

AMENDMENT NO. 3880

(Purpose: To express the sense of the Senate regarding the restoration of reductions in payments under the Medicare program caused by the Balanced Budget Act of 1997)

At the end, add the following:

SEC. ____ SENSE OF THE SENATE REGARDING REDUCTIONS IN MEDICARE PAYMENTS RESULTING FROM THE BALANCED BUDGET ACT OF 1997.

(a) FINDINGS.—The Senate finds the following:

(1) Since its passage, the Balanced Budget Act of 1997 (Public Law 105-133; 111 Stat. 251) has drastically cut payments under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) in the areas of hospital services, home health services, skilled nursing facility services, and other services.

(2) While the reductions were originally estimated at around \$100,000,000,000 over 5 years, recent figures put the actual cuts in payments under the Medicare program at over \$200,000,000,000.

(3) These cuts are not without consequence, and have caused Medicare beneficiaries with medically complex needs to face increased difficulty in accessing skilled nursing care. Furthermore, in a recent study on home health care, nearly 70 percent of hospital discharge planners surveyed reported a greater difficulty obtaining home health services for Medicare beneficiaries as a result of the Balanced Budget Act of 1997.

(4) In the area of hospital care, a 4 percentage point drop in rural hospitals' inpatient margins continues a dangerous trend that threatens access to health care in rural America.

(5) With passage of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-372), as enacted into law by section 1000(a)(6) of Public Law 106-113, Congress and the President took positive steps toward fixing some of the Balanced Budget Act of 1997's unintended consequences, but this relief was limited to just 10 percent of the actual cuts in payments to providers caused by the Balanced Budget Act of 1997.

(6) Expedient action is required to provide relief to Medicare beneficiaries and health care providers.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that by the end of the 106th Congress, Congress should revisit and restore a substantial portion of the reductions in payments under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to providers caused by enactment of the Balanced Budget Act of 1997 (Public Law 105-133; 111 Stat. 251).

Mr. REID. 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. LEVIN. 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. LEVIN. Mr. President, I ask unanimous consent to be allowed to proceed in morning business for up to 15 minutes.

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

DEATH TAX ELIMINATION ACT

Mr. LEVIN. Mr. President, I want to spend a few moments this afternoon to

explain why I opposed the Republican proposal to repeal the Federal estate tax and why I supported the alternative Democratic proposal to provide relief in the estate tax for those who, in any judgment, need it the most, that is, small businesses, family farms, and those who are more modestly situated than those who would receive the most of the relief under the Republican proposal.

The current estate tax was first enacted by Congress in 1916, partly at the behest of President Teddy Roosevelt. Teddy Roosevelt was right; it is appropriate for there to be an estate tax on those who prosper so greatly in the American economic system in order to provide some assistance to those who have worked hard but have fallen behind and in order also to do some things we must do in order to improve our society and our communities. That is the basic tenet of a progressive system of taxation.

I think President Teddy Roosevelt was also correct that the tax should not be designed in such a way as to discourage people from seeing to it that their children are more secure but, rather, it should be aimed at immense fortunes which have been created.

That is why I supported the Democratic proposal to reform the estate tax to provide prompt relief to small business owners and farmers rather than voting for the Republican proposal which would have repealed it more slowly over the next 10 years but then would have totally repealed it for even the greatest portion.

The Democratic proposal targets tax relief to persons with estates, small businesses, and family farms of up to \$8 million. By increasing the exemption for qualified family-owned business interests from its current level of \$2.6 million per couple to \$4 million per couple in 2001 and \$8 million per couple in 2009, the Democratic alternative provides significant immediate relief and then removes altogether the tax for the vast majority of the 2 percent of family farms and small businesses that are currently subject to the tax.

In contrast, the Republican plan removes no one from the estate tax burden totally for another 10 years but then removes even the largest estate completely at huge costs to the Treasury.

In addition to providing relief immediately, the Democratic proposal does so at a more reasonable cost—\$64 billion over 10 years—compared to \$105 billion for the Republican repeal. This \$40 billion difference can and should go to other important national priorities, such as a prescription drug benefit for Medicare, making a college education more affordable, extending Medicare solvency, or reducing the national debt.

The Republican repeal would cost much more than that because in the second 10 years—from 2011 to 2020, the same decade in which the baby boomers begin to retire and place

strains on the Medicare system and on Social Security—the repeal is estimated to cost up to \$750 billion.

That is what these two charts show. There is a significant revenue loss from the Republican repeal, starting in 2010 at the rate of about \$23 billion a year, going up to \$53 billion a year in 2015, and then \$66 billion a year in 2020, \$82 billion in 2025, and so forth.

That kind of severe strain on the Treasury begins in about the year 2010—that is, at the same time when there is a great demand on the Treasury to make payments to Social Security. Until about 2012, Social Security is in surplus. But then in about 2012, Social Security takes in less than it is paying out, and the Treasury from the general fund must begin to pay back to Social Security a part of the debt which has been built up for Social Security. Those payments significantly increase, starting in the year 2015 from \$12 billion a year, to \$183 billion in 2020, to \$416 billion a year in 2025, and so forth.

That is one of the major problems with the estate tax proposal the Republican majority offered—that the drain it is going to place on the Treasury, the loss to the Treasury, begins to hit severely at precisely the same time, or at least approximately the same time, as there is a significant shortfall for Social Security and when payments must be paid from the Treasury to Social Security if we are going to keep our promise to those who retire in those years.

I believe taxes should be distributed fairly among all Americans. To give a huge tax cut to the wealthiest among us at the expense of important national priorities for the rest of us, at the risk of not being able to pay what is required to Social Security recipients, what is committed to be paid to them, and what was promised to be paid to the recipients of Social Security starting in the years 2012 and beyond, is a serious mistake. It is simply wrong.

I believe the Democratic estate tax reform plan is consistent with national priorities and is consistent with keeping our commitments to Social Security. The alternative Republican plan puts those commitments at risk and puts those priorities at risk. That is why I thought the Democratic plan was fairer to our taxpayers and fairer to this Nation.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000—Continued

Mr. SESSIONS. Mr. President, I would like to share a few thoughts on the marriage penalty tax and why I believe it is long past time to remove that tax from our body politic.

I would also like to share a few thoughts on my excitement and thrill about seeing the vote earlier today in

which we joined the overwhelming vote of the House of Representatives in eliminating the death tax. I believe it is a tax that causes an extraordinary burden on the American economy. It disrupts the small, closely-held businesses in America. It actually impedes smaller, growing, profitable businesses that are reaching the levels to compete with a Wal-Mart, or a Home Depot, or a Car Quest store—the companies that are doing so well locally. Then 10, 15, or 20 years down the road, bam, the leading stockholder dies and the corporation owes \$6 million, \$8 million, \$10 million, \$12 million, or \$30 million in estate taxes. They either have to sell off their corporation, go into debt, or do whatever to pay it. People do not understand it.

If you start an auto parts store chain, and I know of an example of this, and build up to 27 stores, and the senior man who owns the business dies, they evaluate every single store, every part on every counter in those stores as if it is for sale. Say it is worth \$50 million and the family has been investing, every day, all of the profits, basically in expanding the business, and the tax they owe, 55 percent, is on the entire value of the corporation? So where do they get the money?

What I know happened in a company as I am describing, the family faced a major decision. What did they decide to do? They sold out to Car Quest, a national corporation. There is nothing wrong with it, it is a fine company, but instead of being a competitor to Car Quest and Auto Zone and the other big dealers, they were out of business. The customers lost. The hometown distribution center in Alabama, where that company was, closed down and they had the Car Quest distribution center in another part of the State.

We are chopping off the heads of growing, vibrant corporations, just as they get to the point to compete with the big multinational and national corporations worth billions of dollars. We ought not to be doing that. It is not good public policy. It brings in very little money. I don't think we ought to be afraid about projections of how much it would cost. It is certainly not going to cost much in the next 10 years. At the rate of growth of this economy, we will be more than able to pay for it, and these numbers do not include the strength and aid the elimination of this tax will give to the American economy.

But the power to tax is a major power of our National Government. When you take money from individual American citizens, you take their wealth from them, as we do in the Government every day when we collect taxes. We take their autonomy, their freedom, their independence, and their power over the things they have earned. It is a diminishment of the strength and independence and autonomy of a citizen, when you increase taxes. It is an increase in the power, the strength, the domination of the Government who takes that tax.

When we have a time in this Nation that we are growing and vibrant and we have some extra money coming in, we have a choice. Are we going to keep taking that money or are we going to allow it to go back to the American people? I have seen the studies from the Office of Management and Budget that show, as a percentage of the total gross domestic product, the Government is taking more money today than at any time since the height of World War II. In 1992, when President Clinton took office, the percentage of the gross domestic product, the total of all goods and services produced in our Nation going to the Federal Government, was 17.6 percent. It is now hitting about 20.9 percent, the largest in history since the peak of World War II when we had a life-and-death struggle going on in the world.

I am, first of all, a supporter of tax cuts because I believe they restore and move us in the direction we ought to head, and that is our heritage as Americans. I spent some time recently in Europe. We were stunned to find the Europeans are paying, on average, 67 percent of their income to the government. Their economies are not nearly what ours is. We have much lower unemployment. The highest growth rate in gross domestic product in the world last year, among industrial nations, was the United States.

I remember reading an article in *USA Today*, and they interviewed three businessmen—one each from Germany, Japan, and England. They asked them why our economy was better than theirs. They said unanimously it is because the United States had less taxes, less regulation, and a greater commitment to the free market.

I asked Chairman Alan Greenspan, the architect, many say, of this growth economy we are in, did he agree with that. He immediately looked up at me and he said: I absolutely agree with that.

So my concern, my drive, is not to try to see if I can get votes by promising people we are going to reduce their taxes. What I want to see is our Nation establish its heritage of private sector development and growth that is allowing us to lead the world, without doubt, economically, industrially, environmentally, and scientifically. When you talk to people in Europe, they take it as a given that our economy is stronger than theirs. They do not even discuss the subject. They try to say why they chose a different path, but they acknowledge the strength of our American economy.

I have one more prefatory statement. A tax is a penalty. A gift of money is a subsidy. Things you penalize, you get less of. Things you subsidize, you get more of. I think that is a fundamental law of human nature and of the economy, little to be disputed at this point.

So the next tax we need to be talking about is a tax on marriage. In this Nation, we impose a tax on the institution of marriage. As we all know, mar-

riage is the cornerstone of strength in any society. We have seen study after study, ever since Dan Quayle raised the issue and *Atlantic Monthly* wrote an article that Dan Quayle was right, that the marriage breakup is damaging to our country. We have created a tax policy in this country that penalizes the institution of marriage and subsidizes singleness.

I had a staff person make a statement to me a couple of years ago that stunned me. She said: JEFF, you know we were divorced in January. We got a \$1,600 improvement on our taxes by being divorced. If we had been smart enough to have divorced in December, we would have saved \$1,600 both years.

We are in the business now in this country of paying people a tax bonus for divorce. We are causing them to suffer a tax penalty, on average of \$1,400, if they get married. That is not good public policy. It is wrong. It is unfair. It should not continue. The President has indicated in his State of the Union Address it ought to be eliminated. I do not know who would be against that. It is time to end it now, and this Senate is going to do so. We are going to do it. I expect the President will sign it. I certainly hope so.

We have a surplus now of record proportions, of \$1 trillion outside Social Security. I hear a number of my fellow Members of the Senate on the other side of the aisle who express concern if we have a few tax cuts that represent only a small part of the \$1 trillion in the non-Social Security surplus we are going to have in the next 10 years, over \$1 trillion in non-Social Security surplus applying every dime of the Social Security surplus to the Social Security fund, that somehow we are going to be disrupting and spending all that surplus. The tax cuts proposed are not going to use all of the surplus.

Not only will we pay down the debt with the Social Security surplus, we will be paying down debt with the other surplus we have, unless we go into a spending frenzy—which I reject.

We will also have money to expand spending programs. Our spending is up this year. But every time we get an estimate of the surplus we are looking at over the next decade, those estimates are higher than before. Our economy continues to be strong, and allowing people to keep their money will help keep the economy vibrant and strong.

I am excited about this vote we will be undertaking soon to eliminate the penalty on a very important institution in this country, and that is marriage. We did make progress 2½ years ago, when we passed a child tax credit. A family of three would be able to receive \$1,500, if their income is not too high, in tax rebates for those three children; over \$100 a month that they can use for shoes, or to fix the muffler on the car, to buy a set of tires, let the child go to camp for the summer, or maybe take a vacation together. It is real money for real families.

Some think Government is not working if we allow families to spend the

money as they see fit; that we are somehow unconcerned about children; we are somehow unconcerned about families if we do not take the money from them and give it back to them and tell them how to spend it. That proves we are concerned?

I say baloney. If you respect American families and you respect American people, free and independent citizens that we are, you let them keep as much of the money you can, to spend as they wish, and they will use it wisely.

I am excited about this vote and this debate. I welcome it. The American people are going to understand the absolute insanity of a tax on the institution of marriage and reject it. We will allow the American people to keep some money that they can spend as they choose on the things that are important to them.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

FAMILY CARE ACT

Mr. ROCKEFELLER. Mr. President, I rise to comment on the bill Senator KENNEDY and others have worked on which is formally called the Medicaid/CHIP Family Improvement Act, but I will simply refer to it as the Family Care Act.

Most of the people in this country who are uninsured work. A lot of Americans assume that if somebody does not have health insurance, there is lack of merit or effort on their part. Most of the people who do not have health insurance are, in fact, working every single day. They are working, and many happen to be the working poor.

The whole philosophy of the earned-income tax credit, which President Reagan started and a lot of people continued, is that if people are poor and are working, we say: Good, you have taken a job; as a result of taking a job, you have given up your Medicaid health care benefits, and in America we respect that you are taking a risk by going out into the marketplace. You are probably not getting health insurance because of the low wages you are being paid but, nevertheless, you value work and you are going ahead with it.

This is the same spirit we are talking about in the Family Care Act. We value people who work. We value people who work for low wages, and we want to help them and their families.

Essentially through the Family Care Act, not only do we have the CHIP program, with which we are all familiar, which was started in 1996, which has been moderately successful for 2 million out of the 11 million children in this country, but we expand that. We say: Let your parents be included in this, too, because you are all part of the same family.

The Senator from Alabama was just talking about the importance of protecting the family. This is an example of how to do that. The parent of the

child receiving the Children's Health Insurance Program is probably without health insurance, so why not expand that to include that parent, which brings the family together on health insurance. It is sensible.

We also provide some money because it is very hard in places such as West Virginia and, I suspect, Alabama, both of which are essentially rural States, and most States in this country have very rural aspects to them—it is very hard to reach out and find the children. We go through the School Lunch Program, but not everybody wants to admit they are on Medicaid or they are available for the CHIP program. It is hard to reach out, so we provide more money to the States to do that in ways the States believe are appropriate.

We also provide States some money for other ways they might think of to do innovative planning to include parents and expand those who are uninsured.

It is interesting to me because we are talking a lot about health care but not doing very much about it. I remember when President Clinton was elected. Although his health care bill did not succeed, there was a lot of energy around here. The energy did not start out to be partisan. It started out that he was elected to do universal health care, and there was a lot of talk.

At that time, the only industrialized countries in the world that did not have universal health insurance were the United States and South Africa. South Africa now has universal health insurance, and the United States is still the only country which does not.

Of course, we are in a massively successful economic situation with a lot of people working and a lot of opportunities to make these changes. What I worry about and why I care about the Family Care Act is that we have tended more away from the fundamentals of health care towards what I call political posturing. I do not want to get into who is doing it and to what extent, but I think most people will agree there is a lot of political posturing occurring.

I am hopeful we will pass a prescription drug benefit. I am not sure we will. I am hopeful we will pass Medicare reform. I do not think we will. I spent a year with the Medicare Reform Commission. It was quite an exercise in futility. There were a lot of negative feelings going back and forth. It was not the kind of commission or work with which one really wanted to be associated in terms of expanding health care.

This bill is not about posturing; it is about trying to eliminate the number of uninsured as much as we possibly can.

I still very much have on my mind the concept of universal health care. I understand that is not the top subject of the moment. We are at an incremental stage. If I can do things incrementally, then I will do that. If I have to wait some years for universal health

care, then I will have to do that. I will always be pushing for universal health care, but I will take steps as we can take them, and this Family Care Act is a splendid way to do that.

One of the problems is that since President Clinton's health care bill did not pass—and I will not comment on that—there were 36 or 37 million people uninsured in the country, and there was disagreement as to the number. That is a lot of people. Now there are about 43 million to 44 million uninsured. One can extrapolate from that that we have been talking but not doing much about it. There have been a couple of instances where there has been bipartisan legislation which has passed and has helped, but nothing really substantial, and it has been very sporadic.

We are looking at a situation where, over the next 3 years, approximately 30 percent of the population, or about 81 million Americans, can expect to have no health insurance for at least 1 month out of a year. Who is to say when a problem might occur, when a leg might be broken, when a cancer may be discovered or when some other problem might arise? Basically, that to me is uninsurance.

Business people like to have predictability, and individuals like to have a sense of predictability: I have it; I am safe. That is why it is called the Health Security Act. Security is very important in health care.

Others would say let the market do that. The market has worked wonderfully in many ways in our country. It has had a lot to do with the success of our economy. It probably has had more to do with the success of our economy than the very Chairman of the Federal Reserve the Senator from Alabama was talking about a few moments ago. We are an entrepreneurial country, but we carry entrepreneurship to those places where we are quite certain it is going to work.

There are those who take risks, but basically Americans, when it comes to something such as health care, are rather risk averse, and therefore the whole concept of predictability and security once again becomes particularly important.

I am very unhappy when I think of 81 million Americans having at least 1 month out of the year without health insurance. I do not suspect the market is going to turn that around because it declined to. The Health Insurance Association of America, which is not a particularly aggressive group on health care, would agree with that statement. They do not want to get into that business of doing that kind of insurance.

The Family Care Act is a sensible Government approach in which we simply take the CHIP program, which is beginning to work now at a rapidly increasing rate as States grow more comfortable with it, and say let's extend that to the parents. That is called incrementalism. It is sensible. It fits within a pattern. It is logical, and it