strategy.

Other teaching hospitals are facing similar difficulties. In its June 1995 ''Report to Congress,'' the Prospective Payment Assessment Commission [ProPAC], the Commission which advises Congress on Medicare hospital insurance part A payment, summarized the situation of teaching hospitals as follows:

As competition in the health care system intensifies, the additional costs borne by teaching hospitals will place them at a disadvantage relative to other facilities. The role, scale, function, and number of these institutions increasingly will be challenged. . .. Accelerating price competition in the private sector . . . is reducing the ability of teaching hospitals to obtain the higher patient care rates from other payers that traditionally have contributed to financing the costs associated with graduate medical education.

ProPAC's June 1996 ''Report to Congress,'' issued just last week, confirmed that ''major teaching hospitals have the dual problems of higher overall losses from uncompensated care and less above cost revenue from private insurers.''

It is obvious that teaching hospitals can no longer rely on higher payments from private payers to cover the costs of their teaching programs. Nor should they. The establishment of this trust fund, which reimburses teaching hospitals for the costs of graduate medical education, will ensure that teaching hospitals can pursue their vitally important patient care, training, and research missions in the face of an increasingly competitive health system.

Medical schools also face an uncertain future. There are many policy issues that need to be examined regarding the role of medical schools in our health system, but two threats faced by medical schools now require immediate attention. This legislation addresses both. First, many medical schools are immediately threatened by the dire financial condition of their affiliated teaching hospitals. Medical schools rely on teaching hospitals to provide a place for their faculty to practice and perform research, a place to send third- and fourth-year medical school students for training, and for some direct revenues. By improving the financial condition of teaching hospitals, this legislation significantly improves the outlook for medical schools.

The second immediate threat faced by medical schools stems from their reliance on a portion of the clinical practice revenue generated by their faculties to support their operations. As competition within the health system intensifies and managed care proliferates, these revenues are shrinking. This legislation provides payments to medical schools from the trust fund that are designed to partially offset this loss of revenue.

None of the foregoing is meant to suggest that the new competitive forces reshaping health care have brought only negative results. To the contrary, the onset of competition has had many beneficial effects, the dramatic curtailing of growth in health insurance premiums being the most obvious. But as Msgr. Charles J. Fahey of Fordham University warned in testimony before the Finance Committee in 1994, we must be wary of the ''commodification of health care,'' by which he meant that health care is not just another commodity. We can rely on competition to hold down costs in much of the health system, but we must not allow it to bring a premature end to this great age of medical discovery, an age made possible by this country's exceptionally well-trained health professionals and superior medical schools and teaching hospitals. This legislation complements a competitive health market by providing tax-supported funding for the public services provided by teaching hospitals and medical schools.

DESCRIPTION OF LEGISLATION

The medical education trust fund established in the legislation I have just introduced would receive funding from three sources broadly representing the entire health care system: A 1.5-percent tax on health insurance premiums, the private sector's contribution; Medicare, and Medicaid, the latter two sources comprising the public sector's contribution. The relative contribution from each of these sources will be in rough proportion to the medical education costs attributable to their respective covered populations.

Over the 5-year period 1997 to 2001, the medical education trust fund will provide average annual payments of about $17 billion. The tax on health insurance premiums, including self-insured health plans, raises approximately $4 billion per year for the trust fund. Federal health programs contribute about $13 billion per year to the trust fund: $9 billion in transfers of Medicare graduate medical education payments and $4 billion in Federal Medicaid spending.

This legislation is only a first step. It establishes the principle that, as a public good, medical education should be supported by dedicated, long-term Federal funding. To ensure that the United States continues to lead the world in the quality of its medical education and its health system as a whole, the legislation would also create a medical education advisory commission to conduct a thorough study and make recommendations, including the potential use of demonstration projects, regarding the following: alternative and additional sources of medical education financing; alternative methodologies for financing medical education; policies designed to maintain superior research and educational capacities in an increasingly competitive health system; the appropriate role of medical schools in graduate medical education; and policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals.

Mr. President, the services provided by this Nation's teaching hospitals and medical schools—groundbreaking research, highly skilled medical care, and the training of tomorrow's physicians—are vitally important and must be protected in this time of intense economic competition in the health system. I therefore urge Senators to support the Medical Education Trust Fund Act of 1996.

I ask unanimous consent that a summary and a copy of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1870

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medical Education Trust Fund Act of 1996''.

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Medical Education Trust Fund.
Sec. 3. Amendments to medicare program.
Sec. 4. Amendments to medicaid program.
Sec. 5. Assessments on insured and self-insured health plans.
Sec. 6. Medical Education Advisory Commission.
Sec. 7. Demonstration projects.

SEC. 2. MEDICAL EDUCATION TRUST FUND.

The Social Security Act (42 U.S.C. 300 et seq.) is amended by adding after title XX the following new title:

''TITLE XXI—MEDICAL EDUCATION TRUST FUND

''TABLE OF CONTENTS OF TITLE

''Sec. 2101. Establishment of Trust Fund.
''Sec. 2102. Payments to medical schools.
''Sec. 2103. Payments to teaching hospitals.

''SEC. 2101. ESTABLISHMENT OF TRUST FUND.

''(a) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the Medical Education Trust Fund (in this title referred to as the 'Trust Fund'), consisting of the following accounts:

''(1) The Medical School Account.

''(2) The Medicare Teaching Hospital Indirect Account.

''(3) The Medicare Teaching Hospital Direct Account.

''(4) The Non-Medicare Teaching Hospital Indirect Account.

''(5) The Non-Medicare Teaching Hospital Direct Account.

Each such account shall consist of such amounts as are allocated and transferred to such account under this section, sections 1876(a)(7), 1886(j) and 1931, and section 4503 of the Internal Revenue Code of 1986. Amounts in the accounts of the Trust Fund shall remain available until expended.

''(b) EXPENDITURES FROM TRUST FUND.—Amounts in the accounts of the Trust Fund are available to the Secretary for making payments under sections 2102 and 2103.

''(c) INVESTMENT.—

''(1) IN GENERAL.—The Secretary of the Treasury shall invest amounts in the accounts of the Trust Fund which the Secretary determines are not required to meet

current withdrawals from the Trust Fund. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

''(2) SALE OF OBLIGATIONS.—The Secretary of the Treasury may sell at market price any obligation acquired under paragraph (1).

''(3) AVAILABILITY OF INCOME.—Any interest derived from obligations held in each such account, and proceeds from any sale or redemption of such obligations, are hereby appropriated to such account.

''(d) MONETARY GIFTS TO TRUST FUND.—There are appropriated to the Trust Fund such amounts as may be unconditionally donated to the Federal Government as gifts to the Trust Fund. Such amounts shall be allocated and transferred to the accounts described in subsection (a) in the same proportion as the amounts in each of the accounts bears to the total amount in all the accounts of the Trust Fund.

''SEC. 2102. PAYMENTS TO MEDICAL SCHOOLS.

''(a) FEDERAL PAYMENTS TO MEDICAL SCHOOLS FOR CERTAIN COSTS.—

''(1) IN GENERAL.—In the case of a medical school that in accordance with paragraph (2) submits to the Secretary an application for fiscal year 1997 or any subsequent fiscal year, the Secretary shall make payments for such year to the medical school for the purpose specified in paragraph (3). The Secretary shall make such payments from the Medical School Account in an amount determined in accordance with subsection (b), and may administer the payments as a contract, grant, or cooperative agreement.

''(2) APPLICATION FOR PAYMENTS.—For purposes of paragraph (1), an application for payments under such paragraph for a fiscal year is in accordance with this paragraph if—

''(A) the medical school involved submits the application not later than the date specified by the Secretary; and

''(B) the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

''(3) PURPOSE OF PAYMENTS.—The purpose of payments under paragraph (1) is to assist medical schools in maintaining and developing quality educational programs in an increasingly competitive health care system.

''(b) AVAILABILITY OF TRUST FUND FOR PAYMENTS; ANNUAL AMOUNT OF PAYMENTS.—

''(1) AVAILABILITY OF TRUST FUND FOR PAYMENTS.—The following amounts shall be available for a fiscal year for making payments under subsection (a) from the amount allocated and transferred to the Medical School Account under sections 1876(a)(7), 1886(j), 1931, 2101(c)(3) and (d), and section 4503 of the Internal Revenue Code of 1986:

''(A) In the case of fiscal year 1997, $200,000,000.

''(B) In the case of fiscal year 1998, $300,000,000.

''(C) In the case of fiscal year 1999, $400,000,000.

''(D) In the case of fiscal year 2000, $500,000,000.

''(E) In the case of fiscal year 2001, $600,000,000.

''(F) In the case of each subsequent fiscal year, the amount specified in this paragraph in the previous fiscal year updated through the midpoint of the year by the estimated percentage change in the general health care inflation factor (as defined in subsection (d)) during the 12-month period ending at that midpoint, with appropriate adjustments to reflect previous underestimations or overestimations under this subparagraph in the projected health care inflation factor.

''(2) AMOUNT OF PAYMENTS FOR MEDICAL SCHOOLS.—

''(A) IN GENERAL.—Subject to the annual amount available under paragraph (1) for a fiscal year, the amount of payments required under subsection (a) to be made to a medical school that submits to the Secretary an application for such year in accordance with subsection (a)(2) is an amount equal to an amount determined by the Secretary in accordance with subparagraph (B).

''(B) DEVELOPMENT OF FORMULA.—The Secretary shall develop a formula for allocation of funds to medical schools under this section consistent with the purpose described in subsection (a)(3).

''(c) MEDICAL SCHOOL DEFINED.—For purposes of this section, the term 'medical school' means a school of medicine (as defined in section 799 of the Public Health Service Act) or a school of osteopathic medicine (as defined in such section).

''(d) GENERAL HEALTH CARE INFLATION FACTOR.—The term 'general health care inflation factor' means the consumer price index for medical services as determined by the Bureau of Labor Statistics.

''SEC. 2103. PAYMENTS TO TEACHING HOSPITALS.

''(a) FORMULA PAYMENTS TO ELIGIBLE ENTITIES.—

''(1) IN GENERAL.—In the case of any fiscal year beginning after September 30, 1996, the Secretary shall make payments to each eligible entity that, in accordance with paragraph (2), submits to the Secretary an application for such fiscal year. Such payments shall be made from the Trust Fund, and the total of the payments to the eligible entity for the fiscal year shall equal the sum of the amounts determined under subsections (b), (c), (d), and (e).

''(2) APPLICATION.—For purposes of paragraph (1), an application shall contain such information as may be necessary for the Secretary to make payments under such paragraph to an eligible entity during a fiscal year. An application shall be treated as submitted in accordance with this paragraph if it is submitted not later than the date specified by the Secretary, and is made in such form and manner as the Secretary may require.

''(3) PERIODIC PAYMENTS.—Payments under paragraph (1) to an eligible entity for a fiscal year shall be made periodically, at such intervals and in such amounts as the Secretary determines to be appropriate (subject to applicable Federal law regarding Federal payments).

''(4) ADMINISTRATOR OF PROGRAMS.—The Secretary shall carry out responsibility under this title by acting through the Administrator of the Health Care Financing Administration.

''(5) ELIGIBLE ENTITY.—For purposes of this title, the term 'eligible entity', with respect to any fiscal year, means—

''(A) for payment under subsections (b) and (c), an entity which would be eligible to receive payments for such fiscal year under—

''(i) section 1886(d)(5)(B), if such payments had not been terminated for discharges occurring after September 30, 1996;

''(ii) section 1886(h), if such payments had not been terminated for cost reporting periods beginning after September 30, 1996; or

''(iii) both sections; or

''(B) for payment under subsections (d) and (e)—

''(i) an entity which meets the requirement of subparagraph (A); or

''(ii) an entity which the Secretary determines should be considered an eligible entity.

''(b) DETERMINATION OF AMOUNT FROM MEDICARE TEACHING HOSPITAL INDIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Medicare Teaching Hospital Indirect Account under sections 1876(a)(7) and 1886(j)(1), and subsections (c)(3) and (d) of section 2101 for such fiscal year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year is equal to the percentage of the total payments which would have been made to the eligible entity in such fiscal year under section 1886(d)(5)(B) if—

''(A) such payments had not been terminated for discharges occurring after September 30, 1996; and

''(B) such payments included payments for individuals enrolled in a plan under section 1876, except that for fiscal years 1997, 1998, and 1999, only the applicable percentage (as defined in section 1876(a)(7)(B)) of such payments shall be taken into account.

''(c) DETERMINATION OF AMOUNT FROM MEDICARE TEACHING HOSPITAL DIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Medicare Teaching Hospital Direct Account under sections 1876(a)(7) and 1886(j)(2), and subsections (c)(3) and (d) of section 2101 for such fiscal year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year is equal to the percentage of the total payments which would have been made to the eligible entity in such fiscal year under section 1886(h) if—

''(A) such payments had not been terminated for cost reporting periods beginning after September 30, 1996; and

''(B) such payments included payments for individuals enrolled in a plan under section 1876, except that for fiscal years 1997, 1998, and 1999, only the applicable percentage (as defined in section 1876(a)(7)(B)) of such payments shall be taken into account.

''(d) DETERMINATION OF AMOUNT FROM NON-MEDICARE TEACHING HOSPITAL INDIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account for such fiscal year under section 1931, subsections (c)(3) and (d) of section 2101, and section 4503 of the Internal Revenue Code of 1986.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year for an eligible entity is equal to the percentage of the total payments which, as determined by the Secretary, would have been made in such fiscal year under section 1886(d)(5)(B) if—

''(A) such payments had not been terminated for discharges occurring after September 30, 1996; and

''(B) non-medicare patients were taken into account in lieu of medicare patients.

''(e) DETERMINATION OF AMOUNT FROM NON-MEDICARE TEACHING HOSPITAL DIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Non-Medicare Teaching Hospital Direct Account for such fiscal year under section 1931, subsections

(c)(3) and (d) of section 2101, and section 4503 of the Internal Revenue Code of 1986.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year for an eligible entity is equal to the percentage of the total payments which, as determined by the Secretary, would have been made in such fiscal year under section 1886(h) if—

''(A) such payments had not been terminated for cost reporting periods beginning after September 30, 1996; and

''(B) non-medicare patients were taken into account in lieu of medicare patients.''.

SEC. 3. AMENDMENTS TO MEDICARE PROGRAM.

(a) IN GENERAL.—Section 1886 of the Social Security Act (42 U.S.C. 1395ww) is amended—

(1) in subsection (d)(5)(B), in the matter preceding clause (i), by striking ''The Secretary shall provide'' and inserting the following: ''For discharges occurring before October 1, 1996, the Secretary shall provide'';

(2) in subsection (h)—

(A) in paragraph (1), in the first sentence, by striking ''the Secretary shall provide'' and inserting ''the Secretary shall, subject to paragraph (6), provide''; and

(B) by adding at the end the following new paragraph:

''(6) LIMITATION.—

''(A) IN GENERAL.—The authority to make payments under this subsection shall not apply with respect to—

''(i) cost reporting periods beginning after September 30, 1996; and

''(ii) any portion of a cost reporting period beginning on or before such date which occurs after such date.

''(B) RULE OF CONSTRUCTION.—This paragraph may not be construed as authorizing any payment under section 1861(v) with respect to graduate medical education.''; and

(3) by adding at the end the following new subsection:

''(j) TRANSFERS TO MEDICAL EDUCATION TRUST FUND.—

''(1) INDIRECT COSTS OF MEDICAL EDUCATION.—

''(A) TRANSFER.—

''(i) IN GENERAL.—From the Federal Hospital Insurance Trust Fund, the Secretary shall, for fiscal year 1997 and each subsequent fiscal year, transfer to the Medical Education Trust Fund an amount equal to the amount estimated by the Secretary under subparagraph (B).

''(ii) ALLOCATION.—Of the amount transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Indirect Account.

''(B) DETERMINATION OF AMOUNTS.—The Secretary shall make an estimate for each fiscal year involved of the nationwide total of the amounts that would have been paid under subsection (d)(5)(B) to hospitals during the fiscal year if such payments had not been terminated for discharges occurring after September 30, 1996.

''(2) DIRECT COSTS OF MEDICAL EDUCATION.—

''(A) TRANSFER.—

''(i) IN GENERAL.—From the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, the Secretary shall, for fiscal year 1997 and each subsequent fiscal year, transfer to the Medical Education Trust Fund an amount equal to the amount estimated by the Secretary under subparagraph (B).

''(ii) ALLOCATION.—Of the amount transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Direct Account.

''(B) DETERMINATION OF AMOUNTS.—For each hospital, the Secretary shall make an estimate for the fiscal year involved of the amount that would have been paid under subsection (h) to the hospital during the fiscal year if such payments had not been terminated for cost reporting periods beginning after September 30, 1996.

''(C) ALLOCATION BETWEEN FUNDS.—In providing for a transfer under subparagraph (A) for a fiscal year, the Secretary shall provide for an allocation of the amounts involved between part A and part B (and the trust funds established under the respective parts) as reasonably reflects the proportion of direct graduate medical education costs of hospitals associated with the provision of services under each respective part.''.

(b) MEDICARE HMO'S.—Section 1876(a) of the Social Security Act (42 U.S.C. 1395mm(a)) is amended by inserting after paragraph (6) the following new paragraph:

''(7)(A) In determining the adjusted average per capita cost under paragraph (4) for fiscal years after 1996, the Secretary shall not take into account the applicable percentage of costs under sections 1886(d)(5)(B) (indirect costs of medical education) and 1886(h) (direct graduate medical education costs).

''(B) For purposes of subparagraph (A), the applicable percentage is—

''(i) for fiscal year 1997, 25 percent;

''(ii) for fiscal year 1998, 50 percent;

''(iii) for fiscal year 1999, 75 percent; and

''(iv) for fiscal year 2000 and each subsequent fiscal year, 100 percent.

''(C)(i) There is appropriated and transferred to the Medical Education Trust Fund each fiscal year an amount equal to the aggregate amounts not taken into account under paragraph (4) by reason of subparagraph (A).

''(ii) Of the amounts transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under section 2101 (excluding amounts transferred under subsections (c)(3) and (d) of such section) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Indirect Account under such section and the Medicare Teaching Hospital Direct Account under such section in the same proportion as the amounts attributable to the costs under sections 1886(d)(5)(B) and 1886(h) were of the amounts transferred under clause (i).

''(iii) The Secretary shall make payments under clause (i) from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, in the same manner as the Secretary determines under section 1886(j).''.

SEC. 4. AMENDMENTS TO MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930, the following new section:

''TRANSFER OF FUNDS TO ACCOUNTS

''SEC. 1931. (a) TRANSFER OF FUNDS.—

''(1) IN GENERAL.—For fiscal year 1997 and each subsequent fiscal year, the Secretary shall transfer to the Medical Education Trust Fund an amount equal to the amount determined under subsection (b).

''(2) ALLOCATION.—Of the amount transferred under paragraph (1)—

''(A) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under paragraph (1) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(B) the remainder shall be allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account and the Non-Medicare Teaching Hospital Direct Account, in the same proportion as the amounts transferred to each account under section 1886(j) relate to the total amounts transferred under such section for such fiscal year.

''(b) AMOUNT DETERMINED.—

''(1) OUTLAYS FOR ACUTE MEDICAL SERVICES DURING PRECEDING FISCAL YEAR.—Beginning with fiscal year 1997, the Secretary shall determine 5 percent of the total amount of Federal outlays made under this title for acute medical services, as defined in paragraph (2), for the preceding fiscal year.

''(2) ACUTE MEDICAL SERVICES DEFINED.—The term 'acute medical services' means items and services described in section 1905(a) other than the following:

''(A) Nursing facility services (as defined in section 1905(f)).

''(B) Intermediate care facility for the mentally retarded services (as defined in section 1905(d)).

''(C) Personal care services (as described in section 1905(a)(24)).

''(D) Private duty nursing services (as referred to in section 1905(a)(8)).

''(E) Home or community-based services furnished under a waiver granted under subsection (c), (d), or (e) of section 1915.

''(F) Home and community care furnished to functionally disabled elderly individuals under section 1929.

''(G) Community supported living arrangements services under section 1930.

''(H) Case-management services (as described in section 1915(g)(2)).

''(I) Home health care services (as referred to in section 1905(a)(7)), clinic services, and rehabilitation services that are furnished to an individual who has a condition or disability that qualifies the individual to receive any of the services described in a previous subparagraph.

''(J) Services furnished in an institution for mental diseases (as defined in section 1905(i)).

''(c) ENTITLEMENT.—This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to the Non-Medicare Teaching Hospital Indirect Account, the Non-Medicare Teaching Hospital Direct Account, and the Medical School Account of amounts determined in accordance with subsections (a) and (b).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on and after October 1, 1996.

SEC. 5. ASSESSMENTS ON INSURED AND SELF-INSURED HEALTH PLANS.

(a) GENERAL RULE.—Subtitle D of the Internal Revenue Code of 1986 (relating to miscellaneous excise taxes) is amended by adding after chapter 36 the following new chapter:

''CHAPTER 37—HEALTH RELATED ASSESSMENTS

''SUBCHAPTER A. Insured and self-insured health plans.

''Subchapter A—Insured and Self-Insured Health Plans

''Sec. 4501. Health insurance and health-related administrative services.

''Sec. 4502. Self-insured health plans.

''Sec. 4503. Transfer to accounts.

''Sec. 4504. Definitions and special rules.

''SEC. 4501. HEALTH INSURANCE AND HEALTH-RELATED ADMINISTRATIVE SERVICES.

''(a) IMPOSITION OF TAX.—There is hereby imposed—

''(1) on each taxable health insurance policy, a tax equal to 1.5 percent of the premiums received under such policy, and

''(2) on each amount received for health-related administrative services, a tax equal to 1.5 percent of the amount so received.

''(b) LIABILITY FOR TAX.—

''(1) HEALTH INSURANCE.—The tax imposed by subsection (a)(1) shall be paid by the issuer of the policy.

''(2) HEALTH-RELATED ADMINISTRATIVE SERVICES.—The tax imposed by subsection (a)(2) shall be paid by the person providing the health-related administrative services.

''(c) TAXABLE HEALTH INSURANCE POLICY.—For purposes of this section—

''(1) IN GENERAL.—Except as otherwise provided in this section, the term 'taxable health insurance policy' means any insurance policy providing accident or health insurance with respect to individuals residing in the United States.

''(2) EXEMPTION OF CERTAIN POLICIES.—The term 'taxable health insurance policy' does not include any insurance policy if substantially all of the coverage provided under such policy relates to—

''(A) liabilities incurred under workers' compensation laws,

''(B) tort liabilities,

''(C) liabilities relating to ownership or use of property,

''(D) credit insurance, or

''(E) such other similar liabilities as the Secretary may specify by regulations.

''(3) SPECIAL RULE WHERE POLICY PROVIDES OTHER COVERAGE.—In the case of any taxable health insurance policy under which amounts are payable other than for accident or health coverage, in determining the amount of the tax imposed by subsection (a)(1) on any premium paid under such policy, there shall be excluded the amount of the charge for the nonaccident or nonhealth coverage if—

''(A) the charge for such nonaccident or nonhealth coverage is either separately stated in the policy, or furnished to the policyholder in a separate statement, and

''(B) such charge is reasonable in relation to the total charges under the policy.

In any other case, the entire amount of the premium paid under such policy shall be subject to tax under subsection (a)(1).

''(4) TREATMENT OF PREPAID HEALTH COVERAGE ARRANGEMENTS.—

''(A) IN GENERAL.—In the case of any arrangement described in subparagraph (B)—

''(i) such arrangement shall be treated as a taxable health insurance policy,

''(ii) the payments or premiums referred to in subparagraph (B)(i) shall be treated as premiums received for a taxable health insurance policy, and

''(iii) the person referred to in subparagraph (B)(i) shall be treated as the issuer.

''(B) DESCRIPTION OF ARRANGEMENTS.—An arrangement is described in this subparagraph if under such arrangement—

''(i) fixed payments or premiums are received as consideration for any person's agreement to provide or arrange for the provision of accident or health coverage to residents of the United States, regardless of how such coverage is provided or arranged to be provided, and

''(ii) substantially all of the risks of the rates of utilization of services is assumed by such person or the provider of such services.

''(d) HEALTH-RELATED ADMINISTRATIVE SERVICES.—For purposes of this section, the term 'health-related administrative services' means—

''(1) the processing of claims or performance of other administrative services in connection with accident or health coverage under a taxable health insurance policy if the charge for such services is not included in the premiums under such policy, and

''(2) processing claims, arranging for provision of accident or health coverage, or performing other administrative services in connection with an applicable self-insured health plan (as defined in section 4502(c)) established or maintained by a person other than the person performing the services.

For purposes of paragraph (1), rules similar to the rules of subsection (c)(3) shall apply.

''SEC. 4502. SELF-INSURED HEALTH PLANS.

''(a) IMPOSITION OF TAX.—In the case of any applicable self-insured health plan, there is hereby imposed a tax for each month equal to 1.5 percent of the sum of—

''(1) the accident or health coverage expenditures for such month under such plan, and

''(2) the administrative expenditures for such month under such plan to the extent such expenditures are not subject to tax under section 4501.

In determining the amount of expenditures under paragraph (2), rules similar to the rules of subsection (d)(3) apply.

''(b) LIABILITY FOR TAX.—

''(1) IN GENERAL.—The tax imposed by subsection (a) shall be paid by the plan sponsor.

''(2) PLAN SPONSOR.—For purposes of paragraph (1), the term 'plan sponsor' means—

''(A) the employer in the case of a plan established or maintained by a single employer,

''(B) the employee organization in the case of a plan established or maintained by an employee organization, or

''(C) in the case of—

''(i) a plan established or maintained by 2 or more employers or jointly by 1 or more employers and 1 or more employee organizations,

''(ii) a voluntary employees' beneficiary association under section 501(c)(9), or

''(iii) any other association plan,

the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

''(c) APPLICABLE SELF-INSURED HEALTH PLAN.—For purposes of this section, the term 'applicable self-insured health plan' means any plan for providing accident or health coverage if any portion of such coverage is provided other than through an insurance policy.

''(d) ACCIDENT OR HEALTH COVERAGE EXPENDITURES.—For purposes of this section—

''(1) IN GENERAL.—The accident or health coverage expenditures of any applicable self-insured health plan for any month are the aggregate expenditures paid in such month for accident or health coverage provided under such plan to the extent such expenditures are not subject to tax under section 4501.

''(2) TREATMENT OF REIMBURSEMENTS.—In determining accident or health coverage expenditures during any month of any applicable self-insured health plan, reimbursements (by insurance or otherwise) received during such month shall be taken into account as a reduction in accident or health coverage expenditures.

''(3) CERTAIN EXPENDITURES DISREGARDED.—Paragraph (1) shall not apply to any expenditure for the acquisition or improvement of land or for the acquisition or improvement of any property to be used in connection with the provision of accident or health coverage which is subject to the allowance under section 167, except that, for purposes of paragraph (1), allowances under section 167 shall be considered as expenditures.

''SEC. 4503. TRANSFER TO ACCOUNTS.

''For fiscal year 1997 and each subsequent fiscal year, there are hereby appropriated and transferred to the Medical Education Trust Fund amounts equivalent to taxes received in the Treasury under sections 4501 and 4502, of which—

''(1) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred to the Medical Education Trust Fund under title XXI of the Social Security Act under this section bears to the total amounts transferred to such Trust Fund (excluding amounts transferred under subsections (c)(3) and (d) of section 2101 of such Act) for such fiscal year; and

''(2) the remainder shall be allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account and the Non-Medicare Teaching Hospital Direct Account, in the same proportion as the amounts transferred to such account under section 1886(j) relate to the total amounts transferred under such section for such fiscal year.

Such amounts shall be transferred in the same manner as under section 9601.

''SEC. 4504. DEFINITIONS AND SPECIAL RULES.

''(a) DEFINITIONS.—For purposes of this subchapter—

''(1) ACCIDENT OR HEALTH COVERAGE.—The term 'accident or health coverage' means any coverage which, if provided by an insurance policy, would cause such policy to be a taxable health insurance policy (as defined in section 4501(c)).

''(2) INSURANCE POLICY.—The term 'insurance policy' means any policy or other instrument whereby a contract of insurance is issued, renewed, or extended.

''(3) PREMIUM.—The term 'premium' means the gross amount of premiums and other consideration (including advance premiums, deposits, fees, and assessments) arising from policies issued by a person acting as the primary insurer, adjusted for any return or additional premiums paid as a result of endorsements, cancellations, audits, or retrospective rating. Amounts returned where the amount is not fixed in the contract but depends on the experience of the insurer or the

discretion of management shall not be included in return premiums.

''(4) UNITED STATES.—The term 'United States' includes any possession of the United States.

''(b) TREATMENT OF GOVERNMENTAL ENTITIES.—

''(1) IN GENERAL.—For purposes of this subchapter—

''(A) the term 'person' includes any governmental entity, and

''(B) notwithstanding any other law or rule of law, governmental entities shall not be exempt from the taxes imposed by this subchapter except as provided in paragraph (2).

''(2) EXEMPT GOVERNMENTAL PROGRAMS.—In the case of an exempt governmental program—

''(A) no tax shall be imposed under section 4501 on any premium received pursuant to such program or on any amount received for health-related administrative services pursuant to such program, and

''(B) no tax shall be imposed under section 4502 on any expenditures pursuant to such program.

''(3) EXEMPT GOVERNMENTAL PROGRAM.—For purposes of this subchapter, the term 'exempt governmental program' means—

''(A) the insurance programs established by parts A and B of title XVIII of the Social Security Act,

''(B) the medical assistance program established by title XIX of the Social Security Act,

''(C) any program established by Federal law for providing medical care (other than through insurance policies) to individuals (or the spouses and dependents thereof) by reason of such individuals being—

''(i) members of the Armed Forces of the United States, or

''(ii) veterans, and

''(D) any program established by Federal law for providing medical care (other than through insurance policies) to members of Indian tribes (as defined in section 4(d) of the Indian Health Care Improvement Act).

''(c) NO COVER OVER TO POSSESSIONS.—Notwithstanding any other provision of law, no amount collected under this subchapter shall be covered over to any possession of the United States.''.

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by inserting after the item relating to chapter 36 the following new item:

''CHAPTER 37. Health related assessments.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to premiums received, and expenses incurred, with respect to coverage for periods after September 30, 1996.

SEC. 6. MEDICAL EDUCATION ADVISORY COMMISSION.

(a) ESTABLISHMENT.—There is hereby established an advisory commission to be known as the Medical Education Advisory Commission (in this section referred to as the ''Advisory Commission'').

(b) DUTIES.—

(1) IN GENERAL.—The Advisory Commission shall—

(A) conduct a thorough study of all matters relating to—

(i) the operation of the Medical Education Trust Fund established under section 2;

(ii) alternative and additional sources of graduate medical education funding;

(iii) alternative methodologies for compensating teaching hospitals for graduate medical education;

(iv) policies designed to maintain superior research and educational capacities in an increasing competitive health system;

(v) the role of medical schools in graduate medical education; and

(vi) policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals;

(B) develop recommendations, including the use of demonstration projects, on the matters studied under subparagraph (A) in consultation with the Secretary of Health and Human Services and the entities described in paragraph (2);

(C) not later than January 1998, submit an interim report to the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Secretary of Health and Human Services; and

(D) not later than January 2000, submit a final report to the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Secretary of Health and Human Services.

(2) ENTITIES DESCRIBED.—The entities described in this paragraph are—

(A) other advisory groups, including the Council on Graduate Medical Education, the Prospective Payment Assessment Commission, and the Physician Payment Review Commission;

(B) interested parties, including the Association of American Medical Colleges, the Association of Academic Health Centers, and the American Medical Association;

(C) health care insurers, including managed care entities; and

(D) other entities as determined by the Secretary of Health and Human Services.

(c) NUMBER AND APPOINTMENT.—The membership of the Advisory Commission shall include 9 individuals who are appointed to the Advisory Commission from among individuals who are not officers or employees of the United States. Such individuals shall be appointed by the Secretary of Health and Human Services, and shall include individuals from each of the following categories:

(1) Physicians who are faculty members of medical schools.

(2) Officers or employees of teaching hospitals.

(3) Officers or employees of health plans.

(4) Such other individuals as the Secretary determines to be appropriate.

(d) TERMS.—

(1) IN GENERAL.—Except as provided in paragraph (2), members of the Advisory Commission shall serve for the lesser of the life of the Advisory Commission, or 4 years.

(2) SERVICE BEYOND TERM.—A member of the Advisory Commission may continue to serve after the expiration of the term of the member until a successor is appointed.

(e) VACANCIES.—If a member of the Advisory Commission does not serve the full term applicable under subsection (d), the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(f) CHAIR.—The Secretary of Health and Human Services shall designate an individual to serve as the Chair of the Advisory Commission.

(g) MEETINGS.—The Advisory Commission shall meet not less than once during each 4-month period and shall otherwise meet at the call of the Secretary of Health and Human Services or the Chair.

(h) COMPENSATION AND REIMBURSEMENT OF EXPENSES.—Members of the Advisory Commission shall receive compensation for each day (including travel time) engaged in carrying out the duties of the Advisory Commission. Such compensation may not be in an amount in excess of the maximum rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(i) STAFF.—

(1) STAFF DIRECTOR.—The Advisory Commission shall, without regard to the provisions of title 5, United States Code, relating to competitive service, appoint a Staff Director who shall be paid at a rate equivalent to a rate established for the Senior Executive Service under 5382 of title 5, United States Code.

(2) ADDITIONAL STAFF.—The Secretary of Health and Human Services shall provide to the Advisory Commission such additional staff, information, and other assistance as may be necessary to carry out the duties of the Advisory Commission.

(j) TERMINATION OF THE ADVISORY COMMISSION.—The Advisory Commission shall terminate 90 days after the date on which the Advisory Commission submits its final report under subsection (b)(1)(D).

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 7. DEMONSTRATION PROJECTS.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish, by regulation, guidelines for the establishment and operation of demonstration projects which the Medical Education Advisory Commission recommends under subsection (b)(1)(B) of section 6.

(b) FUNDING.—

(1) IN GENERAL.—For any fiscal year after 1996, amounts in the Medical Education Trust Fund under title XXI of the Social Security Act shall be available for use by the Secretary in the establishment and operation of demonstration projects described in subsection (a).

(2) FUNDS AVAILABLE.—

(A) LIMITATION.—Not more than 1/10 of 1 percent of the funds in such trust fund shall be available for the purposes of paragraph (1).

(B) ALLOCATION.—Amounts under paragraph (1) shall be paid from the accounts established under paragraphs (2) through (5) of section 2101(a) of the Social Security Act, in the same proportion as the amounts transferred to such accounts bears to the total of amounts transferred to all 4 such accounts for such fiscal year.

(c) LIMITATION.—Nothing in this section shall be construed to authorize any change in the payment methodology for teaching hospitals and medical schools established by this Act.

SUMMARY OF THE MEDICAL EDUCATION TRUST FUND ACT OF 1996

OVERVIEW

The legislation establishes a Medical Education Trust Fund to support America's 124 medical schools and 1,250 teaching hospitals. These institutions are in a precarious financial situation as market forces reshape the health care delivery system. Explicit and dedicated funding for these institutions will guarantee that the United States continues to lead the world in the quality of its health care system.

The Medical Education Trust Fund Act of 1996 recognizes the need to begin moving away from existing medical education payment policies. Funding would be provided for demonstration projects and alternative payment methods, but permanent policy changes would await a report from a new Medical Education Advisory Commission established by the bill. The primary, and immediate, purpose of the legislation is to establish as Federal policy that medical education is a public good which should be supported by all sectors of the health care system.

To ensure that the burden of financing medical education is shared equitably by all sectors, the Medical Education Trust Fund

will receive funding from three sources: a 1.5 percent assessment on health insurance premiums (the private sector's contribution), Medicare, and Medicaid (the public sector's contribution). The relative contribution from each of these sources is in rough proportion to the medical education costs attributable to their respective covered populations.

Over the five year period 1997–2001, the Medical Education Trust Fund will provide average annual payments of about $17 billion, roughly doubling federal funding for medical education. The assessment on health insurance premiums (including self-insured health plans) contributes approximately $4 billion per year to the Trust Fund. Federal health programs contribute about $13 billion per year to the Trust Fund: $9 billion in transfers of current Medicare graduate medical education payments and $4 billion in federal Medicaid spending.

Estimated Average Annual Trust Fund Revenue By Source, 1997–2001

(In billions of dollars)

1.5% Assessment	4
Medicare	9
Medicaid	4
Total	17

INTERIM PAYMENT METHODOLOGIES

Payments to Medical Schools

Medical schools rely on a portion of the clinical practice revenue generated by their faculties to support their operations. As competition within the health system intensifies and managed care proliferates, these revenues are being constrained. Payments to medical schools from the Trust Fund are designed to partially offset this loss of revenue. Initially, these payments will be based upon an interim methodology developed by the Secretary of Health and Human Services.

Payments to Teaching Hospitals

To cover the costs of education, teaching hospitals have traditionally charged higher rates than other hospitals. As private payers become increasingly unwilling to pay these higher rates, the future of these important institutions, and the patient care, training, and research they provide, is placed at risk. Payments from the Trust Fund reimburse teaching hospitals for both the direct and indirect costs of graduate medical education.

Payments for direct costs are based on the actual costs of employing medical residents. Payments for indirect costs are based on the number of patients cared for in each hospital and the severity of their illnesses as well as a measure of the teaching load in that hospital. For the purposes of payments to teaching hospitals, the allocation of Medicare funds is based on the number of Medicare patients in each hospital; the allocation of the tax revenue and Medicaid funds is based on the number of non-Medicare patients in each hospital.

The legislation also includes a ''carve out'' of graduate medical education payments from Medicare's payment to HMOs. Under current law, this payment is based on Medicare's average fee-for-service costs—including graduate medical education costs. Therefore, every time a Medicare beneficiary enrolls in an HMO, money that was being paid to teaching hospitals for medical education in the form of additional payments for direct and indirect costs, is paid instead to an HMO as part of a monthly premium. There is no requirement that HMOs use any of this payment to support medical education. Over a 4-year period, the legislation removes graduate medical education payments from HMO payment calculation. These funds are deposited into the Medical Education Trust Fund and paid directly to teaching hospitals.

MEDICAL EDUCATION ADVISORY COMMISSION

The legislation also establishes a Medical Education Advisory Commission to conduct a study and make recommendations, including the potential use of demonstration projects, regarding the following:

operations of the Medical Education Trust Fund; alternative and additional sources of medical education financing; alternative methodologies for distributing medical education payments; policies designed to maintain superior research and educational capacities in an increasingly competitive health system; the role of medical schools in graduate medical education; and policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals.

The Commission, comprised of nine individuals appointed by the Secretary of Health and Human Services, will be required to issue an interim report no later than January 1, 1998, and a final report no later than January 1, 2000.

By Mr. CHAFEE:

S. 1871. A bill to expand the Pettaquamscutt Cove National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

THE PETTAQUAMSCUTT COVE NATIONAL WILDLIFE REFUGE EXPANSION ACT OF 1996

Mr. CHAFEE. Mr. President, today I am pleased to introduce a bill to enhance legislation I authored in 1988 that established the Pettaquamscutt Cove National Wildlife Refuge in Rhode Island.

Pettaquamscutt Cove—a cove which divides the towns of Narragansett and South Kingstown, RI—is one of the State's natural jewels. The tidal marshes and mudflats in Pettaquamscutt Cove are home to a diverse species of waterfowl, wading birds and shore birds, and numerous small mammals, reptiles, and amphibians.

Pettaquamscutt Cove has been identified as the most important migration and wintering habitat in Rhode Island for the black duck population under the North American waterfowl management plan. I might mention that this plan has been a tremendous success, capitalizing on the cooperative efforts of the Federal Government working with nonprofit groups and local governments. These efforts to protect wetlands—through establishment of national wildlife refuges such as Pettaquamscutt, through conservation efforts to implement the North American Wetlands Conservation Act, and through other statutes like the Wetlands Reserve Program that was recently expanded in the farm bill that protect our Nation's wetlands—have been a great success. Add to this some decent rainfall, and the waterfowl populations have rebounded tremendously. Not since 1955 have we witnessed such a spectacular migration of waterfowl as this past year.

Rhode Island has lost almost 40 percent of its original wetlands. It is essential that we do all we can to hold the line on continued losses of wetlands through preservation of ecosystems such as Pettaquamscutt Cove. By expanding Pettaquamscutt Cove Refuge, this bill will protect the fertile marsh habitat that supports a multitude of fish and wildlife and plants along Rhode Island's coast and provide more recreational opportunities for Rhode Islanders and other visitors.

Currently, the Pettaquamscutt Cove National Wildlife Refuge boundary encompasses 460 acres of salt marsh and surrounding forest habitat. One hundred seventy-five acres of habitat have already been acquired by the Service. This bill expands the Pettaquamscutt Cove National Wildlife Refuge boundary to include a 100-acre parcel, known as foddering farm acres and; allows the Fish and Wildlife Service to expand the refuge boundary to include other important habitat if and when suitable properties become available in the future.

Mr. President, the expansion of Pettaquamscutt Cove Refuge to include the foddering farm acres property provides a wonderful example of cooperation between the Fish and Wildlife Service and private citizens. The 100-acre foddering farm property—adjacent to long pond—contains valuable wetland habitat for waterfowl and other species. The Rotelli family who owns the property has been working with, and waiting patiently for, the U.S. Fish and Wildlife Service for several years. The Rotellis have indicated their willingness to donate a portion of the value of the property to the Service. Through their partial donation, the National Wildlife Refuge System gains valuable habitat at a bargain price. Three cheers for the Rotellis. It is just this kind of private conservation effort and public spiritedness that has enabled us to preserve important open space throughout Rhode Island.

This bill will enable the Fish and Wildlife Service to continue their efforts to work with Rhode Islanders like the Rotellis to protect the beautiful and important natural resources along Rhode Island's coast.

Mr. President, I urge my colleagues to support this legislation and ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXPANSION OF PETTAQUAMSCUTT COVE NATIONAL WILDLIFE REFUGE.

Section 204 of Public Law 100–610 (16 U.S.C. 668dd note) is amended by adding at the end the following:

''(e) EXPANSION OF REFUGE.—

''(1) ACQUISITION.—The Secretary may acquire for addition to the refuge the area in Rhode Island known as 'Foddering Farm Acres', consisting of approximately 100 acres, adjacent to Long Cove and bordering on Foddering Farm Road to the south and Point Judith Road to the east, as depicted on a map entitled 'Pettaquamscutt Cove NWR Expansion Area,' dated May 13, 1996, and available for inspection in appropriate offices of the United States Fish and Wildlife Service.

''(2) BOUNDARY ADJUSTMENT.—After making the acquisition described in paragraph (1), the Secretary shall revise the boundaries of the refuge to reflect the acquisition.

''(f) FUTURE EXPANSION.—

''(1) IN GENERAL.—The Secretary may acquire for addition to the refuge such lands, waters, and interests in land and water as the Secretary considers appropriate and shall adjust the boundaries of the refuge accordingly.

''(2) APPLICABLE LAWS.—Any acquisition described in paragraph (1) shall be carried out in accordance with all applicable laws.''.

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 206(a) of Public Law 100–610 (16 U.S.C. 668dd note) is amended by striking ''designated in section 4(a)(1)'' and inserting ''designated or identified under section 204''.

SEC. 3. TECHNICAL AMENDMENTS.

Public Law 100–610 (16 U.S.C. 668dd note) is amended—

(1) in section 201(1)—

(A) by striking ''and the associated'' and inserting ''including the associated''; and

(B) by striking ''and dividing'' and inserting ''dividing'';

(2) in section 203, by striking ''of this Act'' and inserting ''of this title'';

(3) in section 204—

(A) in subsection (a)(1), by striking ''of this Act'' and inserting ''of this title''; and

(B) in subsection (b), by striking ''purpose of this Act'' and inserting ''purposes of this title'';

(4) in the second sentence of section 205, by striking ''of this Act'' and inserting ''of this title''; and

(5) in section 207, by striking ''Act'' and inserting ''title''.

By Mr. SIMON:

S. 1872. A bill to amend section 922(x)(5) of title 18, United States Code, relating to the prohibition of possession of a handgun by a minor, to change the definition of minor from under 18 years of age to under 21 years of age: to the Committee on the Judiciary.

AMENDMENTS TO THE YOUTH HANDGUN SAFETY ACT

Mr. SIMON. Madam President, I know that all of my colleagues share my concern about the increasing violence committed by and against young people in our Nation. There are many factors contributing to youth crime and violence and, as legislators, it is essential that we consider them not only as a whole but also individually. One of the contributing factors is clearly the easy access to handguns by young people. According to ''Violence by Young People: Why the Deadly Nexus?'' by Prof. Alfred Blumstein of Carnegie Mellon University, the number of murders committed by juveniles involving a gun has doubled since 1985, while there has been no such shift in the number of non-gun homicides. Guns are therefore playing a disproportionate role in the juvenile murder rate.

The legislation I am introducing amends the Youth Handgun Safety Act. Senator KOHL sponsored this important act, which was passed as part of the 1994 crime bill, to establish a minimum age requirement of 18 years old for the possession of a handgun. Specifically, the act makes it illegal for anyone under age 18 to possess a handgun and for anyone to knowingly transfer a handgun to a juvenile. There are exceptions for ranching or farming, and when the juvenile has written consent from a parent and is in compliance with all State and local laws. The act makes handgun possession and transferring a handgun to a juvenile a misdemeanor crime punishable by fines and up to 1 year imprisonment. Of course, Congress intends this measure to apply to handguns that have traveled in interstate commerce.

Before the act became law, it was illegal for a licensed dealer to sell a handgun to anyone under age 21 and a long gun to anyone under age 18. However, there were no Federal penalties for the under-age person who bought the gun or for private transfers of a handgun. I applaud Senator KOHL for his sponsorship of this important initiative.

As it now stands, however, the Youth Handgun Safety Act defines the term ''juvenile'' as a person who is less than 18 years of age. My proposal would amend the definition of ''juvenile'' in this measure to mean a person who is less than 21 years of age.

Unfortunately, more and more frequently we hear stories about juvenile brawls which turn into deadly battles. Increasing the age limit for possession of a handgun to 21 is one step we can take to try to reduce this bloody cycle. Recognizing that alcohol and teenagers can be a deadly combination, Congress wisely amended the highway fund to include penalties for States that did not raise the drinking age to 21. We should follow this example when it comes to guns and teens as well. By introducing this measure I hope to encourage my colleagues to think about how we might help our teens to grow into responsible young adults. As limiting access to alcohol has certainly saved lives, so too will limiting access to handguns.

I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1872

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT TO THE YOUTH HANDGUN SAFETY LAW.

Section 922(x)(5) of title 18, United States Code, is amended by striking ''18 years'' and inserting ''21 years''.

By Mr. INHOFE (for himself, Mr. CHAFEE, Mr. LIEBERMAN, Mr. FAIRCLOTH, Mr. KEMPTHORNE, Mr. MOYNIHAN, Mr. REID, and Mr. LUGAR):

S. 1873. A bill to amend the National Environmental Education Act to extend the programs under the act, and for other purposes; to the Committee on Environment and Public Works.

THE NATIONAL ENVIRONMENTAL EDUCATION AMENDMENTS ACT OF 1996

Mr. INHOFE. Mr. President, I introduce legislation to reauthorize the National Environmental Education Act. I am joined by my colleagues, Senators CHAFEE, LIEBERMAN, FAIRCLOTH, KEMPTHORNE, MOYNIHAN, REID, and LUGAR. And I am joined on the House side by my colleague, Congressman SCOTT KLUG of Wisconsin, who is introducing an identical bill in the House today.

This bill will reauthorize the educational efforts at the National Environmental Education and Training Foundation and the EPA's Office of Environmental Education. These programs support environmental education at the local level. They provide grant money and seed money to encourage local primary and secondary schools and universities to educate children on environment issues.

With the importance of the environment and the continuing debate on how best to protect it, it is vital to educate our children so that they truly understand how the environment functions.

Over the last few years environmental education has been criticized for being one-sided and heavy-handed. People have accused environmental advocates of trying to brainwash children and of pushing an environmental agenda that is not supported by the facts or by science. They also accuse the Federal Government of setting one curriculum standard and forcing all schools to subscribe to their views. This is not how these two environmental education programs have worked, and I have taken specific steps to ensure that they never work this way.

The programs that this act reauthorizes have targeted the majority of their grants at the local level, allowing the teachers in our community schools to design their environmental programs to teach our children, and this is where the decisions should be made. In addition, the grants have not been used for advocacy or to lobby the Government, as other grant programs have been accused of doing.

This legislation accomplishes two important functions. First, it cleans up the current law to make the programs run more efficiently. And second, it places two very important safeguards in the program to ensure its integrity in the future.

I have placed in this bill language to ensure that the EPA programs are balanced and scientifically sound. It is important that environmental education is presented in an unbiased and balanced manner. The personal values and prejudices of the educators should not be instilled in our children. Instead we must teach them to think for themselves after they have been presented with all of the facts and information. Environmental ideas must be grounded in sound science and not emotional bias. While these programs have not been guilty of this in the past, this is

an important safeguard to protect the future of environmental education.

Second, I have included language which prohibits any of the funds to be used for lobbying efforts. While these programs have not used the grant process to lobby the Government, there are other programs which have been accused of this and this language will ensure that this program never becomes a vehicle for the executive branch to lobby Congress.

This bill also makes a number of housekeeping changes to the programs which are supported by both the EPA and the Education Foundation which will both streamline and programs and make them more efficient.

The grants that have been awarded under this program have gone to a number of local groups. In Oklahoma alone such organizations as the Stillwater 4–H Foundation; Roosevelt Elementary School in Norman, OK; Oklahoma State University; the Kaw Nation of Oklahoma; and the Osage County Oklahoma Conservation District have received grants for environmental education under these programs.

This is an important piece of legislation, and I hope both the Senate and the House can act quickly to reauthorize these programs.

By Mr. JOHNSTON:

S. 1874. A bill to amend sections of the Department of Energy Organization Act that are obsolete or inconsistent with other statutes and to repeal a related section of the Federal Energy Administration Act of 1974; to the Committee on Energy and Natural Resources.

THE DEPARTMENT OF ENERGY STANDARDIZATION ACT OF 1996

Mr. JOHNSTON. Mr. President, the bill that I have just introduced, which is strongly supported by the administration, amends or repeals a number of sections in the Department of Energy Organization Act and the Federal Energy Administration Act of 1974 that are obsolete or that are duplicative or inconsistent with other, Governmentwide statutes governing rulemaking and advisory committee management.

Over the past 3 years, I have proposed, on a number of occasions, amendments to remove administrative requirements of the Department of Energy Organization Act that are more onerous than similar Governmentwide requirements contained in more general statutes. For example, with the support of the Department of Energy [DOE] and the Office of Government Ethics, I have successfully promoted the repeal of financial disclosure and divestiture requirements affecting DOE employees that were more stringent than the comparable requirements of the Ethics in Government Act and that provided potent recruitment disincentives for outstanding potential employees for the Department.

This bill continues the process of placing DOE on a similar footing in administrative law to other Federal agencies. The first subsection in section 2 of the bill repeals redundant and obsolete requirements affecting DOE rule making under the Administrative Procedure Act, and places DOE procurement rulemaking under the same statutory basis, that is, the Office of Federal Procurement Policy Act, as all other Federal agencies. The second subsection repeals a restriction on DOE advisory committees that effectively prevents DOE from using committees under the Federal Advisory Committee Act for peer review of scientific and technical proposals and the selection of awardees for such departmental scientific honors as the Fermi Award and the E.O. Lawrence Award.

The proposals are noncontroversial, the Department of Energy has rendered technical assistance in their drafting, and the administration has indicated its strong support for these provisions in a letter dated June 10, 1996. I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF ENERGY,
Washington, DC, June 10, 1996.

Hon. J. BENNETT JOHNSTON,
Ranking Democrat Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR JOHNSTON: This responds to your request for Department of Energy views on proposed amendments to the Department of Energy Organization Act (DOE Organization Act). These amendments would repeal subsections 624(b) and 501(b) and (d) of the Act. The Department strongly supports these amendments.

The first amendment would repeal section 624(b) of the DOE Organization Act (DOE Act) and section 17 of the Federal Energy Administration Act. The amendment would place DOE advisory committees on the same legal and procedural basis as all committees covered by the Federal Advisory Committee Act. Under current law DOE advisory committees are required to meet in public session, while other agencies may close meetings to protect information exempt from disclosure under the Administrative Procedure Act. DOE's more stringent requirement was justified at the time of its enactment by the economic regulatory role of the Department's predecessor, the Federal Energy Administration.

The second amendment would repeal subsections 501(b) and (d) of the DOE Organization Act. Subsections 501(b) and (d) elaborate on requirements in the Administrative Procedure Act interpreted by the Supreme Court to require agencies to provide the basis or purpose of the rule in their rulemaking (*Motor Vehicle Manufacturers Association* v. *State Farm,* 463 U.S. 29, 43 (1983). With repeal of subsections 501(b) and (d), the Department would be governed by the same standard procedural requirements as other agencies in conducting notice-and-comment rulemakings. The Department supports this change.

The Office of Management and Budget advises that there is no objection from the standpoint of the President's program to submission of this report for the Committee's consideration.

If you have further questions, please contact me, or have a member of your staff contact Douglas W. Smith, Deputy General Counsel for Energy Policy, at (202) 586–3410.

Sincerely,

HAZEL R. O'LEARY.

By Mr. HATFIELD (for himself and Mr. WYDEN):

S. 1875. A bill to designate the U.S. Courthouse in Medford, OR, as the ''James A. Redden Federal Courthouse''; to the Committee on Environment and Public Works.

THE JAMES A. REDDEN FEDERAL COURTHOUSE ACT

Mr. HATFIELD. Mr. President, it is my pleasure to introduce today legislation to name a Federal courthouse in my State after a fine lawyer, judge and Oregon citizen, U.S. District Judge James Anthony Redden. My legislation would rename the currently unnamed Federal courthouse in Medford, OR, the James A. Redden Federal Courthouse.

Over the years Judge Redden's many accomplishments have made him worthy of this tribute. Judge Redden practiced law in Medford, OR, from 1956–72. While practicing law he was elected to the Oregon State House of Representatives, in which he served from 1963–69. During the 1967 session he served as the minority leader of the Oregon House of Representatives.

Judge Redden left private practice in 1973 to serve as the Oregon State treasurer. In 1977, he began serving as Oregon attorney general. He served as Oregon's attorney general until 1980, when President Jimmy Carter appointed him to the position of U.S. District Judge. He was also appointed to serve on the U.S. Judicial Conference Committee in 1990 and reappointed to another 3 year term in 1993.

Judge Redden is a charter member of the American Board of Trial Advocates. In 1954, he was admitted to the Massachusetts State bar followed by the Oregon Bar in 1955. In 1955, he was also admitted to the bars of the U.S. District Court of Oregon and Court of Appeals, and finally, in 1979, to the bar of the U.S. Supreme Court.

The most important of Judge Redden's accomplishments is that he practiced law for 20 years in the Federal courthouse my legislation proposes to name in his honor. This courthouse is located in Judge Redden's beloved Jackson County. During his political life, he represented the people of Jackson County for 6 years, and now as a senior judge, he plans to try cases in Jackson County again. He has also taken a special interest in the ongoing renovation of the fine old building.

Once again I believe that it would be a highly appropriate honor to name this courthouse after an individual who has done so much, and who has had such a successful career.

I look forward to working with my colleagues on the Senate Environment and Public Works Committee to advance this important proposal through the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1875

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States courthouse at 310 West Sixth Street in Medford, Oregon, shall be known and designated as the ''James A. Redden Federal Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the ''James A. Redden Federal Courthouse''.

Mr. WYDEN. Mr. President, it is my pleasure to cosponsor legislation to name a Federal courthouse in my State after a fine soldier, lawyer, and judge, U.S. District Judge James Anthony Redden. This legislation would name the Federal courthouse in Medford, OR, the ''James A. Redden Federal Courthouse.''

Judge Redden has made public service the centerpiece of his life. He served his country in the U.S. Army from 1946 to 1948. He honed his legal skills practicing law from 1956 to 1972 in Medford, OR. He then left his private practice to serve the people of Oregon as the Oregon State treasurer in 1973 and as the Oregon attorney general in 1977. In 1980, President Jimmy Carter appointed him to the position of U.S. District Judge.

For 20 years, Judge Redden practiced law in the courthouse that Senator HATFIELD and I propose to rename today. Judge Redden and Senator HATFIELD have worked together over the years to renovate this courthouse, and now I, as a Member of the Senate, am pleased to join in the effort to rename this courthouse after Judge Redden, a great Oregonian and a great American.

By Mr. HARKIN (for himself and Mr. BAUCUS);

S. 1876. A bill to amend chapter 89 of title 5, United States Code, to end health insurance portability for Members of Congress and eliminate continued coverage for departing Members of Congress until health insurance portability for other U.S. citizens is enacted into law, and for other purposes; to the Committee on Governmental Affairs.

THE MOVE IT OR LOSE IT HEALTH COVERAGE ACT

Mr. HARKIN. Mr. President, I rise today to offer the Move It or Lose It Health Coverage Act. This is a straightforward bill that says if Members of Congress fail to move health insurance portability for Americans in a way that can be signed into law, then they will lose the health insurance portability that they now enjoy. If we don't pass it for America, we lose it for ourselves.

My legislation is designed with one goal in mind: to build up the pressure to provide greater health security for millions of American families.

Mr. President, when many Members of Congress leave office today, they can take their health care with them. No need to worry about preexisting condition exclusions or waiting periods or cancellations of policy if they become sick. It's all taken care of. Everything's covered.

Not so for far too many working families. Millions of Americans today face preexisting condition exclusions because they change jobs, lose jobs, or work for employers who change insurance policies.

The legislation I offer today says plain and simple—as long as health insurance portability is denied to working Americans, it ought to be denied to Members of Congress as well. Holding office shouldn't insulate anyone from all the health insurance concerns that face working families in America every day.

And I am hopeful that this bill I offer today will provide the incentive needed for all of us to come together and pass responsible health insurance reform legislation for all Americans.

So my bill says that until Congress passes the Kassebaum-Kennedy health insurance measure or similar legislation, the coverage provided to Members of Congress through the Federal Employees Health Benefits Program [FEHBP] will be modified in several ways so that we know what so many others are facing.

First, health insurers participating in the FEHBP would be allowed to include preexisting condition exclusions in health plans covering Members of Congress. Second, insurers would be free to refuse to issue coverage or renew coverage provided to a Member because of current health, or preexisting medical condition. Carriers would be free to include these restrictions and limitations in any health plan covering a current or retired Member of Congress.

And, third, current Members of Congress would no longer receive taxpayer-subsidized health coverage after leaving office.

Mr. President, the Kassebaum-Kennedy health insurance reform bill passed this body 100 to 0. Not one Senator voted against it. But now that legislation—and those important reforms—are languishing.

It is time to unite together to give the American people some of the same protections and health security that we have. If health insurance portability is good enough for Members of Congress, it ought to be good enough for working Americans, too.

And we must go about passing the Kassebaum-Kennedy reform in the same spirit that it was introduced and approved by the Senate the first time around—with strong bipartisan support and without controversial provisions that will keep it from being signed into law.

Let us pass what the American people want: a clean bill of health. A clean bill of security for American families.

And make no mistake, Mr. President. If the Kassebaum-Kennedy legislation is reduced from the commonsense bill that it was when it left the Senate to merely a partisan, political bill, then there will be no winners and American families will lose.

There is plenty of room to reach common ground by using common sense. It was in that spirit that I acted over 1 month ago to call for a carefully designed pilot project for medical savings accounts. And it is in that spirit that I offer my legislation today.

The Kassebaum-Kennedy bill which passed the Senate unanimously is truly a modest proposal. It does not fix many of the flaws in the current health care system. But it represents an important step toward reforming health care and injecting some fairness into the system. It would offer some welcome relief for American families worried about losing their health insurance.

Specifically, it would allow families to switch health plans without facing preexisting conditions. And it would assure that they won't be dropped and their coverage will be renewed even if they become sick.

The General Accounting Office estimates that 25 million Americans would be helped by portability reforms contained in the Kassebaum-Kennedy health insurance bill.

We can not afford to deny this basic reform to the American people. We have passed common sense change before. We must do so again. The American people demand and deserve no less. It is time to deliver.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1876

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LIMITATIONS OF HEALTH CARE COVERAGE FOR MEMBERS OF CONGRESS.

(a) FINDINGS.—The Congress finds that—

(1) an estimated 81,000,000 United States citizens suffer from some type of preexisting medical condition that could make it difficult to obtain health coverage, especially for that condition;

(2) millions of citizens are at risk of being subjected to preexisting condition exclusions under current law because they change jobs, lose jobs, or work for employers who change insurance policies;

(3) Members of Congress may—

(A) choose to receive a health plan through the Federal Employees Health Benefits Program; and

(B) enroll in a plan without facing restrictions because of health status or preexisting medical conditions;

(4) health care coverage for Members of Congress under such program—

(A) is portable because Members can change plans without worry of preexisting condition exclusions or waiting periods; and

(B) cannot be canceled and is required to be renewed;

(5) Members of Congress are often eligible to continue to receive health care through the Federal Employees Health Benefits Program after they leave Congress; and

(6) Congress should pass legislation to ensure health insurance portability for United States citizens.

(b) ENDING HEALTH INSURANCE PORTABILITY AND OTHER PROTECTIONS FOR MEMBERS OF CONGRESS.—

(1) IN GENERAL.—Section 8902 of title 5, United States Code, is amended by adding at the end the following new subsection:

''(o)(1) Notwithstanding subsection (f) or (h), or any other provision of this chapter, a contract for a plan under this chapter shall provide that a carrier may—

''(A) include in a plan offered to an individual described under paragraph (2) preexisting condition exclusions and impose a limitation or exclusion of benefits relating to treatment of a preexisting condition based on the fact that the condition existed prior to enrollment;

''(B) exclude from enrollment an individual described under paragraph (2) due to health status or preexisting condition; or

''(C) refuse to renew the health plan of an individual described under paragraph (2) due to health status or preexisting condition.

''(2) Paragraph (1) shall apply with respect to the health status or preexisting condition of a member of family of an individual described under paragraph (3).

''(3) An individual referred to under paragraphs (1) and (2) is—

''(A) a Member of Congress; or

''(B) an annuitant who on the date immediately preceding the date of retirement described under section 8901(3)(A) was a Member of Congress.

''(4) This subsection shall cease to be effective on and after the date on which the Director of the Office of Personnel Management has received certification from the Secretary of Labor that a statute has been enacted into law that—

''(A) makes health coverage for United States citizens portable by limiting exclusions for preexisting conditions;

''(B) guarantees availability of health insurance to United States citizens; and

''(C) guarantees renewability of health coverage to employers and individuals as long as premiums are paid.''.

(2) EFFECTIVE DATE.—This subsection shall take effect 30 days after the date of the enactment of this section.

(c) ELIMINATION OF COVERAGE FOR DEPARTING MEMBERS OF CONGRESS.—Section 8905 of title 5, United States Code, is amended—

(1) in subsection (b) by striking ''An annuitant'' and inserting ''Subject to subsection (g), an annuitant''; and

(2) by adding at the end the following new subsection:

''(g)(1) This section shall not apply to any annuitant who—

''(A) on the date immediately preceding the date of retirement described under section 8901(3)(A) was a Member of Congress; and

''(B) becomes an annuitant on or after the date which occurs 30 days after the date of the enactment of this subsection.

''(2) This subsection shall cease to be effective on and after the date on which the Director of the Office of Personnel Management has received certification from the Secretary of Labor that a statute has been enacted into law that—

''(A) makes health coverage for United States citizens portable by limiting exclusions for preexisting conditions;

''(B) guarantees availability of health insurance to United States citizens; and

''(C) guarantees renewability of health coverage to employers and individuals as long as premiums are paid.''.

By Mr. MURKOWSKI (for himself and Mr. STEVENS):

S. 1877. A bill to ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States; to the Committee on Energy and Natural Resources.

THE ENVIRONMENTAL IMPROVEMENT TIMBER CONTRACT EXTENSION ACT OF 1996

• Mr. MURKOWSKI. Mr. President, today along with Senator STEVENS and Congressman YOUNG, I am introducing the Environmental Improvement Timber Contract Extension Act of 1996. This bill would extend for 15 additional years the long-term timber sale contract on the Tongass National Forest between the Forest Service and the Ketchikan Pulp Corp. [KPC]. The extension would provide KPC with a stable timber supply over a sufficient length of time to amortize the cost of new environmental improvements and energy efficiency equipment. KPC's situation is unique because all of its timber comes from the Forest Service. There is no State or private timber available to the company.

I am introducing this bill as a result of: First, the important role that KPC plays in the social, economic, and environmental vitality of southeast Alaska; second, the strong, bipartisan support within the State for this action; third, the record from field hearings I held last month in southeast Alaska which overwhelmingly supports introduction; and fourth, the performance of the Forest Service which strongly indicates that, without congressional intervention, the KPC mill cannot survive. Let me elaborate on each of these factors.

First, let me describe the nature of the forest in southeast Alaska. Thirty percent of the trees are dead or dying. The fiber is suitable only for pulp. Without a pulp mill, lumber mills would be less profitable and the pulp would have to be exported, creating no domestic jobs. Let me also share with my colleagues what the Forest Service told us about the evolution and importance of KPC's long-term contract to southeast Alaska. Here is what the Agency told us at a May 28 oversight hearing in Ketchikan, AK:

The long-term contracts in Alaska which required the construction and operation of manufacturing facilities such as sawmills and pulp mills facilitated the establishment of a timber industry in southeast Alaska.

Prior to the 1950's, economic conditions in southeast Alaska were characterized as boom-bust. Federal Government employment, mining and salmon processing were the economic mainstays. After World War II, mining was essentially gone, leaving a small local timber industry and commercial fishing in the natural resources sector. Both the timber and commercial fishing industries were subject to market swings from year to year and were seasonal in terms of employment. The United States favored the expansion of the timber industry through several long-term timber sales on the Tongass National Forest to stabilize employment in southeast Alaska.

Making the best use of the timber on the Tongass required having suitable markets for both high and low quality timber and species. The markets were largely export markets in the Pacific Rim and were somewhat limited by the need to use most of the timber for pulp. The Forest Service advocated the use of long-term sales to establish a pulp industry that would bring greater economic diversity to the region and more year-round employment. If successful, more service and trade establishments were expected to follow—creating greater tax bases, which would provide opportunities for improved services, such as schools, water, fire protection, and the like. For all of this to come together, however, the Forest Service had to guarantee a long-term, stable timber supply to attract outside capital investment.

I found this testimony compelling. The Forest Service witnesses recounted the decisions of their predecessors—farsighted people recognizing the nature and importance of the resource and planning for an environmentally and economically secure future. The Forest Service recognized that, as the sole owner of land and timber, it controlled the economic and environmental vitality of the region.

Well what is the situation today? Today, KPC's operations directly or indirectly provide 25 percent of the total annual employment wages in Ketchikan. KPC's municipal real estate and sales taxes generated $13.6 million in revenues in 1992.

More broadly, the southeast Alaska timber industry is the dominant contributor to real estate development in Ketchikan. More than 25 percent of all households are timber dependent, and the typical timber employee can purchase more than 90 percent of the existing housing units. KPC comprises more than 50 percent of the total borough's industrial assessed valuation.

Tourism and fishing are also important to the economy of Ketchikan and southeast Alaska. We need all three of our basic industries—timber, fishing, and tourism—to be healthy if we are to have a healthy economy in the region. But quite simply, without some stability of timber supply, the economies of the region generally, and Ketchikan specifically, are doomed.

Perhaps that is why the proposal to extend the KPC contract has received broad, bipartisan support from elected officials throughout the State. Earlier this year, the Alaska Senate voted 18 to 1 to support a resolution urging the Congress to extend the contract. The Alaska House voted 34 to 3 to support the same measure. These are extraordinary margins of support. I will submit the resolution for the record.

Then, the Governor joined in, offering his support for congressional action to extend the contract. In a May 23 letter to me, Gov. Tony Knowles informed me that:

The State of Alaska supports a KPC contract extension, contingent on KPC's agreement with the following five principles: To protect the environment, Alaska jobs, and

other forest users; and to utilize the Tongass Land Management Planning [TLMP] process and value-added processing techniques.

I am pleased to say that these conditions have been agreed to by KPC and are included in the compromise legislation I am introducing today. I will include the Governor's letter for the RECORD.

After receiving these views from the legislature and the Governor, I scheduled two oversight hearings on May 28 and May 29 in Ketchikan and Juneau, respectively. What I heard at these hearings was overwhelming support for the legislature's resolution, the Governor's action, and the extension of the KPC contract. I heard from tourism interests, bankers, and fishermen who supported the contract extension. While not unanimous, the preponderance of testimony offered over the 2 days—and all of the demonstrators who marched in Ketchikan, as well as most or them in Juneau—called for congressional action to extend the contract. These people recognize that there is no alternative source of timber available.

Last, I am introducing this legislation today because I have finally lost confidence in the ability of the Forest Service to provide a stable and sustainable supply of timber for southeast Alaska. Over the past few years, the agency has fallen further behind in keeping a working timber sale pipeline. This problem has worsened despite the efforts of Senator STEVENS to provide the agency with additional funding for timber sale preparation. Consequently, more than half of the operating mills in southeast Alaska have closed their doors during the last few years during this administration's watch. KPC is the last remaining pulp mill in the State.

This situation is absolutely tragic. The Tongass is our Nation's largest national forest. Yet the level of economic activity associated with the production of forest products is very small, and sinking. We have only one pulpmill and a few scattered sawmills left. Employment in the industry has fallen 40 percent since 1990. New Yorkers burn more wood in their fireplaces and stoves than we harvest in southeast Alaska each year.

In its May 25 testimony, the Forest Service acknowledged that ''the contract with Ketchikan Pulp Co. [KPC] has played an important role in the development of Alaska's resources in southeast.'' Given this admission, one would think that the Forest Service would want to see the mill stay. One would expect the Forest Service to weigh-in in favor of a contract extension. But not so.

In very disappointing testimony, the agency maintained that ''the terms of the existing contract provide that all obligations and requirements of the long-term contract must be satisfied on or before June 30, 2004.'' In response to questions about any future obligations past that date, the agency insisted that it has none—none. This testimony was offered even though the preamble to the contract discusses a commitment to a permanent economic base.

On the question of whether Congress should extend the contract, the Forest Service testified that ''a long-term commitment of resources through a timber contract could further affect the flexibility of management on the Tongass,'' and that ''we are committed to completing the Revision of the Tongass Land Management Plan before we begin any discussion of future long-term commitments to timber related industries in Southeast.'' Yet, in response to questions, the agency witnesses could not tell me: First, whether such commitments could be made within the latitude provided by the range of alternatives in the draft TLMP; second, whether additional National Environmental Policy Act analysis would be required; or third, whether such commitments would actually be precluded by the selected alternative of the final plan. The testimony was extremely unsettling. It convinced me that either the Forest Service and/or the administration would like to see the KPC mill go away.

They have apparently no interest in seeing KPC invest $200 million to pioneer chlorine-free manufacturing technology that could benefit environmental control efforts nationwide. That is also tragic.

Mr. President, the simple facts are that—without the contract extension—KPC will be unable to amortize the required capital investments for environmental improvements, and it will go away. The company's new CEO also testified on May 28. He was refreshingly, if not reassuringly, frank. He said:

In the very near future, we have to decide whether to continue the large investments required to make KPC viable or whether the losses currently being inflicted by the appropriate implementation of the contract can be carried any longer. Now, we are going to make that decision relatively soon. This is not an issue for the year 2003. This is a 1996 issue and decision.

We will make that decision, first of all, based on just to keep running today we must have the Forest Service meet the intent of the long-term bilateral contract, including the volume and pricing provisions. And, then, secondly, to continue to invest at the rapid rate that we are right now, millions of dollars per quarter, this revised version of the long-term contract must be extended a minimum of 15 years at an offering level of 192 million board feet per year.

The people of KPC and the thousands of people who have worked with us have met its—their contractual obligations to develop the economy and provide permanent, year-round employment for southeast Alaska. We want the government to meet its contractual obligation to provide a sufficient volume of economically viable timber in a timely fashion.

Some in southeast Alaska suggest that the region does not need the KPC pulpmill to have a successful and sustainable timber industry. What is needed they opine, is to eliminate the monopoly contract and develop more small, value-added manufacturing facilities.

This is wishful thinking. The independent mill witnesses at our hearings indicated that the lack of a stable timber supply will preclude any additional investments in southeast Alaska. The manufacture of pulp is a higher value added process than any of the alternatives suggested by opponents of the pulpmill. The loss of the pulpmill will destabilize the industry and the infrastructure of the region, and have a chilling effect on future industry investments. Available capital will migrate to other regions.

Mr. President, I cannot stand idly by and watch the town of Ketchikan die. I will not. I am introducing, and ask respectful consideration of, the Environmental Improvement Timber Contract Extension Act.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1877

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Environmental Improvement Timber Contract Extension Act.''

SEC. 2. MODIFICATION OF LONG-TERM CONTRACT REGARDING TONGASS NATIONAL FOREST.

(a) DEFINITIONS.—In this section:

(1) The term ''board feet'' means net scribner long-log scale for all sawlogs and all hemlock and spruce utility grade logs.

(2) The term ''contract'' means the timber sale contract numbered A10fs–1042 between the United States and the Ketchikan Pulp Company.

(3) The term ''contracting officer'' means the Regional Forester of Region 10 of the United States Forest Service.

(4) The term ''mid-market criteria'' means an appraisal that ensures an average timber operator will have a weighted average profit and risk margin of at least 60 percent of normal in a mid-market situation, representative of the most recent 10 years of actual market data.

(5) The term ''proportionality'' means the proportion of high volume stands (stands of 30,000 or more board feet per acre) to low volume stands (stands of 8,000 to 30,000 board feet per acre.)

(6) The term ''purchaser'' means the Ketchikan Pulp Company.

(b) FINDINGS.—Congress finds the following:

(1) On July 26, 1951, the Forest Service, on behalf of the United States, and the purchaser entered into a contract to harvest 8,250,000,000 board feet of timber from the Tongass National Forest in the State of Alaska. While the contract is scheduled to end June 30, 2004, it acknowledges an intention on the part of the Forest Service to supply adequate timber thereafter for permanent operation of the purchaser's facilities on a commercially sound and permanently economical basis. This legislation is necessary to effectuate that intent.

(2) A pulp mill or similar facility is necessary in southeast Alaska to optimize the level of year-round, high-paying jobs in the area, to provide high value added use of low-

grade wood and by-product material from sawmilling operations, and to maintain a stable regional economy.

(3) The purchaser plans to make environmental and operational improvements to its pulp mill, including conversion to an elementally chlorine free bleaching process, expansion of wastewater treatment facilities, relocation of the existing wastewater outfall, and improvements to chemical recovery and power generation improvements to chemical recovery and power generation equipment. Total capital expenditures are estimated to be $200,000,000, $25,000,000 of which the purchaser has already invested.

(4) Extension of the contract for 15 years is the minimum reasonable extension period to allow amortization of these environmental improvement and energy efficiency projects.

(5) Ketchikan is the fourth largest city of Alaska. Its economic and job base are extremely dependent upon the continuation of the contract, which provides the principal source of year-round employment in the area. The purchaser has stated among its goals and objectives the following:

(A) Continuation of a long-term commitment to Ketchikan and southeast Alaska, including maintenance of a stable Alaskan workforce, utilization of Alaskan contractors, vendors, and suppliers to permit those businesses to hire and maintain Alaskan employees.

(B) Participation in the Forest Service's land management planning process with other users so that the process may be completed expeditiously with maximum information.

(C) Adherence to sound principles of multiple-use and sustained yield of forest resources providing for the production of sustainable contract volumes for the purchaser and the other timber operators in southeast Alaska and the protection and promotion of other forest uses, including tourism, fishing, subsistence, hunting, mining, and recreation.

(D) Protection of air, water, and land, including fish and wildlife habitat, through compliance with applicable Federal, State, and local laws.

(E) Commitment to continue to explore new processes and technology to maximize the use of timber harvested and increase the value of products manufactured in southeast Alaska.

(6) The national interest is served by a policy that accomplishes the proper stewardship of publicly owned assets in the Tongass National Forest, a fair return to the United States for public timber in the Tongass National Forest, and a proper balance among multiple use interests in the Tongass National Forest to enhance forest health, sustainable harvest, and the general economic health and growth in southwest Alaska and the United States in order to improve national economic benefits. The national interest is best achieved by fostering domestic forest product markets and by modifying the terms of the contract pursuant to subsection (c).

(c) CONTRACT FAIRNESS CHANGES.—The contract is hereby modified as follows:

(1) EXTENSION.—The term of the contract is extended by 15 years from June 30, 2004.

(2) SALE OFFERING PLAN.—The contract shall include a plan describing the amount of volume, location, and the schedule by which the purchaser shall receive the timber required by paragraph (3) for the remainder of the contract term. The plan shall be coordinated with the Tongass Land Management Plan.

(3) VOLUME REQUIREMENTS.—The volume of timber required under the contract shall be provided in 5-year increments of 962,500,000 board feet, which the purchaser shall be obligated to harvest in an orderly manner, subject to the following:

(A) Until March 1, 1999, when the next 5-year increment is provided to the purchaser, the Forest Service shall provide the purchaser with at least 192,500,000 board feet per year of available timber at a date certain each year and shall maintain a supply of timber adequate to insure the purchaser can reasonably harvest 192,500,000 board feet each year.

(B) To ensure harvest in an orderly manner, the contracting officer shall provide for the construction by the purchaser of roads in portions of the 5-year increment area of timber in advance of the 5-year operating period by including such roads in the environmental impact statement prepared for the 5-year operating period.

(C) Timber selected for inclusion in the 5-year increment shall meet the mid-market criteria.

(4) APPRAISALS AND RATES.—The contracting officer shall perform appraisals using normal independent national forest timber sale procedures and designate rates for the increments of timber to be provided. The rates shall not be designated at a level that places the purchaser at a competitive disadvantage to a similar enterprise in the Pacific Northwest and those rates shall be the sole charges the purchaser shall be required to pay for timber provided.

(5) MEASUREMENT OF PROPORTIONALITY.—The Forest Service shall measure proportionality using the following criteria:

(A) Measure for groups of all contiguous management areas.

(B) Measure proportionality by acres.

(C) Measure proportionality over the entire rotation age.

(6) CONVERSION OR REPLACEMENT OF PULP MILL.—The purchaser may convert or replace, in part or in whole, its pulp mill with a facility that manufactures any other value added product that utilizes pulp logs as a raw material component.

(7) UNILATERAL TERMINATION.—The unilateral termination clause of the contract is eliminated.

(8) SUBSEQUENT MODIFICATIONS.—Any clause in the contract, as modified by this subsection, may be further modified only by mutual agreement of the Forest Service and the purchaser and may be so modified without further Act of Congress.

(d) EFFECTIVE DATE FOR CONTRACT MODIFICATION.—

(1) EFFECTIVE DATE.—The modifications made by subsection (c) shall take effect 45 days after the date of the enactment of this Act.

(2) MINISTERIAL DUTY TO MODIFY THE CONTRACT.—Not later than such effective date, the contracting officer shall revise, as a ministerial function, the text of the contract to conform with the modifications made by subsection (c) and implement the modified contract. The contracting officer shall make conforming changes to provisions of the contract that were not modified by subsection (c) in order to ensure that the modifications made by such subsection are implemented.

(e) TRANSITION TIMBER SUPPLY.—Timber volume available or scheduled to be offered to the purchaser under the contract in effect on the day before the date of the enactment of this Act shall continue to be offered and scheduled under the contract as modified by subsection (c) along with such additional timber volume as is necessary to satisfy the timber volume requirement of 192,500,000 board feet per year.

SENATE JOINT RESOLUTION NO. 40 IN THE LEGISLATURE OF THE STATE OF ALASKA

Whereas, for the last 40 years, the timber industry operating on national forest land in Southeast Alaska has been the largest private employer in Southeast Alaska; and

Whereas the United States Forest Service strategy for creating permanent year-round employment through a timber industry in Southeast Alaska has been to offer long-term contracts to attract pulp mills to use, and add value to, low-grade and by-product materials from timber harvesting; these pulp mills serve as a market for pulp logs and chips from the sawmills in Southeast Alaska; and

Whereas pulp mills assure full utilization and protect forest health by using that significant portion of the Tongass National Forest that consists of dead, dying, and overmature timber; and

Whereas, since passage of the Tongass Timber Reform Act of 1990 (TTRA), a pulp mill and a major sawmill have closed, and more than 40 percent of the timber industry has been lost due, in part, to the failure of the United States Forest Service to make available the approximately 420,000,000 board feet per year needed to meet the jobs protection promises made by those who sought passage of the TTRA, all of which has created severe social and economic harm to the timber industry, its workers, and timber-dependent communities in Southeast Alaska; and

Whereas another of the reasons for the closure of the Sitka pulp mill was the adverse economic impacts of unilateral changes to its long-term contract made by the TTRA, those unilateral changes also adversely impact the economics of the Ketchikan Pulp Company (KPD) contract; and

Whereas KPC, which obtained a long-term contract to help create year-round jobs in Southeast Alaska, is the sole remaining pulp mill in Alaska, a mjor employer in Southeast Alaska, and the market for pulp logs and chips from all the other sawmills in Southeast Alaska; and

Whereas the loss of the KPC pulp mill would lead to the loss of the entire industry now operating on the Tongass National Forest with devastating social and economic effects on families and communities throughout Southeast Alaska; and

Whereas, KPC pulp mill faces an uncertain future, not of its own making, as a result of the continuing log shortage created by the failure of the United States Forest Service to meet its volume requirements under KPC's contract and the TTRA, as a result of the adverse economic impacts to its long-term contract caused by the unilateral TTRA changes, and as a result of the requirement that more than $155,000,000 in capital expenditures be made over the next few years to meet new and ever changing federal environmental standards and operating needs; and

Whereas, as a matter of economic common sense, KPC cannot make all the necessary expenditures without the federal government extending its contract for a sufficient period to amortize those expenditures, without an adequate supply of timber, and without modifying those portions of the unilateral TTRA contract changes that have adversely impacted the contract's economics; and

Whereas the legislature finds that an additional 15 years is a minimum reasonable period to extend the KPC's timber sale contract to allow such amortization and to provide opportunities for value-added alternatives that maximize the number of jobs and assures environmentally sound operations; and

Whereas the legislature finds that sufficient timber must be made available to maintain the KPC contract, to provide 100,000,000 board feet for the contracts to small business, and to reopen the Wrangell facility and a by-product facility in Sitka; be it

Resolved, That the Alaska State Legislature respectfully urges the Alaska delegation

in Congress and the Governor to take all steps necessary, this year, to extend the Ketchikan Pulp Company long-term contract for an additional 15 years and modify those portions of the contract which the TTRA unilaterally impacted, because such an extension and modification are critical to the environmental, social, and economic well-being of the Tongass National Forest timber workers, their families, and timber-dependent communities in Southeast Alaska and because such an extension is in the public interest of the State of Alaska; and be it further

Resolved, That the Tongass National Forest should be managed for a healthy and diversified economy for the benefit of all users, including value-added forest products, commercial and sport fishing, seafood processing, tourism, subsistence, sport hunting, and local businesses that provide goods and services; and be it further

Resolved, That the Alaska State Legislature also respectfully urges the Alaska Congressional Delegation, the Governor, and the United States Forest Service to take action this year to assure that sufficient timber be made available as part of any revision of the Tongass Land-Use Management Plan to maintain the Ketchikan Pulp Company contract, to provide 100,000,000 board feet for small business contracts, and to reopen the Wrangell facility and a by-product facility in Sitka.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Daniel R. Glickman, Secretary of the U.S. Department of Agriculture; the Honorable Bruce Babbitt, Secretary of the U.S. Department of the Interior; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Washington, DC, May 23, 1996.

Hon. FRANK MURKOWSKI,
U.S. Senate, Washington, DC.

DEAR SENATOR MURKOWSKI: On behalf of Governor Tony Knowles, I hereby submit, for the hearing record, the attached letter from the Governor to Mr. Mark Suwyn, Chairman of Louisiana-Pacific Corporation, concerning a possible contract extension for the Ketchikan Pulp Company (KPC).

As the attached letter indicates, the State of Alaska supports a KPC contract extension, contingent on KPC's agreement with the following five principles: to protect the environment, Alaska jobs, and other forest users; and to utilize the Tongass Land Management Planning (TLMP) process and value-added processing techniques. The State's support for a contract extension, however, leaves for the federal public process to resolve the issues of volume, contract duration, and pricing structure.

With respect to the TLMP process, which we understand you are also having hearings on, the State continues to provide information and comments to the United States Forest Service in an effort to develop a management plan for the Tongass that is based on sound science, prudent management, and meaningful public participation.

In addition to this letter for the record, the State plans to be represented at the hearings by Veronica Slajer, of the Department of Commerce and Economic Development, who will be in attendance to listen to the testimony of the witnesses. As we informed your staff earlier, Ms. Slajer will not be testifying at the hearings, but the State is interested in learning about what others think about these issues so that the State can incorporate these thoughts in the formulation of State policy.

Thank you for considering the State's views.

Sincerely,

JOHN W. KATZ,
Director of State/Federal Relations and Special Counsel to the Governor.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau, April 26, 1996.

Mr. MARK SUWYN,
Chairman and CEO, Louisiana Pacific Corporation, Portland, OR.

DEAR MARK: Thank you for our recent discussions about the future of the Kctchikan Pulp Company (KPC).

As you know, my Administration has consistently supported a sustainable timber industry in the Tongass, including a predictable timber supply to meet the terms of the KPC contract and 100 million board feet for small operators through Small Business Administration sales. Thousands of Alaskan families depend on the Tongass for their livelihoods, subsistence hunting and fishing, recreation, and other uses.

With this letter, I want to inform you my Administration supports a KPC contract extension, contingent on the five principles outlined below. As you mentioned during our recent meeting, a decision to extend KPC's current contract is a federal one. While the state has no authority to grant an extension, the long-term partnership between the people of Southeast Alaska and the timber industry and between the City of Kctchikan and KPC gives us an important interest in the extension issue. This partnership has benefited the jobs and families of Southeast Alaska and has helped maintain healthy, safe, and stable communities.

Inherent in this long-term partnership are five principles:

1. *Environmental Protection.* Protection of air, water, and land, including fish habitat through compliance with applicable federal, state, and local laws. This means KPC should develop a plan to achieve full compliance with environmental laws within three years. This would include a meaningful public process that resolves public health and environmental issues.

2. *Commitment to Ketchikan.* A long-term commitment to Ketchikan and the maintenance of a stable workforce, including the hiring and training of resident Alaskans and a willingness to hire Alaska contractors. KPC should have longer terms contracts with Alaska timber businesses to provide them the certainly to hire permanent employees from Alaska. KPC should support a policy for directing 50 percent of the timber from SBA sales to in-state secondary processing through contracts with SBA timber businesses.

3. *Multiple Use.* Adherence to sound principles of multiple use and sustained yield of forest resources. This means the production of sustainable contract volumes for KPC and the small timber operators in southeast and the protection and promotion of other forest uses and users, including tourism, fishing, subsistence, hunting, mining, and recreation.

The planning process is of little value if individual sales remain mired in controversy and litigation. Therefore, timber offerings in areas of high community interest and important fish habitat, such as Cleveland Peninsula, Honker Divide, East Kuiu, and Poison Cove, should be avoided. In addition, every effort should be made to bring about a transition from the harvest of old growth to second growth timber.

4. *TLMP Process.* The Tongass Land Management Plan, including full participation by the timber industry and other forest users, must be completed expeditiously. The timber volume available for harvest must be determined through the TLMP planning process.

5 *Value-Added.* The timber industry should continue to explore new processes and technology to maximize the use of timer harvested and increase the value of products.

As we discussed, the matter of volume, contract duration, and price must be determined by the federal public process.

I look forward to our continued cooperation.

Sincerely,

TONY KNOWLES,
Governor. ●

By Mr. AKAKA:

S. 1878. A bill to amend the Nuclear Waste Policy Act of 1982 to prohibit the licensing of a permanent or interimnuclear waste storage facility outside the 50 States or the District of Columbia, and for other purposes; to the Committee on Environment and Public Works.

THE NUCLEAR WASTE POLICY ACT OF 1982 AMENDMENT ACT OF 1996

Mr. AKAKA. Mr. President, today I am introducing an amendment to the Nuclear Waste Policy Act to prohibit an interim or permanent nuclear waste storage facility outside of the 50 States. My bill would prevent the Nuclear Regulatory Commission from issuing a license to store nuclear waste in any of the territories, or on U.S. possessions such as Midway Island or Palmyra Atoll.

Some of my Senate colleagues may wonder whether this is a bill in search of a problem that does not exist. Until a few weeks ago, I would have never imagined that legislation such as this was necessary. However, based on information I have compiled, it is clear that the bill I am proposing is urgently needed.

Earlier this year, the Honolulu papers reported that Palmyra Island, a Pacific atoll located 900 miles southwest of Hawaii, was sold to a New York investment firm known as KVR, Inc. The reason KVR purchased Palmyra has always been vague and uncertain. However, 2 weeks ago details of a scheme for Palmyra were uncovered when the island's new owners quietly circulated legislation that would direct the Nuclear Regulatory Commission to issue a license for high-level nuclear fuel storage on Palmyra. The State of Hawaii and its delegation in Congress strongly oppose this proposal.

I have recently discovered that Palmyra was not the only island targeted for nuclear storage. Midway Island and sites in the Republic of the Marshall Islands were also proposed for nuclear waste storage by the owners of Palmyra and their associates.

As more and more information surfaces about the activities of Palmyra's new owners, their business associates, and the web of corporations they control, the true picture of their scheme emerges. When you fit all the pieces of

the puzzle together, you find that a group of nuclear entrepreneurs have been combing the Pacific for the past 2 years, searching for a home for their nuclear waste dump. It is an affront to Hawaii and the Pacific that they would hatch this scheme and operate in the shadows for so long.

Let me present the facts in greater detail. In October 1994, the developers of this nuclear waste initiative wrote the President of the Republic of the Marshall Islands to propose that high-level nuclear waste be stored in the Marshall Islands. Prior to sending their letter, representatives from both sides met in Washington to discuss the proposal. In exchange for providing exclusive use of an island for storing nuclear fuel, the Republic of the Marshall Islands Government would receive $160 million in concession payments as well as a share of any profits from the venture.

Fortunately this initiative did not succeed. The plan to store nuclear materials in the Republic of the Marshall Islands was opposed by the Clinton administration and prompted Congress to enact legislation prohibiting the Department of Energy from negotiating such an arrangement with the Republic of the Marshall Islands Government.

At this point the scheme to build a nuclear waste dump on a low-lying Pacific atoll appeared dead. But the proposal resurfaced when a group of Washington lobbyists and Wall Street financiers purchased Palmyra Atoll earlier this year.

The bill drafted by the new owners of Palmyra is one of the most remarkable legislative proposals I have seen in my 20 years in Congress. It is a legislative blank check, granting carte blanche authority to the owners of Palmyra to become the world's only, privately owned nuclear fuel storage and reprocessing enterprise. This proposal would vastly increase the risk of nuclear proliferation by placing the critical elements of weapons of mass destruction—plutonium and uranium—in private hands.

The bill directs the Nuclear Regulatory Commission to issue a license to store 200,000 tons of nuclear fuel on Palmyra. The license shall be granted for the maximum period permitted by law. By directing the NRC to license nuclear waste storage on Palmyra, the draft legislation would circumvent NRC licensing standards and waive environmental, engineering, and safety requirements that normally apply to the storage of spent nuclear fuel.

One of the boldest elements of the bill grants the owners of Palmyra the exclusive right to determine the scope of activities on the atoll. Why should anyone, whether a private individual or an arm of government, be granted unfettered authority over an island where 200,000 tons of nuclear fuel is being stored and reprocessed? This would be nuclear madness.

Another flaw of this proposal is that atolls like Palmyra are environmentally sensitive and prone to erosion and extreme weather conditions. Eastern Island, the highest point on the atoll, is less than 6 feet above sea level.

Any nuclear material stored at Palmyra would eventually have to be relocated. The National Academy of Sciences and the Nuclear Regulatory Commission have determined that above-ground storage of nuclear materials can only be an interim solution. Spent nuclear fuel stored at Palmyra would eventually have to be relocated to a permanent storage site. If this proposal succeeds, ships carrying spent nuclear fuel from all corners of the globe will transect the Pacific to deposit nuclear material at Palmyra, only to transport this fuel once again to a permanent storage site at another location. If the plan for nuclear reprocessing goes forward, the traffic in nuclear cargo would increase dramatically.

The bill further declares that the owners of Palmyra shall have title to any nuclear fuel, commencing at the time waste is transferred to containers bound for Palmyra. It would summarily select a site for storing nuclear waste without scientific or technical evaluation of the geologic, hydrologic, seismic or other conditions of the atoll. It negates decades of research, planning, and development we have invested in achieving an acceptable approach to our nuclear waste problem.

Of course, in order to achieve this remarkable plan, the bill waives the Clean Water Act and the National Environmental Policy Act. These laws are the hallmark of our Nation's commitment to protecting the environment and enjoy broad, bipartisan support. The notion that these fundamental environmental laws should be waived during the licensing of a high-level nuclear waste storage site is simply irresponsible. The American people will never accept such a proposal, no matter how well it is sugarcoated.

The revelation this week that Midway, an island that is part of the Hawaiian chain, was also sought by the owners of Palmyra is an especially frightening development for the people of Hawaii. In December 1995, the chairman of U.S. Fuel and Security requested that the Navy allow high-level nuclear fuel storage on Midway Island. U.S. Fuel and Security is a company affiliated with the new purchasers of Palmyra. The company has a business plan that calls for storing nuclear materials on a privately owned island in the Pacific Ocean, which we now know to be Palmyra.

Fortunately, the request was denied and the Navy transferred operational control of Midway to the U.S. Fish and Wildlife Service in May of this year. The purchase of Palmyra was consummated only after it became clear that the Navy would not approve the proposal for Midway storage.

Weeks ago, when details first surfaced about establishing a nuclear waste dump on Palmyra, it was difficult to believe that there was any truth to these proposals. But as I uncovered more and more information, I began to realize that this story was fact, and not fiction. This tale of nuclear intrigue is like a bad onion. Each time you peel away another layer it smells even more. You begin to wonder what else this group is up to that we do not know about.

That is why I am introducing legislation to prohibit the storage of nuclear waste in any of the Pacific territories or on U.S. islands such as Midway or Palmyra. My bill is a preemptive strike against proposals to store nuclear waste on Palmyra. It would shut the door on any possibility of turning these Pacific islands into a nuclear waste dump.

I also want to put the Senate on notice that I am examining legislation to transfer jurisdiction of Palmyra, Midway, and five other U.S. possessions to the State of Hawaii. This proposal would give Hawaii legal authority over, but not title to, these islands.

When a similar proposal surfaced last year in the House of Representatives, legitimate concerns were raised about the potential liability associated with such a transfer. In light of efforts to store nuclear fuel on some of these islands, I believe that we should revisit the idea of placing these Pacific islands, which are geographically close to Hawaii, under the State's jurisdiction. I will closely examine the question of liability and take steps to ensure that the Federal Government is responsible for cleanup of any hazardous or toxic substances on these islands, and that the State of Hawaii is indemnified from future liability.

Transferring jurisdiction of islands like Palmyra and Midway to the State of Hawaii would mean that our Governor, the State legislature, and ultimately the people of Hawaii would have a greater say in determining the future of these islands. This legislation could be a substitute for, or an addition to, the bill I have introduced today.

My colleagues, the nuclear era began in the Pacific when the first atomic bomb was dropped on Hiroshima. Since that time, more than 150 nuclear devices have been detonated in the region. The United States conducted 66 tests in the Marshall Islands and Johnston Atoll during the 1940's and 1950's. The British conducted 21 tests on Christmas Island and in Australia during the 1950's. The French detonated more than 180 devices on Mururoa and Fangataufa Atolls under a nuclear testing program that began in 1974 and ended in February 1996. The environmental consequences of this nuclear legacy are evident throughout the Pacific to this day.

Given the international outpouring of criticism during the recent French testing, it is inconceivable that anyone would consider establishing the world's largest spent nuclear fuel dump at Palmyra. The Pacific has been under assault since the dawn of the nuclear era

and should not become a future dumping ground for the world's nuclear problems. Half a century of nuclear testing is enough.

ADDITIONAL COSPONSORS

S. 258

At the request of Mr. PRYOR, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 258, a bill to amend the Internal Revenue Code of 1986 to provide additional safeguards to protect taxpayer rights.

S. 1610

At the request of Mr. BOND, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 1610, a bill to amend the Internal Revenue Code of 1986 to clarify the standards used for determining whether individuals are not employees.

S. 1628

At the request of Mr. BROWN, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 1628, a bill to amend title 17, United States Code, relating to the copyright interests of certain musical performances, and for other purposes.

S. 1689

At the request of Mr. GRAMM, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 1689, a bill to provide regulatory fairness for crude oil producers, and to prohibit fee increases under the Hazardous Materials Transportation Act without the approval of Congress.

S. 1713

At the request of Mr. FRIST, the names of the Senator from South Carolina [Mr. THURMOND], the Senator from Vermont [Mr. JEFFORDS], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 1713, a bill to establish a congressional commemorative medal for organ donors and their families.

S. 1735

At the request of Mr. PRESSLER, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1741

At the request of Mr. ASHCROFT, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1741, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for the old-age, survivors, and disability insurance taxes paid by employees and self-employed individuals, and for other purposes.

S. 1794

At the request of Mr. GREGG, the names of the Senator from Vermont [Mr. JEFFORDS], the Senator from North Carolina [Mr. HELMS], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 1794, a bill to amend chapter 83 of title 5, United States Code, to provide for the forfeiture of retirement benefits in the case of any Member of Congress, congressional employee, or Federal justice or judge who is convicted of an offense relating to official duties of that individual, and for the forfeiture of the retirement allowance of the President for such a conviction.

S. 1809

At the request of Mr. MURKOWSKI, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1809, a bill entitled the ''Aleutian World War II National Historic Areas Act of 1996.''

S. 1815

At the request of Mr. GRAMM, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 1815, a bill to provide for improved regulation of the securities markets, eliminate excess securities fees, reduce the costs of investing, and for other purposes.

S. 1845

At the request of Mr. GREGG, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1845, a bill to amend the Federal Election Campaign Act of 1971 to require written consent before using union dues and other mandatory employee fees for political activities.

S. 1853

At the request of Mr. FAIRCLOTH, the names of the Senator from Virginia [Mr. WARNER], the Senator from Missouri [Mr. ASHCROFT], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 1853, a bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property.

SENATE CONCURRENT RESOLUTION 42

At the request of Mrs. KASSEBAUM, the name of the Senator from West Virginia [Mr. BYRD] was added as a cosponsor of Senate Concurrent Resolution 42, a concurrent resolution concerning the emancipation of the Iranian Baha'i community.

SENATE RESOLUTION 247

At the request of Mr. SPECTER, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of Senate Resolution 247, a resolution expressing the sense of the Senate regarding a resolution of the dispute between Greece and Turkey over sovereignty to the islet in the Aegean Sea called Imia by Greece and Kardak by Turkey.

SENATE RESOLUTION 250

At the request of Mr. BROWN, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of Senate Resolution 250, a resolution expressing the sense of the Senate regarding tactile currency for the blind and visually impaired.

SENATE CONCURRENT RESOLUTION 64—RELATIVE TO FILIPINO WORLD WAR II VETERANS

Mr. INOUYE (for himself and Mr. AKAKA) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 64

Whereas the Commonwealth of the Philippines was strategically located and thus vital to the defense of the United States during World War II;

Whereas the military forces of the Commonwealth of the Philippines were called into the United States Armed Forces during World War II by Executive order and were put under the command of General Douglas MacArthur;

Whereas the participation of the military forces of the Commonwealth of the Philippines in the battles of Bataan and Corregidor and in other smaller skirmishes delayed and disrupted the initial Japanese effort to conquer the Western Pacific;

Whereas that delay and disruption allowed the United States the vital time to prepare the forces which were needed to drive the Japanese from the Western Pacific and to defeat Japan;

Whereas after the recovery of the Philippine Islands from Japan, the United States was able to use the strategically located Commonwealth of the Philippines as a base from which to launch the final efforts to defeat Japan;

Whereas every American deserves to know the important contribution that the military forces of the Commonwealth of the Philippines made to the outcome of World War II; and

Whereas the Filipino World War II veterans deserve recognition and honor for their important contribution to the outcome of World War II: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should issue a proclamation which recognizes and honors the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II.

Mr. INOUYE. Mr. President, I rise to submit a concurrent resolution which recognizes the valiant military service of Filipino soldiers during World War II.

The Philippine Islands were the possessions of the United States from the end of the Spanish-American War in 1898 until shortly after the end of World War II in 1946. On December 8, 1941, the Japanese invaded the Philippine Islands. The invasion delayed the islands' independence from the United States for 2 years.

On July 26, 1941, 4 months before the invasion of the Philippines, President Roosevelt issued a military order calling members of the Philippine Commonwealth Army:

into the service of the armed forces of the United States for the period of the existing emergency, and placed under the command of a general officer, United States Army * * * all of the organized military forces of the Government of the Philippines * * *

On December 18, 1941, General MacArthur issued General Order No. 46 which provided that:

Pursuant to provisions of the Proclamation of the President of the United States,