

(D) in subsection (b)(3)—
 (i) in subparagraph (A), by striking “, or association of such facilities.”; and
 (ii) in subparagraph (B)—
 (I) by striking “or association of such facilities”; and
 (II) by striking “or associations”; and
 (E) by striking subsection (i).

(2) **EXTENSION OF LENGTH OF CONTRACTS.**—Section 1153(c)(3) of the Social Security Act (42 U.S.C. 1320c–2(c)(3)) is amended—

(A) by striking “three years” and inserting “five years”; and
 (B) by striking “on a triennial basis” and inserting “for terms of five years”.

(3) **AUTHORITY TO TERMINATE IN A MANNER CONSISTENT WITH THE FEDERAL ACQUISITION REGULATION.**—Section 1153 of the Social Security Act (42 U.S.C. 1320c–2) is amended—

(A) in subsection (b), by adding at the end the following new paragraph:

“(4) The Secretary may consider a variety of factors in selecting the contractors that the Secretary determines would provide for the most efficient and effective administration of this part, such as geographic location, size, and prior experience in health care quality improvement. Quality improvement organizations operating as of January 1, 2012, shall be allowed to compete for new contracts (as determined appropriate by the Secretary) along with other qualified organizations and are eligible for renewal of contracts for terms five years thereafter (as determined appropriate by the Secretary).”;

(B) in subsection (c), by striking paragraphs (4) through (6) and redesignating paragraphs (7) and (8) as paragraphs (4) and (5), respectively; and

(C) by striking subsection (d).

(4) **ADMINISTRATIVE IMPROVEMENT.**—Section 1153(c)(5) of the Social Security Act (42 U.S.C. 1320c–2(c)(5)), as redesignated by this subsection, is amended to read as follows:

“(5) reimbursement shall be made to the organization on a monthly basis, with payments for any month being made consistent with the Federal Acquisition Regulation.”.

(c) **AUTHORITY FOR QUALITY IMPROVEMENT ORGANIZATIONS TO PERFORM SPECIALIZED FUNCTIONS AND TO ELIMINATE CONFLICTS OF INTEREST.**—Part B of title XI of the Social Security Act (42 U.S.C. 1320c et seq.) is amended—

(1) in section 1153—

(A) in subsection (b)(1), as amended by subsection (b)(1)(B), by inserting after the first sentence the following new sentence: “In entering into contracts with such qualified organizations, the Secretary shall, to the extent appropriate, seek to ensure that each of the functions described in section 1154(a) are carried out within an area established under subsection (a).”;

(B) in subsection (c)(1), by striking “the functions set forth in section 1154(a), or may subcontract for the performance of all or some of such functions” and inserting “a function or functions under section 1154 directly or may subcontract for the performance of all or some of such function or functions”; and

(2) in section 1154—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1)—

(I) by striking “Any” and inserting “Subject to subsection (b), any”; and

(II) by inserting “one or more of” before “the following functions”;

(ii) in paragraph (4), by striking subparagraph (C);

(iii) by inserting after paragraph (11) the following new paragraph:

“(12) As part of the organization’s review responsibility under paragraph (1), the organization shall review all ambulatory surgical procedures specified pursuant to section 1833(i)(1)(A) which are performed in the area, or, at the discretion of the Secretary, a sample of such procedures.”; and

(iv) in paragraph (15), by striking “significant on-site review activities” and all that follows

before the period at the end and inserting “on-site review activities as the Secretary determines appropriate”.

(B) by striking subsection (d) and redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(C) by inserting after subsection (a) the following new subsection:

“(b) A quality improvement organization entering into a contract with the Secretary to perform a function described in a paragraph under subsection (a) must perform all of the activities described in such paragraph, except to the extent otherwise negotiated with the Secretary pursuant to the contract or except for a function for which the Secretary determines it is not appropriate for the organization to perform, such as a function that could cause a conflict of interest with another function.”.

(d) **QUALITY IMPROVEMENT AS SPECIFIED FUNCTION.**—Section 1154(a) of the Social Security Act (42 U.S.C. 1320c–3(a)) is amended by adding at the end the following new paragraph:

“(18) The organization shall perform, subject to the terms of the contract, such other activities as the Secretary determines may be necessary for the purposes of improving the quality of care furnished to individuals with respect to items and services for which payment may be made under title XVIII.”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to contracts entered into or renewed on or after January 1, 2012.

SEC. 262. RATES FOR MERCHANDISE PROCESSING FEES.

(a) **FEES FOR PERIOD FROM JULY 1, 2014, TO NOVEMBER 30, 2015.**—For the period beginning on July 1, 2014, and ending on November 30, 2015, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

(1) in subparagraph (A), by substituting “0.3464” for “0.21”; and

(2) in subparagraph (B)(i), by substituting “0.3464” for “0.21”.

(b) **FEES FOR PERIOD FROM OCTOBER 1, 2016, TO SEPTEMBER 30, 2019.**—For the period beginning on October 1, 2016, and ending on September 30, 2019, section 13031(a)(9) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a)(9)) shall be applied and administered—

(1) in subparagraph (A), by substituting “0.1740” for “0.21”; and

(2) in subparagraph (B)(i), by substituting “0.1740” for “0.21”.

SEC. 263. TIME FOR REMITTING CERTAIN MERCHANDISE PROCESSING FEES.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, any fees authorized under paragraphs (9) and (10) of section 13031(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(a) (9) and (10)) with respect to processing merchandise entered on or after October 1, 2012, and before November 12, 2012, shall be paid not later than September 25, 2012, in an amount equivalent to the amount of such fees paid by the person responsible for such fees with respect to merchandise entered on or after October 1, 2011, and before November 12, 2011, as determined by the Secretary of the Treasury.

(b) **RECONCILIATION OF MERCHANDISE PROCESSING FEES.**—

(1) **IN GENERAL.**—Not later than December 12, 2012, the Secretary of the Treasury shall reconcile the fees paid pursuant to subsection (a) with the fees for services actually provided on or after October 1, 2012, and before November 12, 2012.

(2) **REFUNDS OF OVERPAYMENTS.**—

(A) After making the reconciliation required under paragraph (1), the Secretary of the Treasury shall refund with interest any overpayment of such fees made under subsection (a) and make proper adjustments with respect to any underpayment of such fees.

(B) No interest may be assessed with respect to any such underpayment that was based on the amount of fees paid for merchandise entered on or after October 1, 2012, and before November 12, 2012.

MORNING BUSINESS

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Madam President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senator MORAN to be recognized for up to 10 minutes; that following his remarks that the Senate recess subject to the call of the Chair.

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

The Senator from Kansas.

MIDDLE EAST PEACE

Mr. MORAN. Madam President, this is a historically significant week for the United States and for all those who care about peace and stability in the Middle East. As we know, it is a region that is already roiled by protests and war and faces the prospect now of even more tension, more uncertainty, and potentially more violence.

We know this to be the case if the Palestinian Authority’s President Abbas goes forward with his plan to seek recognition of Palestinian statehood at the United Nations in New York. We have known for some time that this was coming and, thankfully, the U.S. Government has expressed opposition to this ill-conceived idea, and the administration plans to direct a veto of the measure.

Our government has also worked to persuade other nations to join us in opposing the Palestinian statehood bid. But I am afraid we have not done enough to convince the Palestinians there will be consequences for their actions.

By pursuing recognition of a state at the U.N., President Abbas is choosing confrontation rather than negotiations with Israel. In doing so, he is violating the Oslo peace agreements signed 18 years ago which state that the conflict between Israel and the Palestinians must be solved through direct negotiations between the two parties. Direct negotiations are not just the best way to achieve peace, they are the only way to achieve lasting peace.

Direct negotiations are meant to bring the two sides to the finish line, where all the final status issues, including borders, can be resolved. By rejecting negotiations with Israel and appealing to the U.N., the Palestinians are trying to make the previous agreed-upon finish line the new start line. If President Abbas pursues statehood this week at the U.N., the Palestinians will find it more difficult to

compromise in the future, given the terms of the state they are seeking recognition for.

Israel will also find it more difficult to enter into future talks when the starting point is already an unacceptable result. Years of American efforts to foster peace will be set back and threats to security will increase once the Palestinians discover that votes in favor of their statehood have not changed any of the circumstances of their daily lives.

The Palestinian statehood bid will do nothing to bring Palestinians or Israel peace, for peace cannot be made by votes in the Security Council or the General Assembly. All parties involved stand to lose if President Abbas pursues statehood at the United Nations.

It is important the truth be told. Israel is not what stands in the way of a Palestinian state; neither is the United States standing in the way of a Palestinian state, for both the United States and Israel have endorsed the creation of that future state. What prevents the state's creation is the Palestinian refusal to recognize Israel as a Jewish state with historical rights going back thousands of years, to the land and to Jerusalem.

The Palestinians must recognize Israel's right to exist as a Jewish state and must return to the negotiating table. Rejecting these terms and instead going to the United Nations will result in widespread repercussions. The Palestinian Authority and the Palestinian people rely heavily upon international donors and support. Chief among those benefactors are the American taxpayer. Last year, Americans sent about \$550 million to the Palestinians.

In June, this Senate unanimously passed a resolution cosponsored by 90 Senators, including me. That resolution stated that the Senate intends to consider reductions and restrictions on aid to the Palestinian Authority should it continue its efforts to circumvent direct negotiations by turning to the United Nations.

My request this evening of my colleagues is that we should abide by this resolution. There might be consequences. Lasting peace requires it.

I yield the floor.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess subject to the call of the Chair.

Thereupon, the Senate, at 6:54 p.m., recessed subject to the call of the Chair and reassembled at 8:21 p.m., when called to order by the Presiding Officer (Mrs. SHAHEEN).

The PRESIDING OFFICER. The majority leader.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period of morning busi-

ness, with Senators permitted to speak for up to 10 minutes each.

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

SOLIDARITY WITH ISRAEL ACT

Mr. HATCH. Madam President, I ask unanimous consent to add Senator MITCH MCCONNELL from Kentucky and Senator CORNYN from Texas as cosponsors on S. 1595, the Solidarity with Israel Act.

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

Mr. HATCH. Madam President, I encourage all Senators to get on board with that bill. It is time to send messages that the U.N. will understand.

Madam President, it appears the leader of the Palestinian Liberation Organization and the Palestinian Authority, Mahmoud Abbas, is going to request that the United Nations recognize Palestine as a member state. This action will create a major, unnecessary, and avoidable obstacle for peace. It is quite simply intolerable.

For that reason, yesterday I, along with 15 of my colleagues, including my colleague and friend from Kentucky, the Republican leader, introduced S. 1595, the Solidarity with Israel Act. Should the United Nations recognize a Palestinian state, this legislation would terminate the U.S. funding for the U.N.

I recognize that the consequences for recognizing a Palestinian state are severe, but they are appropriate.

Recognition of a Palestinian state at this point would undermine the peace process, and some have even questioned its legitimacy. It would be a deeply irresponsible action that brings into further doubt the legitimacy of the United Nations as a good-faith actor in securing a more peaceful, more free, and more democratic world.

As I, and many of my colleagues have repeatedly stated on the floor of the Senate, the sole means to create a lasting and enduring peace between Israel and the Palestinians is through direct negotiations. By attempting an end run around these negotiations—and make no mistake, that is the aspiration of this Palestinian endeavor—the only result would be to delay the critical decisions which must be made to obtain a durable peace.

What is required is leadership—real leadership—to impress upon the Palestinians and the world community that if the United Nations capitulates and changes Palestine's status before a comprehensive peace agreement is reached, there will be consequences. Unfortunately, President Obama, in his speech to the United Nations yesterday, failed to provide that leadership and to take control of this quickly deteriorating situation.

Accordingly, yesterday, I and my colleagues introduced the Solidarity with Israel Act. The United States can and should exercise its Security Council veto if the Palestinians make good on their threat to attempt to change their U.N. status. However, the use of our

veto power might not be enough to stop this subterfuge.

There are two methods by which the Palestinians could attempt to change their United Nations status. The first is to have the Security Council recommend to the General Assembly that Palestine become a member nation of the United Nations. But in the Security Council, the United States can veto a proposed change. However, the Palestinians also have another means to alter their status. They could petition the General Assembly directly—where the United States does not have a veto—and seek an upgrade from their current position as a permanent observer entity to a nonobserver state. If this occurs, the Palestinians will be in a much better position to manipulate U.N.-affiliated agencies, such as the International Criminal Court.

It should go without saying, but I will remind this body that the prospect of Palestinians bringing actions against Israel's leaders and military forces for defending our sovereign ally's right to exist is completely unacceptable.

We should expect more from the United Nations, but in spite of its sweeping statements in support of individual rights and peace, it has a mixed record at best when it comes to the treatment of Israel, a liberal democracy. The low point of its long and tarnished history on this subject was the General Assembly's contemptible 1975 resolution equating Zionism with racism. A General Assembly upgrade of the Palestinians to nonobserver statehood status would be another in a long line of hostile acts toward Israel and another hindrance to the peace prospect and process.

Deterring this outcome is the primary objective of the Solidarity with Israel Act. Israel is a friend and ally of the United States. It is a beacon of democracy and liberality in a part of the world that is too frequently lacking in both. Although the Palestinians have officially recognized Israel's right to exist, their rhetoric continues to bring the strength of this commitment into question.

Therefore, we cannot sit passively while the United Nations undermines Israel. Simply put, if the United Nations votes to harm our trusted ally by changing Palestine's U.N. status, this legislation would require termination of U.S. funding of the United Nations until a comprehensive peace agreement is reached with Israel.

The message of our legislation is also simple. The time for these types of games has ended. We will not stand by and allow a political spectacle to be created which only maligns our ally. The Solidarity with Israel Act seeks to deter those who would engage in false charades and redirect the international community toward promoting the only means to truly achieve a lasting peace: direct negotiations between Israel and the Palestinians.