FITZGERALD) was added as a cosponsor of S. 1683, a bill to amend the Emergency Food Assistance Act of 1983 to permit States to use administrative funds to pay costs relating to the processing, transporting, and distributing to eligible recipient agencies of donated wild game.

S. 1686

At the request of Mr. KENNEDY, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 1686, a bill to amend title XVIII of the Social Security Act to provide for patient protection by limiting the number of mandatory overtime hours a nurse may be required to work in certain providers of services to which payments are made under the medicare program.

S. 1934

At the request of Ms. MIKULSKI, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 1934, a bill to amend the Law Enforcement Pay Equity Act of 2000 to permit certain annuitants of the retirement programs of the United States Park Police and United States Secret Service Uniformed Division to receive the adjustments in pension benefits to which such annuitants would otherwise be entitled as a result of the conversion of members of the United Stats Park Police and United States Secret Service Uniformed Division to a new salary schedule under the amendments made by such Act.

S. 1945

At the request of Mr. JOHNSON, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 1945, a bill to provide for the merger of the bank and savings association deposit insurance funds, to modernize and improve the safety and fairness of the Federal deposit insurance system, and for other purposes.

S. 1992

At the request of Mrs. MURRAY, the name of the Senator from Maine (Ms. SNOWE) was withdrawn as a cosponsor of S. 1992, a bill to amend the Employee Retirement Income Security Act of 1974 to improve diversification of plan assets for participants in individual account plans, to improve disclosure, account access, and accountability under individual account plans, and for other purposes.

S. 2026

At the request of Mr. LUGAR, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. 2026, a bill to authorize the use of Cooperative Threat Reduction funds for projects and activities to address proliferation threats outside the states of the former Soviet Union, and for other purposes.

S. 2051

At the request of Mr. REID, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 2051, a bill to remove a condition preventing authority for concurrent receipt of military retired pay and veterans' disability compensation from taking affect, and for other purposes.

S. 2053

At the request of Mr. FRIST, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 2053, a bill to amend the Public Health Service Act to improve immunization rates by increasing the distribution of vaccines and improving and clarifying the vaccine injury compensation program, and for other purposes.

S. 2187

At the request of Mr. ROCKEFELLER, the name of the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of S. 2187, a bill to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to furnish health care during a major disaster or medical emergency, and for other purposes.

S. 2189

At the request of Mr. ROCKEFELLER, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 2189, a bill to amend the Trade Act of 1974 to remedy certain effects of injurious steel imports by protecting benefits of steel industry retirees and encouraging the strengthening of the American steel industry.

S. 2194

At the request of Mrs. CARNAHAN, her name was added as a cosponsor of S. 2194, a bill to hold accountable the Palestine Liberation Organization and the Palestinian Authority, and for other purposes.

At the request of Mrs. FEINSTEIN, the names of the Senator from Florida (Mr. NELSON) and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of S. 2194, supra.

S. 2200

At the request of Mr. BAUCUS, the names of the Senator from Arkansas (Mr. HUTCHINSON) and the Senator from Kansas (Mr. BROWNBACK) were added as cosponsors of S. 2200, a bill to amend the Ineternal Revenue Code of 1986 to clarify that the parsonage allowance exclusion is limited to the fair rental value of the property.

S. 2201

At the request of Mr. HOLLINGS, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 2201, a bill to protect the online privacy of individuals who use the Internet.

S. 2215

At the request of Mrs. CARNAHAN, her name was added as a cosponsor of S. 2215, a bill to halt Syrian support for terrorism, end its occupation of Lebanon, stop its development of weapons of mass destruction, cease its illegal importation of Iraqi oil, and by so doing hold Syria accountable for its role in the Middle East, and for other purposes.

At the request of Mrs. BOXER, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 2215, supra.

S. RES. 246

At the request of Mr. CAMPBELL, the names of the Senator from North Carolina (Mr. HELMS) and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of S. Res. 246, a resolution demanding the return of the USS *Pueblo* to the United States Navy.

S. RES. 247

At the request of Ms. STABENOW, her name was added as a cosponsor of S. Res. 247, a resolution expressing solidarity with Israel in its fight against terrorism.

At the request of Mr. EDWARDS, his name was added as a cosponsor of S. Res. 247, supra.

At the request of Mrs. CARNAHAN, her name was added as a cosponsor of S. Res. 247, supra.

At the request of Mr. LIEBERMAN, the names of the Senator from Wisconsin (Mr. FEINGOLD), the Senator from Florida (Mr. GRAHAM), the Senator from Arizona (Mr. KYL), the Senator from Louisiana (Ms. LANDRIEU), the Senator from Michigan (Mr. LEVIN), the Senator from Maryland (Ms. MIKULSKI), and the Senator from Florida (Mr. NELSON) were added as cosponsors of S. Res. 247, supra.

S. CON. RES. 84

At the request of Mr. SCHUMER, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. Con. Res. 84, a concurrent resolution providing for a joint session of Congress to be held in New York City, New York.

AMENDMENT NO. 3140

At the request of Mr. NELSON of Nebraska, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of amendment No. 3140 intended to be proposed to S. 517, a bill to authorize funding the Department of Energy to enhance its mission areas through technology transfer and partnerships for fiscal years 2002 through 2006, and for other purposes.

AMENDMENT NO. 3258

At the request of Mr. FITZGERALD, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of amendment No. 3258 intended to be proposed to S. 517, a bill to authorize funding the Department of Energy to enhance its mission areas through technology transfer and partnerships for fiscal years 2002 through 2006, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MURKOWSKI:

S. 2222. A bill to resolve certain conveyances and provide for alternative land selections under the Alaska Native Claims Settlement Act related to Cape Fox Corporation and Sealaska Corporation, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. MURKOWSKI. Mr. President, I rise today to introduce legislation that will address an equity issue for one of Alaska'a rural village corporations.

Cape Fox Corporation is an Alaska Village Corporation organized pursuant to the Alaska Native Claims Settlement Act, ANCSA, by the Native Village of Saxman, near Ketchikan, AK. As with other ANCSA village corporations in Southeast Alaska, Cape Fox was limited to selecting 23,040 acres under Section 16 of ANCSA. However, unlike other village corporations, Cape Fox was further restricted from selecting lands within six miles of the boundary of the home rule City of Ketchikan. All other ANCSA corporations were restricted from selecting within two miles of such a home rule city.

The six mile restriction went beyond protecting Ketchikan's watershed and damaged Cape Fox by preventing the corporation from selecting valuable timber lands, industrial sites, and other commercial property, not only in its core township but in surrounding lands far removed from Ketchikan and its watershed. As a result of the six mile restriction, only the mountainous northeast corner of Cape Fox's core township, which is nonproductive and of no economic value, was available for selection by the corporation. Under ANCSA, however, Cape Fox was required to select this parcel.

Cape Fox's land selections were further limited by the fact that the Annette Island Indian Reservation is within its selection area, and those lands were unavailable for ANCSA selection. Cape Fox is the only ANCSA village corporation affected by this restriction.

Clearly, Cape Fox was placed on unequal economic footing relative to other village corporations in Southeast Alaska. Despite its best efforts during the years since ANCSA was signed into law, Cape Fox has been unable to overcome the disadvantage the law built into its land selection opportunities by this inequitable treatment.

To address the inequity, I have introduced the ''Cape Fox Land Entitlement Adjustment Act of 2002.'' This bill will address the Cape Fox problem by providing three interrelated remedies.

1. The obligation of Cape Fox to select and seek conveyance of the approximately 160 acres of unusable land in the mountainous northeast corner of Cape Fox's core township will be annulled.

2. Cape Fox will be allowed to select and the Secretary of Agriculture will be directed to convey 99 acres of timber land adjacent to Cape Fox's current holdings on Revilla Island.

3. Cape Fox and the Secretary of Agriculture will be authorized to enter into an equal value exchange of lands in southeast Alaska that will be of mutual benefit to the Corporation and the U.S. Forest Service. Lands conveyed to Cape Fox in this exchange will not be timberlands, but will be associated with a mining property containing existing Federal mining claims, some of which are patented. Lands anticipated to be returned to Forest Service ownership will be of wildlife habitat value and will consolidate Forest Service holdings in the George Inlet area of Revilla Island. The Forest Service supports the transfer of these lands back to Federal ownership.

The land exchange provisions of this bill will help rectify the long-standing inequities associated with restrictions placed on Cape Fox in ANCSA. It will help allow this Native village corporation to make the transition from its major dependence on timber harvest to a more diversified portfolio of income-producing lands.

The bill also provides for the resolution of a long-standing land ownership problem within the Tongass National Forest. The predominant private landowner in the region, Sealaska Corporation, holds the subsurface estate on several thousand acres of National Forest System lands. This split estate poses a management problem which the Forest Service has long sought to resolve. Efforts to address this issue go back more than a decade. Provisions in the Cape Fox Land Entitlement Adjustment Act of 2002 will allow the agency to consolidate its surface and subsurface estate and greatly enhance its management effectiveness and efficiency in the Tongass National Forest.

I urge my colleagues to support this important legislation.

By Mr. WYDEN (for himself and Mr. SMITH of Oregon):

S. 2223. A bill to provide for the duty-free entry of certain tramway cars for use by the city of Portland, Oregon; to the Committee on Finance.

Mr. WYDEN. Mr. President, I rise today to introduce legislation to extend an import duty suspension for the Central City Streetcar in the City of Portland, OR. The City of Portland purchases the streetcars from a manufacturer in the Czech Republic. Previous streetcar shipments were duty-free under legislation granting special status to the exporting nation, the Czech Republic. The City has ordered two new streetcars which will be shipped on May 1, 2002. However, that duty-free exemption has expired, adding $130,000 to the price of these streetcars. This legislation will provide duty-free entry for those two streetcars ordered by the City of Portland, thus saving the City of Portland $130,000.

I am pleased to be joined by my colleague from Oregon, Senator SMITH, in introducing this bipartisan legislation to provide this duty suspension for the City of Portland's Central City Streetcar. I urge all my colleagues to support this legislation.

By Mr. ROCKEFELLER:

S. 2227. A bill to clarify the effective date of the modification of treatment for retirement annuity purposes of part-time services before April 7, 1986, of certain Department of Veterans Affairs health-care professionals; to the Committee on Veterans' Affairs.

Mr. ROCKEFELLER. Mr. President, I introduce legislation today to fix a long-standing inequity.

Last December, Congress passed the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001. Enacted as Public Law 107–135, this legislation gave VA several tools to respond to the looming nurse crisis. In addition, it altered how part-time service performed by certain title 38 employees would be considered when granting retirement credit.

Previously, the law required that title 38 employees' part-time services prior to April 7, 1986, be prorated when calculating retirement annuities, resulting in lower annuities for these employees. Section 132 of the VA Health Programs Enhancement Act was intended to exempt all previously retired registered nurses, physician assistants, and expanded-function dental auxiliaries from this requirement. However, the Office of Personnel Management has interpreted this provision to only apply to those health care professionals who retire after its enactment date.

The legislation I introduce today would require OPM to comply with the original intent of the VA Health Programs Enhancement Act, and therefore to recalculate the annuities for these retired health care professionals. This clarification would not extend retirement benefits retroactively to the date of retirement, but would ensure that annuities are calculated fairly from now on for eligible employees who retired between April 7, 1986, and January 23, 2002.

I ask my colleagues to join me in restoring our original legislative intent to this issue of fairness for retired VA health care professionals, and ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2227

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

SECTION 1. EFFECTIVE DATE OF MODIFICATION OF TREATMENT FOR RETIREMENT ANNUITY PURPOSES OF CERTAIN PART-TIME SERVICE OF CERTAIN DEPARTMENT OF VETERANS AFFAIRS HEALTH-CARE PROFESSIONALS.

(a) EFFECTIVE DATE.—The effective date of the amendment made by section 132 of the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001 (Public Law 107–135; 115 Stat. 2454) shall be as follows:

(1) January 23, 2002, in the case of health care professionals referred to in subsection (c) of section 7426 of title 38, United States Code (as so amended), who retire on or after that date.

(2) The date of the enactment of this Act, in the case of health care professionals referred to in such subsection (c) who retired before January 23, 2002, but after April 7, 1986.

(b) RECOMPUTATION OF ANNUITY.—The Office of Personnel Management shall recompute the annuity of each health-care professional described in the first sentence of subsection (c) of section 7426 of title 38, United States Code (as so amended), who retired before January 23, 2002, but after April 7, 1986,

in order to take into account the amendment made by section 132 of the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001. Such recomputation shall be effective only with respect to annuities paid after the date of the enactment of this Act, and shall apply beginning the first day of the first month beginning after the date of the enactment of this Act.

By Mr. ROCKEFELLER:

S. 2228. A bill to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to operate up to 15 centers for mental illness research, education, and clinical activities; to the Committee on Veterans' Affairs.

Mr. ROCKEFELLER. Mr. President, I introduce legislation today to allow researchers and clinicians in the Department of Veterans Affairs to establish up to ten more centers to study and treat mental illnesses.

Historically, as many as one-third of veterans seeking care at VA have received mental health treatment, and research suggests that serious mental illnesses affect at least one-fifth of veterans who use the VA health care system. About 450,000 of the approximately 2.3 million veterans who receive compensation from VA have service-connected psychiatric and neurological disorders. These statistics do not reflect problems that affect veterans alone: in 1999, the Surgeon General of the United States reported that mental disorders account for more than 15 percent of the overall burden of disease from all causes, slightly more than all forms of cancer. Major depression alone ranked second only to heart disease in impact.

In 1996, Congress authorized VA to establish five centers dedicated to mental illness research, education, and clinical activities. These Mental Illness Research, Education, and Clinical Centers, called ''MIRECCs'' by VA, integrate basic and clinical research with a training mission that allows VA to translate new findings into improved patient care. Research undertaken within these centers has helped to increase our fundamental understanding of mental illnesses, and has given VA caregivers more and better tools to treat patients with mental disorders so they can function more easily within their communities.

Because they have proved so effective at fostering scientific, clinical, and educational improvements in mental health care, I have introduced legislation today that would allow VA to expand the number of these centers from the five authorized programs to a possible total of fifteen. Based on the programs' success, VA researchers have already started three more centers, expanding the number of existing programs to eight, and have demonstrated their willingness to open more in the near future. I urge my colleagues to join me in supporting the expansion of this program, which benefits not only veterans but the entire mental health care community.

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

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

S. 2228

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

SECTION 1. AUTHORITY OF SECRETARY OF VETERANS AFFAIRS TO OPERATE ADDITIONAL CENTERS FOR MENTAL ILLNESS RESEARCH, EDUCATION, AND CLINICAL ACTIVITIES.

Section 7320(b)(3) of title 38, United States Code, is amended by striking ''five centers'' and inserting ''15 centers''.

By Mr. ROCKEFELLER (by request):

S. 2229. A bill to amend title 38, United States Code, to authorize a cost-of-living increase in rates of disability compensation and dependency and indemnity compensation, and to revise the requirement for maintaining levels of extended-care services to veterans; to the Committee on Veterans' Affairs.

Mr. ROCKEFELLER. Mr. President, today I introduce legislation requested by the Secretary of Veterans Affairs, as a courtesy to the Secretary and the Department of Veterans Affairs, VA. Except in unusual circumstances, it is my practice to introduce legislation requested by the Administration so that such measures will be available for review and consideration.

This ''by-request'' bill contains two sections. The first would authorize the Secretary of Veterans Affairs to increase administratively the rates of compensation for service-disabled veterans, and for the dependent survivors of veterans whose deaths were service-related, beginning this December. The rate of increase, as requested by VA in its proposed budget for FY 2003, would be the same as the cost-of-living adjustment provided under current law to veterans' pension and Social Security recipients.

The second section of this bill would allow VA to change the way that it calculates the number of veterans receiving VA long-term care. In 1999, Congress passed the Veterans Millennium Health Care Benefits Act, which required VA to maintain the level of extended care services offered to veterans at the 1998 level. VA has argued that this law, based on the average daily census in VA-operated nursing homes, unfairly ignores care provided through contracts with private nursing homes and by VA-subsidized State nursing homes. The requested bill would amend the law to include nursing home care furnished by community providers and State veterans homes when determining whether VA has maintained extended care services at the mandated 1998 level.

I ask unanimous consent that the text of the bill and Secretary Principi's transmittal letter that accompanied the draft legislation be printed in the RECORD.

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

S. 2229

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

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Veterans Benefits Improvement Act of 2002''.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—INCREASE IN COMPENSATION RATES AND LIMITATIONS

SEC. 101. INCREASE IN COMPENSATION RATES AND LIMITATIONS.

(a) RATE ADJUSTMENT.—The Secretary of Veterans Affairs shall, effective on December 1, 2002, increase the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation (DIC) by the Secretary, as specified in subsection (b).

(b) AMOUNTS TO BE INCREASED.—The dollar amounts to be increased pursuant to subsection (a) are the following:

(1) COMPENSATION.—The dollar amounts in effect under section 1114 of title 38, United States Code.

(2) ADDITIONAL COMPENSATION FOR DEPENDENTS.—The dollar amounts in effect under section 1115(1) of such title.

(3) CLOTHING ALLOWANCE.—The dollar amount in effect under section 1162 of such title.

(4) NEW DIC RATES.—The dollar amounts in effect under paragraphs (1) and (2) of section 1311(a) of such title.

(5) OLD DIC RATES.—The dollar amounts in effect under paragraph (3) of section 1311(a) of such title.

(b) ADDITIONAL DIC FOR SURVIVING SPOUSES WITH MINOR CHILDREN.—The dollar amount in effect under section 1311(b) of such title.

(7) ADDITIONAL DIC FOR DISABILITY.—The dollar amounts in effect under sections 1311(c) and 1311(d) of such title.

(8) DIC FOR DEPENDENT CHILDREN.—The dollar amounts in effect under sections 1313(a) and 1314 of such title.

(c) DETERMINATION OF INCREASE.—(1) The increase under subsection (a) shall be made in the dollar amounts specified in subsection (b) as in effect on November 30, 2002.

(2) Except as provided in paragraph (3), each such amount shall be increased by the same percentage as the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 2002, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(3) Each dollar amount increased pursuant to paragraph (2) shall, if not a whole dollar amount, be rounded down to the next lower whole dollar amount.

(d) SPECIAL RULE.—The Secretary may adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 101 of Public Law 85–857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(e) PUBLICATION REQUIREMENT.—At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made

under section 215(i) of such Act during fiscal year 2003, the Secretary shall publish in the Federal Register the amounts specified in subsection (b) as increased under this section.

TITLE II—HEALTH MATTERS

SEC. 201. NURSING HOME STAFFING LEVELS.

Section 1710B(b) is amended to read as follows:

''(b)(1) The Secretary shall ensure that the staffing and level of extended care services, excluding nursing home care, provided by the Secretary nationally in facilities of the Department during any fiscal year is not less than the staffing and level of such services provided nationally in facilities of the Department during fiscal year 1998.

''(2) The Secretary shall ensure that the average daily census in nursing homes over which the Secretary has direct jurisdiction, plus the average daily census of veterans placed by the Secretary in community nursing homes pursuant to a contract, plus the average daily census of veterans for which the Secretary pays per diem to States for nursing home care in a State nursing home, is not less in total than in fiscal year 1998.''.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, April 18, 2002.

Hon. RICHARD B. CHENEY,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Enclosed is a draft bill containing two very important components of the President's FY 2003 budget request for the Department of Veterans Affairs: legislation to (1) authorize a cost of living increase in rates of disability compensation and dependency and indemnity compensation, and (2) revise the requirement for maintaining levels of extended-care services to veterans. I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Section 101 of the draft bill would direct the Secretary of Veterans Affairs to increase administratively the rates of compensation for service-disabled veterans and of dependency and indemnity compensation (DIC) for the survivors of veterans whose deaths are service related, effective December 1, 2002. As provided in the President's FY 2003 budget request, the rate of increase would be the same as the cost-of-living adjustment (COLA) that will be provided under current law to veterans' pension and Social Security recipients, which is currently estimated to be 1.8 percent.

We estimate that enactment of this section would cost $279 million during FY 2003, $1.66 billion over the period FY 2003–2007 and $3.45 billion over the period FY 2003–2012. Although this section is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA), the PAYGO effect would be zero because OBRA requires that the full compensation COLA be assumed in the baseline. We believe this proposed COLA is necessary and appropriate in order to protect the benefits of affected veterans and their survivors from the eroding effects of inflation. These worthy beneficiaries deserve no less.

Section 201 of the draft bill would amend section 1710B(b) of title 38, United States Code, to revise the statutory requirement that the Secretary continue to provide veterans with extended care services at 1998 levels. Current law, established in the 1999 Veterans Millennium and Health Care Benefits Act, requires VA to maintain the staffing and level of extended care services provided by the Department nationally in facilities of the Department at levels not less than the staffing and level of such services provided nationally during FY 1998. We propose to amend the law as it applies to nursing home care to allow VA to also count nursing home care VA procures in the community, and supports in State nursing homes, when determining whether the Department is maintaining its level of effort in providing such care.

For more than 30 years, VA has provided veterans with nursing home care through contracts with private sector nursing homes and by paying states per diem for nursing home care furnished in State nursing homes. Of the total amount of VA-supported nursing home care in FY 2000, VA furnished approximately thirty-eight percent directly in VA-operated, nursing homes. VA supported approximately twelve percent through contracts with private nursing homes, and fifty percent through care furnished in State nursing homes.

VA also provides up to sixty-five percent of the cost of construction of State nursing homes. That has encouraged the expansion of the State Home Program to the point that there are currently 108 such homes nationwide. The availability of the State Home Program and the contract program has improved veterans' access to nursing home care, and has provided veterans with greater choice to meet both clinical needs and preferences of placement near family. We believe it is appropriate and these two sources of nursing home care be counted when assessing the effort VA puts into nursing home care.

Increasing the FY 2002 average daily census in VA nursing homes to 1998 levels would require us to divert to that program large amount of funds VA currently devotes to other health-care purposes, including payments for community nursing-home care, and grants to construct State nursing homes. However, as stated above, the community and State nursing home programs enable VA to offer veterans both choice and access to care closer to loved ones, values that VA does not want to jeopardize. Using other extended care funds to immediately move to achieve 1998 levels could jeopardize the excellent mix of those other services that VA now offers. The Department now provides veterans a balanced program of extended care services that best meets their needs. It would greatly disserve veterans to dramatically shift funding to meet the strictures of the current requirement for provision of care in VA-operated nursing homes, particularly when the cost of contract nursing homes care is significantly less than the cost of providing care in VA facilities.

Enactment of our proposal would permit us to continue the overall FY 1998 level of effort for this care as measured by average daily census, without the need to divert an estimated $161.2 million by the end of FY 2004 from resources which would otherwise be available to meet other critical health-care needs.

We are advised by the Office of Management and Budget that there is no objection to the transmittal of this draft bill to the Congress and its enactment would be in accord with the program of the President.

Sincerely yours,

ANTHONY J. PRINCIPI.

By Mr. SPECTER (for himself and Mr. ROCKEFELLER):

S. 2230. A bill to amend title 38, United States Code, to make permanent the authority of the Secretary of Veterans Affairs to guarantee adjustable rate mortgages, to authorize the guarantee of hybrid adjustable rate mortgages, and for other purposes; to the Committee on Veterans' Affairs.

Mr. SPECTER. Mr. President, I have sought recognition today to comment briefly on legislation I am introducing which will help many veterans achieve the dream of home ownership. The legislation would permit the Department of Veterans Affairs, VA, to guarantee adjustable rate mortgage, ARM, loans as part of its loan guaranty program. The legislation would also give VA the authority to guarantee a relatively new type of ARM financing, ''hybird'' ARM loans. Hybrid ARM's provide a fixed rate of interest during the first three to ten years of the loan, and an annual interest rate adjustment thereafter. Both conventional ARM's and hybrid ARM's would expand the financing options available to veterans, options which are currently available under Federal Housing Administration, FHA, insured loan programs for non-veterans.

The VA loan guaranty benefit has helped millions of active duty service members and veterans to purchase homes without a down payment. VA currently provides a guaranty only on loans applying a fixed rate of interest over a thirty year period, so-called ''30-year conventional'' loans. While a 30-year conventional loan makes sense for some home buyers, it does not provide the flexibility others need given differing personal circumstances. ARM loans and hybrid ARM loans provide that flexibility.

Traditional ARM and hybrid ARM loans provide flexibility by offering lower rates of interest during an initial period, one year for traditional ARM's and three, five, seven, or ten years for hybrid ARM's, as compared to 30-year conventional rates. Lower rates translate into lower monthly payments, often making a home more affordable and permitting home buyers to qualify for loans. In addition, hybrid ARM's have another attractive aspect in that they provide the security of a lower interest rate for a fixed number of years prior to the annual adjustment period. Service members and veterans who know beforehand they will be moving out of their homes in a set number of years may find hybrid ARM's make financial sense given their circumstances. While home buyers must be prudent in choosing to use ARM financing, foreclosing the option to veterans, in my estimation, smacks of paternalism. ARM loans are insured by FHA; my legislation would simply apply to the VA loan guaranty program a principle already embraced by FHA and the commercial lending sector: one type of financing does not meet all home buyer needs.

This bill would also extend certain protections to veterans who use ARM financing. During an annual interest rate adjustment period, rates would not be permitted to increase more than one percent. Further, interest rates would not be permitted to exceed more than five percentage points above the initial fixed rate. These are standards that have evolved in the marketplace over the past 20 years; veterans, like other home purchasers, should gain the benefit of these protections

The VA supports the addition of an ARM option to its loan guaranty program. It administered a successful, and popular, ARM pilot program in the mid 1990's; the program was so popular that ARM's constituted up to 21 percent in 1995, of VA-guaranteed home loans. Unfortunately,the program was not reauthorized by Congress. The time has arrived to rectify that oversight. I ask my colleagues for their support.

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

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

S. 2230

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

SECTION 1. AUTHORITY OF SECRETARY OF VETERANS AFFAIRS TO GUARANTEE ADJUSTABLE RATE MORTGAGES AND HYBRID ADJUSTABLE RATE MORTGAGES.

(a) PERMANENT AUTHORITY TO GUARANTEE ADJUSTABLE RATE MORTGAGES.—Subsection (a) of section 3707 of title 38, United States Code, is amended to read as follows:

''(a) The Secretary may guarantee adjustable rate mortgages for veterans eligible for housing loan benefits under this chapter.''.

(b) AUTHORITY TO GUARANTEE HYBRID ADJUSTABLE RATE MORTGAGES.—That section is further amended—

(1) in subsection (b), by striking ''Interest rate adjustment provisions'' and inserting ''Except as provided in subsection (c)(1), interest rate adjustment provisions'';

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(3) by inserting after subsection (b) the following new subsection (c):

''(c) Adjustable rate mortgages that may be guaranteed under this section include adjustable rate mortgages (commonly referred to as 'hybrid adjustable rate mortgages') having interest rate adjustment provisions that—

''(1) are not subject to subsection (b)(1);

''(2) specify an initial rate of interest that is fixed for a period of not less than the first three years of the mortgage term;

''(3) provide for an initial adjustment in the rate of interest by the mortgagee at the end of the period described in paragraph (2); and

''(4) comply in such initial adjustment, and any subsequent adjustment, with paragraphs (2) through (4) of subsection (b).''.

(c) IMPLEMENTATION OF AUTHORITY TO GUARANTEE HYBRID ADJUSTABLE RATE MORTGAGES.—The Secretary of Veterans Affairs may exercise the authority under section 3707 of title 38, United States Code, as amended by this section, to guarantee adjustable rate mortgages described in subsection (c) of such section 3707, as so amended, in advance of any rulemaking otherwise required to implement such authority.

By Mr. SPECTER (for himself and Mr. ROCKEFELLER):

S. 2231. A bill to amend title 38, United States Code, to provide an incremental increase in amounts of educational assistance for survivors and dependents of veterans, and for other purposes; to the Committee on Veterans' Affairs.

Mr. SPECTER. Mr. President, I have sought recognition to comment briefly on legislation I have introduced today which would increase educational assistance benefits for two highly worthy groups: survivors of service members who were killed on active duty or who died after service as consequence of service-related disabilities; and immediate family members of veterans who survived service but who are living with permanent and total disabilities.

No one can doubt that spouses and children of service-deceased members of the armed forces are worthy of our Nation's gratitude. No less worthy are those whose veteran-spouse returned from service in a profoundly disabled state and, in many cases, later died as a direct result of that same disability. It is entirely proper that the Nation provide these worthy people with sufficient educational assistance benefits to offset the loss of support that would have been provided by the veteran but for his or her service-related wounds.

The legislation I introduce today would increase the rate of monthly Survivors' and Dependents' Education Assistance, DEA, benefits from $670 to $985. The increase would be phased in over a two-year period, and would reflect the same phased-in increase provided to veterans eligible for Montgomery GI Bill, MGIB, benefits under Public Law 107–103, the recently-enacted ''Veterans Education and Benefits Expansion Act of 2001.'' Under my bill, DEA benefits would first increase from $670 to $900 per month on October 1, 2002, and to $985 per month on October 1, 2003. In addition, the legislation would equalize with MGIB benefits the number of months, at 36, an eligible person would be allowed to use his or her benefit.

This legislation would create parity between DEA and MGIB monthly benefits as recommended by a recent Department of Veterans Affairs, VA, program evaluation. Both programs would provide an aggregate of $35,460 worth of education benefits. Thus, both veterans and survivors would have the resources necessary to meet the average cost of tuition, fees, room, and board at four-year, public institutions of higher learning. As was stated by VA's Deputy Secretary, Dr. Leo Mackay, in connection with a Committee on Veterans Affairs hearing on June 28, 2001, VA ''believe[s] it is only fair that these benefits should be at the same level as those provided to veterans.'' VA estimates that a monthly benefit at that level will entice 90% of eligible persons to use the benefit.

In addition to increasing DEA benefits, the legislation I have introduced today would provide a $4 million funding increase for State Approving Agencies, SAA, State educational program certifying offices which are funded by VA grants. These offices protect the integrity of VA educational assistance and job-training programs and protect veterans and survivors, and, not unimportantly, taxpayers, from fraudulent ''providers'' of education and training opportunities. Since 1989, funding for SAAs has been nearly flat, but SAA responsibilities have grown. Most recently, Public Law 107–103 tasked the SAAs with veteran and servicemember outreach in each state, and expanded the scope of education programs which SAAs must review and approve. My legislation would provide an increase, from $14 million to $18 million in fiscal year 2003, to address the loss of purchasing power absorbed by SAAs over the last decade, and to adequately fund the additional responsibilities SAAs have been given.

I hope there will be unanimous support for this legislation. Our troops in Afghanistan and elsewhere need to know that if they die or are seriously injured on the battlefield, their loved ones will be cared for. This legislation will assure that survivors' needs in the critical area of education will be met.

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

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

S. 2231

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Survivors' and Dependents' Educational Assistance Adjustment Act of 2002''.

SEC. 2. INCREMENTAL INCREASE IN RATES OF SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE.

(a) SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE.—Section 3532 of title 38, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''at the monthly rate of'' and all that follows and inserting ''at the monthly rate of—

''(A) for months occurring during fiscal year 2003, $900 for full-time, $676 for three-quarter-time, or $450 for half-time pursuit; and

''(B) for months occurring during a subsequent fiscal year, $985 for full-time, $740 for three-quarter-time, or $492 for half-time pursuit.''; and

(B) in paragraph (2), by striking ''at the rate of'' and all that follows and inserting ''at the rate of the lesser of—

''(A) the established charges for tuition and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay; or

''(B)(i) for months occurring during fiscal year 2003, $900 per month for a full-time course; or (ii) for months occurring during a subsequent fiscal year, $985 per month for a full-time course.'';

(2) in subsection (b), by striking ''at the rate of'' and all that follows and inserting ''at the rate of—

''(1) for months occurring during fiscal year 2003, $900 per month; and

''(2) for months occurring during a subsequent fiscal year, $985 per month.''; and

(3) in subsection (c)(2), by striking ''shall be'' and all that follows and inserting ''shall be—

''(A) for months occurring during fiscal year 2003, $727 for full-time, $545 for three-quarter-time, or $364 for half-time pursuit; and

''(B) for months occurring during a subsequent fiscal year, $795 for full-time, $596 for three-quarter-time, or $398 for half-time pursuit.''.

(b) CORRESPONDENCE COURSES.—Section 3534(b) of that title is amended by striking ''for each $670'' and all that follows and inserting ''for each amount which is paid to the spouse as an educational assistance allowance for such course as follows:

''(1) For amounts paid during fiscal year 2003, $900.

''(2) For amounts paid during a subsequent fiscal year, $985.''.

(c) SPECIAL RESTORATIVE TRAINING.—Section 3542(a) of that title is amended—

(1) by inserting ''(1)'' after ''(a)'';

(2) by designating the second sentence as paragraph (2) and indenting such paragraph, as so designated, two ems from the left margin;

(3) in paragraph (1), as so designated, by striking ''the basic rate of $670 per month.'' and inserting ''the basic rate of—

''(A) for months occurring during fiscal year 2003, $900 per month; and

''(B) for months occurring during a subsequent fiscal year, $985 per month.''; and

(4) in paragraph (2), as so designated—

(A) by striking ''$184 per calendar month'' and inserting ''$282 per calendar month for months occurring during fiscal year 2003, or $307 per calendar months for months occurring during a subsequent fiscal year''; and

(B) by striking ''$184 a month'' and inserting ''$282 a month for months occurring during fiscal year 2003, or $307 a month for months occurring during a subsequent fiscal year''.

(d) APPRENTICESHIP TRAINING.—Section 3687(b)(2) of that title is amended by striking ''shall be $488 for the first six months'' and all that follows and inserting ''shall be—

''(A) $655 for the first six months, $490 for the second six months, $325 for the third six months, and $164 for the fourth and any succeeding six-month period of training, if such six-month period of training begins during fiscal year 2003; and

''(B) $717 for the first six months, $536 for the second six months, $356 for the third six months, and $179 for the fourth and any succeeding six-month period of training, if such six-month period of training begins during a subsequent fiscal year.''.

(e) EFFECTIVE DATE.—(1) The amendments made by this section shall take effect as of October 1, 2003, and shall apply with respect to educational assistance allowances payable under chapter 35 and section 3687(b)(2) of title 38, United States Code, for months beginning on or after that date.

(2) No adjustment in rates of monthly training allowances shall be made under section 3687(d) of title 38, United States Code, for fiscal years 2003 and 2004.

SEC. 3. MODIFICATION OF DURATION OF EDUCATIONAL ASSISTANCE.

Section 3511(a)(1) of title 38, United States Code, is amended by striking ''45 months'' and all that follows and inserting ''45 months, or 36 months in the case of a person who first files a claim for educational assistance under this chapter after the date of the enactment of the Survivors' and Dependents' Educational Assistance Adjustment Act of 2002, or to the equivalent thereof in part-time training.''.

SEC. 4. INCREASE IN AGGREGATE ANNUAL AMOUNT AVAILABLE FOR STATE APPROVING AGENCIES FOR ADMINISTRATIVE EXPENSES.

(a) INCREASE IN AMOUNT.—Section 3674(a)(4) of title 38, United States Code, is amended in the first sentence by striking ''may not exceed $13,000,000'' and all that follows through the end and inserting ''may not exceed $18,000,000.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2002.

By Mr. THOMAS (for himself, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. SPECTER, Mrs. CARNAHAN, Ms. SNOWE, and Mr. CLELAND):

S. 2233. A bill to amend title XVIII of the Social Security Act to establish a medicare subvention demonstration project for veterans; to the Committee on Finance.

Mr. THOMAS. Mr. President, I am pleased to rise today to introduce the Medicare Equity for Veterans Act of 2002 with Senators ROCKEFELLER, JEFFORDS, SPECTER, CARNAHAN, SNOWE, and CLELAND. This legislation, known as Medicare Subvention, will require the Centers for Medicare and Medicaid Services, (CMS), to reimburse VA facilities for services provided to certain Medicare-eligible veterans. These servicemen and women have paid into the Medicare system over the course of their careers, just as every other American has done, but are prohibited from utilizing the program when treated at a VA facility. It is only fair that they be allowed to use their Medicare coverage in the private sector or at a VA facility.

The number of veterans enrolled in the VA health system has more than doubled since 1996. In many VA facilities, Medicare-eligible veterans, called Priority 7 or Category C veterans, compose the largest increase in patient caseloads. At the VA facility in Cheyenne, WY, only 131 Priority 7 veterans were treated in fiscal year 1997. However, in fiscal year 2001 the same facility treated over 2,200 Priority 7 veterans. Clearly, the VA is experiencing substantial growth and even more obvious is the fact that veterans want to receive their health care services at a VA facility. Unfortunately, funding for the VA health care system has not kept pace. In my state, Medicare Subvention would expand access to services as most communities are designated primary care health professional shortage areas. Private sector physicians and other primary care providers are not as readily available as they are in other part of the country, which means that the VA is sometimes the only option.

Specifically, the Medicare Equity for Veterans Act of 2002 establishes a three-year demonstration program at ten VA sites, three of which must be in rural areas. The Secretaries of VA and HHS may either choose Medicare+Choice or Preferred Provider Option model for the sites. These options give the Secretaries flexibility to determine which model works best for each particular site—ensuring veterans receive quality and timely care.

The VA can provide Medicare covered services more efficiently and cost effectively than the private sector, which could potentially save the Medicare program money. Under the Preferred Provider Option, the VA would be reimbursed at 95 percent of the comparable private sector rate and 100 percent of the Medicare+Choice applicable rate, after excluding such targeted private hospital adjustments as Medicare Disproportionate Share Hospital payments, Graduate Medical Education, Indirect Medical Education and capital-related costs.

The VA will be responsible for continuing to pay for services provided to Medicare-eligible veterans who have been treated prior to fiscal year 1998. This ensures a good faith effort on the part of the VA, but will also allow the agency to immediately begin billing Medicare for services provided to Medicare-eligible veterans after fiscal year 1998. Additionally, this bill protects the Medicare Trust Fund by capping Medicare payments to the VA at $75 million a year for the duration of the three-year demonstration.

Prior to the end of the demonstration, the Government Accounting Office, GAO, must conduct a thorough program evaluation. The GAO report ensures the demonstration met its goal of providing quality and cost effective care to our nation's veterans. The GAO is further required to provide specific recommendations to the Secretaries of VA and HHS on how best to expand Medicare Subvention nationwide.

Veterans deserve quality, efficient and equitable health care treatment. Enactment of this legislation is the first step toward attaining that goal. I urge all my colleagues to consider cosponsoring the Medicare Equity for Veterans Act of 2002.

Mr. ROCKEFELLER. Mr. President, I am pleased to join with Senators THOMAS and JEFFORDS to introduce the Medicare Equity for Veterans Act of 2002. This bill will authorize a demonstration project to allow VA to bill Medicare for health care services provided to certain dual eligible beneficiaries. The legislation, known as VA subvention, is a concept that has been discussed over the years by many of us in Congress, by veterans service organizations, and by advisory bodies studying the VA health care system. Although the VA subvention proposal is a small effort compared to the other changes that must be made to the Medicare program, it is enormously important to our veterans and the health care system they depend upon.

Until recently, when we looked at the VA health care budget, we focused on the declining veteran population and declining demand. We are in a totally different predicament today. More and more veterans are turning to the VA health care system, and that is a success story. More than 38 percent of all veterans are Medicare eligible; unfortunately, many of these veterans are seeking VA care because of the lack of drug benefits in the Medicare program. An uncertain economy and the collapse of many HMOs have also contributed to the rising number of veterans turning to VA. While I will continue to push for Medicare prescription drug benefits, something must be done to alleviate the pressure on the VA health care system. VA simply does not have unlimited resources to meet this demand.

VA now has more than 6 million veterans enrolled in health care services. That's more than double the figure in 1996. Not surprisingly, access to care has been affected by the high demand for services. It is not unusual for some veterans in certain pockets of the country to have to wait for more than a year to have their initial appointment with a VA primary care physician. Because of concerns about access and quality of care, last fall the VA was prepared to cease enrolling new higher income veterans, so called Category C or Priority 7 veterans, into the VA health care system. Their decision was based simply upon budgetary constraints, as VA suffered from a $400 million shortfall. Except for a last minute approval of supplemental funding, veterans would have been turned away from VA health care services.

This legislation would allow VA and HHS to either choose a Medicare+Choice or Preferred Provider Option at ten VA sites, three of these sites must be in rural areas. Several years ago the Department of Defense attempted a Medicare subvention pilot and lost money, primarily on the restrictive nature of the capitation model they set up. This proposal will give VA the opportunity to look at both the preferred provider and Medicare+Choice model, and in the end select the model that works best for them.

For veterans, approval of this veterans subvention would mean the infusion of new revenue to their health care system and, thus, greater access to care. For the Department of Health and Human Services, a VA subvention demonstration project will provide the opportunity to assess the effects of coordination on improving efficiency, access, and quality of care for dual-eligible beneficiaries. In addition, it would also present an opportunity to reduce Medicare expenditures. Under the Medicare+Choice option in our legislation, the reimbursable rate will be 100 percent of the rate normally paid to a Medicare+Choice provider. However, under the Preferred Provider Option, reimbursement rates would be 95 percent of otherwise applicable rates. For both options the rates would be further discounted by excluding Disproportionate Hospital Share adjustments, VA's direct graduate medical education costs, its indirect medical education costs, and 67 percent of capital-related costs. As a further way to limit exposure to the Trust Fund during the three year demonstration portion of this bill, this proposal caps all Medicare payments to the VA at $75 million per year. Allowing VA to bill Medicare is good for the Federal health care system overall. It's a classic ''win-win'' situation.

VA would also be required to maintain its current level of services to Medicare-eligible veterans who have been served prior to 1998, and would be effectively limited to reimbursement for care provided to new patients since then. In 1998, Congress allowed all veterans to enroll for VA care and receive a standard benefits package, which includes prescription drugs.

Prior to the end of the three year demonstration, GAO will do a thorough evaluation of the program and submit a report to Congress, complete with details on performance measures and justification for planned expansion. Based upon the GAO recommendations, VA and HHS will jointly determine the most appropriate health care delivery models for the expansion of the program through the entire VA health care system. GAO will continue to evaluate the expansion of the program for an additional six years.

During the first session of the 106th Congress, Senator JEFFORDS and I successfully pushed a similar proposal through the Senate Finance Committee. Indeed, over the last couple years, we have tried to enact this proposal several times. Unfortunately, we have continually met resistance. Our goal is to overcome this resistance and enact this proposal without delay. I believe that without enactment of a Medicare subvention program, VA may well choose to bar middle-income veterans without a service-connected disability from coming to the VA for care. I think we all want to avoid that prospect.

There are over 33 thousand Medicare eligible veterans enrolled in the VA health benefits program in my State of West Virginia. The VA spent almost $116 million providing health care to them last year. Though this is telling information, I cannot provide my colleagues with the truly crucial piece of the story, that is, the number of these Medicare-eligible veterans who aren't coming to VA because of long waiting lines and lack of adequate resources. This demonstration project would encourage these eligible veterans, who have not previously received care from the Huntington, Beckley, Martinsburg, and Clarksburg VAMCs, to do so.

Truly, this VA/Medicare proposal is a way to provide quality health care to veterans who are eligible for both systems of care, while at the same time preserving and protecting the Medicare Trust Fund. Let us not delay any longer.

I wish to remind my colleagues of the burden VA now carries in providing health care to Medicare-eligible veterans. Many Senators have asked me for a solution to the financial woes of the hospitals in their States. Enacting this proposal is part of the answer.

Veterans deserve the opportunity to come to VA facilities for their care and bring their Medicare coverage with them. It makes sense for all parties.

Mr. GRASSLEY. Mr. President, today, Senator THOMAS has introduced a bill to establish a medicare subvention demonstration project for veterans and I would like to take this opportunity to say a few words about the issue of medicare subvention for Department of Veterans Affairs (VA) health care. I have heard from many Iowa veterans who are frustrated that Medicare does not reimburse for medical care provided by the VA. While veterans who have a disability connected to military service have their health care paid for in whole or in part by the VA, veterans who do not have a service connected disability are listed as ''priority 7'' and are required to pay co-payments for the receipt of VA health care. Many of these priority 7 veterans are Medicare eligible, yet they cannot use their Medicare benefits to pay for VA health care.

The number of priority 7 veterans enrolled in VA health care has increased greatly in recent years, especially in my state of Iowa. This is only the tip of the iceberg in terms of the number of veterans eligible to enroll in the VA health system as priority 7. However, the current VA funding formula does not allocate resources to pay for the care of priority 7 veterans. These costs are intended to be recouped by billing private insurance or through out-of-pocket co-pays charged to the veteran, which in fact fall far short of covering the additional costs to the VA system of serving priority 7 veterans. Allowing Medicare to reimburse for health care provided in VA facilities would help alleviate this funding short-fall in the VA system while giving Medicare eligible veterans greater choice and flexibilty in meeting their health care needs. Medicare subvention for VA health care would be a win-win situation for veterans, which is why I strongly support the concept of Medicare subvention for VA health care.

Questions remain about what effect Medicare subvention for VA health care could have on the Medicare trust fund. It is possible that Medicare outlays will increase if Medicare begins to pay for health care at VA facilities for Medicare eligible veterans currently using the VA. However, if veterans who are covered by Medicare begin to use the VA in lieu of private health care and the VA is able to provide those services at a lower cost, Medicare could actually see savings.

In the 106th Congress, the Senate Finance Committee reported a bill, S. 1928, which included a Medicare subvention demonstration program similar to the one introduced by Senator THOMAS today. The CBO scored the Medicare subvention portion of this bill as costing Medicare $70 million over five years. This is a matter that should be studied further and is an issue that would be closely examined in a demonstration program such as the one Senator THOMAS has proposed.

At the end of the day, Medicare subvention for VA health care is a good idea. I believe that Senator THOMAS is on the right track with his proposed Medicare subvention demonstration program and I look forward to working with him and other members of the Senate Finance Committee to move forward on this important issue.