

Severing normal trade relations with China would disrupt the process of social change. This action would hurt the people we really want to help, like the citizens of Hong Kong and the Chinese who now owe their livelihood not to the mercy of the Chinese state but to their own contribution to the free market system. Now is not the time to walk away from our ability to promote change.

Severing normal trade relations with China would also harm American workers, American unions and American businesses. I have recently spoken with aerospace workers and union leaders who disagree with the anti-trade position of their national organizations and who support continued trade with China. They fear that, if Congress chooses to raise trade barriers, American businesses will lose the China airplane market to Airbus and thousands of good, hard-working Americans will lose their jobs without any real change in Chinese policy. The union workers' arguments are persuasive. In 1980, the farmers of Washington State were devastated by a futile attempt to change Soviet policy with a unilateral grain embargo. I hope we will not be destructive and short-sighted as we once again contemplate unilateral trade sanctions. We owe it to the workers and farmers of Washington State and this Nation to learn from the painful, embarrassing experience of 1980 and refrain from adopting more unilateral sanctions.

Finally, severing normal trade relations with China would impose costs on American consumers. The Congressional Research Service has recently estimated that denying China MFN status would cost American families 27 to 29 billion dollars in higher prices. This resolution of disapproval represents a hidden tax on my constituents, fewer jobs for my State and, most important, less freedom for the people of China. I support normal trade relations with China and I hope to work with my colleagues to develop constructive policies which expand freedom in China and convince China's leaders to change their behavior.

REGARDING COST OF GOVERNMENT DAY

SPEECH OF

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. SCHAFFER of Colorado. Mr. Speaker, it's ironic, the proximity of the Fourth of July and Cost of Government Day. Of course the national celebration recalling our independence is a day to ponder the blessings of liberty.

Cost of Government Day, however, is quite the opposite, a dramatic reminder of just how much freedom Americans have relinquished to the excesses of big government and profligate spending. This year, Cost of Government Day falls on July 3d.

A somber event, Cost of Government Day occurs later and later each year. The date is determined by calculating the number of days Americans must work in order to earn enough money to pay for the government. This year, it will take 183 days of work to afford to pay for Federal, State, and local taxes and regulatory costs.

The total cost of government in 1997 is estimated at \$3.52 trillion, up from \$3.38 trillion in

1996. This expense translates into a burden averaging \$13,500.00 for every man, woman and child.

If that's not enough to make your sparkler fizzle, think about this: Even with the celebrated balanced budget Congress is forgoing, the Federal Government will spend \$19.2 trillion over the next 10 years and after that, spending for the following ten years is projected to surge to \$29.3 trillion.

Many people think their April 15th tax payment satisfies their civic toll. Unfortunately, it's just the beginning. In addition to taxes, there is a plethora of regulations and government programs which only increase consumer costs, reduce job opportunities, waste valuable time, suppress productivity, and control our lives. The estimated total cost of government regulations for 1997 is \$688 billion which is a 25 percent increase since 1988.

What would Thomas Jefferson, or John Adams say about the government they helped design if they could see it today? Suppose you were to observe the pair discussing the matter over dinner at your favorite neighborhood eatery. According to the Americans for Tax Reform Foundations, \$11.00 of their \$40.00 restaurant bill goes directly to taxes. The remaining \$29.00 covers all other costs of preparing and serving the meal.

The taxes on meals includes federal, state, and local income taxes, Social Security taxes, property taxes, unemployment insurance taxes, workers compensation taxes, utility taxes, licensing fees, and possibly other taxes depending on the state.

In addition to taxes, the restaurant has to deal with various regulatory agencies like OHSA, EPA, IRS, USDA, BATF, NLRB, the local health department, zoning and licensing boards, and more. After that, the proprietor pays his suppliers, his staff, the mortgages, and if he's lucky, he'll have a little left over for himself.

Surely the Signers of the Declaration of Independence has something much different in mind on July 4, 1776, when they affirmed, "Prudence, indeed will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shown, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed."

"But when a long train of abuses and usurpations, pursuing invariably the same objective evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security."

Fortunately, our founding heroes designed a system allowing us to throw off the yoke of bondage peaceably, at the ballot box. For this reason, the Fourth of July is a festive celebration overshadowing Cost of Government Day.

Taken together, the back-to-back occasions should serve as a clarion call to those of us who still believe the America dream is worth preserving. Indeed, our Forefathers waged a revolution against far less than American taxpayers are willing to tolerate today.

Independence Day should be our parapet, a demarcation beyond which the cost of government must not intrude. Our objective in Congress, should be to dramatically relieve the tax burden on American families so as to increase economic freedom and to honor life, liberty and the pursuit of happiness as the provi-

dential birthright of all citizens who revel in our glorious independence.

IN HONOR OF THE PHILIPPINE AMERICAN SOCIETY OF OHIO

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. KUCINICH. Mr. Speaker, I rise to honor the Philippine American Society of Ohio [PASO] as the group inaugurates the PASO Cultural and Civic Center on June 29, 1997.

PASO was founded in 1967 with the purpose of uniting all Filipinos in the Cleveland area. The handful of pioneers has grown over the past 30 years into a solid organization which embraces cultural, civic, social, and humanitarian programs.

Since World War II, Filipinos, mostly professionals, emigrated to America in the thousands. The Filipino population in the Cleveland area is estimated to be close to 3,000 families. The rich traditions of Philippine culture in Cleveland continue to flourish with the help of PASO. In 1985, PASO purchased a 4.9 acre piece of land on which these visionaries hoped to build a Cultural Center. On June 29, after many years of hard work and fundraising, the organization will celebrate the groundbreaking for its Cultural and Civic Center in Parma, OH.

With the completion of the Cultural Center, PASO will be able to hold more events and activities in order to better accomplish the goals and objectives of the organization. My fellow colleagues, please join me in honoring PASO in its efforts to keep the Philippine culture alive in Cleveland.

TESTIMONY OF PETE STARK

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. STARK. Mr. Speaker, I would like to submit for the '04' Record recent testimony I presented to President Clinton's Advisory Commission on Consumer Protections and Quality in the Health Care Industry. The need for consumer protections in managed care is great—I urge my colleagues to pass legislation to protect the millions of patients in managed care plans:

TESTIMONY OF CONGRESSMAN PETE STARK BEFORE THE ADVISORY COMMISSION ON CONSUMER PROTECTION AND QUALITY IN THE HEALTH CARE INDUSTRY

Secretary Shalala, Secretary Herman, and Members of the Commission: Thank you for this opportunity to present testimony concerning critically needed consumer protections for the millions of Americans in managed care plans.

BACKGROUND

Health care consumers who entrust their lives to managed care plans have consistently found that many plans are more interested in profits than in providing appropriate care. In the process of containing costs patients are often harmed. My constituent mail has been full of horror stories explaining the abuses that occur at the hands of HMOs and other forms of managed care.

For example, David Ching of Fremont, California had a positive experience in a Kaiser Permanente plan and then joined an employer sponsored HMO expecting similar service. He soon learned that some plans would rather let patients die than authorize appropriate treatment. His wife developed colon cancer, but went undiagnosed for 3 months after the first symptoms. Her physician refused to make the appropriate specialist referral because of financial incentives and could not discuss proper treatment because of the health plan's policy. Mrs. Ching is now dead.

This tragedy and others like it might have been avoided if the patient had known about the financial incentives not to treat, or if the physicians had not been gagged from discussing treatment options, or if there had been legislation forcing health plans to provide timely grievance procedures and timely access to care. It is too late for some victims, but it is not too late to provide these protections for the millions of people in managed care today.

A few years ago, Congress recognized a crisis in the health care industry. Expenditures were soaring and overutilization was the rule. At that time, I chose to address this problem with laws that prohibited physicians from making unnecessary referrals to health organizations or services that they owned.

Others responded by pushing Americans into new managed care plans that switched the financial incentives from a system that overserves to a system that underserves. They got what they asked for. The current system rewards the most irresponsible plans with huge profits, outrageous executive salaries, and a license to escape accountability. Unfortunately, patients are dying unnecessarily in the wake of this health care delivery revolution. It must stop.

Several states have already addressed the managed care crisis. In 1996, more than 1,000 pieces of managed care legislation flooded state legislatures. As a result, HMO regulations were passed in 33 states addressing issues like coverage of emergency services, utilization review, post-delivery care and information disclosure. Unfortunately, many states did not pass these needed safeguards resulting in a piecemeal web of protections that lacks continuity. The states have spoken; now it is time for federal legislation to finish the job and provide consumer protections to all Americans in managed care.

H.R. 337—THE MANAGED CARE CONSUMER PROTECTION ACT OF 1997

I have introduced a bill—H.R. 337—The Managed Care Consumer Protection Act of 1997 which includes a comprehensive set of protections that will force managed care plans to be accountable to all of their patients and to provide the standard of care they deserve.

This legislation includes measures to protect patients from the abuses of managed care on several fronts. One particular provision in the bill would require the managed care plan to at least see the patient and perform some form of preventive health screening before the Federal government pays the monthly capitated dollar amount. We should not continue to pay plans a monthly fee when many times, the plan has never seen the beneficiary face-to-face. If one of the goals of managed care is to focus on preventive care, the patient must—at the very least—first be seen by the managed care plan.

I am pleased that many of the provisions in my bill were included in the recent Medicare proposals in both the Ways and Means and the Commerce Committees. I have attached a summary of the bill for your review.

Many Members testifying today have introduced legislation with similar provisions. In that light, I will focus on only a few issues.

A PLEA TO REVISIT THE PHYSICIAN FINANCIAL INCENTIVE ISSUE

I am the author of the law limiting physician financial incentives to withhold care. I am very disappointed in the regulation implementing this law.

The regulation allows a plan to place a doctor 25 percent at risk.

How many of you flew here on an airline that gave 25 percent bonuses to its airplane mechanics NOT to spend too much time checking the plane's safety? Good luck going home.

What is particularly disappointing about the 25 percent figure is that there is some data that the industry average is closer to 19 percent. The 25 percent figure should be lowered. I urge you to recommend that it be phased down over a period of years to a level where the average patient would not be offended or suspicious.

If you think the 25 percent figure is okay and won't change behavior in strange ways, I refer you to a Wall Street Journal article of two weeks ago, which talked about doctors selling Amway products to their patients to make extra money on the side. The doctor featured in the article had seen his income from \$400,000 a year to \$300,000, so he was selling soap to everyone in sight. Think about it.

NEED TO REFORM GOVERNMENT OVERSIGHT STRUCTURE

HCFA has an impossible task: to promote managed care and at the same time to try to regulate it on behalf of consumers. The two missions are inconsistent: you can't do both well. Note the current controversy over the Grijalva case, where HCFA has come down on the side of the HMO companies, much to the anger of every consumer group in the nation.

We need a new structure of governance as managed care grows.

I urge the Commission to recommend a restructuring of government to address this problem. Let HCFA be the promoter and payer of managed care plans. That is certainly their bureaucratic culture and history.

For the public and the consumer, we need a new, independent consumer commission that will make coverage, consumer appeals and grievance, and quality measurement decisions. I recommend to you the SEC-type model suggested in several books and articles by Professor Marc Rodwin of Indiana University. This Commission should be composed of consumers and must be structured so it is never captured by the industry.

We need an independent consumer commission now. We will need it more each passing day. I do not believe that HCFA has yet made Medicare coverage decisions on the basis of cost to the program. But as the Baby Boom generation retires and the financial pressures on the program become more intense, will people be able to trust their government to make medically honest coverage decisions? Will HCFA become a rationing system that controls costs but may not be good for our health? Various right-to-life groups are already questioning the program. An independent consumer commission that would address coverage issues would prevent this government rationing issue from becoming a future divisive issue in our aging society.

A wise industry would support such a Commission: it is their only hope to show the public that there is an independent, honest ombudsmen whom families can turn to in matters of life and death concerning health

care. The managed care industry is facing a weekly drumbeat of ridicule in the one place that truly has the pulse of the American public—the nation's comic strips and political cartoons. The last page of my testimony attaches two cartoons from just the Washington Post of the last week. What would it be worth to the HMO industry for these cartoons to go away? They will go away when the public no longer thinks they are funny and when they no longer resonate. An independent, pro-consumer Commission is the single best answer to ending the ridicule and bad press.

THE IMPENDING CRISIS IN RURAL MANAGED CARE

I urge the Commission to take a special look at what I believe is an impending crisis in rural health care.

In the Medicare Reconciliation bill, Congress is preparing to place a very high floor on payments to managed care plans in rural counties—a floor far above their cost of serving the beneficiaries who live in those communities. At the same time, we are making it easy for local doctors and hospitals to form Provider Sponsored Organizations or "baby HMOs" that serve as few as 500 enrollees. PSOs in rural America, where there is already a shortage of providers, will certainly look like monopolies.

The combination of the high managed care payments and the new PSOs will work to force most rural Americans into brand new HMO-type organizations. The good news is that the payment floors will be so high that (if the ACRs are calculated honestly) rural Americans will be offered a wide range of extra benefits. The bad news is that it may be hard for rural Americans to get referrals to urban or out-of-area providers who can provide better quality care than their local rural PSO.

I believe we will need some special measurements of these new rural PSOs to ensure that we are not trapping millions of rural residents in monopolistic low-quality plans.

MANAGED CARE AND ANTI-FRAUD

The HHS Inspector General, in cooperation with the GAO, has undertaken a system-wide audit of Medicare. Their report will be issued in about three weeks.

According to press reports, they will find that in fee-for-service Medicare last year we lost about \$23 billion to fraud, waste, and abuse. Over five years that would be about \$115 billion—the exact size of the Medicare Budget cuts the House passed yesterday.

Some will say that this proves we need to move faster to managed care. I submit there is substantial fraud in managed care as well. I urge the Commission to encourage HCFA to do a better job of rooting out managed care fraud.

There is the fraud of under-service and denial of care—the fraud that can kill.

There is the fraud of the Adjusted Community Rates (ACR) that companies tell us equal the cost of serving their commercial business. Time after time an HMO does not provide extra benefits and says that its ACR does not require such extra benefits. Then when a second or third managed care plan enters the market, all of a sudden the plan finds that it can offer zero premiums, drug benefits, and eyeglasses. On its face, the plan that for years offered no or few extra benefits was committing a type of fraud.

I've attached an exchange of correspondence with the OIG that makes the point that if fee-for-service Medicare has a 10 to 14 percent fraud, waste, and abuse factor built into its rates, we certainly should not base managed care payment rates on that fraudulent, inflated base. It is a mathematical fact that the payment rate to HMOs should be less than 90 percent of the current fee-for-service rate—unless you want to pay twice for fraud.

Thank you for this opportunity to present my ideas about much needed consumer protections in managed care.

FOR MARY JO TRIMBELL AND
SUSAN SMITH'S DEDICATION TO
COMMUNITY SERVICE

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. POSHARD. Mr. Speaker, this week we recognized the winners of the annual Congressional High School Art Competition. I served as honorary chairman in the event in my congressional district, which took place April 20, 1997. This art competition, known as "An Artistic Discovery," is a tribute to the boundless creativity of our many young people. This program was launched in 1982, and the nationwide art competition has already produced thousands of local competitions which involve over 500,000 high school students. The winners have their works displayed in the Capitol complex for the next year, so we can all enjoy the fruits of their talents. This contest depends on the efforts of many at the local level. I want to recognize both Mary Jo Trimbell, president of the Little Egypt Arts Association, and Susan Smith, Decatur Area Arts Council executive director, and the members of these organizations for co-chairing the 16th Annual Congressional High School Art Competition. Arranging an event of this caliber requires much time, energy, personal sacrifice, and many dedicated long hours.

Mr. Speaker, Decatur and Marion, IL, may not be towns that come to mind when you think of art, but they are representative of many areas in my district and across the Nation that recognize the importance of art in our lives. The people in the 19th Congressional District recognize this need and this event is an appreciation of our gifted, young artists. It is always nice to see so many people volunteer and make this event fun, as Michael Bryant, Marie Samuel, and John Yack did—they took time out to judge the entries.

The overall winner of the Congressional Art Competition in the 19th Congressional District was Amber Droste, a recent Robinson High School Graduate. The two winners of the People's Choice Awards were Toby Grubb of MacArthur High School in Decatur and James Moseman of Marion High School, who was a winner of two awards. Joining Grubb and Moseman as finalists were Ginnie Gessell of Benton, Kenna Funneman and Elizabeth Ordner from Teutopolis High School, Kevin Edwards of Stewardson-Strasburg High School, Kranston Kincaid of Herrin High School, and Brad Maynor of Pope County High School.

Mr. Speaker, this event helps to acknowledge the many talented youngsters who have dedicated countless hours to their art. It takes a fine mind to transfer the artists' interpretation of art onto paper, or express it through some other medium. Southern and central Illinois, according to world standards, may not be considered artistic meccas, but they certainly were on April 20, 1997. This competition provides an opportunity for our youth all to shine, and I am grateful for the help and encouragement provided by those who helped. I would

like to congratulate all of the participants in the Congressional Art Competition this year, and all the people who helped make it possible. Mr. Speaker, what a wonderful "Artistic Discovery."

THE INTRODUCTION OF THE PUBLIC
SAFETY OFFICERS MEMORIAL
SCHOLARSHIP ACT

HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mrs. KELLY. Mr. Speaker, I rise today to introduce legislation which seeks to support the family members of public safety officers who are killed in the line of duty.

Police officers and firefighters lay their lives on the line on a daily basis, Mr. Speaker, and sadly, all too often they make the ultimate sacrifice in the service of their communities. This tragic fact was illustrated most recently in my district in New York when a volunteer firefighter, Michael Neuner, who was also a police officer, was killed while fighting a fire in the town of Southeast.

This unfortunate story is repeated around the country, Mr. Speaker. These are our friends, our neighbors, our loved ones, and they leave behind families who must continue on. The death of a father or mother takes an obvious emotional toll, but it also impacts the financial security of the family, particularly when it comes to meeting educational expenses.

The Public Safety Officers Memorial Scholarship Act seeks to address this particular problem. Specifically, the bill authorizes the Secretary of Education to award education scholarships to the spouse or dependent child of a public safety officer—police or firefighter—who is killed in the line of duty. These scholarships may be used to cover education expenses associated with elementary and secondary education (K–12), or to attend a post secondary institution as a full-time or part-time student.

Last year, Congress adopted similar legislation to award education assistance to family members of Federal law enforcement officers killed in the line of duty. I was pleased to support that legislation, and even more pleased to introduce this bill, which takes the next logical step and extends this benefit to the families of all public safety officers who are killed while serving their communities.

I urge my colleagues to join me in support of this important legislation.

TRIBUTE TO FRANK FREGIATO

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. NEY. Mr. Speaker, I ask my colleagues to join me today in congratulating Frank Fregiato, Belmont County Court judge. Judge Fregiato, who began serving the Belmont County Court on January 1, 1997, is the first Italian judge in Belmont County History.

Judge Fregiato began his career in law at the Ohio State University College of Law. After

graduating, he joined the Thomas, Fregiato, Myser, Hanson, & Davies law firm in Bridgeport, OH. Since beginning his work in private practice, Judge Fregiato has been an active member in the legal community. He is a member of the Ohio State Bar Association and Belmont County Bar Association, which he has served as president. In addition, he is a member of the St. Clairsville Rotary, the Knights of Columbus, and the Sons of Italy.

The Ohio Valley is fortunate to have Judge Fregiato as a member of the Belmont County Court. I am sure that Judge Fregiato will continue to serve the court and the citizens of Belmont County honorably, and will show the same dedication to the bench as he has shown throughout his career. I ask my colleagues to join me today in recognizing Judge Fregiato's achievement and to wish him further success.

THE HAMPTON JAZZ FESTIVAL

HON. ROBERT C. SCOTT

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 1997

Mr. SCOTT. Mr. Speaker, I rise today to draw the attention of my colleagues to the 30th anniversary of the Hampton Jazz Festival, which takes place from June 26th through June 29th. In what has now become known as the "Festival of Legends," the Hampton Jazz Festival is clearly one of the greatest gatherings of musicians in the Nation. This year once again, when over 10,000 jazz fans come together each night in the Hampton Coliseum, they will be treated to some of the finest, most enduring examples of this most American of music forms. I only scratch the surface when I list a few of the luminaries who will be appearing on stage this week: George Benson, Peabo Bryson, Patti LaBelle, Gladys Knight, Robert Cray, and the incomparable B.B. King. Although a few of our perennial favorites can no longer appear—greats like Count Basie, Earl "Fatha" Hines, Dizzy Gillespie, and Duke Ellington—I am thrilled at the new artists who continue to keep the Hampton Jazz Festival fresh, innovative, and absolutely entertaining.

It was 30 years ago when the Hampton Jazz Festival was born on the campus of Hampton University, in part as the result of the hard work of a student committee headed by John Scott. A few years later the city of Hampton got involved, offering its new coliseum as the home of the annual event. This unique partnership has helped make our festival such a success. Today, John Scott is the local organizer and George Wein the producer of what has evolved into one of America's greatest jazz get-togethers. I, like the thousands of fans who will throng to the Hampton Jazz Festival later this week, look forward to another great festival of legends and commend the city of Hampton, the festival organizers, and the great artists who will share their talent to help make this 4-day event music to our ears.