

President has called for with his disaster declaration.

Again, we want to thank the North Dakota National Guard, the Federal Emergency Management Agency, and the U.S. Army Corps of Engineers. Let me just say that the Corps of Engineers is being praised from one end of the State to the other by local officials who are saying this was the best prepared they have ever been for flooding disaster. That is a good thing because this is the worst flooding that we have seen in the history of North Dakota.

I also again would like to thank the Red Cross, the Salvation Army, the church organizations, and volunteer organizations that have pitched in. The response, as one of the disaster coordinators told me, has just been superb. It has been everything you could possibly ask for.

So we extend our appreciation to all of those who pitched in.

I also want to conclude by saying that I very much appreciate what my colleagues have told me—that they will stand up and be supportive during this time of need. We certainly have attempted to do that when they were in a disaster situation. And I very much appreciate the words of support that we have received from literally dozens of our colleagues.

With that, Mr. President, I yield the floor.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield myself 20 minutes under the time allocated to the distinguished Democratic leader.

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

Mr. BREAUX. Mr. President, let me commend KENT CONRAD for his good remarks on the situation in his State and in that part of the country, and also my part of the country. There is no doubt about it because as the snow begins to melt eventually it finds its way down the Mississippi River and causes problems for us. We sympathize with what is going on in his area, and certainly we are willing to participate and help as well.

So I commend him for his comments on the floor of the Senate.

THE MEDICARE CRISIS

Mr. BREAUX. Mr. President, what I want to talk to the Senate this morning and our colleagues about is the situation that I think is most serious in this Congress. If we balance the budget this year and also come up with tax cuts, I think that this Congress will still go down as a failure if we do nothing to address the very serious Medicare crisis that is facing this country. I think that we must realize that we need to do more than we are attempting to do at this moment.

There is no question that Medicare has been a wonderful program for the 38 million Americans that have come under the Medicare Program for all of these years. It has been a success story that I think is unparalleled in the his-

tory of government. Before Medicare was passed less than half of the seniors in this country had access to quality health care. Today 99 percent of all seniors in America have quality health care under the Medicare Program. The poverty rate among seniors has dropped largely, on the part of Medicare and Social Security, from about 35 percent of all seniors down to about 12 percent. The United States has about the ninth highest life expectancy of any nation in the world. That is not that great. When you look at the life expectancy of seniors in this country, the United States has the highest life expectancy of all citizens over the age of 65 largely due to the fact they have access to quality health care under the Medicare Program. The problem, however, is that Medicare is about to go broke. We have talked about it. Now I think more and more people are understanding that we must do something to address the problem.

The first chart that I have up here really is an indication of how part A, which is the hospital trust fund which pays for the hospital services for seniors, is projected by about the year 2001 to run out of money. We are right here starting to run out of money in the trust fund. And the red line shows that, indeed, this is a very serious crisis that we cannot allow to continue. The President's budget extends the life of the fund to the year 2007. That is a short-term fix when I suggest we should be looking at long-term fixes.

Part B, which is the program that pays for physician services, is not in the same situation, obviously, because it is supported by general revenues although the cost of Medicare physician services has increased by 53 percent over the past 5 years.

I would like to take a look at chart No. 2 which shows the number of people that are working in order to pay for the Medicare beneficiaries. Back in 1967 there were about 4.4 workers paying for every Medicare beneficiary. Today we are looking at a ratio of about 3.9 workers in 1995 right here. It is a dramatic drop down to the year 2030 when we are talking about only 2.2 American workers working to pay for one beneficiary. So while it started off in a very good ratio back in 1967 it is dropping as more and more people become eligible for Medicare and fewer and fewer workers are working to pay for those services.

The Congressional Budget Office estimates that payroll taxes would have to be increased 25 percent a year just to extend the trust fund solvency to the year 2006. I don't know of any Member of Congress that is recommending a 25-percent increase in the payroll taxes, or something that is simply not going to occur.

Chart No. 3 shows you how much money we are spending on Medicare as a percentage of our overall Federal budget. In 1975 it is 5 percent, more than double in 1995, and with 11.3 percent of the entire Federal budget now being spent on Medicare. By the year 2020 the estimation is that it will be al-

most 25 percent; 24-plus percent of our total budget expenditures. That means when you are talking about education, roads, highways, infrastructure, there is not going to be a lot of money left. We will be spending 25 percent of everything we take in just on Medicare.

Why is this happening? There are two reasons. No. 1 is the growth of beneficiaries. There are a lot more people on Medicare. People live longer. The population is aging. We are glad they are. We are glad they are living longer. But we have a lot more beneficiaries than we used to. Between now and the year 2010 the number of people on Medicare will grow by about 1½ percent a year. After that it is going to grow to almost 2.5 percent a year, which is a rate of growth that is just incredible and unreasonable for the cost.

The second reason, as I point out on the chart, is the amount of money we are spending per beneficiary. We are spending a lot more. For a self-insured man who earned average wages he will receive Medicare benefits of over \$44,000 a year in his lifetime. For these benefits he is only going to contribute about \$13,000. He is getting about \$32,000 more than he is putting in. We are spending a lot more per beneficiary. In 1995, the average benefit is \$80,000 in a lifetime. Their contribution is \$30,000. So we are spending a lot more money per beneficiary than we used to, and it is certainly a lot more money than they are contributing.

So we know what is happening. Unfortunately, what we are talking about so far in the President's budget and in most proposals is to tinker around the edges. We are talking about, "Well, let's fix Medicare by cutting the amount of money we give to doctors and cutting the amount of money we give to hospitals." I suggest that that is a Band-Aid type of an approach which we have tried time and time again. When we get into these great arguments about cutting or increasing Medicare, truly we aren't fixing anything. We are just tinkering around the edges. We need some fundamental reform and change. If we continue to just reduce the amount we give to doctors and to the hospitals pretty soon doctors and hospitals are going to say, "Wait a minute. I am not going to treat Medicare patients anymore. You are giving me less than it is costing me to provide these wonderful services that are important to seniors in this country. So I quit. I am out of here." You are seeing that happen around the country. Unfortunately, the proposals we have on the board so far this year are simply just the same old same old—simply reducing the amount we pay doctors and hospitals. I think we have to do something more fundamental than that.

What I am suggesting is that we restructure Medicare by modeling it on

what we have as Senators, what we have as Members of Congress, and what 9 million Federal employees have for their health care package of benefits. I think most people believe that if Congress wrote a plan for themselves it must be pretty good. They are right. It is pretty good. It is much better than what seniors have under the current Medicare plan. I am suggesting that we take the Medicare plan and give people who are on Medicare—the beneficiary—at least the option of having the same benefits that their Senator or their Congressman, or the rest of the Federal work force has which is the Federal employee health benefit plan. With our plan the Federal Government finances about 71 percent of the premium cost for the plan with the participants paying the other remaining 29 percent. We have the option of choosing a Cadillac plan for which we will pay a little bit more, or a less expensive plan that we pay a little bit less for, and the Government pays a little bit less. But you have the flexibility. It is sort of a combination of a defined contribution and benefit plan where the Federal Government says we want some people to offer us some option. It has to meet a minimum standard. And depending on which plan you pick determines how much you are going to have to pay for it.

No. 1, the plan would give seniors a greater choice of health care plans than they currently have. It would give them better coverage than they currently have while at the same time curbing the growth in Medicare costs by creating what Medicare doesn't have, and that is real competition.

The reason Medicare is increasing at twice the rate of private insurance is because there is no real competition among Medicare beneficiaries and the plan that they have. In the private sector, which is increasing about 4 percent or less, there is competition. They receive more. They pay less under Medicare. We get less and pay more.

So I am suggesting that a plan based on the Federal employee health benefit plan would give more competition, more benefits, more information, and more choice to Medicare recipients than they have today. There would be more competition because the current Medicare system of price fixing by the Government here in Washington I think is a disaster. We have people in Washington that work very hard to try to fix prices. But it is not working. The costs are going up higher than the private plans and they are fixing the price. It is not working. So we are the only group that has lost money on managed care.

Medicare now offers HMO's because it is under a price structure and price fixing. We are losing money on HMO's. Everybody else who is trying HMO's is saving money because there is competition. But under Medicare, when somebody gets in an HMO, we are still controlling the price. And the Government is losing money under HMO's be-

cause of price fixing, and everybody else is saving a substantial amount of money.

So we have to change the way we are doing business, and to bring in more competition. The Federal Government OPM negotiates on behalf of 9 million employees. And there is a lot of competition because they can go to the market and say, "We are going to offer you 9 million workers, and we want you to bid on what health care you are going to provide them. And make sure it is a minimum standard, and see who offers the best deal." We have 38 million people in the system. The potential for negotiating a good price is astronomically increased, and it makes much more sense. Right now we are relying on Medicare and arbitrary bureaucratic price regulations and price fixing. The private sector, which relies on competition, more information, and more flexibility, is working and the prices have not gone up.

The second thing is we would get more benefits. When we talk to seniors, we say that we want to change it. But we want to give you more benefits than you have right now because what you have is a 1965 model that is like a Chevrolet that has never been repaired since 1965. It wouldn't run very well today. But we are giving them a 1965 model. It was great for a long period of time. But because of the change in the world it is not giving the benefits that the private sector gives other people.

Medicare doesn't cover most outpatient prescription drugs. For instance, it doesn't cover generally dental care, or have any catastrophic limits on catastrophic health care and out-of-pocket contributions as private plans do. In fact, Medicare's benefit package is less generous than about 85 percent of private insurance and private sector plans. I think a lot of seniors think that they have a great plan when in truth it is less generous than 85 percent of the private sector health insurance plans. It is not that good of a plan by any stretch of the imagination. The program covers only about 45 percent of the total annual health care bill of the elderly. That is not a particularly good deal by any stretch, if your health care plan is only covering about 45 percent of your annual out-of-pocket expenses. That is what Medicare currently does with our seniors.

The plan would also give them more information. They do not get a lot of information under Medicare. They get a card. They say, go to your doctor under a fee-for-service plan, but you do not get a lot of information about which doctors are the best, which hospitals are the best, which services are the most efficient and do the best job. To the contrary, with the Federal plan, every year they publish a guide with information on benefits and premiums.

We can improve upon that. We should have a report card for all these plans so they can see how many people were treated, their success ratio, what the failure rate is, and how the plans are

working. So we need to give them more information than they currently have. Medicare currently really gives seniors zero information on the quality of the plans under which they operate. That is not fair to the seniors, and it is not helpful to the system at large.

Then it gives them more choice. The 9 million Federal employees nationwide have the benefit of looking at about 388 different health insurance plans to see which one that they would like that fits their needs—388 different plans that they can take a look at and say, "This one is better" or "this one." That is nationwide. Most of us in Washington look at two or three or four, maybe five different plans and say, "This one fits my family; I will take this high option," or "I will take the low-option or standard plan." It is an easy choice with a lot of information, and, most importantly, it has information that is needed to make the correct choice.

All of these plans under Medicare simply continue to rely on the very inefficient Federal price fixing as opposed to how much the market is charging. We have bureaucrats who are trying to do a wonderful job. I do not criticize them. But it is impossible to do what they are attempting to do to make sure we have a better system.

Mr. President and my colleagues, I will be talking more about this. We are still working on the details. But I suggest we need to be looking at, fundamentally, restructuring Medicare to make it a better program for the seniors than they are now getting and at a price we can afford. Doing nothing is not an option, because then we destroy the system that has taken care of the needs of seniors for over 30 years in this country.

We in Congress have an obligation to fix it and to be able to help educate the seniors that what they have now is not a good deal, it is not as good as most private plans, and we can offer them more choice and more benefits, better information, and do it in a way that allows the marketplace to determine the price.

The Office of Personnel Management looks at the top six health plans in the country and comes up with an average price and negotiates based on that average price. It is not Washington fixing prices but the market. When we have that large of a pool of individuals, then you can have the competition that is necessary to get the price down. So what the private sector is getting is a lot more choice, more benefits, and the price is increasing only at about 4 percent a year or less while Medicare has less of everything and the price is increasing at about 8.6 percent a year.

So we are going to be talking more about the details. We do not have all the details yet, but this is a concept that I think makes sense. My proposal will allow the current fee-for-service system to stay in place. If they wish to keep the whole system, they would

have the option to do that. But I guarantee you, as more and more people understand what this plan will offer them, I think very few will elect to go back to a 1965 model when they have the opportunity to select a 1997 model which makes sense and gives them a great many more benefits.

Mr. President, I conclude my remarks by saying we will continue to talk about this, to help educate our colleagues about what we are attempting to do. Others have come up with this plan. We have had groups like the Progressive Policy Institute that has suggested this. The Brookings Institution has suggested this type of approach. The Heritage Foundation has suggested this type of approach. We have liberals, conservatives, and moderates saying we have to fundamentally make some changes. This is the way to go. This is the right approach. I agree with them. I think as we know more about it, more and more of our colleagues will agree with this approach as well.

Mr. President, I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The senior Senator from Wyoming is recognized.

TAXES

Mr. THOMAS. I rise to speak about taxes and will be handling the time that has been set aside for Senator COVERDELL, if that is acceptable.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

Mr. THOMAS. Madam President, tomorrow is tax day. I guess every one of us knows that. Certainly some of us are a little sleepless from having dealt with it. So it is an appropriate time to talk, I think, about taxes. There are lots of things to talk about in the area of taxes, of course. One of them is the tax system. Obviously, most people believe the tax system needs to be changed, needs to be made simpler, needs to be made more fair. We could talk about the IRS. A lot of people talk about that, particularly in April. There need to be changes there, clearly. On the other hand, most believe, and I do as well, that if we really expect something different from the enforcement and collection agency for taxes, then we have to change the tax system which they enforce.

But, today I wanted to take this time, along with a number of my colleagues—and I appreciate very much Senator COVERDELL setting aside this time; I expect there will be six of us here over the next number of minutes—to talk about taxes, what taxes mean to us and what they mean to our con-

stituents. It is an appropriate time, also, not only to talk about taxes, but to talk about the agenda that we have in the Senate, particularly the Republican agenda with respect to taxes: What our plans are, what we have on our menu with regard to taxes, to provide some tax relief for American families, provide an opportunity for American families and American businesses to spend the money that they earn themselves; to talk a little bit about the fact that, on the average, American families spend almost 40 percent of their total income on taxes, all kinds of taxes—Federal, State, local—40 percent. That is an awful lot of our labor that is paid to the government. So, let me make it clear that Republicans want tax relief, we want tax relief soon, we want tax relief this year, and I am hopeful—we want tax relief as part of this budget that is now being prepared.

We hear a lot—I hear it from my constituents and I am sure my associate from Wyoming hears the same thing—that families are having difficulties getting ahead, families are having difficulties in savings, families are having difficulties paying their bills. Part of the reason is the level of taxes. So, it seems to me that it is necessary for us to respond. People in my State remind me that nearly 40 percent of their income is paid in State and local taxes, as well as Federal taxes. That is an awful lot of our money.

Surveys have indicated that Americans are willing to pay taxes, but they perceive that like 25 percent would be a more acceptable and reasonable figure. My constituents want to know what we are doing about taxes in this Congress. Frankly, there is a great deal of opposition to doing very much of anything. I think, really, if you want to be serious about tax relief, you have to go back to the basic issue, the really basic issue. The talk about taxes and balanced budgets is more than talking about arithmetic, more than talking about balancing numbers. It represents a philosophy. It represents the point of view that people have with respect to Government. There are those in this body who believe—certainly in this country there are those who believe—the Government spends money better than individuals, that more and more money ought to be brought into the central Government so it can be disbursed for all kinds of ideas. There is a legitimate point of view that the Federal Government should be involved in almost everything that is troublesome to people in this country. As a matter of fact, I think one could say that has been the President's political philosophy, to get involved in all kinds of things, some say the kinds of things that ought to be done by the city council, that ought to be done by the school board. But the President has found those to be politically viable. So it is a philosophy.

Those who want more and more Government, of course need to have more

and more taxes. I do not agree with that point of view. I think our efforts ought to be designed toward reducing the role of the central Government in our lives. Those things that are inherently governmental, and there are some, ought to be done by government at the level closest to people. There is a role for the Federal Government. There are things the Federal Government ought to be doing. But, conversely, there are things that the Federal Government should not be doing. So my point is that when you talk about budgets, when you talk about tax relief, the response is always, we—you—cannot balance the budget; we cannot cut spending enough to have tax relief for American families.

I suggest that we can. We have a \$1.7 trillion budget, and in that budget there are many things that could be reduced. There are many things that could be combined. There are many things that could be, in fact, eliminated. It is possible to balance the budget and have tax relief. The other alternative, of course, which again is the one the administration has taken over the last several years, is let us balance the budget but let us do it by continuing to increase spending and raise taxes. The President's budget that is out before us now raises taxes by \$23 billion. It has some tax relief in it but that is offset by more tax increases.

So that is really the issue. We will talk about all kinds of details on the floor. Details are fine. We ought to talk about them. When you really peel it all away, you are talking about a philosophical difference of more Government versus less Government. Frankly, I think it would be sort of interesting and honest if those who want more Government would simply get up and say, "Yes, I want more Government. I think we ought to have more spending." Seldom do you hear that. There are a million other reasons for it, but that is really the bottom line.

So, that is what we talk about, I think, when we talk about the budget. That is what we talk about when we talk about tax relief. It is possible to balance the budget, reduce taxes and get tax relief at the same time. The two are not mutually exclusive in a \$1.7 trillion budget. Can you imagine what \$1.7 trillion is? There are plenty of examples of waste and abuse. There are plenty of examples and opportunities to create a smaller, more efficient Government. For a few examples, the State Department has \$500 million in unneeded real estate. How to dispose of that? Repeal of Davis-Bacon would save \$2.5 billion, so contracts in the Government sector are the same as they are in the private sector. There are 160 employment and job training programs in 15 different agencies—160. I cannot imagine that we could not be more efficient than to have 160 programs aimed at the same thing. In fact, we could get more money to the people who need the money if we would consolidate those, in addition to spending