

from Tennessee, who was the brains behind this effort on the Republican side. It did enjoy broad bipartisan support. But the leader clearly on our side in developing and pushing for this accomplishment was the senior Senator from Tennessee. I just want to, on behalf of all of us who were enthusiastic about this piece of legislation, congratulate him for a spectacular job.

Mr. REID. Mr. President, I certainly also applaud the Senator from Tennessee. He worked hand in glove with Senator BINGAMAN, Senator KENNEDY, Senator INOUYE.

I think it is appropriate to send a bouquet to my friend, the distinguished junior Senator from Nevada, Mr. EN-SIGN. This is something he has believed in for a long time. He has worked with a number of individuals, and he has been out front on this going on for well more than a year.

The Republican leader and I have left off people who deserve attention, but we all deserve some credit. As we have said before, when we do something that is good, there is credit to go around. When we fail to accomplish things, there is blame to go around. Tonight, we can all claim a little bit of the credit, and rightfully so.

The PRESIDING OFFICER. Is there objection?

Mr. ALEXANDER. Mr. President, reserving the right to object, which I will not do, while the majority leader and the Republican leader are on the floor, I would simply like to say that this is the Reid-McConnell bill we are passing, which represents the fact that so many Members of this body have been a part of it.

After the Senator from Iowa makes his remarks, after wrap-up, I plan to make some remarks about this bill. But I would just simply say now that they have created an environment, in a bipartisan way, that permitted this bill to pass. It has been worked on for 2 years. It has had 70 Members—35 Democrats, 35 Republicans—cosponsoring it. I would judge that there will be no more important piece of legislation to the future of the country that passes the Congress in this session. I wish to thank Senator REID, Senator MCCONNELL, and Senator Frist from the last session for creating the environment that made it possible.

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

The conference report was agreed to. (The conference report is printed in the House proceedings of Wednesday, August 1, 2007.)

#### ETHICS REFORM

Mr. REID. While my friend, the distinguished chairman of the committee, is not here, the ranking member is here. I think we all owe you a debt of gratitude. The way this bill was managed has been exemplary, and I speak for all of us in extending my appreciation to you and your partner in this very important committee, Senator BAUCUS, for the work you have done.

Mr. GRASSLEY. I would thank the distinguished majority leader too because he allowed this process to work. All the amendments that needed to come up—and there was kind of a convoluted way of putting it together with the tax bill that opened up a lot of other avenues and amendments that were brought up. But it really worked out well, and it is in the tradition of the Senate, and I thank you very much for your leniency in regard to letting everything that needed to be discussed, be discussed. I appreciate that.

#### MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that we now proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak for such time as I might consume.

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

#### SCHIP

Mr. GRASSLEY. Mr. President, before I go to further remarks, I want to give some credit on the passage of H.R. 976 the bill we just had and the co-operation.

The Grassley-Baucus cooperation has been mentioned here. I really compliment Senator BAUCUS for his leadership in working with us. But, also, it took us 3 or 4 months to put together a bill, and Senator HATCH and Senator ROCKEFELLER were very much involved in that effort with many long hours. So I thank them.

I do wish to make the point that what the Senate has done over the past few days has genuinely served the interests of the American people. The Senate passed this bipartisan legislation which will cover an additional 3.2 million children.

The Senate has proceeded in regular order to process amendments. Every amendment that was offered was defeated—I mean every one on which we had a rollcall vote was defeated. So this bill basically has come out of the Senate the same way it came out of the Senate Finance Committee.

This is how we should do business in the Senate. Amendments were debated and voted upon. Members had the opportunity to consider a variety of changes to the Senate Finance Committee bill. Some were adopted by voice vote. Those that took a rollcall, none of those were adopted. But regular order was followed, and the Senate worked its will.

I am pleased with the Senate Committee product, which is a bipartisan product.

I am also pleased with how the majority and minority leaders have handled the process. This has been a tough, complicated piece of legislation. A lot

of Members and staff have worked very hard to get us to this point.

I thank the chairman for his tireless efforts and how he worked in a bipartisan manner. I wish to thank his staff: Alice Weiss, Michelle Easton, Bill Dauster, Russ Sullivan, David Swartz, and Rebecca Baxter. I also thank Senator ROCKEFELLER and his staff: Jocelyn Moore and Ellen Doneski. Much is also owed to the Senator from Utah, Mr. HATCH, and his staff. Finally, I wish to thank the staff of the minority—I should say the Republicans on the Finance Committee: Chris Condeluci, Mark Prater, Becky Shipp, Rodney Whitlock, Mark Hayes, and Kolan Davis.

Now, I would like to address the Senate since we passed our bill, since the House last night passed their bill, and soon there will be a conference between the House and Senate. I wish to speak about some things I think the House of Representatives has done that are damaging to Medicare Advantage.

People are saying that Medicare Advantage plans are overpaid. They talk about cutting payments, and that is what the House of Representatives has done in their SCHIP bill. But they do not talk about why Congress set up the payment structure, which was to create choices of plans in Medicare and to expand private plan choices in rural America. They do not talk about why Congress set up that choice. It worries me that those arguing about the plan payments are losing sight of the Medicare beneficiaries.

These beneficiaries, the seniors and disabled of America, are the ones who benefit from having Medicare Advantage plans available to choose from. Congress, in 2003, enacted the Medicare Modernization Act. That is the act that included the prescription drug program as an improvement in Medicare. A major goal of the MMA, the Medicare Modernization Act, was to expand beneficiaries' choice of Medicare plans. Before MMA, rural beneficiaries, such as my people in Iowa and a lot of States that are more sparsely populated than Iowa, rarely had a private Medicare plan to choose from. Now rural and urban Medicare beneficiaries can decide whether a private plan option or traditional Medicare works best for them.

I want to tell you why Medicare Advantage can be a good option for beneficiaries and why the program should not be touched, as it was recently by the House of Representatives in their SCHIP bill. I want to explain at the same time why Congress thought all beneficiaries, whether you were in rural America or urban America, should have a choice of plans.

The original Medicare benefit is set up based on how medicine was practiced in 1964, meaning in 1964 the fee for service that is the traditional Medicare was set up at a time when you went to the doctor. If you were very sick, then you went to the hospital. Medicine was much less specialized.

Patients were treated by one doctor at a time, not the teams of people who treat patients now. Under traditional Medicare, dating from 1964, hospital benefits are in Part A of Medicare; physician benefits are financed and delivered separately in Part B of Medicare. Each set of benefits has its own deductible. A hospital deductible alone is a lot higher than most working people have in their health insurance. It is \$992, and it goes up a little bit every year. That is a pretty significant amount. That deductible alone can impose a big hardship on a family, if they are relying solely on Medicare for their health coverage. Medicare also only covers a limited number of hospital days each year. It is not great protection if you are severely injured or if you have an illness that has a long hospital stay. Say you happen to end up in the hospital for months at a stretch, you might end up exhausting your Medicare coverage. A lot of people don't realize how limited Medicare benefits can be.

Medicare also does not actually have catastrophic coverage. Traditional fee-for-service Medicare, the Medicare since 1964, by itself does not provide protection against the cost of catastrophic illness. Some beneficiaries then buy Medigap insurance for this catastrophic insurance. Medigap insurance can be expensive for those on fixed incomes. In contrast, and hence why the House of Representatives should not change Medicare Advantage, Medicare Advantage plans have catastrophic coverage for those seniors who want to choose it, and they do it for a much lower premium than the Medigap add-on to traditional fee-for-service Medicare. That is one of the many reasons Medicare Advantage should be an option, not just in metropolitan areas, as it was before we passed the prescription drug bill in 2003. We need rural equity. And through the MMA, we brought rural equity so that people in my State and more sparsely populated States can have a choice between fee-for-service Medicare and Medicare Advantage, which can be a preferred provider organization, HMOs, or fee-for-service Medicare Advantage. Prior to 2003, in my State of Iowa, only 1 of 99 counties had the Medicare Advantage option. That was Pottawatomie County right across the river from Omaha, because they could work in with Omaha, but the other 98 counties did not have choice as they have in Los Angeles and Texas and Arizona, New York and New Jersey, Philadelphia, and Florida. There may be some others but not really rural States. You are stuck with fee-for-service traditional Medicare written in 1964, not much for the practice of medicine in the year 2007.

So I am very concerned that what the House of Representatives did in their SCHIP bill is such that it is going to put in danger the choices we now have in rural America between fee-for-service traditional Medicare and Medi-

care Advantage such as some of the more metropolitan States have had for a couple decades.

If you are in Medicare Advantage, you don't have to have the Medigap add-on to your traditional Medicare. Another plus is that most Medicare Advantage plans also have a limit on out-of-pocket costs. In Iowa the plans often have a limit of \$1,000 or less. In other States, Montana, much of New York and California, that is true as well. In some States and counties, out-of-pocket limits are higher. Traditional Medicare has no out-of-pocket limits. In original Medicare, to keep costs down, Congress imposed caps on types of care. For example, there is a \$1,780 annual cap on physical therapy. Once a patient hits that cap on physical therapy, he must pay out of pocket if he needs more therapy, unless he gets approved for an exception. Many patients hit the cap early in the year. These are patients who have had a stroke or a serious accident. After that they have to pay themselves for the service unless they succeed in appealing for more therapy services. Then by contrast, Medicare Advantage plans can base coverage for physical therapy on what the patient needs, not what some bureaucrat in Washington says there is a limit on. They can avoid these arbitrary caps.

In original Medicare, patients may see a doctor whenever they like. That may seem like a good idea. Many patients see a lot of doctors and are prescribed many different drugs. In original Medicare, physician care can be disjointed. No one oversees all the care a patient receives. Some patients prefer it that way. Others welcome having help navigating the health care system. They would like to choose a plan that would help them coordinate their care, and most Medicare Advantage plans do just that. So that is why we don't want the House of Representatives to cripple Medicare Advantage.

Let's say a patient has diabetes. In Medicare fee for service, there is no one to help monitor that she is testing her blood sugar. No one checks to see if she is getting her eyes and feet checked, which are the result of diabetes. And in most Medicare Advantage plans, somebody does that oversight. Somebody does that checking. Plans use teams of people, ranging from doctors to pharmacists to nurses to dieticians to case managers, all to make sure enrollees are getting the care they need. Four out of five Medicare beneficiaries have a chronic illness. In many Medicare Advantage plans, one doctor oversees their care. The plan assigns a case manager. Patients don't have to navigate the system alone. For many patients, this can be preferable, and it is because of Medicare Advantage. We don't want that plan crippled, as the House of Representatives bill does.

Medicare Advantage is a great program for poor and low-income people. Critics of the program argue that poor

people qualify for Medicaid. They say Medicare Advantage doesn't help them. I want to make it clear that this is not true. I am going to get to that point later. But even the critics cannot argue with the statistics about lower income or near poor beneficiaries. These beneficiaries can't afford a Medigap policy. For them, Medicare Advantage is a godsend. According to the Centers for Medicare and Medicaid Services, the average Medicare Advantage beneficiary gets \$86 a month in extra benefits. Most of those extra benefits are in reduced cost sharing. Medicare Advantage plans often reduce copays and deductibles that beneficiaries otherwise would have to pay.

As I noted, Medicare Advantage plans offer catastrophic coverage. If an enrollee ends up in the hospital for weeks or even a year, the plan covers it. That is not true of traditional Medicare fee-for-service, started in 1964. It doesn't fit the practice of medicine today. But Medicare Advantage offers medicine delivered on the practice of medicine in 2007. The benefits may include an annual physical. They may include lower copays for enrollees needing kidney dialysis. They include unlimited physical therapy based upon patient need.

Ninety-nine percent of the beneficiaries have access to a Medicare Advantage plan that plugs the gap in the Part D drug coverage; 98 percent have access to a plan that offers preventive dental benefits. Beneficiaries in Medicare Advantage plans are more likely to get preventive services. Almost all Medicare beneficiaries have access to a plan with no-cost cancer screening. And for this, many beneficiaries pay no extra premium. They pay only the regular Part B premium, as everybody else does. Eighty-four percent of beneficiaries had access to a zero premium Medicare Advantage plan last year.

Many seniors live on fixed incomes. Medicare Advantage may be the only way they can afford these benefits. It is also easy to use. Many Medicare Advantage plans let seniors use one health care card, their Medicare Advantage plan card, for all of their health care needs. Instead of three cards, they have one card. They pull the same card out when they go to the doctor, same card they use for the hospital, the same card they use for the pharmacist. They don't have to worry about dealing with claim forms from two or three different insurance plans. But that is not the case for beneficiaries in the original 1964 type Medicare. If they have Medigap and Part D prescription drug coverage, they have to deal with multiple plans that don't coordinate their coverage or coordinate their benefits.

I said I would get back to why Medicare Advantage is good for lower income seniors. It is true that many lower income beneficiaries are also covered by Medicaid. These individuals are referred to as dual eligibles, because they are under both Medicare and Medicaid. But we have a program

in Medicare Advantage for people who are eligible for both. This program is called a special needs plan. It coordinates the care and the benefits between the Medicaid Program which is run by the States and the Federal Government. It should be seamless to the beneficiaries. Have these special needs plans worked perfectly? Not always. The program is a work in progress. Surely it is a lot better than what happens without it. Without it, health care for poor beneficiaries is siloed. The parts covered by Medicare are never coordinated with the parts Medicaid is responsible for.

Let's say a frail senior is in a nursing home. She has exhausted her savings so Medicaid is paying. She has Medicare for her health coverage. She enrolls in one of these special needs plans. When she gets a fever or an infection, the Medicare Advantage special needs plan can treat her at the nursing home. In the original Medicare, the nursing home would send her to the more expensive hospital environment. The hospital, after 3 days, would discharge her to a skilled nursing home facility. For her, the Medicare Advantage plan reduces disruptions and keeps her from being exposed to additional infections in the hospital. At the same time, you save a lot of money in Medicare. Both she and Medicare are spared the cost of hospitalization—the most expensive health delivery.

So the critics who say that Medicare Advantage is not helping poor people are mistaken. While the program is small, that is because the program is new. It can be a model for all of us. This is how we want our care to be delivered to us when we are very old and when we are very frail.

So Medicare Advantage can be a good choice for very sick people. It can be a good choice for people with chronic illness. It can be a good choice for lower income people. It can be a good choice for people who want some extra benefits. It can be a good choice for people on fixed incomes. It can be a good choice for rural beneficiaries as well as urban ones.

When the House of Representatives gets done with it all, we will not have it in rural America. But they will still have it in urban America, and that is very unfair. That inequity was meant to be taken care of when we passed the prescription drug bill in 2003, and I am not anxious to let that sort of equity between rural and urban America go away. But it can also be a good choice for seniors.

All Medicare beneficiaries, whether they live in a city, a small town, or on a farm, ought to be able to choose their own plan. They know best what suits their needs—the original 1964 Medicare or the 2003 Medicare Advantage plan. The House bill would gut the Medicare Advantage program. It would take these choices away from our beneficiaries. The Senate SCHIP bill avoids this.

I urge my colleagues to remember why we decided to give Medicare bene-

ficiaries a choice of health plans. I urge my colleagues to reject efforts to cut Medicare Advantage.

I yield the floor.

The PRESIDING OFFICER (Mr. MENENDEZ). The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, let me ask, through the Chair, the manager of the previous bill, is he finished with what he would like to do this evening? If I could ask the Senator from Iowa, does he need any more time on the subject he has been talking about? I will be glad to wait.

Mr. GRASSLEY. No. I am going home.

Mr. ALEXANDER. Congratulations.

Mr. GRASSLEY. I thank the Senator for listening to me.

Mr. ALEXANDER. Mr. President, I thank the Senator from Iowa.

#### AMERICA COMPETES ACT

Mr. ALEXANDER. Mr. President, this evening the Senate unanimously passed a piece of legislation which we call the America COMPETES Act. Earlier today, the House of Representatives passed it by a vote of 367 to 57. So anyone watching the work of the U.S. Congress must think: Well, that must either be not very important or not very hard to do.

Nothing could be further from the truth. I would suggest that the America COMPETES Act will be as important as any piece of legislation the Congress passes in this session, and it has taken as much work as any piece of legislation that has been passed in this session.

I would like to spend a few minutes acknowledging the work and describing the importance of the bill, but I think the first thing to do is to say actually what the bill does. The point of the America COMPETES Act is very simple. It helps America keep its brainpower advantage so we can keep our jobs from going overseas to China and India and other countries.

The Presiding Officer is from a State that has benefitted greatly from America's brainpower advantage. There is a great deal of higher education and research in his State, and, as a result of that, a number of jobs. I have been in the Edison Museum in New Jersey, which is a good reminder of exactly what we are talking about.

Thomas Edison used to say he failed 10,000 times until he succeeded once. That one success was the lightbulb, and then a number of other inventions, which created millions of jobs in the United States.

The United States, this year, is producing about a third of all the money in the world. The International Monetary Fund says that almost 30 percent of all the wealth in the world is produced in our country, measured in terms of gross domestic product, for just 5 percent of the world's population. That is how many Americans there are.

So imagine if you are living in China or India or Ireland or any country in the world, and you are looking at the United States. It is not so hard to look at other countries today with the Internet and travel and television the way they are. Someone in one of those countries could say: How can those Americans be producing 30 percent of all the wealth for themselves when they are only 5 percent of the world's population? They have the same brains everybody else does. They cannot work any harder than anybody else does.

What is it? There are a variety of advantages we have in this country. But most people who look at this country, since World War II, believe our standard of living, our family incomes, our great wealth comes primarily from our technological advances, from the fact that it has been in this country that the automobile, the electric lightbulb, the television set, the Internet, Google have been invented. Or the pharmaceutical drugs that help cure disease all over the world, they also have come mostly from this country.

It is that innovation that has given us our standard of living and given the rest of the world a high standard of living. That brainpower advantage we have is located in some pretty obvious places. One place, of course, is our system of higher education, the great university system. We not only have many of the best universities in the world, we have almost all of them. Another place is in the great National Laboratories, from Oak Ridge National Laboratory to Los Alamos and across our country.

Another is in the great corporations of America where research is done whether it is in pharmaceuticals or whether it is in agriculture. Those great engines of research and innovation and the entrepreneurial spirit and free market that we have have given us this great advantage.

We, therefore, talk a lot about pro-growth policies. What causes our economy to grow? We, on this side—we Republicans—talk a lot about low taxes. I believe that is important and vote that way. When I was Governor of Tennessee, we had the lowest tax rates in the country. But I found very quickly that low taxes by themselves do not create a high standard of living because we had the lowest taxes in our State but we also were the third poorest State. I also found that better schools and better research were the keys to better jobs. That is what this bill is about. So as a result of the America COMPETES Act, over the next few years, we will have done something pretty remarkable.

We asked the National Academy of Sciences, the National Academy of Engineering, the Institute of Medicine, as well as other business leaders in our country, exactly what it would take to keep our brainpower advantage, and they have told us, and tonight we have done it. All that has to happen now is for the President of the United States to sign it, and I feel confident he will.