If we wait, we are going to end up doing what our colleague accuses us of today. But the truth is, by doing it now, for those who will have to wait an additional 2 years, they will have 30 years to adjust. This is the responsible way to do it. It is the way it should be done, and I hope it will be done. If we don't do it, we will be back here in 3 or 4 years doing it under crisis circumstances and doing it immediately.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that we set aside temporarily the motion before us to consider a technical amendment that has been cleared on both sides.

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

AMENDMENT NO. 431

(Purpose: To provide for managers' amendments)

Mr. ROTH. Mr. President, I send an amendment to the desk on behalf of Senator MOYNIHAN and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for himself and Mr. MOYNIHAN, proposes an amendment numbered 431.

Mr. ROTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. FAIRCLOTH. Reserving the right to object.

The PRESIDING OFFICER. Does the Senator object?

Mr. FAIRCLOTH. I do object.

The PRESIDING OFFICER. The objection is heard. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. FAIRCLOTH. Mr. President, I withdraw my objection.

The PRESIDING OFFICER. The objection is withdrawn.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. LAUTENBERG. Mr. President, none of this time is charged, I assume, to the waiver amendment that the Senator from Delaware has proposed?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROTH. Mr. President, as you can imagine, drafting a piece of legislation this large in such a short timeframe and having to incorporate over 50 amendments resulted in some technical errors and omissions. The items contained in this amendment are those which are technical in nature, and replace inadvertent omissions or are necessary to bring the legislation into compliance with the committee's budget instructions.

The amendments accepted or adopted in the committee markup were done so with the proviso they would not bring the committee out of compliance with its instruction.

Therefore, now that the Congressional Budget Office has completed scoring of the entire package, certain revisions to these amendments are necessary. A description of the items contained in this amendment is located on each Senator's desk.

I ask this amendment be adopted and be considered original text for the purpose of amendment.

The question is on agreeing to the amendment.

The amendment (No. 431) was agreed to.

Mr. ROTH. I move to reconsider the vote.

Mr. LAUTENBERG. I move to lay it on the table.

The motion to lay on the table was agreed to.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:32 p.m., recessed until 2:19 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. COATS].

BALANCED BUDGET ACT OF 1997

The Senate continued with the consideration of the bill.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LOTT. Mr. President, for the information of all Senators, approximately 6 hours remain for debate with respect to the Balanced Budget Act, basically equally divided. There are approximately 30 minutes remaining on the motion to waive the Budget Act with respect to the Medicare age increase issue. Therefore, a vote will occur on that motion to waive around 3 o'clock, or maybe shortly before that.

As was mentioned in both luncheons today, the Senate will remain in session this evening until all time is consumed. If any Senator intends to offer an amendment after the time has expired, they will be required to do so this evening. It will then be my intention to stack all votes on the amendments and the final passage, after the time has expired this evening, until approximately 9:30 a.m. on Wednesday.

So all debate time and all amendments will be offered tonight, and then we will begin a series of votes at 9:30. We don't know exactly how many amendments that could entail. It could be as few as five, I hope. It could be many more than that. We will begin voting at 9:30 and continue voting until we complete all the amendment votes and final passage. Then, of course, we will go to the taxpayers' relief act.

Senators can expect additional votes today and a series of votes beginning at 9:30 on Wednesday, the last of the series being final passage of the Balanced Budget Act.

Mr. CHAFEE. Mr. President, I would like to ask the majority leader a question. As I understand it, suppose somebody has an amendment this afternoon and is prepared to go to a vote this afternoon; would there be a vote this afternoon?

Mr. LOTT. Yes, there can certainly be votes this afternoon. In fact, we expect votes throughout the afternoon, probably until all time has expired, or around 8:30 this evening. So you could have votes at least until 7 or 7:30, and then we will put the rest of the votes over until 9:30.

Mr. LOTT. I yield the floor, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. Who yields time?

MOTION TO WAIVE THE BUDGET ACT

Mr. CHAFEE. Mr. President, I would like to address the matter before us, and I believe the time is running anyway, is it not?

The PRESIDING OFFICER. Time is being charged against the motion to waive the Budget Act, which is the pending business.

Mr. CHAFEE. I ask that I might have 5 minutes on Senator ROTH's time on this matter.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Rhode Island is recognized to speak for up to 5 minutes.

Mr. CHAFEE. Mr. President, there is an organization set up to report to the Congress every year on the status of Social Security and the status of Medicare. This group is a very distinguished group. It consists of the Secretary of the Treasury; the Secretary of Health and Human Services; the Secretary of Labor, or Acting Secretary of Labor; and the Commissioner of Social Security, or the Acting Commissioner of Social Security. These are the people, plus two members of the public. I might say, of the first four—and there are six in all—four of these are Democrats. They are not Republicans; they are Democrats. They submitted a report to us in the Congress in April of this year. What did they say?

As we have reported for the last several years, one of the Medicare trust funds, the Hospital Insurance—

The HI, the so called part A.

will be exhausted in 4 years without legislation that addresses its fiscal imbalance.

This isn't a bunch of right wing Republicans saying there is trouble

ahead. These are the very prestigious, qualified Cabinet Members of the President of the United States—every single one of them a Democrat. It goes on to say:

We are urging the earliest possible enactment of legislation to further control Hospital Insurance program costs because of the nearness of the Hospital Insurance Trust Fund exhaustion date.

Mr. President, these are serious matters. They go on to explain why this is happening.

On page 6 of its report it says:

Why do costs rise faster than income? The primary reason for these costs of Social Security and the Hospital Insurance costs are because of the baby boom generation retirees, while the number of workers paying payroll taxes grows more slowly.

Mr. President, we are facing an emergency here. This legislation, which came from the Finance Committee, proposes to do something about it. What is the situation? In 1950, which is 47 years ago, there were 16 workers for every retiree—16 workers in the United States paying into the Hospital Insurance Fund and paying into Social Security.

Mr. DOMENICI. Will the Senator yield for a moment?

Mr. CHAFEE. I will.

Mr. DOMENICI. Mr. President, I want to yield control of the bill to the chairman of the Finance Committee, even to the extent of his yielding time off the bill, if he sees fit. He may run out of time, and Senator BREAUX may need time. I am going to leave for about a half hour, so you can take it off the bill if you need it.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. As I said, 47 years ago, in 1950, there were 16 workers for every retiree. Today, there are 3 workers for every retiree—not 16, but 3. Twenty-eight years from now, in the year 2025, the ratio will fall to two workers for every retiree. So something has to be done if this Medicare trust fund is going to survive.

What we have proposed is increasing the Medicare eligibility age to conform with that of Social Security. In 1983, we raised the age of Social Security eligibility gradually. It comes into full force in the year 2025. By the year 2025, the retirement age will be 67, not the 65 that it is today.

We have proposed that the Medicare Program step up in similar fashion. The key thing, Mr. President, is to take these actions now; don't wait until the baby boomers are all there collecting and we can't do anything about it. Now, if we act, we can take these very gradual steps. For example, the first step will be in 2003, 6 years from now, when the eligibility age for Social Security and Medicare will go from 65 to 65 and 2 months. Then it goes up to 65 and 10 months by the year 2007. Then we take a break for 11 years—excuse me. In 2008, it will be at age 66, and then gradually it goes up by 2 months and 4 months and 6 months until the year 2025, when the retirement age for Social Security——

The PRESIDING OFFICER. The Chair advises the Senator that his 5 minutes have elapsed.

Mr. CHAFEE. I ask unanimous consent that I may have 2 more minutes.

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

Mr. CHAFEE. Social Security is already set. That goes to 67. We did that in 1983. That goes to age 67 in 2025. What we do in this program is to have Medicare conform to that.

Mr. President, unless we take these actions, there isn't going to be any Medicare for the future. A lot of people say, ''Do nothing.'' Well, I think that is totally reckless. Other people can say, ''Well, just increase the tax.'' That would mean increasing the tax on Medicare by 250 percent. That is what would be required to increase the payroll tax. It would have to be increased from the current amount of 1.45 percent of payroll to 3.6 percent, which is nearly a threefold increase.

So, Mr. President, this is a very wise provision that we did, in a bipartisan manner, in the Finance Committee, and I certainly hope that it will withstand any attacks. I thank the Chair and I thank the distinguished chairman of our committee.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. I yield 5 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mrs. BOXER. Thank you very much, Mr. President. I support the Senator from Illinois in his attempt to keep the age of Medicare eligibility at 65.

Mr. President, raising the eligibility age to 67 in the future is part of the bill that is before us and was an amendment offered by the Senator from Texas, Senator GRAMM.

Now, had the Senator from Texas and his supporters had an alternative in place for those who would be unable in the future to get Medicare between the ages of 65 and 67—if there was an alternative in place, if this bill said that we will, in fact, raise that age, but only after we have an alternative in place for those people, I would be here supporting it.

But it is so reckless, Mr. President, to take away Medicare from people who pay for it their entire working lives—to take it away from them for 2 years unless there is an alternative in place. I do not know if any of my colleagues know about our health insurance, but we have a pretty good plan around here. As a matter of fact, I voted in during the health care debate to offer that plan to every American. That didn't fly. ''Oh, we are covered. What do we have to worry about? We are fine.'' But to take away Medicare from people who have been paying for it out into the future without any way to replace it, I don't know what we are doing here.

The Senator from Texas says he is concerned about the solvency of Medicare. That is what the Senator from Rhode Island said—if we care about solvency, we will support this. We all know there are many ways to address solvency.

By the way, the committee does it in some other areas that I support, but not this one.

My friends, it isn't that tricky to preserve the solvency of Medicare. If you want to really preserve the solvency, raise the eligibility age to 90, and for the people who are on Medicare at 90—there will be enough money to take care of them because everyone else who would have been eligible previously, will have died.

Medicare solvency is the new mantra of my colleagues on the other side of the aisle. First they want to vote against Medicare —now they say they are going to save it. They are going to make it solvent by telling people that in the future without any alternative means of health insurance in place, no universal health care, that they have to wait until they are 67 to be eligible for Medicare.

Medicare remains solvent because they don't talk about what happens to you when you can't get insurance and you don't get preventive care and you get sicker. What are people going to do? Either they have to go out and find it in the marketplace and pay thousands and thousands of dollars to get coverage, or they will fall down on their hands and knees and pray to God that they don't get sick.

That is not an option because, unfortunately, if you look at the tables and you see when Alzheimer's strikes, when Parkinson's strikes, when stroke strikes, when heart disease strikes, when prostate cancer strikes, and even when breast cancer strikes, the older you get the more you are apt to get these conditions. You cannot control it.

The Senator from Rhode Island said we have to save Medicare. What about saving the people who are served by Medicare?

So this part of the Finance Committee bill puts the cart before the horse. Don't just say we are going to raise the age at which people can get Medicare and have nothing in its stead and not even make it contingent on having universal health care in place because when people reach the age of 65 they will not have an option.

Mr. President, we ought to look at what we are doing around here. It sounds great, ''save Medicare.'' I think we need to save the people who rely on Medicare.

We all know the horror stories of people getting sick. They don't expect it. And then they try to tie it to the increased age of Social Security retirement which we phased in, which I support—phasing it in. But there is one difference. People can still retire at age 62. If they choose to retire at that age and go on Social Security, there is

a penalty but it can be done. There is no such provision in here. This is just a cutoff. The proposal does not say if you need Medicare you can get half coverage; you can pay 50 percent of your premium. No. This just takes people off the plan without any alternative—at a time in their life when they are apt to get seriously sick. If you have ever been in a hospital and you see some of these charges that come back at you, thousands of dollars a day, we will put people into ruin. We will go back to the days when people have to in fact rely on their children taking care of them at the height of their lives when they need Medicare and they cannot get it.

So, Mr. President, I urge my colleagues to support the Senator from Illinois. I want to save Medicare because I believe in it. I do not want to hurt the people who need Medicare. When you have something in place for those people to go to, when you have an alternative insurance plan, I'll am with you all the way. I will support you 100 percent.

We already have 40 million people who are uninsured in this country. They have no health insurance. You are going to throw 7 million more of these people onto the uninsured rolls, and you are going to do it in the name of saving Medicare.

Something is wrong with this picture. It doesn't add up. My friend from Illinois calls it the ''Texas two-step.'' I think it is the ''backward step.'' It is going back—back to the days when our senior citizens were very sick with no place to go.

I hope you will support the motion by the Senator from Illinois.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Delaware will be advised that the time remaining under his control is 4 minutes and 22 seconds. The Senator may take time off the bill.

Mr. BREAUX. How much time?

Mr. ROTH. Four minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. ROTH. How many minutes?

The PRESIDING OFFICER. There are 4 minutes approximately left. The Senator may take time off the bill itself.

Mr. ROTH. I yield a total of 5 minutes with 1 minute being off the bill.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Thank you very much, Mr. President. I thank the chairman for yielding.

Mr. President, this is really an interesting dialog because on the one hand we have some facts that are uncontested; that is, if we do not do anything to fix Medicare, it is not going to be around for anybody by the year 2001 because that is the year when, if we do not do anything, we are not going to have enough money in the Medicare Program to pay benefits to nobody.

So it is very clear that Congress now has to do something if it is going to be around for everybody who is counting on it when they reach retirement age.

It is really interesting. In the Finance Committee we have had people come before the committee all of the time saying, ''You all have to fix Medicare. If is very important. It is the lifeblood or lifeline for seniors in this country.''

Then we ask them when they tell us to fix it, ''All right. Do you want to increase premiums?''

''No. We don't want you to do that.''

Then we say, ''Well, would you want to decrease the payments going to doctors and hospitals?''

They generally say, ''Don't do that either because doctors and hospitals will soon quit treating Medicare patients because they are not getting paid enough for those services.''

Then we say, ''Well, would you like us to increase the age limit of people who are eligible for Medicare?''

They say, ''Oh. No. Don't do that.''

But then, the bottom line: They say when they leave the committee room, ''Be sure you fix it, by the way. Make sure it doesn't go broke in the year 2001. Fix it. But don't, don't, don't do anything that is necessary in order to fix it.''

That is an impossible suggestion for the members of the committee and the Members of Congress to adopt. If we do nothing it will not be around for anyone.

In 1965, when Congress in its wisdom passed the Medicare Program, the life expectancy for people at that time was 66.8 years of age for men; 73 years of age for women. So Congress in its wisdom at that time said, ''Well, let's make an appropriate date for the beginning of Medicare benefits at 65.''

Guess what has happened since 1965? For every year the life expectancy of Americans has increased. But the eligibility age for Medicare has not been increased one time. We did it for Social Security. What this committee does is to say, ''Let's put the glidepath for Medicare eligibility the same as Social Security, recognizing that people in fact live substantially longer and draw Medicare benefits substantially longer, I might add as well. It almost sounds like we are getting these calls in our offices from people who are retiring, none of which are affected by this amendment—not a single one because they already are on Medicare. In fact, it goes down quite a ways before anybody is affected whatsoever.

An interesting point is that it sounds like we are talking about having all of this going into effect immediately, when just the opposite is true. The amendment that was offered, I guess by Members from our side, takes 24 years to increase it 24 months. It doesn't increase it the first year to the age 67. You start off right where you are today, and it is increased 2 months a year and over 4 years we get to the age of 67 which is comparable to what we have in Social Security.

Would it be nice if we didn't have to do that? Sure. Would it be nice if we didn't have to do anything to fix Medicare? Absolutely. The problem is we have a system that is in the tank as far as being able to survive, if we do not do anything. It would be wonderful to say make no changes and everybody continues to get exactly what you get at the time you are eligible for it. That is not an option. None of the options are easy. This one I would argue is far easier than any of the others, and it helps allow for Medicare to continue for a long period of time.

Mr. HARKIN. Will the Senator yield?

Mr. BREAUX. I would be happy to yield for a question.

Mr. HARKIN. Did the Senator say under his proposal that for each year that the age increased by 2 months?

Mr. BREAUX. Two months per year.

Mr. HARKIN. In 6 years it would increase by 1 year and, therefore, in 12 years it would increase by 2 years, not 24 years.

Mr. BREAUX. It is increased 2 years over 24—2 months. The whole thing takes 24 years to get to the age 67; 24 years before 67. It takes 24 years to reach the age of 67, however that calculates out.

Mr. HARKIN. That is 1 month per year.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 5 minutes off the regular time to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. KERREY. Mr. President, I rise in strong opposition to the point of order that has been raised against this provision.

Raising the eligibility age from 65 to 67 is fair. Raising it, too, from 65 to 67 will change the future course of this program and enable us to say that we are taking a long-term as well as a short-term view; and enables us to accomplish the objectives that we were instructed to accomplish which is to preserve and protect Medicare.

If you want to have universal health insurance as the objective, I am for that. I would love to change the eligibility under law saying if you are American, or a legal resident, you are in. But I can't keep Medicare, Medicaid, VA, and income tax deduction all sitting out there.

This establishes I believe a basis for us to be able to say that for the long-term Medicare is a solvent program, and it is eminently fair.

As the Senator from Louisiana pointed out, in 1965 the life expectancy for men was 67; for women it was 76; today it is 73 for men, and it is 80 for women. It is going to be even greater. We are enabling people to live longer and

longer as the consequences have changed in behavior and with changes in health care technology. And, as a result, the Medicare Program as well needs to be adjusted.

For those who have come expressing the concern for people not being able to get health care from 65 to 67, that problem exists today from 62 to 65 and sometimes even earlier. We have in this law a commission and there is language in the law as well to recommend strongly to this commission to consider allowing people to buy into Medicare. There is plenty of time for us to get that done.

For Americans that are listening to this debate, if you are 65—if you are 64 today, your eligibility age is 65. If you are 63, your eligibility age is 65. If you are 62, your eligibility age is 65. If you are 61, it is 65. If you are 60, it is still 65, all the way down to 59. If you are 59 years of age and you are listening to this debate, please don't fall into the trap of presuming that all of a sudden your eligibility age is going to go to 67. It is still 65. If you are 58, it goes to 65 years and 2 months. The Senator from Iowa and the Senator from Louisiana engaged in a colloquy earlier. This thing does not fully phase in until the year 2024 or 2025.

Mr. President, I have had many people come up to me and ask, many people call and ask, why is this necessary? Well, I have a fact. I have a very difficult fact I have to deal with. Again, the objective here is to preserve and protect Medicare. That is the idea. This law has lots of great provisions to move to market and get more competition, lots of terrific provisions in it that I think will enable us to seek customers and consumers who like Medicare more than they do as a result of choice, great cost controls in here, some courageous efforts on disproportionate share in this bill.

There are lots of good things in the bill. But the fact out there in the future that all of us need to accommodate and think about as we decide how we are going to vote on this amendment is that from the year 2010 to the year 2030—that is 20 years—the baby boomers retire. You can't change that number. The 76 or 77 million of them that will retire, they will become eligible for Medicare in that 20-year time period. We are going to have an increase in the number of Americans who are in the work force of 5 million people, and the number of retirees will increase 22 million over that period of time.

That is a fact, Mr. President. I may wish it wasn't so. I may wish it was a different number, but that is the number. Unless you are prepared to come down here and argue for a tax increase or some other change, you have got to move the eligibility age in order to be able to preserve and protect Medicare out in the future.

It is an imminently fair thing to do given what has happened with life expectancy. If we were putting Medicare into law today, I don't believe we would put this program, given the costs of the program, in place at age 65. This does not affect Americans immediately. It is phased in. It gives people a chance to plan. Those who argue that it doesn't have a budget impact and use that as a reason not to support this provision are wrong. It is precisely because we are phasing it in, that it produces long-term savings, that they should support it. We are giving people a chance to plan. We are saying we are going to adjust the law in order to be able to account for this change out in the future.

I hope that my colleagues will resist the political temptation to cast an easy vote and will enable this provision to remain in this law. It is one of the most significant long-term changes that we make in Medicare. And whether you are a Republican or whether you are a Democrat, you ought to be standing on this floor saying I want to be remembered out there in the future for casting a vote that did something good. ''No'' on the motion to strike this provision is the courageous position.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I would like to——

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. I yield to the Senator from Massachusetts 4 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 4 minutes.

Mr. KENNEDY. Mr. President, as we are moving through this debate, we have to recognize that in the proposal before us, we have a number of attacks on Medicare, with all due respect to our colleagues. We addressed one earlier today. Collecting $5 billion under Medicare. You are going to permit double billing, which this body has long refused to do in order to protect our senior citizens. Now we are going to permit doubling billings.

The Finance Committee failed to make up the $1.5 billion that was part of the budget agreement. It refused to do that, and now we have a proposal to change the eligibility age from 65 to 67.

I thought we had a commission that was going to study the long-term implications of Medicare. The President submitted a program that provides for the financial stability of Medicare for 10 years. We can consider a variety of different options. I daresay that I don't happen to be one who thinks you should just increase the age of eligibility or otherwise increase the taxes as some have suggested. We know that 90 percent of Medicare recipients cost $1,400 a year, the other 10 percent more than $36,000. You do something about that 10 percent to reduce disability, and chronic illness, and you are going to have a dramatic impact in terms of Medicare spending.

That has not even been considered here, Mr. President. Why should we, at a time when we are increasing the total number of Americans who are uninsured, take action in the Senate that is going to add to that problem. The idea that this can be compared to Social Security makes no sense, and the Senator from Louisiana understands that. You can retire now at 62 and get some benefits, but you can't with regard to Medicare. It is basically a lifeline to our senior citizens. The Finance Committee failed to give any assurance to those millions of people who are watching today that they are not going to be sent right off the cliff.

With all of the signed contracts containing terms to terminate health insurance in corporate America now at 65, all the workers across this country whose contracts end health care coverage at 65, and nothing from the Finance Committee gives them any kind of assurances that there has been any attention to what is going to happen to them.

Sure, pull up the ladder. We can make this Medicare financially secure by just continuing increase the age from 65 to 67 to 69. Let us look at this over the long term, not the short term, and let us stop this wholesale assault on Medicare that is part of this whole proposal. It makes no sense.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. Mr. President, I yield 4 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized to speak for 4 minutes.

Mr. HARKIN. Mr. President, I want to echo what the Senator from Massachusetts just said. If anything, this provision is the ultimate anti-blue-collar provision that I have ever seen on the Senate floor. This strikes right at the heart of the Americans we ought to be here protecting today. There is a difference. There is a difference between a corporate executive for Xerox and someone who is out there working hard every day of their life on a construction job, in a factory, in a plant. There is a difference between a Senator sitting on this floor or a Member of the House and that worker who is out there on the line day after day, the women who suffer from carpel tunnel syndrome, the people who work in our packing plants. Try that on for size. Do that for 5 years, 10 years, 20, 30, 40 years of your life. There is a difference.

Sure, if you are a corporate executive, you have nothing to worry about. If you are a Senator, you have nothing to worry about. But I will tell you, if you are a blue-collar worker out there and you have worked hard all your life, you have raised your kids, you have sent them to school, you are now 62, you are worn out, maybe you are not physically able to continue working. Have you ever thought of that? So they retire. They get Social Security. God bless them. But they can't get health care coverage.

What this amendment does, it just sticks it right in their back one more

time. You can say, oh, it's just 1 more month a year, 2 more months a year for 6 years. Then there is this gap and it takes all this time. But if this provision stays in there, the die will be cast. And we will have sent a strong message to our seniors: Sorry, when it comes to health care, you're out of luck; you're on the street some place.

We have a commission, a national bipartisan commission looking at this. It is supposed to report next year. Why are we jumping the gun on it?

Now, I would agree with Senators who are supporting this provision that, yes, we have to do things to ensure the viability of Medicare. There are a lot of things we can do to preserve the viability of Medicare. But this is not one of them. This will destroy Medicare because it destroys the compact we have had all these years. This is an antiworker provision. That is all it is.

Now, if you want to vote for this provision, sure, fine, keep it in the bill, but I am telling you, for that working stiff who is out there who wants to retire, their physical health may not be the best; they have to retire at age 62, if anything, what we ought to be doing on this Senate floor is we ought to be closing the gap. We ought to provide medical care for elderly who have to retire early. But, no, we won't even do that. Now we are going to make it even a longer period of time. Well, I think this provision is really unconscionable, should have no place in this bill, and I hope that we will vote to strke it overwhelmingly.

Mrs. BOXER. Will the Senator yield for a question?

Mr. HARKIN. I yield to the Senator.

Mrs. BOXER. Is the Senator aware that there are 40 million uninsured Americans today and about 7 million in this category age 65 to 67? So the Senator is so right. We are talking about adding millions more to the uninsured rolls. This committee did nothing, mentioned nothing about any kind of way to get people through this timeframe. They just took it out without even writing anything in there that said only if we have replacement insurance.

Mr. HARKIN. I appreciate the comments of the Senator from California. It just seems that when I hear this debate about this provision and I hear proponents of this provision talk, it is as if everybody in America is like us. Everybody in America is not like us. They do not have the kind of health care benefits we have. They do not have the kind of protections we have. They do not have the incomes that we have. They do not have the lifestyles we have.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. HARKIN. It is time we start fighting for the working people in America.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized to speak for 3 minutes.

Mr. SANTORUM. I thank the Chair.

Mr. President, we have all now just seen and heard why it is so hard to change anything in Washington. Because anything you try to do is wrong. You can look at all the facts. And the Senators from Louisiana and Nebraska and Texas and New Mexico and Delaware laid out chart after chart. For anyone listening to this debate, the facts stare you smack in the face. This fund runs out of money in the year 2001 with the baby boomers retiring in the year 2010. This program is not sustainable in its current form. Everybody who can read a simple arithmetic chart can understand that. Yet, you have everybody flying to the floor saying, oh, yes, it is a problem, but not this.

Well, then, what? We are going to raise taxes? How many are for raising taxes? There will be a few over there who want to raise taxes. But that is the option: Raise taxes.

The Senator from Massachusetts talked about rationing care. It is those people who use all that Medicare who are the problem. And unless we start rationing that care, we are not going to get to the problem here. So we can ration care to people who are over 65. That is another option. Or we can cut reimbursements to providers. The Senator from Louisiana talked about that. But if we do that, all of us know if you cut reimbursements to providers, people cannot get care because they cannot afford to provide the care and rural hospitals close, inner-city hospitals close. So you cannot take that option.

We can cut benefits. How many here are for cutting back Medicare benefits? OK. Well, so there we are. What are we going to do? We have a problem. It is not going to go away. We can sit here and demagog on the issue and say, well, this is not the right thing.

The only reasonable course is to look at the demographics and see that I, right here, am the first Member of the Senate who is going to retire at age 65—right here, age 39, born in 1958. I will retire at the age of 67. I am ready, willing, and able to take on that responsibility. I feel I have been adequately warned, giving myself about 30 years in advance to be able to figure this out. And I think we are capable of taking it. I am not going to live as my mother and my father and those before me, whose life expectancies were, as I think the Senator from Nebraska said, 73 for a female, 68 for a male. At age 65, my life expectancy, the Lord willing, as a group anyway, is going to be well over 80. I am quite willing and prepared as a generation to save my generation, the folks who are paying the bills, big-time bills that previous generations did not pay. We are paying 1.45 percent of every single dollar we earn. And I would like to say for that dollar you are going to have a program that is going to be there and provide adequate benefits when you retire, and, yes, I am willing to take a little sacrifice. I am willing to pay a little bit more, but I am also willing to take my share of sacrifice to make sure that it is there for not just me but for everyone else in my generation and future generations.

What we are talking about here is being responsible, not standing up and demagoging to get votes back home. We have got a problem. There are people in my generation who are tired of this language.

Mr. HARKIN. Will the Senator yield?

Mr. SANTORUM. No.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SANTORUM. I ask for 1 additional minute.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania expired. Who yields time?

Mr. SANTORUM. One additional minute? May have 1 additional minute?

Mr. ROTH. Yes.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. SANTORUM. I go around and I have talked to hundreds of high school students, thousands of them. I have been to over 100 high schools since I have been in office. I ask them, how many believe Medicare and Social Security will be here when you retire? Not a hand goes up. I ask them, how many believe in UFOs? And about 20 percent of the class raise their hand. They believe we are all just joking around, that any time a serious issue comes up about their long-term future, we run away. We hide behind our desk and wait for the bombs to explode around us.

Stand up for the future. Stand up for these young people who pay and are going to be paying the rest of their lives very dearly for this program, and stand up and make sure it is healthy for them.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. I yield myself just a couple of minutes because I listened with interest. One could not avoid listening.

The fact of the matter is, it is so easy, so easy to stand here at $135,000 a year with all kinds of benefits and everything and say, ''I am willing to sacrifice, I am willing to sacrifice. I am willing to do what I have to. I have 35 years.'' Go down to the factory and talk to somebody who is hanging on to his job by his fingernails, ask the poor fellow who has been downgraded as companies shrink their size. I love these heroics we get in this place, big speeches on lofty pinnacles. Talk to the people who are doing the work every day, bringing home the lunch pail, and see what we have.

Sacrifice? I'll tell you how to sacrifice. Cut the benefits here. Cut them now. Stand up and say we will take less for our health insurance and our retirement and everything else. If you want to pull a nice heroic stand—somebody's

last stand—stand up here and recommend a cut in benefits instead of talking about, shrieking about, how people have to sacrifice—from this lofty place.

I will not say anything further. I yield 2 minutes to my friend from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I will not even take 2 minutes. I listened to the impassioned argument of my friend from Pennsylvania. I just had two observations. No. 1, along the lines of what Senator LAUTENBERG said, No. 1, what retirement income will a Senator have when a Senator retires here? What is that retirement income going to be? A lot of money. When a Senator retires at age 65, you get a lot of money—big time money for retirement. It is not a blue collar worker retiring on Social Security, No. 1.

No. 2, if you retire as a Federal Government employee or as a U.S. Senator, you can keep your Federal employee's health benefits. There is no gap for you. You can keep it. It costs you, what, $100-something a month, $110, $120 a month. So it is easy for a Senator to stand here and talk about saving his generation. But those in his generation are not all U.S. Senators. Those in his generation are not all people who can go on Federal Employee health benefits when they reach age 62. They need Medicare. That is where most of America is, not sitting in the U.S. Senate.

I yield the remainder of my time.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Senator from New Jersey.

Mr. ROTH. Mr. President, I yield 5 minutes off the bill to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 5 minutes.

Mr. CONRAD. Mr. President, we have heard a lot of passion on both sides of this issue. I understand the passion that this issue generates. But I hope we will think quietly for a moment of where we are headed in this country.

We have heard pleas to think of the working people. I agree with that. I came to this Congress wanting to fight for the working people of my State. The question is, how do we best do that? The hard reality is, Medicare is headed for a cliff. Social Security has problems and they have problems because, No. 1, people are living longer. I was asked moments ago, why do you favor this change in Medicare eligibility? It is very simple. People are living longer. In 1965, when we started with Medicare, a male in this country could expect to live to be 66.8 years of age. A female, 73.8. In 1996, a male could be expected to live to the age of 72.5, a female to the age of 79.3.

In 2025, when this change is fully phased in, a male is projected to live to 75.6 years of age, a female to 81.5. These are facts. They are indisputable. People are living longer, and the hard reality is, this program that we have put in place only extends the solvency of Medicare for 10 years. This provision is an attempt to deal with the longer term problem of Medicare, just as we have done it with Social Security, to slowly phase in and move up the age of eligibility to treat Medicare entitlement the same way we treat Social Security. Why? Because we do care about working people, because we do care about providing for those who are less fortunate, because we do care about preserving and protecting Medicare. That is precisely why this Finance Committee agreed, on a bipartisan basis, to extend the age of retirement for Medicare eligibility.

We have another problem. The other problem is a demographic time bomb, and that demographic time bomb is the baby boom generation. As I look around this Chamber, there are a number of baby boomers here. All of us in the U.S. Senate understand, if we fail to act, all of these programs are going to be in deep trouble. The harsh reality is, the number of people eligible for these programs is going to double in very short order. Starting in the year 2012, when the baby boomers start to retire, the number of people eligible for these programs is going to double. The entitlements commission told us 2 years ago that in the year 2012, if we fail to act, every penny is going to go for entitlements and interest on the debt. There is not going to be any money for parks. There is not going to be any money for highways. There is not going to be any money for education. There is not going to be any money for law enforcement. There is not going to be any money for one thing after another. If that is the course we want to stay on, agree with this amendment.

Some people say let's wait for a commission. Two years ago we had a commission. We had the entitlements commission. What did they tell us? They told us, if you fail to act, you are headed for a cliff. Now we can choose to continue to fail to act. If we do, we know the results. There is no question what will happen. We will go right over the cliff. Unfortunately, it will not be just us going over the cliff, but we will be taking our fellow Americans right with us.

We do not need another commission. It is time to act. It is time to protect Medicare for the long term. It is time to reject this amendment.

Ms. MIKULSKI. Mr. President, I rise today to support the point of order by Senator DURBIN to strike the language increasing the eligibility age of Medicare from 65 to 67.

I oppose raising the eligibility age because it breaks the promise of health insurance at age 65 for all Americans. The change was made to balance the budget. It was not to make a better, more efficient health care system. The change will hurt people who work hard and play by the rules.

In 1965, our country realized that it was important to make sure that all Americans over the age of 65 had health insurance. For those Americans that did not have the ability to purchase health insurance, Medicare was there.

It was a promise that America's seniors had somewhere to go. Now, we are breaking that promise. I can't support that. Promises made must be promises kept.

We can't turn our backs on people who have planned their lives depending on our promises.

This change wasn't done to help people. It wasn't done to improve the system. It wasn't done to make sure that seniors in Maryland and the country will have a longer and happier life.

It was done to balance the budget. It was done to save a few dollars.

No thought was given to the real life effects on America's seniors.

Raising the eligibility age hurts people when they need insurance most: in their sixties, at the end of their working lives.

Retirees cannot afford insurance at that age if they can even find it.

What do we say to the factory workers and construction workers whose bodies are worn down by age 60?

Now when they need insurance the most, it isn't there. The government just moved the Medicare age another 2 years away.

Before we start to make big changes in Medicare, we need to talk to the most important people to consider: The people who use the program.

We need to ask them what works, what could be better, and what we should change.

We need to have a national bipartisan debate on what Medicare should look like.

We need Presidential leadership.

I want the people of Maryland to be a part of that debate.

That way, if we need to make big changes, everyone will have had a chance to speak up and be heard.

Everyone will understand the changes.

Raising the eligibility age penalizes the citizens of Maryland and the rest of the country who have worked hard, saved, and played by the rules.

I ask the other Senators to join me and Senators DURBIN and REED to support this amendment.

Let's strike the increase in the Medicare eligibility age from 65 to 67.

We do not serve in the Senate to tell Americans, ''we needed a few more dollars for our budget so you'll have to change your plans.''

We should listen to people, debate options, and make the hard choices openly.

Let's not change the rules during the middle of the game and the middle of the night.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. I yield 4 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. That will consume all the time of the Senator from New Jersey.

Mr. LAUTENBERG. I understand.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I have listened to a number of my colleagues come to the floor and say we are heading toward the cliff, we have to do this because people are living longer and, if we do not do this, we are not going to be able to save Medicare.

It is true that people are living longer. But it is not true that this is the only way to save Medicare. The notion that we have to be forced to have a choice on the floor of the Senate, with the idea that, in order to make up for a fixed amount of money that we are supposed to find to make up for cutting, that we have to take it out of that gap between the age of 65 and 67, is absolutely specious. What they have decided to do is find a fixed amount of money so we can give an $85 billion tax cut. I mean, the tax bill is not on the floor today, but this is related to the tax bill. The fact is, we are going to find our capacity to give back $85 billion, the lion's share of which will go to the wealthiest people in America under the current construction. And, in order to do that, we are forced to come here and tell people who are 65 years old, in the future—even if it begins for somebody who is 60 or 65 today, if you are 61 and you are looking at the time when you are 67 then you will be eligible for Medicare, you are forced to go out and find it somewhere in the marketplace. For a whole lot of people in America that age they cannot find it in the marketplace. They cannot afford it. There is no provision in this measure that provides some kind of stopgap capacity for those people to be able to afford the premiums they will be charged in the marketplace.

So the choice of the U.S. Senate is, so we can give an $85 billion tax bonanza to a lot of people in America, people between the age of 65 and 67 in the future are going to have to do whatever they can to get health care. Do whatever you can; we are cutting you off. We are moving exactly in the opposite direction from what everybody in the health care industry in this country says—that we ought to be covering more people, not less. What is the rationale for that? What is the philosophical connection between saying we want more people covered in their health care in America, particularly in the later years of their life, but we are going to come along here now and facilitate this great tax give-back by making sure that we fix Medicare. What is the connection between the tax and the Medicare?

Everybody says we have to fix it. Well, it is money that is available. This is a zero sum game. There is money here. There is money there. You have the ability to find it if you want to. You do not have to necessarily do that, but, instead, we are making a choice to do it.

I recognize obviously people are living longer. I know what the demographics say about Medicare in the long run. Maybe in the long run the commission would come back and say it makes sense to lift the age but it also makes sense to guarantee that nobody falls through the cracks. The way you are going to guarantee that nobody falls through the cracks is raise the premiums on the richest people in America, for whom the average person is paying for their ability to be able to ride the Medicare train, and ask them to contribute more so the people who will fall through the cracks won't in fact fall through the cracks. This is not that hard a choice.

But rather than even try to do that, we are being presented at the 11th hour with something that the White House didn't cut in in the deal. This wasn't in the budget agreement. This is right out of the sky. We are going to reach out and do this because in a certain respect it seems to make sense on paper. I do not think it makes sense in the lives of a lot of people who will not be able to buy health care, who will be squeezed out of the system, even if you can say it is not going to cut in until the year 2002 and people are going to have plenty of time for it. Somebody who is downsized and out of work at that age and does not have the ability to provide additional income does not have the capability of paying $6,000 or $7,000—and it will be more by then, incidentally, for the annual health care premiums.

So what you are really deciding to do is cut off and not include people, poor people, in coverage. You are going to exclude people from coverage, and that is the exact opposite direction than we ought to be moving in.

I yield back whatever time I have.

The PRESIDING OFFICER. All time has expired on the motion to waive.

Who yields time?

Mr. NICKLES. Will the Senator give me 5 minutes off the bill?

Mr. ROTH. I yield 5 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. NICKLES. Mr. President, first, I wish to compliment several speakers, Senator KERREY of Nebraska and Senator CONRAD of North Dakota, for excellent statements, and Senator GRAMM and others who spoke out on the need for policy change.

Some of my colleagues on the other side say it was not in the budget agreement. That's right. The reason they can make a point of order is it has no financial impact over the next 5 years. The reason is, as proponents of this amendment, we wanted to give people plenty of time to make this change, to get rid of the eligibility time to be concurrent with Social Security. I urge my colleagues on the other side who are opposing this amendment to take a look at the estimate of 1997 Hospital Insurance Trustee Report regarding what the health of Medicare part A trust fund will be. It is going broke and it is going broke rapidly.

Some of my colleagues say this bill keeps the trust fund solvent for 10 years. You will not hear this Senator say it because I do not think it is the case. We are making some changes. We are going to save $115 billion in Medicare. In addition, we are going to transfer home health, over a period of years phase it into part B, three-quarters of which is paid for by general revenues, by taxpayers. I do not think it keeps the trust fund solvent for 10 years.

I am looking at the trust fund report. It says that by the year 2005 Medicare part A is going to have a $97.3 billion revenue shortfall, deficit; in Medicare alone, almost $100 billion by the year 2005, only 7.5 years from now. I fail to see how we are going to keep it solvent for 10 years.

To address some long-term reforms, the Finance Committee passed some good policy changes that will make eligibility for Medicare concurrent with Social Security, and, yes, that means somebody my age is going to have to wait another year before he or she is eligible for Medicare.

Well, guess what? Life expectancy has increased since 1965. Males age 65 are now expected to live 15.5 years and females age 65 will live 19 years. In 1965, a male age 65 would live on average only 13 years and a female 16 years. People are living longer. And the percentage of people who are paying into the system is decreasing. In 1965, we had 5.5 workers for every beneficiary. In 2030, there will only be 2.3 workers for every beneficiary.

Some people seem to think the solution is raising taxes. If we want to keep the trust fund solvent for the next 25 years, the trustees say we should increase payroll taxes by 66 percent, and if you want to keep it solvent for 75 years, they say we should raise the current 2.9 percent tax—that is 1.45 percent for employee and employer—we should raise that to 7.22 percent immediately. I don't want to do that. I don't want to have that big a payroll tax increase.

So what can we do to make the system more solvent? What can we do to make sure the money will be there when people need it? One of the things we can do, and one of the things that will come out of any report—any report—will say that we should have eligibility age be concurrent with Social Security. It is the right thing to do.

I compliment my colleagues on the Finance Committee who have spoken on behalf of this amendment, as well as the chairman of the Finance Committee for putting it in. We didn't get any scoring for it. If anybody says we are doing it so you can pay for tax cuts for wealthy citizens, that is absolutely, totally, completely false. We got zero scoring for this, but it happens to be the right thing to do, and it happens to be in the long term, that this will help

keep Medicare more solvent, it will help ensure there will be a Medicare program when I reach retirement age. It still won't solve the problems. I will tell my colleagues, even in spite of the fact we do—and we have to do it and the earlier we do it the better off so people have more time to know the changes are coming—in spite of this, we are still going to have to make further changes.

I ask unanimous consent to have printed in the RECORD a report of the part A trust fund by the hospital trustee report.

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

PAYROLL TAX DATA FOR EMPLOYEE AND EMPLOYERS

Year	Wage base		Tax rates (in percent)			
	OASDI	HI	Total	OASI	DI	HI
1950	3,000	n/a	1.500	1.500	n/a	n/a
1951	3,600	n/a	1.500	1.500	n/a	n/a
1952	3,600	n/a	1.500	1.500	n/a	n/a
1953	3,600	n/a	1.500	1.500	n/a	n/a
1954	3,600	n/a	2.000	2.000	n/a	n/a
1955	4,200	n/a	2.000	2.000	n/a	n/a
1956	4,200	n/a	2.000	2.000	n/a	n/a
1957	4,200	n/a	2.250	2.000	0.250	n/a
1958	4,200	n/a	2.250	2.000	0.250	n/a
1959	4,800	n/a	2.500	2.250	0.250	n/a
1960	4,800	n/a	3.000	2.750	0.250	n/a
1961	4,800	n/a	3.000	2.750	0.250	n/a
1962	4,800	n/a	3.125	2.875	0.250	n/a
1963	4,800	n/a	3.625	3.375	0.250	n/a
1964	4,800	n/a	3.625	3.375	0.250	n/a
1965	4,800	n/a	3.625	3.375	0.250	n/a
1966	6,600	6,600	4.200	3.500	0.350	0.350
1967	6,600	6,600	4.400	3.550	0.350	0.500
1968	7,800	7,800	4.400	3.325	0.475	0.600
1969	7,800	7,800	4.800	3.725	0.475	0.600
1970	7,800	7,800	4.800	3.650	0.550	0.600
1971	7,800	7,800	5.200	4.050	0.550	0.600
1972	9,000	9,000	5.200	4.050	0.550	0.600
1973	10,800	10,800	5.850	4.300	0.550	1.000
1974	13,200	13,200	5.850	4.375	0.575	0.900
1975	14,100	14,100	5.850	4.375	0.575	0.900
1976	15,300	15,300	5.850	4.375	0.575	0.900
1977	16,500	16,500	5.850	4.375	0.575	0.900

PAYROLL TAX DATA FOR EMPLOYEE AND EMPLOYERS—Continued

Year	Wage base		Tax rates (in percent)			
	OASDI	HI	Total	OASI	DI	HI
1978	17,700	17,700	6.050	4.275	0.775	1.000
1979	22,900	22,900	6.130	4.330	0.750	1.050
1980	25,900	25,900	6.130	4.520	0.560	1.050
1981	29,700	29,700	6.650	4.700	0.650	1.300
1982	32,400	32,400	6.700	4.575	0.825	1.300
1983	35,700	35,700	6.700	4.775	0.625	1.300
1984	37,800	37,800	7.000	5.200	0.500	1.300
1985	39,600	39,600	7.050	5.200	0.500	1.350
1986	42,000	42,000	7.150	5.200	0.500	1.450
1987	43,800	43,800	7.150	5.200	0.500	1.450
1988	45,000	45,000	7.510	5.530	0.530	1.450
1989	48,000	48,000	7.510	5.530	0.530	1.450
1990	51,300	51,300	7.650	5.600	0.600	1.450
1991	53,400	125,000	7.650	5.600	0.600	1.450
1992	55,500	130,200	7.650	5.600	0.600	1.450
1993	57,600	135,000	7.650	5.600	0.600	1.450
1994	60,600	no limit	7.650	5.260	0.940	1.450
1995	61,200	no limit	7.650	5.260	0.940	1.450
1996	62,700	no limit	7.650	5.260	0.940	1.450
1997	65,400	no limit	7.650	5.350	0.850	1.450
1998	68,700	no limit	7.650	5.350	0.850	1.450
1999	71,400	no limit	7.650	5.350	0.850	1.450
2000	74,100	no limit	7.650	5.300	0.900	1.450
2001	76,800	no limit	7.650	5.300	0.900	1.450
2002	79,800	no limit	7.650	5.300	0.900	1.450

Source: 1996 Trustees Reports and President's Budget.

PAYROLL TAX DATA FOR EMPLOYEES AND EMPLOYERS

Year	Maximum annual contribution			
	Total	OASI	DI	HI
1950	45	45	n/a	n/a
1951	54	54	n/a	n/a
1952	54	54	n/a	n/a
1953	54	54	n/a	n/a
1954	72	72	n/a	n/a
1955	84	84	n/a	n/a
1956	84	84	n/a	n/a
1957	95	84	11	n/a
1958	95	84	11	n/a
1959	120	108	12	n/a
1960	144	132	12	n/a
1961	144	132	12	n/a
1962	150	138	12	n/a
1963	174	162	12	n/a
1964	174	162	12	n/a
1965	174	162	12	n/a
1966	277	231	23	23
1967	290	234	23	33
1968	343	259	37	47

PAYROLL TAX DATA FOR EMPLOYEES AND EMPLOYERS—Continued

Year	Maximum annual contribution			
	Total	OASI	DI	HI
1969	374	291	37	47
1970	374	285	43	47
1971	406	316	43	47
1972	468	365	50	54
1973	632	464	59	108
1974	772	578	76	119
1975	825	617	81	127
1976	895	669	88	138
1977	965	722	95	149
1978	1,071	757	137	177
1979	1,404	992	172	240
1980	1,588	1,171	145	272
1981	1,975	1,396	193	386
1982	2,171	1,482	267	421
1983	2,392	1,705	223	464
1984	2,646	1,966	189	491
1985	2,792	2,059	198	535
1986	3,003	2,184	210	609
1987	3,132	2,278	219	635
1988	3,380	2,489	239	653
1989	3,605	2,654	254	696
1990	3,924	2,873	308	744
1991	4,085	2,990	320	774
1992	4,246	3,108	333	805
1993	4,406	3,226	346	835
*1994	4,636	3,188	570	879
*1995	4,682	3,219	575	887
*1996	4,797	3,298	589	909
*1997	5,003	3,499	556	948
*1998	5,256	3,675	584	996
*1999	5,462	3,820	607	1,035
*2000	5,669	3,927	667	1,074
*2001	5,875	4,070	691	1,114
*2002	6,105	4,229	718	1,157

*=The table computes the maximum HI tax contribution based upon the OASDI wage base, even though the HI wage base was higher than the OASDI wage base in 1991, 1992, and 1993 and eliminated thereafter.

Source: 1996 Trustees Reports & President's Budget.

Mr. NICKLES. Mr. President, I ask unanimous consent to have printed in the RECORD a chart showing the Medicare eligibility age as to what it is today and what it will be should this amendment be adopted.

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

MEDICARE ELIGIBILITY AGE

Age today—	Born in—	Current law (years)	Proposed	Change
Over 65	Before 1931	65	65 y	None
Over 65	Before 1932	65	65 y	None
Over 64	Before 1933	65	65 y	None
Over 63	Before 1934	65	65 y	None
Over 62	Before 1935	65	65 y	None
Over 61	Before 1936	65	65 y	None
Over 60	Before 1937	65	65 y	None
Over 59	Before 1938	65	65 y	None
Over 58	Before 1939	65	65 y 2 m	+2 months
Over 57	Before 1940	65	65 y 4 m	+4 months
Over 56	Before 1941	65	65 y 6 m	+6 months
Over 55	Before 1942	65	65 y 8 m	+8 months
Over 54	Before 1943	65	65 y 10 m	+10 months
Over 53	Before 1944	65	66 y 0 m	+1 year
Over 52	Before 1945	65	66 y 0 m	+1 year
Over 51	Before 1946	65	66 y 0 m	+1 year
Over 50	Before 1947	65	66 y 0 m	+1 year
Over 49	Before 1948	65	66 y 0 m	+1 year
Over 48	Before 1949	65	66 y 0 m	+1 year
Over 47	Before 1950	65	66 y 0 m	+1 year
Over 46	Before 1951	65	66 y 0 m	+1 year
Over 45	Before 1952	65	66 y 0 m	+1 year
Over 44	Before 1953	65	66 y 0 m	+1 year
Over 43	Before 1954	65	66 y 0 m	+1 year
Over 42	Before 1955	65	66 y 0 m	+1 year
Over 41	Before 1956	65	66 y 2 m	+1 yr 2 months
Over 40	Before 1957	65	66 y 4 m	+1 yr 4 months
Over 39	Before 1958	65	66 y 6 m	+1 yr 6 months
Over 38	Before 1959	65	66 y 8 m	+1 yr 8 months
Over 37	Before 1960	65	66 y 10 m	+1 yr 10 months
36 and under	Before 1997	65	67 y 0 m	+2 years

Mr. NICKLES. Mr. President, I urge my colleagues, let's have a bipartisan vote for responsibilities not to score some points, but really try to make sure Medicare funds will be there when promised. I yield the floor.

The PRESIDING OFFICER. All time has expired on the motion to waive.

Mr. LAUTENBERG. Mr. President, I yield 4 minutes off the bill to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I am pleased to follow the Senator from California, if that would be all right.

Mrs. BOXER. Just 1 minute.

Mr. LAUTENBERG. Fine. The Senator from California can have 1 minute.

Mrs. BOXER. Just 1 minute.

The PRESIDING OFFICER. The Senator from California is recognized for 1 minute.

Mrs. BOXER. Mr. President, I thank my colleague for yielding. People are living longer, so what are we doing about that? We are punishing them in the committee bill, saying, ''You're living longer, therefore, you have to

wait until you are 67 to get onto Medicare.''

I say to my colleagues, why do you think people are living longer? Because we have Medicare. In the old days, we didn't have it and people got very, very sick. Take a look at Russia. The average man there lives to 58 because they have no access to health care. People are living longer because they go to a doctor early, they don't wait for a crisis. They get preventive care, and what this bill does is say, ''American people, you're living too long, we're going to have to send this back.'' Do we want to go back to when people died at 58 and 60? Then you will really have a strong Medicare Program because no one will be able to use it. Thank you, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. WELLSTONE addressed the Chair.

Mr. LAUTENBERG. I yield 4 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 4 minutes.

Mr. WELLSTONE. I thank the Chair, and I thank the Senator from New Jersey.

Mr. President, just two points in 4 minutes, the first one being, I was listening to my colleague from Oklahoma, and I know he had to leave the floor, but I heard him say this has not been scored and it has nothing to do with the tax cuts. But, I think only here in the Senate do we sort of decontextualize what we are doing. I don't think most people in the country do. Most people in the country see a clear connection between the reconciliation bill on tax cuts, the lion's share of benefits going to the very top of the population and, at the same time, what is, indeed, the functional equivalent of a cut in Medicare benefits.

I am troubled by the discussion because, Mr. President, I think that what some of my colleagues are talking about in the name of saving or preserving Medicare will have just the opposite effect. Maybe that is the problem. We do it on a reconciliation bill, there is not a lot of time, and we don't really know what the consequences are of what we are doing. But, I will suggest to you that if we are serious about cost containment and we are serious about what we need to do to deal with the estimates of how many people will be living to be over 65 and 85 when we get to the year 2030 and, at the same time, how many people are working, and all of what has been presented here by way of demography, then what we will do is not just focus on Medicare, we will go back to looking at this overall health care system, and we will figure out ways in which we contain costs so that, indeed, we can provide decent health care coverage, not just to the elderly but to other citizens as well.

What we are doing now, philosophically, is we are moving in exactly the opposite direction. Whatever happened here? Just a couple of years ago, we were talking about Medicare for all. We were saying that we ought to make sure that other people have the same opportunities as elderly people. Now what we seem to be doing is saying, My gosh, there are some people in the country who don't have good coverage; what we now need to do is downsize Medicare instead of improving Medicare and improving health care for people in this country. It makes no sense whatsoever.

Mr. President, this is a huge mistake—a huge mistake. We ought to be talking about providing good health care coverage for elderly people. We ought to be talking about keeping this as a universal coverage program. We ought to be talking about health care reform systemwide. And we ought to be talking about not downsizing Medicare but, as a matter of fact, taking this very good program and making sure that all of our citizens have the opportunity for decent health care coverage.

This proposal coming out of the Finance Committee takes us exactly in the wrong direction. It is profoundly mistaken, and I thank Senator DURBIN for his leadership and am proud to support his effort. I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. COATS. I wonder if the Senator from Delaware will yield me a couple of minutes off his time?

Mr. ROTH. I yield 2 minutes off the bill.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 2 minutes.

Mr. COATS. Mr. President, I was sitting in the Chair and listening to the debate and listening just now. I came to the Congress in 1980, and one of the first issues we tried to do was the pending Social Security problem.

Over an 18-year period of time, we have been debating Medicare and Social Security and what changes need to be made to guarantee solvency for the future. I don't think there is any Member on this floor who doesn't understand the facts. The trustees have reported over and over, we have had commissions, we have had demographers, we have had politicians—everybody has been talking about the problem that we all know is coming very, very soon: The problem that if we don't make structural changes within the programs, we are going to face imminent collapse of the system. It just can't sustain. The numbers are clear to everybody.

There are a number of ways to fix it. As the Senator from Pennsylvania said, we can raise taxes, cut spending, impose penalties on providers. I find it somewhat stunning that a proposed phase in of a fix—which doesn't fix the problem, it defers the problem for another 10 years so the Congress in 2008 can deal with it as we are dealing with it here and every Congress before that—something that phases in over a period of 24 years that basically doesn't affect anybody in the current system, raises such a level of passion as if we are destroying the program.

We are going to probably lose this vote. We will have postponed for the umpteenth time any solution proposed by anybody. No matter what is suggested, it is rejected. I have seen dozens of proposals out here. Every one rejected. The language always turns to—well, I don't want to use the word demagoguery—it always turns to pitting one class against another class, and those who are trying to get a fix proposed basically are labeled as people who want to destroy the system. Actually, they want to save the system.

I don't think we have the political will to do it. Probably when the system collapses or is near collapse, the people will rise up and demand their representatives do something. I hope they look back at the record of all those who tried to do something over 18 years and, basically, were shouted down in the process time after time after time. We will undoubtedly lose this one, too. We will move on. Hopefully, we will get to the brink of collapse sooner rather than later, so it will not cost as much to fix it.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. Mr. President, I yield 5 minutes off the bill to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, I thank my colleague from New Jersey.

So it is understood what we are debating, there is a provision in this bill which would raise the eligibility age for Medicare from 65 to 67. There are those of us who think that is unwarranted and are opposing it and there are those, of course, who are defending it.

It is interesting to me to consider what we are debating here. Five years ago, we debated on Capitol Hill the premise that not enough Americans had health insurance. Forty million Americans uninsured, millions underinsured, what would we do as a nation? Would we rise to the challenge? Would we come to the rescue of these families and individuals? We debated it long and hard, and we failed.

When it was all said and done, nothing was done. A lot of ridicule and scorn was heaped on the White House and the First Lady and nothing happened.

So 5 years later, we return to the debate of health insurance coverage, but this time with a different premise. Instead of helping more people receive insurance coverage, we now have in this bill a proposal to take more people off insurance coverage.

Have we come full circle? Five years later, there is a proposal to increase the eligibility age for Medicare from 65 to 67, and the younger Members of the Senate stand over there and say, ''People can prepare for it, people can get used to it, people can save for it.''

Think of the real-life challenges. Someone I know personally at age 60 retired from management in a company in California with health care benefits and a gold watch. Along came some changes in management, a little downsizing, and guess what? They sent him a letter saying, ''Sorry, no more health insurance for you as a retiree from the management of our company.'' As he received the letter, he started having heart problems, two different heart surgeries, and this individual who had derided big Government programs overtaking your lives started counting the days until he would be eligible for Medicare, realizing that uninsured and uninsurable, he had no protection.

What is the proposal in the Finance Committee? Let him hang out for another 24 months, let him count another 24 months and days wondering if he can live long enough to be covered by Medicare. It is shameful. It is shameful that we have not preceded this debate with a discussion about how we will provide more coverage for people across America.

They want to create a commission in this bill to study the problem, and we should. One of the provisions the commission is supposed to study is whether or not to extend Medicare to those age 62 and beyond. But before the commission comes back and reports, the Finance Committee would say to us, before we know what the fix is for Medicare, let's start with the premise that we are going to raise the retirement age, let's start with the premise that people will pay more out of pocket, and then let's talk about reform of Medicare.

Excuse me; excuse me. This program was designed to help people in their retirement. It has worked. It is successful. Some of my friends on the other side resent it because it is a Government program that people respect and admire. For them to now have a shot at raising this retirement age to age 67 is unfortunately going to put more people in the lurch. People who have made their plans and want to make them cannot anticipate whether they will be wealthy enough to pay for hospitalization insurance, whether they will be healthy enough to take care of themselves. Instead, we should be providing protection. What we are doing is putting more and more people into jeopardy. I think that is shameless.

Look at this, too. This comes to us as part of a debate about a tax cut. This was supposed to be a tax cut that families across America would cheer. Which family will cheer the prospect of 2 more years of uninsurability under health insurance? You and I know we value this as much as anything.

When my young daughter, fresh out of college, got a new job, the first thing her dad asked was, ''What about health insurance, Jennifer?''

''Oh, dad, I have a little bit of this and a little bit of that.'' And I worry about it every step of the way. She is a healthy young woman, but think about a situation where you are 60 or 62 and you are not healthy, you don't have insurance, and it costs $10,000 a year out of your pocket. The folks in the Finance Committee say this is part of reform, this is responsible, this is compassion, this is courageous. I'm sorry, this is just plain wrong.

Let us have a national debate to make sure that Medicare is there for decades to come for everyone who needs it. Let us say to the high school classes that are skeptical, yes, you have to sign up to help your parents and grandparents, as your children will sign up to help you. It is part of America. It is part of our responsibility as a family in America. Instead, we have these potshots at Medicare to raise the retirement age to 67 without so much as a suggestion of what it will mean to the American family. This is wrong. We should defeat it.

I urge my colleagues to join me in opposing the motion to waive the budget agreement.

The PRESIDING OFFICER. The Senate Democratic leader.

Mr. DASCHLE. I will use my leader time to address the amendment.

I rise to associate myself with the remarks so eloquently made by the distinguished Senator from Illinois. He speaks for many of us and has done so on several occasions.

This issue really does define us. It is an issue that, in many respects, reflects our party's approach to the larger issue of access to health care in this country. Year after year and time after time in Congress after Congress many of us have come to the floor expressing a desire to expand ways to protect people from the serious problems they face when they have inadequate health coverage.

Many of us have had personal family experiences in recent times that personalize this issue for us. Those of us who have parents who have suffered as a result of illnesses can thank our predecessors for the foresight they demonstrated in bringing Medicare to people that otherwise would not have had any health coverage. Indeed, other provisions of this legislation recognize the importance of expanding health coverage by encouraging States to find new ways to insure children. So how ironic, at the very time we are expanding health care for one segment of our population we are taking it away from another. How ironic.

Mr. President, this is too important an issue to be left to a brief debate on an amendment in a reconciliation bill. This ought to be the subject of a weeklong debate. We ought to be debating this in depth, debating all of the ramifications of this amendment, because this issue is as important as they get.

This legislation essentially tells millions of Americans that their coverage is no longer available to them, at the very time when they need it the most.

As many of my colleagues have noted, we have hundreds if not thousands of companies that have mandatory retirement at age 65, and along with that retirement comes a termination of health benefits. What is going to happen to these people? What is our message to them?

Now, if we had done the right thing a few years ago and ensured that everybody, regardless of age, had access to health care, I probably would not be standing here at this moment. But we did not do that. Instead, we said we will address this problem step by step, that we will find ways to expand coverage incrementally. Never once did I hear anybody come to the floor and say we should be taking insurance away from people.

Mr. President, I cannot support an effort that will increase the number of uninsured Americans. I cannot be a part of it. I hope that my colleagues on this Senate floor, before they vote, will think about what it means for millions of people who are watching right now, hoping that we have the good sense not to take away the only option they will have for good health care in the future. This is a critical vote. I hope all of my colleagues will weigh very carefully all of the consequences of this legislation prior to the time they cast their vote.

I yield the floor.

Mr. LAUTENBERG. I yield myself 3 minutes. Mr. President, a significant part of the discussion has been why it is that we do not, to use the expression, bite the bullet, get it going, set the program into place so that over the years this will work its way into the system and we will have done better by Medicare.

Well, Mr. President, I was the senior Democratic negotiator in developing the budget resolution, and we shook hands and we came to the consensus, and this bill before the Senate, part of the reconciliation package, now is supposed to put into place, as I understand it, the things that we agreed to in the extensive meetings that we had, including participants from the White House and the House of Representatives, as well.

Having gotten that into place, suddenly now we are approached with something that I describe and Senator KERRY from Massachusetts before described as coming in from nowhere, coming in from outer space. I say coming in from left field. Suddenly, we had a new proposition to consider whether or not we will say to those who are anticipating that their coverage would fall into place at age 65, well, no, we have a new kind of novel idea. We are going to extend it to age 67 and we want to get it into place now.

Mr. President, in the development of this bill, this big booklet I am holding, there is a chapter on commissions, and we say that the commission shall meet and within 12 months after their appointment—it is a 15-person commission, bipartisan in character, with 3 appointees by the President—we say in 1 year we will have a report, we will have recommendations. It is not going to be

done in a half hour or half day on the floor of the Senate. We are going to take good time and thoroughly review it. We will debate it, as our leader said just now, debate it, have hearings, review it, make sure we are all certain about what we want to do. But, no, suddenly that is too slow. We want, in reality, to take 20 or 30 years to develop it, but it has to be done today to kick it off. I think that is part of the absurdity of this, Mr. President.

I look at this legislation, and I am wondering what happened between the Finance Committee's final deliberation and this moment here.

We talk about the purpose of this. The purpose of this is purportedly to present more solvency to the Medicare Program. There is only one problem: The program will perhaps be more solvent, but more individuals will be insolvent. That will be the outcome. There is nothing more worrisome today—and I see it in conversations, social, business and otherwise—than any other time that I ever remember, people saying, ''I hope I don't lose my health insurance if my company closes down.''

I understand that even now in separation agreements in marital disputes that a part of the responsibility that is being asked of the income earner is, ''I want to be provided,'' says the person being left, ''with health insurance. I need to protect myself. I can't be there with the children and be exposed to a sickness or an accident.''

People worry about that all the time. People who have saved all their lives so they would have a little nest egg for retirement are saying, ''Wow, you see what it costs to be in the hospital these days, see what it costs to have an operation. It costs so much I would be bankrupt if I had to go through one of those things.''

We are dealing with a very sensitive issue, a very complicated issue. I hope, Mr. President, that all of our friends on the floor of the Senate will give this a chance for the commission to get to work to review it and not introduce this new—I will call it—extraneous subject, and I am not defining it in terms of the budget process but in terms of the place that it holds.

I hope we will work, Mr. President, not to permit the waiver of the budget agreement.

Mr. ROTH. Mr. President, I yield 5 minutes off the bill to the distinguished Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. MOYNIHAN. Mr. President, today the Senate is considering two important changes approved by the Finance Committee for the Medicare Program: increasing the eligibility age from 65 to 67, and increasing premiums for higher income beneficiaries. Raising the eligibility age will simply bring Medicare into line with the retirement age under Social Security. And means-testing the part B premium is in fact overdue.

I was a member of the administration of President Johnson when Medicare legislation was developed and enacted, and I remind Senators that at that time the part B provision for physician's bills was meant to be paid one-half by the individual and one-half out of general revenues—50–50.

In 1972, we limited the increase in the part B premium to the rate of increase in Social Security benefits, which are tied to the Consumer Price Index. Inasmuch as medical costs grew at a much faster rate than that, generally, of prices, that 50–50 share gradually dropped to what is now a quarter, 25 percent. In no way do we change that 25–75 arrangement that has emerged, but we do ask that high-income retired persons pay a higher premium. About 6 percent to 7 percent of retirees will be affected.

Retired couples with incomes under $75,000, will not in any way be affected; individuals with incomes under $50,000 will not in any way be affected. We are really only returning somewhat to the original intention and the original provisions of Medicare part B.

If my distinguished chairman would permit me, I yield the balance of my 5 minutes to the distinguished Senator from Louisiana.

Mr. ROTH. That is fine.

Mr. BREAUX. I thank the distinguished chairman and the distinguished ranking member. There is no easy answer to this problem. Everybody wants us to fix Medicare, but nobody wants us to do anything in order to fix it.

When you say, ''Do you want to increase premiums,'' everybody says no. When you say, ''Do you want to reduce benefits,'' everybody says no. When you say, ''Do you want to reduce payments of doctors and hospitals,'' they say no because they may not serve us any more. When we say, let's gradually, by the year 2027, forewarn people that that will be the eligible age of Medicare, we are now saying do not do that, either.

The fact is that in the year 2001 Medicare becomes insolvent. What are we going to tell the people then? Are we going to say we did not have the political courage to do anything, so there is no more Medicare available for anybody, regardless of age? That is what is facing us now. This is probably one of the easiest steps toward ensuring that Medicare will be solvent. There are no easy answers, and I suggest that this is one of the easier ones. If we do not have the political courage to do this, how are we going to handle the question about what happens when there is no more Medicare available for anyone?

I think this ought to be adopted.

Mr. ROTH. I yield back to the distinguished chairman of the Budget Committee.

Mr. DOMENICI. Mr. President, first, I apologize to the distinguished chairman for not being on the floor, but I understand that everybody did a great job. I wish I could have been here to listen to it all.

I had a chart printed in the RECORD. I do not think the numbers and years can be disputed off of this chart. I want to make sure everybody knows what this fight is about.

First of all, for anybody age 59, nothing changes. When you get to be 58, it will have changed by 2 months. If you are today 58, this has been changed by 2 months. If you are 57 today, it is changed by 4 months. If you are 56, it is changed by 6 months. If you are 55, it is 8 months, and if you are 54, it is 10 months.

Now, there is after that period of time if you are 53, 52, 51, 50, 49, 48, 47, 46, 45, 44, 43, 42, it is 1 year—1 year for all of those, 1 year. If you are 41 today, it is changed by 1 year and 2 months. If you are 40, it is 1 year and 4 months. I will skip to 37, where it is 1 year and 10 months, and if you are 36 or under, it is 2 years.

Those are the facts regarding the changes that are going to cause the insurmountable damage that has been alluded to here on the floor.

Let me repeat, these are the actuarial numbers and the numbers in this statute. They are not dreamed up; they are written. Essentially, it says what I have just said. Now, let me ask—somebody 59, there is no change, OK. So anybody talking about that, there is none. If you are 58, it is changed by 2 months. And then let us go all the way down to 42 years of age; it is changed by 1 year. So if you are 42 today, planning on getting Medicare when you come of age, instead of 65, it will be 66 for that person; is that right, Senator GRAMM?

Mr. GRAMM. That's right.

Mr. DOMENICI. A person 42, a 1-year change. If you are all the way down to 36 years of age, in order to have a Medicare that is solvent, it will be changed 2 years for you.

I ask unanimous consent that this chart be printed in the RECORD.

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

MEDICARE ELIGIBILITY AGE

Age today—	Born in—	Current law (years)	Proposed	Change
Over 65	Before 1931	65	65 y	None.
Over 65	Before 1932	65	65 y	None.
Over 64	Before 1933	65	65 y	None.

MEDICARE ELIGIBILITY AGE—Continued

Age today—	Born in—	Current law (years)	Proposed	Change
Over 63	Before 1934	65	65 y	None.
Over 62	Before 1935	65	65 y	None.
Over 61	Before 1936	65	65 y	None.
Over 60	Before 1937	65	65 y	None.
Over 59	Before 1938	65	65 y	None.
Over 58	Before 1939	65	65 y 2 m	+2 months.
Over 57	Before 1940	65	65 y 4 m	+4 months.
Over 56	Before 1941	65	65 y 6 m	+6 months.
Over 55	Before 1942	65	65 y 8 m	+8 months.
Over 54	Before 1943	65	65 y 10 m	+10 months.
Over 53	Before 1944	65	66 y 0 m	+1 year.
Over 52	Before 1945	65	66 y 0 m	+1 year.
Over 51	Before 1946	65	66 y 0 m	+1 year.
Over 50	Before 1947	65	66 y 0 m	+1 year.
Over 49	Before 1948	65	66 y 0 m	+1 year.
Over 48	Before 1949	65	66 y 0 m	+1 year.
Over 47	Before 1950	65	66 y 0 m	+1 year.
Over 46	Before 1951	65	66 y 0 m	+1 year.
Over 45	Before 1952	65	66 y 0 m	+1 year.
Over 44	Before 1953	65	66 y 0 m	+1 year.
Over 43	Before 1954	65	66 y 0 m	+1 year.
Over 42	Before 1955	65	66 y 0 m	+1 year.
Over 41	Before 1956	65	66 y 2 m	+1 yr 2 months.
Over 40	Before 1957	65	66 y 4 m	+1 yr 4 months.
Over 39	Before 1958	65	66 y 6 m	+1 yr 6 months.
Over 38	Before 1959	65	66 y 8 m	+1 yr 8 months.
Over 37	Before 1960	65	66 y 10 m	+1 yr 10 months.
36 and under	Before 1977	65	67 y 0 m	+2 years.

Mr. DURBIN. Will the Senator yield?

Mr. DOMENICI. Yes.

Mr. DURBIN. I would like to ask the Senator a question. At age 65, how long would you be willing to go without insurance if you had a medical problem and you realize that your medical bills could bankrupt your family and squander your family savings?

Mr. DOMENICI. I will answer that for the Senator. If you are 36 years of age and you start planning for this and then you are 65 years of age and you still don't have coverage between 65 and 67, then something is wrong with you. You have 31 years to get ready for it. If you are 65 today, you don't even get any impact.

Mr. DURBIN. Will the Senator yield further?

Mr. DOMENICI. Yes.

Mr. DURBIN. Is the Senator suggesting that we pass a law to guarantee that insurance be available to every one at age 65?

Mr. DOMENICI. I might say we didn't pass any that required 65; it just happened because it is reasonable. People are working longer. They are going to be working longer than 65. They are going to have coverage everyplace. You are suggesting they are going to be denied coverage because we say you have to wait a year 25 years from now?

Mr. DURBIN. If the Senator will yield further, 70 percent of the people of age 65 today have no health insurance. The Senator suggests it is just going to vanish. This is reality, what families face.

Mr. DOMENICI. If there are people 65 who don't have any health coverage, then I assume they don't have Medicare. If they don't have Medicare, that is going to be the same situation later on. There is no difference.

Mr. DURBIN. Will the Senator yield?

Mr. DOMENICI. Of course.

Mr. DURBIN. The point I am trying to make is that of the people between ages 60 and 65, 30 percent of them have health insurance through employment and 70 percent do not. These are people who are retiring without health insurance. The Senator is suggesting this is going to get better automatically. I don't think so.

Mr. DOMENICI. Well, Mr. President, I am suggesting that for those people who are covered by Medicare today and those who are going to be covered by it in the future, it has been discussed on the floor of the Senate today that people are going to be shocked and they are going to have no insurance. I submit, if you are 36 years of age now, when you get to be 65, you will have 2 years added. So for people 36 years of age, it will be 67. How do any of the arguments made about not having coverage apply to that? Are they not going to have coverage? Of course, they are. If they have Medicare today, they are going to be working 16, 18 years from now, too—unless we assume everybody is no longer going to work, so you won't even qualify. Frankly, maybe we will not do this before the time this finishes conference. I don't know. The House didn't do it.

But all I am trying to say is, if this is a major issue between the two parties—and luckily it isn't because some Democrats have the courage to face up to the truth—so no matter how much the leader on that side says this is distinguishing between the parties, there are some Democrats who agree with us. If it is being said that this is going to just annihilate senior citizens, I thought we ought to put a chart in and let Americans look at it. Let's ask a 36-year-old, would you rather have a chance of having Medicare solvent so it will be there for you? Or would you rather insist that when you get to be 65, you get it, even if we were to tell you we greatly enhanced the chance of it being there if you wait until 67? If it is a chasm between our parties, let me suggest that it is a little, tiny chasm. It has nothing to do with great philosophical differences about who is for seniors and who is against them. That is just rubbish.

I yield the floor.

Mr. KERRY. Will the Senator yield for a minute?

Mr. LAUTENBERG. I yield time to the Senator from Massachusetts for 1 minute because this debate is just about over.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 1 minute.

Mr. KERRY. I wanted to ask the Senator a question. I think there are two truths here. I don't think the gap is that great. All of us accept the fact that the demographics are changing. We accept the fact that we are going to have to do something. We accept the fact that people are living longer. You are going to have an increasing number retiring that we don't have a sufficient capacity to cover. We understand that.

But the other truth is the truth that the Senator from Illinois spoke of—the fact that you have this very large proportion of people today who aren't covered and who haven't reached the age of eligibility. The question that is avoided by the Senator from New Mexico, which would bridge the gap, is: How do you guarantee, as you raise the age, that you are not going to lose more people in that gap? That is the only issue that separates us. As I have talked to colleagues on the other side of the aisle, they have agreed that the commission will probably recommend that solution. We could have provided some kind of capacity for a stopgap and we would all walk out of here having done the right thing, but also having guaranteed that we are not going to lose more people without coverage.

The PRESIDING OFFICER. The time of the Senator has expired.

All time having expired, the question now occurs on the Roth motion to waive the Budget Act in response to the point of order of the Senator from Illinois. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 62, nays 38, as follows:

[Rollcall Vote No. 112 Leg.]

YEAS—62

Abraham	Frist	Lugar
Allard	Glenn	Mack
Ashcroft	Gorton	McCain
Baucus	Graham	McConnell
Bennett	Gramm	Moynihan
Bond	Grams	Murkowski
Breaux	Grassley	Nickles
Brownback	Gregg	Robb
Bryan	Hagel	Roberts
Burns	Hatch	Roth
Campbell	Helms	Santorum
Chafee	Hutchinson	Sessions
Coats	Hutchison	Shelby
Cochran	Inhofe	Smith (NH)
Conrad	Jeffords	Smith (OR)
Craig	Kempthorne	Stevens
DeWine	Kerrey	Thomas
Domenici	Kohl	Thompson
Enzi	Kyl	Thurmond
Faircloth	Lieberman	Warner
Feinstein	Lott	

NAYS—38

Akaka	Durbin	Mikulski
Biden	Feingold	Moseley-Braun
Bingaman	Ford	Murray
Boxer	Harkin	Reed
Bumpers	Hollings	Reid
Byrd	Inouye	Rockefeller
Cleland	Johnson	Sarbanes
Collins	Kennedy	Snowe
Coverdell	Kerry	Specter
D'Amato	Landrieu	Torricelli
Daschle	Lautenberg	Wellstone
Dodd	Leahy	Wyden
Dorgan	Levin	

The PRESIDING OFFICER. On this vote the yeas are 62, the nays are 38. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question occurs on the Harkin amendment, amendment No. 428. The Senator from New Mexico is recognized. May we have order, please?

Mr. DOMENICI. Mr. President, I ask unanimous consent that the pending amendment be set aside so that we may proceed with a committee amendment with reference to means testing. I believe this process has been cleared with the manager on the Democratic side.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. DOMENICI. I yield time on the amendment which will be sent to the floor by Chairman ROTH, I yield time to manage it under the Budget Act to the chairman.

The PRESIDING OFFICER. The Senator from Delaware.

AMENDMENT NO. 434

[Purpose: To provide for an income-related reduction in the subsidy provided to individuals under part B of title XVIII of the Social Security Act, and to provide for a demonstration project on an income-related part B deductible]

Mr. ROTH. Mr. President, I send an amendment to the desk on behalf of Senator MOYNIHAN and myself.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Delaware [Mr. ROTH], for himself and Mr. MOYNIHAN, proposes an amendment numbered 434.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. ROTH. Mr. President, this amendment does two important things. First, it would raise part B premiums for seniors who could afford to pay more. Second, the amendment would provide new part B premium assistance for low-income beneficiaries. Regarding the income-related premium, the amendment would reduce the Federal subsidy of part B premiums—

The PRESIDING OFFICER. Will the Senator withhold for a moment, please? The Senate will please come to order so we can hear the substance of the amendment.

The Senator may proceed.

Mr. ROTH. Mr. President, as I was saying, regarding the income-related premium, the amendment would reduce the Federal subsidy of part B premiums for some seniors. Today, the Federal Government pays 75 percent of the cost of the part B program and Medicare beneficiaries pay just 25 percent. The Federal Government funds part B, which is a voluntary program, and pays for such things as doctors' bills out of general tax revenues which are raised from all taxpayers, rich, poor, and middle income. This amendment would require those single seniors with incomes of $50,000, to pay a bit more for part B; single seniors with incomes over $100,000 paying all of their share of part B costs.

The corresponding income range for couples would be $75,000 to $125,000. But, even under this proposed increase, the cost of participation in part B will remain relatively modest. Next year, it would cost a senior with an income of $100,000, paying his or her entire share of part B costs, an additional $1,620. The savings from this amendment would go into part A trust fund, helping to ensure its continuing solvency. In addition, the amendment would provide premium assistance for more low-income seniors. Today, for poorest seniors, those individuals with incomes below 120 percent of poverty, part B premiums are paid by Medicaid. The amendment would give States additional funds to help seniors with incomes between 120 and 150 percent of poverty. This amendment meets the terms of the budget agreement which provided for $1.5 billion in additional premium assistance for low-income beneficiaries over the next 5 years. In short, this amendment helps protect the most vulnerable seniors and keeps our word with the President.

Mr. President, I ask this amendment be adopted and considered original text for purposes of amendments.

The PRESIDING OFFICER. Could we have a little more order around the outside periphery here, please, so we can hear the proceedings? Will staff please take their conversations in the cloakroom.

The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, the Senator from Delaware, the chairman of the Finance Committee, just gave us an assurance that the text here will be considered original text for the purpose of further amendment. It is acceptable on our side. This amendment, as we have heard, just to repeat for a moment, has three major elements. It includes $1.5 billion to protect low-income individuals with incomes that are up to 120 percent of poverty from having to pay additional premiums in the future. This provision is designed to bring the bill into compliance with the bipartisan budget agreement. The amendment also would change the means-tested deductible into a means-tested premium. This is in response to the broad criticism of the Finance Committee's original bill as unworkable and inequitable. However, I want to make it clear that I intend to support a motion that we are going to hear about shortly to strike the means-tested premium.

Finally, the amendment includes a modest initiative to explore the concept of a means-tested deductible. This is a very limited test that would not force any seniors to pay a means-tested deductible but would allow a very small number of them to do so, rather than paying a higher premium.

So we are again willing to accept this amendment.

Mr. ROTH. Mr. President, I urge its adoption.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 434) was agreed to.

Mr. LAUTENBERG. Mr. President, I move we reconsider and then lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Massachusetts.

AMENDMENT NO. 440

(Purpose: (1) To strike income-relating of the Medicare part B premiums and deductibles; (2) to delay the effective date of income-relating of the Medicare part B premiums and deductibles; and (3) to means-test Senatorial health benefits in the same way as the bill means-tests Medicare part B premiums and deductibles)

Mr. KENNEDY. Mr. President, I send an amendment to the desk on behalf of myself and the Senator from Maryland, Senator MIKULSKI——

The PRESIDING OFFICER. The Harkin amendment is pending.

Mr. KENNEDY. I ask that be laid aside.

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

The clerk will report.

The bill clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY], for himself and Ms. MIKULSKI, proposes an amendment numbered 440.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

Strike section 5542.

In section 5542(d)(1), strike ''1998'' and insert ''2000''.

On page 1047, between lines 5 and 6, insert the following:

SEC. 6004. MEDICARE MEANS TESTING STANDARD APPLICABLE TO SENATORS' HEALTH COVERAGE UNDER THE FEHBP.

(a) PURPOSE.—The purpose of this section is to apply the Medicare means testing requirements for part B premiums to individuals with adjusted gross incomes in excess of $100,000 as enacted under section 5542 of this Act, to United States Senators with respect to their employee contributions and Government contributions under the Federal Employees Health Benefits Program.

(b) IN GENERAL.—Section 8906 of title 5, United States Code, is amended by adding at the end the following:

''(j) Notwithstanding any other provision of this section, each employee who is a Senator and is paid at an annual rate of pay exceeding $100,000 shall pay the employee contribution and the full amount of the Government contribution which applies under this section. The Secretary of the Senate shall deduct and withhold the contributions required under this section and deposit such contributions in the Employees Health Benefits Fund.''.

(c) EFFECTIVE DATE.—This section shall take effect on the first day of the first pay period beginning on or after the date of enactment of this Act.

Mr. KENNEDY. Mr. President, I demand a division of the amendment as follows: Division I being line 1, division II being line 2, and division III being the balance of the amendment.

Mr. President, I will be glad to withhold that request as long as I do not lose the right to do so.

The PRESIDING OFFICER. The Senator has a right to divide his amendment.

Mr. KENNEDY. I thank the Chair. Let me just explain.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DOMENICI. Now, Mr. President, might I ask a parliamentary inquiry. I understand—and is my understanding correct—that the second amendment is subject to a point of order?

The PRESIDING OFFICER. Yes, it is.

Mr. DOMENICI. Then I propose that we do the following, and I think it is going to be acceptable, that we not have a vote on the third amendment but, rather, accept it, and then that we proceed thereafter with debate on the first amendment. And I would ask on the first amendment could we have a half-hour on each side?

Mr. KENNEDY. A half-hour on each side.

Mr. DOMENICI. On the first one. And on the second one, when the point of order is made on the motion, you would move to waive it, I assume?

Mr. KENNEDY. Yes.

Mr. DOMENICI. How much time does the Senator want on that?

Mr. KENNEDY. Half an hour on a side.

Mr. DOMENICI. Could we do 15 minutes on a side?

Mr. KENNEDY. Half an hour on that.

Mr. DOMENICI. Let us say not more than. And you could maybe do it in less.

Mr. KENNEDY. That is fine.

Mr. DOMENICI. I put that unanimous-consent request to the Chair.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOMENICI. I reinstate my previous allocation on the time and management to the chairman of the Finance Committee.

VOTE ON AMENDMENT NO. 440—DIVISION III

The PRESIDING OFFICER. The question then is on agreeing to division III of amendment No. 440.

The amendment (No. 440), Division III was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 440—DIVISION I

The PRESIDING OFFICER. The question now is on agreeing to division I.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. As I understand now there is a half-hour on each side?

The PRESIDING OFFICER. That is correct.

Mr. KENNEDY. I yield myself 6 minutes, Mr. President.

This is what I consider another real assault on the Medicare-health care concept that has served the American people so well. I think the two great experiments we have seen that have taken place since the 1930's have been Social Security and also Medicare. We understand now that the Medicare trust fund needs attention. The President has made the recommendation that we have a period where we would have the opportunity to have a thorough discussion and debate about what steps must be taken in order to remedy the long-term financial needs of Medicare.

That was what was recommended to go to conference and come back with recommendations to work that process through. What we have here in this particular Medicare proposal is not really dissimilar in many respects to some of the other proposals, and that is it has a very fundamental change in the whole Medicare system. It has this important change.

For years, under the Medicare system, it was a universal system in the sense that people would pay in all across this Nation, needy people, poor people paid in and wealthy people paid in and people received the benefits under the Medicare system. Now that concept is being challenged and I believe undermined in a very important way for this reason. We are using under the recommendation of the Finance Committee effectively a means test for those of certain incomes—above the $50,000 as individuals or $75,000 up to $100,000 and up to $125,000. That means that there will be an increase in the various premiums and the ability to pay.

Now, that will go into effect in another year. First of all, what is the message that this sends to hundreds and thousands, millions of Americans who are earning $50,000 a year and just about to go on Medicare? We are saying to them that their premiums are going to rise from $64 a month—it will rise in the current proposal by $2,000. It can rise under this proposal from $259.60 a month up to $3,100 a year for those at $100,000. We are saying to senior citizens this is going to be put upon you. They had little time to prepare for it, little time to plan for it.

Mr. President, $50,000 is a lot of money but for many Americans it is right there in the heart of working families with two members of the family working. So we are saying—and this is the fundamental point—the first means test that we are going to provide on health care is going to be Medicare. We are not providing means tests for the deductibility of health insurance for the self-employed, the doctors and professional personnel, as well as some others in our society. We are not saying we are going to means test your particular health benefits. We are not saying to the wealthiest individuals who are going to be able to use the tax system to provide a deduction for their health benefits, we are not saying we are going to means test you. No. The only people we are going to means test are those under Medicare. That is the only group. We do not do it to those individuals who are self-employed. We do not do it to individuals who are deducting under much more costly health care programs. We are saying it's all right for you to go ahead and deduct and let the taxpayers pick up your deduction. We are saying, with regard to the self-insured, the same thing, but not with regard to Medicare—not with regard to Medicare.

Now, what is going to be the result of this? Mr. President, what you are going to find out is that the wealthy individuals who participate in the Medicare system—listen to this. Those with the highest incomes, the top 25 percent

under Medicare will pay about $159,000 more than they will collect in benefits. Do we understand that? The top 25 percent—that is what you are looking at in this particular amendment—they pay in $159,000 more than they collect in benefits. In contrast, those in the lowest income category, the bottom 25 percent collect $72,000 more in benefits than they will pay in taxes.

That is the current system. So it would seem to me that we ought to give some consideration to those individuals from $50,000 to $100,000 who have been paying into Medicare, because they have been paying in more than they are paying out.

What are the financial implications of that loss? What we are going to see, when any individual is going to be paying $3,100 a year in terms of premiums, they are going to leave the system. They are going to leave the system. We don't have any studies on that. We have no guidance, no professional advice as to the extent they are going to leave the system, how fast they are going to leave the system, but they are going to leave the system.

The PRESIDING OFFICER. The Senator's 6 minutes have expired.

Mr. KENNEDY. I yield myself 2 more minutes.

So we are taking a high-risk kind of approach on something which is very basic and fundamental, and that is the integrity of the Medicare system.

By means testing this premium, we are endangering the total Medicare system, because those who are contributing the most and adding to the Medicare system which needs those funds are going to leave the health care system. We have not had 5 minutes of hearings on the implication of this program to the Medicare trust fund.

Beyond that, what we are saying is, of all the people in this country who are going to be means tested, it is going to be those individuals, working families, men and women who played by the rules, contributed to Medicare over the course of their lives, depending on the Medicare system, they are going to find that they are the first beneficiaries to whom the means test is applied.

It is wrong in terms of the Medicare system. It is wrong in terms of a health care policy. I don't know what it is about the Senate Finance Committee. They are trying to drive more and more people out of Medicare health care coverage. They are doing it by raising the age of eligibility, and they are doing it with regard to this particular program. I can understand why some would want to do it, because they want to ship people out of Medicare and into the private insurance market so they can make profits in Medicare. We are endangering Medicare and taking a high risk. It is the wrong economic policy. It is the wrong health policy. I hope the amendment will be accepted.

I yield 8 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I thank the Senator from Massachusetts. I rise to support the Kennedy-Mikulski amendment, and I am proud to be an original cosponsor of this amendment. This amendment strikes the Medicare means-testing provision in this bill. I am adamantly opposed to Medicare means testing. I have two very grave concerns about the legislation pending. First, it breaks the bonds of faith between the people and their Government. Second, it overturns 30 years of Medicare in 3 days, without any hearings and no real debate.

This bill breaks faith with seniors. It breaks faith with workers currently paying into Medicare. This bill says if you paid into Medicare under one set of rules, you are going to receive your benefits under a completely different set of rules. The bill penalizes those who work hard, save and try to play by the rules.

This bill puts a previous condition on getting Medicare benefits: the money you saved. It tells the American people that their savings account counts against them when they are ready for Medicare.

I believe that promises made must be promises kept. This bill breaks that promise.

If I were a financial planner, I would advise the senior citizens in Maryland, ''Go to Ocean City for a vacation, buy a big car, live it up. Don't save your money for retirement, because the Government will take it away from you and increase Medicare deductibles, increase Medicare premiums and place a penalty on you for your savings. If you don't have any money, at least then you might qualify for Medicare.''

But I am not a financial planner. I am a U.S. Senator, and it is my job to stand sentry to protect Medicare.

Medicare was meant to be portable, affordable and undeniable. The purpose of Medicare was to provide health insurance to senior citizens because the private sector wouldn't do it in a way that was affordable, portable and universal for people over the age of 65.

Medicare premiums will now go beyond what some private insurance policies now cost. This provision ends Medicare, as we know it, and turns it into a welfare program. This is unacceptable.

We must ask ourselves, who are we making Medicare affordable for? Is Medicare meant to be affordable for senior citizens, or was it meant to be affordable for Government? I want to make sure that Medicare is affordable to the senior citizens who need it.

Let's be realistic, we do have a problem with Medicare. Yes, the clock is ticking on solvency. Yes, we do need to address this problem with a sense of urgency.

As we are concerned about the future solvency of Medicare, we need to be concerned about the solvency of senior citizens. They need Medicare now. This bill attacks them when they are sick, when they are most vulnerable, and it does nothing or little to make Medicare solvent.

For those young people working who are now in their twenties, thirties, forties and fifties—the baby boomers—they should be concerned. We have 78 million baby boomers in this country. They are going to be doubly squeezed. They will be taking care of their aging parents and paying the high cost of educating their children, and now we would have them pay Medicare taxes for 47 years and then pay again when they are elderly.

If we want to talk about Medicare costs, we can begin cracking down on the $23 billion of fraud in Medicare. We don't do anything by sticking it to the middle class in the middle of the night, and that is what this bill does.

This legislation is a direct attack on the middle class and the beginning of a slippery slope for more attacks on work and savings. This is not the time, this is not the place or the way to change Medicare. It should be the starting point for a national debate on how we protect Medicare and reward work and saving.

It is too important not to have a debate, but there has been little or no debate. We should not have spent the time this year debating contentious issues that are going nowhere. We should have spent the time debating Medicare, its solvency and a variety of alternatives to be able to educate the American people.

Instead, we are changing the rules in the middle of the game and the middle of the night. We need Presidential leadership. We need bipartisan cooperation. We don't need a middle-of-the-night attack on the middle class that raises costs, does nothing to improve health care for our citizens and threatens the very health care for the middle class.

I will stand sentry to protect Medicare. I will stand sentry to make sure the promises made are promises kept. And I will stand sentry for America's senior citizens. The means testing in this legislation before us breaks faith with those seniors.

Retired seniors, as well as those nearing retirement age, have planned for that retirement with the understanding that they would have to pay about $100 in deductibles. Now they will be advised that they will have to contribute anywhere from $550 to $2,000 a year for a premium on a Government insurance program and at the same time have to pay Medigap insurance.

When you are retired, every dollar counts, and even those with average incomes need to be able to count on every dollar. We must preserve the covenant that we established with our seniors to provide affordable accessible health insurance at old age. Out-of-sight additional fees and new income reporting requirements break those promises. What we are telling people is, if they play by the rules, they are now going to lose.

Those who planned and saved the most are penalized for their efforts. The provision tells seniors that after a lifetime of hard work and savings, the Government is going to add to your burden when you are sick.

So these provisions send a horrible message to seniors with higher incomes, but they also send a frightening message to every senior who depends on Medicare. If we make this change now, what does it say to seniors who fall just below the income threshold of the provision in the bill? What assurance do they have we won't be asking them to pay higher out-of-pocket expenses in the years ahead?

I believe it is wrong to scare seniors this way, and it is unconscionable to undermine our commitment to people who depend on Medicare.

Honoring your father and your mother is a great commandment. I think it is a great public policy. The Medicare Program must embody the values of ''honor your mother and your father.''

Mr. President, that is why I support the Kennedy-Mikulski amendment. I believe we should strike this means testing, wait for another day after we have had a national debate, a report of a national commission, and then look at the variety of tools best able to ensure the solvency of Medicare, and yet at the same time reward hard work and savings.

I yield back such time as I might have.

The PRESIDING OFFICER. Who seeks time?

Mr. ROTH. Mr. President, I yield 5 minutes to Senator GRAMM.

The PRESIDING OFFICER. The Senator from Texas is recognized for 5 minutes.

Mr. GRAMM. Mr. President, I want to begin by reading from the report of the trustees of Social Security and Medicare programs. In their annual report dated April 1997 they state:

> As we reported for the last several years, the Medicare trust fund would be exhausted in 4 years without legislation that addresses its financial imbalance. Further delay in implementing changes makes the problem harder to solve. We urge the earliest possible enactment of legislation extending the life of the HI trust fund.

The HI trust fund is the Medicare part A trust fund. That is not me talking. This is the trustees of Medicare, three of whom are Cabinet officials of the Clinton administration.

No one disputes the facts. This chart represents the cumulative deficit of Medicare as we look toward the future, and we know with relative certainty that over the next 10 years, Medicare is going to be a cumulative drain of $1.6 trillion on the Federal budget.

We now know about some of the things that the Senator from Massachusetts is against. We know he doesn't want to conform the eligibility age for Medicare with the retirement age under Social Security. We know that he doesn't want to ask high-income retirees to pay more of their share of the cost.

However, we don't know what he is for. We don't know if he is willing, as will be required in the year 2025, to triple the payroll tax? It is very easy to say what you are against. It is easy to say, let's not do this today, let's not do it this year, let's not do it this decade, let's never do it. But the problem is, 4 years from now, Medicare will be in the red, and the system is going to be bankrupt if we don't act.

What have we done? First of all, all this rhetoric about playing by the rules of the game and paying into Medicare over our working lives is good rhetoric, but it has nothing to do with the bill before us. Nobody pays for any part of part B of Medicare, which is basically physician services, during their working lives.

Let me repeat that. During our working lives, we pay 2.9 percent of our wages into the part A trust fund which funds hospital care, but only after we retire do we pay anything for our part B benefits. We now pay 25 percent of the cost as a premium.

The bill before us means tests that premium. It says that for those individuals who in retirement have incomes of $50,000 to $100,000, or couples $75,000 to $125,000, that we are going to phase up the part B premium from 25 to 100 percent so that individuals who have $100,000 of earnings in retirement and couples who have $125,000 of income in retirement will be asked to pay another $1,577 a year in their part B premiums.

Let me remind people that part B of Medicare is voluntary; it is not a mandatory program. Nobody makes anybody participate in this program. If asking people who have incomes of $125,000 a year to pay $1,577 more a year for this coverage is too much, they don't have to do it.

Mr. GREGG. Will the Senator yield for a question?

Mr. GRAMM. I will be happy to yield.

Mr. GREGG. I think you have raised a very significant point. It goes to the argument of the Senator from Massachusetts. What you are saying is today a person who participates in the Medicare system pays 25 percent of the costs of the part B premium.

Mr. GRAMM. That's right, and pays none of the cost during their working lives.

Mr. GREGG. That means 75 percent of the cost is being paid by the wage earner.

Mr. GRAMM. That's right.

Mr. GREGG. By John and Mary Jones who happen to be working on a line in a factory in New Hampshire or working in Texas trying to raise a family, they are paying 75 percent of the cost of the premium of the person who today is receiving part B Medicare benefits, is that not correct?

Mr. GRAMM. That is correct.

Mr. GREGG. So if you follow the logic of the Senator from Massachusetts, you are saying John and Mary Jones, the wage earner of America, should be subsidizing the person who is earning $100,000, that would be the practical effect of adopting Senator KENNEDY's amendment.

Mr. GRAMM. Not only would it have that effect, if we adopt Senator KENNEDY's amendment, we are going to be asking moderate-income-working families to subsidize people in retirement who are making up to $125,000 per year. The program is voluntary. If they don't think it is a good deal, they don't have to do it.

Can I have 1 additional minute, Mr. President?

The PRESIDING OFFICER. Does the Senator from Delaware yield additional time?

Mr. ROTH. I yield 1 additional minute.

Mr. GRAMM. Mr. President, in order to keep Medicare solvent, we are going to ask very high-income retirees to begin to pay more of the cost of a benefit which they receive. It is a voluntary benefit which no one pays for during their working life and for which they are currently paying 25 percent of the cost. We are going to phase that up to 100 percent of the cost for individuals with incomes of $100,000 a year and couples with incomes of $125,000 a year in order to keep the system solvent.

The alternative is to ask moderate-income-working families to pay the cost. We don't believe that is fair. This is a voluntary program. Nobody is required to participate in part B of Medicare. It is a voluntary program. So if very high-income people do not want to pay the $1,577 they do not have to pay it. They can drop out of the program. They are not going to drop out because it is still a good deal.

The PRESIDING OFFICER (Mr. GREGG). Who yields time?

Mr. KENNEDY. Mr. President, I yield myself 3 minutes.

The material that the Senator from Texas was quoting was not focused on this particular amendment. It was talking generally about the problems of the Medicare.

The Senator has not responded to one of the principal criticisms of this amendment and that is that the top 25 percent of the Medicare recipients are paying into the Medicare system some $132,000 more than they are taking out over a lifetime. You are raising their part B premiums to $3,100 and you are talking about it being voluntary.

How many of those individuals in the top 25 percent will leave Medicare? And what will the economic implications on the trust fund be then? You have not had any hearings or any testimony. The answer that I hear is, ''Well, the very wealthy get 75 percent of their part B paid by general revenues.'' Yes, they do, and I can give you the studies that show that the top 25 percent pay more into part B than they get back in terms of whatever services or assistance they get under part B.

So you are going to take steps here on means testing premiums for the first time, on a program that is working, and has no financial problems

under the proposal of President Clinton —$115 billion of savings. We will make sure we have 10 years to set up that commission and to consider a variety of different alternatives in terms of the Medicare trust fund. But no, no, we have the answers to these problems today in the Finance Committee. They were marking up these measures with 5-minute time limitations on discussion for each of the various amendments.

Mr. President, this is not the way to treat senior citizens. I know the Senator is against the Medicare system. I have listened to him oppose it. I know he was part of a program in the last Congress to cut it by $256 million and use the money to pay for billions of dollars in tax breaks for wealthy individuals.

The Senator asked me what I am for. I am for preserving the Medicare system and not destroying it. And I am for giving careful consideration and study to the different alternatives, in the light of day. I am not for having a seat-of-the-pants recommendation which can threaten the Medicare system. We are fast-tracking these proposals. We are debating these issues on Medicare with a time limit of 1 hour.

I was here when the Senate debated Medicare for days and weeks, and now it reverses itself over a period of 3 years. We are now asked here to make judgments and decisions in just a few moments. It is a disservice to senior citizens. It is a disservice to all the men and women in this country who believe in a retirement that they can plan, knowing what they could expect in terms of the Medicare premium.

Finally, HCFA, which is the principle organization that is going to be working through the process of administering this, keeps no income records. What is going to happen to an individual that makes $49,500 and somebody that makes $50,500? What happens when they make a certain amount 1 year but not the second year? What if they make it in the third quarter and not the fourth quarter? How do you administer this? Who will make those decisions? You are going to set up a massive bureaucracy. The Senator has not commented on that.

We were here debating just the other day a children's health bill, talking about doing a cigarette tax and we already collect a cigarette tax. We were talking about distributing that money to the States through the agreement that Senator HATCH and I proposed, and we heard ''Wow, a totally new administration will have to be set up.''

What the Senators in the Finance Committee are proposing will require the grandaddy of all bureaucracies to be set up. A set up in a way that I think will seriously threaten the long-term security of the Medicare system.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Louisiana.

Mr. BREAUX. I thank the chairman for yielding.

These arguments on the floor sometimes become very confusing. Everybody wants to fix Medicare. But what I hear from so many of our colleagues when we can all agree on fixing it, no one can agree how to fix it.

We ask the question, when are we going to fix it? And some say, well, not now. And we ask the question, well, who is going to fix it? And we say, not us. And then they ask the question, well, how are we going to fix it? And the response is, well, not this way, but fix it.

I think that the politics of the issue at hand before the Senate is really very confusing to me. I cannot imagine going to my State of Louisiana and talking to a truck driver who is making, say, $25,000 a year, and supporting a wife and two children, and explain to him how it is correct and good policy to say that he and his two children and his wife are going to subsidize a retired couple that is making over $75,000 a year in retirement income.

As a Democrat, how do I handle that? I suggest as a Republican, how do I explain that? It is not explainable. It is not good politics. Even more important, it is not good Government.

Medicare is going to be insolvent in the year 2001. We have an obligation to try and fix it. I think it is good policy to say to that person who works every day and maybe makes $25,000 that we no longer are going to ask you to subsidize somebody's doctor's insurance that may be sitting home, in retirement, collecting over $100,000 a year, clipping coupons.

Now, you would think that good policy for both parties would be to say we want to help the guy who is struggling to raise his two children, support his wife, who makes $25,000 a year, by asking someone who is retired that makes over $75,000 a year in retirement to pay a little bit more of what he is getting from the Government.

We asked the Congressional Research Service—and certainly they are bipartisan, nonpartisan—how many people are affected by this change? They said that approximately 1.6 million people in the Nation age 65 or older, one-half of 1 percent of the noninstitutionalized people, not in hospitals or homes, have adjusted gross income at or above the threshold that this bill provides for—$50,000 for a single person or $75,000 for a couple filing their return.

Ms. MIKULSKI. Will the Senator yield?

Mr. BREAUX. That means only 1.6 percent of the people filing returns would be affected by this. How many millions of people do we have back in our States that are making $25,000 and continuing to subsidize those who are in retirement income? The average income in my State for working people is about $22,000 or $23,000. We have very few people that are retired that make over $75,000 a couple—almost none.

I am happy to yield.

Ms. MIKULSKI. The Senator just stated, according to CRS, it affects only 1 million people. If the numbers are so modest then could the Senator explain in his remarks, and I will be glad to ask for additional time, if the numbers are so modest in terms of population, then how are the financial savings so great?

Mr. BREAUX. It is not necessarily just the financial situation we are looking at. We are looking at something that is called fairness. When we, as Democrats, look at trying to tax people that are making $25,000 and a blue-collar job, driving a truck in my State of Louisiana, and telling that couple that they should be subsidizing someone who makes $100,000 a year who is retired, that is not good policy.

So this is a policy change as much as it is anything else. It is a question of fairness. We have a system that is going broke and we are going to make changes. The changes should be fair. I suggest this is a fair and equitable change to ask for those who can most afford it to pay a little bit more so those who can least afford it will not have to continue to subsidize those who are very well-off in retirement. That is a fair test. It is a good proposal. I suggest that we support it.

Ms. MIKULSKI. I ask 2 minutes additional time for the Senator to answer a question.

Mr. KENNEDY. I yield 4 minutes.

Ms. MIKULSKI. How much, then, is this going to save, or is it, as we believe, just a ruse to create the principle of means testing to get what I call the slippery slope done—that really will not save very much money in Medicare, and it really does not deal with solvency of Medicare, it just lays the groundwork for additional means testing.

Mr. BREAUX. I respond to the Senator from Maryland who has been active in this issue, in addition to the overriding fairness, it saves $3.9 billion over 5 years. I suggest that when you add the fairness test plus $3.9 billion to a system that is nearly broke and insolvent, that is a good deal.

Mr. KENNEDY. I yield 3 minutes to the Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, one thing that occurs to me listening to this debate is that some very, very important principles followed by amendments are being put before the Senate in a context that the American people do not fully understand nor have they any reason to because it has not really been discussed with them.

In speaking quite honestly, this sort of grew up within the Finance Committee, of which I am a member, and it became a kind of a fluent subject within the Finance Committee. It got a credence—had people for it, had people against it—it got its own momentum, and the Finance Committee was acting apart from the rest of the Senate, and apart from the rest of America.

I am not by definition innately opposed to means testing but I am oppose to doing things before they receive what I call a larger consideration,

which I think falls into the commission on Medicare which is what I introduced as a bill 2 years ago. It seems to me when you are dealing with something in a State, for example, like West Virginia, where the average senior citizen income is $10,700 a year, you really do not make decisions like this—or like a number of other issues that have been before us —without a larger discussion with the American people, a larger context being placed before the American people. We have traditionally done that with major pieces of legislation.

This discussion has come out of a kind of sanctuary of privileged discussion. I am not saying it is not without merit at some point, but I do not think it is at this point, because of the absence of the larger discussion of the American people. When you are dealing with people that have $10,700 a year to live on, every deductible, every single decision about a means test, all of it counts, and it really does in human terms. I am not being evasive. I am simply reflecting what a whole lot of people in this country are very afraid of.

So my plea would be that we would not let up on this but that we would continue this, but in the larger context of the commission on the future of Medicare, which I think is the only place to really do that. That reflects not just my feeling about this amendment but other amendments that I have voted on during the course of the day in a way which I might not vote on after a commission had discussed it and a national discussion had been held. That has not taken place to this point. It is kind of a privileged conversation, and it is not one I am entirely comfortable with on behalf of the people I represent.

Mr. LAUTENBERG. Mr. President, I rise in opposition to the proposal to means test Medicare part B premiums.

Mr. President, I am not opposed in principle to asking wealthier Americans to pay more for certain Government services. At the same time, I think we have to be very, very cautious before making fundamental changes in a program as important as Medicare. And it's not something that should be done on a fast-track reconciliation bill, with little opportunity for public input or debate.

Mr. President, Medicare is a universal program that can benefit each and every citizen. The universal nature of Medicare provides a broad base of beneficiaries that helps maintain the program's economic viability. By covering all eligible individuals, no matter their health risks, Medicare spreads those risks broadly, as an insurance program must do.

Yet increasing the costs of Medicare to better-off individuals threatens to drive wealthier and healthier individuals away from the voluntary part B program. And, at some point, that could undermine the broad base of beneficiaries that is necessary. I am not prepared to say that the particular proposal in this bill would do so. I don't know. But it's a serious issue that deserves careful consideration before we move forward.

Mr. President, beyond the need to ensure Medicare's economic viability, there's also a need to ensure that the program maintains broad support among the public and in the Congress. That's why so many Medicare supporters are concerned about turning the program into anything that resembles a welfare program.

Now, Mr. President, at some point, these concerns may have to give way to the stark economic realities of upcoming demographic changes. But if we are to move toward some type of means testing, we need to do it very carefully, to ensure that the public understands, and supports the change. The stakes are too high to rush into this without preparing the way, and making sure we're doing it right.

Mr. President, beyond the broad economic and political concerns involved with introducing means testing into Medicare, there are practical issues to resolve, as well. If premiums are to vary based on income, who is to evaluate a person's income, and how? Will the IRS take on the responsibility? Or will we create a whole new bureaucracy to do the job—some might call it, Son of IRS.

This proposal seems to adopt the latter approach. But many believe this is duplicative and inefficient. It also raises questions about whether this new bureaucracy will adequately protect the confidentiality of senior citizens' private financial information.

A related question is how we can monitor the changing incomes of beneficiaries. Take an individual who last year received a sizable salary, but who was laid off at the end of the year, and now has no income. How are we supposed to know that this person now cannot afford a higher premium? I wonder whether this type of issue has really been thought through.

Mr. President, all of these issues need to be considered carefully before we rush into a proposal of this magnitude. Yet the proposal to means test premiums comes to us now at the last minute. It has not been subject to hearings. Nor has the public been involved in the debate.

Mr. President, there is a more appropriate avenue for considering this kind of proposal. The bill before us calls for a commission that would study long term changes needed to sustain the Medicare system. So my suggestion would be to wait, and have the commission study the proposal and options for implementation. The commission is required to report back within a year. So this issue will not get deferred indefinitely. But we need to do this right.

Mr. President, I would remind my colleagues that we do not need to means test Medicare premiums to balance the budget. Nor is it necessary to make Medicare solvent for an 10 additional years. We've accomplished those goals in the bipartisan budget agreement, and without resorting to means testing.

So, Mr. President, I would suggest to my colleagues that we should act with caution when it comes to a program as important as Medicare. Means testing has potentially huge implications for the economic and political viability for the Medicare Program. And, in my view, it's not something we should be doing on a fast-track bill with little opportunity for serious review and public input.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 5 minutes to the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I would like to briefly review the bidding here, if I might. Part B is a program that provides for payments to physicians; it is an insurance program. Nobody who is in Medicare has to take out this insurance program. Those that do pay a $45-per-month premium currently, over 99 percent of all Social Security beneficiaries, take the part B insurance. That is what it is—insurance. What is this premium that they pay the $45? That is calculated to cover 25 percent of the costs of the program, of the entire part B cost. Twenty-five percent is what an individual pays. So where is the other 75 percent coming from? The other 75 percent comes from the General Treasury. So you get this anomalous situation of a very low-income individual that might be the person that cleans the streets, if you will, or cleans up our offices early in the morning; that individual's income taxes go into the General Treasury, and then part of them come out to pay some millionaire retiree's doctor bills—75 percent of them. Now, something is wrong here. Why should those people be paying 75 percent of Warren Buffet's doctor bills?

So what we have proposed here is that there be what we call a means test. The wealthier individuals will pay more for that premium instead of having it come out of the General Treasury. So did we start with low-income people? Hardly. Before anybody has to start paying more than the 25 percent premium, that individual, if he is an individual, as opposed to a married couple, that individual has to have an income of over $50,000 a year as a retiree. And it gradually comes in a greater portion, until finally that individual, if he is making $100,000 per year, is paying 100 percent of the premium. He doesn't have to take it if he doesn't want it. If he can go out and find a better deal somewhere, so be it. But I suspect he will find that this is a very, very good insurance program and he is delighted to pay the 100 percent, and he surely can afford it. It will only be $135 a month more, if he is paying the total premium, than if he were just paying the 25 percent.

What about the married couple? There is talk here about how onerous

this is. It doesn't even start with a married couple to pay more than the 25 percent until that couple is filing an income tax return showing that a $75,000 income. They don't pay the entire amount of the premium until their income is $125,000 a year. Where I come from that is a pretty good income.

So, Mr. President, what we are trying to do is overcome this, I think, shocking situation where a very wealthy person is only paying 25 percent of the cost of a program with the taxpayers of the Nation. That cleaning woman, her taxes are going into that general fund to come out and pay some wealthy person's doctor bill—75 percent of them. That, Mr. President, just plain isn't fair.

The question is whether we should debate it longer. I don't know how long it takes to understand the particular program we are proposing here this evening. Now, there are going to be savings. As the distinguished Senator from Louisiana pointed out, the savings are nearly $4 billion over 5 years. You can say, oh, that's not much. Boy, that is getting pretty inured to Washington spending if you say $4 billion isn't much. All that savings goes into the Medicare Program, the part A program, the hospital insurance, which is about to go under. Is it me that says that? No.

We previously, this evening, quoted from the report of the trustees of the Medicare fund. Those trustees have used the most alarming words. I have here the little booklet that they put out in which they use terms of the part A trust fund, namely the Hospital Insurance. They use terms like—these are the trustees, and four of the six trustees are Cabinet officers, all Democrats. This is what they say:

> Further delay in implementing changes makes the problem harder to solve. We urge the earliest possible enactment of legislation to extend the HI trust fund. The Medicare trust fund, the HI, will be exhausted in 4 years without legislation to address it.

It seems to me, Mr. President, that this is a very worthwhile undertaking. It is the right thing to do. It is not hurting anybody. If people at a $125,000-a-year income can't pay their entire insurance bill, then they are not doing their budgeting very well.

So, Mr. President, I strongly support this measure, which was reported from the Finance Committee.

Mr. MOYNIHAN. Unanimously.

The PRESIDING OFFICER. Who seeks time?

Mr. KENNEDY. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. KENNEDY. I yield 2 minutes. I listened to my friend and colleague from Rhode Island talking about how Part B of the Medicare system is subsidized by 75 percent from the general funds. Well, of course, the health insurance of every Member of the U.S. Senate is also subsidized by roughly the same amount. When he talks about how bad it is for upper-income seniors to pay only 25 percent of their Part B costs, it should be clear that Senators—whose incomes are all above the maximum threshold they have set for senior citizens—also pay only 25 percent of the health insurance premium.

This is the point, Mr. President. Under family coverage for Blue Cross, we only $108.40 per month, while the taxpayers spend $292 a month on our coverage. So that is what happens right here in the U.S. Senate. If we are going to begin to means-test taxpayer-subsidized health insurance benefits, why are we starting with Medicare?

The third part of our amendment changes this by requiring Senators whose annual income is over $100,000 to pay for 100 percent of their health insurance premiums. As we have seen under the Lewin-VHI study commissioned by the National Committee to Preserve Social Security and Medicare, the top 25 percent of wage earners of this country pay $159,000 more into the Medicare system than they take out. By contrast, those in the lowest income category—the bottom 25 percent—will collect about $72,000 more in benefits than they pay in taxes.

You cannot assure us that higher income group is going to choose to stay enrolled in Medicare under these new conditions. Studies have demonstrated that those in the top 25 percent pay more into part B than they receive back. All we are asking for is a hearing on this issue. Those are the figures. I have the studies right here to demonstrate that. Now, if that is true, we don't want to lose this group because they are providing help and assistance for other needy workers. I must remind my colleagues that health status generally rises with income, which means wealthier senior citizens are generally healthier. If they choose to leave Medicare, they take their premium dollars with them.

So I believe that it is true, and we have the testimony to provide it. We ought to at least explore this proposals impact on Medicare enrollment before blindly voting for it.

The PRESIDING OFFICER. The time of the Senator is up.

Mr. KENNEDY. I yield myself another minute. The fact is, if that is true—and I believe it is—we have to make a calculation of how many people are we going to drive out of the part B, because we are raising their annual premiums to well over $3,000. You can't tell us different here this afternoon. So, Mr. President, I think that this measure ought to be given more consideration.

A final point. Ten years ago, Medicare recipients spent on average 18 percent of their income on out-of-pocket health care expenses. It is now up to 21 percent.

The PRESIDING OFFICER. The Senator's time is up.

Mr. KENNEDY. I yield myself 1 additional minute. The elderly already spend a disproportionate share of their income on health care. While those under age 65 spend only about 8 percent of their income on health care, Medicare beneficiaries spend an average of 21 percent. This amendment will only increase that disparity. It poses, I believe, a serious threat to the Medicare system and it should be given much more thought and consideration than it has here today. Medicare's success is based in part on the fact that all groups are treated equally — poor, rich, younger, older, sick, healthy. This provision undermines the fundamental promise of Medicare that says you will all contribute an equal amount and you shall all be guaranteed equal benefits.

I withhold the remainder of my time.

Mr. ROTH. Mr. President, I yield 5 minutes to the Senator from Nebraska.

Mr. KERREY. Mr. President, I oppose the effort to strike this important provision in the Finance Committee's bill. Since Medicare was enacted in 1965, there have been many legislative efforts to make it more fair, to make it more progressive. Most colleagues, I suspect, support the Qualified Medical Beneficiary Program, the QMB Program and the SLMB Program, the dual-eligibility program. All of these programs are efforts not in 1965, but much later, to make the program fair, to help lower-income beneficiaries, to make it more progressive. That is what these programs do.

Dual eligibility in Medicaid is a terrific program. It enables that low-income individual to be held harmless against all costs, premium, deductibles, copayment, as well as additional Medicaid coverage. QMB does premium deductible and copayment for all Medicare beneficiaries under 100 percent of poverty. And it made the program fair, more progressive. SLMB is up to 120 percent. The chairman has added a provision that would allow it to go from 120 to 150 percent because of the changes recommended by the President, shifting home health from part A to part B.

Those who argue against this change say that we are on the slippery slope somehow. We have done this before. There have been constant efforts to try to evaluate Medicare and to try to make it fair. This proposal makes Medicare more fair on its face. Individuals earning up to $50,000 a year will continue to enjoy a 75 percent subsidy in part B. That doesn't change. That is for individuals at $50,000 and couples at $75,000. We begin to phase out the subsidy of that part B premium. It will go from about $560 to about $2,100. That $1,500 or $1,600 subsidy that we currently have in place will be phased out. For seniors, with adjusted gross incomes of $100,000 for individuals and $125,000 for couples, they will pay an unsubsidized part B. They will still receive part A with no change, but for part B, physician services, they will pay an unsubsidized premium.

It makes the program more progressive, Mr. President. It has been noted,

and quite correctly, that for many seniors there is a significant percentage of income that goes for health care. But what we need to look at is that inside that senior population, there are significant differentials. For lower income beneficiaries, they will pay for health care a higher out-of-pocket amount than higher income beneficiaries—30 percent versus 3 percent for higher income beneficiaries. This is a problem that we are trying to solve. We are trying to make this program more progressive.

As to the suggestion that we need to study this, this is not a proposal that just came out of the blue. This is a proposal that has been around a long time. It has been discussed; it has been opposed; all kinds of arguments have been thrown up against it. There have been all kinds of good suggestions that perhaps we can improve it somehow. So this is not a brandnew proposal. We don't need to study this, Mr. President.

I have great respect for the senior Senator from Massachusetts and the Senator from Maryland, as well. They come to the floor because they care deeply about Medicare beneficiaries, wanting to preserve and protect Medicare, which is the goal of this piece of legislation. By making Medicare more progressive, I believe we have a much better chance of securing the intergenerational commitment that Medicare represents.

Medicare is an intergenerational commitment on the part of younger people to allow themselves to be taxed so that we can provide benefits to the beneficiaries of Medicare. It is a strong commitment. It is a good commitment. It has made our Nation better as a consequence of having it in law. This change, by making it more progressive and fair, will strengthen the commitment that we have for this good program.

Mr. KENNEDY. Can I ask the Senator a question on my time? Will the Senator yield for a question?

Mr. KERREY. I am kind of busy.

Mr. KENNEDY. I heard the Senator say this has been around a long time. I think it has been on the floor here for about an hour. This wasn't the proposal that came out of the Finance Committee, was it?

Mr. KERREY. No, it was not the proposal that came out of the Finance Committee.

Mr. KENNEDY. Had that been around a long time, too.

Mr. KERREY. Is this a jury deal, where I get a yes-or-no answer? You have lots of time here.

Mr. KENNEDY. I don't have much time.

Mr. KERREY. Mr. President, we did get a proposal that came out of the committee to use deductible instead of premium and, as a consequence of that being untested, we changed it back to premium. The premium is not an untested proposal. I have been asked about whether or not——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KENNEDY. I yield another 30 seconds.

Mr. KERREY. Another 30 seconds? I can't say hello in 30 seconds.

This proposal has been around—adjusting by income the part B premium has been around a long time. I know I was asked about it when I campaigned in 1988. This is not a new proposal. It has been argued. It has been vented. It has been discussed. It is reasonable. It is fair. And I hope my colleagues will oppose the KENNEDY effort to strike.

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Massachusetts has 37 seconds.

Mr. KENNEDY. I yield whatever time remains to Senator MIKULSKI.

Can we get 2 minutes to wind up for Senator MIKULSKI to make a final comment?

The PRESIDING OFFICER. Is there objection to the request for 2 additional minutes?

Mr. DOMENICI. Reserving the right to object—I shall not—how you much time remains on our side?

The PRESIDING OFFICER. The Senator from New Mexico has 8 minutes. The Senator from Massachusetts has 37 seconds.

Mr. DOMENICI. I would like to take it off the bill, if we can.

Mr. LAUTENBERG. We will give the Senator from Maryland 2 minutes off the bill.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, 32 years ago this summer I graduated from the University of Maryland School of Social Work. And my very first job was to go out to the Baltimore neighborhoods to tell people what this new bill called Medicare was; to tell them what medical services they would be entitled to. As I went door to door to door in the streets and neighborhoods, onto the white-marbled steps of Baltimore, people's eyes opened wide. They could not believe that the United States of America had passed legislation that would provide them universal affordable health care in their old age and that it would be the next step to the Social Security commitment; that they would have in perpetuity a safety net that did not have a previous condition on it; that the premium would be affordable; that it would be undeniable.

Thirty-two years later we are changing the rules of the game. The very people that were 30 years old then are now in their sixties. They didn't know it was going to be means tested. I respect the Finance Committee. But I will tell you that there has been no national discussion on what it means to the solvency of Medicare.

All we are asking is strike the means testing now. Let's have an American national debate, not a time-limited rule which we agree to temporarily. But let's have a national debate.

The Finance Committee might have studied it. It might not be a new idea to them. But I will tell you something. It is a new idea to the American people. And the middle class knows that the minute you start this class-warfare language of means testing people over $100,000 and say it is fair, button down your hatches, blue-collar workers. They are coming after you next.

The PRESIDING OFFICER [Mr. COATS]. Who yields time?

Mr. ROTH. I yield 3 minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Thank you, Mr. Chairman.

Mr. President, listening to this argument here, it seems to me that it is extraordinarily disjointed coming from the other side.

Let's remember what we are talking about. We are talking about people who are making $75,000 or $100,000 a year being supported in their health care under part B by people who are making $25,000 a year, $30,000 a year, or $40,000 a year. People who are working on a line job in New Hampshire, at a restaurant in Texas, and at a garage in New Mexico are supporting people who are retired who are making $75,000 to $100,000. And what is the complaint from the other side? The complaint from the other side is that somebody who makes $100,000 might have to pay 2 percent of their income in their retirement years to buy part B insurance—2 percent. You tell me where you can go out and spend as a senior citizen in the private sector 2 percent of your income and buy a health care plan that is going to cover you for physician costs. You can't do it.

The statement was made from the other side that somehow these extremely wealthy people have been paying into the system more; and, they paid in more and, therefore, they should get some sort of extraordinary benefit as a result of that where they are subsidized by people earning $25,000 to $30,000 a year. That is simply not true. They may have paid more into part A, yes. But they have not paid more into part B. Part B is on a cash basis system. It is a pay-as-you-go system. You buy that insurance on an annual basis. The people who pay more for part B happen to be the poor men and women who are working in America who are paying payroll taxes, and who are paying into the general fund and then have to subsidize to the extent of 75 percent the person who is making $100,000. That is the person who is paying more—the wage earner. The concept that high-income individuals should not have to pay the full cost of the health care benefit which they are receiving, the insurance benefit they are receiving, makes no sense at all. It makes no sense that someone who is making $100,000 shouldn't have to bear the full cost of the part B premium.

We heard earlier today that the other side was surprised that people are living longer, and that is why they don't

want to move too quickly into the issue of whether or not we should raise the retirement age. We heard earlier today from the other side that people were, I guess, surprised that the part A trust fund is going broke. That is why they don't want to move too quickly into the issue of whether or not people should have their age of retirement raised.

I can't believe, recognizing the speakers from the other side who have been carrying the water on this issue, that they are surprised that there are rich people in America, and that is what this is about. There are rich people in America, and they are not paying their fair share.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ROTH. I yield 3 minutes to the distinguished Senator from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, some may have thought that there has been a leakage of reality about the social insurance programs of the American Nation; that only crisis brings us forward to some sensible responses. But I think today we proved just the opposite. The vote earlier on extending the eligibility age for Medicare over the next generation to 67 years parallels exactly the measure we took at a time of crisis in 1983 with respect to Social Security. This was recommended by a commission of which I was a member. Senator Dole, our beloved former majority leader, was a member.

Sir, I don't know about other Members of this body but I have not heard a word about that. It has been accepted. It is something that is going to take place over a generation. It makes sense.

The same on this matter of contributions of high-income persons—what is basically an intergenerational subsidy on retirement benefits and health-care benefits.

In 1983, we began to tax Social Security benefits for high-income persons up to 50 percent of their benefit. In 1993, in legislation I brought to the floor from the Finance Committee, we took it to 85 percent. That is the actuarial income that is not paid by the contributor himself or herself.

Sir, there has been no response or reaction to that, save acceptance that it is fair, and it makes sense. This is fair, and it is necessary.

I would say once again I was a member of the administration of President Johnson when the planning for Medicare and Medicaid took place. On part B we specified that half the premium would be paid by the person choosing to take the option of buying this form of health insurance. In 1972, we limited increases in the premium to the rate of increase in Social Security benefits, which are tied to the Consumer Price Index. But because of the higher rise in medical costs in the years that followed, above the rate of price increase, we dropped it to 25 percent. It is 25 percent today—not what we planned when we began this program, when the costs were much lower and unsustainable in the years ahead. The annual part B subsidy right now per person is $1,600 of general revenue—not trust fund. And if we have to provide that a $500,000 earner pays 2.9 percent, why can we not do so? I think, Mr. President, we are going to.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield the remainder of my time to the distinguished chairman of the Budget Committee.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Do you have some additional time you would like, if I can take 5 minutes off the bill?

Mr. ROTH. All right.

Mr. DOMENICI. You keep your 5. I will speak.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes, with the time to come off the bill.

Mr. DOMENICI. Mr. President, I yield 2 minutes off the bill to just talk a little bit to the Senate about where we are.

First, let me inquire.

How much time remains for both sides?

The PRESIDING OFFICER. The Senator from New Mexico has 1 hour and 15 minutes remaining, and the Senator from New Jersey has 1 hour and 21 minutes.

Mr. DOMENICI. I wonder if I might propound a unanimous consent request to get us moving on two votes?

I understand, immediately after we are finished debating this amendment, that the next thing that would come up would be the second Kennedy amendment which is subject to a point of order; I would make a point of order, and the Senator would move to waive. And he has indicated that he would be satisfied with 2 minutes of debate on each side on the motion to waive.

I put that unanimous-consent request to the Senate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

I apologize for interrupting.

Second, I would ask that we proceed as follows: That as soon as we finish the debate on the current amendment, that we vote on it, or in relation thereto, and then we proceed immediately, before we proceed to vote, we take care of the 2 minutes on each side on the Kennedy motion to waive, and then we proceed on two votes back-to-back with the first one being 15 minutes and the second one being 10.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, I apologize to the chairman of the committee. So you want to yield back the time and we would then ask consent that it would be in order to make the point of order?

Mr. DOMENICI. We just got that.

Mr. KENNEDY. I was glad to accommodate the leader, and always try to. But I would like to at least say that we eliminate the 2 minutes. I would like to at least have the opportunity to perhaps address the Senate for that period of time before we vote. It will not save an awful lot of time just to go back to back, as the Senator knows. I would like to make just a very, very brief comment about what that commitment is. We have very different amendments.

I would appreciate that.

Mr. DOMENICI. The Senator objects. Why don't we just do it in two parts? We will dispose of the first amendment in the manner we described, and thereafter there will be 4 minutes after that vote is completed, 2 minutes to a side, and that will be the subject matter of—that vote will be a waiver of a point of order that the Senator from New Mexico will make on the Kennedy amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Reserving the right to object—I shall not—will the Senator indicate approximately what time this back-to-back vote will occur?

Mr. DOMENICI. How much time do you want to use Senator—2 or 3 minutes?

I would say 6 minutes.

Do you want some time? Ten minutes maximum.

Mr. KENNEDY. Is this additional time to be yielded off the bill, or just because we are going to have additional time? I think we are over.

The PRESIDING OFFICER. A total of 2 minutes for the Senator from New Mexico.

Mr. KENNEDY. I was willing in accommodation to go back and limit our side. Now we have been limited. And now the other side is getting additional time for the amendment. Then I would ask for equal time to be able to respond. I would be glad to move ahead as agreed on earlier.

Mr. DOMENICI. We are going to do that. We will yield our 2 minutes remaining to Senator NICKLES, and I believe 5 minutes off the bill for me to accommodate some time taken off the bill on your side. That makes it about even.

Mr. KENNEDY. Whatever. That is fine.

Mr. LAUTENBERG. As long as your arithmetic is right. I would ask the Parliamentarian. How does that time projection stack up?

The PRESIDING OFFICER. Only 2 minutes has been yielded off the bill. It was yielded to the Senator from Maryland.

Mr. LAUTENBERG. So what is being requested over here now?

Mr. DOMENICI. The remaining 2 minutes on our side goes to Senator NICKLES, and I asked for 5 minutes off the bill.

Mr. LAUTENBERG. The Senator from Massachusetts——

Mr. KENNEDY. I ask for equal time, and I probably will not use it.

Mr. DOMENICI. OK. I will cut my time down to 2 minutes. Might I ask right now, please?

I ask unanimous consent that it be in order that I make the point of order against the second Kennedy amendment.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. As I understand it, I have time at the conclusion or you want me to make it now?

Mr. DOMENICI. I think now we ought to ask unanimous consent it be in order the Senator make his motion to waive at this point.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. That I can be in order to waive.

Mr. WELLSTONE. Mr. President, I say to the Senator from New Mexico, I am not trying to hold things up. Just a question on the way we are going. I have been waiting for quite a while to introduce an amendment. Is there a way that we could have some understanding about introducing amendments after we get through with this as far as unanimous consent is concerned?

Mr. LAUTENBERG. I would, if I may on this side, Mr. President——

Mr. DOMENICI. Surely.

Mr. LAUTENBERG. I had promised the Senator from Rhode Island early this morning that he would have an opportunity. He has deferred and waited to introduce an amendment that he wanted to have done. As we heard from the Presiding Officer, we have about 2½ hours, as I calculate it, left in total. So certainly if we can divide these up into proper sized pieces, why if we could just lay it out——

Mr. DOMENICI. Mr. President, let me just suggest that if we are going to go back and forth, we will have disposed of two Kennedy amendments in a row. And then I assume we should get at least one, if not two, and then return to that side. And I would like to do that. Senator GRAMM has a simple amendment that should not take very long. We would like to do that next, but I am not asking that we have time agreed to. And then is there another one on our side?

We then move to your side. You have one for Senator REED.

Mr. LAUTENBERG. Senator REED would be willing to take 20 minutes equally divided.

Mr. WELLSTONE addressed the Chair.

Mr. DOMENICI. What is the Reed amendment?

Mr. REED. It would substitute.

Mr. DOMENICI. Substitute for the whole bill?

Mr. REED. Yes, it is, eliminating some of the provisions we have already debated with respect to the age limitation, MSA's, et cetera.

Mr. DOMENICI. I do not want to agree to that other than to say you are entitled to an amendment. But it may be subject to a point of order in raising the same subject matter that has already been debated today with a motion to reconsider, table and reconsider having already been voted on. But if the Senator will let us look at it—

Mr. REED. I would be happy to let the distinguished chairman do that.

Mr. DOMENICI. Does anybody need time to discuss a complete substitute?

Mr. GRAMM. It might be a substitute.

Mr. DOMENICI. It might be. Let's not agree on your time yet. You might take more time than your 10 minutes.

Mr. REED. Fine.

Mr. DOMENICI. There is a half-hour on each by statute.

Mr. WELLSTONE. Mr. President, again since I initiated this discussion, I wonder whether I could not be a part of this. I have two amendments—one Senator MIKULSKI wants to do with me—and I wonder whether they could be part of it.

Mr. DOMENICI. Will you tell me which one Senator MIKULSKI is with you?

Ms. MIKULSKI. The amendment Senator WELLSTONE and I wish to do is a version of the restoration of the Boren amendment on nursing home reimbursement to ensure safety standards and adequacy.

Mr. LAUTENBERG. In how much time do you think you could deal with that?

Mr. DOMENICI. We are going too far ahead. I do not even have the amendments listed on anything that was given to me by that side. I do not have the Boren amendment's reinstatement on this list. I have your mental——

Mr. WELLSTONE. That is the one that I would like to get in right now on this unanimous consent, on the mental health. That one I have been waiting several days.

Mr. DOMENICI. Senators, let me just suggest that we get the votes out of the way and in the meantime any Senator who has any amendments, we would like to have—we now have 18 amendments, and that is without any process amendments and there may not be any process votes on this bill. It may be that they will be saved for another time. But if you can get us any amendments, and as soon as this vote is over, I will try to arrange yours in sequence, I say to Senator WELLSTONE.

Mr. WELLSTONE. I thank the Senator.

Mr. DOMENICI. Can we proceed then?

The PRESIDING OFFICER. If the Senator from New Mexico will restate the unanimous-consent request, the Presiding Officer is somewhat confused as to what the correct state of affairs is.

Will the Senator restate the unanimous-consent request we will order.

Mr. DOMENICI. My last one is that it be in order for Senator KENNEDY right now——

Mr. KENNEDY. I do not need the time. Four minutes to the Senator will be fine.

Mr. DOMENICI. I need the Senator to do something else. I ask it be in order that he waive the Domenici point of order and he do his now even though it is reserved for later.

Mr. KENNEDY. I do so now.

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

Mr. DOMENICI. It seems we have time on our side. Senator NICKLES has 2 minutes under the half-hour allowance.

The PRESIDING OFFICER. Is the Senator going to make a point of order?

Mr. DOMENICI. I make the point of order that the Kennedy amendment violates the Budget Act.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, pursuant to section 904 of the Budget Act, I move to waive the point of order and ask for the yeas and nays on the motion to waive.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second. The yeas and nays are ordered.

Mr. LAUTENBERG. I would ask, if the Senator from Oklahoma will excuse me just a moment, so that we have a little longer sequence planned, that is, after the Senator from Oklahoma, after the vote on the budget waiver, I assume that the chairman intends to go to the Senator from Texas?

Mr. DOMENICI. Yes.

Mr. LAUTENBERG. And thereafter we put in line the Reed amendment to be reexamined, and we will take a look at the timeframe. If we could plan the next two, that would probably consume the remainder of the time. What would the Senator from New Mexico expect would come up after that?

Mr. DOMENICI. Look, I would like to leave it at that. We have three or four Republican amendments that I have to discuss with them. So let's just leave it there and try to finish the vote, and we will try to sequence the Wellstone amendment in.

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

Mr. NICKLES. Mr. President, I urge my colleagues to vote against Senator KENNEDY's amendment which would eliminate—some people call it income testing, means testing, but I would rephrase it. It would eliminate subsidies for upper income individuals on part B premiums. Right now the Federal policy is the taxpayers pay $3 for every $1 for all persons on Medicare part B. It does not make any difference if the person has $1 million of income. We are asking taxpayers with incomes of $20,000 to be paying general taxes to subsidize their premium.

I do not think that is good policy. I might mention the Finance Committee, when we corrected this, we did it with bipartisan support. We have all known this issue. Some people say, well, let us substitute it. Let us do it in

the commission. We know this should be done. We know this is good policy.

I might also mention this was not done so we would have more money to spend someplace else. This was not done in order that we could have more tax cuts. The Finance Committee took 100 percent of the savings, of this amount of reducing subsidies for higher income individuals, 100 percent of that money and put it into part A solvency.

So all the savings that come from the increased premiums on more affluent people by reducing subsidies, all the savings that come from that will go toward extending solvency in part A. And as I mentioned in an earlier speech, part A, the hospital insurance trust fund, has serious problems. It is going to have a shortfall in the year 2005, without these changes, of about $100 billion per year, and it grows from there. So we need to do more to save part A, to make sure the hospital bills will be able to be paid.

The Finance Committee took this step. They took it for, I think, all the right reasons, for good policy, to eliminate subsidies for upper-income people. I urge my colleagues to support this bipartisan recommendation that came out of the Finance Committee and to vote no on the Kennedy amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I believe I have 2 or 3 minutes.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senator from New Mexico has 3 minutes.

Mr. DOMENICI. Mr. President, I thought I would just suggest to the Senate and those listening how many senior citizens are covered by this means testing. And here is what I think it is. First of all, let me put it in dollars. The premiums collected over the next 5 years amount to $125 billion. The income-conditioned premiums, the means-tested premiums, amount to $4 billion. That is 3.1 percent of the premiums will be means tested.

What does that amount to in numbers? The best we can figure, out of 38 million Americans, it is 5 percent—5 percent will be financially affected by this amendment.

So if you are going into some neighborhood and talking to seniors about this, chances are pretty good that you are not talking to a senior that is affected by this because only 1 out of 20 will be affected by this and 19 will not be affected at all.

I think that is a pretty realistic approach to trying to change this basic part B law to be more realistic to those people who are working hard, paying taxes, are not even earning as much money as the retirees, perhaps raising two or three children, and unless their employer is paying insurance for them many do not have insurance. So I believe this is a good approach, and I am prepared to yield back the remainder of my time.

How much time do I have?

The PRESIDING OFFICER. The Senator from New Mexico has 1 minute 21 seconds.

Mr. DOMENICI. I yield my remaining minute to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, above the Speaker's stand in the House of Representatives is a quote from Daniel Webster which talks about doing something worthy of being remembered. I believe that if we defeat the Kennedy amendment, given what we have already done by changing the age of eligibility for Medicare, that we will have adopted two changes which will dramatically change in Medicare. They will be the first things we have ever done that will permanently strengthen the Medicare trust fund, and I believe that we will have done something truly worthy of being remembered.

We do not do that very often around here. It is not very often that you see courageous votes cast. And I think we will have seen two major ones today.

I thought some note should have been made of that fact. I do not want to congratulate us in advance of casting this vote. But I think we are doing something very important here, something that 10 or 20 years from now every Member who votes against this amendment and votes for these two important reforms will be able to say to their children and grandchildren they did something worthy of being remembered.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DOMENICI. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. On this vote, for the Senator to prevail, must he get 60 votes?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. I thank the Chair.

Mr. KENNEDY. Yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered. The Senator from Massachusetts has 37 seconds.

Mr. KENNEDY. I yield back the remainder of the time.

The PRESIDING OFFICER. Time has been yielded back. The yeas and nays have been ordered.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I asked a parliamentary inquiry and I believe I got the wrong answer. How many votes are required for Senator KENNEDY to prevail on this? A simple majority on the first one; is that correct?

The PRESIDING OFFICER. The first vote is on the amendment. A simple majority is sufficient to pass this amendment.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I make a motion to table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 70, nays 30, as follows:

[Rollcall Vote No. 113 Leg.]

YEAS—70

Allard	Feinstein	Levin
Ashcroft	Frist	Lieberman
Baucus	Glenn	Lott
Bennett	Gorton	Lugar
Bingaman	Graham	Mack
Bond	Gramm	McConnell
Breaux	Grams	Moynihan
Brownback	Grassley	Murkowski
Bryan	Gregg	Nickles
Bumpers	Hagel	Robb
Burns	Harkin	Roberts
Campbell	Hatch	Roth
Chafee	Helms	Santorum
Coats	Hollings	Sessions
Cochran	Hutchinson	Shelby
Collins	Hutchison	Smith (NH)
Conrad	Inhofe	Smith (OR)
Craig	Jeffords	Stevens
DeWine	Kempthorne	Thomas
Dodd	Kerrey	Thompson
Domenici	Kerry	Thurmond
Enzi	Kohl	Warner
Faircloth	Kyl	
Feingold	Landrieu	

NAYS—30

Abraham	Durbin	Murray
Akaka	Ford	Reed
Biden	Inouye	Reid
Boxer	Johnson	Rockefeller
Byrd	Kennedy	Sarbanes
Cleland	Lautenberg	Snowe
Coverdell	Leahy	Specter
D'Amato	McCain	Torricelli
Daschle	Mikulski	Wellstone
Dorgan	Moseley-Braun	Wyden

The motion to lay on the table the amendment (No. 441), Division I, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO WAIVE THE BUDGET ACT—AMENDMENT NO. 440, DIVISION II

The PRESIDING OFFICER (Mr. BROWNBACK). The question is now on the KENNEDY motion to waive section 310(d) of the Budget Act. There are 4 minutes for debate equally divided between the two sides.

Mr. KENNEDY. Mr. President, may we please have order?

The PRESIDING OFFICER. The Senate will come to order.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, I think it will be helpful to all Members if we can engage in a colloquy now, and I hope the Democratic leader can join us so we can discuss how we will proceed from here.

Mr. FORD. Mr. President, we do need order, I say with all respect.

The PRESIDING OFFICER. With due respect to all Members, may we please have order in the body? Those having conversations, please take them off the floor.

The majority leader.

Mr. LOTT. Mr. President, my intent, of course, is to go now to the second vote on the Kennedy amendment, and then that would probably move us close to 7 o'clock. We would proceed to use the remainder of the time on other debate or amendments that will be offered. I presume that time will expire about 8 to 8:30. And then other amendments will be in order and will be debated tonight.

All amendments that are going to be offered need to be offered tonight, and then we will stack all the votes on all the amendments and final passage beginning at 9:30 in the morning.

We have discussed this with the Democratic leader. I do have a unanimous-consent request to implement that, but we will go ahead and have the vote now, and then we will make the UC request after that vote.

I wanted the Members to know my intent. If that is agreed to, then this next vote will be the final recorded vote tonight. We will begin to vote on all the amendments and final passage in the morning at 9:30.

I yield to the distinguished chairman of the committee, Senator DOMENICI. Mr. President, I ask the chairman, is that his understanding and does he have some feel as to what we are talking about here?

Mr. DOMENICI. I think the time runs out about 8:30.

Mr. LAUTENBERG. About 9, because the time for the vote does not come off, it just adds to it.

Mr. DOMENICI. So what we will do is Senator LAUTENBERG and I will stay here until that hour, let's use the example of 9 o'clock. There will only be one vote; it will be on the Kennedy point of order. We will spend the rest of the evening with Senators offering their amendments. It looks like there are about 20 of them. With a little debate tonight on each one, they then will be taken up seriatim tomorrow with 2 minutes to a side, but I think they have to be offered tonight. That is what the proposal will be.

Mr. LAUTENBERG. As a point of clarification for everybody, by what time do the amendments have to be sent to the desk?

Mr. DOMENICI. By the time we close up here tonight at 9 o'clock.

Mr. LAUTENBERG. When the time expires on the bill.

Mr. DOMENICI. Yes. That request will be made momentarily.

Mr. CHAFEE. Mr. President, can I ask, do we have a list of order of priority——

The PRESIDING OFFICER. Let's have order in the body.

Mr. LOTT. I will be glad to yield for a question from the Senator from Rhode Island.

Mr. CHAFEE. I ask the majority leader or manager of the bill, we have a list of priority. I am in line, and I don't want mine too far down the line.

Mr. DOMENICI. The Senator is pretty high up the line. He is about fourth or fifth.

Mr. LOTT. Maybe even higher, depending on who is here to offer their amendments at the time. Does the Democratic leader wish to add anything to what we have advised Senators?

Mr. DASCHLE. Mr. President, the arrangement just described by the majority leader is one that he and I have discussed, and I have subscribed to, as well. This would allow us to complete our work on this bill and provide the opportunity to those Senators who wish to have a debate on their amendments—the time to do so is tonight. We would then begin voting as early as 9:30 in the morning and have votes on all remaining amendments sometime tomorrow morning.

I think it is the appropriate way with which to resolve the remaining issues on this particular bill, and I encourage Senators to offer their amendments and complete our work on it by the end of the evening.

Mr. LOTT. Therefore, Mr. President, I ask unanimous consent that all remaining amendments in order to S. 947 must be offered prior to the close of business today, and any votes that will occur with respect to the amendments occur beginning at 9:30 a.m. on Wednesday in a stacked sequence.

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

Mr. BUMPERS. Reserving the right to object, and I shall not, will there be a time for each amendment, for the proponents and opponents?

Mr. LOTT. Mr. President, I ask unanimous consent to amend that request to provide for a minute to explain the amendment on both sides, 2 minutes equally divided.

Mr. BUMPERS. Two minutes equally divided. Will that same time be accorded to people who offer second-degree amendments?

Mr. LOTT. It would be, but they would have to be offered tonight, I remind the Senator.

Mr. BUMPERS. A second-degree amendment cannot be offered until the first-degree is brought up.

Mr. President, parliamentary inquiry. A second-degree amendment in this scenario cannot be offered until the first-degree amendment is offered, can it?

Mr. LOTT. That is correct, but once the first-degree amendment is offered, then the second-degree——

Mr. BUMPERS. The second-degree could be in order, and it is not necessary that the second-degree amendment be filed or any notice given prior to that time.

Mr. LOTT. It has to be filed tonight once the first-degree amendment is offered, but you would not have to give notice until the first-degree amendment is offered, if it is offered, or you would still have the option, of course, to offer it as a first-degree amendment if you want to.

Mr. BUMPERS. Parliamentary inquiry, Mr. President. Is that a correct statement, that the second-degree amendment would have to be offered tonight and you would not know precisely what amendment you would offer it to until tomorrow?

The PRESIDING OFFICER. The majority leader is correct. The first-degree and the second-degree would both have to be offered this evening.

Mr. BUMPERS. Is the Parliamentarian saying that if I have a second-degree amendment to any amendment that is going to be offered here tonight before we adjourn for the evening, that I will not be allowed to offer second-degree amendments tomorrow to any one of those amendments unless that second-degree amendment is filed also this evening?

The PRESIDING OFFICER. The second-degree amendment must be offered tonight and only tonight.

Mr. BUMPERS. Offered or filed?

The PRESIDING OFFICER. Offered.

Mr. BUMPERS. Has to be offered this evening?

The PRESIDING OFFICER. That is correct.

Mr. BUMPERS. I am not sure about the language here. How can you offer a second-degree amendment before a first-degree amendment is offered?

Mr. LOTT. If the Chair will allow me, the first-degree amendments would be offered tonight if Senators wish to offer them, and then the second-degree amendment would be in order to be offered tonight once the first-degree amendment is offered.

I do not understand why that is a problem. You have to stay here to offer your second-degree amendment or have some leadership person in your behalf offer that second-degree amendment, but there would be ample opportunity on both sides tonight to offer second-degree amendments if a Senator so desires.

Under the rules, all time will expire between 8:30 and 9 o'clock, and the only time remaining then will be to offer amendments and to have the votes in order on those amendments.

Mr. BUMPERS. I have to stay here then until 10 o'clock tonight to see whether a first-degree amendment to which I can offer a second-degree amendment would be filed this evening, is that correct?

Mr. LOTT. That is correct.

Mr. BUMPERS. Could I get a parliamentary ruling on that.

The PRESIDING OFFICER. If the Senator wants to offer a second-degree amendment, the Senator would have to stay this evening to offer a second-degree amendment.

Mr. DOMENICI. Will the Senator yield?

Mr. BUMPERS. I yield.

Mr. DOMENICI. What the leadership has proposed is that between now and 9 o'clock any amendment that is going to be offered to this bill be offered, and

then it says anybody that has a second-degree amendment to any amendment that is offered tonight must also offer the second-degree tonight, leaving the work tomorrow to be just votes on the amendments that were offered tonight, and any second-degree amendments, if any, will also be voted tomorrow under the 2 minutes equally divided rule.

Mr. LOTT. I might say, Mr. President, we have a list——

Mr. BUMPERS. I object to the unanimous-consent agreement.

The PRESIDING OFFICER. The objection is heard.

Mr. LOTT. Mr. President, since there is an objection, then we would go ahead with the amendment, and we will have an opportunity to discuss further with the Senator his concerns, and we will renew our request after this vote.

Mr. CHAFEE. I would like to ask the majority leader a question, if I might. I have a question.

I have an amendment which I will be presenting this evening, but it may well be tomorrow that there might be modifications that the leadership might want to make to it which would be acceptable to me, but that cannot take place unless that is all filed tonight?

Mr. DOMENICI. It can be done by unanimous-consent request tomorrow.

Mr. CHAFEE. It can be done by unanimous consent tomorrow, I see.

DIVISION II—AMENDMENT NO. 440

The PRESIDING OFFICER. The question is on the Kennedy motion to waive section 310(d) of the Budget Act. There are 4 minutes equally divided between the sides on this motion.

Mr. KENNEDY. Mr. President, under the current bill approximately 2 million Medicare recipients will, starting in January of next year, pay more for their Medicare premiums. They did not know that yesterday. They did not know that this morning. They did not know that at noon today, and they did not know it until just a few moments ago when the Senate made its decision to retain this provision.

This particular amendment asks the Senate to postpone the effective date of this amendment for 2 years to permit the commission to review the effect of the means-testing proposal and to allow the retirees affected by this increase to make changes in their family budgets to accommodate the significantly higher premiums that will otherwise go into effect in just 6 months. Unless Congress takes other action during this time, the provision would take effect in January 2000.

This time would give us an opportunity to fully discuss and debate this landmark decision.

That is the practical effect of waiving the point of order. This is a matter of great importance to the Medicare system and the 2 million beneficiaries who will be affected by the proposal, and we ought to be able grant a reasonable period of time for its assessment and for seniors to prepare to pay more.

Mr. ROTH. Mr. President, I think that the last vote overwhelmingly decided this issue. Income-related premiums are fair.

I just point out that by delaying it 2 years, we would lose something like $1.3 billion in a program that is already in difficulty. These funds are necessary and they are needed.

Mr. President, if a means test is fair in 2 years, then it is fair today. I see no reason for the delay. Let me remind my colleagues that the premium increase is very modest, given the part B benefits.

I urge my colleagues not to waive the point of order.

Mr. DODD. Mr. President, briefly, I supported the amendment which would means test this program, but I think a 24-month delay on this, while there is some loss of revenue here, is a wise move to make. We are moving very rapidly here on some major changes. I believe the means testing is the right way to go.

Mr. ROTH. Point of order. Is time limited?

Mr. DODD. I ask unanimous consent to speak for 1 minute, if I may, 1 minute on means testing Medicare.

The PRESIDING OFFICER. The Senator from Massachusetts has 30 seconds remaining on his time.

Mr. KENNEDY. I am happy to yield.

Mr. DODD. Briefly, it seems to me, a 24-month delay on this—I supported means testing, but I think we ought to know the full implication of what we are doing, and while there is a loss of revenue here by not implementing, it is for 2 years. It seems to me that proceeding with a degree of caution to make sure all the people that we want to benefit will be benefited and those to be excluded will be excluded properly, is not a lot to ask.

I urge the proposal of the Senator from Massachusetts be adopted. It seems to me we ought not to be fighting over 24 months. We have agreed to means test. We waited a long time to get to this. Now we should do it intelligently.

The PRESIDING OFFICER. The Senator from New Mexico has 1 minute remaining.

Mr. DOMENICI. Mr. President, I want to use my 1 minute to inform the Senators that I did not tell the Senate, when our distinguished majority leader was seeking unanimous-consent requests, I do not intend to offer any process amendments here tonight or tomorrow. They are just as much relevant to the finance tax bill as they are to this one, and I choose not to put them on here.

People may have had second-degree amendments to my process. There will not be any process amendments on this, at least from this Senator. Others might want to do them, but they are not second-degreeing mine.

I yield back the balance of my time.

The PRESIDING OFFICER. The question is on the Kennedy motion to waive section 310(d) of the Budget Act, for the consideration of division II of amendment No. 440.

The yeas and nays have been ordered.

This is a 10-minute vote.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 37, nays 63, as follows:

[Rollcall Vote No. 114 Leg.]

YEAS—37

Abraham	Dorgan	Moseley-Braun
Akaka	Durbin	Murray
Biden	Ford	Reed
Bingaman	Harkin	Reid
Boxer	Inouye	Rockefeller
Bumpers	Johnson	Sarbanes
Byrd	Kennedy	Snowe
Cleland	Kerry	Specter
Collins	Lautenberg	Torricelli
Coverdell	Leahy	Wellstone
D'Amato	Levin	Wyden
Daschle	McCain	
Dodd	Mikulski	

NAYS—63

Allard	Frist	Lieberman
Ashcroft	Glenn	Lott
Baucus	Gorton	Lugar
Bennett	Graham	Mack
Bond	Gramm	McConnell
Breaux	Grams	Moynihan
Brownback	Grassley	Murkowski
Bryan	Gregg	Nickles
Burns	Hagel	Robb
Campbell	Hatch	Roberts
Chafee	Helms	Roth
Coats	Hollings	Santorum
Cochran	Hutchinson	Sessions
Conrad	Hutchison	Shelby
Craig	Inhofe	Smith (NH)
DeWine	Jeffords	Smith (OR)
Domenici	Kempthorne	Stevens
Enzi	Kerrey	Thomas
Faircloth	Kohl	Thompson
Feingold	Kyl	Thurmond
Feinstein	Landrieu	Warner

The PRESIDING OFFICER. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, we have again conferred with the Democratic leadership, and I believe we have this unanimous-consent agreement approved.

I ask unanimous consent that all remaining amendments in order to S. 947 must be offered prior to the close of business today and any votes ordered with respect to those amendments occur beginning at 9:30 a.m. on Wednesday, in a stacked sequence, with 2 minutes equally divided between each vote.

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

Mr. LOTT. I ask unanimous consent that when the Senate reads S. 947 for the third time, the Senate proceed to vote on passage of the balanced budget reconciliation bill, all without intervening action or debate, and when the Senate receives the House companion bill, the Senate proceed to its immediate consideration and all after the enacting clause be stricken and the

text of S. 947, as amended, be inserted, the bill be immediately considered as having been read for a third time and passed and the motion to reconsider be laid upon the table, all without further action or debate.

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

Mr. LOTT. Mr. President, we can announce that that would be the last recorded vote tonight. We will begin our stacked votes in the morning at 9:30. We are ready to go with the remaining debate and amendments that will be offered.

I yield the floor.

Mr. GRAMM. I yield to the Senator from Illinois for a unanimous-consent request, without losing my right to the floor.

Ms. MOSELEY-BRAUN. I thank my friend, the Senator from Texas.

CHANGE OF VOTE

Ms. MOSELEY-BRAUN. Mr. President, on rollcall vote No. 111, I voted aye. It was my intention to vote no. Therefore, I ask unanimous consent that I be permitted to change that vote. It in no way changes the outcome of the vote.

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

AMENDMENT NO. 444

(Purpose: To provide waiver authority for penalties relating to failure to satisfy minimum participation rate)

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 444.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 947, between lines 2 and 3, insert the following:

(n) FAILURE TO SATISFY MINIMUM PARTICIPATION RATES.—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

(1) in subparagraph (A), by striking ''not more than''; and

(2) in subparagraph (C), by inserting before the period the following: ''or if the noncompliance is due to extraordinary circumstances such as a natural disaster or regional recession. The Secretary shall provide a written report to Congress to justify any waiver or penalty reduction due to such extraordinary circumstances''.

Mr. GRAMM. Mr. President, the amendment that I sent to the desk is really a technical correction. When we were drafting the welfare bill in the Senate, we had a 5-percent penalty for failure to meet the work requirement. It went up from 5 percent the first year to 10 percent the second and 15 the third, up to 100 percent. In conference, we decided to reduce the penalty for noncompliance in consecutive years from an additional 5 percent to an additional 2 percent. So the penalty would be 7 percent in the second year and 9 percent in the third, with a cap of 21 percent. Inadvertently—and everyone agrees it was a technical mistake—the staff added three words, ''not more than,'' which gave the Secretary discretion over the size of the penalties.

Senator GRAHAM of Florida raised the question in committee as to whether or not we should give the Secretary the power to waive or reduce the size of the penalty where there was a natural disaster or where there was a regional economic crisis.

So my amendment goes back and puts the actual language that we had agreed to in conference on the welfare bill. But it also addresses the concerns that Senator GRAHAM of Florida raised. It gives the Secretary the power to waive the penalties for not meeting the work requirement in two additional cases which were not included in the original bill. One is a natural disaster, and the other is in the case of where you have a regional economic problem.

I think this deals with the concern that was raised.

I ask my colleagues to support the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I understand that Senator GRAMM has completed the introduction of his, and the vote will occur tomorrow with 1 minute on each side.

I think we agreed that Senator REED could go next. He has 10 minutes on a full substitute.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 445

(Purpose: To provide for a complete substitute of division 1 of title V)

Mr. REED. Thank you, Mr. President. I have an amendment at the desk.

The PRESIDING OFFICER. Will the Senator withhold for a moment?

If there is no objection, the pending amendment will be set aside, and the Senator from Rhode Island is recognized.

Mr. REED. I thank you, Mr. President,

Mr. President, my amendment this evening gives my colleagues of the Senate a clear choice to stabilize the solvency of the Medicare trust fund without including some of the provisions which we already talked about this afternoon, and others which undermine the concept of a universal Medicare system. Medicare provides excellent health care for all of our seniors—it is a system that has operated for 30 years, a system that works, a system that is supported by the vast majority of Americans.

Specifically, what my amendment will do is provide for the revenue savings and the cost savings that are incorporated in the underlying bill, but remove from that bill those provisions that harm the structural integrity of the Medicare program.

My amendment would retain the Medicare eligibility age of 65. It would strike the home health copay. It would add the current law that protects Medicare recipients with respect to balanced-billing protection for those recipients and beneficiaries who may choose to opt for private fee-for-service Medicare health coverage. It would also eliminate the means-tested provisions for Medicare. And, finally, it would eliminate the medical savings account as a Medicare option.

All of these provisions which I have mentioned are not necessary to preserve the solvency of the Medicare fund. We can achieve solvency by agreeing to the savings and reimbursement changes which are in the underlying bill. And we can provide for a solvent Medicare system in the future without endangering the Medicare program itself.

I would like to comment on the specifics in my substitute.

First, as I mentioned before, my amendment would strike the rollback of the Medicare eligibility age to 67. I realize that this has been debated today. But this is such a critical point that it bears restating.

Reducing the Medicare eligibility age is exactly the wrong way to proceed with respect to health care reform—not just Medicare reform, but health care reform in this country. Our goal should be to encourage more participation in health care, to extend health care benefits to more Americans and not to reduce health care coverage.

Indeed, it is a cruel irony tonight that one of the beneficial aspects of the underlying legislation is the extension of health care to more children and, yet, we are contracting the health care coverage of seniors.

I believe also that this provision will send shockwaves throughout our entire health care system as companies are forced to realize the additional liability under current accounting rules. Many employers provide health care to their employees until Medicare eligibility age. If that age is rolled back, employers incur more costs. If they incur more costs and have to show it on the balance sheet, they are going to have to make very difficult choices not only about the coverage for retirees, but also if they are going to continue to provide coverage for their current workers.

This is something that should not be done lightly and, indeed, represents, a retreat from our commitment to provide more and more Americans with access to good quality health care.

Let me also suggest with respect to the home health copay that this is a provision which does not support those people who particularly need this type of support. Forty-three percent of the individuals who would have to pay this copay have incomes under $10,000 a year. Two-thirds of persons using these benefits are women, one-third of whom live alone.

Just yesterday we heard from a woman—an 82-year-old woman —who desperately relies upon home health

care services. She—and many others like her—would be in no condition to pay the increased costs. This provision should also be stricken.

With respect to medical savings accounts, this is the provision which I think will go toward the unraveling of the Medicare system as we know it. Under the MSA concept, a senior would be required to use Medicare money to buy a catastrophic health policy, and any savings left over from Medicare's payment could be put in the medical savings account.

This provision will attract wealthy seniors who, frankly, can pay for some of these costs. It would also attract those people who are healthy. Essentially, they would be making a judgment whether they are healthy enough to run the risk of avoiding significant illness, and, if so, this is a good option. If they are not so healthy, then their best rational choice would be to go for fee-for-service, traditional Medicare. The consequence would be that we would see wealthy, healthy seniors leave the Medicare system and, with them, the proportion of money that is contributed in their behalf. The remaining seniors would be sicker, older, and more likely to use services. This would put increased pressure on the Medicare program.

Those who see this as a way of making the system more solvent and more secure are missing the point. MSAs would lead to a situation in which the system is harmed, more costs are piled upon Medicare, Medicare becomes more difficult to fund and, indeed, to support.

Also, my substitute would eliminate the means testing provision. Philosophically, I think Medicare works because it is seen as a health care program and not a welfare program. To the extent that we make this part B premium differential between wealthy individuals and nonwealthy individuals, this program will take on quickly the shades of a welfare program. It will undercut the tremendous support in all ranges of American life for the Medicare system.

This part B premium adjustment is done in the context of a voluntary system, a system in which seniors might perceive—particularly wealthy seniors—that it is no longer a good deal to be part of part B. These seniors could voluntarily leave or buy other types of insurance—in fact the industry, I think, right now is probably planning to sell.

Once again, we will see the unraveling of the Medicare system as more people leave and as their contributions are taken with them from the Medicare system.

All of these together will lead to a situation in which we hear the first crack in the system. And as time goes on, those cracks will widen to deep fissures, and the solid support that we have today will ultimately erode.

A final point is with respect to a provision in the underlying bill, the lack of balanced billing protections in the private fee-for-service option. Current Medicare law balance billing limits protect seniors now and would be undercut because of the options in the underlying bill that allow beneficiaries to choose medical policies in which physicians could charge beyond the Medicare limits. This balanced billing protection exists for fee-for-service, traditional Medicare recipients. It should be in place for all beneficiaries of Medicare regardless of the program they choose. My amendment would add balance billing limits to the Medicare Choice provisions of the bill currently without them.

In a sense, what this amendment does in the nature of a substitute is say that we can provide solvency for Medicare. We can go ahead and provide the opportunities to make careful, comprehensive review of the system. We can make changes. But we don't have to do it today. We don't have to have to do it hastily. We don't have to do it in an ad hoc fashion which misses the systematic impact of all of these changes we have talked about today. Rather, we can—as I think the agreement reached with respect to the budget agreement several months ago indicates—we can stabilize the system, reduce the increasing costs associated with Medicare by roughly $115 billion and not defer, but study carefully and comprehensively and thoroughly the impact of some of these proposed changes.

This amendment stabilizes the system. It eliminates precipitous changes in Medicare that will undermine the program—changes in this bill that may leave us in a situation where Medicare is no longer a universal program in which all of our seniors can participate. Medicare should continue to be a program in which all of our seniors can and will participate, and a program in which all of our seniors will be guaranteed high quality health care that they can afford.

Mr. LAUTENBERG. Mr. President, I want to commend the Senator from Rhode Island for bringing this up. He stood against overwhelming odds as he introduced this substitute, because it did go over some ground that we had already covered. But, to Senator REED's credit, he is determined to make certain that the system is as fair and as effective as it can be.

I compliment him for sticking to this. I know the prospects may be grim. But hope springs eternal. And that is the attitude that I think Senator REED always has. I hope that the best will come as everybody reflects overnight on what is in his amendment.

Mr. REED. I thank the Senator.

Mr. DOMENICI. Parliamentary inquiry, Mr. President. Does Senator REED have any time remaining?

The PRESIDING OFFICER. The Senator from Rhode Island has 15 minutes remaining.

Mr. DOMENICI. I thought he agreed to 10 minutes.

Mr. REED. Indeed, I did.

Mr. DOMENICI. The Senator agreed to 10 minutes, and we agreed to 10 minutes in opposition, which we will not use.

The PRESIDING OFFICER. That was not the understanding of the Parliamentarian. Let me check that.

Mr. DOMENICI. It was informal. I did not state it.

The PRESIDING OFFICER. We don't have a consent agreement to that effect. But if there was a formal agreement, the Parliamentarian and the Presiding Officer is certainly willing to accept it.

Mr. REED. Mr. President, I did not hear the amount of time remaining based on 10 minutes.

The PRESIDING OFFICER. The Senator has spoken for 10 minutes.

Mr. REED. I thank the President.

The PRESIDING OFFICER. And he yields back.

Mr. DOMENICI. Mr. President, this is the amendment, 600 pages long. We do not know what is in it. We do not know if it meets the budget reconciliation instruction. We do not know what the Congressional Budget Office says it does to reduce deficits. It is obviously subject to a point of order, which I will make in a moment.

But I just want to remind Senators so we will know tomorrow that this bill also forces us to vote again on at least three amendments that passed by rather large votes here today.

It retains the medical care eligibility at 65. We have already passed an amendment that over the next 30 years implements an age increase to 67.

It strikes the home health copay, which passed by rather substantial margin.

It eliminates the means testing of Medicare, which we just finished debating about 35 to 40 minutes ago and which passed with a rather significant vote.

It eliminates medical savings accounts as a Medicare option. Now, we have not voted on that yet.

But those are some of the things that I know are in it.

I yield back any remaining time that I have.

I make a point of order that the amendment violates the Budget Act, 310(b).

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, pursuant to Section 904, I move to waive any point of order against my amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I think everything from this point on is rather informal, so maybe we can work together on it. If we go to our side, we will have Senator CHAFEE, and then we will return to Senator WELLSTONE, if that is satisfactory to him. He has been

waiting a long, long time. How much time would you like, Senator CHAFEE?

Mr. CHAFEE. Let me try 10 minutes.

Mr. DOMENICI. Ten minutes. OK. And, Senator WELLSTONE, you need how much? And I need some of your time.

Mr. WELLSTONE. Ten minutes will be fine.

Mr. DOMENICI. And I can use part of that time.

Mr. WELLSTONE. Ten minutes equally divided.

Mr. CHAFEE. How much time does he have—equally divided?

Mr. DOMENICI. Yes. That's all right, you go now, and we will go next.

Senator LAUTENBERG, can we go ahead and set up times so all Senators will know what to expect?

Mr. LAUTENBERG. I think that is a good idea.

Mr. DOMENICI. Whatever I am stating here, I am asking these will be the times.

The PRESIDING OFFICER. Without objection, the Senator from Rhode Island will be recognized for 10 minutes, followed by the Senator from Minnesota, to be recognized for 10 minutes, with 5 minutes of that time to be given to the Senator from New Mexico.

Mr. DOMEINICI. Is there somebody who wants to oppose Senator CHAFEE's amendment?

Mr. CHAFEE. No.

Mr. LAUTENBERG. Senator CHAFEE shook his head no.

Mr. DOMENICI. Senator D'AMATO?

Mr. D'AMATO. Ten minutes.

Mr. DOMENICI. Between the two of you.

Mr. HARKIN. Ten minutes each.

Mr. D'AMATO. I will take 5 minutes and the Senator 10 minutes.

Mr. HARKIN. Ten minutes. I need about 10 minutes.

Mr. DOMENICI. Ten minutes between you?

Mr. HARKIN. I would like to have 10 minutes.

Mr. DOMENICI. Senator D'AMATO.

Mr. D'AMATO. Just 5.

Mr. DOMENICI. I don't know whether we are going to oppose it, but I would like to keep 5 minutes. I think I am opposed to it.

Senator HUTCHISON.

Mrs. HUTCHISON. I would like 5 minutes on an amendment.

Mr. DOMENICI. Might I suggest that Senator HUTCHISON's amendment is going to be acceptable. Perhaps we can give you the 5 right now. We ask unanimous consent she have 5 minutes, but we may just let her go out of order to get hers taken, if that would not be objectionable.

Mr. LAUTENBERG. Senator DURBIN wants 10 minutes.

Mr. DOMENICI. Ten minutes.

Mr. DURBIN. I will try to make it short.

Mr. DOMENICI. Is that it? Senator BURNS.

Mr. BURNS. Mr. President, I have an amendment to offer, but I am not going to require any time. I can do mine in the morning, and after you look at it, it may be acceptable.

Mr. DOMENICI. You do it in the morning, but we will offer it for you.

Mr. BURNS. I want to do it tonight.

Mr. DOMENICI. We will offer it for you, and you will be able to debate it in the morning.

Mr. BURNS. That is exactly right.

Mr. DOMENICI. Any other Senators want any other time?

The PRESIDING OFFICER. If there is no objection, we will add to the previous request 15 minutes for the amendment of the Senator from Iowa, to be divided 10 minutes to the Senator from Iowa and 5 minutes to the Senator from New York; 5 minutes to the Senator from Texas for her amendment; and 10 minutes to the Senator from Illinois on his amendment.

Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. Now, Mr. President, I wonder if Senator CHAFEE would be so good as to let Senator HUTCHISON, whose amendment is going to be accepted—is your amendment acceptable also?

Mr. CHAFEE. I would be delighted if my amendment would be acceptable.

Mr. DOMENICI. OK. We are going to let you go right now, and to the extent that violates the agreement, we ask unanimous consent.

The PRESIDING OFFICER. Without objection, the Senator from Texas is recognized.

Mrs. HUTCHISON. I thank the Chair, and I thank the distinguished chairman.

AMENDMENT NO. 446

(Purpose: To require States to verify that prisoners are not receiving food stamp benefits)

Mrs. HUTCHISON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Texas [Mrs. HUTCHISON], for herself and Mr. SANTORUM, proposes an amendment numbered 446.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title I, add the following:

SEC. 10___. DENIAL OF FOOD STAMPS FOR PRISONERS.

(a) STATE PLANS.—

(1) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (20) and inserting the following:

''(20) that the State agency shall establish a system and take action on a periodic basis—

''(A) to verify and otherwise ensure that an individual does not receive coupons in more than 1 jurisdiction within the State; and

''(B) to verify and otherwise ensure that an individual who is placed under detention in a Federal, State, or local penal, correctional, or other detention facility for more than 30 days shall not be eligible to participate in the food stamp program as a member of any household, except that—

''(i) the Secretary may determine that extraordinary circumstances make it impracticable for the State agency to obtain information necessary to discontinue inclusion of the individual; and

''(ii) a State agency that obtains information collected under section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) through an agreement under section 1611(e)(1)(I)(ii)(II) of that Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)), or under another program determined by the Secretary to be comparable to the program carried out under that section, shall be considered in compliance with this subparagraph.''.

(2) LIMITS ON DISCLOSURE AND USE OF INFORMATION.—Section 11(e)(8)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(8)(E)) is amended by striking ''paragraph (16)'' and inserting ''paragraph (16) or (20)(B)''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on the date that is 1 year after the date of enactment of this Act.

(B) EXTENSION.—The Secretary of Agriculture may grant a State an extension of time to comply with the amendments made by this subsection, not to exceed beyond the date that is 2 years after the date of enactment of this Act, if the chief executive officer of the State submits a request for the extension to the Secretary—

(i) stating the reasons why the State is not able to comply with the amendments made by this subsection by the date that is 1 year after the date of enactment of this Act;

(ii) providing evidence that the State is making a good faith effort to comply with the amendments made by this subsection as soon as practicable; and

(iii) detailing a plan to bring the State into compliance with the amendments made by this subsection as soon as practicable and not later than the date of the requested extension.

(b) INFORMATION SHARING.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(q) DENIAL OF FOOD STAMPS FOR PRISONERS.—The Secretary shall assist States, to the maximum extent practicable, in implementing a system to conduct computer matches or other systems to prevent prisoners described in section 11(e)(20)(B) from receiving food stamp benefits.''.

SEC. 10___. NUTRITION EDUCATION.

Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended—

(1) by striking ''(f) To encourage'' and inserting the following:

''(f) NUTRITION EDUCATION.—

''(1) IN GENERAL.—To encourage''; and

(2) by adding at the end the following:

''(2) GRANTS.—

''(A) IN GENERAL.—The Secretary shall make available not more than $600,000 for each of fiscal years 1998 through 2001 to pay the Federal share of grants made to eligible private nonprofit organizations and State agencies to carry out subparagraph (B).

''(B) ELIGIBILITY.—A private nonprofit organization or State agency shall be eligible to receive a grant under subparagraph (A) if the organization or agency agrees—

''(i) to use the funds to direct a collaborative effort to coordinate and integrate nutrition education into health, nutrition, social service, and food distribution programs for food stamp participants and other low-income households; and

''(ii) to design the collaborative effort to reach large numbers of food stamp participants and other low-income households

through a network of organizations, including schools, child care centers, farmers' markets, health clinics, and outpatient education services.

''(C) PREFERENCE.—In deciding between 2 or more private nonprofit organizations or State agencies that are eligible to receive a grant under subparagraph (B), the Secretary shall give a preference to an organization or agency that conducted a collaborative effort described in subparagraph (B) and received funding for the collaborative effort from the Secretary before the date of enactment of this paragraph.

''(D) FEDERAL SHARE.—

''(i) IN GENERAL.—Subject to subparagraph (E), the Federal share of a grant under this paragraph shall be 50 percent.

''(ii) NO IN-KIND CONTRIBUTIONS.—The non-Federal share of a grant under this paragraph shall be in cash.

''(iii) PRIVATE FUNDS.—The non-Federal share of a grant under this paragraph may include amounts from private nongovernmental sources.

''(E) LIMIT ON INDIVIDUAL GRANT.—A grant under subparagraph (A) may not exceed $200,000 for a fiscal year.''.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I understand this has been cleared by both sides. This is an amendment that I offer. It is an amendment that passed on a record vote of 409 to zero in the House. It basically closes a loophole in the Food Stamp Program.

The GAO did a study and determined that the Federal Government is losing nearly $4 million a year to provide food stamps for prisoners who obviously do not need food stamps. Prisoners do not qualify for food stamps because, of course, they are being fed in prison. But nevertheless, there is food stamp abuse going on where someone in a household claims a prisoner to add to the food stamp benefits.

Mr. President, I am very pleased that this amendment is going to be accepted because I think it is very important that the States do a basic check of their prison rolls with their food stamp rolls to make sure that the food stamps are being used for the purpose for which they were intended.

Food stamps are an entitlement, as they should be. They are given to anyone who is in need. But I think it is not fair to double dip, and we can save $4 million. In fact, that $4 million will go into some of the other very important programs that will be covered by this reconciliation bill.

So I am very pleased that we are closing this loophole, and I am very pleased that we are also adding another part that provides nutrition education for the low-income households through a network of social service organizations. This is something that Senator RICK SANTORUM has been a leader in doing, and he is a cosponsor of this amendment. I think we can do a lot of good.

So I thank the managers of the bill for accepting this amendment. I urge adoption of the amendment and ask that we have a voice vote.

The PRESIDING OFFICER. Is there further debate?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I just wonder if I could ask—I was just informed of this amendment as ranking member on authorization. I just want to make sure I understand it fully. I would ask the Senator from Texas to yield for a question.

Mrs. HUTCHISON. Yes, I would be happy to yield for a question.

Mr. HARKIN. As I understand, what the Senator is saying is that right now under the food stamp rolls, if there is a person in the household who is incarcerated, that you just want to ensure that the changes are made to reflect that there is one less person in that household for purposes of food stamp eligibility and food stamp allotment?

Mrs. HUTCHISON. I think what the Senator is asking is, is this going to affect the rest of the family? The answer is no. It is just that the prisoner would be taken out of the equation.

Mr. HARKIN. That is a good amendment.

Mr. DOMENICI. That had been accepted. We had failed to tell you we had already agreed.

Mr. HARKIN. I appreciate that. It is a good amendment.

Mrs. HUTCHISON. I thank the Senator from Iowa for accepting the amendment. I ask unanimous consent that it be adopted.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 446) was agreed to.

Mrs. HUTCHISON. Mr. President, I will send another amendment to the desk and ask for its immediate consideration. Then I want it to be set aside for future consideration.

The PRESIDING OFFICER. The clerk will report.

Mr. DOMENICI. Is this being submitted pursuant to the unanimous consent that it would be taken care of tomorrow?

Mrs. HUTCHISON. This is an amendment that we are placing—it is on the ''DSH'' issue, and we are going to do a place-holder amendment, but it was suggested I go ahead and put it in.

Mr. DOMENICI. It was on the list. Could you send it to the desk?

Mrs. HUTCHISON. I just want to formally submit the amendment.

AMENDMENT NO. 447

(Purpose: To modify the reductions for disproportionate share hospital payments)

Mrs. HUTCHISON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Texas [Mrs. HUTCHISON] proposes an amendment numbered 447.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

Beginning on page 770, strike line 18 and all that follows through page 774, line 15, and insert the following:

''(2) DETERMINATION OF STATE DSH ALLOTMENTS FOR FISCAL YEARS 1998 THROUGH 2002.—

''(A) NON HIGH DSH STATES.—

''(i) IN GENERAL.—Except as provided in subparagraph (B) and paragraph (4), the DSH allotment for a State for each of fiscal years 1999 through 2002 is equal to the applicable percentage of the State 1995 DSH spending amount.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage with respect to a State described in that clause is—

''(A) for fiscal year 1998, 98 percent;

''(A) for fiscal year 1999, 95 percent;

''(B) for fiscal year 2000, 93 percent;

''(C) for fiscal year 2001, 90 percent; and

''(D) for fiscal year 2002, 85 percent.

''(B) HIGH DSH STATES.—

''(i) IN GENERAL.—In the case of any State that is a high DSH State, the DSH allotment for that State for each of fiscal years 1999 through 2002 is equal to the applicable reduction percentage of the high DSH State modified 1995 spending amount for that fiscal year.

''(ii) HIGH DSH STATE MODIFIED 1995 SPENDING AMOUNT.—

''(I) IN GENERAL.—For purposes of clause (i), the high DSH State modified 1995 spending amount means, with respect to a State and a fiscal year, the sum of—

''(aa) the Federal share of payment adjustments made to hospitals in the State under subsection (c) that are attributable to the 1995 DSH allotment for inpatient hospital services provided (based on reporting data specified by the State on HCFA Form 64 as inpatient DSH); and

''(bb) the applicable mental health percentage for such fiscal year of the Federal share of payment adjustments made to hospitals in the State under subsection (c) that are attributable to the 1995 DSH allotment for services provided by institutions for mental diseases and other mental health facilities (based on reporting data specified by the State on HCFA Form 64 as mental health DSH).

''(II) APPLICABLE MENTAL HEALTH PERCENTAGE.—For purposes of subclause (I)(bb), the applicable mental health percentage for such fiscal year is—

''(aa) for fiscal year 1999, 50 percent;

''(bb) for fiscal year 2000, 20 percent; and

''(cc) for fiscal years 2001 and 2002, 0 percent.

''(iii) APPLICABLE REDUCTION PERCENTAGE.—For purposes of clause (i), the applicable reduction percentage described in that clause is—

''(A) for fiscal year 1998, 98 percent;

''(A) for fiscal year 1999, 93 percent;

''(A) for fiscal year 2000, 90 percent;

''(A) for fiscal year 2001, 85 percent; and

''(B) for fiscal year 2002, 80 percent.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent the amendment be set aside.

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

Mrs. HUTCHISON. I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island is recognized.

AMENDMENT NO. 448

(Purpose: To clarify the standard benefits package and the cost-sharing requirements for the children's health initiative)

Mr. CHAFEE. Mr. President, on behalf of Senator ROCKEFELLER, Senator JEFFORDS, and myself, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE], for himself, Mr. ROCKEFELLER and Mr. JEFFORDS, proposes an amendment numbered 448.

Mr. CHAFEE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. CHAFEE. Mr. President, I am offering an amendment with Senator ROCKEFELLER and Senator JEFFORDS to ensure that the children's health insurance block grant, which is what we provided for from the Finance Committee, provides adequate health coverage for children and that it is affordable for most low-income families.

Let me say I am very pleased in this package we have $24 billion, $24 billion set aside to provide health insurance coverage for some of the 10 million children in our Nation who are currently uninsured. I thank the chairman of the committee for helping us in many respects in connection with how this health care money is dispensed.

There are two areas which remain of concern to me, namely what benefits are we going to provide to these children and how much are we going to require their parents to pay toward health insurance; in other words, deductibles and copayments. Under the Finance Committee bill, it provides that the benefits should be actuarially equivalent to the benefits provided under the Federal Employees Health Benefits Plan. This, of course, is not a single plan. It is a menu of plans that Federal employees may choose from. These plans are designed to meet the needs of adult Federal workers and retirees, not children. Stating that the benefits must be actuarial equivalent, which means the same dollar value, does not spell out what benefits the children will get. Children could be denied critical benefits, such as vision and hearing care.

Some may say the States will offer the benefits that children need, but that is not what the record shows. A survey by the National Governors' Association of the 28 non-Medicaid—in other words programs that are not pursuant to Medicaid— State health programs for children found that they did not cover vision care in 16 of these plans; 16 out of 28 did not cover glasses for these poor children, and 10 didn't cover hearing defects.

The amendment I am offering today would require that the benefits be at least the same as those under the standard Blue Cross/Blue Shield benefit package, including hearing and vision services.

We are talking about very low-income children here. These are children who live in families of three where the gross income is under $18,000. We are talking about children at 133 percent of the Federal poverty level. They do not have extra money to provide for eyeglasses or hearing aids. What we do is provide that the package be the same as the Blue Cross/Blue Shield package as far as benefits go. This is a standard package and it includes eyeglasses and hearing aids.

In addition, we provide deductibles and copayments be eliminated for those who are—not eliminated, but be nominal for those from these very low-income families. So, that is the essence of it. It is a very good amendment. I wish it would be accepted. And I yield now—how much time do I have left?

The PRESIDING OFFICER. The Senator has 6 minutes and 40 seconds remaining.

Mr. CHAFEE. I yield 4 minutes to my colleague from West Virginia.

Mr. ROCKEFELLER. Mr. President, I thank my distinguished colleague from the State of Rhode Island. My comments on the amendment, this Senator's comments, would echo those of the Senator from Rhode Island.

In the present bill before us, there is a requirement that benefits provided be actuarially equivalent to the benefits provided under the Federal Employees Health Benefits Program or FEHBP, it sounds good. But, in fact, since there are so many plans out there, you do not know what kind of benefits that is going to get you. Actuarial equivalence simply guarantees a dollar amount that the insurance for each child has to add up to. It does not specify an actual level or set of benefits, which is the true meaning of decent and necessary health insurance. In fact, the child could very well not get inpatient services or not get outpatient services or not receive prescription drugs. Our amendment ties benefits that would need to be provided to a child to a specific health plan that is available under FEHBP. Sixty percent of Federal workers select the BC/BS standard PPO option. Our amendment says that benefits provided to children must be at least up to that level, plus vision and hearing. We want our children to get hospital care, we want them to get primary care, we want them to get preventive care. Basic protections that a majority of Federal workers choose for their own families.

The cost sharing requirements in our amendment would also set a standard that would allow nominal cost sharing for families with incomes under 133 percent of poverty. For children in families with incomes above 133 percent of poverty, the Secretary must certify that the cost sharing requirements are reasonable.

Mr. President, GAO did a study that found that several States fell short in terms of providing adequate benefits. Alabama only provides outpatient care. Pennsylvania, which has been a national model, provided only limited inpatient care. According to a NGA survey of 30 statewide voluntary programs, only 8 States provide dental care, only 11 States provide hospital care, only 14 provide vision care, and less than half cover physical therapy services.

With the fresh infusion of Federal dollars that the Senate Finance Committee is choosing to commit and spend on health insurance for children, there needs to be an assurance that the benefits provided are adequate and geared to meet the health needs of children. Under the proposal before us, the Federal Government will be picking up more than half of the costs of children's health insurance.

A GAO report found that Alabama and Pennsylvania and Florida and Minnesota still have a long way to go in addressing the needs of uninsured children in their States. For example, in the case of Alabama they have covered less than 6,000 kids and they have 182,000 uninsured, in New York they have covered 104,000 but there is almost 600,000 they have not covered. Yes, they are trying, but they need the resources we bring to them. The amendment I am offering with Senator CHAFEE will ensure that children get the benefits they need to grow up healthy.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, there are some saying, ''Oh, you are giving them a Cadillac package.'' It is just not so. I ask unanimous consent to have printed in the RECORD a comparison between what Medicaid provides, which some could say is a Cadillac package, and what we have in here, which we provide, which is just what the Blue Cross provides. You can see as you look down the list that Blue Cross does not cover shoes and corrective devices, transportation to medical services, family counseling, hearing care or vision care. So we go with the Blue Cross package with the exception of adding vision care and hearing assistance.

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

COMPARISON OF BENEFITS OFFERED UNDER MEDICAID AND BLUE CROSS

Benefit	Blue Cross	Medicaid
Inpatient hospital care	Yes	Yes.
Surgical benefits	Yes	Yes.
Mental health	Limited	Unlimited.
Substance abuse	Limited	Unlimited.
Home care	No	Yes.
Speech therapy	Limited	Unlimited.
Transplants	Limited	Unlimited.
Shoes and corrective devices	No	Yes.
Transportation to medical services	No	Yes.
Family counseling	No	Yes.
Nursing home care	No	Yes.
Non-prescription drugs	No	Yes.
Inpatient private nursing duty	No	Yes
Dental	Limited	Unlimited.
Hearing care	No	Yes.
Vision care/eyeglasses	No	Yes.
Well-baby care	Yes	No.

Mr. CHAFEE. We are talking about children at 133 percent of poverty or less. So I do not think this is going overboard. I very much hope this could be accepted.

Mr. President, it is a good amendment and all it does is provide that we know what the benefits are going to be for these children and we include with the standard package known throughout the country through the FHEPA

that we provide for the vision care and hearing assistance.

Mr. President, I am delighted to support this package and would be delighted to have any other assistance, cosponsors.

Mr. ROCKEFELLER. Will the Senator yield?

Mr. CHAFEE. Yes.

Mr. ROCKEFELLER. Could I just point out one thing? I want to compliment the chairman of the Senate Finance Committee and his staff because they were, in fact, as I understand it seriously considering accepting a version of our amendment. It was not ultimately accepted apparently because some of my colleagues on the other side of the aisle did not want to have hearing and vision services included in the benefits package. I deeply regret that. This really is a good amendment, does deserve support, and reflects thinking on both sides.

Mr. DOMENICI. That's not true.

Mr. CHAFEE. Mr. President, I cannot vouch for what my distinguished colleague from West Virginia was saying in that last statement, about who was willing to accept it. I am not sure of all that.

All I know is I worked with the distinguished chairman of the committee and his staff. We were making some progress but I can't account for what resulted in it not being finally accepted. That is beyond my knowledge.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I would say we did seek to work with the distinguished Senator from Rhode Island. No agreement was reached. Undoubtedly there is opposition to this proposal so we will have to deal with that in the morning.

Mr. CHAFEE. I appreciate that. Again, I join with the comments the distinguished Senator from West Virginia said about the chairman of the committee. He worked hard with us on how this originally started, and we are grateful to him coming as far as he did. We would be even more grateful if he came a little further.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. LAUTENBERG. Mr. President, we have taken a quick look. I would say from our standpoint we think this is a pretty good amendment. I say to the Senator from Rhode Island and the Senator from West Virginia, we think it is a pretty good amendment. Apparently there is some question yet to be resolved.

Mr. DOMENICI. Mr. President, that means this amendment goes on the list for tomorrow with 1 minute on a side, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. If it is subject to a point of order, that point of order is reserved for tomorrow?

The PRESIDING OFFICER. The Senator is correct.

Mr. CHAFEE. Mr. President, the Senator from New York, Senator D'AMATO, asked to be added as a cosponsor.

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

The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, are we ready for another amendment?

AMENDMENT NO. 449

(Purpose: To provide for full mental health parity with respect to health plans purchased through the use of amounts provided under a block grant to States)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself and Mr. DOMENICI, Mr. REID, and Mr. CONRAD, proposes amendment numbered 449.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 862, between lines 14 and 15, insert the following:

"SEC. 2107A.—MENTAL HEALTH PARITY.

''(a) PROHIBITION.—in the case of a health plan that enrolls children through the use of assistance provided under a grant program conducted under this title, such plan, if the plan provides both medical and surgical benefits and mental health benefits, shall not impose treatment limitations or financial requirements on the coverage of mental health benefits if similar limitations or requirements are not imposed on medial and surgical benefits.

''(b) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

''(1) as prohibiting a health plan from requiring preadmission screening prior to the authorization of services covered under the plan or from applying other limitations that restrict coverage for mental health services to those services that are medically necessary; and

''(2) as requiring a health plan to provide any mental health benefits.

''(c) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a health plan that offers a child described in subsection (a)(2) or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

''(d) DEFINITIONS.—In this section:

''(1) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits, means benefits with respect to medical or surgical services, ad defined under the terms of the plan, but does not include mental health benefits.

''(2) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' meant benefits with respect to mental services, as defined under the terms of the plan, but does not include benefits with respect to the treatment of substance abuse and chemical dependency.

Mr. WELLSTONE. Mr. President, this past fall for me as a Senator, one of the proudest moments was when the Senate passed the Domenici—and I was pleased to join him—Wellstone Mental Health Parity Act. This became part of the VA-HUD appropriations bill and became, really, eventually the law of the land. This was a first and important step in ending the discrimination when it comes to health care coverage for people struggling with mental illness, to say we take another step toward punching through some of the prejudice and some of the ignorance about mental illness.

Mr. President, I thank, and I say to my colleague from New Mexico this is really what it is all about—we have in the gallery, family gallery, people representing the National Alliance for the Mentally Ill, the American Psychiatric Association, and the National Mental Health Association. They have been here all day. This has been several days we worked on this. I believe, thanks to the strong support of Senator DOMENICI, that we have now an amendment that will be approved. I thank him for his fine work.

I thank the people who have been here today, thank you for your help, and I would like to thank also Margaret Halperin who works with me in the mental health area.

This amendment just says that now what we have done is we have focused on children's health care, we have some $16 billion of additional money. I thank the distinguished Senator from Delaware for all of his fine work on this. What this amendment says is—it does not mandate anything. What it says is when it comes to providing health care coverage, now that it goes to States, as there is additional funding to provide health care coverage for children if there is going to be mental health coverage in any package that we do not have any discriminatory treatment toward those children that are struggling with mental illness.

This is terribly important. What we are doing again is we are just kind of breaking through more prejudice. It is another step toward ending discrimination and it is so important, I say to colleagues. This is passed now at night. Tomorrow I hope we will focus on it, if not on the floor of the Senate I know there will be many people in the country who will want to focus on it, groups and organizations here that will want to focus on this.

What this means for families and for children, I cannot even begin to explain. But let me simply say all too often it has been devastating. There has been no coverage. All too often it is children who could be doing well in school but are not able to, it is children who could live full lives but are not able to. What we do with this amendment is we take another step toward breaking through the prejudice, toward breaking through the discrimination and, we say, now that we have funds going to States and now we are going to be focusing on the health care of children, please, colleagues, please remember that when we talk about the health of children we are also talking about the mental health of children.

That is what this amendment says. That is what this amendment is all about. I am so pleased that this amendment is going to be accepted. We will work very hard to keep this in conference committee and this, again, is

an amendment with, I think, strong bipartisan support. And more than anybody here in the Senate I thank Senator DOMENICI for all of his help.

I yield the floor to my colleague from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I obviously would be remiss if I did not thank Senator WELLSTONE for his diligence in this regard. I think the time is now upon us, with the overwhelming passage of an amendment last year which I sponsored along with my friend Senator WELLSTONE, which essentially said for the private sector, if you are going to cover people that have mental illness, you have to create some parity for the mentally ill; that is, you cannot say they have less coverage per year or less coverage for the life of the policy. That set a very big wave of movement in the country to try to establish nondiscrimination in these kinds of efforts. I think business is beginning to work its way through it.

Today, we offer an amendment very similar. It says the coverage that is going to be afforded to children under this bill, if mental illness is covered, it shall be covered with the same kind of coverage that you provide for the physical illnesses.

There is a escape clause of a sort that has to do with making sure we are not impeding the formation of HMOs and managed care.

Nonetheless, I believe the time is right to try this one on in the country. We are moving step by step, leading to a point where mental and physical ailments will be treated the same in terms of coverage. We need not make long speeches tonight. We made those to the Senate heretofore and we received very warm response.

On this one we do not have that much time. I yield whatever remaining time I have. I understand the chairman and ranking member of Finance have no objection to the amendment.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 449) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Illinois is recognized for up to 10 minutes.

Mr. DURBIN. Mr. President, I have an amendment——

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask the distinguished Senator to withhold. Mr. President, I ask unanimous consent that Rick Werner, a detailee to the Finance Committee from the Department of Health and Human Services be granted the privilege of the floor for the duration of the debate on S. 947, the Balanced Budget Act of 1997.

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

AMENDMENT NO. 450

(Purpose: To provide food stamp benefits to child immigrants)

Mr. DURBIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Illinois [Mr. DURBIN] for himself, Mr. WELLSTONE, and Mrs. BOXER proposes an amendment numbered 450.

Mr. DURBIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title I, add the following:

SEC. 10 . FOOD STAMP BENEFITS FOR CHILD IMMIGRANTS.

(a) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

''(E) CHILD IMMIGRANTS.—In the case of the program specified in paragraph (3)(B), paragraph (1) shall not apply to a qualified alien who is under 18 years of age.''.

(b) ALLOCATION OF ADMINISTRATIVE COSTS.—Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following:

''(12) DESIGNATION OF GRANTS UNDER THIS PART AS PRIMARY PROGRAM IN ALLOCATING ADMINISTRATIVE COSTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, a State shall designate the program funded under this part as the primary program for the purpose of allocating costs incurred in serving families eligible or applying for benefits under the State program funded under this part and any other Federal means-tested benefits.

''(B) ALLOCATION OF COSTS.—

''(i) IN GENERAL.—The Secretary shall require that costs described in subparagraph (A) be allocated in the same manner as the costs were allocated by State agencies that designated part A of title IV as the primary program for the purpose of allocating administrative costs before August 22, 1996.

''(ii) FLEXIBLE ALLOCATION.—The Secretary may allocate costs under clause (i) differently, if a State can show good cause for or evidence of increased costs, to the extent that the administrative costs allocated to the primary program are not reduced by more than 33 percent.

''(13) FAILURE TO ALLOCATE ADMINISTRATIVE COSTS TO GRANTS PROVIDED UNDER THIS PART.—If the Secretary determines that, with respect to a preceding fiscal year, a State has not allocated administrative costs in accordance with paragraph (12), the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the succeeding fiscal year by an amount equal to—

''(A) the amount the Secretary determines should have been allocated to the program funded under this part in such preceding fiscal year; minus

''(B) the amount that the State allocated to the program funded under this part in such preceding fiscal year.''.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I know the hour is late but the subject is very important and in a few moments I would like my colleagues to consider what this amendment would do. During the course of passing the welfare reform bill, we made many changes in many programs in an effort to move people from welfare to work. There were several aspects of that bill—even though I supported the bill in its entirety—there were several aspects of that bill which were troubling, not the least of which was the reduction in nutritional assistance for children in the United States. The purpose of this amendment is to correct what I consider to be a very serious error and a serious problem in this legislation, because with this amendment we will restore food stamps for the children of legal immigrants.

Keep in mind that I have said legal immigrants. These are children legally in the United States who are in poverty and have been denied the protection and sustenance of the Food Stamp Program. It is a significant problem nationwide. Over 4,000 immigrant children in Illinois have lost their food stamps because of this welfare reform bill; over 283,000 nationwide. According to the Food Research Action Council survey of families living below 185 percent of poverty, hungry children suffer from two to four times as many individual health problems such as frequent colds and headaches, fatigue, unwanted weight loss, inability to concentrate and so on.

These children—hungry children—are often absent from school. They can have a variety of medical problems arising from nutritional deficiencies, not the least of which is anemia. Hungry children are less likely to interact with other people, explore and learn from their surroundings, and it has a negative impact on the ability of children to learn. We should be focusing on healthy children in America, not hungry children in America.

This amendment seeks to correct that problem by giving to these children the basic protection of food stamps.

Just a month or so ago, I visited the Cook County Juvenile Detention Center, a facility which, unfortunately, is doing quite a large business in juvenile crime. I spoke to the psychologist at that center and asked him what traits these kids who committed crime had in common. I would like to focus on one which he said was very common, a learning disability, a neurological deficit.

I said, ''Where does that come from?''

He said it can come from improper prenatal nutrition, improper infant nutrition. These kids get a bad start, and with that bad start, they don't learn as well, they become frustrated, they fall behind, they become truant, they drop out, they become statistics, crime and welfare statistics which haunt us in this Chamber as we consider all of the ramifications of a child's failed life.

Many times we overlook the basics. I am happy that my colleagues tonight have addressed children's health. I think that is something that should be a given in America, that we provide basic health care protection to all children. But can we then argue that children should go hungry at the same time? The children that would be protected by this bill would now be qualifying for food stamps. In my State of Illinois, many of the soup kitchens and other food providers have experienced a dramatic increase in demand for services by children since enactment of the welfare reform bill.

The Reverend Gerald Wise of the First Presbyterian Church in Chicago recently came to tell me that the pantry at the First Presbyterian in the extremely distressed Woodlawn neighborhood and the Pine Avenue United Presbyterian Church in the Austin neighborhood are stretched beyond capacity.

Fifty-two percent of the cities participating in the U.S. Conference of Mayors' 1995 survey reported emergency food assistance facilities were unable to provide necessary resources, and that is before the welfare reform bill.

This amendment, which I have been joined in offering by Senator WELLSTONE and Senator BOXER, restores food stamp benefits to legal immigrant families with children 18 years and under. According to the CBO, it would cost the Treasury $750 million over 5 years.

We have established an offset in this bill from the administrative moneys being given to the Governors so that they can administer the new welfare reform bill, food stamps and other programs. Our amendment tries to ensure that Federal dollars are being used efficiently to make sure that direct benefits are given to needy children.

I am going to stop at this point, as I know some of my colleagues are waiting to offer an amendment and others have been here a long time. I hope tomorrow when this amendment comes to the floor that my colleagues on both sides of the aisle will join in a bipartisan spirit to help the children of legal immigrants. These children are likely to become naturalized citizens in America. We want them to be healthy, productive citizens, good students making this a better nation in which to live. If we are pennywise and pound foolish and cut these children short when it comes to one of the basic necessities of life, food itself, we may end up paying the price for decades and generations to come.

Let us do the right thing, the compassionate thing, yes, the American thing. Let us make sure that hungry children are provided for.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. DOMENICI. Mr. President, I have nothing other than we will take our minute tomorrow. Again, if this amendment is subject to a point of order, we have not waived the point of order tonight.

The PRESIDING OFFICER. The Senator is correct.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 451

(Purpose: To improve health care quality and reduce health care costs by establishing a national fund for health research that would significantly expand the Nation's investment in medical research)

Mr. D'AMATO. Mr. President, on behalf of Senator HARKIN, Senator SPECTER, Senator MACK, Senator ROCKEFELLER, Senator DASCHLE, Senator BOXER, Senator KERRY, Senator DURBIN, and myself, I offer this amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from New York [Mr. D'AMATO], for himself, Mr. HARKIN, Mr. SPECTER, Mr. MACK, Mr. ROCKEFELLER, Mr. DASCHLE, Mrs. BOXER, Mr. KERRY, and Mr. DURBIN, proposes an amendment numbered 451.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 1027, between lines 7 and 8, insert the following:

Subtitle N—National Fund for Health Research

SEC. 5995. SHORT TITLE.

This subtitle may be cited as the ''National Fund for Health Research Act''.

SEC. 5996. FINDINGS.

Congress makes the following findings:

(1) Nearly 4 of 5 peer reviewed research projects deemed worthy of funding by the National Institutes of Health are not funded.

(2) Less than 3 percent of the nearly one trillion dollars our Nation spends on health care is devoted to health research, while the defense industry spends 15 percent of its budget on research and development.

(3) Public opinion surveys have shown that Americans want more Federal resources put into health research and are willing to pay for it.

(4) Ample evidence exists to demonstrate that health research has improved the quality of health care in the United States. Advances such as the development of vaccines, the cure of many childhood cancers, drugs that effectively treat a host of diseases and disorders, a process to protect our Nation's blood supply from the HIV virus, progress against cardiovascular disease including heart attack and stroke, and new strategies for the early detection and treatment of diseases such as colon, breast, and prostate cancer clearly demonstrates the benefits of health research.

(5) Health research which holds the promise of prevention of intentional and unintentional injury and cure and prevention of disease and disability, is critical to holding down health care costs in the long term.

(6) Expanded medical research is also critical to holding down the long-term costs of the medicare program under title XVIII of the Social Security Act. For example, recent research has demonstrated that delaying the onset of debilitating and costly conditions like Alzheimer's disease could reduce general health care and medicare costs by billions of dollars annually.

(7) The state of our Nation's research facilities at the National Institutes of Health and at universities is deteriorating significantly. Renovation and repair of these facilities are badly needed to maintain and improve the quality of research.

(8) Because discretionary spending is likely to decline in real terms over the next 5 years, the Nation's investment in health research through the National Institutes of Health is likely to decline in real terms unless corrective legislative action is taken.

(9) A health research fund is needed to maintain our Nation's commitment to health research and to increase the percentage of approved projects which receive funding at the National Institutes of Health.

SEC. 5997. ESTABLISHMENT OF FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund, to be known as the ''National Fund for Health Research'' (hereafter in this section referred to as the ''Fund''), consisting of such amounts as are transferred to the Fund under subsection (b) other amounts subsequently enacted into law and any interest earned on investment of amounts in the Fund.

(b) TRANSFERS TO FUND.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall transfer to the Fund amounts equivalent to amounts described in paragraph (2).

(2) AMOUNTS.—

(A) IN GENERAL.—Amounts described in this paragraph for each of the fiscal years 1998 through 2002 shall be equal to the amount of Federal savings derived for each such fiscal year under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and the medicaid program under title XIX of such Act (42 U.S.C. 1396 et seq.) that exceeds the amount of Federal savings estimated by the Congressional Budget Office as of the date of enactment, to be achieved in each such program for each such fiscal year for purposes of the Balanced Budget Act of 1997.

(B) DETERMINATION BY SECRETARY.—Not later than 6 months after the end of each of the fiscal years described in subparagraph (A), the Secretary of Health and Human Services shall—

(i) make a determination as to the amount to be transferred to the Fund for the fiscal year involved under this subsection; and

(ii) subject to subparagraphs (E) and subsection (d), transfer such amount to the Fund.

(C) SEPARATE ESTIMATES.—In making a determination under subparagraph (B)(i), the Secretary of Health and Human Services shall maintain a separate estimate for each of the programs described in subparagraph (A).

(D) LIMITATION.—Any savings to which subparagraph (A) applies shall not be counted for purposes of making a transfer under this paragraph if such savings, under current procedures implemented by the Health Care Financing Administration, are specifically dedicated to reducing the incidence of waste, fraud, and abuse in the programs described in subparagraph (A).

(E) CAP ON TRANSFER.—Amounts transferred to the Fund under this subsection for any year in the 5-fiscal year period beginning on October 1, 1997, shall not in combination with the appropriated sum exceed an amount equal to the amount appropriated for the National Institutes of Health for fiscal year 1997 multiplied by 2.

(c) OBLIGATIONS FROM FUND.—

(1) IN GENERAL.—Subject to the provisions of paragraph (4), with respect to the amounts

made available in the Fund in a fiscal year, the Secretary of Health and Human Services shall distribute—

(A) 2 percent of such amounts during any fiscal year to the Office of the Director of the National Institutes of Health to be allocated at the Director's discretion for the following activities:

(i) for carrying out the responsibilities of the Office of the Director, including the Office of Research on Women's Health and the Office of Research on Minority Health, the Office of Alternative Medicine, the Office of Rare Disease Research, the Office of Behavioral and Social Sciences Research (for use for efforts to reduce tobacco use), the Office of Dietary Supplements, and the Office for Disease Prevention; and

(ii) for construction and acquisition of equipment for or facilities of or used by the National Institutes of Health;

(B) 2 percent of such amounts for transfer to the National Center for Research Resources to carry out section 1502 of the National Institutes of Health Revitalization Act of 1993 concerning Biomedical and Behavioral Research Facilities;

(C) 1 percent of such amounts during any fiscal year for carrying out section 301 and part D of title IV of the Public Health Service Act with respect to health information communications; and

(D) the remainder of such amounts during any fiscal year to member institutes and centers, including the Office of AIDS Research, of the National Institutes of Health in the same proportion to the total amount received under this section, as the amount of annual appropriations under appropriations Acts for each member institute and Centers for the fiscal year bears to the total amount of appropriations under appropriations Acts for all member institutes and Centers of the National Institutes of Health for the fiscal year.

(2) PLANS OF ALLOCATION.—The amounts transferred under paragraph (1)(D) shall be allocated by the Director of the National Institutes of Health or the various directors of the institutes and centers, as the case may be, pursuant to allocation plans developed by the various advisory councils to such directors, after consultation with such directors.

(3) GRANTS AND CONTRACTS FULLY FUNDED IN FIRST YEAR.—With respect to any grant or contract funded by amounts distributed under paragraph (1), the full amount of the total obligation of such grant or contract shall be funded in the first year of such grant or contract, and shall remain available until expended.

(4) TRIGGER AND RELEASE OF MONIES.—

(A) TRIGGER AND RELEASE.—No expenditure shall be made under paragraph (1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.

(d) REQUIRED APPROPRIATION.—No transfer may be made for a fiscal year under subsection (b) unless an appropriations Act providing for such a transfer has been enacted with respect to such fiscal year.

(e) BUDGET TREATMENT OF AMOUNTS IN FUND.—The amounts in the Fund shall be excluded from, and shall not be taken into account, for purposes of any budget enforcement procedure under the Congressional Budget Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985.

Mr. D'AMATO. Mr. President, I guess it was about 5, 6 years ago, my friend and colleague from Iowa, Senator HARKIN, came to me and said, ''You know, we haven't been able to get sufficient funding for breast cancer research because there are those who object to our attempt to take it from defense and transfer it over to NIH.'' I think we had just been rebuffed 50 some odd to 42 or 43.

Then he said, ''How about us keeping that money in the defense budget. After all, a significant portion of the military will be women. This is a matter of national health in our defense of our families.'' And we came forth with that proposal, and we were able to get a huge vote.

Since that point in time, forget about votes, we have produced, in addition to what was being funded by NIH, something in excess of $600 million for breast cancer research, and it has made a difference.

My colleague, once again, has come forth and said this time, ''Alfonse, why don't we look to meet the needs that this body itself has acknowledged in their overwhelming vote on January 21, 1997,'' when Senator MACK and my friend from Iowa, Senator HARKIN, myself and others, who offered an amendment which was designed to say, let us double, we call it the biomedical commitment research resolution, and it is so easy for us to vote for it because we voted to say yes, we want to double the amount of money going into NIH for biomedical research because the demands are incredible, absolutely incredible. So we voted 100 to 0.

Now comes the problem. How do we fund it? Notwithstanding that the chairman of the subcommittee, Senator SPECTER, is making every effort to find the funds, where does he get them? Where does he get them? What program does he cut? Does he cut food stamps further? We just heard an eloquent presentation as it relates to the needs of children. What senior citizen program does he cut it from? We have already seen the battles when we look for funds. Do we give more money to breast cancer research at the expense of diabetes? What about emerging infectious diseases? Incredible, frightening if you read what is going on.

Let me tell you, the investment of moneys into biomedical research will pay great dividends, it will save lives, it will result in savings many, many, many times more than what we invest, and it is so necessary. I think about 80 to 90 percent of the worthy applications by some of the great medical research centers of this country are being turned down, not because they are deficient, but because we simply don't have the money.

I have to tell you something, there is nothing better that we can be investing money in than in terms of medical research for the prevention of illnesses, for finding out the cures, for doing the genetic research, for doing all of that work that so many of us talk about. We go home and say, ''Yes, I am going to vote to increase it.'' Here is what we do.

Let us take the cumulated savings annually from Medicare and Medicaid that this bill provides. Let me tell you, the chairman of the Finance Committee, Senator ROTH, deserves the appreciation and accolades of everyone, Democrat and Republicans, because he has crafted a bill that is designed to control costs and to produce savings. Let CBO, the Congressional Budget Office, look at the end of each fiscal year how much in the way of savings have been accumulated and provide these moneys be set aside to be used exactly for that which we voted 100 to 0, biomedical research in NIH.

Let us not fight to take money from one program that is so desperately needed, whether it be for senior citizens, whether it be for food stamps, and then say we are going to make winners of some at the expense of others and not nearly meet the needs.

If we looked at the last 4 years, we will see we increased the total appropriations in these accounts by about $400 million a year. That is not going to meet our commitment when we are talking about increasing it by $2.5 billion annually.

Mr. President, again, this does not impact, it does not need a revenue offset. If the revenues are not generated, the savings, no expenditure. If they are, I suggest we couldn't find a better and finer place to put those moneys. If someone wants to then come in and make an amendment to take part of those moneys and put them someplace else, they can come to the floor and we can argue it out. But I believe the establishment of that trust fund keeps the promise we made, that we attempt to look for ways to find the moneys that we all came out here on the floor and voted for.

I commend my colleague. It has been a great privilege and pleasure for me to work with him in this endeavor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank my friend from New York for his kind words, but also, more important, let me thank him for his stalwart, unwavering support through the years for medical research.

I have been involved in this battle for a long time, and I have never found anyone who has fought harder to make sure we had adequate funding for all of the biomedical research we need done in this country than Senator D'AMATO from New York. I thank him for that unwavering support down through the years and for his support on this amendment also.

Mr. President, this amendment does have strong bipartisan support. Senator SPECTER and Senator MACK are cosponsors, as well as a number on our side—Senator ROCKEFELLER, Senator DASCHLE, Senator BOXER, Senator DURBIN, Senator KERRY. So it has strong bipartisan support.

I want to pick up on what the Senator from New York said. We voted not long ago, the entire Senate, every one of us voted to double funding for NIH by 2002. We are all in favor of that. But

it is very hard finding the money. I worked very hard with Senator SPECTER when I was chairman and he was ranking member. Now he is chairman and I am ranking member. We have worked very hard to get adequate funding for NIH every year. It is getting more and more difficult, and with this balanced budget which I am supporting strongly, which I have continued to support in the past and will continue to support, it is going to be even harder.

If we wanted to double NIH funding by 2002 out of our discretionary account, if we zeroed out all the other accounts we have—maternal-child health care, the Centers for Disease Control, mental health block grants and a host of others—if we zeroed all those out and shifted it just to NIH, we would still be $2 billion short of doubling it. We are not going to zero out mental health block grants and the Centers for Disease Control and everything else. So we have to look for someplace else to find this money.

Without our action, the investment in NIH research is only going to decline in real terms. The only way that we can get it is by going outside of the regular discretionary spending process. I guess what this amendment is, more than anything, is there was a book of ''Thinking Outside the Box.'' We get put in these boxes and sometimes we have to think outside of the box.

What this amendment does, again, to repeat, to reemphasize what Senator D'AMATO said, this research trust fund would work in the following way. Every year, CBO and the Secretary of Health and Human Services would look back to determine whether the annual Medicare and Medicaid savings actually achieved as a result of the changes made by the Balanced Budget Act exceeded the savings called for in the budget resolution. In other words, are there more savings than what was called for to balance the budget? If that is so, if there are excess savings, then that excess savings would be deposited each year into a health research fund to be distributed to NIH for the purposes of medical research. It is a very simple, a very elegant amendment, so offset is needed.

As we consider long-term changes to the Medicare Program—and we will be—the creation of a medical research trust fund is only common sense. I know a point of order will be made against the amendment that it is not germane. I accept the fact that this amendment is not germane to the bill before us. But I submit to you, it is every bit germane to the issue of saving Medicare and how we are going to deal with Medicare.

A number of recent studies have shown that investments in medical research can lower Medicare costs through the development of more cost-effective treatments and by delaying the onset of illnesses. Duke University recently did a study that said the financial crisis in Medicare can be resolved without raising taxes or cutting benefits by improving the health of older Americans through biomedical research. It is the key investment, it is the key to reducing health costs in the long run. If we can find cures for things like breast cancer, lung cancer, Alzheimer's, the savings would be enormous.

Unfortunately, while health care spending devours nearly a trillion dollars annually, our medical research budget is dying of starvation. The United States devotes less than 2 percent of its total health care budget to health research.

Look at it this way, the Defense Department spends 15 percent of its budget on research, and yet, in health care, we spend less than 2 percent. So we have smart bombs and smart missiles and everything that defends our country, and we are all happy about that, but look what they have done with research.

If we want a smart bomb and a smart missile to knock out lung cancer or breast cancer or Alzheimer's, or to help us with mental illness, this is where we have to put the money.

Take Alzheimer's alone: Funding for Alzheimer's research is about $300 million a year. Yet, it is estimated that the 4 million people in America who suffer from Alzheimer's is costing us about $100 billion a year. That is about $25,000 per person who has Alzheimer's on average. If we could just delay the onset of Alzheimer's for 5 years, that would go a long way toward solving our Medicare problems.

Gene therapy, treatments for cystic fibrosis, Parkinson's—this is a time of great promise. Almost every day new stories are coming out about one advance or another. We are not suffering from a shortfall of ideas. We are suffering from a shortfall of revenues.

Also, in the last several years the number of young people going into research is declining. The number of people under the age of 36 even applying for NIH grants dropped by 54 percent in the last 10 years. Why? Because when they submit their proposal, it gets peer reviewed. They say it is a good grant, and there is no money. And so young people who would want to pursue research look for other careers.

Well, again, health research saves money. It saves lives. And the time is right. This fund will allow us to pursue the innovative cures, treatments and therapies that will help us solve the Medicare Program.

Again, I want to thank my colleague from New York, Senator D'AMATO, and Senator MACK, Senator SPECTER, with whom I work on the Appropriations Committee, and all the others who have worked so hard.

This is a very simple and elegant amendment. I hope that Senators will take that step, sort of outside the box, to think newly, to think anew, to think about how we start getting more money into NIH, through a process that will still help us balance the budget as we all voted to do.

So, Mr. President, again, I urge my colleagues to support this amendment and urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. DOMENICI. Is there anything further on your side?

Mr. HARKIN. I have two amendments I would like to just lay down.

Mr. DOMENICI. Well, let me just make a couple comments, because we will not be able to say much tomorrow.

It is with regret that I oppose this amendment, and actually I will raise a point of order because I believe it is subject to a point of order. I will do that tomorrow.

But, you know, it is kind of interesting. I do not know what money we are going to be using. You see, what the amendment says is, you take the estimates of what we are supposed to save in this reconciliation bill from Medicare and Medicaid, and then you, whatever those estimates were, you take a look and see if the new estimates say we save more.

Well, this is an estimate of an estimate. And I do not really know where the money comes from. I mean, do you wait until the end of 5 years and then get the reality check, or do you do this based on estimates?

Now, that is just purely technical and budgetese. But, frankly, as much as I would like to put more into NIH, I believe it is not right to take savings that accrue on the entitlement side of the ledger that are estimates and attribute that in advance to any function in Government, which is what we are doing here. If we are clairvoyant enough and wise enough in the future, and understand the future well enough to say if we are saving money in Medicare and Medicaid, all that savings ought to go to just this one program, how do we know there are not some health programs that need some of that money? How do we know they should not be used for tax cuts? That is what they are permitted to be used for now.

And last but not least, I just do not think we need another trust fund. We have plenty of trust funds. We ought not create another one, to use the sense-of-the-Senate vote by which every Senator expressed an opinion and said, as I read it, we sure hope that within 5 years we could double NIH. If you asked 100 people that voted for that, if they thought we were going to be able to achieve that, I believe 100 percent of them would have said probably not. So to turn around and use that to take a slice of savings that might be applied either to the deficit, to tax cuts, to other entitlement programs, and say we just think now we ought to cut that off and we ought to put them in the NIH, I do not believe is good budgeting. I do not believe it is a very good way to advance fund anything.

So I will use my minute tomorrow. I will not have as much time as tonight to indicate what great respect I have

for these two Senators. Everybody knows that. Senator D'AMATO from New York is one of my best friends in the world. But I do not believe this is the right approach, and I have to resist it.

Mr. President, I make a point of order that the amendment violates the Budget Act.

Mr. D'AMATO. Mr. President, I move to waive.

The PRESIDING OFFICER (Mr. ENZI). What point of order does the Senator make?

Mr. D'AMATO. I move to waive the point of order on the budget.

Mr. DOMENICI. I thought the Parliamentarian knew so well what part of the Budget Act this violates that I would not have to pick it out for him. But if you give me a minute here, we will.

It is not germane.

The PRESIDING OFFICER. The motion to waive has been made.

Mr. D'AMATO. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. First of all, let me say there is no one that I have greater respect for and no one who I admire more than my colleague and friend from New Mexico, Senator DOMENICI. And I would ask, if the Senator might be willing, between now and the time the amendment comes up, to look at the question of the trust fund. As far as I am concerned, and I think I speak for my colleague, if that were one of the important issues, I think we could put that aside and have those moneys allocated directly into NIH.

I would also indicate that I think in the draftsmanship of this we provided that it would be only the year after on the look-back that the Congressional Budget Office would ascertain whether or not the mark we have set, which would be set in law, by the way—this will no longer be an estimate, be set in law—that if it has been achieved and there has been an excess in the way of savings, that those dollars then would go into this account at NIH for biomedical research.

Understand, it is exactly my friend's point that no one really knows where to get the money and that here is an opportunity to say that if we do achieve these savings, yes, that we are making a judgment now; that if we do, we are making a judgment to see that these dollars will be allocated for these areas, whether it is Alzheimer's research, diabetes, cancer, research on the brain.

I mean, the fact is, we desperately, desperately need these moneys. And here is an opportunity to identify with specificity and, yes, to come forward and say, yes, if we have an extra $500 million or $1 billion, that it will go into that account. And we will be making that commitment that we talked about a reality.

So I ask my colleague and friend to just look at it in terms of if there needs to be some additional language to tighten this up and to deal with some of the parliamentary objections. And if there is a real question whether or not you want to set up a trust fund for this, that possibly we could deal with that in the manner that would facilitate the spirit of that resolution that was passed saying we must do more. Because I believe that the spirit was there and the recognition that we have to do more in biomedical research.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. HARKIN. I just want to again thank my colleague from New York.

And I want to say to the Senator from New Mexico, again, I know his strong feelings on medical research. We fought side by side in the past when I was privileged to chair the Appropriations Subcommittee in working with the Senator to increase funds for medical research. I know his strong feelings, and I appreciate that.

Again, I just hope we can sort of think outside the box, as I said earlier, of looking at this and get this money into research. We have to do it, get more money into medical research. I mean, they are starving out there. And the young people who want to go into research—right now, less than 25 percent of the peer-reviewed grants at NIH are being funded.

I always talk about medical research as sort of like you have doors that are closed. You want to look behind the closed doors. Well, if you only are looking behind one out of every four doors, the odds are four to one that you are not going to find the answer. If you look at two out of four, or three out of four, your odds are a lot better that you are going to find the answer. That is what we are attempting to do with this amendment.

So, again, I hope that we can have a resolution of this and get on with getting the increased funding for NIH.

Mr. President, I want to ask the Senator from New Mexico, before I leave, I have two amendments that I would just like to lay down. Should I do those now, send those up?

Mr. DOMENICI. If you have not given them to the ranking member and want to do them separately, he can. He is submitting all of your Democratic Senators' amendments en bloc. He will do those for you, too.

Mr. HARKIN. I will give them to Senator LAUTENBERG. I thank you.

I yield the floor.

Mr. DOMENICI. Mr. President, I do not want to leave with any the impression that I am stubborn or unwilling to consider things when I am asked to. I will. But every time I consider, I think of more reasons why we should not do it.

Mr. HARKIN. Don't think about it.

Mr. DOMENICI. So I better not be thinking for a while. The $3.9 billion that we transferred into the trust fund for Medicare from part B savings, what if we are over by $3.9 billion? Do we take the $3.9 billion out of the trust fund and make it less weak and put that money in here?

Second, I was just thinking, where have we done this before? You might all look at this. We did this because Senator BYRD at one time wanted to set up a trust fund so we could use a lot of appropriated money on crimefighting, because we had found kind of a bird's nest of money when some Senator decided that we were going to cut payroll for the Government.

And so Senator BYRD said, well, if we are going to do that, let us put that trust fund in crime prevention. But, you know, over time all it has done has been—it is a business, it is an accounting thing. You give that committee, to start with, that entrusted money, but that does not mean that the appropriations give as much money to the committee they would have if you did not put that in, and you end up getting no more money for crimefighting. You cannot solve that riddle with additions from an entitlement program.

So I will think about it. I will be glad to do that.

MEDICARE PAYMENT REVIEW COMMISSION

Mr. FRIST. Mr. President, I rise to engage in a colloquy with my colleague from Delaware, Senator ROTH. As chairman of the Finance Committee, I commend him for guiding this budget process through the committee with overwhelming bipartisan support and bringing these issues before the full Senate in a timely manner.

The legislation before us, establishes a new Medicare Payment Review Commission to replace the Physician Payment Review Commission [PPRC] and the Prospective Payment Assessment Commission [ProPAC]. The Medicare Payment Review Commission is required to submit an annual report to Congress containing an examination of issues affecting the Medicare Program. The commission will review, and make recommendations to Congress concerning payment policies under both the Medicare Choice program and Medicare fee-for-service.

I have heard criticism that the Health Care Financing Administration [HCFA] does not keep up with the latest medical supply products, even if they prove to be cost-effective. HCFA has stated its intent to become a more prudent purchaser. Indeed, that goal requires analysis of both the cost and quality of various products and requires constant review of medical developments.

I understand that the new Medicare Payment Review Commission will have broad authority and should include the ability to review and make recommendations on procurement reimbursement and reform issues, including

the effect, impact and cost implications of competitive bidding, flexible purchasing and inherent reasonableness on the provision of a full range of effective medical products and services to Medicare beneficiaries.

Mr. President, I simply ask my colleague if that is correct?

Mr. ROTH. In response to Senator FRIST'S question, it is the committee's intent that the Medicare Payment Review Commission shall have broad authority to study and make recommendations to Congress on a variety of issues relating to the Medicare Choice program and the Medicare fee-for-service program. The committee recognizes that the previous two advisory committees did not have explicit authority to study issues relating to reimbursement of durable medical equipment and medical supplies. However, it is the committee's intent that the Medicare Payment Review Commission will have broad authority in these and other areas regarding the review of all Medicare reimbursement issues.

DSH PAYMENTS

Mr. FRIST. I would like to take a moment to clarify the intended meaning of the changes in State allotments for disproportionate share hospital [DSH] payments as they impact States that have received waivers to adopt managed care programs statewide, using DSH funds to help finance expanded care to the uninsured. Two such States are Tennessee, which initiated the TennCare program in January 1994, and Hawaii, which has operated the QUEST program since mid-1994.

In these cases, the States combine their DSH allotment and their regular Medicaid dollars to fund capitation payments to managed care providers who are responsible for service not only to existing Medicaid-eligible recipients but to a substantial portion if not most of the children and adults who would not otherwise qualify for Medicaid but who do not have coverage under other insurance programs. Direct DSH payments to hospitals have been essentially eliminated, because the hospitals and other providers receive payments to cover care to the uninsured through the waiver program, either from managed care providers or, in the case of some hospitals, from the State under supplementary pools.

The committee's legislation provides that DSH payments relating to services to persons eligible under the State's Medicaid plan must be made directly to hospitals after October 1, 1997, even where the individuals entitled to the service are enrolled in managed care plans, and cannot be used to determine prepaid capitation payments under the State plan that relate to those services. That provision does not by its terms apply to States operating under waivers where the DSH funds are used to fund a broader range of services to the uninsured. I would like your confirmation of this understanding, for it would be inconsistent with the TennCare and QUEST programs to apply the new provision to them.

I also seek your concurrence that the adjustments to State DSH allocations are not intended to impact on the funds available to these waiver States to operate their programs. Both Tennessee and Hawaii no longer use their DSH allotments for DSH payments. As a result, CBO's estimates showed no impact on those States of the committee's provision adjusting DSH allotments and payments. That is entirely appropriate, for these States are subject to limitations on their Medicaid funding by reason of the budget terms of their waiver. Moreover, they no longer make DSH payments as we have come to know them, but instead have developed more efficient means of delivering health services and have extended them to a broader segment of the population.

Can the chairman confirm my understanding of these two DSH-related points?

Mr. ROTH. I am happy to confirm the Senator's understanding on both points. There is no intention to alter the manner of distribution of funds under demonstration waiver programs as long as those programs are in effect. Further, we do not intend any change in the budget and finance provisions of these demonstration waivers, where the DSH funds are used to expand coverage to the uninsured.

AMENDMENTS NOS. 452, 453, AND 454, EN BLOC

Mr. DOMENICI. I have three amendments that are going to be accepted. One is for Senators LIEBERMAN, CHAFEE, JEFFORDS, KERREY, BREAUX, WYDEN and KENNEDY, to require Medicaid managed care plans to provide certain comparative information to enrollees. One is for Senator FEINSTEIN to require managed care organizations to provide annual data to enrollees regarding nonhealth expenditures. And a third is a Craig-Bingaman amendment to study medical nutrition therapies by using the National Academy of Sciences to do that.

I send the three amendments to the desk and ask that they be agreed to en bloc.

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

The clerk will report the amendments.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes amendments numbered 452, 453, and 454, en bloc.

The amendments (Nos. 452, 453, and 454) en bloc are as follows:

AMENDMENT NO. 452

(Purpose: To require medicaid managed care plans to provide certain comparative information to enrollees)

At the end of proposed section 1941(d) of the Social Security Act (as added by section 5701), add the following:

''(3) PROVISION OF COMPARATIVE INFORMATION.—

''(A) BY STATE.—A State that requires individuals to enroll with managed care entities under this part shall annually provide to all enrollees and potential enrollees a list identifying the managed care entities that are (or will be) available and information described in subparagraph (C) concerning such entities. Such information shall be presented in a comparative, chart-like form.

''(B) BY ENTITY.—Upon the enrollment, or renewal of enrollment, of an individual with a managed care entity under this part, the entity shall provide such individual with the information described in subparagraph (C) concerning such entity and other entities available in the area, presented in a comparative, chart-like form.

''(C) REQUIRED INFORMATION.—Information under this subparagraph, with respect to a managed care entity for a year, shall include the following:

''(i) BENEFITS.—The benefits covered by the entity, including—

''(I) covered items and services beyond those provided under a traditional fee-for-service program;

''(II) any beneficiary cost sharing; and

''(III) any maximum limitations on out-of-pocket expenses.

''(ii) PREMIUMS.—The net monthly premium, if any, under the entity.

''(iii) SERVICE AREA.—The service area of the entity.

''(iv) QUALITY AND PERFORMANCE.—To the extent available, quality and performance indicators for the benefits under the entity (and how they compare to such indicators under the traditional fee-for-service programs in the area involved), including—

''(I) disenrollment rates for enrollees electing to receive benefits through the entity for the previous 2 years (excluding disenrollment due to death or moving outside the service area of the entity);

''(II) information on enrollee satisfaction;

''(III) information on health process and outcomes;

''(IV) grievance procedures;

''(V) the extent to which an enrollee may select the health care provider of their choice, including health care providers within the network of the entity and out-of-network health care providers (if the entity covers out-of-network items and services); and

''(VI) an indication of enrollee exposure to balance billing and the restrictions on coverage of items and services provided to such enrollee by an out-of-network health care provider.

''(v) SUPPLEMENTAL BENEFITS OPTIONS.—Whether the entity offers optional supplemental benefits and the terms and conditions (including premiums) for such coverage.

''(vi) PHYSICIAN COMPENSATION.—An overall summary description as to the method of compensation of participating physicians.

AMENDMENT NO. 453

(Purpose: To require managed care organizations to provide annual data to enrollees regarding non-health expenditures)

At the end of proposed section 1852(e) of the Social Security Act (as added by section 5001) add the following:

''(6) ANNUAL REPORT ON NON-HEALTH EXPENDITURES.—Each Medicare Choice organization shall at the request of the enrollee annually provide to enrollees a statement disclosing the proportion of the premiums and other revenues received by the organization that are expended for non-health care items and services.

At the end of proposed section 1945 of the Social Security Act (as added by section 5701) add the following:

''(h) ANNUAL REPORT ON NON-HEALTH EXPENDITURES.—Each medicaid managed care organization shall annually provide to enrollees a statement disclosing the proportion

of the premiums and other revenues received by the organization that are expended for non-health care items and services.

AMENDMENT NO. 454

(Purpose: To provide for a study and report analyzing the short term and long term benefits and costs to the medicare system of coverage of medical nutrition therapy services by registered dietitians under Part B of title XVIII of the Social Security Act)

On page 412, between lines 3 and 4, insert the following:

SEC. 5105. STUDY ON MEDICAL NUTRITION THERAPY SERVICES.

(a) STUDY.—The Secretary of Health and Human Services shall request the National Academy of Sciences, in conjunction with the United States Preventive Services Task Force, to analyze the expansion or modification of the preventive benefits provided to medicare beneficiaries under title XVIII of the Social Security Act to include medical nutrition therapy services by a registered dietitian.

(b) REPORT.—

(1) INITIAL REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit a report on the findings of the analysis conducted under subsection (a) to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate.

(2) CONTENTS.—Such report shall include specific findings with respect to the expansion or modification of coverage of medical nutrition therapy services by a registered dietitian for medicare beneficiaries regarding—

(A) cost to the medicare system;

(B) savings to the medicare system;

(C) clinical outcomes; and

(D) short and long term benefits to the medicare system.

(3) FUNDING.—From funds appropriated to the Department of Health and Human Services for fiscal years 1998 and 1999, the Secretary shall provide for such funding as may be necessary for the conduct of the analysis by the National Academy of Sciences under this section.

Mr. CRAIG. The amendment directs the Secretary of Health and Human Services to request a study, through the National Academy of Sciences, on the short-term and long-term costs and benefits to the Medicare system of coverage of medical nutrition therapy services provided by registered dietitians. The Secretary is directed to provide funding for this study from the HHS appropriations for fiscal year 1998 and 1999. The report shall be submitted to the Finance and Ways and Means Committees no later than 2 years after the date of enactment.

Essentially the same language was included in the House version of the budget reconciliation bill. The House version included broader coverage, that is, covering dental care and bone mass measurement.

The PRESIDING OFFICER. Is there further debate on the amendments?

Without objection, the amendments are agreed to.

The amendments (Nos. 452, 453, and 454) en bloc were agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 455

(Purpose: To conform the Energy Title to the Bipartisan Budget Agreement)

Mr. DOMENICI. Mr. President, I send this amendment on behalf of Senator MURKOWSKI to the desk in compliance with the unanimous consent request for consideration tomorrow.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. MURKOWSKI, proposes an amendment numbered 455.

On page 130, line 3, strike ''2002'' and insert ''2007''.

MEDICARE PROVISIONS

Mr. HATCH. Mr. President, late last week the Senate Finance Committee completed work on one of the most significant and important pieces of legislation considered in the U.S. Congress in recent memory. By a vote of 18 to 2, the Committee approved its portion of the Budget Reconciliation Act of 1997, S. 947, the bill we are debating today.

As a member of the Finance Committee, I can vouch for the hard work that went into the development of this historic legislation. It has not been an easy task by any stretch of the imagination.

The bill is not perfect. But it is a good start. And I hope it will get even better as it moves forward in the legislative process.

And, I want to take this opportunity to commend the chairman of the Finance Committee, Senator ROTH, and the ranking minority member, Senator MOYNIHAN, for their outstanding leadership in forging a consensus on what has been one of the most contentious issues presented to the committee since I have been a member.

The committee was presented with budget reconciliation instructions earlier approved by both the House and Senate and tasked to provide for significant changes in federal spending and program authorizations principally in the Medicare and Medicaid programs.

As my colleagues well know, these two entitlement programs are currently growing at unsustainable levels. Even the President's own handpicked members on the Medicare Board of Trustees reported as early as April 1995 that the ''Medicare program is clearly unsustainable in its present form'' and that Medicare Part A will be bankrupt in the year 2001 unless structural changes are implemented soon.

The legislation currently before the Senate attempts to address the numerous and oftentimes conflicting issues associated with reducing the rate of growth in Medicare expenditures while preserving the level of services available to current and future beneficiaries.

The one message that we must convey to our constituents is that we have preserved the needs of Medicare beneficiaries while addressing the fiscal imperative of bringing some discipline in Medicare spending. Both objectives are not mutually inconsistent.

Not only have we restrained Medicare growth over the next five years to a point that preserves fiscal integrity for now and the future, but we have provided beneficiaries with greater choices of health care plans. ''Medicare Choice'' will now make it possible for beneficiaries to have greater options in how they want their health care provided.

In fact, not only will this legislation provide more options for beneficiaries, it will offer them more information about those options.

Better Information about Coverage Options: One provision of the bill requires that beneficiaries be provided with information about the extent to which they may select the provider of their choice, a concern of many elderly. The need for this provision was pointed out to me by the Utah Psychological Association. The measure was included in the 1995 Balanced Budget Act, and I am pleased that it was carried over to the bill we are considering today.

Another information provision was suggested to me by Utah Governor Mike Leavitt, who correctly pointed out that states are making information on managed care available to beneficiaries of state-funded programs. Governor Leavitt suggested that the Federal government be required to coordinate the information it provides with state efforts; that amendment is included in the bill today at my request.

The traditional fee for service systems, which all beneficiaries have come to know, will still be there for those who wish to choose that system of health care delivery. But we are also going to provide more managed care options such as Health Maintenance Organizations and Preferred Provider Organizations as well as Medical Savings Accounts to beneficiaries who desire to participate in those plans.

No longer will America's seniors be limited to one or two choices in health care. They will now have greater choices which will lead to more competition, a greater diversity of services especially in rural areas, and increased savings to the federal government which is fundamental to the overall well-being of the Medicare program.

Home Health and Skilled Nursing Facilities: I am particularly pleased with the provisions pertaining to home health care and skilled nursing facilities or SNFs. In fact, the legislation reported by the Finance Committee incorporates many of the important provisions contained in legislation I introduced, S. 913, the Home Health Care Prospective Payment Act, and S. 914, the Skilled Nursing Facility Prospective Payment Act.

I have long supported efforts to enhance the quality and delivery of care provided by home health care agencies

and skilled nursing facilities. These organizations perform extremely valuable services to our nation's elderly and disabled citizens. And, as our population increases in age, the role of these services in our society will become an even more critical component in the provision of health care.

It was also apparent from our hearings that the costs associated with home health care and SNFs have been rising at a disproportionately higher level compared to other components of the Medicare program. Indeed, part of this increase can be attributable to the fact that most people prefer to be treated in the familiar surroundings of their home.

Accordingly to the General Accounting Office, ''After relatively modest growth during the 1980's, Medicare's expenditures for SNFs and home health care have grown rapidly in the 1990's. SNF payments increased from $2.8 billion in 1989 to $11.3 billion in 1996, while home health care costs grew from $2.4 billion to $17.7 billion over the same period.'' Over that period, annual growth averaged 22 percent for SNFs and 33 percent for home health care, the fastest growing components in the Medicare program.

Unquestionably, the rate of growth in home health care led to considerable discussion over the need for a new, minimal copayment for home health visits as a measure to reduce over utilization. The committee approved a capped $5.00 copayment per visit which will be billable on a monthly basis and limited at an amount equal to the annual hospital deductible under Part A.

I am mindful that we do not want to impose additional costs particularly on the poor. But there was near universal agreement that some method was needed to curtail the seemingly unchecked utilization of these services.

This is an issue we will have to monitor closely as the program is implemented recognizing the administrative difficulties in collecting these co-payments as well as the impact on beneficiaries.

Home Health and Skilled Nursing Facilities Prospective Payment System: Perhaps the most significant reform that is included in both pieces of my legislation and which is now included in the Finance bill are the provisions for a prospective payment system for both home health and skilled nursing facilities. This provision will help create the proper and needed financial incentives for providers to behave in a more cost effective manner while protecting the quality and continuity of care for beneficiaries.

We have learned a great deal about Medicare reimbursement since we passed the Prospective Payment System for hospitals in 1983. We know the value of a proper transition so providers can manage their agencies toward a permanent system. We also know that we can model a payment system that encourages providers to manage costs and utilization better. We also realize that moving to a new reimbursement system is a massive undertaking.

I believe the Finance bill moves in the right direction to ensure cost-effective care for millions of beneficiaries today, and well into the next century.

Rural Health Care: The issue of health care in our rural communities was also an item which received considerable attention. As we begin to provide Medicare beneficiaries with greater choice in the delivery of their health care, it is apparent the financial incentives to providers to development of these systems in rural communities simply do not exist.

Accordingly, it was necessary to change the manner and level of reimbursement for managed care organizations that wish to provide services in nonurban areas.

In 1983, Medicare began making payments to qualified ''risk-contract'' HMOs or similar entities that enrolled Medicare beneficiaries. The intent was to give Medicare beneficiaries the opportunity to enroll in HMOs as a more cost effective alternative to fee for service health care.

In effect, Medicare makes a single monthly capitated payment for each of the organization's Medicare enrollees. This payment equals 95 percent of the estimated ''Adjusted Average Per Capita Cost [AAPCC] of providing Medicare services to a given beneficiary under a fee for service system.

The committee legislation proposes to raise the Medicare payment for each year through 2002 which will have the effect of providing the necessary financial incentives for managed care organizations to develop and sell products to beneficiaries in rural communities. This will be particularly beneficial to residents of my state which has a strong managed care presence in our urban areas but, as yet, little penetration in rural locations.

Debate on the AAPCC was extremely lively in Committee; it is a hard task for set payment levels at an amount that will provide incentives for managed care, but which will also encourage cost-efficiency with no diminution of services for the elderly and disabled.

I want to comment on two issues associated with the AAPCC that will be before the conference committee. The first is the transition from a locally based payment rate to a rate that is decoupled from fee-for-service reimbursement. The Medicare Equity and Choice Enhancement Act authored by Senator GRASSLEY establishes a five-year phase-in of a 50/50 blend of the input price-adjusted national average rate with an area-specific rate. I think this is a fair transition and one which I hope will be preserved in conference.

The second issue associated with the AAPCC is removing from the calculation payments for graduate medical education and disproportionate share hospitals. That change, reflected in the Finance bill, will allow a more equitable calculation of the AAPCC, one which will help ensure that teaching hospitals receive the reimbursement they need.

On the issue of reimbursement for managed care, I continue to remain disturbed about the bill's provision which, in essence, discounts by five percent payments for new beneficiaries. I fully appreciate the need to find a ''risk adjuster'' which will provide us with a better measure of the cost per beneficiary, but to me the 5 percent discount is arbitrary. It will penalize organizations that are doing exactly what we are urging them to do: enroll new beneficiaries in managed care. This is something at which I hope the conferees will take a closer look.

Qualified Medicare Beneficiaries: Another payment issue, that of qualified Medicare beneficiaries (or ''QMBs'') is of great concern to me.

Current law requires Medicaid to pay Medicare cost-sharing charges for individuals who are eligible for both Medicare and Medicaid assistance. These individuals are ''dual eligibles'' and QMBs who have incomes less than 100% of the federal poverty level (FPL) and meet other requirements.

Medicaid frequently has lower payment rates for services than would be paid under Medicare. Medicaid program guidelines permit states the flexibility to pay either (a) the full Medicare deductible and coinsurance or (b) cost sharing only to the extent that the Medicare provider has not received the full Medicaid rate.

Several federal courts, including the 2nd, 3rd, 4th and 11th Circuit Courts of Appeals, have interpreted current law as allowing providers to claim Medicare cost sharing for QMBs and dual eligibles in excess of Medicaid payment rates. Therefore, some state Medicaid programs are now reimbursing Medicare providers to the full allowable rates.

With the exception of one trial court decision in California, the courts have overruled the HCFA policy that does not require the full Medicare payment.

I strongly prefer the outcome of the appellate courts and oppose the particular provision of the Finance Committee version of the Reconciliation bill that acts to reverse the four Federal Courts of Appeals decisions and will allow lower reimbursement for QMBs and dual eligibles.

My position is consistent with the first of the principles adopted by the Chairman in the Medicaid mark: ''Enhance the ability of the Federal and State government to meet the health care needs of vulnerable populations.''

QMBs and dual eligibles are poor, and mostly elderly, individuals that are dependent on both Medicare and Medicaid in order to receive quality health care.

Dual eligibles and QMBs are the very elderly (greater than 85 years old) and the very sick. For example, about 40 percent of QMBs have a cognitive or mental impairment (including many with out difficult chronic conditions such as stroke and Alzheimer's).

Minority group Medicare beneficiaries are more likely to be dual eligibles. Compared with the general Medicare population, dual eligibles are more likely to be women, living alone.

The QMB/Dual Eligible population is financially dependent on Medicaid to provide the needed supplemental insurance coverage to Medicare.

The bill, as reported by the Finance Committee, allows states to act in a fashion that would deny providers the full Medicare level of benefits for these particularly needy QMB and dual eligible beneficiaries, and will unintentionally fray the safety net precisely where it needs to be strengthened.

For example, a recent study by the

Physician Payment Review Commission reported that 43 state Medicaid programs identified serious problems in maintaining adequate levels of physician participation chiefly due to already low payment rates.

In fact, the study found that, over a 15 year period, sate spending on physician services per Medicaid recipient failed to keep pace with Medicare by more than a threefold factor.

The better policy is to adhere to the precedent of the great majority of courts that have considered this issue and continue to compel these payments for these beneficiaries.

Frankly, it is difficult to see how the provision in the Finance bill to lower reimbursement for QMBs and dual eligibles will result in anything other than in undermining the willingness of providers to treat QMBs and dual eligibles.

The Second Circuit, one of the several courts that have ruled in favor of the framework I find preferable, reviewed the relevant laws and legislative history in concluding: ''* * * Congress sought to avoid a wealth-based, two tiered system of health care for the elderly and certain disabled and indeed wanted to integrate all of those who were Medicare-eligible into the existing health care system.''

As the 11th circuit said in the Smith Case, 36 F.3d 1074: ''we reject * * * attempts to wring ambiguity from a statute where there is none.''

The bill as reported by the Finance Committee is ambiguous, but is unambiguously a poor policy and will certainly affect the care received by those many physically frail QMBs and dual eligibles negatively.

I strongly prefer the House position on this particular issue because by not adopting the Senate Finance Committee policy it protects individuals whose health and income status place them in a precarious medical situation.

As the Washington Post editorialized, on June 16, 1997, on the problem of the dual eligibles: ''* * * suddenly Medicare, which was set up to be a uniform, universal system for all the elderly and disabled, becomes a two-tier system, with different levels of payment and therefore, in the long run, quite different levels of care for the better and the less well-off.''

We should not act to decrease access to quality health care for poor, sick and predominantly old individuals. We should retain and enlarge, not reverse, a policy on QMB and dual eligible reimbursement that many, including four Federal appellate courts, have concluded is consistent with the letter and spirit of both Medicaid and Medicare.

Chiropractic Care: Turning to another issue of great interest to me, that of chiropractic care for Medicare beneficiaries, I am hopeful that the conferees will be able to approve Representative CRANE's provision, which I had hoped to offer in Committee.

Chiropractic services are currently provided in the Medicare program; however, the coverage is extremely limited to treatment by means of manual manipulation of the spine. Moreover, current law requires chiropractors to obtain an x-ray before payment will be made even though Medicare will not pay chiropractors to take the x-ray.

I had initially planned to offer an amendment identical to the language in the House Ways and Means Committee that would remove the requirement for x-rays as a condition of coverage and payment of chiropractic services. I would note that this provision also had the support of the Administration and was included in their budget proposal as well.

Unfortunately, the Congressional Budget Office scored the provision as costing $600 million over a five-year period. And, although it was included in the Ways and Means bill as I previously mentioned, the Finance Committee spending parameters did not allow for its inclusion principally due to the cost estimate.

Accordingly, I offered an amendment proposing a two-year demonstration project to study the cost effectiveness of removing the x-ray requirement as well as allowing doctors of chiropractic to order and perform x-rays in both a fee for service and managed care setting. I am grateful that Chairman ROTH indicated he would conditionally accept my demonstration amendment on the basis that a final CBO would be de minimis. With that understanding, the committee unanimously approved my amendment.

I was astonished to learn yesterday that, in fact, the CBO scored my amendment at $900 million—a third more than the entire provision in the House! I have asked for a complete justification of this figure, but pending that review, the Committee had no choice but to drop my amendment.

I firmly believe that affording greater access to chiropractic services by beneficiaries will not only result in reduced Medicare expenditures but will also reduce the performance of needless surgery to correct back problems.

I hope that as this issue is addressed in the conference committee, that the Ways and Means language will prevail, and will, therefore, bring a more pragmatic approach to the delivery of health care to our seniors.

Durable Medical Equipment: On reimbursement for durable medical equipment (DME), I am happy to report that the committee agreed to include an amendment I proposed which would allow beneficiaries to buy more expensive equipment than that allowable under Medicare and pay the extra amount out-of-pocket. This is an amendment originally proposed by our former colleague, Senator Bob Dole, and I think it makes a good deal of sense. Since this provision was contained in the Balanced Budget Act of 1995, I am extremely optimistic it will become law this year.

Orthotics and Prosthetics: On the topic of reimbursement for orthotics and prosthetics (O&P), I am grateful that the bill includes an annual update of at least one percent over the coming five years. O&P providers design, fit, and fabricate braces and limbs for persons with physical disabilities. As such, this small industry is distinct from DME. O&P suppliers have much less control over the costs of their program than DME suppliers, given that it is hard to imagine ''induced demand'' for O&P equipment. Consequently, I hope that any provisions undertaken to restrict the growth of DME, which I recognize is a concern, will not be attributed to O&P as well.

Home Oxygen Services: One of the most contentious, and for me, most troubling, issues associated with this bill was how to set the appropriate reimbursement level for home oxygen services.

None of us want to see quality diminished for this vital service. That is clear.

But the Committee was presented with very compelling evidence that payment levels are too high.

For example, the General Accounting Office report comparing oxygen services in the Veterans Administration to those under Medicare concluded that the Health Care Financing Administration is paying almost 40 percent too much for home oxygen.

I will be the first to admit that I do not know what the exact number should be. Nor is there any statistical measure that can be reliably employed.

I will say that there was virtual unanimity that the current payment levels are too high. However, given the need to ensure continuing high-quality services for beneficiaries, I am much more comfortable with the House provision. Serious questions have been raised about the severity of the Finance recommendation and the effect that it could have on small, rural providers such as many who operate in my home state of Utah. If we are to err, I would rather err on the side of quality.

Fraud and abuse: I would also like to comment briefly regarding the new fraud and abuse provisions in the bill. The bill, as amended by Senator GRAHAM, contains new, significant and, in some respects, untested anti-fraud and abuse penalties including additional Medicare exclusions and civil monetary penalty authority.

I believe that we need effective fraud and abuse enforcement tools. I just want to be sure that these provisions do not have any unintended consequences or implications that would penalize innocent parties who are following the letter of the law.

Many of these provisions found in the Finance bill as amended are actually based on provisions contained in the Administration's fraud and abuse legislation introduced earlier this year, and on which no hearings were held in the Senate.

As a general rule, we in the Congress should not act without the full and open benefit of hearings so that all parties have an opportunity to comment,

and so that legislation can be modified as appropriate.

While I am not going to oppose these provisions, I do have reservations about some of them. And, I am encouraged to learn that the House intends to address some of these in conference.

The expanded authority with respect to the imposition of civil monetary penalties was particularly troublesome.

The two provisions at issue included (1) the addition of a new civil monetary penalty for cases in which a person contracts with an excluded provider for the provision of health care items or services, where that person knows or should know that the provider has been excluded from participation in a federal health care program; and, (2) the addition of a new civil monetary penalty for cases in which a person provides a service ordered or prescribed by an excluded provider, where that person knows or should know that the provider has been excluded from participation in a federal health care program.

While, certainly, no provider should contract with or furnish services ordered or prescribed by another provider whom they know to be excluded, the provisions also would subject providers to civil monetary penalties where they ''should know'' that another provider is excluded.

This ''should know'' standard has the potential to create anxiety among providers. What would rise to the level that a provider ''should know?'' In my view, these provisions target the wrong providers—they punish the provider who is serving the patient based on a legitimate and legal prescription, rather than the excluded provider who is at fault.

For example, retail pharmacies fill thousands of prescriptions per month based upon prescriptions from numerous prescribers. It is not hard to imagine a situation in which a pharmacy would be unwilling to fill an emergency prescription for a sick child late at night in a rural community. The pharmacist might not have enough information about the prescribing doctor to risk a $10,000 fine.

I think it is extremely important to clarify our expectations on this issue and others within the CMP section. Accordingly, I am pleased that Chairman ROTH agreed to the inclusion of report language that, in effect, clarifies that the committee ''does not intend these two new civil monetary penalties—for arranging or contracting with an excluded provider, or for providing items or services ordered or prescribed by an excluded provider—to impose an affirmative burden on providers to find out if another provider has been excluded from a federal health care program. Rather, only in instances where a provider acts in deliberate or reckless disregard of another provider's excluded status may the government seek to impose civil monetary penalties under these provisions.''

Community Health Centers: Before turning to the final issue I wish to discuss, I just wanted to take a moment to mention my appreciation that Chairman ROTH agreed to continue the current reimbursement system for Federally-Qualified Health Centers.

FQHCs are the best way I know to deliver high-quality, low-cost care to underserved areas. They are increasingly being squeezed in today's managed care environment, in large part because they are providers of last resort and have no insurers on which to shift costs if they are underpaid. Studies have indicated that Community Health Centers, for example, are only receiving about half of their costs from managed care entities. Faced with that situations, CHCs have little recourse, and can only hope that their appropriated funds make up the difference.

This is a situation that I intend to follow closely. No one likes to argue for cost-based reimbursement; that is not a particularly effective payment mechanism. But, to require CHCs and Rural Health Clinics (RHCs) to provide services at less than cost is also inefficient, and stifles the development of a cheaper alternative form of health care delivery which is proven to be high quality. There is no easy answer here, but let us not undercut these great little providers while we seek a solution.

Children's Health Initiative: Finally, I want to close by commenting on what may be the most important provision of this bill: the children's health insurance initiatives.

Let me just say that a lot of progress has been made on the issue of children's health in the 105th Congress.

I believe that, when the history of this Congress is written, two of the most important chapters will address the balanced budget agreement and the children's health initiative. It seems only fitting that this budget reconciliation bill that brings the budget into balance includes the key funding and program provisions on children's health insurance. Our kids will have a healthier future in both of these important respects.

Let us be clear why we take these major actions to include $24 billion in new spending over the next 5 years to pay for children's health insurance.

An estimated 10 million American children are without health insurance.

This amounts to about 25 percent of the nation's uninsured individuals.

In my state of Utah, about 10 percent of our children lack health insurance. This amounts to about 55,0000 uninsured children in my state.

Because the Medicaid program is targeted to provide health care to poorest of the poor, it is important to understand that many of the uninsured children in our nation come from working families with incomes just above the poverty level.

In fact, about 88 percent of these uninsured children come from families where at least one parent works.

What I have been trying to do over the last few months is to help these children from America's working families.

That's why I teamed up with Senator TED KENNEDY to introduce the Children's Health Insurance and Lower Deficit Act (CHILD). In essence, this twin legislation, S. 525 and S. 526, calls for an increase in the federal tax on tobacco products in order to finance a voluntary program of state block grants for children's health insurance and to provide for deficit reduction.

Because of our well-recognized divergent philosophies, Senator KENNEDY and I had hoped that, by drafting compromise legislation, we would be able to attract support for our legislation across the political spectrum.

By and large, we have been successful with working with advocacy groups like the Children's Defense Fund and the Child Welfare League to raise awareness of this issue. And, I believe we should give credit to these organizations—as well as to health care providers such as children's hospitals and American Academy of Pediatrics—for their tireless and long-standing efforts to highlight the health care needs of children in our country.

And, although I do not see eye to eye with Senator KENNEDY on all, or even most, matters, I must commend my friend from Massachusetts for all of his work and vision on this important issue. There is no more tenacious advocate in the United States Senate for a cause he feels strongly about than Senator KENNEDY.

The Senator from Massachusetts and I worked hard to arrive at a compromise that would be attractive for many. As an ardent anti-tax, anti-big government conservative, the critical tasks were to devise a program that did not centralize decisionmaking in Washington and that did not have the potential of growing out of control. It was also essential that it be paid for.

While I am generally loathe to increase taxes, the adverse health effects of tobacco and their concomitant costs to society, not to mention the costs to public programs, made raising the tobacco tax a ''two-fer.''

Tobacco is a killer. I don't know of any other product that, when used as directed, will kill you.

Tobacco accounts for an estimated 419,000 American deaths annually. In 1993, cigarettes killed more of our fellow citizens than AIDS, alcohol, car accidents, fire, cocaine, heroin, murders, and suicides combined.

About 50 million Americans smoke.

About 1 in 5 deaths are smoking related.

4 of 5 smokers begin by age 18. About half by age 14.

Each day 3000 young Americans begin to smoke.

Experts believe that tobacco costs society $100 billion annually, including $50 billion in direct health care costs.

Of this $50 billion, there are $10 billion in annual costs to Medicare; $5 billion in Medicaid; $4.75 billion to other federal programs; and, $17 billion in increased insurance premiums.

Not only does tobacco kill, it also results in a tremendous amount of unnecessary health care costs.

When all is said and done, use of tobacco products comprises the number one preventable public health threat.

A strong argument can be made that it is this unique public health threat posed by tobacco that forms the basis of the justification for raising the tobacco tax.

The American public overwhelmingly approves of the idea of financing children's health programs through an increased tobacco tax.

An April 26, Wall Street Journal/NBC poll asked the public its opinion of financing state block grants for children's health care through an increase in the tobacco tax.

72 percent of Americans agreed with this proposal.

And this support cuts across almost every demographic category. For example, more than 50 percent of smokers agree with the idea of increasing tobacco taxes to pay for children's health insurance.

So the case against tobacco and for a tobacco users tax increase is strong.

Overall, I am pleased with the children's health provisions of the reconciliation bill as reported by the Finance Committee.

Those involved in the efforts over the last few months to increase materially the funding for children's health insurance should take credit for the addition of $24 billion in new funding over the next five years.

Few could have thought that we could have come so far so fast in this effort.

I know that there are some that think we have, in fact, gone too far, too fast.

But I think that these critics who deny that we can utilize this average $4.8 billion in funding wisely and prudently are just wrong.

If all of the states, for example, exercised the Medicaid option of the block grant we know, applying the $860 per person average federal contribution for a Medicaid covered child, about 5.58 million children could be covered. This is barely half of our nation's uninsured children.

There are a number of ways to look at such a statistic. But in this case, I think the glass is clearly half full. If we take care of more than half of the uninsured children in our nation we will have achieved a major accomplishment.

It is also possible that if states chose to exercise the block grant option, we will be able to take care of more kids than possible under Medicaid.

At this point, no one can know with certainty how many states will use Medicaid and how many will use the block grants.

We do not know what eligibility criteria and financial requirements that states implementing the block grants will chose to adopt. All of these factors will affect how many children will be covered.

But before we get too caught up in focusing on the number of children covered, we must not lose sight that it is also important to see what benefits that covered children are going to receive.

The Finance Committee heard expert opinion from the Administrator of the Health Care Financing Administration, Dr. Bruce Vladeck, that it costs about $1000 per child for a quality children's health insurance plan.

So even with the increased flexibility of the block grants, do not be misled to believe that $4.8 billion per year is somehow too much money. Even when we add in the required state matching rate and co-insurance and co-payment requirements, it is hard to project that even two-thirds of the nation's uninsured children will be taken care of by this $4.8 billion a year.

Also, inflation in the health care sector will eat into the purchasing power of the average $4.8 billion per year allocation.

As I argued last week in the Finance Committee, I would have preferred to get the entire $20 bill in children's health insurance funding over the $16 billion already set aside in the budget resolution. I pointed out that, taken together, these funds could have taken care of the projected 7 million of the nation's uninsured that live in families with incomes under 240 percent of the federal poverty level. This would represent about 70 percent of the uninsured children in this country.

While I was not able to persuade the full Finance Committee to allocate the full Hatch-Kennedy legislation on top of the initial $16 billion set aside, I am pleased that the Committee did agree to the essence of the Hatch-Kennedy CHILD legislation by imposing an increased tobacco tax to finance children's health block grants to states.

Frankly, I think that one of the great watershed events of the return of Republican majorities in both chambers of the Congress is that the days of tax and spend are over in favor of a more fiscally responsible climate in which new taxes are seldom proposed and, if proposed, scrutinized with the highest degree of skepticism.

This is tough medicine but it is what we have to do to set our fiscal house back in order. We need to let working Americans keep more of their hard-earned money by looking for ways to tax and spend less of their income.

So, would I have preferred more money for children's health in the Finance Committee bill? Yes.

But, I would much more rather be in the position of having my colleagues on the Committee nearly unanimously support a tobacco tax that will generate, in part, an additional $8 billion over five years for children's health that I would like to be in an uphill, all but hopeless, battle to win a major floor amendment on a fast moving reconciliation bill.

To me, the $8 billion in hand was more certain than the $20 billion in the bush—so to speak. Moreover, I believe that the positive, bipartisan support for the Finance Committee provisions bodes well for both the success for the provisions and the program itself. The last thing I want is to make children the subject of an acrimonious debate over concepts and details.

This, of course, assumes that the Senate funding level and tobacco tax structure prevails in conference.

I have told my colleagues on the Finance Committee, some of whom—it is a matter of public record—are very much opposed to this source of tax revenue and this funding level, that if the Senate tobacco tax and children's health funding levels are changed in conference then I will pursue, in every way that I know how, more funding. My goal is to get this done, not just put out a press release about it.

Let me also say that it will be my firm position that any funds allocated toward children's health from the so-called ''global tobacco settlement'' should be considered as distinct from, and additive to, the funds earmarked for children's health in the Senate reconciliation bill.

One of the major reasons that I decided to compromise on the amount of funds that I would seek from the Finance Committee in the reconciliation process is because I was aware of the possibility that additional funding may be available from the global settlement.

But let's not kid ourselves here. The global settlement faces a tough road as it wends its way through the Administration, Congress, the Courts, and—perhaps most importantly—the court of American public opinion.

Suffice it to say that I will strenuously resist any effort to reduce in conference or subsequently any of the children's health funding already secured. But, I also believe that my colleagues in both the House and Senate will see the merit in the provisions adopted by the Finance Committee. The need is compelling; the compromise program is reasonable; and it is paid for by taxing a commodity that not a single person can defend as worthwhile.

While I did not get everything that I wanted in this legislation, it is seldom the case that any one legislator gets all that he or she wants. Since this is not a monarchy but a democracy, compromise and consensus building is what distinguishes our form of government.

Given the original philosophical lines of scrimmage, I think the children's health provisions represent a good compromise. The bottom line is that we can all take pride in this provision.

The advocates for children and public health should take credit for successfully raising the concern about the problem of uninsured American children to the level of concern that a major funding commitment—$24 billion over 5 years—was included in an otherwise very frugal budget balancing bill. That's a big achievement that will benefit literally millions of American children into the next century.

The governors should take credit for the fact that the final package approved by the Finance Committee gives the states a great deal of flexibility in devising programs and eligibility criteria that will work best in their respective states. I am confident that the governors will use their creativity to establish programs that deliver high quality health care to the children of working families.

Let me hasten to add that I recognize there are some provisions in the bill of which the children's advocates and the governors do not approve. I understand those concerns. We all want to provide the best possible health care to our kids. But we also want the money to go as far as possible. It is a balance, and we have endeavored to set the scales right.

But politics is the art of the possible. Only because of the debate that we have engaged in over these last few months—a debate comprised of many perspectives and many heated moments—it will now be possible to help millions of American children to reach adulthood in good health.

I see this as both good public health and evidence that Congress is capable of working constructively to address the nation's business.

CONCLUSION

In closing, Mr. President, I count myself among those who have worked hard for a balanced budget. As much as each of us wished otherwise, balancing the budget is not some idle task. Indeed, it is the most difficult of endeavors. We are faced with hard choices, choices that have serious consequences for citizens everyday.

Again, if I were the only senator writing this bill, I would have written some provisions differently. I would have more tax relief, for example. I would have spread spending reductions more evenly over the five-year period.

And, if I can't have everything I want, President Clinton cannot have everything he wants.

But, on balance, I think that this bill lives up to its goals. Senators on both sides of the aisle, but especially the Senator from New Mexico, deserve to be commended for developing this legislation.

When we pass this bill, Congress will have passed another balanced budget bill. We will have preserved Medicare for the foreseeable future, and we have made a considerable downpayment on our children's health. And that is the most important legacy we can leave to our country's future.

I urge President Clinton to give this bill his unequivocal support.

MEDICARE COVERAGE OF ORAL ANTI-CANCER DRUGS

Mr. SANTORUM. Mr. President, the budget reconciliation bill before us presents a historic opportunity to balance the budget, provide long overdue tax relief for families and ensure that important programs such as Medicare will be here for the next generation of Americans. I intend to support this legislation, but first, I would like to make a few comments about the Medicare provisions.

We all know that Medicare is in serious trouble. For 2½ years, we have been hearing that Medicare is going bankrupt. Today, we have an opportunity to do something to put Medicare back on the path to solvency. This bill calls for reasonable structural reforms of the Medicare program. It extends Medicare's solvency and promotes more choices for seniors—much like Members of Congress enjoy under the Federal Employee Health Benefits plan. If we truly care about Medicare—if we really mean it when we say that Medicare must be here for our children and grandchildren, then it's not enough to just talk about saving the program. We need to take action. And yes, we need to ask the baby boomers and today's young people—who I might add are already paying for a program which will not benefit them if we continue the status quo—to accept some structural changes that are absolutely necessary to protect and preserve this program. I commend those who have had the courage to come to the floor and explain these reforms in spite of what the special interest groups say. On behalf of the next generation, I thank my colleagues who are constructively working to solve Medicare's problems before it is too late.

Mr. President, reforming Medicare is not just about saving money. It is also about improving seniors' choices in health plans and treatment options. One way to achieve these goals is by allowing Medicare reimbursements for orally administered anti-cancer drugs which cannot be produced in intravenous form (I.V.). Unfortunately, this change was not included in the bill before us. After considering that orally administered anti-cancer drugs would simultaneously enhance the quality of life for cancer patients and save a significant amount of money, I hope the conferees will include this proposal in the final reconciliation bill.

Medicare's current policy with respect to coverage of anti-cancer drugs is outdated. Medicare pays for injectable and intravenous anti-cancer drugs. Several years ago, Medicare law was amended to also allow coverage for oral anti-cancer drugs, but only if they are available in intravenous form. This policy recognized that if a drug comes in both an oral and an I.V. form, it makes sense to provide coverage for the cheaper oral version instead of requiring patients to take the much more expensive and often more toxic I.V. version. Since then, researchers have developed oral anti-cancer drugs that are just as effective, easier to administer, and have fewer side effects, but are not—and cannot be—produced in I.V. form. Because they have no intravenous formulation, Medicare does not cover them.

Efficacy, safety, and quality of life should be the primary factors when a patient and physician select the appropriate cancer treatment. Unfortunately, current Medicare policy forces many patients to make reimbursement the overriding factor. As a result, the patient is subjected to procedures which are more invasive, more expensive, and often less appropriate simply because Medicare will pay for it. At the same time, Medicare absorbs tens of thousands more in extra costs. For example, the cost of intravenous treatment for recurrent ovarian cancer ranges from $20,000 to $42,000 per patient per treatment course. At the same time, the oral therapeutic alternative—which does not come in I.V. form—costs just $3,300. If Medicare covered the oral alternative, the program could save between $17,000 and $39,000 per ovarian cancer patient, and the patient could enjoy a potentially better outcome and quality of life. Wealthy seniors can pay for the oral drug out-of-pocket if that is their preference, but most seniors do not have that luxury.

Once again, I want to emphasize that when we talk about Medicare reform, we are not just talking about saving money. We also want to create incentives for individuals to seek the most appropriate care. Changing Medicare law to allow coverage of oral anti-cancer drugs meets both tests. I urge my colleagues to incorporate this change in conference. The Health Care Financing Administration supports it. Cancer patients deserve it. Medicare would save money because of it. There is no reason not to do it.

Thank you, Mr. President.

Mr. GRAHAM. Mr. President, although none of us received all of what we wanted in this budget deal, I rise today not to point out its deficiencies. Rather, I want to highlight the key strength of this agreement—It makes Medicare and Medicaid smarter.

It is smart to root out fraud and abuse; it is smart to permit competition; and it is smart to promote preventive health care.

Cracking down on those who abuse the system is smart. Paying less for more goods and services is smart. And preventing diseases is smart.

My colleagues and I are here today not to eliminate Medicare and Medicaid. Nor are we here to preserve the status quo. We are here to make these programs smarter—More efficient, more equitable, and more solvent.

We were faced with the politically unenviable task for paring Medicare by $115 billion and Medicaid by $23 billion to accomplish the overarching goal of this legislation—a balanced budget by the year 2002.

Both health care providers and senior citizens will share in the burden of meeting this goal.

Mr. President, before we ask providers and senior citizens to sacrifice, we should feel confident that this budget makes inroads into cutting fraud and abuse out of the program.

Just yesterday, my esteemed colleague, Senator HARKIN, discussed

some of our mutual concerns in this area. Senator HARKIN and I have long been champions of anti-fraud measures and pro-competitive measures, sometimes to the consternation of health care suppliers and providers.

Senator HARKIN was right yesterday when he spoke strongly about Medicare's need to begin negotiating for the best deal on supplies and equipment, like other Federal agencies have done. It makes no sense that Medicare—the largest single purchaser of health care services in the country—has to follow a price list set out in seven pages of statute rather than relying on competition.

Our efforts in this area have been bipartisan. Just last week in the Senate Finance Committee, I, along with Senator NICKLES, sponsored an amendment to give the Health Care Financing Administration the authority to institute competitive bidding for part B services. My colleagues on the Committee stood with me as we unanimously adopted this proposal. It is my sincere hope that my House colleagues will follow suit.

Implementation of competitive bidding is one way in which Congress can show that we have finally gotten serious about preserving the integrity of Medicare.

Another way is to begin a serious crackdown on fraud in not only Medicare, but Medicaid. Congress simply cannot be taken seriously when it asks for sacrifice if we are not willing to push as hard as we can to prevent people from ripping off the system.

Let me give you some brief examples of the rampant problems we face in this area:

In 1993, in my home town of Miami Lakes, FL, the Office of the Inspector General reviewed 100 claims for Medicare reimbursement by a home health agency. About out-fourth of these claims did not meet Medicare guidelines in that they either were unnecessary, not reasonable, or not provided at all. The home health agency made $8.5 million in claims, $1.2 million did not meet the reimbursement guidelines.

Two years ago, I spend a day working in the U.S. Attorney's Office in South Florida. There I learned that it is easier to get a provider number under Medicare than it is to get a Visa card. It is easier to get a blank check signed by Uncle Sam than it is to get a household credit card.

Mr. President, we cannot repair the Medicare Program without first cracking down on fraud and abuse. Those who play by the rules should not have to suffer at the hands of cheats and swindlers, and this Congress should put an end to the conditions in which cheats and swindlers thrive.

I would like to thank Chairman ROTH for including many of the Medicare anti-fraud proposals contained in bipartisan legislation I introduced with Senator MACK and Senator BAUCUS last month, including mandating that providers post a $50,000 surety bond to participate in the Medicare program.

While a $50,000 bond is relatively inexpensive to post for scrupulous contractors, at a cost of about $500, the requirement has achieved tremendous results in my State. Since implementation of the requirement, the ''fly-by-night'' providers have scattered like so many roaches when the lights are turned on.

Durable Medical Equipment Suppliers have dropped by 62 percent, from 4,146 to 1,565; home health agencies have decreased by 41 percent, from 738 to 441; providers of transportation services have disenrolled from the State's Medicaid program in droves—from 1,759 to 742, a drop of 58 percent. Fewer providers bilking the State's Medicaid Program is projected to save over $192 million over the next 2 years in Florida.

Mr. President, we have expanded the surety bond requirement not only to Medicare in this bill—but the Finance Committee also adopted my amendment to expand this requirement to Medicaid.

This is just one of the many anti-fraud provisions included in this budget. I want to reiterate my thanks to Chairman ROTH for his willingness to take a tough stance to ensure that Medicare and the State Medicaid Programs are run efficiently, without the graft we have seen overrun the programs in recent years.

Finally, Mr. President, we must do as much as we possibly can to ensure that our seniors receive preventive care—''health care'' not ''sick care.''

In the long run, we stand to save billions of dollars by providing early, regular, and preventive medical care, as opposed to acute, reactive, emergency care. It is both fiscally and physically prudent to prevent sickness before the fact and not after.

We can start by covering colon cancer screenings under Medicare. We can save millions of dollars—and millions of lives—by detecting and treating this cancer in its early stages. Colon cancer is the second most frequent cancer killer in America, causing 55,000 deaths each year. But while it is estimated that screening and early detection and intervention could eliminate up to 90 percent of these deaths, Medicare does not currently pay for these preventive measures.

Colon cancer screenings cost only $125–$300 apiece, and patients diagnosed through early detection have a 90 percent chance of survival. But if a patient isn't diagnosed until symptoms develop, the chance of survival drops to a mere 8 percent. Care for treatment in such cases can cost up to $100,000. The cost of not covering colon cancer screenings—in lives and in dollars—is unacceptable.

It is also imperative that we eliminate co-payments for mammography. According to a 1995 study in the New England Journal of Medicine, women in the Medicare Program who have to pay some of the cost of mammography are far less likely to actually undergo the procedure. Only 14 percent of those women who had to make some kind of cash payment actually had a mammogram. In contrast, among women who had some kind of insurance to supplement their Medicare benefits, 43 percent had mammograms. Lack of supplemental coverage should not be a barrier to necessary and ultimately cost-saving medical treatment. Mammography should not be a luxury. It is a necessity.

Mr. President, another necessary preventive measure is Bone Mass Measurement, the procedure which detects Osteoporosis.

Osteoporosis is a debilitating bone disease which afflicts 28 million Americans and causes 50,000 deaths each year. Eighty percent of its victims are women.

Osteoporosis fracture patients cost Medicare $13.8 billion a year. This cost is projected to reach $60 billion by the year 2020 and $240 billion by the year 2040 if medical research has not discovered an effective treatment. We can curb these skyrocketing costs by providing Medicare coverage of bone mass measurement.

Because we now have access to drugs which can slow the rate of bone loss, early detection is our best weapon in the fight against Osteoporosis. It is only through early detection that we can thwart the progress of the disease and initiate preventive efforts to stop further loss of bone mass.

In order to ensure that we detect bone loss early, we need to ensure that older women have coverage for bone mass tests. Unfortunately, coverage of bone mass measurement is inconsistent from state to state. Qualifications for testing, and the frequency of testing, differ from carrier to carrier and region to region. The current system is confusing and inequitable. Medicare Bone Mass Measurement Coverage should be covered uniformly in all states.

Diabetes, with its tremendous financial and human toll, also deserves greater protection under Medicare. By providing for Medicare coverage of blood glucose monitoring strips and outpatient self-management training services, we can expect to see significant reductions in complications and expensive treatments.

Coverage of test strips and self-management training services will allow people with diabetes to care for their own individual needs. In so doing, they can better prevent complications such as blindness, kidney failure and heart disease.

Mr. President, this budget agreement is smart. It cracks down on fraud and abuse. It makes medical goods and services cheaper. And it promotes preventive health, saving millions of lives and billions of dollars.

These are necessary and long overdue measures, and I thank my colleagues who have supported them.

MEDICARE SUBVENTION

Mr. KEMPTHORNE. Mr. President, today I join my colleagues in support