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Senate

The Senate met at 9:32 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, we cannot begin this day in the forward march of history without You. It is with Your permission that we are alive, by Your grace that we have been prepared for our work, by Your appointment that we are here, and by Your blessing that we are secure in Your gifts and the talents You have given us. Renew our bodies with health and strength to be the sedan chairs for our thinking brains. Open our inner eyes so that we can see things and people with Your perspective. Teach us new truth today. May we never be content with what we have learned or think we know. Set us free to soar with wings of joy and light. We trade in the spirit of self-importance for the spirit of self-sacrifice, the need to appear great for the desire to make others great, the worry over our place in history with the certainty of Your place in our hearts. Restore the continuous flow of Your spirit through us as a mighty river.

We thank You for the gift of this new day to work for Your glory and the good of America. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable RICK SANTORUM, a Senator from the State of Pennsylvania, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

SCHEDULE

Mr. LOTT. Mr. President, today the Senate will be in a period of Morning Business until 11:30 a.m. Following Morning Business, the Senate will resume the final debate on the conference report to accompany H.R. 4516, the Legislative Branch Appropriations Bill. A vote on final passage of the Conference Report is expected to occur at approximately 3:30 p.m. After the vote, it is hoped that the Senate can begin consideration of the Water Resources Development Act under a time agreement. Therefore, Senators can expect votes throughout this afternoon's session.

I thank my colleagues for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. SANTORUM). Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 11:30, with Senators permitted to speak therein for up to 5 minutes.

Under the previous order, the Senator from Texas, Mr. GRAMM, is recognized to speak for up to 30 minutes.

MEDICARE

Mr. GRAMM. Mr. President, I thank the leader for allowing me the opportunity this morning to talk about Medicare and about pharmaceutical benefits.

I will talk about these issues, recognizing two things: One, that Medicare is second only to Social Security as the most important government program in operation today; and two, recognizing that in 1965, when Medicare came into existence and it was focused primarily on hospital care, physician care, and surgery, that reflected the practice of modern medicine in 1965. Today, Medicare is still focused on 1965 medicine. However, pharmaceuticals have taken the place, in many cases, of hospital stays and surgery, and yet Medicare does not pay for pharmaceuticals.

What I will address is the cold reality of where we are, what we want to do, but the dangers we face if we do it wrong. I view this as a statement on the problems we face in trying to provide pharmaceuticals in Medicare.

I hope to do this with a series of charts. I begin with the good news. The good news—the glorious news—is that 68.8 percent of all Medicare recipients already have some form of prescription drug coverage—68.8 percent. That level of coverage is a level of coverage virtually unmatched in terms of the structure of private health insurance. What it means is that almost 69 percent of people in America already have some form of pharmaceutical coverage when they are under Medicare.

Obviously, what this says is, whatever we do, we don't want to do anything that imperils the 69 percent of people who already have pharmaceutical coverage in our effort to try to provide it to the 31 percent of people who don't.

Where does this coverage come from? If we look at this chart, we can see that 44.6 percent of the people who have pharmaceutical coverage in Medicare are getting it through their employer. This is part of the benefit for which they worked a lifetime. They are getting it through an employer-sponsored program. Obviously, we don't want to do anything to induce employers to drop that coverage, nor do we want to do anything to substitute taxpayer money for the private money that is currently going into private health insurance to cover our seniors for pharmaceutical coverage.

There are 15.2 percent of those who have pharmaceutical coverage who get it from Medicaid; 11.9 percent get it from HMOs as part of Medicare; 10.6

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

percent who switched coverage during the last year and went from one form of coverage to another, so they are not counted as being in one category for the year that they had it. Then finally, 15.2 percent get pharmaceutical coverage through Medigap policies. That is the way my momma, for example, gets her pharmaceutical coverage—through a Medigap policy.

What is the point of all this? What does this mean? Why should anybody care about this?

The point is, 69 percent of Americans already have something we want to provide to 31 percent of Americans. We want to be very sure—we might even have a bipartisan agreement on this at some point—we want to be very sure we don't do anything, in trying to help the 31 percent, that could endanger, destroy, eliminate, or replace the coverage that 69 percent of those on Medicare already have.

What is it going to cost for the various plans that have been proposed? My colleagues will remember—I am sure the Presiding Officer remembers—that when Lyndon Johnson sold the Senate on passing Medicare, it was going to cost less than $1 billion a year. Medicare has now become the second largest program in America. It is on its way to becoming the most expensive program in the history of America or the history of the world. The point being, we don't always have the ability to predict what costs are going to be.

Nothing shows this more clearly than the official estimates that have been made of the Clinton-Gore drug plan. When they first introduced their plan, the Office of Management and Budget estimated that the plan would cost $118.8 billion over the first 10 years.

By April of that year, the official estimate from CBO was $149.3 billion. By May, the estimate by the Congressional Budget Office had risen to $160 billion. By July, the estimate from CBO had risen to $337.7 billion.

The point is, what happened to the program between the first estimate made when it was proposed and July? Well, the program was never implemented. What happened is—the President made some changes in it, but what really happened is people started looking deeper and deeper into the program.

The plain truth is, we don't know what the actual cost is going to be. But we know if you are going to have the federal government take over and basically federalize pharmaceuticals so that you are going to have the taxpayer paying for benefits, when currently 44.6 percent of the people who have pharmaceutical coverage are getting it from their former employer—when you have the government take it over and pay for not just the 31 percent who don't have it but for the 69 percent who do, obviously it is going to cost a lot of money.

Secondly, remember that the level of usage clearly is affected by who pays. There are many different figures you can use, but let me just use one figure. For those on Medicare who do not have third party coverage for pharmaceuticals—that is, they don't have somebody else paying their pharmaceutical bills in total or in part—they are spending, on average, less than $400 a year. But for Medicaid beneficiaries where the federal government is paying for all of their pharmaceutical bills, they are spending over $700 a year.

Now some people would say, you either need pharmaceuticals or you don't. The point is, as is true in anything, it makes a difference whether there are copayments, whether there are deductibles, and who is paying. The point this chart makes very clearly is that we have already seen, in one year, the estimated cost of the Clinton-Gore drug plan rise from $118.8 billion to $337.7 billion, and it is not implemented. The point is, we really don't have any idea about how much it is going to cost. As costs go up, what happens? As costs go up, first premiums go up, and then there is political resistance to premiums.

What happened in England with a program similar to the Clinton-Gore plan? What happened in Canada? What happened in Germany? As costs rise, with political pressure to keep premiums down, what happens? In every country in the world that has adopted a one-size-fits-all government program, one thing has happened—and it is not as if it were different in Germany from in Britain, or different in Britain from in Canada. One thing has always happened: When you have a one-size-fits-all government program and costs explode, they ration health care.

Great Britain is a good example. They delay the implementation of new drugs until the cost of those drugs comes down. That may make sense in controlling government costs, but if your mama is sick or your baby is dying, that is rationing health care. And every country in the world, to try to deal with this exact problem of exploding costs, when they have the government take over with a one-size-fits-all program, they end up rationing pharmaceuticals.

So we have people in the Senate who stand up and say that in Great Britain you can get X drug cheaper. What they don't explain is that it wasn't introduced for 2 years because of the cost, because it was rationed by the government. That is something we have to be concerned about because nobody in America wants to be in a situation where, when their mama is sick, they end up talking to some bureaucrat about cost instead of to a doctor about health care.

This is the greatest dilemma we face in doing something about pharmaceuticals. This is not a problem of anything other than arithmetic. Today, half of the people who receive Medicare spend less than $500 annually on prescription drugs. That is a fact. When people hear on television that we are debating having the government set up a program to pay for their pharmaceuticals, they think we are talking about the government paying for their pharmaceuticals. But the plain truth is—as anybody who has actually looked at the plan that has been proposed by Clinton and Gore knows—the first thing they discover is that when it is fully implemented, you are going to have to pay $662.40 in annual premiums for a plan that pays for half of your pharmaceuticals up to, ultimately, $5,000.

Here is the point. Half of all of the seniors are in the position today where their pharmaceutical bills are $500 or less. If we implement a program that has the government take over prescription drugs so that we don't have 68.8 percent of people covered by other health insurance, as we have today, but we have everybody in a government-run program, the premium cost of this is very high. And remember, this is based on a cost estimate which, if we know anything about these programs, is a gross underestimation. The annual premium cost is $662.40, and for that the government pays half of your pharmaceutical costs.

So here is the point. If the government is paying half of a Medicare beneficiaries prescription drug costs, most Medicare beneficiaries are going to get out of this program less than $250 of benefits, but they are going to pay $662.40 in premiums just to be in the program.

Now how many seniors understand that half of them are going to get $250 or less worth of benefits, but are going to end up paying $662.40 a year in premiums? What kind of bargain is it to pay $662.40 to get a benefit worth $250 or less? It is a very bad bargain, which explains why it is mandatory—why either you have to take it the first day you are eligible or you can never get into the program. They have to find ways of forcing people into this bad deal because they are not content to try to help the 31 percent of the people who don't have the insurance. They are trying to force everybody into one program run by the government, of course; and in doing so, for every one person to whom you provide new coverage, you in essence take away coverage that two people already have, which is not funded by the government.

That is why these cost estimates on a one-size-fits-all government-run program are so cataclysmic and why, if you ask people, Do you want government to provide pharmaceutical coverage in Medicare? the vast majority of people say yes. But when you explain to them that half of the people on Medicare today spend less than $500 on prescription drugs and, when the program is fully implemented, the annual premium is going to be $662.40 that will pay for only half of your pharmaceuticals up to the point you spend $5,000, people will look and see that half the people are getting $250 in benefits, and they are spending $662.40 initially when the program is fully implemented and see it isn't a good deal. But

does anybody doubt the program will be at least twice that when it is ultimately in place? I don't think so.

In this political environment we are in, people are always talking about risky schemes. We have all heard it. It is amazing to me that people will talk about spending trillions of dollars, but if you want to give half that amount in tax cuts, it is a risky scheme—spending it is not risky, but giving it back to working families is risky.

Let me talk about how risky this government takeover of the pharmaceutical benefits in America for seniors is. The Clinton-Gore plan is back-end loaded. What do I mean by that? I mean that the first year it is very cheap because it doesn't even go into effect for 2 years from now. Then it becomes very expensive. The first year of the program advertises that it will cost only $13.5 billion. When the program is fully implemented, it costs $59.7 billion, or almost $60 billion a year. When we run this out over a 10-year period and we look at the estimates that are being made when fully implemented, whereas the initial estimate by the Office of Management and Budget was the program would cost $118.8 billion, when we take its cost at full implementation and what we already know, its actual cost is $597 billion over 10 years.

How are we going to make up this difference? Britain has a government-run benefit on pharmaceuticals. Germany has one. Canada has one. How did they make it up? They made it up by raising the premiums initially, and when political resistance occurred, they start rationing health care. That is what we would be buying into here.

There is one other difference, and this is from the Congressional Budget Office ''Analysis of the Health Insurance Initiatives in the Mid-Session Review'' that they published on July 18. I urge my colleagues to look at it. They analyzed the Clinton-Gore drug plan. Most people are obviously focused on, what is it going to cost? The Congressional Budget Office, the nonpartisan budgeting arm of Congress, finds that not only is it going to cost a tremendous amount more than what is being claimed, but equally disturbing to me is this quote:

> The Congressional Budget Office estimates that after 10 years, the average price of drugs consumed by the Medicare beneficiaries would be 8 percent higher if the President's proposal was enacted.

In other words, not only will taking over pharmaceutical coverage for all Medicare beneficiaries, when only 31 percent don't have it, cost a tremendous amount of money, but it will drive up the cost of pharmaceuticals to everyone. This is not just to seniors, this is to everyone.

What is the alternative? Interestingly enough, the best alternative is a bipartisan proposal from a bipartisan commission that was led by Senator BREAUX, a Democrat, from Louisiana.

I have a very revealing chart. I will give Michael Solon on my staff credit for this. I think this is one chart that tells a very important story. Here is what it is based on. The question it asks is the following: If you left everything exactly as it is, and you held the growth of government discretionary programs to the budget, how long could the government pay Medicare and Social Security benefits as they are currently promised? In other words, when would the government run out of money to pay for Medicare and Social Security benefits under the best of circumstances?

He finds, under the current system, the federal government would run out of money in the year 2027. If we don't spend the money or use it for anything else, we keep spending in real terms where it is, and we use all the money in the budget to fund just Social Security and Medicare, the federal governments runs out of money in 2027. That means everybody 40 and over would, for all practical purposes, be covered, but everybody under 40 would be vulnerable to the federal government's inability to pay Medicare and Social Security benefits.

If you adopted the Clinton-Gore plan, what you would do is, by driving up costs, move this doomsday or day of reckoning—whatever you want to call it—from 2027 to 2022, which means that only people 44 and above would have their Medicare and Social Security benefits secured. Stated another way, 17 million people who are between 40 and 44—those 17 million middle-aged people in that 4-year bracket—would have their Medicare benefit and their Social Security benefit imperiled by the adoption of the Clinton-Gore plan.

What is the alternative? The alternative is a bipartisan proposal. The estimates that were done of the bipartisan commission—and I remind my colleagues, people were appointed by the Speaker and the minority leader, by the majority leader and by the minority leader, and by the President—they put together a proposal that a majority supported. But because all of President Clinton's appointees voted against the final package, it did not get the supermajority needed to make a formal recommendation.

However, the majority supported the Breaux proposal. The Breaux proposal basically reformed Medicare and provided pharmaceutical benefits to the 31 percent of the people, or most of them, who don't have Medicare, don't have coverage for pharmaceutical benefits. The important thing was that the reform of Medicare contained in the Breaux commission report—by reforming Medicare, extended its lifetime from 2027 to 2059, which would mean anybody over 8 years old would have their benefits guaranteed if we adopted the bipartisan Breaux commission report.

What is the point of this speech? The whole point of this is the following, and I think these points were very important and I want to just run through them real quickly. Point one, you have 69 percent of all seniors who have some pharmaceutical coverage already. Why would you want to have the government come in and pay for that, especially when 44 percent of them are having it paid for by their former employers? That doesn't make any sense.

The only case in which you would want to do that is if you had some political agenda that said we ought to have a government-run health care system. I submit, based on the record of this administration, when they tried in 1993 and 1994 to have the government take over and run the health care system, that is exactly what their agenda is. But, notice—and this is easy to explain—if you have a problem with 31 percent of the people but you have 69 percent who already have a benefit, don't tear up what they have trying to help the people who need it. That is the first point.

The second point is that when you try to have a program that covers everybody, and you start substituting government dollars, tax dollars for other health insurance that 69 percent of the people already have, you are forced into a system where most seniors will not benefit.

As I explained earlier, today over half of all Medicare beneficiaries spend less than $500 a year on prescription drugs. Yet under this one-size-fits-all, government-runs-it, government-controls-it plan that has been proposed by the President and endorsed by the Vice President, when that plan is phased in, in order to get coverage where the government will pay half of your prescription costs up to you spending $5,000, it costs you $662.40 a year in premiums. But half of all Medicare beneficiaries would only get benefits of $250 or less. Needless to say, when you say to seniors, ''We have a great deal for you, we are going to give you a benefit for $662 a year that half of you will find to be worth less than $250 in any given year,'' they are not excited about it. So how do you deal with that?

You deal with that by trying to mislead people about what it is going to cost. You don't phase in the whole program. You don't even start the program for 2 years, so, boy, it is cheap for the first 2 years because you don't have a program. Then you phase it in.

The point is, when you do that, you start out cheap—$13.5 billion. But when you get it fully phased in, even based on the estimates of the Congressional Budget Office—and we know the real costs will be higher—you are already up to about $60 billion a year when you get it fully implemented.

Obviously, anybody who is trying to be critical of what is being proposed has the obligation to propose an alternative. Fortunately, as a member of the Medicare Commission with Senator BREAUX and Senator KERREY—the two Democrat members who worked on the majority position—there was a proposal made. That proposal was a comprehensive reform of the system.

That comprehensive reform, which provided pharmaceuticals for moderate-income people but let the 69 percent of the people who already had pharmaceutical coverage keep it, didn't substitute tax dollars for General Motors' money on retirement health care. What happened was, whereas the Clinton-Gore plan would actually endanger the Medicare and Social Security benefits of people between the ages of 40 and 44 by driving up costs and by forcing those systems into insolvency or into fee increases or into tax increases sooner, the bipartisan proposal of the Breaux commission would have actually expanded the life of Medicare to 2059. That would mean everybody 8 years old and older would be protected. It would give us an opportunity to further refine the system.

I thank my colleagues for giving me this opportunity. These are important issues. They deserve prayerful consideration. I urge my colleagues to look at them before we change Medicare.

I yield the floor.

The PRESIDING OFFICER (Mr. L. CHAFEE). The Senator from Alabama.

Mr. SESSIONS. Mr. President, I thank the Senator from Texas for his insight and leadership and expertise and courage and ability to explain, in common language, some of our most complex financial issues facing this country. It is an extraordinarily valuable asset to our country, to have Senator GRAMM in this body as a trained economist. I never cease to be amazed and appreciative of what he contributes.

PROTECTING ALABAMA HOSPITALS

Mr. SESSIONS. Mr. President, today I want to talk about the situation involving hospitals in America. We passed the Balanced Budget Act in 1997. It was an agreement, not only of this Congress, but of the President. It was to be administered by the executive branch agency called HCFA. We projected a number of reductions and savings that would occur as a result of our efforts to balance the budget, to curtail double-digit increases in health care, and to make hospitals really force some cost containment in the escalating cost of health care in America.

I believe in that, and I support that. I think that, in part, it has been successful. Experts projected savings over this period of time would have been $115 billion. We now see that savings to Medicare will be closer to $250 billion. In other words, the savings that have come out of Medicare and Medicaid reimbursements to hospitals that are taking care of indigent patients whether they get paid or not have had an impact far in excess of what we anticipated when we passed the BBA.

I have traveled to about eight different hospitals in the last several months in my State. I met with groups of administrators from these hospitals. I talked to nurses, administrators, practitioners and accountants in the hospitals, and I believe that they are not crying wolf, but that their concerns are real. I believe there is a problem there.

I would like to share with the Members of this body some of my concerns about it and say we are going to need to improve and find some additional funding that will help those hospitals.

In Alabama, when we passed the Balanced Budget Act of 1997, Alabama's hospitals' bottom line already was significantly less than that of other hospitals in the country. That year, Alabama had an average operating margin of 2 percent, whereas the average operating margin for 1997 was 16 percent. Aside from lower operating margins, the State also has special health needs. When compared with other States, Alabama's health care market had a higher than average percentage of Medicare and Medicaid and uninsured residents. In 1998, the State's Medicare enrollees made up 15.4 percent of the population and Medicaid residents made up 15.3 percent, both above the national average of 14.1 percent. So when those reimbursements were reduced, Alabama felt it more severely than most States.

One significant part of the BBA that has been especially damaging to our Nation's hospitals is the lack of a market basket update. The market basket is Medicare's measure of inflation. It is an inflation index. It is essentially a cost-of-living adjustment for hospitals. Without an accurate inflationary update, or market basket update, Medicare payments for a hospital's inpatient perspective payment system—the way we pay them—are inadequate and do not reflect inflation or the increased demands of regulations, new technologies, and a growing Medicare population.

As part of the Balanced Budget Act of 1997, which was passed to address the double-digit growth in Medicare spending, updates in the market basket were frozen. But by freezing the updates, mathematically this effectively created negative update factors.

For example, in 1998, the market basket update was 0.1 percent; for 1999, it was a minus 1.9 percent; for fiscal year 2000, it was minus 1.8 percent; for 2001, it is scheduled to be minus 1.1 percent; for 2002, minus 1.1 percent. So, in effect, we not only have frozen the inflation increase over all these years, we have created mathematically a reduction in the funding.

From 1998 to 2000, hospital inflation rates rose 8.2 percent, while Medicare payments for inpatient care rose 1.6 percent. You can do that for a while. We can create some savings, but at some point you begin to cut access to essential health care, making health care in hospitals more difficult less personnel and decreased resources.

Overall, the BBA will result in a reduction of Medicare payments for hospital inpatient care by an estimated $46.3 billion over 10 years. This decrease in payments has been compounded by other increased costs such as the rapid increase in the cost of prescription drugs. We all know the rising costs of health care, particularly drug costs. Hospitals feel this crunch as well.

Cherokee Baptist Medical Center and Bessemer Northside Community Clinic in Alabama are two facilities that have been hurt. For example, Cherokee Baptist Medical Center has estimated that the 5-year impact of BBA implementation for years 1998 through 2002 will create a loss of $3.7 million for this small rural hospital. That is real money in a real community—$3.7 million. The hospital's operating margin fell from 4.5 percent in 1997 to 2.2 percent in 1999.

While Medicare inpatient admissions remain the same, the revenue they have received from them has dropped from $3.5 million to $2.9 million. That is a loss of over $600,000 for the hospital alone.

Bessemer Northside Community Clinic opened in 1997 in an attempt to deal with a specific community need. The community needed convenient care for its elder and uninsured. Bessemer opened to fill that need. But due to reductions in Medicare reimbursements, they lost approximately $3 million in 1999, and were projected to lose $4 million in 2000.

This clinic served about 2,000 low-income and elderly patients in its first year, and was expected to serve 200,000 as part of a regional health network. Now it has closed its doors.

What we need to do: Last year we passed the Balanced Budget Refinement Act. The truth is, it will really come into effect this year. The hospitals will begin to feel its impact in 2001. Some may think we did not do anything last year. We did, but it was phased in, and the real impact is just now beginning to be felt. It is a good start. But it is not enough. Now we need to deal with the market basket update reduction projection of 1.1 percent, again, for 2001 and 2002. We need to restore the full inflationary update. The Alabama Hospital Association as well as the American Hospital Association have identified this as one of their top priorities.

The American Hospital Preservation Act, which was introduced by Senator HUTCHISON and cosponsored by myself and 58 other Senators, should be included in this year's Medicare provider give-back legislation that is now being considered in this Congress.

Now I will talk about the wage index and how that affects a hospital in Stringfellow, AL. This is a chart that gives a clear indication of what this hospital receives compared to the national average.

For the national hospital average, this chart shows a per patient/diagnosis reimbursement rate for labor of $2,760; $1,128 for nonlabor reimbursements. That is what our national hospital average reimbursement rate

looks like for per patient diagnoses for inpatient care, totaling $3,888.

But Medicare/Medicaid reimbursements for Stringfellow Memorial Hospital in Anniston, Alabama—because of lower labor costs and a higher percentage of non-labor costs are calculated by HCFA with a complicated formula that does it—is only reimbursed $2,042 for labor. This means that this rural Alabama hospital is being reimbursed $718 less per patient diagnosis. That is money not going to Stringfellow Hospital. That is money not going to that hospital. And the nonlabor costs are the same. So they are feeling a loss of $718 out of the $3,888 average cost for care compared to the national average.

Make no mistake, there are other hospitals well above the national average. Where rural Alabama hospitals lose $718 per patient, these hospitals may make $1,500 per patient diagnosis.

The nonlabor-labor split also assumes that hospitals purchase outside services from within their region, when in fact, most rural hospitals must purchase services from urban areas—which have must higher wages. In rural Alabama, much of a hospital's services often have to come from Birmingham, the University of Alabama Medical Center, and all the first-rate quality care there. It may have to be transported out to the local hospitals at greater cost than it would be in Birmingham or any other regional medical center.

According to a recent study by Deloitte Consulting, approximately 70 percent of Alabama's hospitals will be operating in the red in 2000 and as many as 14 are likely to close—unless something is done.

The reductions which have resulted from HCFA's implementation of the BBA, have affected Alabama hospitals in many ways. The reductions have hurt hospitals, both big and small, urban and rural. They have been forced to limit access, cut off services, downsize, and in some instances, close their doors.

Shelby Baptist Medical Center in Alabaster, Alabama was forced to close its inmate/juvenile detention medical clinic, close their occupational medicine clinic, close a pediatric clinic, downsize psychiatric services, close physician services to new patients, and decrease the number of health screenings for early detection of disease. They have had to place a hold on all capital projects including a women's services clinic, an additional lab, and the expansion of diagnostic services to the surrounding communities. They have also had to end the development of an ''Open Access Clinic'' to help deal with the area's numerous uninsured and under-insured patients.

Likewise, the net income of Coffee Health Group in Lauderdale, Colbert and Franklin Counties in Alabama dropped from $38.3 million in 1997 to a projected negative $13.6 million in 2000. The hospitals' operating margin—the pre-tax profits which are the major source of a hospital's cash flow—dropped from $19.6 million in 1997 to a projected negative $21.5 million in 2000.

Market basket update: One significant part of the BBA that has been especially detrimental to our nation's hospitals is the lack of a Market Basket Update. The Market Basket is Medicare's measure of inflation. It is essentially a cost of living adjustment for hospitals. Without an accurate inflationary update, or Market Basket Update, Medicare payments for a hospital's inpatient perspective payment system are inadequate and do not reflect the increased demands of regulations, new technologies, and a growing Medicare population.

As part of the Balanced Budget Act of 1997, which was passed to address a looming health care crisis: double-digit growth in Medicare spending, updates in the Market Basket were frozen. By freezing the updates, the BBA effectively created negative update factors: For fiscal year 1998, the market basket update was −0.1 percent, for fiscal year 1999, the update was −1.9 percent, for fiscal year 2000, the update was −1.8 percent, for fiscal year 2001, the update is scheduled to be −1.1 percent, and for fiscal year 2002, the update is scheduled to be −1.1 percent.

Between 1998 and 2000 hospital inflation rates rose 8.2 percent while Medicare payments for hospital inpatient care rose 1.6 percent. Overall, the BBA will result in a reduction of Medicare payments for hospital inpatient care by an estimated $46.3 billion over 10 years. This decrease in payments has been compounded by a rapid increase in the cost of prescription drugs and the price of blood and blood products. We all know of the rising costs of health care—most especially in drug costs. Hospitals feel this crunch as well. While the average costs of ''existing drugs'' or those that came to the market before 1992, is $30.47, the average price of new prescription drugs is $71.49—more than twice that of existing drugs.

Cherokee Baptist Medical Center and Bessemer Northside Community Clinic in Alabama are 2 facilities that have been affected by the BBA and provide disheartening real-life examples.

Cherokee Baptist Medical Center has estimated that the five-year impact of BBA implementation for fiscal years 1998 through 2002 will create a loss of $3.7 million. The hospital's operating margin fell from 4.5 percent in 1997 to 2.2 percent in 1999. And while Medicare inpatient admissions remained the same, the revenue dropped from $3,512,910 to $2,909,666. That's a loss of over $600,000 for this hospital alone.

Bessemer Northside Community Clinic opened in October of 1997 (about the same time the BBA was passed) in coordination with the community and in response to a specific need. The community needed convenient care for its elderly and uninsured. Bessemer opened to fill that need, but due to reductions in Medicare reimbursement that came as a result of the implementation of the BBA, Bessemer lost approximately $3 million in 1999 and was projected to lose about $4 million in 2000. This clinic served about 2,000 low income and elderly patients its first year and was expected to serve over 200,000 as part of a regional health network. It provided more than $4 million in free medical care to Northside residents since the clinic opened. Now, due to the drastic reductions in reimbursement, Bessemer has closed its doors, leaving the community's elderly to travel long distances for care, or in many cases to go without.

Last year Congress passed the Balanced Budget Refinement Act (BBRA) in 1999 to address some of the concerns we had about the affects of the implementation of the BBA. One provision in this legislation allows Sole Community Hospitals—those hospitals that are the only access to health care in an area—to receive a full Market Basket Update in fiscal year 2001. That's a good start, but it's not enough. Now we need to strike the BBA-mandated Market Basket reduction of 1.1 percent for fiscal year 2001 and 2002 and restore a full inflationary update. The Alabama Hospital Association as well as the American Hospital Association have identified this as one of their top priorities, and it is what the American Hospital Preservation Act of 1999 does. This bill which was introduced by my colleague Senator HUTCHISON and cosponsored by myself and 58 other Senators, should be included in this year's Medicare provider give-back legislation to address the continuing needs of our Medicare providers.

Wage index: Mr. President, another Medicare reimbursement issue which needs to be addressed in any upcoming Medicare provider give-back legislation is a needed adjustment to the Wage Index.

Medicare reimbursement for hospital inpatient care is based on a Perspective Payment System (PPS) which was created in the early 1990's to cut Medicare spending. A formula within the PPS is used to adjust Medicare payments to a hospital based on a Wage Index—or the average wage for a particular area. The formula is based on 2 components: labor-related and non labor-related costs. While non labor-related costs are the same nationwide—these are costs for supplies, pharmaceuticals, equipment, etc—labor-related costs differ from region to region and there are large discrepancies between the labor costs in urban and rural areas. The cost of living is lower in rural areas, so they pay, on average, lower wages. The adjustment made for these regional differences is made according to the Wage Index.

The national wage index is 1, but most rural hospitals have a wage index of 0.74 and most hospitals in Alabama have a wage index between 0.74 and 0.89, which is 0.11 to 0.26 below the national average. This index which is used to calculate the base rate for

Medicare reimbursement, has several inequities:

For example:

Adding additional lower paid employees lowers your wage index.

Hiring 2 lower paid employees to do the job of one higher paid employee lowers your wage index.

Increasing wages has no impact on the wage index for 3 years.

Having no corporate overhead from a large proprietary entity lowers your wage index.

When developing the Wage Index mechanism, HCFA decided that 71 percent of a hospital's costs were labor related. This rate also includes a predominant shift to labor-related costs due to purchases of outside services which incorrectly assumes that hospitals purchase services only from within their region and thus pay similar wages for these outside services. In reality, rural hospitals usually purchase services from urban areas and must pay urban wages for these services. However, the purchase of outside services from urban areas which may have a greater labor cost is not reconciled with the prevailing wage rate within the rural area. Hence, rural hospitals are paying urban rates for those services but are not being reimbursed at their urban wage rate. The average percentage of hospital expenditures in Alabama that are labor related is 51 percent—far from the 71 percent used by HCFA. And the annual impact of these formula problems result in a reduction of Alabama hospital payments by HCFA by between 5.5 and 6.5 percent or close to $46 million a year.

To illustrate the unfairness of the Wage Index formula, you must see the differences in the calculation of the base rate for reimbursement using the Wage Index for both the national average and for a typical Alabama hospital.

National Average:

Take the initial national base rate for a per patient diagnosis of $3,888.

Multiply it by the national average for percentage of wages to all other costs (71 percent) = $2760.

Remaining $1128 is non-labor costs.

Apply National Average Wage Index (1) to wage cost of $2760 = $2760.

Add $2760 to the non-labor portion, $1128, to get a total payment of $3888. This is the base rate for Medicare reimbursement per Medicare patient diagnosis.

Compare that to: Stringfellow Memorial Hospital in Anniston, AL:

Take the initial national base rate for a per patient diagnosis of $3,888.

Multiply it by the national average for percentage of wages to all other costs (71 percent) = $2760.

Remaining $1128 is non-labor costs.

Now here's the problem. Instead of applying the national average wage index of 1, for this Alabama hospital, we would use the Montgomery wage index of 0.74.

So, apply the local wage index of (0.74) to wage cost of $2760 = $2042.

Add $2042 to the non-labor portion, $1128, to get a total payment of $3170.

Therefore the base rate for per patient diagnosis at Stringfellow Memorial Hospital is $718 less than the national average. That's nearly 20 percent below the national average.

HCFA has recognized the problem and has addressed it in other areas. In developing the formula for the new Outpatient Perspective Payment System (PPS), which was required by the BBA of 1997, HCFA set the labor component of hospital costs at 60 percent (as compared to the 71 percent in the Inpatient PPS). According to HCFA, in the development of this new Outpatient formula, 60 percent represents the average split of labor and non labor-related costs.

Why then has HCFA not changed the Inpatient PPS formula? Why do we have to do it legislatively?

Senator GRASSLEY has proposed legislation that would correct the faulty wage index formula. His plan would mandate that HCFA apply the wage index adjustment only to each hospital's actual labor costs. This proposal, though it has not been scored, would cost approximately $230 million the first year.

While I support this proposal, I am also sympathetic to my colleagues whose states are not detrimentally affected by the wage index. For that reason, I would also support other possible solutions to the Wage Index issue.

There are 2 possible options:

(1) We can develop a Wage Index ''Floor,'' possibly set at 0.85 or 0.9. Thus there would be no effect (positive or negative) on hospitals with Wage Indeces above that level.

(2) We can establish a hold-harmless provision and apply the Wage Index adjustment to the share of hospital costs that are actually wage related (51 percent for Alabama), but only for hospitals with a Wage Index below 1.

The bottom line is that something must be done before the reductions in the BBA threaten the access to and quality of health care for our nation's seniors and uninsured. This government must not create a situation in which many of these needed hospitals have to close. We must act quickly or closures will occur.

I would like to thank the Chairman of the Senate Finance Committee, Chairman ROTH, for his efforts to address these concerns, and I look forward to working with him and the members of the Senate Finance Committee as well as the Senate Leadership to get this done.

It is time for this Congress to deal with the unfair wage index and improve it and take a step in the right direction. It is hurting our hospitals in rural America. It is really hurting them in Alabama where 70 percent are operating in the red and as many as 14 might close.

MARSHALL SPACE FLIGHT CENTER'S 40TH ANNIVERSARY

Mr. SESSIONS. Mr. President, today we are celebrating the accomplishments of the men and women of the Marshall Space Flight Center in Huntsville, AL, on the occasion of their 40th anniversary which will be celebrated tomorrow.

In September of 1960, President Dwight Eisenhower dedicated the Marshall Space Flight Center, which soon began making history under the leadership of Dr. Wernher von Braun. From the Mercury-Redstone vehicle that placed America's first astronaut, Alan Shepard, into suborbital space in 1961, to the mammoth Saturn V rocket that launched humans to the moon in 1969, Marshall and its industry partners have successfully engineered history making projects that gave, and continue to give, America the world's premier space program.

We are fortunate to have these dedicated men and women in Huntsville. I will be offering some remarks and hope to speak on the floor again later today. I take this opportunity to express my compliments and those of the American people to the men and women at Marshall Space Flight Center, which began 40 years ago, sent men to the moon, and now is working steadfastly to create a cost-efficient, effective way to send people into space routinely, almost as easily as we fly now across the Atlantic Ocean.

ENERGY

Mr. SESSION. Mr. President, I see the Senator from Alaska is here. I will just say this: Senator MURKOWSKI understands the failure of this administration's energy policy. He understands their desperate attempt to blame it on everyone but themselves.

The plain fact is, for almost 8 years, this administration has, through a myriad of ways—the chairman of the Committee on Energy and Natural Resources well knows—reduced American production of energy, leaving us more and more dependent on foreign oil. Now they have gotten together, created their cartel strength again and driven up the price of a barrel of oil in a matter of months from $13 a barrel to over $30, maybe $35. We are feeling it in every aspect of the American Government. It was done not on the basis of a free market supply and demand but because of the political acts of the OPEC nations. This administration needs to do something about it.

I am glad to see Chairman MURKOWSKI here this morning. I know he will be speaking about this important issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, may I ask how much time I am allotted under the standing order?

The PRESIDING OFFICER. The Senator may have 13 minutes of the time remaining of the Senator from Alabama.

Mr. MURKOWSKI. I thank the Chair, and I thank my good friend from Alabama.

He indicated that the price of oil had risen. The price of oil yesterday rose to an all-time 10-year high, $37 a barrel. This is a very serious matter that is not receiving enough attention by this body, nor this administration. To give my colleagues an idea, from the Washington Post yesterday there was a quote that the price of crude oil contracts on the futures market on the New York Mercantile Exchange rose above $37 a barrel for the first time.

Here is the more significant point. Analysts predicted that the price jumps, 2.7 percent yesterday and a total of 44 percent for this year, could continue indefinitely. I repeat—could continue indefinitely, especially with the uncertainty connected with Iraq's Saddam Hussein and his accusations that Kuwait was drilling near the Iraqi-Kuwaiti border and stealing Iraq's oil.

Doesn't this sound a little like what happened in 1991 prior to the Persian Gulf war where we had the muscle demonstration by Saddam Hussein and later the implications of that war?

This is serious business. If you don't believe it is serious, ask Tony Blair because the stability of the British Government is very shaky right now as a consequence of the price of energy, a 10-year high, expectations for the price of oil go as high as $40 per barrel and beyond in the near future.

Why are we in this mess and why should American consumers care? I will discuss one segment of this today because Saddam Hussein has the world over a barrel. It is over a barrel of oil.

Why should American consumers care? Well, Iraq is now in a position to set the market price of oil—and therefore, what you pay at the pump, what you pay to heat your homes, what you pay at the grocery store, and what the Northeast Corridor residents are going to be paying in this country this winter for fuel. God help us if we have a cold winter. Iraq is using its profits illegally for weapons of mass destruction. They are threatening the peace and stability of the entire Mideast region. They represent a threat to the security of Israel without question.

Let us look at a little history on how this administration has basically failed to address this threat. Just before the Clinton-Gore administration came in, we carried out a very successful mission in Desert Storm. That mission was not without American casualties. We lost 147 Americans; 467 were wounded; 23 were taken prisoner.

Since that time, we have continued to enforce a no-fly zone. We have flown over 200,000 sorties since the end of Desert Storm, at a cost to the American taxpayer of about $50 million per month. Yet here we are today more reliant on Iraqi oil. We are addicted to the imported oil. We are addicted to oil. In any event, as a consequence of our decline in domestic production, which has been 17 percent since the Clinton Administration took office, and a 14-percent increase in domestic demand during the same period, we are now 58-percent dependent on imported oil.

During the Arab oil embargo—some remember this period of time, 1973—we had gas lines around the block at filling stations. The public was outraged. They were blaming everybody, including Government. That was 1973 when we were 36 percent dependent on imported oil; now we are at 58 percent.

Today Iraq is the fastest growing source of U.S. foreign oil, 750,000 barrels a day, nearly 30 percent of all Iraqi exports. We fought a war over there in 1991. Here we are dependent on Iraq. It makes us powerless to respond. Weapons inspections are unable to proceed. We are concerned about it, but we don't do anything. Illegal oil trading is underway with other Arab nations. We know it, we enforce a blockade in the air, we don't enforce any kind of a blockade for the illegal oil shipments that are going out of Iraq. Profits go to development of weapons of mass destruction, training of the Republican Guards to keep Saddam Hussein alive.

The international community is becoming increasingly critical of sanctions towards Iraq. But consider this: Saddam Hussein puts Iraqi civilians in harm's way when we go over and bomb his targets. Saddam has used chemical weapons against his own people in his own territory. Saddam could have ended sanctions at any time. All he had to do is turn over his weapons of mass destruction; that is basically all. Yet he rebuilds his capacity to produce more. He cares more about these weapons, obviously, than he cares about his own people.

That he is able to dictate our energy future is an absolute tragedy of great proportion. Still, the administration refuses to act. What happened?

Saddam is getting more aggressive. His rhetoric in every speech at the conclusion is ''death to Israel.'' That is what he says. What is the threat to Israel's security? It is Iraq. He has announced a $14,000 bounty on any American plane shot down, for the anti-aircraft crew that is responsible. Now he is accusing Kuwait of stealing Iraqi oil. Here we go again.

That is the same thing that was done in 1990 shortly before he invaded Kuwait. Saddam is willing to use oil to gain further concessions. This is rather interesting, to show you the leverage he has because of his oil production. The U.N. was set to approve a $15 billion compensation measure for Kuwait as a result of damages from the Gulf war. That vote was set to take place next week. Iraq has retaliated and said: No, we are not going to pay that compensation. If you make us pay, we will reduce our output of oil. Now reports are that the U.N. has postponed that vote.

That is their leverage. There is likely not enough spare capacity in OPEC to make up the difference if Iraq pulls back it's production. Here is the Wall Street Journal headline: ''Iraqi Pumps Critical Oil and Knows It.'' That is the leverage of Saddam Hussein today, and his leverage is growing each and every hour.

This article says:

> European oil executives familiar with Iraq say the U.N. sanctions against trading with Iraq are breaking down in the region. Turkey, Jordan, Qatar, Dubai, and Oman are still openly trading with Iraq. Sanctions aren't working. Now he is strong arming the U.N.

They have put off enforcing him to make compensation to Kuwait for the loss of damages associated with his invasion of that country. And his leverage is, hey, I will cut my oil production. The world can't afford to have that happen. Even if we took military action, we would need Saddam Hussein's oil to fuel our planes and bomb him.

I would ask that the full text of the Wall Street Journal article from September 19, 2000 be printed in the RECORD.

The PRESIDING OFFICER. Without objection.

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

[From the Wall Street Journal, Sept. 19, 2000]

IRAQ PUMPS CRITICAL OIL, AND KNOWS IT

(By Bhushan Bahree and Neil King Jr.)

PARIS.—An international pariah for the past decade, Iraqi leader Saddam Hussein now has the world over a barrel.

Iraq exports about 2.3 million barrels a day of crude oil into a world market so thirsty for oil that prices have soared recently spurring an international wave of consumer backlash. The Iraqi exports are significantly more than the combined spare production capacity of all other producers at this time. So the world now depends on Iraqi oil, right?

''You're damned right,'' snapped Amer Rasheed, Iraq's oil minister, during an interview after a ministerial meeting of the Organization of Petroleum Exporting Countries in Vienna last week.

Mr. Rasheed wouldn't answer whether Iraq is likely to use its oil weapon—threatening to halt oil exports—to seek an end, for instance, to United Nations sanctions imposed a decade ago.

Saddam has played this game before. Late last year, Iraq shut its oil taps in a dispute over the sanctions, and oil prices surged.

No sooner had Mr. Rasheed returned to Iraq last week than he accused Kuwait of stealing oil from Iraq's southern oil fields through wells drilled horizontally across the border. The accusation seemed ominous since it was the same charge Iraq leveled against its neighbor before invading Kuwait in 1990. Mr. Rasheed said Iraq would take unspecified action to protect its oil riches.

Yesterday, the Iraqi press reported that Saddam told a cabinet meeting Sunday that even Saudi Arabia, the world's largest oil exporter, didn't have enough spare capacity to relieve the world of worries about an impending oil shortage.

''This is one of those serious times when the threat of a suspension of Iraqi [oil] exports needs to be taken seriously,'' said Raad Alkadiri, country analyst at Petroleum Finance Corp. in Washington.

Nobody knows just what the Iraqi leader may decide to do with his oil power. Some diplomats and industry officials figure Saddam may seek some gains by using the

threat of a halt in oil exports, while others say he may reckon that things are going his way anyway, with support for the long-standing U.N. sanctions growing increasingly weak.

There is little doubt that Iraq is getting more assertive. An Iraqi fighter jet two weeks ago flew over part of Saudi Arabia for the first time in a decade, leading U.S. officials to warn that Washington would strike back if Baghdad provoked neighboring Kuwait or Saudi Arabia. U.S. officials have also warned against thinking they are too distracted by presidential politics to react.

Yet diplomats at the U.N. acknowledge that any concerted effort to get arms inspectors back into Iraq won't advance until after the U.S. presidential election. Hans Blix, head of the new inspection team, made the same point to reporters yesterday, saying ''nothing serious will happen'' until U.S. voters go to the polls Nov. 7.

No one at the U.N. suggests that the Clinton administration has put a hold on Iraqi diplomacy. But a spike in tensions with Iraq, especially if it led to steeper gas prices, could easily ripple through the presidential campaign.

European oil executives familiar with Iraq, meanwhile, say the U.N. sanctions against trading with Iraq are breaking down in the region. Turkey, Jordan, Qatar, Dubai and Oman are all openly trading with Iraq, says one senior European oil executive. ''There is a feeling that except for bombing [against radar sites], the U.S. is turning a blind eye'' to these transgressions, he says.

Western diplomats and industry officials say one potential flash point is a Sept. 26 meeting in Geneva of the U.N. Compensation Commission, which was set up after the Gulf War to decide on claims on losses resulting from Iraq's invasion of Kuwait. The body's governing board is scheduled to consider a claim of some $16 billion by state-owned Kuwait Petroleum Co., a claim that irks Iraq and may have provoked the counterclaim that Kuwait has been stealing Iraqi oil.

The commission has already paid out more than $8 billion to claimants. The U.N. supervises Iraqi exports of oil and directs 30% of the receipts from such sales to fund the commission and finance the awards. Depending on oil prices and Iraqi export levels, the commission is getting some $400 million every month from the Iraqi oil sales. Claims on Iraq total more than $320 billion. Though the commission's awards are expected to be significantly below that, Iraq has long argued that it wouldn't pay damages for decades to come.

If there is a political flare-up now that results in Iraq halting exports, the consequences could be serious at a time when supplies are tight, oil prices already are at 10-year highs of more than $36 a barrel (see article on page C1), and consumers have been protesting across Europe. ''It would be devastating * * * the price of a barrel would double,'' the European oil executive said.

Most OPEC countries are producing flat out to meet strong world demand for oil. Kuwait, for instance, has made clear that it can't even meet the latest quota increase it was allocated as part of last week's OPEC agreement to raise the group's output by 800,000 barrels a day. The increase was aimed at helping to cover world demand, which is running at some 76 million barrels a day.

Iran's output actually declined in August, perhaps because of production difficulties at its fields. Exporters that aren't members of OPEC also are producing as much as oil as they can. Norway and Mexico, for instance, have both said they are producing to capacity.

That's not to say that the rest of the world would be helpless. Saudi Arabia and the United Arab Emirates could produce some extra oil to offset at least part of any shortfall from Iraq. Saudi Arabia's exact surge capacity—the ability to produce extra volumes for a short period of time—isn't precisely known. But given its huge capacity base of more than 10 million barrels a day, the kingdom could produce at a much higher rate for a short period. It also could try to increase its capacity, which would take at least some months.

Meanwhile, the U.S. and other industrial countries that have strategic reserves of petroleum could release them. The U.S. alone has some 570 million barrels of oil stored at salt caverns, and U.S. officials say they are prepared to tap the reserves immediately should Iraq cut off its oil exports.

''We could cover all Iraqi production for a year if we had to,'' one senior U.S. official said.

Altogether, industrial-country members of the Paris-based International Energy Agency have some 112 days of net import coverage through stocks that can be released in case of a 7% decrease in supplies from the average levels of the previous year.

Mr. MURKOWSKI. Think about the simple equation of Saddam's influence over the world right now. You don't have to be a mental giant to reach any other conclusion, but we buy Saddam Hussein's oil. We send him the money. He pays his Republican guards and builds up his biological and chemical weapons capability. We take that oil, put it in our airplanes and fly over and bomb him. And the process starts all over again. What kind of a foreign policy is that?

How do we get back on course? Well, there is a solution. We have to reduce our dependence on foreign oil. We need to go through some avenues to do this. We need to increase our efficiency and maximize our utilization of alternative fuels and renewables. But we also have to increase domestic oil and gas production in this country. We have vast resources in areas like the overthrust belt in Wyoming, Colorado, and other States where we produce oil. We can produce more. But 64 percent of the public land has been withdrawn from exploration. Increased domestic supply is needed to lower prices, reduce volatility, and ensure safe and secure energy supply.

My State of Alaska has been producing about 20 to 25 percent of all the total crude oil produced in this country in the last 20-some years. We can produce more. We have the technology and we can do it safely. Give us an opportunity. Let us show the American can-do spirit. Let us meet the environmental concerns with technology, not rhetoric.

We must increase our domestic energy supply of oil to lower prices, reduce volatility, and ensure safe and secure energy supply. We have legislation to do it. Senator LOTT and I and others introduced the Energy Security Act of 2000, S. 2557. If enacted, It would guide us toward rolling back our dependence on foreign oil to below 50 percent. That is a goal, an objective of the bill.

To meet that goal, our bill would, among other things, increase domestic energy supplies of oil by allowing frontier royalty relief; improving Federal oil lease management; providing tax incentives for production, and assuring price certainty for small producers; allow new exploration in America's Arctic, in the Rocky Mountain States, and along the OCS areas for those States that want it; protect consumers against seasonal price spikes, especially with regard to Northeast heating oil users; foster increased energy efficiency, and provide new tax incentives for renewable energy to replace foreign oil.

The bottom line is, the Clinton-Gore energy policy and our increased dependence on Saddam Hussein is a travesty on the American people, the American mentality, and the American memory. We fought a war in Iraq, and now we are dependent on their resources and unable, or unwilling to do anything about it. Saddam is leveraging the issue by his dictate to the U.N. that he is not going to give them compensation. If they make him, he will simply cut his production, and the world can't afford to have that happen.

Finally, more U.S. dependence on foreign oil gives more leverage to Saddam Hussein to threaten regional stability. The administration seems powerless to respond for fear of cutting back on Iraqi exports. We are in a period almost as if it was during the last year of the Carter administration. Remember that time? We were being held hostage, if you will. We had hostages in our embassy in Iran. This time we have a country, a nation held hostage by Saddam Hussein.

What will the effect be? It is going to be at the gas pump and in your heating oil bill. I haven't even talked about natural gas, and I will not do that today. I want to remind my colleagues that we have been talking about oil today. Tomorrow we are going to talk about natural gas. Natural gas, a year ago, was $2.16. Today it is $5.40 for deliveries in October. The GOP energy plan would defuse Saddam Hussein's threat. The Clinton-Gore plan wants to stand by until the election is over. They hope they get away with it.

That concludes the amount of time allotted to me. Tomorrow I will talk about the price of natural gas and the effect it will have on the economy, your heating bills, and your electric bills.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized, but the Senator doesn't have any time.

Mrs. BOXER. Mr. President, I ask unanimous consent that I may use 5 minutes of Senator DURBIN's time, to be followed by Senator GRAHAM and then Senator DORGAN.

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

CLINTON-GORE PRESCRIPTION DRUG PLAN

Mrs. BOXER. Mr. President, I thank my colleague for giving me these 5

minutes. I listened to Senator GRAMM's attack on the Clinton-Gore prescription drug plan, the Democratic plan. I will tell you, it was very interesting because I just read an article in one of the newspapers. I think it was in The Hill. It is an article by Representative SHERROD BROWN. Representative BROWN points to a confidential document—I will quote him—prepared for House Republicans. It found its way into the public realm. It wasn't news at the time, he says, but when you read it, it suggests that the Republicans go after the Democratic plan by calling it a one-size-fits-all plan, ''a big government plan, especially a one-size-fits-all big government plan.''

As I listened to Senator GRAMM, he uses those terms over and over again. Now it sort of makes sense as to why they have put out this strategy on how to attack this plan. I had to smile when I was listening to Senator GRAMM because I thought, Is he attacking the Medicare program? The Medicare program is a program that covers 99 percent of our seniors. I suppose he thinks that the one-size-fits-all big government plan—and I assume he feels that way because Governor Bush, in 4 years, wants to do away with the Medicare plan. So this is what is happening here.

I want to share a couple of charts that show the differences between the two plans. This is amazing. Also, they say it is a forced plan when it is voluntary. Vice President GORE has been very clear that the plan is a voluntary plan. Seniors can take it if they want. So here you have the Democratic plan, which is affordable for all seniors. It is part of Medicare and it is voluntary. It has a defined benefit, and it gives bargaining power to seniors so that the cost of the drugs would go down.

The House Republican bill has no assistance to seniors with incomes over $12,500. So that leaves out most seniors. It is private insurance, not Medicare. Insurers say they won't offer it. We have proof of that and we have quotes. An insurer can modify or drop benefits year to year. Seniors may lose access to local pharmacies or drugs. There is no guarantee of better prices. Let's see the comments about the Bush-Republican plan—the GOP prescription drug plan by health insurers.

We continue to believe the concept of the so-called drug-only private insurance simply would not work in practice.

That is Charles Kahn, President of the Health Insurance Association of America.

Let's look at other comments of health insurers on the GOP plan endorsed by Senator GRAMM and Governor Bush.

Private drug insurance policies are doomed from the start. The idea sounds good, but it cannot succeed in the real world. I don't know of an insurance company that would offer a drug-only policy like that or even consider it.

Charles Kahn, President of the Health Insurance Association of America.

Health insurers tell us that the Bush Republican plan is doomed because no insurance companies are going to do it.

Here is Cecil Bykerk, Executive Vice President of the Mutual of Omaha companies, who says:

I am convinced that stand-alone drug policies won't work.

You have a real plan by AL GORE for voluntary benefits under Medicare—a program that is revered by seniors. The fact is that the Republican plan, by the very companies that are making life miserable for seniors—HMOs, insurance companies, and pharmaceutical companies—is a complete sham.

Things are getting hot around here. It is ''happy season.'' It is political season. I think we have to get back to reality.

Let's realize that the words used by my friend, Senator GRAMM from Texas, come straight out of the Republican campaign strategy book—call it big government, call it one size fits all; if you don't like the Medicare program, then you ought to support Governor Bush's plan because in 4 years he does away with Medicare.

Let's take a look at this one more time.

The Senate Democratic bill, which is essentially the Gore plan, is affordable for all seniors. It is voluntary. It will work.

The House Republican plan and the one that is discussed by PHIL GRAMM is a sham. The insurance companies say they can't do it.

Thank you very much. I thank my colleague from Florida for allowing me to go ahead.

The PRESIDING OFFICER. The Senator from Florida is recognized.

MEDICARE REFORM

Mr. GRAHAM. Mr. President, for the past 3 days I have been discussing the need to reform Medicare and the fundamental reform of shifting Medicare from being a program that focuses on sickness and dealing with disease and the consequences of accidents after they happen, to a health care system that focuses on wellness and maintaining the highest possible quality of life. I pointed out that an essential ingredient of any wellness strategy is prescription drugs. Prescription drugs are a modality in virtually every form of therapy which is designed to reverse disease conditions or to manage those conditions.

Yesterday, I talked about the fact that the prescription drug benefit for senior Americans should be provided through the Medicare program. It is the program which the seniors themselves have indicated over and over that they believe in, they trust, they have confidence in, and that they would like it to be the program through which this additional benefit would be added to all the other benefits that are available through Medicare. They would also like prescription drugs to be available through Medicare.

In the context of the discussion of our colleague from California, I must point out that while the seniors are saying they want to have a prescription drug benefit administered through Medicare, the Governors of the States are saying they do not want to have the responsibility for administering a prescription drug benefit; it is not our job nor should it be our financial responsibility to be involved in prescription drugs for a group of Americans who have since 1965 been covered by a national program and not a State-by-State program.

I would like to talk about the issue of cost and which alternative before us has the best opportunity to serve not only the interests of the 39 million seniors but all Americans in terms of injecting some control over an out-of-control, spiraling increase in the cost of pharmaceutical drugs.

Let me use as an illustration what has happened to a constituent of mine, Mrs. Elaine Kett. Mrs. Kett is a 77-year-old widow from Vero Beach, FL. She lives on a fixed income of approximately $20,000 a year, which means that her income is above the level that would provide benefits for her under the kind of plan that my Teutonic cousin from Texas has indicated he would support.

Like many of my constituents, Mrs. Kett sent me a list of all the prescription drugs that her physician has indicated are medically necessary for her wellness and quality of life. These are the lists of Mrs. Elaine Kett's drugs. As you will see when you add up all the costs of the drugs which she used in 1999, the total cost was $10,053.36. Mrs. Kett has already said her income is $20,000 a year. Fifty cents out of every dollar of Mrs. Kett's income was consumed in paying for the prescription drugs necessary for her life, wellness, and quality.

In her letter, Mrs. Kett writes:

This is killing me because my income is just a bit more than double the cost of these drugs.

Then she adds a postscript.

P.S.—Someone said these are the golden years, only the gold is going into someone else's pocket.

There are millions of Americans just like Mrs. Kett. Passing a real prescription drug benefit to cover Mrs. Kett and all Medicare beneficiaries should be a priority for this session of the Congress.

Today, we will examine one of the key reasons why so many seniors are unable to purchase the medications which their physicians have said are medically necessary. The reason is cost.

Prescription drug prices are growing so quickly that seniors and, I would argue, most Americans cannot keep up. In July, Families USA released a report that concluded:

The growing reliance on prescription drugs by the elderly and the mounting costs of those drugs is a crisis for America's senior citizens.

The elderly already pay a significant portion of prescription drugs expenditures out of their pockets. Today, many seniors are without any prescription drug coverage.

The traditional ways in which seniors have been covered for prescription drugs—which have included employers who provided those benefits to their retirees through the Medicaid program if they were medically indigent or through Medigap policies if they could afford the often exorbitant costs, and through HMOs which provided prescription drugs as a benefit—are constricting in terms of who they will cover and what they will cover.

So every week, more seniors are placed in the position of either having to cover their entire prescription drug costs or a larger proportion of that cost.

Today, almost one out of three seniors lacks any prescription drug coverage. Over 50 percent of Medicare beneficiaries lack coverage at some point during any given year. For those fortunate enough to have prescription drug coverage, the coverage is diminishing.

Thus, unless seniors are assured of prescription drug coverage through Medicare, many will find that needed medications are unavailable.

If it is true that the lack of prescription drug coverage has reached a crisis level for seniors, then why have we not yet enacted a real, affordable, and comprehensive prescription drug benefit under Medicare?

The answer, I suspect, includes the fact that the pharmaceutical companies may have erected an effective blockade to the enactment of a prescription drug benefit through Medicare.

In fact, the watchdog group, ''Public Citizen,'' reports that drug companies spent $83.6 million in lobbying costs this year alone.

I would suspect from looking at the television ads run by the industry that much of those moneys have been spent on lobbying efforts against the passage of a universal, affordable Medicare prescription drug benefit.

Why do the pharmaceutical companies cringe at a Medicare prescription drug proposal? It is because they know the power of the marketplace. As long as 39 million senior Americans have to deal, one by one, and as long as almost one-third of those have to deal without any assistance from any other source in the purchase of their prescription drugs, the market will not function. There is no effective purchaser-seller relationship.

What we do know is that when there is an effective market, prices can be restrained. We know it through the Veterans' Administration, which is able to purchase the exact same prescription drugs Mrs. Kett has been purchasing, but at substantially lower prices because they are using the power of a large purchaser for the benefit of American veterans. State Medicaid programs know this because they are using the power of their large purchases for the benefit of the million medically indigent within their States. HMOs know the power of the marketplace because they purchase their prescription drugs on a wholesale basis and then share those benefits with HMO beneficiaries.

With or without the support of the pharmaceutical companies, we must seek relief for seniors who are the victims of this crisis. The cost of prescription drugs is skyrocketing. We owe it to our seniors to examine the reasons and then to act.

In 1999, the prices of the 50 prescription drugs most used by older Americans increased 2 to 3 times the rate of overall inflation. In 1 year, the 50 most used prescription drugs by American seniors increased by 2 to 3 times the rate of overall inflation.

The numbers speak for themselves: Lorazepam, used to treat conditions including anxiety, convulsions, and Parkinson's disease, rose by 409 percent, 27 times the rate of inflation, from January 1994 through January 2000. Imdur, a drug used to treat angina, rose eight times the rate of inflation. And Lanoxin, used to treat congestive heart failure, rose at six times the rate of inflation.

Not only are the prices of drugs escalating at a rapid pace in the United States, but prices charged to Americans are also flat out incomprehensible.

We have all heard that prices of prescription drugs in other countries—including our neighbors, Canada and Mexico—are generally substantially lower than prices in the United States. The heartburn medicine Prilosec, the world's best seller, the largest selling prescription drug, costs $3.30 per pill in the United States. What is the price in Canada? One dollar and forty-seven cents. The allergy drug Claritin costs almost $2 a pill in the United States. What does it cost elsewhere? Forty-one cents in Great Britain and 48 cents in Australia. We are talking about exactly the same drug produced by the same manufacturer.

A constituent from Springhill, FL, called my office yesterday demanding to know why drug prices are so much lower in Mexico and Canada than they are in his hometown. I can't answer that question. Frankly, I don't think anyone can answer that question. Pharmaceutical manufacturers have been the top-ranked U.S. industry for profits as a percentage of revenue throughout the past decade. After-tax profits for the pharmaceutical industry average 17 percent of sales. By way of comparison, the average for all industries was 5 percent. The effective tax rate for the pharmaceutical industry is 16 percent. The effective tax rate for all manufacturing companies is 23 percent; 31 percent for wholesale and retail trade, financial services, and insurance and real estate, and an average of 27 percent for all industry.

While millions of seniors are sacrificing their last dollar, as is Mrs. Kett, to pay for medication, the pharmaceutical manufacturers are taking in higher profits than any other industry in the United States of America.

Money does not take precedence over health. Profits cannot be the top priority when public health is compromised. We have that responsibility as the representative of those Americans to take action.

One of the things we ought to do in addition to adding prescription drugs as a part of Medicaid is to assure public access to true drug prices as opposed to the mythic average wholesale price. This would be one step to encourage accountability among drug manufacturers. Rapidly escalating prices and inequitable prices across borders warrant an investigation and consideration of prescription drug costs containment.

I submit that by having Medicare as a new force in the marketplace, not through regulation or cost control but by using the principles of Adam Smith in a capitalist society, that with an effective purchaser of drugs for our 39 million seniors, we can see a substantial reduction in the price of pharmaceuticals for them, and all Americans will indirectly benefit. As public servants, we have a fundamental responsibility to protect all of our citizens.

We all recognize that millions of seniors in America are struggling to pay for prescription drugs, so it seems clear our goal in the Senate should be to assure that our prescription drug benefit for seniors and people with disabilities is included in Medicare.

Our proposal is that Medicare would utilize an intermediary referred to as a ''pharmacy benefit manager.'' There would be two or more of these managers in each region of the country. They would be the ones responsible for negotiating with the pharmaceutical companies and then passing on those benefits to the ultimate senior user. We cannot achieve these kinds of benefits through the fractured plan that relies upon private insurance. We cannot assure these benefits by a plan which is fractured through 50 States. We can only assure to our seniors the benefits of effective control by the marketplace if we place this plan within the Medicare program.

I appreciate the opportunity to share these remarks and look forward to a further discussion of prescription drug prices that we face in this Nation.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from North Dakota.

PRESCRIPTION DRUGS COST TOO MUCH

Mr. DORGAN. Mr. President, I want to talk today about the issue of prescription drugs. Some of my colleagues have already talked about this issue at some length. Let me add to that.

In January of this year, on a cold, snowy day, a group of North Dakota

senior citizens and I drove from North Dakota to Canada. It was not much of a drive, as a matter of fact, from Pembina, ND, to Emerson, Canada. We went to Canada to allow these senior citizens to purchase prescription drugs in Emerson, because the same drug that is marketed in Canada—in the same bottle, made by the same company—is sold in most cases for a fraction of the price for which it is sold in the United States.

I want to illustrate that, if I may. I ask unanimous consent to use, on the floor of the Senate, two pill bottles. These bottles are for a medicine called Zocor.

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

Mr. DORGAN. The bottles are slightly different, one is bigger than the other, but Zocor is sold both in Canada and the United States. Zocor is one of a number of cholesterol-lowering drugs. In fact, Dan Reeves, coach of the Atlanta Falcons, has an advertisement saying he takes a similar drug to lower his cholesterol following some heart problems he had.

In any event, Zocor is an FDA-approved drug produced by the same company, often in the same FDA-approved plant. Yet, this bottle of Zocor is sold in Winnipeg, Canada, for $1.82 per caplet. But if you are an American who is using Zocor to lower your cholesterol, you pay $3.82 per tablet. Again, if you buy it in Canada, it is $1.82 per tablet. But in the United States, the same tablet, by the same company, is not $1.82, but $3.82.

The Senate just finished yesterday a debate about normal trade relations. This used to be called most-favored-nation status. Do you know what the situation is with respect to prescription drug prices? We have least-favored-customer status for the American consumer. Why do I say this? Because prescription drug prices here are higher than anywhere else in the world. Why should the American consumer pay prices that are 10 times, or 5 times, or triple or double the price paid by everyone else in the world for the same prescription drugs made in the same plants by the same companies?

The answer is that U.S. consumers should not be least favored consumers as they are forced to be by the pharmaceutical drug industry. We can change that. How can we change it? We can change it by allowing our pharmacists and our distributors to be able to access the same FDA-approved prescription drug in Canada or in other countries—sold by the same company and produced in an FDA-inspected plant—at a lower price and pass the savings along to their customers. If we did that, the pharmaceutical industry would be required to reprice their prescription drugs in this country and reduce their prices.

I want to talk about Sylvia Miller. Sylvia Miller is one of the senior citizens who went to Canada with me. She is from Fargo, ND. A columnist in Fargo wrote a piece about Sylvia Miller. Let me just acquaint you with Sylvia Miller by reading from this piece:

> Sylvia Miller isn't one to complain, but few people would blame her if she chose to complain just a little bit. . . . Sylvia knows that life isn't always easy, that people struggle with the lows and look forward to the highs. . . . She's had her share of dark days in her 70 years of life on this earth.
>
> The 1980s were a pretty rough decade for her. She beat breast cancer in 1981, then lung cancer eight years later. She's a tough lady.

This article says she and her husband lived most of their lives in Durbin and then moved to Fargo in 1987, after ''we were flooded out by water coming cross country—the basement filled up nearly to the ceiling.''

Sylvia went with me to Emerson, Canada, 5 miles across the border, because she wanted to buy her prescription drugs at a better price. This article says Sylvia is a pleasant person. I know that because I know Sylvia. It also says she leads a disciplined life. She has to. She has diabetes. She also has asthma, and she has a heart that could be stronger. She tests her blood sugar level several times a day, eats wisely and at the right times, and the article goes on to say she gives herself shots four times a day, mixing three different insulins, uses two different inhalers for lungs which function below normal capacity, and she requires seven different prescription drugs every month. Last year, she received $4,700 from Social Security, and her prescription drug bill was more than $4,900. She says: Things don't quite add up, do they?

On our trip to Canada, I stood with Sylvia and the others in this little one-room drugstore in Emerson, Canada. The exact same prescription drugs you can buy in this tiny drugstore are sold 5 miles south, in Pembina, ND, or 120 miles south in Fargo, ND. The difference is not in the pill—it is the same pill, same color, same shape, made in the same plant, marketed by the same company. The difference? Price. Americans are the least favored consumers. They pay the highest prices.

So a group of senior citizens who pay too much for prescription drugs—such as Sylvia, who gets $4,700 on Social Security and has a $4,900 prescription drug bill—are trying to get a better price for the drugs they need to lead a good life by traveling to Canada.

These senior citizens should not have to load up in a van on a cold winter morning and drive to Canada. The Customs Service will allow individuals to bring back from Canada a small amount of prescription drugs for their personal use. But there is a Federal law that says a pharmacist from Grand Forks, ND, or Montana or Vermont, can't go to Canada and access that same drug and come back and pass the savings along to their customers. Federal law says you can't do that. We aim to change that Federal law.

The Senate has already passed our proposal. Senator JEFFORDS, Senator GORTON, Senator WELLSTONE and I, and a range of others have worked to pass this plan in the Senate. Our proposal says: Let's allow U.S. pharmacists and distributors to go to other countries and access the identical prescription drugs, approved by the FDA, at a lower price, bring them back, and pass the savings along to the American consumer. Of course, if we get this plan signed into law, what will happen is that the pharmaceutical industry will be required to reprice these drugs in this country.

Now, guess what. The pharmaceutical industry is spending a fortune to try to defeat this proposal. It is in a conference committee. I am one of the conferees. The conference isn't even meeting. Why isn't it meeting? Because people have heartburn over this proposal, and they want to kill it.

The pharmaceutical industry said the 11 former Food and Drug Administration Commissioners have come out in opposition to the proposal. Well, yesterday, I showed a letter that we received from David Kessler, the former Commissioner of the Food and Drug Administration under Presidents Bush and Clinton. I want to tell my colleagues what he says:

> The Senate bill which allows only the importation of FDA approved drugs, manufactured in approved FDA facilities, and for which the chain of custody has been maintained, addresses my fundamental concerns.

He is not opposing what we are trying to do. This is a former FDA Commissioner.

Dr. Kessler says further:

> I believe the importation of these products could be done without causing a greater health risk to the American consumers than currently exists.

We need to give the FDA some additional resources to make sure we do not have counterfeit drugs imported. The pharmaceutical industry says this is an issue of safety. It is not. Here is an FDA Commissioner who says this can be done safely as long as you have safeguards. The pharmaceutical industry says this debate is about safety. They know better than that. It is about profits. Whose profits? Their profits.

Donna Shalala, who is the Secretary of Health and Human Services, has also written us a letter. She has indicated she believes that the Senate approach is an approach that can work. Secretary Shalala has said: ''With respect to the three amendments now in conference''—one of which is the Jeffords-Dorgan amendment I am talking about that was passed by the Senate—''we believe the Jeffords amendment represents a promising approach'' that can be effective if Congress provides new and efficient resources—which we intend to do—to the FDA.

So the head of the Department of Health and Human Services says this can be done safely as well, as long as we provide additional resources to the FDA.

But, again, today, for those who are trying to kill this proposal, I would like to offer another challenge. Of

course, no one has ever accepted the challenge, but I am interested in finding just one Member of Congress—one man or woman serving in the Senate or in the House out of 535 of us—to stand up on the floor of the Senate or House and say: I believe the American consumer should be treated as the least favored consumer by the pharmaceutical industry. I support that. I believe it, and I think we ought to leave it the way it is.

I want one Member of Congress to stand up and say that. I want one Member of Congress to stand up and say: With respect to Zocor, a prescription drug to lower cholesterol, I believe that Americans ought to have to pay $3.82 per tablet for the same medicine for which the pharmaceutical industry will charge the Canadians only $1.82 per tablet. A similar discount is provided to the Italians, the Germans, and the English, and the Swedes, and the rest of the countries, because the big drug companies are charging Americans the highest prices in the world.

I am not asking for the Moon here. I am only asking for one Member of Congress to stand up and support the pharmaceutical industry's pricing policies. And no one will. Because they want to kill this under the cover of darkness. They want to kill this by not having a conference, and by dropping it during some closed meeting in some crevice of this Capitol Building.

This is not an issue without names and faces and consequences. Sylvia Miller went to Canada with me to purchase prescription drugs at a much lower price, as did other senior citizens. But it ought not have to be that way. There is no reason anybody ought to have to go anywhere else in order to access the same prescription drug for half the price they pay in the United States.

That is unfair to the U.S. consumer. We can change it. And we can change it without compromising safety. We can change it, and should, and will.

Let me mention a word about the prescription drug industry. I happen to think we benefit mightily from much of what they do. When they develop a new prescription drug, good for them. But much of the new work in prescription drug development is coming from public investment through the National Institutes of Health and elsewhere. We are making substantial taxpayer-funded investments in research. Much of that research is then taken by the pharmaceutical industry and used to produce new medicines, for which they charge higher prices to the American consumer than anyone else in the world. That is not fair.

I want the pharmaceutical industry to be profitable, but profiting in ways that are unfair to the U.S. consumer should not be allowed.

The pharmaceutical industry has said—and incidentally, they have sent people all around North Dakota to newspapers and TV stations with this message—that if what Senator DORGAN wants to do gets done, there will be less research done on new medicines.

Interesting point. The pharmaceutical industry spends more money for research in Europe than it does in the United States, by just a bit. In other words, more research is done by that industry in Europe than in the United States. They say: If we charge less in the United States, somehow we will do less research. Yet they charge less in Europe and do more research there. And they charge more for prescription drugs in this country than in any country in Europe and do slightly less research. If their argument had any validity at all why is that the case?

To those in the pharmaceutical industry, I understand that you have a responsibility to your stockholders. I understand that. You have the responsibility to earn a decent profit. I understand that. Yet the Wall Street Journal says that the pharmaceutical industry has profits that are ''the envy of the corporate world.''

We am not talking about price controls with the Senate proposal. We are simply saying if the global economy is good for the pharmaceutical industry—and every other industry in this world—then why is the global economy not able to work for Sylvia Miller? Why can't Sylvia Miller's pharmacist go to Winnipeg, Canada, and purchase Zocor, and bring it back and sell it at a price that is much less than is now charged in this country?

The pharmaceutical industry will say: Gee, some of these countries have price controls. That is true. Some of these countries—many of them—say: All you can charge for prescription drugs is your cost plus a profit.

Mr. President, I ask unanimous consent for 3 additional minutes.

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

Mr. DORGAN. Mr. President, one of the inconveniences of the global economy is that you have advantages and disadvantages, and you have to live with both. When you move products around in a global economy—and the pharmaceutical industry certainly does—you get the advantages of importing lower-priced compounds and chemicals with which to make prescription drugs. So the big drug companies benefit from the global economy. But one of the inconveniences of the global economy is that the conditions that exist in the country you are purchasing from comes with that product.

Today, if I were to go up to my colleagues—and I will not—and turn over their necktie, I would find some of them are wearing a necktie made in China. So I say to them: If you are wearing a necktie made in China, governed by a Communist government, no doubt, when you purchased the necktie, you were contributing to the salary of the Communist leader of China. Do you feel comfortable with that necktie?

But, of course, no one set out to give comfort to any government anywhere. They simply bought a necktie. That is why, when the pharmaceutical industry says, ''if you are able to access the lower priced drug in Canada, you are importing some sort of price controls,'' I say nonsense. All you are doing is taking advantage of the global economy, the buying and selling of goods back and forth across borders.

Yes, it is inconvenient that some countries—in fact, many countries—do have price controls. But if pharmacists were able to access products in other countries at a lower price, why should they be prevented from moving them into this country? The Senate plan would allow this with complete safeguards, only for medicines that are approved by the FDA, only those medicines that are manufactured in an FDA-approved plant. Additional resources to the FDA would allow you to make certain you are not moving counterfeit products in and out of this country. With safeguards such as these in place, former FDA Commissioner David Kessler, Health and Human Services Secretary Donna Shalala, and others say it is perfectly appropriate and perfectly acceptable to give consumers, such as Sylvia Miller, the opportunity to have lower priced drugs in this country.

I will finish by asking this: Is there any Member of the House or Senate who believes the U.S. consumer should be the least favored consumer in international trade on prescription drugs? Does anybody stand up in support of this? I fail to see one, in all my time discussing this over the last year and a half, who will stand up and say: Let me be the first to say I support the highest prices for American consumers on prescription drugs. No one will do that because they don't dare do it publicly. They understand how unfair this pricing scheme is.

That is what Senator JEFFORDS and I, and Senators GORTON and WELLSTONE and many others, are intending to change. The Senate has passed our proposal by a wide margin. It is now in conference. Those who have the strings to pull want to dump it and kill it by not having a conference convened. I happen to be a conferee. I intend to be at a conference at some point and fight for this proposal.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired. Under the previous order, the Senator from Illinois is recognized to speak for up to 25 minutes.

Mr. DURBIN. Mr. President, I salute my colleague, the Senator from North Dakota. He has been a leader on the issue of prescription drugs and has challenged all of us to focus on an issue which most American families understand completely.

They know what it costs to go to the pharmacy, if you are not lucky enough to have good insurance. They know what it means when you go into your local pharmacy and they tell you how much a drug costs and you almost faint.

They say: Wait a minute; don't you have some insurance coverage?

Well, yes, I think I do.

This happened to me recently in Springfield, IL. It ended up costing me a fraction of what it would have cost. It was a prescription where I had to think twice about whether I wanted to spend that kind of money on it, if the insurance didn't cover it. But that was an option for me; I am in pretty healthy shape. Imagine a person who is really struggling to just survive, to stay healthy and strong, and the choices they have to make when they have limited income.

What I am talking about is not an outrageous situation or an outlandish idea. It happens every single day. It happens across America. People, families across America, keep looking to Washington and saying: Do you get it? Do you understand this? Do you care?

I have a quote one of my staff came up with that I thought was apropos. It is very old. It goes back to 1913. President Woodrow Wilson wrote it to a friend. He was venting his frustration because several Democrats on the Senate Finance Committee were blocking something he considered to be a high priority. He wrote:

> Why should public men, Senators of the United States, have to be led and stimulated to what all the country knows to be their duty? Why should they see less clearly, apparently, than anyone else, what the straight path to service is? To whom are they listening? Certainly not to the voice of the people when they quibble and twist and hesitate.

That is what this debate gets down to. Are the men and women elected to the Senate and the House of Representatives really listening to the people back home? If we were, would we be wasting a minute and not dealing with the prescription drug benefits people need to survive?

Yet when we take a look at what has been proposed, they are dramatically different, the two major proposals coming from the two major candidates for President. The one that comes from AL GORE and JOE LIEBERMAN on the Democratic side suggests to treat the prescription drug benefit as a Medicare benefit; to say, yes, it is available to every American. It is universal. It is an option which every American can take, and we will protect you under Medicare. You will know that there is a limit to your out-of-pocket expenses. It is simple. It is straightforward. It is consistent with the Medicare program that has been around for over 40 years.

Frankly, there are some people who don't care for it. The drug companies don't care for it. They are making very generous profits every single year, and they know if all of the people under Medicare came together and bargained with them on drug prices and drug costs, their profits may go down. That is why they resist it. That is why this special interest group has been so good at stopping this Congress from doing what the American people want done. Their profits come first, unfortunately, in the Senate—not the people in this country, not the families struggling to pay the bills.

On the other side, they make a proposal which sounds good but just will not work. Under Governor Bush's proposal on prescription drugs, he asserts, for 4 years we will let the States handle it. There are fewer than 20 States that have any drug benefits. Illinois is one of them, I might add. His home State of Texas has none. But he says: Let the States handle it for 4 years; let them work it out.

In my home State of Illinois, I am glad we have it. But it certainly isn't a system that one would recommend for the country. Our system of helping to pay for prescription drugs for seniors applies to certain illnesses and certain drugs. If you happen to be an unfortunate person without that kind of coverage and protection, you are on your own. That is hardly a system for America.

It is far better to take the approach which has been suggested by Mr. GORE and Mr. LIEBERMAN, to have a universal plan that applies to everyone. Let's not say that a person's health and survival depends on the luck of the zip code, where you happen to live, whether your State is generous or not. I don't think that makes sense in America. I think we are better than that.

We proved it with Medicare. We didn't say under Medicare: We will let every single State come up with a health insurance plan for seniors. We said: We will have an American plan, a national plan, and every single American—Hawaii, Alaska, and the lower 48—everyone who can benefit from it gets the same shot at quality health care. And it worked. The critics said, in the 1960s; that is big government; that is socialism, Medicare will be the end of health care as we know it in America. ''Socialized medicine,'' they called it.

Wrong, completely wrong. Ask the people in the hospitals and the doctors today what Medicare has meant. It has meant they are able to give the elderly in America quality health care. Just take a look at the raw statistics. Seniors are living longer today than they did in the 1960s. They are healthier. A lot of good things have come from Medicare.

We believe the same standard should be applied when it comes to prescription drugs. Let us base this on the Medicare system. If you doubt for a moment that this is a serious problem, I wish you would go to your local pharmacy and ask your pharmacist. When I held hearings across Illinois, I brought in doctors and pharmacists and seniors to talk about this issue. The people who were the most adamant about the need for reform were the pharmacists, the men and women in the white coats behind the counter who get the prescriptions from the doctor and try to fill them for the patient and have to face the reality of the cost. Those are the men and women who know every single day that there are seniors who are not filling prescriptions, taking half of what they are supposed to, ignoring the request and, frankly, the best advice of their doctors because they cannot afford otherwise.

Here we stand in the Senate, 7 weeks away from a national election, an election where the American people say a prescription drug benefit is the highest health care priority, and we are not prepared to do anything. Is it any wonder that people looking at the Congress of the United States wonder whether we are paying attention to the reality of life for families across this country? When people can go across the border into Canada and buy the same exact drug sold in the United States, made in the same laboratory, subject to the same FDA inspection, for a fraction of the cost, how in the world can we stand here and say there is nothing we can do about it? There is something we can do about it. There is something we must do about it.

This election is a referendum on whether this Congress has the will to respond to families in need. A lady in Chicago, IL, received a double lung transplant. What a miracle.

Years ago, that was unthinkable. Now it is possible. It works. She stood before me and looked good several years after it occurred. But she said:

> Senator, it cost me $2,500 a month for the immunosuppressive drugs to stay alive. I cannot afford it. So what I have done, frankly, is to give up everything I have on earth and move into my son's home, where I live in the basement. I asked for Medicaid at the Department of Public Aid in Illinois and for the money to pay for my prescription drugs each month. I fill out the forms every month to try to make sure I qualify for the drugs.

She said:

> Senator, one month I missed it. I didn't get the paperwork back in time. For one month, I didn't take the drugs and I was worried sick. I went back to the doctor after that month and he said, ''Don't ever let that happen again. You had irreversible lung damage that occurred during that one-month period of time.''

Think about the burden on that poor lady's shoulders. How many of us dream of being dependent on our children in our elderly and late years? None of us wants that. Many times my mother has said to me, ''I don't want to be a burden.''

That woman is living in the basement of her kid's home. She has no place to turn and is wondering if she can get the paperwork in on time to qualify for Medicaid. Missing that opportunity, she could lose the chance for the miracle of two new lungs that gave her new life, losing the chance for that miracle to continue.

That is the reality of what is happening. Hers is the most extreme case, and I remember it because of that. But as I went across my State, people said: Senator, I get $800 a month from Social Security and it costs me $400 a month for prescription drugs. I don't have any insurance to cover that.

A third of the seniors in this country have no insurance protection whatsoever; a third have poor protection, and

a third are lucky because they worked in the right place and had the right retirement. They are covered and protected. When you hear stories and you come back to Washington, you think: Why are we here? The men and women here are supposed to be here to respond to the real needs of America's families. Yet in this case, and in so many others, this Congress has come up empty. Missed opportunity after missed opportunity.

Let me suggest another thing to you. One thing I have noticed as I visited families in my State of Illinois is that they talk about their children. They will brag about how good they are at playing soccer or playing the piano or getting good grades. But then there will be a pause, a hesitation, and they say: I wonder how we are ever going to pay for that college education. I hear that over and over. New parents with a little baby might say: He looks like his dad and he is sleeping all night, but how in the world are we going to pay for this kid's college?

That is a real concern. The people know the cost of a college education has gone up dramatically. We did a survey in Illinois of community colleges, private colleges, and public universities. Over a 20-year period of time, when a child might consider being in college 20 years later, what happened to the cost of tuition and fees at universities and colleges in my home State of Illinois? They have gone up over 250 percent and, in some cases, over 400 percent. So even if you think you are putting enough money away today to cover what is already a high cost of education, quadruple that cost and you are dealing with the reality of what that could cost in years to come.

So families say to me as a Senator and to those of us serving in Congress: Do you hear us? Do you understand it? You tell us that education is good for our kids and for our country. What are you doing in Washington to help us out, to give us a helping hand?

The honest answer is: Absolutely nothing. There is something we can do. Senator CHUCK SCHUMER, my deskmate here from the State of New York, and Senator JOE BIDEN of Delaware, have been pushing for a plan that I think makes a lot of sense. It is a plan the Democrats are proposing as part of this Presidential campaign. It is very simple and straightforward. It says that you can take the cost of college tuition and fees and deduct them from your income. What it means is that up to $12,000 of tuition and fees can be deducted. For a family, that means they are going to have a helping hand of around $3,000 each year to pay for it. I wish it were more, but it is certainly a helping hand.

When I went to Rockford College in Rockford, IL, I said: What did the average student graduate with in terms of debt? They said it was about $20,000. That is a lot of money when you are first out of college. Yet if the deductibility of college expenses were part of the law in America, that student would be walking out with a debt of $5,000 or $6,000 instead of $20,000.

Wouldn't that be good for this country and for that family? Doesn't it give that young man or woman the right opportunity to make a choice of a job or a graduate education? I can't tell you how many young people I ran into who said: Because of my college debts, I had to take the best-paying job. I really want to be a teacher, but they don't pay enough. I got a chance to go with a dot-com and make a zillion, so I had to do that.

We lost something there. We lost a potential teacher, someone who wanted to put his or her life into teaching others, but decided, because of the finances, to postpone it or never do it. That is reality.

If we look at that reality, the question is, What does Congress do to respond? Instead of coming up with tax relief for middle-income families to pay for college education expenses, the only tax relief bills we have come up with is for the wealthiest people—the so-called elimination of the death tax and the elimination of the marriage penalty tax. When you lift the lid and look inside, it ends up giving over 40 percent of the benefits to people making over $300,000 a year. Excuse me, but if I am making $25,000 a month in income, how much of a tax break do I need? My life is pretty good, thank you. And thank you, America, for giving me the opportunity to have it. I don't need a tax break from this Congress.

But the families struggling to pay for college education expenses deserve a tax break. If we really believe that the 21st century should be the American century, we need to invest not only in helping families put their kids through college, but in helping workers who realize that additional skills give them greater earning potential, the chance to get that training and education. Sometimes that costs money. If it is going to cost money and tuition and fees, they, too, should be able to deduct it. Lifetime learning, lifelong learning is a reality today if you want to be successful. You can't step back.

When I went into my Senate office representing Illinois 4 years ago and put the computer on my desk, believe me, I am not of an age where I am a computer wizard, but I am learning. I realize I have to learn to keep up with this technology because it makes me more effective and efficient. Everybody is learning that lesson, whether you are in a classroom or a workplace, and the people who want to prosper from that experience and want to make their lives better sometimes need additional training. So when we talk about the deductibility of these expenses for lifelong learning and for college education, we are talking about people setting out to improve themselves. It is not a handout. These people are asking for an opportunity to be educated and trained and skilled.

One of the bills we are going to debate this week is the H–1B visa. You may not know what the term means, but basically it is a question as to how many people we will allow to immigrate into the U.S. to take highly paid, unfilled jobs—jobs that require skills America's employers say they can't find in the American workforce. Well, it is a real problem. I think we need to have an expansion of the H–1B visa to allow people to come in from overseas to fill these jobs so American companies will stay in America, so that they will continue to prosper, pay their taxes, profit by their ventures, and I think we can help them.

But what a commentary on our workforce and our education system that we continue to have to look overseas not for what used to be the brute force of labor coming to build railroads and towns, but now they are the most skilled people in the world. So if we say we are going to allow more people to come into this country to fill the highly skilled jobs, don't we have a similar responsibility to the people and families of this country to explain how, the next time around, there will be Americans skilled to fill these jobs? I think that is part of the debate. Yet you won't hear much about it on the floor of this Senate. We don't talk about education much here.

Some of my colleagues want to dismiss it as a State and local issue, that the Federal Government has little or nothing to do with that. I disagree. We should be giving tax relief to families to pay for higher education and even more. When you look at the schools in America, there are genuine needs. I think everybody who has raised a family, as my wife and I have, appreciates that the more kids you have in the room, the tougher it is to manage it. A teacher with 30 kids in a classroom has her hands full. We have to talk about lower class sizes, smaller classes with more individual attention.

On the Democratic side, we have proposed 100,000 new teachers who will go into classrooms. Schools are growing and the population is getting larger, and 100,000 teachers will cut back on the number of kids in a classroom and give a teacher a better chance to teach.

A teacher came up to me at O'Hare Airport in Chicago and said: I teach on the south side of Chicago. We qualified for the Federal program to have smaller classrooms. Thank you, Senator. It is working. Those kids are getting a better education.

I don't deserve the credit. It wasn't my idea. But I happen to support it. We should support more of it. We are not even discussing education on the floor of the Senate. We are talking about H–1B visas to bring in more skilled employees from overseas. And we are not talking about educating and training our kids in the next generation to fill those jobs. We have lost it in this debate. Somehow we are consumed with things that other people think are much more important. I can't think of

anything more important than education. Health care for prescription drugs and education so kids have a better chance for their future makes all the sense in the world.

While we are talking about a better future, let me also address the 10 million Americans who got up to go to work and went to work this morning, and who go to work every single morning, not looking for a government check but for a paycheck at the end of the week where they are paid $5.15 an hour. That is the minimum wage in this country, and it has been stuck there for over 2 years. Why? Because this Congress refuses to give some of the hardest working people in America an increase in the minimum wage. These are people who get up and go to work every day, who are waiting on tables in the restaurants, and who make the beds in the hotels. They are the day-care workers to whom we entrust our children, they are people working in nursing homes watching our parents and grandparents, and we refuse to give them an increase in the minimum wage.

For decades in this Capitol, this was not a partisan issue. From the time Franklin Roosevelt created the minimum wage until the election of Ronald Reagan, it was a bipartisan undertaking. We raise this wage periodically so people can keep up with the cost of living in this country. But, sadly, it has become a partisan issue.

While we fight on the Democratic side to give 10 million Americans an increase in the minimum wage, we are resisted on the other side of the aisle. They don't want to see these increases. Sadly, it means that people who are struggling to get by with $10,000 or $11,000 a year—and, frankly, have to turn to the Government for food stamps and look to other sources and more jobs—many of those people are single parents raising their kids, working at jobs with limited pay and limited requirements for skills, trying to do their level best. We have refused time and time again to increase the minimum wage in this country. That is a sad commentary on this Congress.

I also want to comment on the reality that we will be increasing congressional pay this year, as we have with some frequency, to reflect the cost-of-living adjustment. I think that is fair. But doesn't fairness require that we give the same consideration to people who are working for $5.15 an hour? I hope my colleagues, Senate Democrats and Republicans alike, will share my belief that this is something that absolutely needs to be done.

Whether we are talking about health care or prescription drugs and fairness in paying people for what they work for, there is an agenda that has gone unfilled in this Congress. It is an agenda which has been ignored and about which the American people have a right to ask us to do something.

I can tell you that as we talk about the future of this country and its economy, we are all applauding the fact that we have had the longest period of economic expansion in our history. We have had 22 million new jobs created during the Clinton-Gore administration. There is more home ownership than anytime in our history. There are more small businesses being created, particularly women-owned small businesses, across America. We have seen our welfare rolls going down. The incidence of violent crime is going down. We have seen an expansion of opportunity in this country that has been unparalleled. But if we sit back and want to rest on our accomplishments and our laurels, the American people have a right to throw all of us out of office. Our responsibility is to look ahead and say we can do better to improve this country and make it better for our children and grandchildren.

This Congress has refused to look ahead. It has refused to say how we can expand health care so that over 40 million Americans without any health insurance will have a chance to get the basic quality health care on which all of us insist for ourselves and our family.

This Congress has refused to address the prescription drug needs of families across America at a time of unparalleled prosperity in these United States.

This Congress has refused to look to the need of education when we know full well that the benefits of our economy can only accrue to those who are prepared to use them and who are prepared to compete in a global economy.

Yesterday, by an overwhelming vote, we voted for permanent normal trade relations with China. I voted for that. It was 83–15. It was a substantially bipartisan rollcall. We said that country, which represents one-fifth of the world's population, is a market we need. I hope when the President signs the bill we will begin to see an opening of that market for our farmers and our businesses. But we will only be as good in the global economy as we are in terms of the skill and education of America's workers.

We know full well that there will always be some country in the world—if not China, some other country—that will pay a worker 5 cents an hour and they will take it. We also know that those workers have limited education and limited skills, perhaps doing a manual labor job. And those jobs are always going to be cheaper overseas; that is a fact of life.

But if we are going to prosper in America from a global economy, we have to bring our workforce beyond manual labor, beyond basic skills, and that means investing in our people. It is important to have the very best technology, but it is even more important to have the very best skilled people working in the workplace. We happen to think if we are going to keep this economy moving forward, we need to make certain we don't do anything that is going to derail the economy.

We have seen some suggestions—for example, Governor Bush and some of his Republican friends in the Senate who have suggested over a $1 trillion tax cut that they want to see over the next 10 years. They have suggested we change the Social Security system.

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

Mr. DURBIN. I yield the floor.

MEASURES PLACED ON THE CALENDAR—S. 3068 AND H.R. 5173

Mr. CRAIG. Mr. President, I understand there are two bills at the desk due for their second reading.

The PRESIDING OFFICER. The Senator is correct.

Mr. CRAIG. I ask unanimous consent that they be read by title at this time.

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

The clerk will report.

The legislative clerk read as follows:

A bill (S. 3068) to amend the Immigration and Nationality Act to remove certain limitations on the eligibility of aliens residing in the United States to obtain lawful permanent resident status.

A bill (H.R. 5173) to provide for reconciliation pursuant to sections 103(b)(2) and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and to decrease the statutory limit on the public debt.

Mr. CRAIG. Mr. President, I object to further proceedings on the bills at this time.

The PRESIDING OFFICER. The bills will be placed on the calendar.

The PRESIDING OFFICER. The Senator from North Dakota.

JUDGE RONALD DAVIES

Mr. DORGAN. Mr. President, the legislation we will vote on after lunch contains a provision that will name a Federal courthouse in Grand Forks, ND. A Federal building in Grand Forks, ND, will be named the Judge Ronald N. Davies Federal Building. I want to describe to my colleagues something about Judge Ronald Davies.

Some of my colleagues may have had the opportunity to visit the Norman Rockwell exhibit at the Corcoran Gallery of Art in downtown Washington, DC. Among the many examples of Americana in the Gallery is a famous painting of a little African American girl, hair in pigtails, head held high, being escorted into a school by U.S. marshals. It was the result of a ruling by an unassuming Federal judge, a son of North Dakota, that allowed this Nation to take one large step forward in expanding America's dream for all Americans.

Forty-three years ago this month, on September 7, 1957, a Federal judge from North Dakota was asked to go to Arkansas to sit as a Federal judge and render a decision on a case involving civil rights. Surrounded by security guards because of threats on his life, Judge Ronald Davies carefully weighed the facts and the law and then issued an order that the New York Times

later said was a landmark decision in civil rights, ordering the integration of the Little Rock public schools.

Most people will not know the name of Ron Davies, but Judge Davies is one of North Dakota's proudest sons. He was made a Federal judge by the appointment of President Eisenhower in 1955. While on temporary assignment in Arkansas, he issued the decision that would become one of the landmark decisions on the issue of civil rights. He required the integration of the schools in Little Rock.

Judge Davies was not a tall man. In fact, he was just over 5 feet—about 5 foot 1, 5 foot 2—but he will certainly be remembered as a giant in the history of civil rights and integration. Despite threats on his life and National Guardsmen guarding the doors, this man sat in a courthouse and rendered the pivotal decision that will echo throughout this Nation's history. He replied, ''I was only doing my job,'' when asked about that decision. He was unassuming and unwilling to be in the national spotlight. In fact one news program called him an ''obscure judge.'' He agreed. He said, ''We judges are obscure and should be.''

Back then, he was also called ''the stranger in Little Rock.'' But he was no stranger to justice and no stranger to decency and no stranger to common sense. Men such as Judge Davies should be remembered. I think it is appropriate that we recognize this Federal judge with the fiery spirit, a man with an unerring sense of duty who went to Little Rock in a very difficult circumstance and did his job.

When schoolchildren and citizens and visitors pass through the door of the Federal building in Grand Forks, ND, they will be reminded of the courage Judge Davies showed America as he sat and did his job in those difficult times in Little Rock. It was a turning point in our Nation's history.

I can think of no better way to celebrate the life of Judge Davies, and also the important achievements his decision 43 years ago this month have rendered this country, than to put his name on the Federal building in Grand Forks, ND. So when this legislation becomes law later this year, that Federal building will be named the ''Ronald N. Davies Federal Building and United States Courthouse.''

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2001—CONFERENCE REPORT

The PRESIDING OFFICER. The Senate will now resume consideration of the conference report to accompany H.R. 4516, which the clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 4516 making appropriations for the Legislative Branch for the fiscal year ending September 30, 2001, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I understand that under this conference report that is now on the floor, the Senator from Wyoming has an hour reserved.

The PRESIDING OFFICER. The Senator is correct.

Mr. CRAIG. I ask unanimous consent that I be allowed to use up to 10 minutes of that hour.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

PRESCRIPTION DRUGS

Mr. CRAIG. Mr. President, for the course of the last hour and a half, I have been both in committee and in my office. While in my office, I watched a good deal of the discussion going on here on the floor by some of my colleagues on the other side—Senator GRAHAM from Florida, Senator BOXER from California, Senator DURBIN from Illinois, and Senator DORGAN from North Dakota—talking about the issue of prescription drugs.

There isn't a Senator here who does not recognize the importance of this issue primarily with the senior community in America today—primarily with the poorer of that community who cannot afford some of the new drugs that are on the market that are clearly improving their lifestyle, extending their health, and allowing many of our citizens to live better and longer.

That is why some of us, if not all of us, for the last couple of years have recognized the need to respond to the prescription drug issue within Medicare as a primary health provider in this country for our seniors. When that belief first came about, it came about in the context of the reform of Medicare. I think it is important to give a little history.

With a health care program in this country that is 30 years old, we began to recognize that it was in trouble; that it was continuing to pay for health care needs that were sometimes no longer needed and costs continued to go up. We were constantly working to adjust it.

In the Balanced Budget Act of 1997, we made adjustments. Some of those were right; some of those were wrong. Some of those were interpreted by the Federal health care administrators in a way that Congress didn't intend, and we are going to make some of those corrections this year for nursing homes and hospitals. The fundamental question is and should be, Was Medicare providing the necessary health care needs of our seniors?

Out of that grew the prescription drug issue. No question about it, as the President knows, these new designer drugs that are out on the market that are a result of our science, our technology, are doing wonderful things. They are not included. They are not a part of the old Medicare model that we created 30-plus years ago. That is why in the Balanced Budget Act of 1997 this Congress and this Senate said: Let's create the National Bipartisan Commission on the Future of Medicare. Let's reform it to fit the 21st century and the needs of the seniors of America in the 21st century, and let's do that in the context of shaping it differently, making sure prescription drugs are a piece of it. That will be the new health care paradigm.

The President appointed people. We appointed people. We worked. They studied. We brought in the best health care experts in the country and they brought about a report. Something happened along the way. We were getting closer and closer to an election cycle, and it appeared tragically enough that the other side saw this much more as a political issue than a need for substantive reform. As a result, that commission reported it lacked the one vote necessary for a majority to report back to Congress its findings and its proposal for the Congress to act.

Interestingly enough, the two Democrats from the Senate, Senator BREAUX and Senator KERREY, who served on that committee, voted for the report. They saw it as a major step in the right direction and, of course, the President's appointees were advised to vote against the report, or so we understand. They voted against it. Eleven votes were needed to approve the commission's recommendation; 10 of the 17 commissioners voted yes. We needed one more and we simply did not get it.

Before the vote ever took place, President Clinton announced the commission had failed and that his own advisers would draft a plan to serve the Medicare program. I think what he was saying was that his own advisors would draft a political plan to serve the next Presidential election.

The politics of Mediscare and prescription drugs moves now into the political arena. That announcement occurred in March of 1999. It literally was the sounding of a trumpet, the sounding of the fact that prescription drugs and Medicare without reform would become a part of the political mantra of the day; every Senator, Democrat and Republican, recognizing that we had to deal with prescription drugs. In fact, it was interesting to me that Senator BREAUX said: We are not going to fix Medicare; we are going to be looking for issues to beat each other over the head with once again.

That is what he said in the CONGRESSIONAL RECORD of March of 1999—a Democrat, referring to the commission and a failure of the commission and a failure of this President to stand up and be counted for at a time when we had a chance, a window of opportunity to make major national reform in

Medicare and to include prescription drugs in it. We would not be here today voting or debating this issue had that report come forward, been crafted into law, in bill form, and been debated. We would have debated it. With that kind of bipartisan support it could have and it would have happened. But it didn't happen. And tragically enough, it is not going to happen this year.

We are engaged in a national debate over which side can provide the best form of prescription drug program for the seniors of America. The debate in the field today between candidate George W. Bush and candidate Vice President AL GORE has now moved to the floor of the Senate. Prior to that debate, the Congress, in its budget resolution, said: Let's put $200 million in there to deal with prescription drugs this year so that seniors who are in true need, the truly neediest of the senior community who are making those choices between food and prescription drugs could be cared for. I hope we can still get them.

While we have the national debate ongoing today between Governor Bush and Vice President GORE—and it is an appropriate debate to have—the Vice President, I don't believe, deserves another bite at the apple. He has had 8 years and he had a chance to go to this President and say: Let's do Medicare reform. Let's do it now in a bipartisan way. Let's take this issue off the table.

That isn't what happened. It is just too ripe for politics. It is just too tasty an issue to engage in a national debate about it. That is what we are about today. It is now on the floor of the Senate. Vice President GORE has his prescription drug plan out; George W. Bush has proposed his; we will attempt to deal with ours.

I have the privilege of now serving on the Finance Committee. The Finance chairman has brought about a bill and we hope to have it on the floor and we hope it will comply with the amount of money necessary in the budget to fund this in the short term to deal with the problem in the immediate sense. Governor Bush says: Let's deal with it now and let's give truly needy seniors the solution to the problem now.

And AL GORE says: No, no, no; let's work on this—18 months, 2 years; We will have a better plan; we will have an all-inclusive plan.

There are very real differences in what is proposed. Our Vice President says an all-Government plan, Government control, Government managed, universal for everyone. We are saying, no, no, we like the one in the model that the Governor from Texas has put up, with greater flexibility, more choice for seniors. It is very similar to what I have, and very similar to what the Presiding Officer has, under insurance, allowed to be provided for Federal employees by private providers. There is flexibility to make choices.

I don't think I want a Federal warehouse in Boise, ID, distributing drugs to seniors 500 miles away at the other end of the State. I want the local pharmacy allowing the local senior to make the choice with his or her doctor as to what their true needs are and for those needs to be covered in Medicare. That is what the seniors of America want. They don't want the Government saying yes or the Government saying no.

There are very real and fundamental debates. I suspect we are going to hear Senators such as the Senator from Florida now on the floor—and this is an important issue in a State with so many seniors, as has the State of Florida, and I don't dispute that. But it is important that we engage in this debate and that the American public stop and say, gee, is there a free lunch and are there free drugs? The answer is no. It will cost someone, and it will cost $200 or $300 or $400 or $500 million, or $12 billion a year to do a universal program, or a lot more than that. We know it will be very costly. Therefore, it is right and proper to decide who can afford to pay and who can't afford to pay.

How about those seniors who have their own health care program now that pays? Why would AL GORE want to wipe out those insurance programs and go to a Government program? I don't think any seniors who study the program and understand that are going to like that idea. They are going to want their own health care program that they paid for and that maybe is a condition of their retirement coming down from the company they had worked for all their lives. And they ought to have it. That is the kind of flexibility and the dynamics we ought to have in the marketplace.

This Congress, in a bipartisan way, will ultimately solve this problem. We can do it this year a little bit of the way to help the truly needy. That is what we ought to do. I hope we can resolve that in a bipartisan fashion. Then we will allow the national debate to go on. We will ask every senior to compare the score charts, the Governor Bush plan versus the Al Gore plan—a Government plan versus a plan of choice, versus a plan of individualism; a relationship between a doctor and his or her patient versus a relationship with a Government provider.

That choice is going to be very simple for Americans when they are given it in a clear, understandable way. That is why I am on the floor today. Let's back away from the clutter and the finger pointing. Let's compare the plans—they are both out there now—on a point-by-point basis, and let us do what we can do here this year.

We have $200 million built into the budget. We did it in advance, knowing we ought to deal with this issue. We ought to deal with it now for the truly needy seniors of America, those who make the horrible choice of food versus prescription, heat versus prescription. Not in America. Never in America should that be allowed to happen.

I hope the politician will step back for a moment from the restrictions or complications of that issue and solve that problem now for our truly needy seniors while we allow the national debate to go on as to what America and American citizens wish to choose as a part of their overall health care needs.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Mr. President, I ask unanimous consent to speak on the time of Senator THOMAS.

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

THE 90 PERCENT SOLUTION

Mr. VOINOVICH. Mr. President, one of the primary reasons I came to the Senate, was the fact that I believed we had spent money over the years on many things that, while important, we were unwilling to pay for, or, in the alternative, do without. We had a policy of ''let the next guy worry about it'' or more precisely, ''let the next generation worry about it.'' I have said this before and I will keep on saying it until everyone realizes that we have a national debt that is costing us $224 billion in interest payments a year, and that translates into $600 million per day just to pay the interest.

Out of every Federal dollar that is spent this year, 13 cents will go to pay the interest on the national debt. In comparison, 16 cents will go for national defense; 18 cents will go for nondefense discretionary spending; and 53 cents will go for entitlement spending. Right now, we spend more Federal tax dollars on debt interest than we do on the entire Medicare program.

It still amazes me to think that 38 years ago, when my wife Janet and I got married, only 6 cents out of every dollar was going to pay interest on the debt. It is high time for our nation to make some headway into bringing down our national debt and lowering those interest costs.

As my colleagues know, our nation currently enjoys the greatest economic expansion in our history. We have a robust economy, and across the nation, states are reporting record low unemployment rates. Congress should take advantage of this incredible opportunity to create a lasting legacy for the young people of our country, and pay down our national debt and get this burden off the backs of our children and off the backs of our grandchildren.

All the experts say that paying down the debt is the best thing we could do with our budget surpluses.

Indeed, CBO Director Dan Crippen said earlier this year:

> . . . most economists agree that saving the surpluses, paying down the debt held by the public, is probably the best thing that we can do relative to the economy.

Federal Reserve Chairman Greenspan also said:

> My first priority would be to allow as much of the surplus to flow through into a reduction in debt to the public. From an economic point of view, that would be, by far, the best means of employing it.

Lowering the debt sends a positive signal to Wall Street and to Main Street. It encourages more savings and investment which, in turn, fuels productivity and continued economic growth. It also lowers interest rates, which in my view, is a real tax reduction for the American people.

Furthermore, devoting on-budget surpluses to debt reduction is the only way we can ensure that our nation will not return to the days of deficit spending should the economy take a sharp turn down or a national emergency arise.

In the time that I have been in the Senate, I have worked tirelessly to ensure that our on-budget surplus is used to pay down the national debt.

In fact, during consideration of the fiscal year 2000 and the fiscal year 2001 budget resolutions, I offered amendments that would direct whatever on-budget surplus we received in each particular fiscal year towards debt reduction.

In addition, I have been a staunch advocate of ''lock boxing'' both the Social Security and Medicare trust funds to prevent the expenditure of these funds.

Further, I offered an amendment with Senator ALLARD this past June to direct $12 billion in FY 2000 on-budget surplus dollars toward debt reduction. By the way, it passed by a vote of 95–3.

It was a great victory, but the celebration did not last long.

Unfortunately, all but $4 billion of that $12 billion disappeared: used for other spending in the Military Construction Appropriations Conference Report.

My disappointment was somewhat tempered by the news that the on-budget surplus that had been predicted earlier in the year was entirely too low an estimate.

As my colleagues know, in July, the CBO announced that our fiscal year 2000 on-budget surplus had grown to $84 billion—$60 billion more than was projected in January.

We have to be careful not to squander this windfall, because if we are able to maintain some fiscal restraint—and resist the temptation to spend it in the time we have remaining—at the end of this fiscal year, that $60 billion will be used for debt reduction.

We must resist the temptation to tap it before the end of this month—particularly in light of the fact that as of the first of this month, Congress had increased non-defense discretionary spending in fiscal year 2000 to $328 billion: a 9.3 percent boost over the previous fiscal year, and the largest single-year increase in non-defense discretionary spending since 1980.

If we do resist the temptation to spend it, I think we should celebrate the fact that we have made a major dent in our national debt; the most significant payment using on-budget surplus funds in more than 30 years. Think of that.

But, the fiscal year 2000 budget cycle is just about over. The issue today is what are we going to do to strike a blow for fiscal responsibility in the coming fiscal year.

As my colleagues are likely aware, Majority Leader LOTT and Speaker HASTERT have developed legislation, the Debt Relief Lock-Box Reconciliation Act for Fiscal Year 2001, H.R. 5173, that will allocate 90 percent of the fiscal year 2001 surplus towards debt reduction.

What will that mean?

Under H.R. 5173, both the Social Security and the Medicare surpluses will be ''lock-boxed,'' and approximately $200 billion will be protected from those who would use those funds for more spending.

I think the public should know, so there is no confusion, that it is not a literal ''lock box''—like a safety deposit box—but it is an iron-clad commitment that Congress cannot touch these funds for spending. Instead, those surplus dollars could only be used to pay down the debt.

It took Congress until just last year to finally stop using our Social Security surplus as a means to mask more than three decades of spending and instead, use it for debt reduction. We should continue this ''hands off'' approach of the Social Security trust fund.

Sadly, we have not yet been able to do the same with respect to the Medicare surplus—having used nearly all of it on spending in fiscal year 2000. Now is the time to treat the Medicare surplus the same as we have treated the Social Security surplus and make sure that it is subject to the same ''hands off'' policy as well.

Putting these trust funds in a ''lock box'' doesn't mean that we will have solved the problems of Social Security and Medicare, but using them to lower our debt now gives us added flexibility in the future to address the long-term solvency of these two programs. It is about time we reform Social Security and Medicare.

Also under this bill, some $42 billion of the on-budget surplus that the CBO is estimating for the next fiscal year will be used strictly for debt reduction. No smoke-and-mirrors, no gimmicks, just straight debt reduction.

Therefore, under H.R. 5173, 90 percent of all fiscal year 2001 surplus funds will be used for debt reduction.

I have heard the President and some of my colleagues say that this is just going to squeeze the ability to meet ''pressing needs'' in the coming fiscal year. I do not agree.

If the disparity between the preliminary and supplemental surplus projections of fiscal year 2000 are any indicator, there will likely be an upward readjustment of the surplus projections in FY 2001.

If our economy should slow and these projections turn out to be too optimistic, then we could cut spending—which would be fine as far as I am concerned. But in the meantime, this proposal will hold our feet to the fire with respect to spending, and our feet need to be held to the fire.

My colleagues and I are not asking for a lot, simply that this body stand up and be counted. I hear people every day saying let's do something about the national debt. I hear the President of the United States say it is a problem and we need to address it. So, I say to my colleagues that if we agree that we need to bring down the debt, then let's take advantage of the chance to do so and let's enact this proposal.

Reducing the national debt has been a principle of my party. It has been a principle of mine throughout my political career. First of all, you don't go into debt. But, if you do, you get rid of it.

Here we have an ability to put our money where our mouths are, and say, yes, we do believe in reducing the national debt. We are going to take this money, put it aside, and pay down the national debt.

And while I personally would like to see as much of the on-budget surplus used for debt reduction as humanly possible, I believe this is the best proposal we are going to see as negotiations get underway over the fiscal year 2001 budget.

Nevertheless, I believe by capping spending and tax cuts for fiscal year 2001, and locking in set amounts of debt reduction, as this proposal does, we will have effectively established a good first step towards further fiscal responsibility in fiscal year 2002 and beyond. In other words, it establishes a down payment for us to do even more meaningful debt reduction in years ahead.

I think GAO Comptroller General David Walker said it best when he testified last year before the House Ways and Means Committee. Here is what he said:

> This generation has a stewardship responsibility to future generations to reduce the debt burden they inherit, to provide a strong foundation for future economic growth, and to ensure that future commitments are both adequate and affordable. Prudence requires making the tough choices today while the economy is healthy and the workforce is relatively large—before we are hit by the baby boom's demographic tidal wave.

When I came to the Senate, I had one grandchild. Today, I have three. Like all other Americans, I think about what the future has in store for them and about the legacy I want to leave to my grandchildren.

We have a moral obligation to remove the debt-burden that we have placed on their backs. It is up to this Congress—in the weeks we have left—to pass the Debt Relief Lock-Box Reconciliation Act for our children and grandchildren and for the future of our Nation.

The House of Representatives has already stepped up to the plate and passed this bill overwhelmingly, by a vote of—listen to this—381 to 3. It is up to the Senate to do the same.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I will speak on the time that has been reserved for Senator KENNEDY and ask unanimous consent to speak for up to 15 minutes.

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

Mr. GRAHAM. Mr. President, we are now debating a conference report that includes both the legislative branch and the Treasury and general government appropriations bills. Unfortunately, the Treasury and general government bill was never considered on the Senate floor. It went directly from the Appropriations Committee into this conference report.

There are some critical deficiencies in the Treasury and general government appropriations bill, deficiencies that I had hoped to address on the floor with an amendment. I am now prevented from doing that. The deficiencies to which I want to call the attention of my colleagues involve counterterrorism funding, an issue that should be of particular concern to each of us.

As you know, terrorism is a national security threat, a threat which Americans have experienced in reality. Just to mention the names: Oklahoma City, the World Trade Center, Khobar Towers, Pan Am 103. Each of these reminds us of how deadly terrorism can be and how vulnerable we are to it.

What most Americans do not know is that there are many more instances of attempted terrorist activities that have been averted by a combination of good intelligence and effective law enforcement.

The apprehension of a terrorist crossing into the United States by Customs agents just prior to the millennium celebration is one well-known example of the success that we have had in interdicting terrorists before they can strike.

While terrorists have been around for a long time, their actions are becoming increasingly more deadly. In the past 5 years, over 18,000 people someplace around the world have been injured or killed in a terrorist incident. That 18,000 number of persons injured or killed by terrorism in the last 5 years represents a threefold increase over the preceding 5 years.

With the proliferation of chemical, biological, radiological, and even nuclear weapons as a real threat, the potential for even deadlier attacks is a reality. This makes efforts to prevent attacks even more vital.

Earlier this year, the congressionally mandated National Commission on Terrorism issued its report. The report is called: ''Countering the Changing Threat of International Terrorism.'' This report concluded that international terrorism poses an increasingly dangerous and difficult threat, and that countering the growing danger of this threat requires significantly enhancing U.S. efforts.

It further states that priority one is to prevent terrorist attacks using U.S. intelligence and law enforcement as our principal tools to prevent such attacks.

I would also like to cite a recent report by the Commission on America's National Interests. The Commission on America's National Interests is a commission on which Senators ROBERTS, MCCAIN, and myself are members.

The commission's report on ''America's National Interests,'' dated July 2000, lists as a vital interest that:

> Terrorist groups be prevented from acquiring weapons of mass destruction and using them against U.S. citizens, property and troops.

The commission's report goes on to state:

> As one of the most free and open societies in the world, the U.S. is also among the most vulnerable to terrorism. . . .
>
> Protecting American citizens both at home and abroad requires a well-coordinated counter-terrorism effort by all U.S. government agencies, giving due regard for fundamental American civil liberties and values.

The report on ''America's National Interests'' continues:

> Given the severity of the potential consequence of a weapon of mass destruction terrorist incident, as well as the rising technical capacity of non-state actors, the U.S. government should attach the highest priority to developing the capacity to preempt these threats if possible, and mitigate their consequences if necessary.

Mr. President, I repeat from the report on ''America's National Interests'' that ''the U.S. government should attach the highest priority to developing the capacity to preempt these threats if possible, and mitigate their consequences if necessary.''

This report could not have been more clear. Yet still another group of experts studying U.S. national security, the U.S. Commission on National Security, commonly known as the Hart-Rudman commission, concluded in its April 2000 report that our No. 1 priority should be to ensure that the United States is safe from the dangers of a new era: the proliferation of weapons of mass destruction and terrorism. It specifically mentions ''strengthening cooperation among law enforcement agencies, intelligence services, and military forces to foil terrorist plots. . . .''

The words of these three significant reports, as well as many other Americans, did not go unheeded by the administration. The President recognized the growing importance of law enforcement and intelligence in countering the terrorist threat even before these reports were released. He sent to Congress a request for over $300 million in additional funding for exactly the types of enhanced counterterrorism efforts that these three commissions are recommending.

What has happened in the Congress? Of the approximately $300 million requested, a portion of which was requested in a classified form, as it will be used by various intelligence agencies, $28 million of that $300 million was for reprogramming requests in the fiscal year that is about to conclude on September 30. What happened? That request for reprogramming was rejected, rejected including $10 million for the Department of the Treasury and $18 million for the Department of Justice.

I am sad to report that in the bill before us today, the fiscal year 2001 appropriations request, which begins on October 1, did not fare much better. There was a $71.1 million request for the Department of Justice. This has been completely unfunded in both the House and the Senate appropriations committees and thus in this conference report. There was a $77.2 million request for the Department of the Treasury which should have been included in the bill we are currently debating; $74 million of that remains unfunded.

In addition, the request for the intelligence community was not funded in the fiscal year 2001 legislation. In total, of those amounts which are available for public review, of the $300 million requested by the President, $146.1 million was unfunded.

Let me describe a couple of specific initiatives that are particularly important and that so far have not been funded in either the House or Senate appropriations bill.

First, the administration requested over $40 million to support the Joint Terrorism Task Forces. These are interagency law enforcement groups which combine resources and expertise for a more effective and efficient effort to deter and investigate terrorists. This is a proven concept that brings agencies together to solve problems, hopefully problems before they mature into tragic instances. The Joint Terrorism Task Forces were very successful in deterring and preventing terrorism during the millennium. I cannot understand why this Congress would not support this request.

Second, the President requested $6.4 million to create a unit within the Office of Foreign Asset Control dedicated to uncovering and tracking the financial assets of terrorist organizations. This is an area of law enforcement in which America, in the area of terrorism, is woefully deficient. It is vitally important that we establish this new office and that we gain an insight and an ability to oversee and control terrorist financing. This was a specific recommendation of the National Commission on Terrorism. This item was rejected, and so our woeful deficiency will continue for another year, if the current position of Congress, including the position of the legislation before us this afternoon, becomes law.

In fact, there were several items that were included in the President's request that the Commission on Terrorism specifically recommended. They include increased resources to meet technology requirements, expansion of linguistic capabilities, increased funding for investigative initiatives—all of those unfunded.

There is also an as yet unfunded request to establish a Center for Anti-Terrorism and Security Training. This will provide a centralized training facility for those on the front lines fighting terrorists around the world, including our own Capitol Police, diplomatic security officers protecting our embassies abroad, and our allies who look to us to help them in their fight against terrorism. The counterterrorism funding I am highlighting is desperately needed. All agencies have agreed that we need to do more to step up our efforts against terrorism. These requests are supported by the bipartisan National Commission on Terrorism and, in more general terms, the Commission on America's National Interests, and the Hart-Rudman commission.

What I find especially hard to imagine is why we would refuse this $300 million request when it is so widely recognized that the cost of failure, when it comes to terrorism, involves weapons of mass destruction and could be in the billions of dollars. This is an area where we must do absolutely everything we can on the prevention side to avoid, to interdict acts of terrorism before they are inflicted upon our citizens.

Mr. President, there is yet another consequence of the action we are being asked to take by supporting an appropriations bill which is so deficient in meeting this key area of our Nation's security. All too often we are seen as pushing other governments to do more in the fight against terrorism, to help us in an international effort against terrorism. If we are unwilling to support what our own experts tell us is needed, what is in our national interest, how can we be effective in convincing others to do more? I don't think there is an answer to that question. We must practice what we preach.

The good news is there is still time to remedy the situation. I hope the appropriations committees will fund the President's request for counterterrorism funding. This is about a real threat that is here today and cannot be ignored. Failing to take action on this modest request is irresponsible. Those who call for spending more for potential future threats and for increasing spending on other national security priorities cannot ignore the vital national interest, the first-line priority of an effective national protection against terrorism.

I will express my dismay, my shock at what has been done by the Congress thus far by voting against this bill. And should the Congress, in its lack of attention or lack of appropriate recognition of the importance of terrorism, should we pass this appropriations bill, which is so deficient in responding to the challenges of terrorism, then I will urge the President to veto this bill and give the Congress an opportunity to redeem itself from what is potentially a very serious error—placing the national security of the United States at risk.

I thank the Chair and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DASCHLE. Mr. President, I will use some of my leader time to comment briefly on the pending legislation.

I come to the floor to express my strong objection to the manner in which this was presented to the Senate. It is wrong, it is dangerous, it is shortsighted, and it does a real disservice to this institution, period.

I have no objection to appropriations bills coming to the floor, as they must. I have no objection to perhaps even limiting the amendments at this late date to relevant legislation that may be affected in the bill. But I do have a strong reservation when we gag the Senate, as we have once again, limiting debate about important matters directly relating to tax and appropriations in a way that precludes the right of every Senator to be fully engaged in these deliberations.

I have heard again and again from colleagues on the other side that it is our desire to slow things down—to stop things. Let me say that is poppycock. No one here wants to slow anything down. In just a moment I will present a list for the RECORD of all the things we are prepared to take up this afternoon—this afternoon.

We know why this package was cobbled together in the form and manner in which it now appears before the Senate. It was put together to deny us the right to offer amendments—something we seek to do not because we want to slow things down but because we want a voice.

I am not necessarily opposed to the telephone tax repeal. Senator ROBB has been an extraordinary advocate of that. I give him great credit for getting us this far. But I must say I think it begs the question at this hour, with our Republican colleagues clamoring for 90 percent of the surplus to be used for debt retirement, should we would choose the telephone tax, of all things, as one of the items to be paid for with the remaining 10 percent of the surplus our Republican colleagues suggest should be available for both tax reduction as well as investments?

I am told there is about $28 billion left in the budget if we reserve 90 percent for the surplus. If we assume for the moment that we accept the Republicans' proposal to use 50 percent of that $28 billion for tax reduction and 50 percent for investments, that leaves about $14 billion for tax reduction in the remainder of this year. Fourteen billion dollars isn't a lot of money when you are talking about the proposals we have had to vote on this year, but $14 billion represents what the Republicans would make available for tax cuts.

The telephone tax would use up one-third of what they would allocate for tax reduction in this fiscal year—one-third. Maybe we want to commit one-third of the remaining surplus for tax reduction to the telephone tax.

But this Senate is denying us the opportunity to suggest something else. This Senate is denying us the opportunity to offer amendments and to have a debate. In fact, I must say I will bet you most people are going to vote on this and they don't even have a clue what the telephone tax is. I know the Presiding Officer does. He just noted that to me. But I will venture a guess that a lot of people do not.

That is just one of the problems we have with this course of action.

I don't have any objection to taking up the Treasury-Postal appropriations bill. I don't have any objection to taking up Legislative Branch appropriations bill. But I do have an objection when the administration informs us that we have virtually eliminated funding for counterterrorism and have not provided the funding necessary for the IRS and we have been denied the opportunity to at least debate these issues.

Then I am told indirectly that, well, we will come up with the money somewhere on another vehicle. I am mystified by that approach. What is it that leads us to think we can find the money elsewhere, at a later date, if we can't find it now? And if we can't find it now, it just seems to me we are premature in moving the bill forward until we can find it.

There are a lot of specific practical problems that I hope my colleagues share about this approach—problems related to our ability to participate in the process, problems related to our ability to offer amendments, problems related to the fundamental rights of every Senator to be involved in the debate, problems related directly to the substance of the issues on which we are now voting. Those are serious problems, and they shouldn't be minimized. But beyond that, I have fundamental problems with the precedent we are setting here.

There are many who may come into the Senate in future years who, if we continue this process, may come to the conclusion that if it is good on appropriations, why not on any authorization? Why not on a tax bill? Let's just go from committee to conference. Let's forget this Chamber. This Chamber might well be additional office space someday. We don't need a Chamber anymore—not for deliberations, because there are none.

Where does it end? Not in our generation. I am sure this will be a slow process. But, institutionally, anybody who cares about the way the Senate should be run should care about the process we are using now.

I don't know what message it sends to our young Members on either side of

the Chamber about the way we do business around here. But I don't want to have it heard or said on the Senate floor anytime in the near future that this is the greatest deliberative body, because we aren't deliberating. We are not deliberating on these issues, we are rubber stamping. We are sending them through the process the way you might expect it done in the House, but it doesn't, and it shouldn't, happen here. Institutionally, Republican or Democrat, old or young, it shouldn't matter. I am troubled, very troubled, by this process.

As I said a moment ago, we have no objection—none—to moving to other bills. I will not do it. But I would love to ask unanimous consent to move, immediately following the conclusion of our debate on this package, to the Commerce-State-Justice appropriations bill. Guess what. I would get an objection on the other side. I am not sure why. I don't know why. But I know this. We haven't brought it up because somebody over there doesn't want it to come up. That isn't us.

I would love to ask unanimous consent to take up the D.C. appropriations bill, the intelligence authorization bill, and the H–1B bill. Let's take them up. Let's have a debate. Let's offer amendments. I have offered to Senator LOTT that we could take up the H–1B bill with five amendments on a side with an hour limit on each amendment, period. We would be done in a day. I believe we could do it in a day. The other side has rejected this offer.

Don't let anybody say with a straight face or with any credibility that it is Democrats holding things up. Let's get to these bills. Let's get them done. Let's offer amendments. But, for heaven's sake, let's remember this institution. Let's call it the most deliberative body and mean it. Let's recognize the institutional quality.

It degrades us each time something such as this happens.

I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. GRAMS). Without objection, it is so ordered.

(The remarks of Mr. MURKOWSKI are located in today's RECORD under ''Morning Business.'')

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BENNETT. Mr. President, we are about through with this debate, as demonstrated by the fact that Senators on neither side are coming to the floor. We would be able to vote more rapidly than anticipated except that some Senators have made appointments based on the assumption we would not be voting until 3:30 or 4. However, we have cleared on both sides that we can vote on the adoption of the pending conference report at 3:15 and that paragraph 4 of rule XII be waived. I ask unanimous consent that the Senate agree to the adoption of that time and the waiving of that rule.

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

Mr. BENNETT. I suggest the absence of a quorum and ask unanimous consent that the time be charged equally on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. STEVENS. Mr. President, the Senate will shortly vote on the conference report to accompany H.R. 4516, the Legislative Branch Appropriations Act for 2001.

As the managers have stated, this conference report also includes the Treasury-general government bill for fiscal year 2001.

Many Senators have voiced concern about the inclusion of the Treasury bill, which had not previously passed the Senate, in this conference report. Many Senators have questioned me personally about this. Having served in this body for nearly 32 years, I understand and share that commitment to the procedures of the Senate and want to do my best to preserve the rights of all Senators.

I am here to ask Senators in this case to consider the product rather than the process by which this conference report comes before the Senate. This report addresses critical funding priorities for all of the elements of the legislative branch. Senator BENNETT and Senator FEINSTEIN have achieved a very balanced agreement with the House on the underlying bill that merits the support of the Senate.

In the Treasury bill, substantial changes were made to the committee-reported bill, the bill that came out of our Appropriations Committee, to accommodate priorities of the Members of the House and of the executive branch, both in terms of funding and of legislation. It would be preferable to have this bill come separately before the Senate, but the Appropriations Committee now finds itself in the stranglehold of the calendar.

In all likelihood, we have about 10 voting days remaining in this Congress. We are working to compress weeks of work into a handful of days. There are additional changes that Members and the President seek in the Treasury portion of the conference report. I have extended my personal commitment to Senator DORGAN to work with him and Senator CAMPBELL to try to incorporate those adjustments into another conference report. I also have given my word to Senator REID concerning problems regarding the police section of the legislative bill itself.

Adoption of this report now will permit us to redouble our efforts to conclude our work as rapidly as possible on the other bills that still pend before Congress, and we will be able to achieve the changes some sought to make in the current bill. Any other course will set the Senate and the Congress way back in getting our job done.

If this conference report is not approved, we will have to find some way to go back to conference with the House. And if it is decided that we must bring the Treasury bill before the Senate, I can assure Senators that we will have a postelection session.

It is just not possible to finish these bills before the election and get home in a reasonable amount of time—at least before the election—for the Members of the House and Senate who are up for election to conduct their campaigns.

I don't know of any other way to do what we have to do, other than to try to match up some of these bills in conference. There are lots of issues that both sides of the aisle may disagree on and fight over during the days that remain in this Congress.

The bill before the Senate, I believe, is a reasonable bill, comprised of two separate bills that meet important national objectives. I have come to the floor to urge the Senate to support this conference report, to accept the commitments that I and others have made concerning the additional concerns expressed on the floor, and let our committee complete its work.

I report to the Senate that conferences are scheduled today on the Interior bill and Transportation appropriations bill. But there is one thing Senators should know; our committee will be working every day—not just the 10 days of votes—between now and adjournment to try to finish the bills before the scheduled day of adjournment, October 6. Even when that day comes, it will not be the last day for the Appropriations Committee. We will have to await the outcome of the President's review and determine whether there have to be changes made in the bills following the veto, should that occur. I am not predicting it will occur, but it might.

If the Senate votes and approves this bill and sends it to the President, it is going to lend real momentum to concluding the appropriations process in a very responsible way this year. There have been things that held up these bills this year, including many days on the Senate floor with cloture motions and other matters. I am not critical of those. That is very important work for the Senate to do.

Now we are in the appropriations process and we are trying to deal with a period that will really end on the 28th, not the 30th, because of the holiday and our recess next week. We have to find a way to complete these bills.

The Senators who want to vote against the bill ought to be prepared to come back after the election. We are not going to be able to finish these bills separately this year. We are going to have to find a way to join them together. I, for one, have lived through too many postelection sessions. I don't want to live through another one. I urge Members of the Senate to support this conference report and let us get on about our work.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ROTH. Mr. President, with passage of the legislative branch appropriations conference report, the Senate will successfully roll back one of the most regressive taxes in history and given Americans everywhere a much-deserved break.

For some time, now, I have pushed to repeal the telephone excise tax, a tax that is placed on individuals and families, regardless of income or circumstances.

Quite simply, if you owned a phone, you paid the tax, and along with its regressive nature, the tax was lamentable because it stood as one more example of how antiquated, unfair, counterproductive government policies not only outlive their original design, but become almost impossible to abolish.

The telephone excise tax was first imposed in 1898, more than 102 years ago. Its purpose was to fund the Spanish-American War, to provide for those who, like Teddy Roosevelt and his Rough Riders, needed the wherewithal to defend U.S. interests.

At the time it was imposed, it came as something of a luxury tax—a tax on the wealthy, as few Americans owned telephones.

Roosevelt rode up San Juan Hill. The war came to an end. But Washington couldn't resist holding on to the revenue. From time to time, the tax was repealed, but it always seemed to get reinstated—rising as high as 25 percent at one point—and placing an unfair burden on millions.

Today, however, we shall successfully eliminate the telephone excise tax, and this—in my mind—is cause for celebration. Studies show that individuals and families with income less than $10,000 spend almost 10 percent of their income on telephone bills. Individuals and families earning $50,000 spend 2 percent of their income for telephone service. Because of what we have done here today, these families—and all families—will benefit.

I'm proud of this action, grateful to those who supported repealing this excise tax. What we have done is not only in the interest of Americans everywhere, but it is a clear demonstration that we are willing and able to appropriately address the need to reduce the excessive tax burden that has been placed on the back of America's middle class.

My sincere hope is that this is the beginning of a long and successful trend.

On another issue, I am concerned that the legislative branch appropriations conference report—while it contains good news for taxpayers—while it contains good news for taxpayers—does not meet the full funding needs of the Internal Revenue Service. As you know, 2 years ago in a major bipartisan initiative, Congress successfully passed the largest IRS reform and restructuring effort in history. That law has been effective in protecting taxpayers and giving the IRS the direction necessary to re-engineer its business practices, upgrade its computer systems, and provide taxpayers with better service.

But in order to most effectively carry out Congress' mandate, and to fulfill its mission to collect and protect the Federal revenue, the IRS needs adequate funding.

This appropriations conference report, unfortunately, provides hundreds of millions of dollars less than what the agency needs. And the absence of proper funding will cut directly into the improved conditions that Congress desires. Unless additional funding is provided, the Service may be unable to effectively perform its audit and collection functions. Without adequate funding, service functions will diminish.

There will be a loss of telephone and walk-in service for taxpayers, a decrease in the level of toll-free service, and it will become more difficult for taxpayers to receive assistance.

We must provide additional funds to the IRS in other appropriate bills before this Congress adjourns. Only by doing this can we ensure that the IRS has the resources it needs to meet the standards of service and accountability that Congress has required.

Along with eight members of the Senate Finance Committee, I have signed a letter to members of the Appropriations Committee asking that funding be restored. And I intend to work with my colleagues toward this end.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREGG. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GREGG. Mr. President, I ask consent that the vote occur on adoption of the pending conference report at 3 p.m., and that paragraph 4 of Rule 12 be waived.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

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

The PRESIDING OFFICER (Mr. GREGG). Without objection, it is so ordered.

MINIMUM WAGE

Mr. DURBIN. Mr. President, I rise to speak this afternoon on an issue which is important to all Americans, particularly the 10 million who are presently working for a minimum wage. Senator KENNEDY of Massachusetts will join me in a few minutes to discuss the issue, which has been a major crusade for him for the last several years.

Earlier I noted that until the mid-1980s the issue of a minimum wage increase was never a partisan issue. In fact, Republican and Democratic Presidents alike endorsed the idea of periodically trying to increase the minimum wage to reflect the cost of living. But for some reason, in the mid-1980s, that all changed. It became a Democratic and Republican battle as to whether people who were earning a minimum wage should be able to keep up with the cost of living, keep up with inflation. Because of that battle, fits and starts and the wins and losses, many minimum wage workers across America started falling behind. In fact, their buying power, working for a minimum wage, was diminishing because Congress had failed to give them an adequate increase in their income to keep up with the cost of living.

Some arguments on the other side suggested: If you raise the minimum wage for workers who have no skills, entry level workers, it is going to basically kill jobs because employers are going to have to make a choice. They are either going to pay more to a minimum wage worker on the job and then reduce the size of the workforce or pay less to that minimum wage worker and keep a larger workforce.

It seems as if there is linear logic to this argument, but, in fact, when you look at it, the economic history of this country just does not back it up. As you will notice on this first chart which I am showing, as we have seen increases in the minimum wage from April of 1995 where the wage was increased, in October of 1996, to $4.75, and then again in October of 1997 to $5.15 an hour, the current minimum wage, the number of people working in America has continued to grow. So the argument that increasing the minimum wage is a job killer just does not make any sense.

Just the opposite seems to be true. In a growing economy, when you give to

the workers at the lowest level an increase in their living wage, they are likely to spend it. They need it for rent, for groceries, for their kids' shoes, for school expenses. So little of it is saved as lower income families are forced to spend everything to make ends meet; that spending, of course, creates demand in the economy for the production of more products and services. That is what has happened to us repeatedly. Since 1996, if you will take a look here at the minimum wage increase, unemployment is down in all the major groups.

People say these minimum wage jobs are just for kids who do not have any skills or background. When they come to the workplace and get their first job, they have to be prepared to be paid very little for it. I used to be one of those a long time ago. Take a look at what has happened here between September of 1996 and August of the year 2000. The 1996 minimum wage increase did not kill job opportunities in a single category here: Among teenagers, even among high school dropouts, African Americans, Hispanic Americans, or women in the workforce.

One of the other misconceptions is that somehow the minimum wage is just going to be paid to those who are, frankly, children who have limited work experience, a first job, so they will get a minimum wage. Who are these 10.1 million workers across America who would benefit from an increase in the minimum wage? I think you would be surprised to learn, as I was, that 69 percent of the workers who benefit are adults over the age of 20. So the idea that this is a children's wage or a teenager's wage is just wrong. Mr. President, 69 percent of minimum wage workers, 7 million of them, are over 20; 60 percent of these are women and many of these women have children.

You know what we are talking about here. We are talking about someone who has gone through a divorce, perhaps has a child they are trying to raise and do their very best by working a minimum wage job. Sixty percent of these minimum wage workers are women and 45 percent of them have full-time jobs. They are full-time minimum wage workers making less than $11,000 a year: 16 percent African American, 20 percent Hispanic; 40 percent of them work in retail. They sell us our hamburgers and our CDs at the store and all the things we buy; 27 percent are in the service sector; 83 percent of the minimum wage workers are heads of households and they are earning between $5.15 an hour and $6.14 an hour. Mr. President, 40 percent of minimum wage workers are the sole adult breadwinners in their families.

The argument that we are talking about a training wage for kids who really just want a first time on the job overlooks 40 percent of the minimum wage workforce who are adults trying to make enough money to feed a child—those are the minimum wage workers. I can recall a speech given many years ago by Rev. Jesse Jackson from Chicago, which I am proud to represent in the Senate, when he talked about these people going to work every day—the invisible workforce. We do not see them cleaning our hotel rooms, clearing off the tables, working in the kitchens and the day-care centers and the nursing homes; people we rely on to make America a better place, who do the tough, often thankless jobs in America for $5.15 an hour.

In my home State of Illinois, the estimate is we have over 400,000 minimum wage workers. These are people who deserve an increase in that minimum wage for a chance to be able to get out of poverty. Frankly, most Americans agree: If you are a hard-working person who is not looking for a handout but just looking for a chance to go to work, you really deserve some sort of basic living wage.

Look at this chart. ''Americans Support Wages That Keep Working Families Out Of Poverty.'' Overwhelmingly, 81 percent strongly agree with this. Does anyone really, listening to this speech, this debate, believe if you are making $10,700 a year you are out of poverty? That you have a comfortable life? Even with the Earned-Income Tax Credit, one of the few things with which we try to help these working families, by and large life is from payday to payday. They are striving just to meet the necessities and basics of life. So when we talk about an increase in the minimum wage, we are talking about helping these families who are going to work every single day finally reach up over the ledge and look ahead, beyond poverty.

If welfare reform was not about rewarding that type of person, what was the debate all about? I voted for it. Some of my colleagues said don't do that because you are going to leave the poor behind when they really need help. I hope we never do.

But I can tell you, this minimum wage debate is about those people, folks with limited job experience. They are finally off the dole, off welfare, trying to do their best, stuck in a $5.15-an-hour job; showing up for work on a regular basis, full-time employees—45 percent of them—and still stuck at $5.15 an hour.

During the Republican Convention in Philadelphia, there was a lot of talk about the economy. It was amazing, in a way, because they failed to acknowledge, as you might expect, we are in a period of prosperity unparalleled in the history of the United States. We have had the longest run of economic expansion ever. We are now talking about eliminating our national debt. That has not happened since the Civil War, I might add—the Civil War in the 19th century, if there is any doubt what I am referring to.

In Philadelphia, they said the problem with this economy is it has left too many people behind. It has helped create 22 million new jobs in this country, a lot of them in my State and other States around the Nation. But if you are talking about leaving people behind, how about the people on minimum wage who have been left behind because a Republican dominated and controlled Congress refuses to give a minimum wage increase to the hardest working people in this country?

Oh, the Republicans in the House have come forward with a proposal. They have had the idea of implementing this $1-an-hour increase over 3 years. They want to bring it down to 2 years, but there are a couple attachments to it and riders and things they would like to add. For example, they would like to really challenge paying overtime to workers in general—not talking about minimum wage workers but talking about workers in general. Frankly, many of us think that is a bitter pill to swallow; that a lot of hard-working families would have to give up on their overtime pay so the lowest paid workers in this country earning $5.15 an hour would have a chance to get out of poverty and have a living wage. That is not a deal which, frankly, any of us should buy.

It is time for us to do the right thing. We are going to go home in a few weeks. A lot of Senators will be campaigning for other candidates or for their own reelection, and they will face a lot of crowds and people coming up to them. You aren't likely to see a lot of minimum wage workers in those crowds. These are hard-working folks struggling to get by, many times with more than one job; they do not have time to listen to politicians who get out and gab and make their speeches on the stump.

But it is a shame we will not have a chance to see them because, if we do, we, frankly, have to ask of them some understanding and forgiveness, that this Congress, with its large agenda of important items, has failed to address the most fundamental need in their lives—an increase in the minimum wage so they can survive and raise their children and live in dignity.

If we value hard work in this country, we should compensate the hard workers, the minimum wage workers adequately. For over 2 years we have refused to do it. I see my colleague, Senator KENNEDY, is on the floor. I salute him for the leadership he has shown on this issue time and time again. I am sorry we are in a position where both parties no longer have come to a bipartisan agreement on dealing with a minimum wage.

But I say to Senator KENNEDY, as I am prepared to yield the floor to him, that this is a battle worth fighting in the closing weeks of this session. As we consider all of the possibilities and all of the special interests that need to be tended to and made happy before we leave, let us not forget the people who cannot afford a lobbyist in this town—the minimum wage workers across America who we count on week in and week out to make America work.

I think we owe it to them to increase the minimum wage by 50 cents an hour

over each of the next 2 years, to a level of $6.15, knowing full well that that is not a comfort level, that isn't going to give them relief from concern about paying for the necessities of life; but we owe it to them to increase this wage. Frankly, this Senator is prepared to say that this experience with this minimum wage increase has convinced me once and for all that relying on the goodness and gratitude of Congress on an infrequent basis to give the hardest working people in this country enough money to scrape themselves out of poverty and make a living has to come to an end.

We need to put into law a cost-of-living adjustment for the minimum wage, so we can say to the people across America, the millions who work for this minimum wage: Your life is not going to be hanging in the balance as to whether politicians in Washington are paying attention. You pay attention to your family and your job every day. We should pay attention to you by making certain you have a living wage.

Mr. President, I yield the floor to my colleague from Massachusetts, Senator KENNEDY.

Mr. BENNETT. If the Senator would withhold, I would like to make an inquiry about time.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. It is my understanding that on the Republican side there are still 45 minutes remaining under the control of Senator MCCAIN.

The PRESIDING OFFICER. Twenty-nine minutes.

Mr. BENNETT. I ask unanimous consent that that time be reserved for my control as manager of the bill.

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

Mr. BENNETT. I thank the Chair.

Mr. DURBIN. Mr. President, how much time is remaining on the Democratic side?

The PRESIDING OFFICER. The Senator from North Dakota has 4 minutes, and Senator KENNEDY has 11½ minutes.

Mr. DURBIN. I thank the Chair and yield to Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I had hoped to be able to address some of the issues here this afternoon, but we will have to work out additional time later in the afternoon.

The appropriations bill that is before us effectively will increase the pay for Members of Congress by over $5,000 a year. I support that particular proposal, but we ought to know that that is what is effectively included in this legislation. That is there basically because of the Republican leadership. As I mentioned, I support that, as I have supported other pay increases in the past.

But what Americans should understand is the fact that on the one hand the Republican leadership is prepared to have a $5,000 increase in the pay of Members of Congress and still deny us the opportunity to vote for a 50-cent-an-hour increase this year and a 50-cent-an-hour increase next year for the hard-working Americans who are at the bottom end of the economic ladder. It is basically and fundamentally wrong. And the American people ought to understand it.

We have 2½ weeks left. We ought to be able to make a judgment decision whether those Americans—some 10.1 million who will be affected by the increase in the minimum wage—ought to be able to have an increase in the minimum wage. We believe they should. We have fought to try to get that to happen. We have been limited in our opportunities to address that issue because of parliamentary tactics which have been used by the Republican majority in the Senate to deny us that.

No one needs a briefing about the issues on the increase in the minimum wage. They are basic. They are fundamental. Ninety-five percent of the Members of this body have voted on this issue. It would not take a great deal of time. We would be willing to enter into an hour equally divided if we were able to get an opportunity to vote on an increase in the minimum wage.

The American people ought to understand what the priorities are as we are coming to the last days of this Congress with 2½ weeks left. This is an issue of priorities. The Republican leadership has said we will put this appropriations bill forward. They have basically sidetracked the whole debate on the education bill, even though that was a priority for them before and even though their standard bearer is out there talking about the importance of higher education. I wish that the candidate would just call up the majority leader and say: Put the education bill on the floor of the Senate. Why aren't you doing it?

We are going to be dealing with the H–1B legislation which is going to affect 100,000 visas and denying the opportunity to make other kinds of changes in that particular program. We are saying that that is more important than having a short debate on an increase in the minimum wage?

As my friend and colleague has pointed out—who are these people? They are basically people who are assistants to teachers, who work in the schools in this country.

Who are they? They are helping assistants to child care workers, who are looking after the children of working families.

Who are these people? They are assistants in nursing homes, who are looking after the parents who have retired and are now in nursing homes being taken care of either by their children in nursing homes or perhaps even under the Medicaid system.

These are the people who are minimum wage workers. They are the men and women who clean the buildings around this country.

What has happened to them over the period? I wish the Members of this body had seen the excellent piece on ABC this morning that talked about what is happening in the workforce. It pointed out that now the American worker is working longer than any other worker and that the rates of productivity have increased. Generally speaking, when you have an increase in productivity and you have workers willing to work more, they get an increase in their pay. Not here, not minimum wage workers.

What we have seen is that those at the top part of the economic ladder have been experiencing a very substantial increase and those on the bottom fifth of the economic ladder, which include the minimum wage workers, have actually fallen behind in their purchasing power. If we do not take action on an increase in the minimum wage in the final 2½ weeks, then the increase we had 3 years ago will effectively be wiped out for these workers. That is quite a message; that is quite a priority.

Mr. President, I ask the Chair to advise me when I have 2 minutes remaining.

What has happened? We have offered this. And what has come back now from the other side, from the Republican leadership? They say: All right, we will let you have a 2-year increase in the minimum wage if you will agree to a $76 billion tax reduction for the wealthiest individuals in this country. Some deal, some deal for workers—$76 billion in tax reductions. You would think at least they would have the common sense just to do it for the small mom-and-pop stores. No. This is for the big boys, tax cuts, $76 billion. The last time we had an increase in the minimum wage, it was $21 billion. A lot of people thought that was too much. Seventy six billion dollars they want. And that isn't enough.

What they also want to do is wipe out time and a half for overtime for 73 million Americans, cut back on overtime pay. So you don't have to even pay, not only the minimum wage workers, but those above them, overtime pay. That is part of the deal: We will give 50 cents an hour to hard-working Americans this year and 50 cents next year. Give us the $76 billion. Let us be able to make other workers work. It will save us billions and billions and billions of dollars in terms of payroll. That is the deal they are offering.

Beyond that, I know this isn't a typical Republican position. They say: We are going to preempt the States that are out there in terms of the tax credit for workers in restaurants where they are able, instead of paying the full minimum wage, to say: We will only pay part. And if they get the rest in terms of tips, we don't have to make up the wages. That is a fine situation anyway. Someone is able to provide additional kinds of services; because of that, able to get a tip; and you are going to penalize them. We are going to put that into giving the credit to the employers. It is a lousy deal for workers in the

first place. The Restaurant Association and their employees have gone through the roof anyway since the last time we passed it. Nonetheless, what they are saying is, OK, here is one deal for the minimum wage, but because some of the States have been a little more understanding and a little more helpful to these workers, we will preempt those States. I don't hear any statements on the other side of the aisle: Well, we don't want one size fits all. If you eliminate ''one size fits all'' and ''Washington knows best'' from the Republican vocabulary, they haven't got much to say. On this bill, there is no consistency. Give us $76 billion. Let us eliminate overtime. Then we will have a deal.

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

The PRESIDING OFFICER. The Senator has 2 minutes.

Mr. KENNEDY. Mr. President, we are going to take every opportunity—and there will be some that will come down—to try to do something in terms of the minimum wage.

As I have said before, this is a women's issue because the majority of the recipients of the minimum wage are women. It is a children's issue because a majority of the women who get the minimum wage have children. This is a family issue. We hear ''family values'' around here. This is a family values issue because whether those parents have time to spend with those children depends on income. It is a children's issue.

It is a civil rights issue because the great percentage of those who are out there working are men and women of color. And beyond that, it is fairness issue. In the United States of America, with the economy going right through the roof, with the greatest economic prosperity in the history of the Nation, we are going to say: If you work hard, 40 hours a week, 52 weeks of the year, we don't think you ought to live in poverty. The Republican leadership refused to let us get a vote on this. That is absolutely unconscionable. The American people ought to understand it on election day.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

The Senator from Utah.

Mr. BENNETT. Mr. President, I am here in my capacity as manager of the conference report. We have had very little conversation about the conference report or any of the items contained in the bill, but through this debate, we have had a great deal of conversation about a number of other issues.

I suppose in the spirit of that debate, I can be excused if I respond to the comments made by the senior Senator from Massachusetts. The senior Senator from Massachusetts as well as the Senator from Illinois have given us a great number of statistics about the minimum wage, a great deal of information from various studies that have been done about the minimum wage. I remind them of the last time we had a definitive study on the minimum wage that was given to us with great fanfare from the Department of Labor; that further analysis of that study by objective academics indicated that the methodology of the study was false; that the conclusion of the study, which was that the minimum wage did not in fact destroy jobs, was false, and that the minimum wage does in fact have an impact.

I don't want to debate studies and arguments and academics. I want to take us, for just a moment, into the real world of employment. We hear over and over that we are in the most prosperous economy that anybody can remember. That is true. That creates a real world situation which has not been addressed in any of the rhetoric we have just heard.

The real world situation is this: When the economy is very strong, there is a very strong demand for labor. As a consequence, unemployment goes down. Unemployment is at historic lows at this time of a good economy. And in the real world, where people really seek jobs and employers really seek workers, there is a shortage of workers.

I talk to employers in my State and I say: What is your biggest problem?

They say: Our biggest problem is finding workers. We post jobs. We do everything we can to try to get people to come in and take these jobs. They come in off the street and if, during the presentation of what the job is like, we say something that they don't particularly like, they turn and walk out. Why? Because they can walk into another employer down the street and have exactly the same kind of presentation. They are in a position where they can pick and choose.

I know this doesn't sound like macroeconomics, but this is the reality of the marketplace in which we operate. If I can talk about macroeconomics for a moment, let me quote Alan Greenspan, who appears regularly before the Senate Banking Committee and the Joint Economic Committee, on both of which I have the opportunity to serve. He says to us the one thing he watches with greatest concern in terms of the possibility of this economy overheating and spiraling off into inflation is the shortage of labor. He says the reason he has not raised interest rates more is because our labor is becoming so much more productive that we can have this kind of tremendous demand in the economy, even though the labor force is not expanding as rapidly as one would think it would have to in historic terms. The labor force is expanding in productivity so that it can keep up with the demand for labor in the economy without becoming inflationary.

So there are microeconomic considerations and individual considerations, but it always comes down to the same fact in the real world: There is no shortage of jobs. There is no shortage of good-paying jobs. There is no shortage of jobs above the poverty level. The problem is with people who, for whatever reason, cannot take the jobs that are available. The reason is usually training. The reason is usually experience.

If I may get personal for a moment, Mr. President, I don't know how many other Members of this body have worked for a minimum wage, but I have. I did it when I was 14. The job, frankly, was something of a gift because I don't think I added very much value to the corporation that I worked for at age 14 at 50 cents an hour. For me, it was a tremendous experience. I look back on the time that I worked at ages 14, 15, 16, and so on, in the summertime, after school, and on weekends, as one of the most important formative experiences of my life. But I think if the Federal Government had come in and said, no, you can't pay BOB BENNETT 50 cents an hour and we are going to order you to pay him 75 cents, my employer, in all probability, would have said: What he does for us is, frankly, not worth 75 cents an hour, and being true to our shareholders and our other employees whose jobs we do not want to jeopardize, we will just let him go. But the minimum wage was low enough that I could work for 50 cents an hour, I could have that kind of experience and, frankly, I could get the kinds of job skills that made it possible for me, a few years later, to command salaries at substantially higher than the minimum wage.

When I hear about the minimum wage from people in my State, it is always from employers who are employing—and this is a very pejorative term, but it is true—marginal workers. And they say: Senator, if you raise the minimum wage, I am going to have to let them go. The contribution that they make to my company, or farm, or ranch, whatever it might be, is marginal. I can afford to pay them the minimum wage now and say that I get some return from their labor. If you raise it, I am going to have to say, no, it isn't worth it; I can't afford this. These people then end up unemployed. The problem with these workers is not to have the Government step in and attempt to repeal the law of supply and demand; the problem is to find innovative, new ways to give them the training and skills they require in order to command a higher wage on the basis of their work.

We are about to move, I hope, on to a debate on H–1B visas. People will say: What does that have to do with the minimum wage? It is a manifestation of the same basic principle I am talking about here; that is, we cannot, no matter how powerful we think we are as Senators, repeal the law of supply and demand.

H–1B visas are used primarily by high-tech employees from other countries who come into this country to take high-tech jobs. What is the demand for those high-tech jobs? Right

now, there are between 350,000 and 400,000 high-tech jobs, paying in the high five figures and into the low six figures, going begging in this country, and the companies that have those jobs are saying: If we can't find Americans, we want people from outside America to come in and fill these jobs. Will you please allow us to give visas to these people?

We cannot legislate that those kinds of salaries be paid to someone who is not capable of doing the job. The focus here, in terms of those who are at the lowest ends of our economic ladder, should be finding ways to train them, equip them, and prepare them to command, on the basis of their own skills, the wages they want instead of having the Government just automatically decree that they be paid a wage that may, in fact, be higher than the amount of value that they can add to their employer.

The Senator from Illinois displayed a chart that showed the minimum wage going up and employment going up, and then he suggested that one causes the other. I suggest that there is no relationship whatsoever between those two trend lines. There is another trend line that I think has a relationship. What is the area of greatest unemployment in this country? If you break it down with the demographics and the metropolitan areas, you find that the area of greatest unemployment in this country is among young, black teenagers in the inner city, particularly male. That is, statistically, the area of highest unemployment.

The unemployment rate among young, teenage, black males in the inner city in the United States is not only in double digits; it is in high double digits. I don't have the figures with me now. I didn't understand that we were going to debate minimum wage on the legislative branch bill. But they are in the 50 percent, 60 percent, 70 percent area. Those young, black men would benefit enormously by having a job experience. I know that, as I say, from my own experience, when I was paid the minimum wage at age 14. But it was less to add value to the company than to add skills and understanding to myself.

If we had the law of supply and demand operating unimpeded by Government instruction, I can imagine—and I think I could find jobs for those young, black teenagers to do in the inner city. They would not be $6-an-hour jobs, but they would be jobs where there could be some value added to the employer and tremendous experience and training value added to the employee. And the Government, over time, would get tremendous benefits out of that because if those young men could be trained in marketable skills and then go out and command jobs at $10 and $12 and $15 an hour based on their skills rather than the Government demanding that they be paid that whether they produce value for it or not, the economy would be better, society would be better, and America as a whole would be better.

So as I listen to these debates on the minimum wage, the emotion, the shouting, and the great indignation that is sent forward here, I ask the Senators to step away from the academic studies. Go out among the employers of their own States and ask this direct question: What will happen in your business to the people you hire if the Federal Government intervenes in this situation and starts to dictate the wages that you pay?

A comment came out of the oil crisis of the 1970s when President Carter was telling us that the energy crisis was a crisis that was the moral equivalent of war and that we must somehow marshal the entire energies of the Nation to deal with it. Interestingly enough, as the Senator from Alaska points out, ever since we declared that kind of war, American dependence on foreign oil has gone up, not down. That is one of the main reasons we are looking at $2-a-gallon gasoline in the Midwest, as we are seeing the results of 8 years of an administration that has opposed any kind of energy development in the United States. In that period, an economist made this point that I have never forgotten. He said: When the Federal Government interferes with the setting of prices by the forces of supply and demand, you get one of two results.

If the Federal Government sets the price higher than the market would set it, you get a shortage. When the Federal Government sets the price lower than the market would set it, you get a surplus. In other words, when the Federal Government says you must pay a wage higher than these people can return value for, you get a shortage of jobs that these people can fill. If the Government should arbitrarily say we will set a price lower than these people can produce, then you get a surplus of people.

We don't need shortages and we don't need surpluses. We need jobs. We don't need shortages. We don't need surpluses of energy. To put it back in the same context, we need the energy.

The law of supply and demand gives you a price. It is always the right price as supply meets demand. As soon as someone steps in to try to manipulate that law—be that someone a monopolist, or be that someone a Federal legislator—and you get a diversion between the price that the demand would call for and that the supply would provide, you get either a shortage or a surplus. It has been that way since time immemorial, and it will be that way forevermore into the future.

We need to learn that lesson and be a little humble towards that process in the Senate as we stand on the floor of the Senate and raise our voices in indignation to say we must do something for these people in the name of fairness, and realize that in the long run we are in all probability hurting far more than we are helping.

With that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BENNETT. Mr. President, I ask unanimous consent that the time currently running virtually equally between the two sides be charged equally against both sides.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CRAPO). Without objection, it is so ordered.

Mrs. BOXER. Mr. President, I will vote against the combined legislative branch and Treasury-Postal Service appropriations bills.

While the administration has identified a couple of funding shortfalls in the bill, that is not my primary concern here, and it is not the reason I am opposing this legislation.

I am voting against the bill because the Senate has never considered the Treasury-Postal appropriations bill. Let me repeat that: the Senate is being asked to vote on a conference report on a bill that never passed the Senate.

This is a complete distortion of the legislative process. We are not potted plants. The people of the state of California elected me to represent them. That means debating bills, offering amendments that are important to the people of my state, and casting votes. It does not mean giving a rubber stamp to whatever conference report comes before us when we have not even debated the bill in the first place.

I was considering offering an amendment to this bill prohibiting the sale of firearms to individuals who are drunk. Believe it or not, it is not against the law to sell a gun to someone who is intoxicated. I was considering offering an amendment regarding the carrying of concealed weapons in places of worship. And I was considering offering an amendment praising Smith and Wesson for entering into an agreement with the administration to change the way it manufactures and distributes firearms.

But I was prevented—every Senator was prevented—from offering any amendments because the Treasury-Postal Service bill was never brought up. Normally a bill that does not come before the Senate cannot become law.

But the majority wanted to avoid debating and voting on these amendments, and so they found a way to

make an end-run around the rules of the Senate and to run roughshod over the rights of 100 Senators.

I will not be a party to this process, so I will vote against the bill.

Ms. SNOWE. Mr. President, I rise today in support of the contraceptive coverage provision included in the FY2001 Treasury-Postal appropriations conference report currently before the Senate.

This provision is fundamental to the health of the approximately 2 million women of reproductive age who rely on the Federal Employees Health Benefits Program, or FEHBP, for their health care, and I thank Chairman CAMPBELL for again including this important language. This language is essentially the same language that has been signed into law the last 2 years.

This provision says that if an FEHBP health plan provides coverage of prescription drugs and devices, they must also cover all FDA-approved prescription contraceptives. It also says that plans which already cover outpatient services also cover medical and counseling services to promote the effective use of those contraceptives.

This language respects the rights of religious plans that, as a matter of conscience, choose not to cover contraceptives. Furthermore, the committee language we have before us makes it clear that this language does not cover abortion in any way, shape, or form.

The contraceptive coverage provision signed into law the last 2 years, and contained in this year's bill, contains a conscience clause that strikes the appropriate balance between recognizing the legitimate religious concerns of individual health plans and physicians with the equally important goal of increasing access to prescription contraceptives and reducing unintended pregnancy and abortion rates in this country.

The religious exemption in current law specifically exempts the religious-based plans that the Office of Personnel Management, which manages FEHBP, identified as participating in FEHBP. And it exempts ''any existing or future plan, if the plan objects to such coverage on the basis of religious beliefs.''

Despite concerns voiced by opponents, this provision has caused no upheaval in the Federal Employees Health Benefit Program. When plans have left the program in the last 2 years they cited insufficient enrollment, noncompetitive premiums, or unpredictable utilization as the reason for leaving the program—not the requirement to cover prescription contraception. And other than the five plans specifically excluded in current law, no plan has requested to be excluded from the provision nor has any plan complained that the conscience clause is insufficient. Furthermore, OPM is not aware of any physician or other health care provider who requested an exclusion.

The need to retain the current committee language is clear. Today, nearly 9 million Federal employees, retirees, and their dependents participate in the FEHBP. Approximately 2 million women of reproductive age rely on FEHBP for all their medical needs. Unfortunately, before 1998, the vast majority of these women were denied access to the broad range of safe and effective methods of contraception.

It is clear that the need for prescription contraceptive coverage is well understood by women across the country. And while we in Congress debate this need and delay guaranteeing coverage to women across the country, states are taking up the call on their own. In fact there are 13 states—Maryland, Connecticut, Georgia, Hawaii, Maine, New Hampshire, Nevada, North Carolina, Vermont, California, Delaware, Iowa, and Rhode Island—who have passed their own contraceptive coverage legislation.

Across America, the lack of equitable coverage of prescription contraceptives contributes to the fact that women today spend 68 percent more than men in health care costs. That's 68 percent. And this gap in coverage translates into $7,000 to $10,000 over a woman's reproductive lifetime.

So I ask my colleagues: with 10 percent of all Federal employees earning less than $25,000 what do you think is the likely effect of these tremendous added costs for these Federal employees?

Well, I'll tell you the effect is has: Many of them simply stop using contraceptives, or will never use them in the first place, because they simply can't afford to. And the impact of those decisions on these individuals and on this nation is a lasting and profound one.

Women spend more than 90 percent of their reproductive life avoiding pregnancy, and a woman who doesn't use contraception is 15 times more likely to become pregnant than women who do. Fifteen times. And of the 3 million unintended pregnancies in the United States, half of them will end in abortion.

Mr. President, I can't think of anyone I know, no matter their ideology or party, who doesn't want to see the instances of abortion in this nation reduced. Well, imagine if I told you we could do something about it.

We vote year after year to restrict abortion coverage in FEHBP plans. My colleagues know that I vote against this restriction every time it comes up. At the same time I firmly believe that, if the Senate is going to vote against allowing FEHBP plans to cover abortion, then we should require this same plan to cover prescription contraceptives if they cover other prescription medications—prescription contraceptives which prevent unintended pregnancies that lead to abortion.

That is what the committee language does. When the Alan Guttmacher Institute estimates that the use of birth control lowers the likelihood of abortion by a remarkable 85 percent, how can we ignore a provision like this which makes the use of birth control more affordable to our Federal employees, and do so—according to the Congressional Budget Office—with negligible cost to the Federal Government.

The fact is, all methods of contraception are cost effective when compared to the cost of unintended pregnancy. And with unplanned pregnancies linked to higher rates of premature and low-birth weight babies, costs can rise even above and beyond those associated with healthy births.

As the American Journal of Public Health estimates, the cost under managed care for a year's dose of birth control pills is less than one-tenth of what it would cost for prenatal care and delivery.

Whatever the reason, as an employer and model for the rest of the nation, the Federal Government should provide equal access to this most basic health benefit for women. The committee language would allow Federal employees to have that option.

In closing, Mr. President, let me say that if we, as a nation, are truly committed to reducing abortion rates and increasing the quality of life for all Americans, then we need to begin focusing our attention on how to prevent unintended pregnancies. Retailing contraceptive coverage for Federal employees is a significant step in the right direction. I thank Chairman CAMPBELL for again including this important language.

Mr. DOMENICI. Mr. President, I am pleased to rise today in support of the conference report accompanying H.R. 4516, the Legislative Branch and Treasury-general government appropriations bill for FY 2001.

The pending conference agreement combines two of the 13 annual appropriations bills into one bill, which provides $34.9 billion in new budget authority and $30.9 billion in new outlays to fund the operations of the Legislative Branch, and the Executive Office of the President, and the agencies of the Department of the Treasury, including the Internal Revenue Service (IRS), Customs Service, Bureau of Alcohol, Tobacco and Firearms, the General Services Administration, and related agencies. When outlays from prior-year budget authority and other completed actions are taken into account the conference agreement totals $33.0 billion in BA and $32.5 billion in outlays for fiscal year 2001.

The final bill is $145 million in BA and $145 million in outlays below the most recent section 302(b) allocation for these two subcommittees filed on September 20th.

The final bill also has a revenue effect for two provisions—repeal of a provision in the Balanced Budget Act of 1997 that temporarily increases federal employee retirement contributions by 0.5 percent; and repeal of the telephone tax enacted in the late 1800's to help finance the Spanish-American War. A loss of revenue totaling approximately

$4.8 billion is estimated for fiscal year 2001, and additional amounts in the outyears.

I commend the subcommittee chairman and ranking members for bringing this important measure to the floor. I urge the adoption of the bill and ask for unanimous consent that the Budget Committee scoring of the bill be printed in the RECORD at this point.

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

H.R. 4516, LEGISLATIVE BRANCH APPROPRIATIONS, 2001: SPENDING COMPARISONS—CONFERENCE REPORT

[Fiscal year 2001, $ millions]

	General purpose	Mandatory	Total
Conference Report[1]:			
Budget authority	18,161	14,805	32,966
Outlays	17,683	14,810	32,493
Senate 302(b) allocation:			
Budget authority	18,306	14,805	33,111
Outlays	17,828	14,810	32,638
2000 level:			
Budget authority	16,210	14,479	30,689
Outlays	16,679	14,488	31,167
President's request			
Budget authority	19,057	14,805	33,862
Outlays	17,951	14,810	32,761
House-passed bill:			
Budget authority	16,886	14,805	31,691
Outlays	17,201	14,810	32,011
Conference report compared to:			
Senate 302(b) allocation:			
Budget authority	−145	.....	−145
Outlays	−145	.....	−145
2000 level:			
Budget authority	1,951	326	2,277
Outlays	1,004	322	1,326
President's request			
Budget authority	−896	.....	−896
Outlays	−268	.....	−268
House-passed bill:			
Budget authority	1,275	.....	1,275
Outlays	482	.....	482

[1] Also reflects conference report on Treasury-General Government Appropriations. Conference report also includes repeal of federal communications excise tax, which results in a revenue loss of $4.328 billion in 2001, and a repeal of federal employee retirement contribution, which results in a revenue loss of $460 million in 2001. Neither revenue effect is reflected in the discretionary scoring of this bill, and count on the PAYGO scorecard instead.

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with scorekeeping conventions.

Mr. BENNETT. Mr. President, am I correct in my assumption that the previous order calls for a vote now on the conference report?

The PRESIDING OFFICER. The Senator is correct.

Mr. BENNETT. Have the yeas and nays been ordered?

The PRESIDING OFFICER. No.

Mr. BENNETT. Mr. President, I ask for the yeas and nays on the conference report.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the conference report. The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. FEINSTEIN), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

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

The result was announced—yeas 28, nays 69, as follows:

[Rollcall Vote No. 253 Leg.]

YEAS—28

Allard	Bond	Cochran
Bennett	Campbell	Craig
Crapo	Hutchinson	Nickles
Domenici	Inhofe	Shelby
Enzi	Kyl	Smith (OR)
Fitzgerald	Lott	Specter
Gorton	Lugar	Thomas
Grassley	Mack	Thurmond
Gregg	McConnell	
Hagel	Murkowski	

NAYS—69

Abraham	Feingold	Mikulski
Ashcroft	Frist	Miller
Baucus	Graham	Moynihan
Bayh	Gramm	Murray
Biden	Grams	Reed
Bingaman	Harkin	Reid
Boxer	Hatch	Robb
Breaux	Helms	Roberts
Brownback	Hollings	Rockefeller
Bryan	Hutchison	Roth
Bunning	Inouye	Santorum
Burns	Jeffords	Sarbanes
Byrd	Johnson	Schumer
Chafee, L.	Kennedy	Sessions
Cleland	Kerrey	Smith (NH)
Collins	Kerry	Snowe
Conrad	Kohl	Stevens
Daschle	Landrieu	Thompson
DeWine	Lautenberg	Torricelli
Dodd	Leahy	Voinovich
Dorgan	Levin	Warner
Durbin	Lincoln	Wellstone
Edwards	McCain	Wyden

NOT VOTING—3

Akaka	Feinstein	Lieberman

The conference report was not agreed to.

Mr. STEVENS. Mr. President, I enter a motion to reconsider the vote by which the conference report was defeated.

The PRESIDING OFFICER. The motion is so entered.

Mr. STEVENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

IMMIGRATION AND NATIONALITY ACT AMENDMENTS—MOTION TO PROCEED—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

A bill (S. 2045) to amend the Immigration and Nationality Act with respect to H–1B nonresidential aliens.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Florida.

Mr. GRAHAM. Mr. President, we are debating the motion to proceed to the legislation that would increase the number of visas for aliens who have certain technical skills that are deficient within the United States; that is, the H–1B visa bill. Several of us hope this bill can be expanded in order to deal with other pressing issues of immigration to provide not only for those who are desirous of working in the high-tech industry—the high-tech industry which needs their services—but also that we can redress some of the injustices which have seeped into our immigration law. So I am, today, rising to discuss those elements of unfairness that we hope can be considered under the title of the Latino and Immigrant Fairness Act.

The focus of this legislation is, as the title of the act says, fairness. We all learned some fundamental lessons in grammar school. One of those is what is fair and what is not fair. It is fair for a teacher to punish two noisy schoolchildren who have broken the rules in the classroom by keeping both of them inside during the recess period. We may, in our own childhood, have been subjected to that kind of sanction. But if the teacher decides to let one child go out and play but keeps the other in, that wouldn't be fair. In other words, one of the aspects of fairness is treating people who are in the same circumstances in the same way.

We are here today trying to achieve that type of fairness because, in 1996, we passed an immigration law that went too far. It violated that rule of treating people in the same circumstances in the same way.

It was also unfair because it applied retroactively. People who had played by the rules, who were doing all the things that they thought this society wanted them to do in order to become a part of our society, suddenly found that all those steps were for naught, and they were about to be subjected to deportation. Making laws retroactive is almost always bad public policy. It is changing the rules in the middle of the game. That is what we have done, but this is our opportunity to correct it.

A little history: Central American and Haitian immigrants came to the United States, particularly in the 1980s, and were welcomed by Presidents Ronald Reagan and George Bush. They were fleeing civil wars or violent upheavals in their repressive governments. They followed every rule.

Over the past 10 or 15 years, they set down roots. They raised families; they bought homes, started small businesses. Then, with the passage of the 1996 immigration bill, they suddenly became deportable. They could be forced to return to their countries, the very countries they fled. They were being forced to do so based on no actions of their own but, rather, a change in the rules enacted here in Congress.

Congress was quick to recognize some of the overreaching of the 1996 immigration law because 1 year later, in 1997, and then 2 years later, in 1998, Congress took steps to correct this injustice for some people—mainly Nicaraguans, Cubans, and some Haitians. In 1997, with bipartisan support, Congress passed the Nicaraguan Adjustment and Central American Relief Act, often called NACARA.

In 1998, with bipartisan support, we passed the Haitian Refugee Immigration Fairness Act. In 2000, with the Latino and Immigrant Fairness Act, we can complete the process and correct injustices for all who face similar circumstances.

One part of the Latino and Immigrant Fairness Act, the part that we

refer to as ''NACARA Parity,'' would have a tremendous impact on Central American and Haitian nationals. Many of the Central American and Haitian beneficiaries of this legislation reside in my State of Florida. I know them well. They are small business owners; they are educators; they are volunteers. They are raising families who are contributing to our State. These residents are a vibrant and crucial part of our community. Many have made Florida their home for 15 or 20 years or more. It is patently unfair to uproot these families after they have sunk such deep roots into our communities.

I had the honor of participating in a hearing held recently in Miami when we originally introduced the Haitian Refugee Immigration Fairness Act. At that hearing we heard some stories, stories of adults and children; stories of people like Louisiana Micleese and Nestela Robergeau. It deeply affected the whole audience in attendance at the hearing.

I spoke at the hearing and told the story of a Miami resident, Alexandra Charles, who witnessed the brutal killing of her mother by military personnel in Haiti. Alexandra couldn't come to the hearing when I spoke on her behalf because she was working at one of the two jobs she is holding down in order to pay her way through the Miami Dade Community College. This young adult, who had grown up in Florida, was in danger of being deported to what, for her, was, for all intents and purposes, a foreign country. Congress did the right thing and passed legislation to protect her. But we did not protect others.

There are other elements of this legislation, the Latino fairness legislation. It is legislation which will update the registry which has not been updated in many years. That is the registry of who is currently in the United States, who has been living here as a law-abiding person and can apply for some legal status in the United States, and also a restoration of the 245(i) program, which is pro-business, pro-family, and common sense.

I will not speak at length on those other two provisions in this legislation because I know there are colleagues who will follow me who desire to do so. But I want to make one point that is common to all three components of this legislation: The ''NICARA Parity'' provision, the registry update, and the restoration of the 245(i) program.

Many business organizations see this legislation, the three components, not only as humanitarian and fair but one that makes economic sense. I would like to submit for the RECORD a letter of support from the U.S. Chamber of Commerce and other business organizations.

I ask unanimous consent a letter dated September 8 of this year from the Essential Worker Immigration Coalition be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. GRAHAM. Mr. President, these immigrants are long-time employees of small businesses and other businesses in virtually every State. They are workers who do some of the toughest, hardest jobs in America. What affects them affects all of us, especially the businesses and the consumers who rely on their dedication, energy, and commitment to achieving the American dream.

I urge all my colleagues to work with us and assure that this vital, long overdue legislation, legislation that is in the best American traditions of fairness and justice, becomes law and becomes law this year.

EXHIBIT 1

EWIC ESSENTIAL WORKER IMMIGRATION COALITION,
Washington, DC, September 8, 2000.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: The Essential Worker Immigration Coalition (EWIC) is a coalition of businesses, trade associations, and other organizations from across the industry spectrum concerned with the shortage of both semi-skilled and unskilled (''essential worker'') labor.

While all sectors of the economy have benefited from the extended period of economic growth, one significant impediment to continued growth is the shortage of essential workers. With unemployment rates in some areas approaching zero and despite continuing vigorous and successful welfare-to-work, school-to-work, and other recruitment efforts, some businesses are now finding themselves with no applicants of any kind for numerous job openings. There simply are not enough workers in the U.S. to meet the demand of our strong economy, and we must recognize that foreign workers are part of the answer.

Furthermore, in this tight labor market, it can be devastating when a business loses employees because they are found to be in the U.S. illegally. Many of these workers have been in this country for years: paying taxes and building lives. EWIC supports measures that will allow them to remain productive members of our society.

We believe there are several steps Congress can take not to help stabilize the current workforce:

- Update the registry date. As has done in the past, the registry date should be moved forward, this time from 1972 to 1986. This would allow undocumented immigrants who have lived and worked in the U.S. for many years to remain here permanently.
- Restore Section 245(i). A provision of immigration law, Section 245(i), allowed eligible people living here to pay a $1,000 fee and adjust their status in this country. Since Section 245(i) was grandfathered in 1998, INS backlogs have skyrocketed, families have been separated, businesses have lost valuable employees, and eligible people must leave the country (often for years) in order to adjust.
- Pass the Central American and Haitian Adjustment Act. Refugees from certain Central American and Caribbean countries currently are eligible to become permanent residents. However, current law does not help others in similar circumstances. Congress needs to act to ensure that refugees from El Salvador, Guatemala, Haiti and Honduras have the same opportunity to become permanent residents.

We are also enclosing our reform agenda which includes our number one priority: allowing employers facing worker shortages greater access to the global labor market. EWIC's members employ many immigrants and support immigration reforms that unite families and help stabilize the current U.S. workforce. We look forward to working with you to pass all of these important measures.

Sincerely,

ESSENTIAL WORKER IMMIGRATION COALITION.

ESSENTIAL WORKER IMMIGRATION COALITION MEMBERS

American Health Care Association, American Hotel & Motel Association, American Immigration Lawyers Association, American Meat Institute, American Road & Transportation Builders Association, American Nursery & Landscape Association, Associated Builders and Contractors, Associated General Contractors, The Brickman Group, Ltd., Building Service Contractors Association International, Carlson Hotels Worldwide and Radisson, Carlson Hotels Worldwide and TGI Friday's, Cracker Barrel Old Country Store, Harborside Healthcare Corporation, Ingersoll-Rand.

International Association of Amusement Parks and Attractions, International Mass Retail Association, Manufactured Housing Institute, Nath Companies, National Association for Home Care, National Association of Chain Drug Stores, National Association of RV Parks & Campgrounds, National Council of Chain Restaurants, National Retail Federation, National Restaurant Association, National Roofing Contractors Association, National Tooling & Machining Association, National School Transportation Association, Outdoor Amusement Business Association, Resort Recreation & Tourism Management, US Chamber of Commerce.

Mr. GRAHAM. Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mrs. BOXER. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is a motion to proceed on S. 2045.

Mrs. BOXER. Mr. President, I would like to address that subject, and I will probably speak for about 20 minutes.

The PRESIDING OFFICER. The Senator has that right. The Senator from California is recognized.

Mrs. BOXER. Mr. President, we have a very important issue facing us in California. In fact, we have two very important issues facing us in California that are intertwined into this particular discussion on immigration policy. One of them deals with the real shortage of high-tech labor that we face in California and elsewhere in the country, where we are finding that the high-tech industry cannot find enough good, qualified people with the proper skills, experience, and training to fill the high-tech jobs that are really fueling our economic recovery and our economic prosperity, not only in California but in many other States.

This is a real problem. At first, when I heard about it, I thought, could this

be true? Could it be true that we do not have these workers? Since I have asked that question, and a number of others did also, there have been some studies showing that it is the case; that we do have a shortage of these workers. If we don't make accommodations for people to come into this country who have these skills, we will simply not be able to function as an economy.

The second problem we face in California—and perhaps in other States, I am sure—is the question of fairness in our immigration law. Fairness really needs to be a hallmark of what we do when it comes to immigration. We should not treat people from one country who face real problems differently from people from another country who face similar problems. Yet we have that with respect to our Latin American policy. So we really need to have a situation where we have a Latino fairness act, while we are, in fact, taking care of the labor shortages for our business friends. These things are interrelated in many ways. I hope we will be able to take them up together and pass them together; or if we can't do it that way, I hope that we have an agreement between both sides of the aisle, and with the President, that we will make sure both of these problems are addressed and are addressed in a good and careful way.

Let me talk about the Latino fairness question. Basically, what we are asking for is parity for all Americans so immigrants from El Salvador, Guatemala, Honduras, and Haiti have the same chance and go through the same process for permanent status or asylum as those from Nicaragua and Cuba. It is very simple. Why should we say to immigrants from one Latin American country that they would have a different standard when, in fact, there has been great suffering in all of these countries?

It may take place in different ways, but the bottom line is that there are many people from these countries who had to leave these countries because of fear of harm to themselves, their families; and those people were in these countries I mentioned.

We have heard about death squads. We have heard about horrible things happening to people and people disappearing in the middle of the night. In fact, the families in Guatemala have been shattered by this kind of thing, and a group of mothers got together and brought this issue to the world's attention. So there has been suffering. We remember the suffering from El Salvador with the right-wing death squads operating there, and we know the horror stories from Haiti and the other countries that are clamoring for some kind of fairness.

So if you lived in Nicaragua and you were hurt there by the Communist regime, or if you lived in Cuba and you were hurt there by the Communist regime, we want to open our arms to you. Why wouldn't we want to open our arms to you if you were hurt by a right-wing regime? We should not be playing politics at all. We should say that people who are persecuted by government—whether the bullet came from the right, left, or the middle, it doesn't matter; it is still a bullet. We should be fair to all of those people.

We want to update the registry so that undocumented aliens in the U.S. before 1986 can get a chance to remain permanently. The current cutoff date is 1972. Historically, we have gone back and changed those dates. It is time to do that.

We want to restore section 245(i), which allows those eligible for permanent resident status, who are in the U.S. already, to remain here while the process is being completed.

I want to tell you a real story about why this is so important. Jaime came to the U.S. from Mexico, and is now married to Michelle, a U.S. citizen. The couple has two daughters, both U.S. citizens. As a citizen, Michelle petitioned for an immigrant visa for her husband. When it came time to complete the visa application process, Jaime and his wife went to the consular offices in Cuidad Juarez, Mexico, for the interview. He was unaware that if he left the United States he would be barred from entering for 10 years. Michelle returned but has since lost her job and is struggling financially to support her children. Jaime is making very little money in Mexico—not enough to support his family in the U.S. Michelle finds every day a struggle to survive without her husband. The separation has caused great emotional anguish, as well as economic hardship.

I think all of us on both sides of the aisle care about families and care about family unification. We know how important it is that children have a mother and a dad at home, if it is possible. So here we have a policy where this gentleman who came here a long time ago, was working and supporting his family, made a mistake and left the country; now he finds out he can't come back for 10 years. We need to fix this problem.

So while we are helping our friends in the high-tech industry get workers and allow those workers to come into this country, to immigrate into this country, it seems to me that we ought to address this Latino fairness act.

As I said before, I was a little dubious when I heard of these shortages in the high-tech companies I represent. So I was very pleased when there was a study because the study showed that in fact they were telling us the absolute truth; they are short a lot of people.

In January 2000, unemployment hit its lowest level in 30 years. What a great economic story we have to tell. It is important to all of our sectors that are desperate for properly qualified employees.

We thought we would never see this day, even as recently as 1992, which seems like yesterday. That is when I won election to the Senate. The people in my State were suffering double-digit unemployment. We are very happy to stand here today and say that because of the Clinton-Gore policy that made it through, we have seen the greatest economic recovery in history, with the biggest surplus we have seen, having created 22 million new jobs.

So we have a problem, and our problem is an enviable one to the entire world. We really need to have more help in our high-tech industry.

That is why this bill that is pending before us is so important. That is why I support it so strongly.

We see that an independent study group found a shortage of 400,000 programmers, systems analysts, and computer scientists.

We know we have a real problem. We also know we are not doing enough in this country to educate our kids.

That is why I am so excited at the idea of a huge commitment to education, the kind Vice President GORE talked about—he said the biggest since the GI bill. That is what we need so we don't have to import these workers.

The number of bachelor's degrees awarded in computer science has declined 43 percent between 1986 and 1996. The number of bachelor's degrees awarded in engineering declined 19 percent between 1986 and 1996.

We are not turning out the graduates for the computer science and engineering skills that we need.

We need to really move on this matter; it breaks my heart to say these high-paying jobs are not going to American workers.

Some of the good things in this H–1B visa bill deal with retraining. A lot of the funds will come from the fees the companies will pay. They have to pay a fee when they bring a worker in to do important things—workforce training; math and science engineering; technology; postsecondary scholarships for low-income and disadvantaged students; to the National Science Foundation for matching or direct grants to support private company partnerships; to assist schools in initiating, improving, or expanding math and science; and information technology curricula through a variety of methods. We have some funds to help our Department of Labor enforce and process these workers, and for the Immigration and Naturalization Service.

I compliment the committee for its work. I particularly thank Senator KENNEDY who did a very good job of working with the high-tech community. They are very supportive of seeing that these fees go to this education and job training. It is so important. It isn't enough. We need a bigger commitment to education. That is clear.

When I talk about education, I always quote a wonderful man who was the President in the 1950s, Dwight David Eisenhower. Ike said in those years that in order for us to be strong, it took more than just a strong military. He said you could have more guns than any other country. You could

have more missiles, more ships, and more people in uniform. But if you didn't have an educated workforce, if education wasn't front and center, it would mean nothing; we would be weak.

He was the first President in modern times to say there is a role for the Federal Government in education. He signed the National Defense Education Act in order to stimulate teachers to go into math and science, and so on.

If he were here today, I think he would be saying to us: You didn't do enough in education. You have done great on the military; we are the most powerful Nation in the world, but we had better make sure our people can run these very complicated military machines, let alone anything to do with the civilian sector.

My view is that we have a great opportunity with this bill. It is important that we give the high-tech community the workers they need so they will stay in this country, and so they will continue to fuel this economic growth.

It is also important that at the same time we are allowing so many thousands of farm workers into the country to help us—and we are very happy and willing to do that—that we look at our immigration policy toward people who have been here for many years—the Latino community—and pass the Latino fairness act.

I think if we did both of those things we would feel very good about the Senate because it would be fairness all the way around.

I appreciate having this opportunity to speak on this today. I know from the Silicon Valley and other areas of my State—Los Angeles, San Diego, and even now in the Central Valley where there is more and more growth in the high-tech computer industries—that we need this visa bill.

I also can tell you from my Latino community that they expect to be treated fairly. They are not asking for the world. They want their families to be reunited. They want fairness and equity for all Central Americans.

Again, if there was persecution in one country and we opened our arms to those good people, we should open our arms to the others from the other countries who have been left out.

Again, El Salvador, Guatemala, Honduras, and Haiti have been struggling. They need our help.

I think this is an opportunity to help our business community and to help our immigrants who are really making our country so strong and, in my opinion, doing the work that needs to be done every day. We couldn't find harder workers than they. They ought to be treated with dignity and respect.

While we are at it, we ought to raise the minimum wage. I hope we can take that up in the near future. I don't know if you can calculate what you would make if you earned a minimum wage. It is hard to survive. It is practically impossible to survive.

I hope we can do these things for our workers, for our businesses, for our immigrants, and move this country forward so the American dream is there for all of our people.

Thank you very much. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senator from Wisconsin and I be allowed to proceed as if in morning business for a period of not to exceed 25 minutes.

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

Ms. COLLINS. Thank you, Mr. President.

(The remarks of Ms. COLLINS and Mr. FEINGOLD are located in today's RECORD under ''Morning Business.'')

Mr. FEINGOLD. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DURBIN. Mr. President, the Senate has been considering an important measure to increase the number of visas available for high-technology workers from other countries to come to the United States. I urge my colleagues to lend their support to that measure but also to an equally important measure, not only for providing a workforce in America but for keeping true to our fundamental sense of American fairness. The bill to which I refer is the Latino and Immigrant Fairness Act. I am honored to be a cosponsor of one of the three major elements of that act.

The United States is known throughout the world for the splendid vision that guides the actions we take as a nation. America is first and foremost a country that cherishes equality, a land where all people are equal under the eyes of the law, a land of liberty and justice for all.

This vision of America is a constant challenge to those of us in the Senate who are privileged to be working for the American people, working to make it concrete and real in everyday life. It is a hard task, indeed, to ensure equality of opportunity for all people, harder still to provide equal justice. Perhaps most difficult of all is the challenge of ensuring that equality of opportunity, of liberty, and of justice are available to the poorest, the most underrepresented, the most disenfranchised segments of American society.

There is an area of public policy where our efforts at achieving this American ideal have not always been successful, an area where counterproductive laws and cumbersome bureaucracies have dealt a series of unfair blows against people least able to defend themselves, an area where inequality in the eyes of the law is too often the rule rather than the exception. I am speaking of the plight of our immigrant population.

Let me confess at the outset that I come to this subject with some prejudice. My mother was an immigrant to this country. In my office in the Senate above my desk is my mother's naturalization certificate. I keep it there as a reminder that the son of an immigrant to this country can one day be a U.S. Senator, representing a State as great as the State of Illinois.

My story isn't unique. There are stories such as mine all over America—of people who came here as immigrants, their sons and daughters, looking for the American dream and finding it. Given that opportunity to participate in this great society, to work hard, to try to achieve their very best, they did. Because of that, we are a great nation.

The current state of affairs is shocking when it comes to the arbitrary treatment of immigrants coming to our country. Almost at random, Federal authorities deem some immigrants to be legally here while others in identical situations are denied any legal protection.

In a nation that treasures and respects ''family values'', immigrant families are being torn apart under the capricious application of our current laws. Husbands must leave their wives, parents are separated from their children, brothers and sisters told they may never be able to see one another again, all in the name of an immigration policy that treats Nicaraguans differently from Salvadorans, children differently from adolescents, and skilled carpenters differently from skilled computer technicians.

The simple, inescapable fact is that our current immigration laws are unfair. They create a highly unworkable patchwork approach to the status of immigrants, one that assaults our sense of fair play. Immigrants from Nicaragua and Cuba who have lived here since 1995 can obtain green card status in the U.S. through a sensible, straightforward process. Guatemalans, Salvadorans and East Europeans are covered by a different, more stringent and more cumbersome set of procedures. A select group of Haitian immigrants are classified under another restrictive status. Hondurans by yet another.

Here are some examples:

As if this helter-skelter approach isn't bad enough, existing policies also treat family members of immigrants—spouses and children—differently depending on where they live, and under which provision of which law they are covered. Consider the case of young Gheycell, who came to the U.S. when she was 12 years old with her father and sister. The family was fleeing from war-torn Guatemala; fleeing the carnage, brutality and utter chaos that ravaged their poor country. They applied for asylum here in the United States, and received work permits as their case was decided. Nine years

later, the case is still pending. Gheycell's father and sister have been told they will get their green cards, but Gheycell, now 21 years old, is no longer a minor child, and has thereby lost her legal status. Although she has grown up in the United States, although she has become an active and integrated member of her community, although she has attended college here and wants to further pursue her education and her career and, most of all, although she desperately wants to stay together with her family, the vagaries of our current system have plunged this young lady into a status as an undocumented alien.

Or consider the plight of Maria Orellana, a war refugee from El Salvador, who fled the country when soldiers killed two members of her family. She has lived the past ten years in the United States. Recently, the INS ordered her deported even though she is eight months pregnant and even though her husband—himself an immigrant—has legal status here and expects to soon be sworn in as a U.S. citizen. When a newspaper reporter asked the INS to comment on Maria's case, the reply was: ''I don't know why Congress wrote it differently for people of different countries. We're not in a position to change a law given to us by Congress . . . we just enforce the law as written.''

Well, the law, in this case, was written badly, and needs to be fixed. That fix is before us today. It is the Latino and Immigrant Fairness Act. This bill addresses three areas of the most egregious inequities in immigration law, offering fixes that are not only meet the test of simple fairness, but also benefit our nation in important ways.

The first area that the Latino and Immigrant Fairness Act addresses is NACARA parity. Currently, the Nicaraguan Adjustment and Central American Relief Act—NACARA—creates different standards for immigrants depending on their country of origin. This patchwork approach relies on artificial distinctions and inevitably creates inequities among different populations of immigrants. The Latino and Immigrant Fairness Act would eliminate these inequities by providing a level playing field on which all immigrants with similar histories would be treated equally under the law. The Act extends to other immigrants—whether from the Americas or from Eastern Europe—the same opportunities that NACARA currently provides only to Nicaraguans and Cubans.

Secondly, a provision to restore Section 245(i) of the Immigration Act would restore a long-standing and sensible policy that was unfortunately allowed to lapse in 1997. Section 245(i) had allowed individuals that qualified for a green card to obtain their visa in the U.S. if they were already in the country. Without this common-sense provision, immigrants on the verge of getting a green card must return to their home country to obtain their visa. However, the very act of making such an onerous trip can put their status in jeopardy, since other provisions of immigration law prohibit re-entry to the U.S. under certain circumstances. Restoring the Section 245(i) mechanism to obtain visas here in the U.S. is a good policy that will help keep families together and keep willing workers in the U.S. labor force.

Third, and equally important, is changing the Date of Registry. Undocumented immigrants seeking permanent residency must demonstrate that they have lived continuously in the U.S. since the ''date of registry'' cut-off. The Latino and Immigrant Fairness Act would update the date of registry from 1972—almost 30 years of continuous residency—to 1986. Many immigrants have been victimized by confusing and inconsistent INS policies in the past fifteen years—policies that have been overturned in numerous court decisions, but that have nonetheless prevented many immigrants from being granted permanent residency. Updating the date of registry to 1986 would bring long overdue justice to the affected populations.

Correcting the inequities in current immigration policies is not only a matter of fundamental fairness, it is good, pragmatic public policy. The funds sent back by immigrants to their home countries are important sources of foreign exchange, and significant stabilizing factors in several national economies. The immigrant workforce is important to our national economy as well. Federal Reserve Chairman Alan Greenspan has frequently cited the threat to our economic well-being posed by an increasingly tight labor pool. Well, this act would allow workers already here to move more freely in the labor market, and provide not just high-tech labor, but a robust pool of workers able to contribute to all segments of the economy.

In short, the Latino and Immigrant Fairness Act is an important step for restoring a fundamental sense of fairness in our treatment of America's immigrant population. Even in the midst of the Senate's busy end-of-session schedule, this is a bill that should be passed into law. It is a matter of common sense, and of good public policy but most of all, it is a matter of simple fairness.

But—and this must be said—the Latino and Immigrant Fairness Act has had an extraordinarily difficult time seeing the light of day. My good colleagues, Senators KENNEDY and REID and I tried to bring this bill forward for consideration in July, before the Senate left for its August recess. We were unsuccessful. We are trying again now, in the limited time left for this Congressional session, and again, we have been unsuccessful. And I must ask, for the sake of preserving families, shouldn't this bill be voted on? For the sake of our national economy—beset as it is by a shortage of essential workers—shouldn't this bill be voted on? For the sake of the economies of those Latin American countries that receive considerable sums from immigrants to the U.S. who are able to legally live and work here, shouldn't this bill be voted on? For the sake of our national sense of fairness, of justice, of our very notion of right and wrong, shouldn't this bill be voted on?

The Latino Immigration and Fairness Act has unusually broad support. President Clinton and Vice President GORE both actively support the provisions in this bill. So does Jack Kemp. Empower America supports this bill as pro-family and pro-market. AFL–CIO supports it as pro-labor. Many faith-based organizations have lent their support as well, recognizing the simple fairness that is at the heart of this legislation. In light of this broad spectrum of bipartisan support for the Latino and Immigrant Fairness Act, it seems the only proper course of action is to bring this bill forward in the Senate for full consideration. Again, I have to close by asking this esteemed body: Shouldn't this bill be voted on?

Mr. President, I reserve the balance of my time.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I applaud what the distinguished Senator from Illinois has said. He, of course, has worked so long on both the H–1B visas issue and the immigration issues included in the Latino and Immigrant Fairness Act. I know of nobody who spends more time on these issues than he does. I am proud to be here with him, and I invite him to return to these issues as we proceed in this debate.

H–1B VISAS

Mr. LEAHY. Mr. President, I am pleased that we are finally turning our attention to this legislation and a debate over the best way to increase the number of H–1B visas, a policy goal that is shared widely in this body. The bill was reported from the Judiciary Committee more than six months ago. It has taken us a very long time to get from Point A to Point B, and it has often appeared that the majority has been more interested in gaining partisan advantage from a delay than in actually making this bill law.

The Democratic Leader has consistently said that we would be willing to accept very strict time limits on debating amendments, and would be willing to conduct the entire debate on S. 2045 in less than a day. Our Leader has also consistently said that it is critical that the Senate take up proposals to provide parity for refugees from right-wing regimes in Central America and to address an issue that has been ignored for far too long—how we should treat undocumented aliens who have lived here for decades, paying taxes and contributing to our economy. I joined in the call for action on H–1B and other critical immigration issues, but our efforts were rebuffed by the majority.

Indeed, months went by in which the majority made no attempt to negotiate these differences, time which many members of the majority instead spent trying to blame Democrats for the delay in their bringing this legislation to the floor. At many times, it seemed that the majority was more interested in casting blame upon Democrats than in actually passing legislation. Instead of working in good faith with the minority to bring this bill to the floor, the majority spent its time trying to convince leaders in the information technology industry that the Democratic Party is hostile to this bill and that only Republicans are interested in solving the legitimate employment shortages faced by many sectors of American industry. Considering that three-quarters of the Democrats on the Judiciary Committee voted for this bill, and that the bill has numerous Democratic cosponsors, including Senator LIEBERMAN, this partisan appeal was not only inappropriate but absurd on its face.

Finally, last week, the majority made a counteroffer that did not provide as many amendments as we would like, but which did allow amendments related to immigration generally. We responded enthusiastically to this proposal, but individual members of the majority objected, and there is still no agreement to allow immigration amendments. At least some members of the majority are apparently unwilling even to vote on issues that are critical to members of the Latino community. This is deeply unfortunate, and leaves those of us who are concerned about humanitarian immigration issues with an uncomfortable choice. We can either address the legitimate needs of the high-tech industry in the vacuum that the majority has imposed, or we can refuse to proceed on this bill until the majority affords us the opportunity to address other important immigration needs. I voted yesterday to proceed to S. 2045 because I believe it presents a good starting point for discussion, and because I believe we should make progress on immigration issues in this Congress. I still hope that an agreement can be reached with the majority that will allow votes on other important immigration matters as part of our consideration of this bill.

I believe there is a labor shortage in certain areas of our economy, and a short-term increase in H–1B visas is an appropriate response. Due to the stunning economic growth we have experienced in the past eight years, unemployment is lower than the best-case scenario envisioned by most economists. Increasing the number of available H–1B visas is particularly important for the high-tech industry, which has done so much to contribute to our strong economy. Although it is important that the high-tech industry ensure that it is making maximum possible use of American workers, it should also have access to highly-skilled workers from abroad, particularly workers who were educated at American universities. Under current law, however, which allowed for 115,000 visas for FY 2000, every visa was allotted by March, only halfway through the fiscal year.

So I support this bill's call for an increase in the number of visas. But I believe the legislation can be improved, and I look forward to the opportunity to make improvements through the amendment process. Most importantly, instead of including an open-ended provision exempting from the cap those foreign workers with graduate degrees from American universities, as S. 2045 does, I believe we should retain a concrete cap on the number of these visas. I believe we should increase the cap to 200,000, and then set aside a significant percentage of those visas for such workers. This should address employers' needs for highly-skilled workers, while also limiting the number of visas that go to foreign workers with less specialized skills.

I regret that we will likely be unable to offer other important amendments to this bill. For much of the summer, the majority implied that we were simply using the concerns of Latino voters as a smokescreen to avoid considering S. 2045. Speaking for myself, although I have had reservations about certain aspects of S. 2045, I voted to report it from the Judiciary Committee so that we could move forward in our discussions of the bill. I did not seek to offer immigration amendments on the Senate floor because I wanted to derail S. 2045. Nor did the White House urge Congress to consider other immigration issues as part of the H–1B debate because the President wanted to play politics with this issue, as the distinguished Chairman of the Judiciary Committee suggested on the floor last Friday. Rather, the majority's inaction on a range of immigration measures in this Congress forced those of us who were concerned about immigration issues to attempt to raise those issues. Under our current leadership, the opportunity to enact needed change in our immigration laws does not come around very often, to put it mildly.

It is a disturbing but increasingly undeniable fact that the interest of the business community has become a prerequisite for immigration bills to receive attention on the Senate floor. In fact, with only a few weeks remaining before we adjourn, this will be the first immigration bill to be debated on the floor in this Congress. Even humanitarian bills with bipartisan backing have been ignored in this Congress, both in the Judiciary Committee and on the floor of the Senate.

The bipartisan bills that have suffered from the majority's neglect include both modest bills designed to assist particular immigrant groups and larger bills designed to reform substantial portions of our immigration and asylum laws. Bills to assist Syrian Jews, Haitians, Nicaraguans, Liberians, Hondurans, Cubans, and Salvadorans all need attention. Bills to restore due process rights and limited public benefits to legal permanent residents have been ignored.

The Refugee Protection Act, a bipartisan bill with 10 sponsors that I introduced with Senator BROWNBACK, has not even received a hearing in the Judiciary Committee, despite my request as Ranking Member. The Refugee Protection Act addresses the issue of expedited removal, the process under which aliens arriving in the United States can be returned immediately to their native lands at the say-so of a low-level INS officer. Expedited removal was the subject of a major debate in this Chamber in 1996, and the Senate voted to use it only during immigration emergencies. This Senate-passed restriction was removed in what was probably the most partisan conference committee I have ever witnessed. The Refugee Protection Act is modeled closely on that 1996 amendment, and I hope that it again gains the support of a majority of my colleagues.

As a result of the adoption of expedited removal, we now have a system where we are removing people who arrive here either without proper documentation or with facially valid documentation that an INS officer suspects is invalid. This policy ignores the fact that people fleeing despotic regimes are quite often unable to obtain travel documents before they go—they must move quickly and cannot depend upon the government that is persecuting them to provide them with the proper paperwork for departure. In the limited time that expedited removal has been in operation, we already have numerous stories of valid asylum seekers who were kicked out of our country without the opportunity to convince an immigration judge that they faced persecution in their native lands. To provide just one example, a Kosovar Albanian was summarily removed from the U.S. after the civil war in Kosovo had already made the front pages of America's newspapers.

The majority has mishandled even those immigration bills that needed to be passed by a date certain to avoid significant humanitarian and diplomatic consequences. First, the Senate failed to pass a bill to make permanent the visa waiver program that allows Americans to travel to numerous other countries without a visa. The visa waiver pilot program expired on April 30, and the House passed legislation to make the program permanent in a timely manner, understanding the importance of not allowing this program—which our citizens and the citizens of many of our closest allies depend upon—to lapse. The Senate, however, simply ignored the deadline and has subsequently ignored numerous deadlines for administrative extensions of the program.

Second, the Senate has thus far refused to act on the bipartisan S. 2058, which would extend the deadline by one year for Nicaraguans, Cubans, and Haitians to apply for adjustment of

status under the Nicaraguan Adjustment and Central American Relief Act, NACARA, and the Haitian Refugee Immigration Fairness Act, HRIFA. The original deadline expired on March 31. But the Senate did not extend the deadline—an action that the Judiciary Committee unanimously approved—by March 31. And the Senate has not acted to extend the deadline in the intervening five and a half months. No one has expressed any opposition to S. 2058, which counts Senators MACK and HELMS among its sponsors; rather, the majority has simply allowed the bill to sit and fester, perhaps holding it hostage to the passage of S. 2045. As a result, we in the Congress have had to rely upon the Administration's assurances that it would not remove those who would be aided by the extension from the United States while this legislation was pending. As someone who has served for more than 25 years in the Senate, I find it profoundly disturbing that this body must rely on the Administration not to enforce the law because it has taken us so long to actually make good on our intention to change it. We should not need to rely on the good graces of the Administration—we should do our job and legislate.

I am well aware that immigration is just one of the many issues that Congress must address. Indeed, there may be some Congresses where immigration needs to be placed on the backburner so that we can address other issues. But this is not such a Congress. It was only four years ago that we passed two bills with far-reaching effects on immigration law—the Antiterrorism and Effective Death Penalty Act and the Illegal Immigration Reform and Immigrant Responsibility Act. There are still many aspects of those laws that merit our careful review and rethinking. Among many others, Senators KENNEDY, MOYNIHAN, and DURBIN have been actively involved in promoting necessary changes to those laws, in an attempt to rededicate the United States to its historic role as a leader in immigration policy. But their efforts too have been ignored by the majority.

When a bill such as S. 2045 comes to the floor, then, those of us who are concerned about immigration legislation would be abdicating our duty not to raise other potential immigration legislation. Most members of both parties want to see a significant increase in the number of H–1B visas. If there had been another avenue to obtain consideration of the rest of our immigration agenda, we would have taken it. But such an avenue was not offered.

I voted to proceed to consideration of this bill. I hold out hope that we can reach an agreement to discuss other critical immigration matters. If the majority truly wishes to display compassionate conservatism, and show concern for all Americans, such an agreement should be easy to reach.

LATINO AND IMMIGRANT FAIRNESS ACT

Mr. LEAHY. Mr. President, let me speak about the Latino and Immigrant Fairness Act and why we should consider this bill now.

I say this with no ulterior motive. Obviously, if anyone looks at the demographics of Vermont, they know I am not speaking about this because of a significant Hispanic population in the State of Vermont. I speak about it out of a sense of fairness. It is called the Latino and Immigrant Fairness Act. That is what it is.

I am a proud cosponsor of this legislation, not only as a Senator but as ranking member of the Judiciary Committee, because it addresses three very important issues to the Latino community.

We fought on our side of the aisle consistently to obtain debate and a vote on these proposals either as an amendment or as a freestanding bill.

Once again, I call on the leadership to give us either a vote as a freestanding bill or as an amendment because we ought to stand up in the Senate and say how we stand on this issue. If my colleagues on the other side believe in compassionate conservatism, they will allow a vote on this bill, which offers help to hardworking families who pay taxes and help keep our economy strong.

First off, this legislation ensures that we treat all people who fled tyranny in Central America equally, regardless of whether the tyrannical regime they fled was a left-wing or right-wing government.

I remember going into a refugee camp in Central America and talking to a woman who was there with her one remaining child. Her husband had been killed. Her other children had been killed.

I said: Do you ally yourself with the left or the right? She didn't know who was on the left or who was on the right in the forces that were fighting. She only knew that she and her husband had wanted to raise their family and to farm a little land. And yet the forces of the regime came in and killed the whole family with the exception of her and her one child.

People who have no political position get caught in terrible circumstances, in between forces to which they have no allegiance.

In 1997, Congress granted permanent residence status to Nicaraguans and Cubans who fled dictatorship and who met certain conditions. It may well have been the right step. But others were left behind.

It is past time to extend the benefits of the 1997 law to Guatemalans, Salvadorans, Hondurans, and Haitians. To benefit under this bill, an immigrant would have to have been in the United States since December of 1995 and would have to demonstrate good moral character.

In addition to the clear humanitarian justifications for treating an immigrant from Guatemala who fled terror in the same way we treat an immigrant from Nicaragua who fled terror, there is also a strong foreign policy justification for this bill. These immigrants send money back to their families. They help support fledgling economies in what remain fragile democracies. The United States has devoted significant effort to assisting democratic efforts in Latin America, and the hard work that Latin American immigrants perform in America helps to stablize the growth of democracy there.

Second, this amendment would reinstate section 245(i), which, for a $1,000 fee, allows immigrants on the verge of getting legal permanent residence status to achieve that status from within the United States, instead of being forced to leave their families and their jobs for lengthy periods to be able to complete the process. Section 245(i) was a part of American law until 1997, when Congress failed to renew the provision. There is bipartisan support for correcting this erroneous policy, and now is the time to do it. It is important to note that these are people who already have the right under our laws to obtain permanent residency—this provision simply streamlines that process while contributing a significant amount to the Treasury. Indeed, in the last fiscal year in which section 245(i) was law, it produced $200 million in revenue for the government. At a time when the Immigration and Naturalization Service is plagued by backlogs, that is funding that would be useful.

Third, of course, the amendment would allow people who have lived and worked here for 14 years or more, contributing to the American economy, to adjust their immigration status. That has been a part of the immigration law since the 1920s. It has been continually updated. It should be updated now for the first time in 14 years. This will adjust the status of thousands of people already working in the United States, helping both them and their employers to continue playing a role in our current economic boom. These are people who have built deep roots in the United States, who have families here and children who are American citizens, and who have in many cases done jobs that American citizens did not want. We should continue our historical practice and update the registry.

This legislation has the strong support of numerous groups representing Hispanic Americans, including the League of United Latin American Citizens, the National Council of La Raza, the Mexican American Legal Defense and Educational Fund, and the National Association of Latino Elected and Appointed Officials. It also has the support of conservative groups such as Americans for Tax Reform and Empower America. It has received union support from the AFL-CIO, the Union of Needletrades and Industrial Textile Employees, and the Service Employees International Union. Religious groups ranging from the U.S. Catholic Conference to the Anti-Defamation League

to Lutheran Immigration and Refugee Services have also endorsed the bill. Finally, business organizations including the National Restaurant Association and the American Health Care Association have also encouraged this bill's passage.

When we talk about H–1B visas, we are usually talking about giving immigration benefits to people who are going to have high-paying, high-tech jobs. Everybody wants to do that. We worked to get that out of the Judiciary Committee.

But I would say to those who are holding up the Latino and Immigrant Fairness Act, don't think only of people in high-tech, high-paying jobs. Think of the needs of ordinary workers.

It seems that the immigration concerns of everyday families have been ignored day after day in this Congress. I am talking about people who are not going to be in executive positions, and who cannot afford lawyers or anything else they want. I am talking about men and women who work for an hourly wage, who try to raise their families, who go to church, who want to see their children go to school, who want to live the American life, the American dream.

My grandparents came to this country. They did not speak a word of English. But they raised a family. They raised six children, including my mother. They started a small business. They had a grandson who ended up in the Senate. But they also had six children. They weren't wealthy. My grandfather came here not speaking a word of English, with his brother, and they started a stone shed. Then when they had enough money to afford to send back to Italy for their wives and their children, they did. It was the American dream. People still have that dream. We should help them, especially in this case.

There are also important due process issues that need to be fixed if America wants to retain its historic role as a beacon for refugees and a nation of immigrants. But in this Congress, even humanitarian bills with bipartisan backing have been completely ignored, both in the Judiciary Committee and on the Senate floor. The bipartisan bills that have suffered from the majority's neglect include both modest bills designed to assist particular immigrant groups and larger bills designed to reform substantial portions of our immigration and asylum laws. Bills to assist Syrian Jews, Haitians, Nicaraguans, Liberians, Hondurans, Cubans, and Salvadorans all need attention. Bills to restore due process rights and limited public benefits to legal permanent residents have been ignored.

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I am well aware that immigration is just one of the many issues that Congress must address. Indeed, there may be some Congresses where immigration needs to be placed on the backburner so that we can address other issues. But this is not such a Congress. It was only four years ago that we passed two bills with far-reaching effects on immigration law—the Antiterrorism and Effective Death Penalty Act and the Illegal Immigration Reform and Immigrant Responsibility Act. There are still many aspects of those laws that merit our careful review and rethinking. Among many others, Senators KENNEDY, MOYNIHAN, and DURBIN have been actively involved in promoting necessary changes to those laws, in an attempt to rededicate the United States to its historic role as a leader in immigration policy. But their efforts too have been ignored by the majority.

In the limited time we have remaining, I urge the majority to just bring up the Latino and Immigrant Fairness Act and have a vote on it. We know we could pass it if we could only be allowed to have a vote. Let's show the kind of fairness that America wants to show. Let us be the beckoning country that it was to my grandparents and my great-grandparents.

The PRESIDING OFFICER. The Senator from Wyoming.

MORNING BUSINESS

Mr. ENZI. I ask unanimous consent that there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 10 minutes each.

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

MEDICARE HOME HEALTH

Ms. COLLINS. Mr. President, it is absolutely critical that Congress take action this year to address some of the unintended consequences of the Balanced Budget Act of 1997, which has been exacerbated by a host of ill-conceived new regulatory requirements imposed by the Clinton administration.

The combination of regulatory overkill and budget cutbacks is jeopardizing access to critical home health services for millions of our Nation's most frail and vulnerable senior citizens.

Tonight, the Senator from Wisconsin and I are taking the opportunity to talk about this very important issue. The Senator from Wisconsin has been a real leader in helping to restore the cuts and to fight the onerous regulatory requirements imposed by the administration which have affected home health care services across the Nation.

I also want to recognize that there have been many other Senators who have been involved in this fight. I am going to put a list of the cosponsors to the legislation that I have introduced into the RECORD.

I ask unanimous consent a list of cosponsors, which exceeds 50 Senators, be printed in the RECORD, reflecting the contributions many of our colleagues have made to this fight.

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

COSPONSORS OF S. 2365

Spencer Abraham, Wayne Allard, John Ashcroft, Max Baucus, Robert F. Bennett, Jeff Bingaman, Christopher S. Bond, Barbara Boxer, Sam Brownback, Conrad R. Burns.

Lincoln D. Chafee, Max Cleland, Thad Cochran, Kent Conrad, Michael DeWine,

Christopher J. Dodd, John Edwards, Michael B. Enzi, Dianne Feinstein, Bill Frist.

Slade Gorton, Rod Grams, Judd Gregg, Chuck Hagel, Orrin G. Hatch, Jesse Helms, Ernest F. Hollings, Y. Tim Hutchinson, Kay Bailey Hutchison, James M. Inhofe.

James M. Jeffords, John F. Kerry, Frank R. Lautenberg, Patrick J. Leahy, Carl Levin, Joseph I. Lieberman, Blanche Lincoln, Richard G. Lugar, Barbara A. Mikulski, Frank H. Murkowski.

Patty Murray, Jack Reed, Pat Roberts, John D. Rockefeller IV, Rick Santorum, Charles E. Schumer, Bob Smith, Gordon Smith, Olympia J. Snowe, Arlen Specter.

Robert G. Torricelli, George V. Voinovich, John W. Warner, Paul D. Wellstone.

Ms. COLLINS. Mr. President, health care has come full circle. Patients are spending less time in the hospital. More and more procedures are being done on an outpatient basis, and recovery and care for patients with chronic diseases and conditions has increasingly been taking place in the home. Moreover, the number of older Americans who are chronically ill or disabled in some way continues to grow each year. Concerns about how to care for these individuals will only multiply as our population ages and is at greater risk of chronic disease and disability.

As a consequence, home health has become an increasingly important part of our health care system. The kinds of highly skilled—and often technically complex—services that our nation's home health agencies provide have enabled millions of our most frail and vulnerable older persons to avoid hospitals and nursing homes and stay just where they want to be—in the comfort and security of their own homes.

By the late 1990s, home health was the fastest growing component of Medicare spending. The program grew at an average annual rate of more than 25 percent from 1990 to 1997. The number of home health beneficiaries more than doubled, and Medicare home health spending soared from $2.5 billion in 1989 to $17.8 billion in 1997.

This rapid growth in home health spending understandably prompted the Congress and the Administration, as part of the Balanced Budget Act of 1997, to initiate changes that were intended to slow this growth in spending and make the program more cost-effective and efficient. These measures, however, have unfortunately produced cuts in home health spending far beyond what Congress intended. Home health spending dropped to $9.7 billion in FY 1999—just about half the 1997 amount. And on the horizon is an additional 15 percent cut that would put our already struggling home health agencies at risk and would seriously jeopardize access to critical home health services for millions of our nation's seniors.

Last year, I chaired a hearing of the Permanent Subcommittee on Investigations where we heard about the financial distress and cash-flow problems that home health agencies across the country are experiencing. Indeed, over 2,500 agencies, about one-quarter of all home health agencies nationwide, have either closed or stopped serving Medicare patients. Others have laid off staff or declined to accept new patients with more serious health problems. Moreover, the financial problems of home health agencies have been exacerbated by a number of burdensome new regulatory requirements imposed by the Health Care Financing Administration.

One witness, who is a CEO of a visiting nurse service in Saco, ME, termed HCFA's regulatory policy as that of being ''implement and suspend.'' No longer had the agency spent all this money and time and effort in complying with a new regulatory requirement, then the Federal Government decided: never mind; we really didn't mean it; we weren't ready to implement this.

We also heard numerous complaints about OASIS, a system of data collection containing data on the physical, mental, and functional status of patients receiving care from home health agencies. Not only has this been a very expensive and burdensome paperwork process, but the process of collecting information invades the personal privacy of many patients, which they understandably are concerned about.

I recently met with home health nurses in southern Maine and I heard complaints about the administrative burdens and paperwork requirements associated with OASIS and its effect on patient care. I also heard what the real impact of the budget cutbacks has meant for many of the people in the State of Maine.

I call attention to a chart that shows the impact that we are already experiencing in the State of Maine. As shown in the chart, nearly 7,500 Maine citizens have lost access to home health services altogether. What has happened to those 7,500 senior citizens? Believe me, I know from my discussions with dedicated nurses who were providing home health services to them, it is not that they have recovered; it is not that they have gotten well. Rather, the loss of home health services has forced many of them into nursing homes prematurely or has put them at risk of increased hospitalization.

Ironically, the Medicare trust fund pays far more for nursing home care or for hospitalization than it would continuing to provide home health care services to these individuals. The chart shows the financial burden in Maine in a year's time has suffered a 26-percent decrease in reimbursements for a 30-percent cut in visits. Again, it is our most vulnerable, frail, ill, elderly citizens who are bearing the brunt of these cutbacks.

I heard very sad stories about the impact. Consider the case of one elderly woman who suffered from advanced Alzheimer's disease, pneumonia, and hypertension, among other illnesses. She was bed bound, verbally nonresponsive, and had a number of other serious health issues, including infections and weight loss. This woman had been receiving home health services for 2 years. That allowed her to continue to stabilize through the care and the coordination of a compassionate and skilled home health nurse. Unfortunately, the agency received a denial notice, terminating home health care for this woman.

A true tragedy happened in this case. Less than 3 months later, after her home health care had been terminated, this woman died as a result of a wound on her foot that went untreated, a serious wound that undoubtedly her home health nurse would have recognized.

This is only one of the heart-wrenching stories that I heard during that visit. It is only one of the countless testimonials that I have heard from both patients and home health providers across the State.

It is now clear that the savings goals set forth for home health in the Balanced Budget Act of 1997 have not only been met but far surpassed. According to a recent study by the Congressional Budget Office, spending for home health care has fallen by more than 35 percent in the last year. In fact, CBO cites this larger than anticipated reduction in home health care spending as the reason why overall Medicare spending fell last year for the first time.

The CBO now projects that the post-Balanced Budget Act reductions in home health will be about $69 billion between fiscal years 1998 and 2002. This is over four times the $16 billion that Congress expected to save as a result of the 1997 act. It is a clear indication, particularly when combined with the regulatory overkill of this administration, that the Medicare home health cutbacks have been far deeper and far wider reaching than Congress ever intended.

I have introduced legislation which is cosponsored by the Senator from Wisconsin who, as I said, has been a leader in this area, with my colleague from Missouri, Senator BOND. In fact, both Senator BOND and Senator ASHCROFT, as well as many of my other colleagues, are cosponsors of legislation that eliminates the further 15-percent reduction in Medicare payments to home health agencies that is currently scheduled to go into effect on October 1 of next year. If we do not act to eliminate this 15-percent cut that is looming on the horizon, it will sound the death knell for thousands of home health agencies. And ultimately the people, the true victims, will be those senior citizens who will no longer receive the care they need. I know the Presiding Officer has also been very concerned about the impact in his State; all Members who have rural States know the importance of home health care.

As Congress prepares for action on Medicare, we should give top priority to providing much needed relief to our Nation's beleaguered home health agencies. The legislation I have introduced currently has 55 Senate cosponsors—32 Republicans and 23 Democrats.

It has the strong backing of patient and consumer groups, ranging from the American Diabetes Association, the National Council on Aging, Easter Seals, the American Nurses Association, and the National Family Caregivers Association, as well as the two major industry groups representing home health care agencies with whom we have worked very closely.

It is imperative we solve this problem before we adjourn this year. I appreciate the opportunity to address this issue.

The remainder of the time will be reserved for the Senator from Wisconsin, with whom it has been a real pleasure to work on this issue.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I am very pleased to join the Senator from Maine in talking about the importance of eliminating the automatic 15-percent reduction in Medicare payments to home health agencies. It is currently scheduled for October 1, 2001. I am very pleased to be working with her on this because she is a tremendous leader on this issue. It is a very good example of the kind of bipartisanship that is essential for this body to function well. I am most pleased to be working with the Senator on this because it is so obvious she has taken a great deal of time to listen to her constituents about this very important issue.

I have heard the same sad story in Wisconsin, and we hear a lot of very compelling human stories in this job. But I find this one impossible to ignore. I know the Senator from Maine feels the same way. The fact is, this system of home health care—at least in the State of the Senator from Maine and my State—was working. It is not as if it is something we are trying to create. It was working. Because of some poorly constructed policies, it is being harmed in a way that is truly harming older people in our country.

The story the Senator from Maine gave is a very compelling example of a broader series of tragedies that are occurring, I think, on an almost daily basis in my State of Wisconsin, and in many other States.

So, I thank her. I believe strongly that Congress must act to preserve access to home health care for seniors and others. That is why I have made the preservation of access to home health services one of my top priorities in the U.S. Senate.

For seniors who are homebound and have skilled nursing needs, having access to home health services through the Medicare Program is the difference between staying in their own home and moving into a nursing home.

The availability of home health services is integral to preserving independence, dignity, and hope for many beneficiaries. I feel strongly that where there is a choice, we should do our best to allow patients to choose home health care. I think seniors need and deserve that choice.

Mr. President, as you know, and as many of our colleagues know, the Balanced Budget Act of 1997 contained significant changes to the way that Medicare pays for home health services. Perhaps the most significant change was a switch from cost-based reimbursement to an interim payment system, or IPS.

IPS was intended as a cost-saving transitional payment system to tide us over until the development and implementation of a prospective payment system or PPS, for home health payments under Medicare. Unfortunately, the cuts went deeper than anyone—including CBO forecasters—anticipated, leaving many Medicare beneficiaries without access to the services they need.

These unintended consequences of the Balanced Budget Act of 1997 have been severe indeed. Instead of the $100 billion in 5-year savings that we targeted, present projections indicate that actual Medicare reductions have been in the area of $200 billion.

Home health care spending, which the Congressional Budget Office expected to rise by $2 billion in the last 2 years even after factoring in the Balanced Budget Act cuts, has instead fallen by nearly $8 billion, or 45 percent.

These painful cuts have forced more than 40 home health care agencies in 22 Wisconsin counties to close their doors, in just 2 years.

So, what do these changes mean for Medicare beneficiaries?

Frankly, in many parts of Wisconsin, these changes mean that beneficiaries in certain areas or with certain diagnoses simply do not have access to home health care.

I am concerned that a further 15-percent cut in home health care reimbursements will further jeopardize care and leave some of our frailest Medicare beneficiaries without the choice to receive care at home. Last year, I was proud to work with Senator COLLINS and others to delay the automatic 15-percent reduction in Medicare home health payments for one year. However, I believe this reduction must be eliminated in order to preserve access to home health care.

I think seniors need and deserve the choice to stay in their homes, and I hope my colleagues will follow the leadership of Senator COLLINS and others by supporting the elimination of the 15-percent cut.

Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator has 8 minutes.

Mr. FEINGOLD. Mr. President, I believe that will be sufficient. I will just proceed, if I may.

JUDICIAL HONORARIA

Mr. FEINGOLD. Mr. President, I come to the floor today to express my deep concern about a provision that is tucked into the Commerce, State, Justice appropriations bill. It came to light in a front page story last Thursday in the Washington Post. We have become accustomed in this body to hearing about outrageous special interest provisions finding their way into must-pass appropriations bills, but this one is really special. Section 305 of the bill that was reported by the Appropriations Committee exempts Federal judges from the ban on receiving cash honoraria contained in the Ethics in Government Act.

If this provision becomes law, Federal judges will once again be able to accept cash compensation for speeches. There will be no limit on this additional compensation because the bill also provides that honoraria will not be considered outside income, which is subject under current law to a cap equal to 15 percent of the salary of a Level II executive employee, or about $22,000. With this change, Federal judges will be able to supplement their Federal salaries of over $140,000 per year with tens of thousands of dollars from speaking engagements.

The Federal judiciary as a whole is widely respected, and deservedly so. But it has been a bad few months for the reputation of the judiciary. Even before this effort to lift the honoraria ban, there has been increasing attention to the practice of Federal judges traveling to posh resorts and dude ranches to attend seminars and conferences. These junkets are ''all-expenses paid,'' and the bill is often footed by legal foundations and industry groups with litigation interests before the very judges who attend the seminars.

A recent report released by Community Rights Council found that at least 1,030 Federal judges took over 5,800 privately funded trips between 1992 and 1998. Some of these seminars are conducted at posh vacation resorts in locations such as Amelia Island, FL and Hilton Head, SC, and include ample time for expense-paid recreation. These kinds of education/vacation trips, which have been valued at over $7,000 in some cases, create an appearance that the judges who attend are profiting from their positions. More important, they create an appearance that is not consistent with the image of an impartial judiciary.

That is the same image that is threatened by this proposed repeal of the honoraria ban. Who in this body believes that the powerful interests that seek our good will through campaign contributions would not try to curry favor with judges with generous honoraria? Have we learned nothing over the past two decades? In 1989, the Congress took a big step forward by increasing the salaries of federal employees and prohibiting honoraria. Perhaps we need to revisit the issue of the salaries of federal judges in light of current economic circumstances. But one thing I am absolutely certain we should not

do is relax the ethical standards to which they are subject. The independence and impartiality of the judiciary are too important to our system of justice. This would truly be a case of cutting off our nose to spite our face.

Now let me say a few words about the process by which this significant change in the ethical guidelines that apply to judges has come close to becoming law. The provision was included in the bill reported by the Appropriations Committee on July 18. It was very quietly added to that bill. It takes up only a page and a half of 126 pages of legislative language. And the committee report, which usually can be counted on to explain the bill says the following about section 305:

* * * section 305 amends section 501 of 5 U.S.C. App.

That is it. No explanation, no rationale, no argument for why this change should be made, or why it is being done in an appropriations bill instead of in substantive legislation that might be the subject—which you might imagine we would like to have—of hearing and committee consideration.

At any rate, the Commerce State Justice appropriations bill still has not yet come to the floor and now it appears very likely it will never come to the floor. That means that those of us who oppose the lifting of the honoraria ban, not to mention other troubling provisions in that bill, will never have a chance to offer an amendment to delete it from the bill. We will never have a chance to ask our colleagues to vote on this provision. We will never know whether the United States Senate supports what the Appropriations Committee has done.

I think that is outrageous. We should be ashamed. This is a very important revision to the Ethics in Government Act. The Senate should be permitted to vote on it. But the Republican leadership will not let that happen. That means that the crucial decision will be made by the appropriators in their mock conference, and by the negotiators of a final omnibus spending bill.

It appears that lifting the honoraria ban for judges in some of our colleagues' minds is just a first step to allowing other public officials to supplement their salaries with payments from special interests. The majority leader was quoted as saying that we'll probably need to get rid of the ban for Members of Congress as well. I urge the people who are crafting these bills to think twice before starting down this slippery slope. Let's keep the honoraria ban in place for judges and ensure that our judiciary maintains its integrity and the respect of the American people.

STRATEGIC PETROLEUM RESERVE

Mr. MURKOWSKI. Mr. President, I rise today to call the attention of my colleagues to an urgent matter, and that is the reauthorization of the Strategic Petroleum Reserve. The legislation is sitting here today and awaits clearance. It is contained in the Energy Policy and Conservation Act, or EPCA.

We have a hold on the passage of EPCA, which contains the Strategic Petroleum Reserve reauthorization. Also in the EPCA package is the Northeast home heating oil reserve. I know this is of great interest to Members from the Northeast, who are concerned, legitimately, about the potential of higher prices for home heating oil this fall and this winter, particularly if we should have a very cold winter.

The White House, the Secretary of Energy, has pleaded with Congress to pass EPCA, including the Strategic Petroleum Reserve reauthorization. I am chairman of the Energy and Natural Resources Committee. We passed a companion measure out of this committee. Now EPCA waiting on the floor. An effort was made last night to clear it. The administration claims it is an emergency that they have the reauthorization. They are contemplating going into the SPR and taking oil out of it to try an address this crisis. The merits of that deserve additional consideration by this body.

I will just share this observation on the logic of such a move. SPR is a reserve, it holds about a 50-day supply of oil, which is to be used in the case of emergency disruption of our foreign oil. Currently our dependence on foreign oil amounts to about 58 percent of our consumption. However, because of the high prices and the inadequacy of our refining industry, we are facing a train wreck relative to energy prices, gasoline, diesel, and other petroleum products. If it seems I am being a little ambitious in citing the critical nature of this crisis, let me tell you that the Government of Great Britain and Prime Minister Tony Blair find it a real issue relative to the stability and continuity of that Government.

The responses we have seen in Germany, England, Poland, and other countries to the increasing price of energy and what it means to the consumer is not only of growing concern, but it has reached a crisis mentality. During this country's last energy crisis, we had our citizens outraged. It was in 1973 when the oil embargo associated with the production from OPEC—it was called the Arab oil embargo—hit this country. We had gas lines around the block. People were mad, outraged, indignant. At that time, we were only 37-percent dependent on imported oil. Today, we are 58 percent. The Department of Energy contemplates we might be as high as 63 or 64 percent in the not too distant future.

The oil price yesterday was the highest in 10 years, more than $37 a barrel. There are those who predict it is going to go to $40 a barrel. Here we have the reauthorization of the Strategic Petroleum Reserve, at the request of the administration, being held up by a Member on the other side of the aisle. There may be other reasons the Senator has seen fit to put a hold on this legislation.

I certainly would be happy to debate one of the issues that concerns activity in my State. It is the measure that allows power plants smaller than 5-megawatts to be licensed through a state procedure in Alaska. It would allow our Native people in rural areas to have clean, renewable energy rather than the high-cost diesel power they now burn.

I want to tell my colleagues, the Native people in Alaska really need this exemption. This is utilizing the renewable resource; namely, rainwater, snowfall. The inability of these small projects to support the cost of a Federal energy regulatory relicensing procedure—which is appropriate for large-scale projects—makes it absolutely beyond the capability of these small villages to utilize renewable resources associated with a 5 megawatt powerplant generated by water power.

I do not know whether there is an objection on the royalty-in-kind provision. No other Senator has indicated an objection, nor has the administration. It is hard to understand an objection when the provision simply says that the Secretary of the Interior may accept gas and oil in lieu of cash payments. The Department of the Interior has that power now and is using it in pilot projects.

The provision allows the Secretary more administrative flexibility to actually increase revenues from the Government's oil and gas royalty-in-kind program. Under current law, the Government has the option of taking its royalty share either as a portion of production—usually one-eighth or one-sixth—or its equivalent in cash.

Recent experiences with the MMS's royalty-in-kind pilot program has shown that the Government can increase the value of its royalty oil and gas by consolidation and bulk sales. Under royalty-in-kind, the Government controls and markets its oil without relying on its lessees to act as its agent. This eliminates a number of issues that have resulted in litigation in recent years and allows the Government to focus more directly on adding value to its oil and gas.

I would hope my appeal results in the administration, the Secretary of Energy, and others who believe very strongly that EPCA should be passed, including the reauthorization of the Strategic Petroleum Reserve. This action is especially timely, when indeed this country faces a crisis in the area of oil. I think the merits of the President having this authority at a time when we contemplated an emergency suggests the immediacy of the fact that this matter be resolved and addressed satisfactorily. We should adhere to the plea of the President to reauthorize SPR. I want the Record to note it is certainly not this side of the aisle that is holding this matter up. I would suggest it be directed by the appropriate parties to get clearance so we can pass EPCA out of this body.

FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPIC GAMES

Mr. HATCH. Mr. President, I could not believe my ears yesterday afternoon when I heard the Senator from Arizona take out after my home State and my home city.

On behalf of the people of Utah and America, I express our outrage over the notion that supporting our country's Olympic Games could be termed either ''parochial'' or ''pork barrel.'' Nothing could be further from the truth.

I frankly do not agree with every provision the committee recommends either. But, I do not question the motives or sincerity of my colleagues who put it there.

Yesterday, the Senator from Arizona specifically questioned the level of federal support for the 2002 Winter Olympic Games in Salt Lake City. It is, of course, his right to oppose such assistance. But, before he walks further down the plank, I would like to provide a few facts. Perhaps the Senator will reevaluate his position.

First, the report just issued by the General Accounting Office, ''Olympic Games: Federal Government Provides Significant Funding and Support,'' is flawed in several respects. I am sorry that the Senator from Arizona has relied so heavily on this document to form his opinions about the Salt Lake Games.

Foremost among the problems with the GAO report is the fact that it errs in categorizing a number of projects, specifically in the transportation area, as ''Olympic'' projects. In fact, these are improvements to transportation infrastructure that would have been requested regardless of whether Salt Lake had been awarded the Olympic bid.

I would be happy to show the Senator from Arizona the details of the I–15 improvements and why they were necessary to repair road and bridge deterioration, implement safety designs, and relieve congestion. None of this has anything to do with the Olympic Games. Local planning for this project was actually begun in 1982, 13 years before Salt Lake City was awarded the Games.

GAO itself implies that the inclusion of these projects as Olympic projects is misleading. The report states on page 8: ''According to federal officials, the majority of the funds would have been provided to host cities and states for infrastructure projects, such as highways and transit systems, regardless of the Olympic Games.''

The major effect of the 2002 Olympic Games on this project is the timetable for completion. Quite obviously, we cannot have jersey walls marking off construction zones and one-lane passages during the Games.

Moreover, while Utah has sought and received some federal assistance for the project, the I–15 reconstruction project has been funded substantially by Utah's Centennial Highway Fund, which was established in 1997 and funded by an increase in the state's gasoline tax. This fact seems to disappear from the radar screen during these debates.

The GAO report also ascribes the TRAX North-South light rail system to the Olympic expense column. This, too, is not the case. The full funding agreement for the North-South light rail project was granted by the U.S. Department of Transportation in August 1995, less than two months after Salt Lake was awarded the Games. Clearly light rail was not initiated because of the Games.

While the light rail system will certainly benefit Olympic spectators during the Games, that is not why Salt Lake City and communities south of the city built it.

Salt Lake is growing by leaps and bounds. More and more people commute into the city—not unlike the Washington metropolitan area. It is a city that is striving to reduce air pollution by encouraging the use of public transportation. That is why they built light rail.

I would like to point out to my colleagues that the General Accounting Office did another report entitled, ''Surface Infrastructure: Costs, Financing and Schedules for Large-Dollar Transportation Projects.'' In this 1998 report, the GAO evaluated Utah's major transportation projects for the House Transportation Appropriations Subcommittee. This report concluded that both the I–15 and light rail projects were being efficiently run and were well within budget. Many of the contracts were being awarded at costs lower than expected. Yet, this fact was not included in the debate yesterday.

The Department of Transportation Inspector General issued a report in November 1998 concluding that the I–15 reconstruction project was on schedule and that the cost estimates were reasonable. It also praised Utah's use of the ''design-build'' method of contracting on this project. This fact was similarly omitted from the discussion yesterday.

Contrary to the impression left by the Senator from Arizona, the Salt Lake Olympic Committee, SLOC, has never sought to ''sneak'' anything into an appropriations bill. Mitt Romney and his staff have been open about every dime being requested.

Those transportation projects which are necessary to put on the Olympic Games in 2002 were delineated in a transportation plan submitted to and approved by the U.S. Department of Transportation. The funds being requested were detailed in that plan.

The Senator from Arizona yesterday implied that these so-called ''pork barrel'' appropriations for the 2002 Winter Games were an outgrowth of the Olympic bribery scandal which has embarrassed my home state. His comments were most unfortunate for many reasons—not the least of which is his suggestion that these appropriations requests are in any way improper is just wrong.

SLOC made its budget publicly available to the press. It has briefed officials at federal agencies and at the White House. SLOC has regularly visited with members of Congress including members of the House and Senate Appropriations Committees. Right from the outset, SLOC outlined their plans and budgets and has provided periodic updates. These updates have showed lower requirements for federal assistance. But, again, this fact was not mentioned in the GAO report or by the Senator from Arizona.

A second criticism of the GAO report is its comparison of federal support for the Los Angeles Summer Games in 1984 to federal assistance for the Salt Lake Games in 2002. Simply put, this is an apples to oranges comparison.

First, the Salt Lake Olympic Committee has fully integrated planning for the Paralympic Games with the Olympic Games. The Paralympics did not even exist in 1984. In 1996, Atlanta chose to have two separate organizing entities.

Second, the Senator from Arizona may not have noticed, but there have been an estimated 7,282 reported terrorist attacks since 1984. Let me refresh my colleagues' memories. These attacks have included: Pam Am Flight 103 in 1988; the World Trade Center in 1993; the Oklahoma City Federal Building in 1995; the Tokyo subway in 1995; Khobar Towers in 1997; and U.S. Embassies in Kenya and Tanzania in 1998.

Not all of them have been on the front pages of major newspapers, but this startling number demonstrates the need for enhanced security at an international event like the Olympic Games. The same level of security provided for the Los Angeles Games would most likely be inadequate for the Salt Lake Games. It is essential that we provide security based on the situation in the year 2002.

Security and counterterrorism are legitimate federal duties. I am glad the Secret Service is getting $14.8 million for communications infrastructure. I want our law enforcement personnel to have the best equipment available, not just for the Salt Lake City Olympics, but at all times.

I do not believe that the Secret Service, FBI, and other security agencies are buying disposable products. This equipment will be well used to keep Americans safe in cities all across America.

Third, and perhaps most importantly, by the GAO's own calculation, only $254 million is requested for planning and staging the Games, not the $1.3 billion figure cited yesterday. I would like to note that this is roughly 25 percent of the entire budget for the Salt Lake Games.

If that seems like a lot, let us review the point made by the Congressional Research Service in its 1997 report, ''Financing the Olympic Games Held in the United States, 1904–1960: A Brief Overview,'' and noted by the GAO. In

1960, Squaw Valley received an appropriation of $20 million to assist in staging the Winter Olympic Games—about 25 percent of the total budget for the Games.

Let me be clear that I am not advocating an automatic 25 percent federal subsidy for a host city. But, I wish to make the point that this level of assistance is not unprecedented and could be construed as quite modest when compared with governmental subsidies foreign cities receive from their national governments.

Before I conclude, Mr. President, I would like to make one final point.

The Senator from Arizona suggested yesterday that the USOC should not consider bids of cities that do not have the capacity to host the Games.

Well, Mr. President, that would eliminate every city in America from hosting an Olympic Games, summer or winter. No city—not even New York or Los Angeles—could put on a 21st century, multi-week, international event like this entirely on its own.

Think about this: Lake Placid, New York, has hosted the Winter Games twice, in 1932 and in 1980. But, in 1990, Lake Placid had a population of fewer than 2500 people. There is no way metropolitan Salt Lake City, with a million people, let alone Lake Placid could host these Games under the proposed McCain criteria.

Allow me to suggest, Mr. President, that America itself will host the 2002 Winter Olympic Games, just as it did in Atlanta, Los Angeles, Lake Placid, or Squaw Valley. An American bid city is selected by the United States Olympic Committee for its organizational ability and world class sporting venues. It becomes America's choice. If chosen by the IOC, the city does not host the Games on its own behalf, but for our whole country.

When a U.S. athlete mounts the podium in Salt Lake City two years from now, the music you hear will not be ''Come, Come Ye Saints.'' No, it will be ''The Star-Spangled Banner,'' our country's national anthem.

I agree with the GAO and with Senator MCCAIN on one thing. I agree that we ought to give some consideration to how, if the United States ever hosts another Olympic Games, we should support the host city. There is much to commend a better process for such support.

I would be very happy to join Senator MCCAIN in such a mission. But, I wish that, in the meantime, he would join us in support of America's host city for the XIX Winter Olympiad.

VICTIMS OF GUN VIOLENCE

Mr. DURBIN. Mr. President, it has been more than a year since the Columbine tragedy, but still this Republican Congress refuses to act on sensible gun legislation.

Since Columbine, thousands of Americans have been killed by gunfire. Until we act, Democrats in the Senate will read the names of some of those who have lost their lives to gun violence in the past year, and we will continue to do so every day that the Senate is in session.

In the name of those who died, we will continue this fight. Following are the names of some of the people who were killed by gunfire one year ago today.

September 20, 1999:

Donetta L. Adams, 26, Bloomington, IN; Barbara F. Allen, 65, Bloomington, IN; Eugene S. Bassett, Jr., 35, Davenport, IA; Antonio Butler, 19, Miami, FL; William Cook, 38, Detroit, MI; Rosa Gomez, 41, Miami, FL; Travis L. Harris, 27, Chicago, IL; James Hoard, 31, Bloomington, IN; Katherine Kruppa, 39, Houston, TX; Teal Lane, 19, Baltimore, MD; Mark Pitts, 22, Detroit, MI.

One of the victims of gun violence I mentioned was 65-year-old Barbara Allen of Bloomington, Indiana. Barbara's boyfriend shot and killed both her and her pregnant daughter, 26-year-old Donetta Adams, before turning the gun on himself.

Another victim of gun violence, 41-year-old Rosa Gomez of Miami, was shot and killed by her ex-boyfriend after having been harassed and threatened by him on several occasions.

We cannot sit back and allow such senseless gun violence to continue. The deaths of these people are a reminder to all of us that we need to enact sensible gun legislation now.

PERMANENT NORMAL TRADING RELATIONS FOR CHINA

Mr. ABRAHAM. Mr. President, I rise today to discuss the vote I cast yesterday in support of H.R. 4444, the bill extending permanent normal trading relations to the Peoples' Republic of China.

While the vote we cast yesterday was to grant China PNTR, it cannot be viewed separate from the question of China's accession to the WTO. In our negotiations with the Chinese over their entry in the WTO, we agreed to end the annual exercise of renewing NTR and to extend NTR to China permanently. In fact, if we do not grant China PNTR we will be the ones in violation of the WTO's rules when China is ultimately granted entry into the WTO. And, as a result, we will lose access to their markets and the beneficiaries of this will be our trade competitors in Europe, Asia, and South America. Most importantly, we have gained some very important trade concessions in our negotiations with the Chinese over their entry into the WTO, and we stand to gain even greater trade concessions from them once they join the WTO and become subject to its rules and dispute resolution procedures.

By extending PNTR and allowing China entry into the WTO, the U.S. can expect to increase exports to China by an estimated $13.9 billion within the first five years. And according to the U.S. Department of Agriculture, American farmers will account for $2.2 billion of that increase in exports to China. If our economy is to continue to grow and we are to continue to create more good-paying, skilled jobs so that unemployment remains low and Americans can take home more income, we must expand our economic opportunities. The best way to accomplish that is to find new markets for our products. And the most lucrative new market that exists is China.

As our colleague from Texas, Senator PHIL GRAMM, pointed out in a ''Dear Colleague'' letter he circulated earlier this week, things in China are changing significantly, if perhaps not as quickly or as comprehensively as we wish. Senator GRAMM quoted a report on China recently issued by the Federal Reserve Bank of Dallas, in which the observation is made: ''Beijing's billboards no longer spout ideology. They advertise consumer products like Internet service, cell phones, and credit cards.'' There can be little doubt that China is changing. The task left to us to decide is how best to effectuate positive change there.

My primary concern, in evaluating how to vote on PNTR and China's accession to the WTO has always been: ''What is in the best interests of Michigan's workers and businesses?''

China was Michigan's 15th largest export market in 1998. That rank has almost certainly risen since then. Michigan's exports to China grew by 25 percent during the 5 years between 1993 and 1998, increasing from $211 million to $264 million. Businesses in the Detroit area accounted for $180 million of those exports in 1998, an 11 percent increase over its 1993 figure. Other areas of Michigan are seeing truly phenomenal growth in trade with China. Exports to China from businesses located in the Flint and Lansing areas grew by more than 84 percent from 1993 to 1998. And exports from Kalamazoo and Battle Creek businesses to China grew by an astounding 353 percent during that same period, according to the U.S. International Trade Administration.

The growth in China trade outside of Detroit is due to the surprisingly high number of small and medium-sized businesses in Michigan that are exporting to China. According to the Commerce Department, more than 60 percent of the Michigan firms exporting to China in 1997 were either small or medium-sized companies. Of the 149 small and medium-sized Michigan businesses exporting to Michigan in 1997, as substantial majority of these were small businesses with fewer than 100 employees. This trend extends beyond Michigan as well. Nationwide, not only did small and medium-sized businesses in 1997 comprise 35 percent of all U.S. merchandise exports to China—up from 28 percent in 1992—but this 35 percent share of the Chinese market was higher than the share small and medium-sized businesses had of overall U.S. merchandise exports that year—31 percent.

While Michigan's manufacturing sector certainly stands to benefit from passing PNTR and China's accession to the WTO, we must not overlook the tremendous benefits that Michigan farmers also stand to gain from these agreements. Agriculture is Michigan's second largest industry, and exporting is a vital component of the state's agricultural business. Michigan agricultural exports totaled almost $1 billion in 1998, but that figure was down almost $100 million from two years earlier. With increased competition in agriculture at home and abroad from the European Community and major S. American exporters such as Chile, opening up a massive new market such as China would be of tremendous benefit to a state like Michigan that relies so heavily on agriculture production and export.

The agreement the U.S. negotiated with China, which includes PNTR, contains significant trade concessions by the Chinese in four areas critical to Michigan agriculture. Michigan exported $240 million worth of soybeans and soybean products in 1998, and China is the world's largest growth market for soybeans. China has agreed to lower tariff rates on soybeans to 3 percent with no quota limits. Michigan is also a large feed grains producer, exporting $163 million worth of feed grains and products in 1998. China has agreed to lower their quota to a nominal 1 percent within an agreed upon import quota schedule. However, that quota grows at a tremendous rate, starting at 4.5 million metric tons and growing to 7.5 million metric tons by 2004. By comparison, China imported less than 250,000 metric tons of corn from all countries in 1998. The circumstances are much the same for two other very important Michigan agriculture products—vegetables and fruit. On vegetables, China's tariff rates are scheduled to drop anywhere from 20 to 60 percent by 2004. With respect to fresh and processed deciduous fruit, China has committed to tariff reductions of up to 75 percent. To a state like Michigan, which is known for its cherries, apples, pears, and peaches, this is a significant breakthrough for our fruit growers.

Of course, Mr. President, this is not the end of the story. While many of these tariffs will be substantially reduced and quotas are lifted or expanded considerably, tariffs and quotas will still remain on many U.S. goods—as they in fact will continue to exist on certain goods coming from China into the United States. But once China is a member of the WTO, the U.S. will continue to push to have Chinese trade barriers reduced even further and eliminated altogether.

A critical element of this debate that too often gets overlooked is the degree to which our membership in the WTO helps us eliminate unfair trading practices amongst our trading partners. The WTO provides a forum to which we can take trade disputes with our trading partners involving unfair trading practices by them. One of the primary functions of the WTO is to provide procedures to settle trade disputes promptly, eliminating a significant deficiency of the previous GATT system in which the process often dragged out indefinitely. The WTO procedures are inherently more fair and more predictable—and that is to our benefit as the world's largest economy and as the world's foremost promoter of free and fair trade.

The United States has filed more complaints to the WTO against other countries—49 of them as of April of this year—than any other WTO member country. The U.S. has also prevailed in 23 of the 25 complaints acted upon up to that time—clear evidence that the WTO is of tremendous assistance to us in getting other countries to stop their unfair trading practices. This is also why we can be confident that once China becomes a member of the WTO that we will be able to further reduce the remaining trade impediments they have against our goods and that we will be able to ensure that they live up to the commitments they have already made to us in exchange for PNTR and our support for them joining the WTO.

While I have supported annual renewal of NTR each year I have been in the Senate, I have also been a severe critic of many of China's policies and actions and their human rights record. In 1997, I introduced the China Policy Act, in which I attempted to outline a new paradigm for dealing with the Chinese. Specifically, I felt it was unwise for us to use trade continually as our weapon of first resort each time an issue arose between our two countries, whether it be nuclear non-proliferation and missile sales to rogue nations, religious persecution, repression in Tibet, forced abortion, or threatening gestures towards Taiwan.

I feel it unfair to American companies and farmers doing business in China to make them constantly bear the brunt of our efforts to get the Chinese to modify their behavior. I am also concerned about pursuing such a strategy when it would likely result in U.S. companies and farmers losing market share and market access in China to our trade competitors in Europe, Asia, and South America. The China Policy Act legislation I introduced in 1997 essentially said, ''Let us reserve using trade as a weapon only for those occasions when our dispute with China is trade related.''

My China Policy Act took a very tough stand on what I believe was unacceptable behavior by the Chinese in the area of missile sales and nuclear proliferation. In response to China's sale of 60 cruise missiles to Iran, which I viewed as a direct violation of the Iran-Iraq Non-Proliferation Act of 1972, my legislation required the President to impose the sanctions provided for by the 1972 act against China. In addition, because I believed the Chinese sale was so dangerous, my legislation suspended the President's ability to waive those sanctions.

I have also taken other steps to thwart China's ability to export dangerous armaments and weapons of mass destruction. I voted for the Cochran amendment to the FY '98 DoD Authorization bill to control the export to China of supercomputers that could be utilized by them in their development of missiles and in exploiting nuclear technology. I also supported the Hutchinson amendment to the FY '99 DoD Authorization bill to study the development of U.S. Theater Missile Defense systems against potential Chinese ballistic missiles.

Based on this track record and of my continuing concerns for China's actions in this area, I felt compelled to support the Thompson amendment because I believed it was the wisest approach to dealing with this very real threat to our national security. To those who argued that the Thompson amendment would undermine the very principles upon which PNTR was based, I would counter that Senator THOMPSON made a number of significant modifications to his legislation to address these very concerns.

The Senator from Tennessee went to great lengths to ensure that American agriculture would be spared the brunt of any trade actions taken against China. This ensures that our farmers are not unfortunate victims of attempts by U.S. policymakers to punish the Chinese for their behavior in non-trade areas. Senator THOMPSON also gave the President greater flexibility to respond to crises by making sanctions against supplier countries under the act discretionary rather than mandatory. And the evidentiary standard in the legislation for imposing mandatory sanctions on companies identified as proliferators has been raised to give the President discretion in determining whether a company has truly engaged in proliferation activities.

So I believe the most problematic areas of Senator THOMPSON's original legislation have been addressed responsibly and that made it worthy of support. While I remain a staunch supporter of PNTR for China and supporting China's accession into the WTO, I simply cannot ignore China's past practices in the area of missile sales to rogue nations and it's role in nuclear proliferation. The U.S. must maintain the ability to confront such aggressive arms practices abroad as a means of protecting its own national security.

In conclusion, I am keenly aware of the deeply divided feelings Americans have over the questions of PNTR and China's accession to the WTO. There are few, if any, states in which feelings are more polarized on this subject than in Michigan. I respect the fact that sincere people can and will draw a conclusion different from mine. To those who came to a different conclusion, I say that we here in Congress have promised to pay close attention to the reports

issued by the Congressional-Executive Commission on Human and Labor Rights created in this legislation. If China's behavior does not improve and if they do not abide by the agreements they have signed, I am sure that Congress will respond accordingly. I certainly intend to.

As many of my colleagues may know, both my wife and I grew up in union households. Her father was a member of the United Auto Workers. And my father was a UAW member as well. That is not an uncommon situation in a state like Michigan, as you can well imagine, where a significant percentage of the population is employed either by one of the automakers or one of the various supplier companies. But like most Michiganders who grew up in a union household or are currently living in one I know what it's like to see a father or mother come home celebrating a raise or some benefits they had secured in a recently ratified contract. And I also know the pain and stress that goes with layoffs or plant closings, things my state has had all too much experience with in the not too distant past.

Many current union workers and their families have come up to me in the past year and said they were scared about what will happen if we pass PNTR and allow China into the WTO. They fear that the Chinese will not live up to the commitments they have made with respect to eliminating trade barriers or that American companies might choose to move their operations overseas leaving workers here unemployed and without any available jobs or careers into which to move. Those are very real fears. And I take those concerns very seriously and to heart.

China will open its markets in the very near future. The question is: Will U.S. firms be among those competing for these new markets, competing for a portion of the one billion new consumers that are going to be available in China? Or are we going to cede those new opportunities to our competitors in Europe, Asia, and South America? Likewise, the question is not whether U.S. companies will eventually do business in China. The question is whether it will be on our terms or on China's. Will companies be forced to move over to China in order to avoid high tariffs, quotas on U.S. produced goods, or other restrictions which make it difficult for them to do business there? Or will we attempt to eliminate such barriers to market access now through negotiation, so that U.S. companies can continue to operate here in the States, employing U.S. workers and paying U.S. Taxes, and still export goods and services to China in a competitive environment with our trading competitors?

I think when most workers consider the options we face, they will agree that the best course for our nation is to join with the other nations of the world in accepting China into the WTO and attempting to work with the procedures available there to open their markets further and ensure they live up to the commitments they have already made.

That is the conclusion to which this Senator has come. That is why I voted for permanent normal trade relations for the Peoples' Republic of China. That is why I support China's accession to the WTO.

ARMED FORCES CONCURRENT RETIREMENT AND DISABILITY PROVISION

Mr. REID. Mr. President, as the defense authorization conference is meeting, I rise today to urge my colleagues to stand behind the Senate version of the bill with respect to Section 666 of H.R. 4205. This provision permits retired members of the Armed Forces who have a service connected disability to receive military retired pay concurrently with veterans' disability compensation.

Veterans from Nevada and all over the country care about this legislation.

Career military retired veterans are the only group of federal retirees who are required to waive their retirement pay in order to receive VA disability. Simply put, the law discriminates against career military men and women. All other federal employees receive both their civil service retirement and VA disability with no offset.

This inequity is absurd. How do we explain this inequity to these men and women who scarified their own safety to protect this great nation? How do we explain this inequity to Edward Lynk from Virginia who answered the call of duty to defend our nation? Mr. Lynk served for over 30 years in the Marine Corps and participated in three wars, where he was severely injured during combat in two of them.

Or George Blahun from Connecticut who entered the military in 1940 to serve his country because of the impending war. He served over 35 years during World War II, the Korean War and the Vietnam War. He is 100% disabled because of injuries incurred while performing military service. He asks that Congress stop giving veterans the ''arbitrary bureaucratic rhetorical nonsense'' and truly support this legislation. We must demonstrate to these veterans that we are thankful for their dedicated service. As such, we must fight for the amendment in the Senate version of the national defense authorization bill for FY 2001.

This is an absolute injustice to our career military retired veterans. Federal employees, for example a member of Congress or a staffer here on Capital Hill or an employee from the Department of Engery, are not penalized if they receive disability benefits. While career military men and women that have incurred injuries while in the line of duty are prohibited from doing so because of an archaic, out-dated 109-year-old law.

The amendment in the Senate bill represents an honest attempt to correct this inequity that has existed for far too long. Allowing disabled veterans to receive military retired pay and veterans disability compensation concurrently will restore fairness to the entire Federal retirement policy.

It is unfair for our veterans not to receive both of these payments concurrently. We must ensure that our veterans who are facing serious disabilities as a result of injuries sustained during their service do not have to choose between retirement pay and losing a portion of their disability benefits.

We have an opportunity to show our gratitude to these remarkable 437,000 disabled military men and women who have scarified so much for this great country of ours.

We are currently losing over one thousand WWII veterans each day. Every day we delay acting on this inequity means that we have denied fundamental fairness to thousands of men and women.

The Senate passed this provision by unanimous consent and the House companion bill, H.R. 303 from Congressman BILIRAKIS has 314 cosponsors. Our veterans have earned this and now it is our chance to honor their service to our nation. Freedom isn't free—and this is a small cost to the Federal government given the immeasurable sacrifices made by these dedicated Americans.

SPACE TRANSPORTATION

Mr. SESSIONS. Mr. President, I rise today with two purposes in mind. The first is to compliment the men and women who labor on behalf of the nation at the George C. Marshall Space Flight Center in Huntsville, Alabama on the occasion of Marshall's 40th Anniversary. My second purpose is to share some thoughts on the importance of Space Transportation in light of the VA/HUD Appropriations Bill that will come before this body in the not too distant future. These two issues are inextricably linked in that Marshall Space Flight Center is the world leader in space transportation yet ever dependent on the funding that the VA/HUD appropriators provide. For that reason, I compliment Senator KIT BOND, and his superlative staff in advance of the bill being debated for all they continue to do on behalf of NASA and the nation. Their foresight will ultimately make the difference as we continue to move forward as a nation of explorers.

In September, 1960 President Dwight Eisenhower dedicated the Marshall Space Flight Center which soon began making history under the mentorship and direction of Dr. Wernher von Braun. From the Mercury-Redstone vehicle that placed America's first astronaut, Alan B. Shepard, into sub-orbital space in 1961, to the mammoth Saturn V rocket that launched humans to the moon in 1969, Marshall and its industry partners have successfully engineered

history making projects that gave, and continue to give, America the world's premier space program.

We in Alabama and across America have so much to be thankful for and in a small way Marshall and its scientists, engineers and support personnel have carved out a niche of excellence that brought history to the community, state and nation. From Skylab, to the space shuttle to the lunar roving vehicle, America has looked to Marshall for experience and leadership. They were the right stuff, and they continue today to be the best with over 30 world-class facilities and test facilities. As NASA's Center of Excellence for Space Propulsion the men and women of Marshall are not simply dreamers of what may be, but are working hard in research and development to provide the propulsion systems that will enable NASA to provide the nation safe, reliable, low-cost access to space, rapid interplanetary transportation, and the hope of exploration beyond the solar system. This is not folly, Mr. President, this is reality.

These initiatives require us to make new investments in Space Transportation and this is what I believe Senator BOND and his committee are trying to do. Investments are being made and must continue to be made in the years to come in the Space Launch Initiative, the Third Generation technology program, and in Shuttle upgrades if we are going to achieve our collective space destiny.

I would like to take a few moments today to discuss these initiatives and the promise they hold for our country. I would also like to talk about some of the technology spin-offs these investments will yield for other parts of our economy.

The Space Launch Initiative is intended to dramatically reduce the cost of access to space by an order of magnitude over the next 10 years and to increase the reliability of space launch vehicles.

This initiative will result in the creation of a ''highway to space'' that will enable increased commercial activity in Earth orbit and beyond. The impact for our nation's economy will be dramatic, I believe. We need only to look at the past to understand the possibilities associated with opening new frontiers. Throughout our history, commerce and growth have been fueled when boundaries have been pushed back.

Let me briefly describe the elements and the purpose of NASA's Space Launch Initiative. The Space Shuttle remains the world's only reusable launch vehicle and continues to be a workhorse for NASA and the American public. You may have been watching the recent activities in space surrounding STS–106 (which landed this morning in Florida), our first shuttle mission to the International Space Station since the arrival of its newest component, the Russian supplied service module—Zvezda. The Shuttle is the first generation of reusable launch systems, but it has its faults and we must improve on this system. It is a very expensive system to operate and requires thousands of people and months of work to prepare the system for launch. In order to meet the goals of the Space Launch Initiative, NASA and its partners must develop systems that only require around 100 people and about one week for turnaround.

The Space Launch Initiative will focus on reducing technical and programmatic risks as well as the business risks associated with the development of new space launch technologies. While the goal will be to develop a Second Generation Reusable Launch Vehicle that increases crew safety by a factor of 10 and decreases cost by the same amount, the technology we develop along the way will only serve to enrich the economy. Let me provide an example—its NASA's X–33 program.

The X–33 is a sub-scale flight demonstrator designed to test many technologies that will drive a full-scale Second Generation vehicle. Like many developmental programs, the X–33 has had its share of setbacks. However, even with setbacks the X–33 program has actually spun off technology that will improve the lives of many newborn children.

Let me explain. The X–33's original composite tank contained fiber optic sensing technology embedded along the edge to monitor the health of the system. Realizing the potential of this technology could be far reaching, NASA's Marshall Space Flight Center partnered with Dr. Jason Collins of the Pregnancy Institute in Slidell, Louisiana and with Prism, a San Antonio manufacturer of medical products, to improve obstetric forceps used to position an infant in the mother's womb prior to delivery, and in some cases used to assist with the delivery. Obstetrical forceps have been in use for over 300 years with more than 700 variations of the design, however, none of these allowed the physician to assess the force the instrument placed on the infant. An improvement was definitely needed that would minimize the risk to newborns delivered by forceps. NASA's solution: forceps made of polymeric material which flexes under pressure with fiber optic sensors from the X–33 program embedded in the material during the manufacturing process that indicate strain.

It is predicted that the fiber optic forceps will reduce the number of cesarean section deliveries, reduce the risk of injury to the mother, and significantly lower the occurrence of fetal injury caused by ordinary forceps, thus reducing overall health care costs.

Another part of the Space Launch Initiative is a program called the Alternate Access to the Space Station. This is an extremely important part of the Initiative for several reasons. The Alternate Access to Space Station effort will provide our country with more than one way service to the Space Station. As you may recall, Mr. President, in the aftermath of the Challenger disaster, the Shuttle program was down for several years. However, once the International Space Station is on orbit with a permanent crew on board, we cannot afford to face a time in which the Shuttle or any one launch vehicle is out of service for an extended period of time.

We must have a very robust method of keeping the Station re-supplied. We cannot afford to be tied to one or even two launch systems, but must have access to several launch vehicles. The Alternate Access program is designed to develop some of the most innovative launch vehicle concepts that exist today in industry for the purpose of providing resupply capability to the Station. This effort will give many up-and-coming aerospace companies and entrepreneurs the ability to break into the market by using NASA's requirements as the baseline on which to build their business case and attract investors.

While the Space Launch Initiative is designed to reduce the cost of access to space from $10,000 a pound to $1,000 a pound, in order to make space travel truly routine for the average citizen, we must do more. NASA is also planning to invest in Third Generation technologies to further reduce the cost of putting a pound of payload in orbit. The goal of the Third Generation activities is to get launch costs down to $100 a pound within 25 years. At that point, routine access to space for a variety of activities will become possible.

NASA's Third Generation program has been dubbed Spaceliner 100—the idea being that the technology advancements would result in a launch vehicle with commercial airliner reliability and again, a cost of around $100 a pound for launch. I was pleased last year to jump-start this investment. In a bipartisan effort, I along with Majority Leader TRENT LOTT, Senators SHELBY, BREAUX, LANDRIEU, VOINOVICH, DEWINE, and COCHRAN pressed for the inclusion of $80 million dollars in the FY 00 VA–HUD bill for Spaceliner 100.

I am glad to see that this action did not go unnoticed by the Administration. In this year's FY 2001 budget submission, the White House included $1.2 Billion for NASA's Third Generation effort over the next five years. This funding will support research in earth-to-orbit, in-space, and interstellar transportation technologies.

Earlier in my comments, I mentioned the Space Shuttle and the tremendous contribution it has made and will continue to make to our nation's space program. As we move towards these advanced launch vehicles, NASA must not take their eye off of the launch vehicle we depend on today. I am pleased to see that this is not the case, in fact the agency is taking steps to ensure that the Shuttle continues to be a robust vehicle. In fact, NASA is actually advocating upgrades for the Shuttle and the Administration proposed to

spend $1.4 Billion dollars over five years in upgrades to the Shuttle. However, in light of the investments in Second and Third Generation technologies, you might wonder if Shuttle upgrades are worth it. The answer is yes and here's why:

First, we are dealing with a crew safety issue. Today the Shuttle performs on the edge of its capabilities. Statistically speaking, the Shuttle system will encounter a catastrophic failure once in every 450 launches. However, with the proposed upgrades, the Shuttle would have a much better safety margin.

With the upgrades, for every launch of the Shuttle, the catastrophic failure rate would be one in every 1,000 launches. Although this is not even close to the one in 2 million safety margin we enjoy on commercial airliners, it is a vast improvement. And when you are dealing with human lives, every little bit helps.

Second, every upgrade proposed for the Shuttle will be a candidate for use on Second Generation systems. In other words, not only is NASA improving safety for Shuttle crews, they are getting the opportunity to ''road test'' many new technologies.

I have briefly described NASA's Space Launch Initiative as well as the Agency's Third Generation efforts. I have provided an example or two of spin off technologies we are receiving and will continue to receive from this significant investment. These efforts are important to our nation's economic future as well as our continued National security. I believe these efforts will amount to a defining moment in our nation's space program in the day's ahead.

I am proud of the lead role NASA's Marshall Space Flight Center in Huntsville, Alabama is taking in these efforts. But as anyone at Marshall will tell you, this will take the combined efforts of many of NASA's other Field Centers, along with the full participation of America's aerospace industry, and the help of many academic partners.

I began my remarks today by describing the 40 year effort at Marshall and the hard work that we have witnessed by Senator BOND's committee. We should not be lured into a false sense of security that we will always have the talent in our field centers we have today, or the great support we enjoy from the authorization and appropriations committees. As we look into the future, access to space will be as important to us as civil aviation is today. However, we all have a lot of work ahead of us, and this is an endeavor we must educated ourselves on and monitor closely that it doesn't stray off course. There is simply too much at stake to allow that to happen.

In the mid-1970's, the U.S. dominated the worldwide commercial space launch market. Today, we launch only 30 percent of the world's commercial payloads. Our re-emergence into the commercial market place will depend on bold investments, and on the boldness of our leaders who wish for America to remain a Nation of Explorers.

I urge my colleagues therefore to study carefully the upcoming NASA appropriation bill and suggest to them that they support the VA/HUD Appropriations Bill, and the investments in the Space Launch Initiative, Third Generation technologies, and Shuttle upgrades. These investments will truly be the keys to our future success in space and in the future global marketplace.

They also guarantee that the men and woman at the George C. Marshall Space Center have the tools to unlock the technological mysteries that lie before us, and in doing so make planet Earth a better place to live.

NORTH CAROLINA GOVERNOR JIM HUNT ON EDUCATION REFORM—VOUCHERS ARE THE WRONG ANSWER

Mr. KENNEDY. Mr. President, one of our top priorities in Congress is to improve public schools for all students—by reducing class size, improving training and support for teachers, expanding after-school programs, modernizing and building safe school facilities, and increasing accountability for results. But some in Congress advocate diverting scarce resources to subsidize private schools through vouchers, when it is public schools that need the help and support.

An article in today's Wall Street Journal by North Carolina Governor Jim Hunt eloquently explains why we should do more to support public schools, and why we should oppose private school vouchers.

Governor Hunt is a respected leader and renowned champion on education issues. He has been a strong advocate for many years for improving public schools, particularly by upgrading curricula, supporting better teacher training, and increasing early childhood education opportunities. As Governor Hunt states, it would be a step in the wrong direction to undermine these important priorities by relying on voucher schemes, just as we are starting to see solid results in improved student achievement.

I believe that Governor Hunt's article will be of interest to all of us who care about these issues, and I ask unanimous consent that it may be printed in the RECORD.

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

[From The Wall Street Journal, Wed., Sept. 20, 2000]

THE VOUCHER CHORUS IS OFF-KEY

(By Gov. James B. Hunt Jr.)

We are hearing a chorus of voices arguing that school vouchers are the key to improving American education, especially for minority groups and other low-income students in urban areas. We are accustomed to hearing such arguments from the political right, but now the voices are sounding in stereo.

My friend Robert Reich has taken to the pages of The Wall Street Journal to propose a far-reaching voucher plan (''The Case for 'Progressive' Vouchers,'' editorial page, Sept. 6). With all due respect to Mr. Reich and his allies on both the right and the left, let me suggest that vouchers are the wrong solution to the wrong problem at the wrong time. Instead of focusing on how to improve schools, they assume that pulling money out of failing schools provides an appropriate incentive to turn such schools around.

But school improvement is hard work. In 1983, Americans received a wake-up call about public schools. In a stinging report ''A Nation at Risk,'' a blue-ribbon national commission warned that the level of teaching and learning in primary and secondary schools was so low that it threatened our economic competitiveness. As a result, a national movement was launched to improve academic performance. Virtually every state has now spelled out high standards for student achievement, many of them enforced by tests for promotion and graduation from high school. Rigorous accountability systems have been introduced for teachers and school administrators accompanied by monetary incentives for success and sanctions for failure. Many states are focusing on reducing class sizes.

It has taken us nearly two decades to put together these and other strategies relating to curricula, teacher training, early childhood education and other elements that contribute to a successful school, and they are now paying off. It is wishful thinking to assert, as voucher proponents do, that struggling schools will somehow magically transform themselves because of a threat that some of their students will take a voucher, pack up their book bags and go elsewhere.

Vouchers address the wrong problem by narrowing the issue. Few would dispute that private schools can provide a good academic education. But there is a group of students whose needs must also be considered: the 90% of our kids who will remain in public schools. Mr. Reich acknowledges that the ''closest thing we've seen to a national school-voucher experiment'' occurred in New Zealand and that the result of that decade-long experiment was that ''the worst schools grew worse.'' The New Zealand study proves the point of voucher opponents. We cannot support a policy of educational triage that allows a few students to get help while neglecting the needs of the many more students left behind.

Finally, the current push for vouchers is ill-timed. As already noted, we now have evidence that the concerted efforts in recent years to improve the teaching and learning that occurs in public schools is paying off. In North Carolina we have the ABCs of Public Education, a reform effort that emphasizes accountability at the school level. During the 1999–2000 school year 69.6% of our 2,100 public schools met or exceeded their growth standards on achievement tests. For schools that are falling behind, our state dispatches special teams to fix the lowest performing schools—not withdraw funds, as voucher proponents would have us do.

While we are raising the standards, we are also raising the pay of those in the classroom to the national average. In addition, teachers, guidance counselors and administrators can receive as much as $1,500 each and teaching assistants as much as $500 if their schools reach a certain level of proficiency. The RAND Corp. report found that between 1990 and 1996 students in our state showed the highest average annual gain on the National Assessment of Education Progress reading and math tests. Our state's average total SAT score moved up two points in 1999–2000, continuing the upward

trend the state has experienced since 1989. We also have the highest number of teachers who've proven their expertise by earning certification through the National Board for Professional Teaching Standards.

Voucher proponents do make one point that needs to be taken seriously—vouchers can contribute to diversity and innovation in the system. It is true that we have moved well beyond the point where one-size-fits-all education is adequate. We need to encourage schools to offer a variety of approaches. But this can readily be achieved, as is already happening, within the public system through the design and promotion of magnet, subject-focused and other alternative schools that meet the specific interests of students and their parents while meeting high standards.

Let's also not assume, as has been implied by Mr. Reich, that where parents live determines their level of interest in schools. An expensive home in the suburbs doesn't guarantee a parent is passionate about where their children are learning. We need to make sure every parent is active and involved with his or her child's education.

AFRICAN AMERICAN FAMILY SERVICES

Mr. WELLSTONE. Mr. President, I rise today to recognize the 25th anniversary of the establishment of African American Family Services.

This inspirational organization has spent the past 25 years providing culturally specific services to the Minnesota African American community. Since 1975, it has expanded its services from solely dealing with chemical dependency to providing critical services in chemical health, family preservation, domestic violence, and adolescent violence prevention and anger management.

In addition to these programs, African American Family Services provides its clients with two other invaluable services—a resource center, which includes a resource library and a cross-peer education mentoring project, and a technical assistance center, which creates training programs to educate human and social service professionals on enhancing service delivery to African American clients.

Twenty-five years after its founding, this organization is still searching for new and innovative ways to serve Minnesotans. Currently, African American Family Services is attempting to work more directly with the children of its clients, hoping that this will help to break the cycle of self-destructive behavior that many families experience.

As the leading provider of human services to the Minnesota African American community, this organization has served countless individuals and families. By providing an effective network of dedicated staff and volunteers who have worked hard to serve every person who walks through its doors, African American Family Services truly has been able to make a difference in the lives of its clients.

I am grateful to have had the opportunity to work with this wonderful organization, and am proud to commend its outstanding record of success and service to the community on the floor of the United States Senate. Please join me in honoring all of the people who have made the success of the African American Family Services possible.

UNHCR DEATH IN GUINEA

Mr. FEINGOLD. Mr. President, I rise today to speak about the tragic events that occurred over the weekend in the West African country of Guinea. West Africa is a very rough neighborhood, and for years Guinea has borne a heavy refugee burden, as Liberian and Sierra Leonean people have fled into its borders to escape violence in their home countries. In fact, Guinea hosts more refugees than any other country in Africa—nearly half a million of them.

The region's tensions have, unfortunately, spilled over to affect the welfare of refugees. Recently, a crisis erupted when a series of armed incursions into Guinea from Liberia and Sierra Leone provoked a violent reaction on the part of Guinean authorities who rounded up and arrested thousands of foreigners, including refugees, accusing them of aiding the attackers.

On Sunday, in the town of Macenta, Mensah Kpognon, a Togolese employee of the United Nations High Commissioner for Refugees was killed, and another UNHCR worker from the Ivory Coast, Sapeu Laurence Djeya, was abducted by unidentified attackers. Reports indicate that dozens of civilians were also killed in the raid.

This terrible tragedy marks the fourth murder of a UNHCR worker in less than two weeks. Three others, including an American citizen, Carlos Caceres, were murdered on September 6, 2000 in Atambua, West Timor by a militia mob while Indonesian armed forces and police failed to stop the violence.

These terrible crimes, committed against individuals who dedicated their lives to helping others in need, must not continue. All responsible members of the international community must work together to provide security for the humanitarian workers laboring in difficult conditions around the globe. Governments in the region must ensure that those responsible for these acts must be held accountable for their actions. Cross-border raids into Guinea must be stopped. And most urgently, the governments of West Africa must work to find Sapeu Laurence Djeya and to ensure her safety and freedom.

THE INTERNATIONAL ACADEMIC OPPORTUNITY ACT

Mr. SCHUMER. Mr. President, I rise today to speak about the International Academic Opportunity Act introduced by Senator's LUGAR, FEINGOLD, COLLINS and me. This bill provides $1.5 million in scholarships to low income college students to finance their study abroad. It is estimated that this program will help over 300 students in its first year. I believe that this legislation will provide needed resources to help low income students compete in today's global marketplace.

In this era of globalization, it has become imperative for America's students to be prepared to operate in an international environment and economy. By studying abroad, students will be exposed to different languages and cultures that will help them become the successful leaders in the future.

This scholarship, otherwise referred to as the Gilman Scholarship Act, because it was the developed by the Hon. BENJAMIN GILMAN of New York, will provide up to $5000 per student for their study abroad. Mr. GILMAN targeted these scholarships to low income students who otherwise would not have been able to consider a study abroad program. I believe that by increasing the number of students that will benefit from an international education we can only enhance the capacity of our citizens to participate in a global society.

This legislation passed unanimously in the House and I hope that we will be able to pass it in the Senate before the end of session. I urge leadership and my fellow Senators to support a swift and unhindered passage.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, September 19, 2000, the Federal debt stood at $5,658,234,946,688.07, five trillion, six hundred fifty-eight billion, two hundred thirty-four million, nine hundred forty-six thousand, six hundred eighty-eight dollars and seven cents.

Five years ago, September 19, 1995, the Federal debt stood at $4,965,955,000,000, four trillion, nine hundred sixty-five billion, nine hundred fifty-five million.

Ten years ago, September 19, 1990, the Federal debt stood at $3,232,292,000,000, three trillion, two hundred thirty-two billion, two hundred ninety-two million.

Fifteen years ago, September 19, 1985, the Federal debt stood at $1,823,102,000,000, one trillion, eight hundred twenty-three billion, one hundred two million.

Twenty-five years ago, September 19, 1975, the Federal debt stood at $550,758,000,000, five hundred fifty billion, seven hundred fifty-eight million which reflects a debt increase of more than $5 trillion—$5,107,476,946,688.07, five trillion, one hundred seven billion, four hundred seventy-six million, nine hundred forty-six thousand, six hundred eighty-eight dollars and seven cents during the past 25 years.

ADDITIONAL STATEMENTS

IN RECOGNITION OF DR. JOAB M. LESESNE, JR.

● Mr. HOLLINGS. Mr. President, now here is one thing with which I can

agree, and not be in a minority. Dr. Joab M. Lesesne, Jr. has not only headed Wofford College with distinction for 28 years, but he has brought luster to the National Association of Independent Colleges and Universities as its Chairman. A man of many talents, Joe served as a general in the South Carolina National Guard and is presently Chairman of the South Carolina Department of Natural Resources Governing Board. Dr. Shi, the eminent President of Furman University, cites this record better than I in a recent editorial in the Greenville News. I ask that the editorial be reprinted in the RECORD.

The material follows:

[From the Greenville News, Sept. 17, 2000]

JOE LESESNE STANDS AS A TRUE AMERICAN HERO

(By David Shi)

In an age with few heroes, it becomes even more important to honor those who stand above the crowd. Last week, Furman University had the privilege of bestowing an honorary doctoral degree on Joab Lesesne, the recently retired president of Wofford College. He had served it well—with a special genius that everyone observed yet no one can define.

Joe Lesesne was raised on a college campus. His father, a Wofford graduate, served as president of Erskine College. After graduating from Erskine, the younger Lesesne went on to earn his M.A. and Ph.D. degrees in history from the University of South Carolina. He began his career at Wofford in 1964 as an assistant professor of history, and he soon distinguished himself in the classroom. Lesesne was a luminous teacher who made the past shine with interest and significance.

Professor Lesesne was appointed assistant dean in 1967. Soon thereafter, he implemented the college's interim term, a four-week winter learning program that has become an indispensable part of a Wofford education. He later became director of development and then dean of the college. In 1972, at the ripe age of 34, he was named Wofford's ninth president.

Lesesne quickly realized that going from the faculty to the presidency means abandoning righteousness for pragmatism. He also discovered that a college president needs the endurance of an athlete, the wisdom of a Solomon and the courage of a lion. But perhaps most important is to have the stomach of a goat in order to accommodate all of the civic club luncheons, campus banquets and meals-on-the-run.

As a resolute champion of the distinctive virtues of residential liberal arts colleges, Lesesne led Wofford through a remarkable era of progress, change and achievement. The college's endowment soared during his long tenure, new buildings were constructed, and he helped attract a stronger, more diverse faculty and student body. Along the way, President Lesesne displayed extraordinary composure and resilience. Hard to surprise and even harder to shock, he displayed the magnanimity of a saint in dealing with complaints and crises.

President Lesesne became a leader of national prominence within the higher education community. He was the first Southerner to chair the board of the National Association of Independent Colleges and Universities, and he headed the council of presidents of South Carolina's private colleges. In addition, he is a retired major general in the South Carolina Army National Guard, and he continues to chair the South Carolina Commission on Natural Resources.

Yet the real value of a career can sometimes be better gauged by a person's character than by a public portfolio. Joe Lesense is a genial representative of a fast vanishing world of grace, civility, loyalty, faith and moral rectitude. A warm man with a big heart, he has no enemies—even among those who disagree with him. Known for his casual intensity and refreshing humility, he loves to tell stores and to catch fish.

For almost 30 years as a college president, Joe Lesesne manifested unshaken nerve, rescuing wit, and, above all, a love for Wofford that has never waned. He had a special affection for students. He teased them, entertained them, inspired them and guided them. They responded with equal affection.

It has been invigorating for those of us still in our age of impetuous vanities to associate with such a wise colleague. I cannot imagine anyone more effective at helping the people of this state appreciate the important role played by Wofford and the other private liberal arts colleges. Joe Lesesne is one of those refreshing people who prefers to grin rather than scowl, banter rather than pontificate. What a wonderful mentor he has been to me and many others.

In his compassionate awareness of others, in his instinctive respect for them, in his declared willingness to help, in his courtesy, tolerance and gentleness, Joe Lesesne demonstrated that the highest intelligence is at its most fertile and expressive when allied to the deepest humanity. As to all of these traits, he has provided us the great gift of his example. Blessed are those who perform good works and earn our respect and admiration. Thanks, Joe.●

NATIONAL BLUE RIBBON SCHOOLS IN MARYLAND

● Mr. SARBANES. Mr. President, I am pleased to congratulate and welcome to our Nation's Capitol the two middle schools and two high schools from Maryland that have been named Blue Ribbon School Award winners by the United States Department of Education. These schools are among only 198 middle and high schools nationwide to be honored with this award, the most prestigious national school recognition for public and private schools.

The designation as a Blue Ribbon School is a ringing endorsement of the successful techniques which enable the students of these schools to succeed and achieve. Over the past few years, I have made a commitment to visit the Blue Ribbon Schools and have always been delighted to see first hand the interaction between parents, teachers, and the community, which strongly contributed to the success of the school. I look forward to visiting each of these four schools and congratulating the students, teachers and staff personally for this exceptional accomplishment.

According to the Department of Education, Blue Ribbon Schools have been judged to be particularly effective in meeting local, state and national goals. These schools also display the qualities of excellence that are necessary to prepare our young people for the challenges of the next century. Blue Ribbon status is awarded to schools which have strong leadership; a clear vision and sense of mission that is shared by all connected with the school; high quality teaching; challenging, up-to-date curriculum; policies and practices that ensure a safe environment conducive to learning; a solid commitment to family involvement; evidence that the school helps all students achieve high standards; and a commitment to share the best practices with other schools.

After a screening process by each State Department of Education, the Department of Defense Dependent Schools, the Bureau of Indian Affairs, and the Council for American Private Education, the Blue Ribbon School nominations were forwarded to the U.S. Department of Education. A panel of outstanding educators from around the country then reviewed the nominations, selected schools for site visits, and made recommendations to Secretary of Education Richard Riley.

The four winning Maryland secondary schools are as follows:

Baltimore City College High School: founded in 1839 is the third oldest public high school in the country. A college preparatory magnet high school emphasizing the liberal arts and serving students and parents in Baltimore, City College sends 95 percent of its graduates to post-secondary institutions and, in doing so, has played a part in the American dream—preparing students to succeed in college as well as giving them day-to-day experience in working with people of all backgrounds to lead in the community.

Bel Air Middle School: located in Harford County, is a high-performing model of teaching and learning because of its outstanding academic programs and the high level of commitment from teachers, students, local businesses, and parents. Bel Air Middle School has developed an integrated assessment program entitled, ''Student Achievement and Improvement through Lifelong Learning'', SAIL, which has been recognized nationally by the National Council of Teachers of English. Additionally, Bel Air Middle School has a literacy Team, which provides the faculty with ongoing professional development, particularly in the areas of reading and writing.

Paint Branch High School: in Burtonsville, Montgomery County, offers a dynamic and innovative whole-school signature program in science and the media. In addition to delivering a rigorous, comprehensive high school program with a full complement of honors and advanced placement classes and additional support related, community service, and extra-curricular experiences emphasizing research and experimentation. Several business partnerships support the largest internship program in the county, with nearly 170 students this year earning credit at such sites as the National Institutes of Health, Johns Hopkins University Applied Physics Laboratory, Discovery Communication, Inc., and Black Entertainment Television.

Plum Point Middle School: in Huntingtown, Calvert County, exhibits enthusiasm and strength which grows from school-wide philosophy that considers each member valuable and every minute important. Students are encouraged to participate in a variety of educational and extracurricular activities. Over 75 percent of its students are involved in after-school activities. The school has been county athletic champion 13 times in various sports. Over 20 percent of the teaching staff have been award winners—including Maryland's 1999 Teacher of the Year, Rachael Younkers.●

RECOGNITION OF CLAIRE HOWARD

● Mr. SANTORUM. Mr. President, I would like to take this opportunity to recognize Ms. Claire Howard of Bethlehem, Pennsylvania who will serve as President of the USA Council of Serra International next year. This is a most noteworthy accomplishment, as she is the first woman ever to serve in this high capacity. I would like to insert the following article into the RECORD, which was printed in the Allentown Diocese Times on August 3, 2000:

Claire Howard of Bethlehem was installed as President-Elect by United States Serra clubs at the annual Serra International Convention in Kansas City. She will serve a one-year term as President-Elect on the USA/Canada Council Board. In 2001, she will become the first woman President of not only the USA Council, but also the first in Serra International's 65-year history.

As President-Elect of the USA Council (USAC) of Serra International, a worldwide organization that works to foster and promote Catholic religious vocations, she will work closely with the national staff and local Serra clubs, and assist the president as needed. She also serves as a liaison with the council's 13 standing committees.

''I'm looking forward to making sure we all really commit ourselves to the ministry of building up the body of Christ through our Serran work,'' Howard said.

A charter member of the Serra Club of Bethlehem, Howard has served two years as club President. An active member over the years, she has served on almost all the standing committees.

Her future seat as president is not Howard's only ''first'' in Serra International; she has trail-blazed the way for women in Serra for years, ascending steadily through the ranks of the organizational structure. In 1993, she was the first woman to serve as District Governor of Serra International and in 1994 became the first regional representative (again the first woman) of Region 3 of the then newly formed USA/Canada Council of Serra International.

She has chaired USACC's Meetings and Conventions Committee, which is responsible for coordination of the fall regional conventions in the 13 regions of the United States and Canada. In recent years she has served as USA Council Vice President for the Membership and Programs committees.

For the past six years, she has been the Coordinator of the Serra Clubs of the Allentown Diocese's ''Life/Vocation Awareness Weekend,'' working closely with diocesan Director of Vocations the Rev. Francis A. Nave. The weekend offers any adult who would like to explore the possibilities of entering the priesthood or a religious order a time of reflection, prayer and interaction with priests and religious [leaders].

Howard was also appointed by the Most Rev. Edward P. Cullen, D.D., Bishop of Allentown, to be the Serran representative for the Allentown Diocese Vocation Recruitment Committee.

An active member of St. Anne Church, Bethlehem, she serves as a Eucharistic minister, lector and coordinator of the adult Bible study group. Howard's community work includes active membership in Morning Star Rotary; sustaining membership in the Junior League of the Lehigh Valley; Bethlehem Palette Club; and Bethlehem Quota Club.

She works as a full-time associate real estate broker with RE/MAX 100 Real Estate of the Greater Lehigh Valley. She is married to John J. Howard Jr., and they have three grown children. They divide their spare time between a small home in Orlando, Fla. and a season home in Stone Harbor, N.J.

The USA Council was formed officially June 1, 1994, as a national council for all Serra clubs in the United States and originally included clubs in Canada. The USA Council represents Serra International in the United States and is committed to its mission.

As Serra International is the lay vocations arm of the church, the council's mission is to foster and affirm vocations to the ministerial priesthood and vowed religious life in America, and through this ministry, further their members' common Catholic faith.

The council's primary purpose is to establish communication links between the Catholic Church hierarchy, Serra clubs and local Serrans to effectively distribute information, coordinate vocations programs and activities, and promote membership growth in the two countries. There are 12,585 Serrans in 313 Serra clubs in more than 100 dioceses in the United States.

Serra International, founded in 1935 in Seattle, Washington, is a Catholic membership organization of lay men and women who work to promote vocations to the priesthood and religious life while developing their Catholic identity. There are more than 22,000 Serrans organized into 732 clubs in 35 countries throughout the world.●

RECOGNITION OF MS. SUE DILLON, FOUNDER AND PRESIDENT OF TAIL'S END FARM ANIMAL RESCUE

● Mr. SANTORUM. Mr. President, it is at this time that I would like to recognize Ms. Sue Dillon for her efforts as founder and president of Tail's End Farm Animal Rescue. Ms. Dillon started this organization to save horses from going to slaughter and focused on finding them good homes.

In 1993, she realized that there were no organizations or facilities in Pennsylvania to accommodate homeless farm animals needing shelter. Consequently, in order to save the lives of these animals, Ms. Dillon decided that she would take on the challenge of providing a safe haven for these animals. In 1996, she discovered that she needed to turn her facility into a full-scale, no-kill, animal facility. She obtained a non-profit status, the correct licences and opened her doors to cats, dogs, and any other homeless animals.

Although Ms. Dillon has volunteers to run the farm, help with adoption, and other facets of the operation, she remains to be a huge part of the Rescue. She continues to be actively involved with the everyday operations of the organization.

I would like to take this opportunity to recognize Sue Dillon in taking the lead to provide a safe haven for many of these animals. She is an exemplary citizen, and I applaud her efforts on this issue.●

RECOGNITION OF HOT PINK PITTSBURGH DANCE RECITAL

● Mr. SANTORUM. Mr. President, I rise today to recognize the fundraiser Hot Pink Pittsburgh, a collaboration of Family Health Council and Pink Ribbons Project Dancers in Motion Against Breast Cancer, which will increase the awareness of breast cancer, its treatment and prevention. The event will raise funds to provide essential health care services to a growing number of uninsured women in Pennsylvania.

Hot Pink Pittsburgh will take the stage of the Byham Theater on October 2, 2000 to showcase performers and increase community awareness and appreciation. Dancers from the Pittsburgh Ballet Theater, Dance Alloy, Shona Sharif African Dance and Drum Ensemble and Hope Stone Dance as well as members of the Pittsburgh Symphony will donate their performances for the benefit.

This event will help Family Health Council provide annual exams, breast and cervical cancer screening and health education. Early detection and treatment gives women their best chance of breast cancer survival, while cervical cancer is preventable with screening and treatment.

Family Health Council, founded in 1971, serves more than 100,000 women and their families in western Pennsylvania every year. As a non-profit organization you provide gynecological and obstetric care; breast and cervical cancer screening; comprehensive nutrition services; nationally recognized teen pregnancy prevention resources; domestic and international adoption; and applied research in women's health. Family Health Council also administers a network of more than 20 community-based health care organizations. Your organization is supported by patient fees, private and public grants, and individual gifts.

I commend the efforts of the Family Health Council and Pink Ribbon Project Dancers in Motion Against Breast Cancer as well as those so dedicated to increasing the awareness of breast cancer, its treatment and prevention.●

MESSAGES FROM THE HOUSE

At 12:00 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2842. An act to amend chapter 89 of title 5, United States Code, concerning the Federal Employees Health Benefits (FEHB) Program, to enable the Federal Government to enroll an employee and his or her family in the FEHB Program when a State court orders the employee to provide health insurance coverage for a child of the employee but the employee fails to provide the coverage.

H.R. 2883. An act to amend the Immigration and Nationality Act to confer United States citizenship automatically and retroactively on certain foreign-born children adopted by citizens of the United States.

H.R. 3679. An act to provide for the minting of commemorative coins to support the 2002 Salt Lake Olympic Winter Games and the programs of the United States Olympic Committee.

H.R. 3834. An act to amend the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 to provide loan guarantees for loans made to refinance existing mortgage loans guaranteed under such section.

H.R. 4068. An act to amend the Immigration and Nationality Act to extend for an additional 3 years the special immigrant religious worker program.

H.R. 4450. An act to designate the facility of the United States Postal Service located at 900 East Fayette Street in Baltimore, Maryland, as the ''Judge Harry Augustus Cole Post Office Building.''

H.R. 4625. An act to designate the facility of the United States Postal Service located at 2108 East 38th Street in Erie, Pennsylvania, as the ''Gertrude A. Barber Post Office Building.''

H.R. 4642. An act to make certain personnel flexibilities available with respect to the General Accounting Office, and for other purposes.

H.R. 4673. An act to assist in the enhancement of the development and expansion of international economic assistance programs that utilize cooperatives and credit unions, and for other purposes.

H.R. 4786. An act to designate the facility of the United States Postal Service located at 110 Postal Way in Carrollton, Georgia, as the ''Samuel P. Roberts Post Office Building.''

H.R. 4870. An act to make technical corrections in patent, copyright, and trademark laws.

H.R. 4975. An act to designate the post office and courthouse located at 2 Federal Square, Newark, New Jersey, as the ''Frank R. Lautenberg Post Office and Courthouse.''

H.R. 4999. An act to control crime by providing law enforcement block grants.

H.R. 5062. An act to establish the eligibility of certain aliens lawfully admitted for permanent residence for cancellation of removal under section 240A of the Immigration and Nationality Act.

H.R. 5106. An act to make technical corrections in copyright law.

H.R. 5107. An act to make certain corrections in copyright law.

H.R. 5203. An act to provide for reconciliation pursuant to sections 103(a)(2), 103(b)(2), and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and to decrease the statutory limit on the public debt, and to amend the Internal Revenue Code of 1986 to provide for retirement security.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 257. Concurrent resolution concerning the emancipation of the Iranian Baha'i community.

H. Con. Res. 345. Concurrent resolution expressing the sense of the Congress regarding the need for cataloging and maintaining public memorials commemorating military conflicts of the United States and the service of individuals in the Armed Forces.

The message further announced that the House has passed the following bill, without amendment:

S. 704. An act to amend title 18, United States Code, to combat the overultization of prison health care services and control rising prisoner health care costs.

The message also announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 1638. An act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to extend the retroactive eligibility dates for financial assistance for higher education for spouses and dependent children of Federal, State, and local law enforcement officers who are killed in the line of duty.

ENROLLED BILLS SIGNED

At 5:05 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 1638. An act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to extend the retroactive eligibility dates for financial assistance for higher education for spouses and dependent children of Federal, State, and local law enforcement officers who are killed in the line of duty.

At. 5:34 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 2460. An act to authorize the payment of rewards to individuals furnishing information relating to persons subject to indictment for serious violations of international humanitarian law in Rwanda, and for other purposes.

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicated:

H.R. 2842. An act to amend chapter 89 of title 5, United States Code, concerning the Federal Employees Health Benefits (FEHB) Program, to enable the Federal Government to enroll an employee and his or her family in the FEHB Program when a State court orders the employee to provide health insurance coverage for a child of the employee but the employee fails to provide the coverage; to the Committee on Governmental Affairs.

H.R. 3834. An act to amend the rural housing loan guarantee program under section 502(h) of the Housing Act of 1949 to provide loan guarantees for loans made to refinance existing mortgage loans guaranteed under such section; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 4450. An act to designate the facility of the United States Postal Service located at 900 East Fayette Street in Baltimore, Maryland, as the ''Judge Harry Augustus Cole Post Office Building''; to the Committee on Governmental Affairs.

H.R. 4625. An act to designate the facility of the United States Postal Service located at 2108 East 38th Street in Erie, Pennsylvania, as the ''Gertrude A. Barber Post Office Building''; to the Committee on Governmental Affairs.

H.R. 4642. An act to make certain personnel flexibilities available with respect to the General Accounting Office, and for other purposes; to the Committee on Governmental Affairs.

H.R. 4786. An act to designate the facility of the United States Postal Service located at 110 Postal Way in Carrollton, Georgia, as the ''Samuel P. Roberts Post Office Building''; to the Committee on Governmental Affairs.

H.R. 4999. An act to control crime by providing law enforcement block grants; to the Committee on the Judiciary.

The following concurrent resolution was read, and referred as indicated:

H. Con. Res. 345. Concurrent resolution expressing the sense of the Congress regarding the need for cataloging and maintaining public memorials commemorating military conflicts of the United States and the service of individuals in the Armed Forces; to the Committee on Energy and Natural Resources.

MEASURES PLACED ON THE CALENDAR

The following bills were read the second time, and placed on the calendar:

H.R. 5173. An act to provide for reconciliation pursuant to sections 103(b)(2) and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and to decrease the statutory limit on the public debt.

S. 3068. A bill to amend the Immigration and Nationality Act to remove certain limitations on the eligibility of aliens residing in the United States to obtain lawful permanent resident status.

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 3679. An act to provide for the minting of commemorative coins to support the 2002 Salt Lake Olympic Winter Games and the programs of the United States Olympic Committee.

MEASURE READ THE FIRST TIME

The following bill was read the first time:

H.R. 5203. An act to provide for reconciliation pursuant to sections 103(a)(2), 103(b)(2), and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and to decrease the statutory limit on the public debt, and to amend the Internal Revenue Code of 1986 to provide for retirement security.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–10832. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Importation of Animal Semen'' (Docket #99–023–2) received on September 15, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10833. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Change in

Disease Status of East Anglia Because of Hog Cholera'' (Docket #00–080–1) received on September 15, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10834. A communication from the Associate Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Cranberries Grown in States of Massachusetts, et al.; Temporary Suspension of Provisions in the Rules and Regulations'' (Docket Number: FV00–929–6 IFR) received on September 15, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10835. A communication from the Deputy Associate Administrator, Environmental Protection Agency, transmitting, pursuant to law, the report of three rules entitled ''Clopyralid; Pesticide Tolerances for Emergency Exemptions'' (FRL #6741–9), ''Diflubenzuron; Pesticide Tolerance Technical Correction'' (FRL #6741–3), and ''Glyphosate; Pesticide Tolerance'' (FRL #6746–6) received on September 18, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10836. A communication from the Administrator of the Rural Utilities Services, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''7 CFR Part 1755, RUS Form 397, Special Equipment Contract (Including Installation)'' (RIN0572–AB35) received on September 18, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10837. A communication from the Administrator of the Rural Utilities Services, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''7 CFR Part 1755, General Policies, Types of Loans, Loan Requirements—Telecommunication Program'' (RIN0572–AB56) received on September 18, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10838. A communication from the Administrator of the Rural Utilities Services, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''7 CFR Part 1710, 1717, and 1718—Reduction in Minimum TIER Requirements'' (RIN0572–AB51) received on September 18, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10839. A communication from the Associate Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Oranges, Grapefruit, Tangerines, and Tangelos Grown in Florida; Limiting the Volume of Small Red Seedless Grapefruit'' (Docket Number: FV00–905–4 IFR) received on September 18, 2000; to the Committee on Agriculture, Nutrition, and Forestry.

EC–10840. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''IFR Altitudes; Miscellaneous Amendments Docket No. 30177; Amdt. no. 424 (10–5–911–00)'' (RIN2120–AA63) (2000–0005) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10841. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''IFR Altitudes; Miscellaneous Amendments Airworthiness Standards; Bird Ingestion Docket No. FAA–1998–4815; Amdt No. 23–54, 25–100 and 33–20'' (RIN2120–AA63) (2000–0006) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10842. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: Request for Comments; Bell Helicopter Textron, inc. Model 412, 412EP, and 412CF Helicopters; docket No. 2000–SW–29AD (9–14–10–5)'' (RIN2120–AA64) (2000–0470) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10843. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: Request for Comments; Eurocopter France Model AS350B3 Helicopters; Docket No. 2000–SW–39 AD (9–14–9–30)'' (RIN2120–AA64) (2000–0464) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10844. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: Sikorsky Aircraft-manufactured Model CH–54A Helicopters; Docket No. 99–SW–81–AD (10–5–9–14)'' (RIN2120–AA64) (2000–0466) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10845. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: Eurocopter Canada Ltd. Model BO 105 LS A–3 helicopters; Docket No. 99–SW–68–AD (9–14–10–5–00)'' (RIN2120–AA64) (2000–0467) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10846. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: MD Helicopters, Inc. Model MD–900 Helicopters; Docket No. 2000–SW–03 AD (9–14–10–5)'' (RIN2120–AA64) (2000–0468) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10847. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airworthiness Directives: Israel Aircraft industries, Ltd., Model 1125 Westwind Astra Series Airplanes Docket No. 2000–NM–287 AD (9–14–9–29)'' (RIN2120–AA64) (2000–0469) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10848. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments 105, 2009 (9–14–10–5)'' (RIN2120–AA65) (2000–0047) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10849. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airspace Actions Revision of Class D Airspace; Robert Gray Army Airfield, TX, and Revocation of Class D Airspace, Hood Army Airfield, TX Docket No. 2000–SW–18 (9–14–11–30)'' (RIN2120–AA66) (2000–0221) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10850. A communication from the Program Assistant, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law , the report of a rule entitled ''Airspace Actions Revision of Class E Airspace; Tulsa, OK Docket No. 2000–SW–15 (9–14–11–30)'' (RIN2120–AA66) (2000–0222) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10851. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; Middle Harbor-San Pedro Bay, CA (COTP Los Angeles-Long Beach 00–003)'' (RIN2115–AA97) (2000–0083) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10852. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; Northstar dock, Seal Island, Prudhoe Bay , Alaska (COTP Western Alaska 00–011)'' (RIN2115–AA97) (2000–0084) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10853. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Regatta Regulations; SLR; Patapsco River, Baltimore, Maryland (CGD05–00–038)'' (RIN2115–AE46) (2000–0014) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10854. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Regatta Regulations; SLR; Michelob Championship at Kingsmill Fireworks Display, James River, Williamsburg, Virginia (CGD05–00–041)'' (RIN2115–AE46) (2000–0013) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10855. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Regatta Regulations; SLR; Hampton Bay Days Festival, Hampton River, Hampton, Virginia (CGD05–00–039)'' (RIN2115–AE46) (2000–0015) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10856. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations; Bayou Du Large, LA (CGD08–00–024)'' (RIN2115–AE47) (2000–0046) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10857. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations; Hackensack River, NJ (CGD01–00–209)'' (RIN2115–AE47) (2000–0048) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10858. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations; Honer Cut, San Joaquin County, California (CGD11–00–006)'' (RIN2115–AE47) (2000–0047) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

EC–10859. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Regulated Navigation Areas; Sanibel, Florida (CGD07–00–086)'' (RIN2115–AE84) (2000–0003) received on September 14, 2000; to the Committee on Commerce, Science, and Transportation.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–617. A resolution adopted by the City Council of Ann Arbor, Michigan relative to economic sanctions against Iraq; to the Committee on Banking, Housing, and Urban Affairs.

POM–618. A resolution adopted by the Legislature of the Commonwealth of Guam relative to clemency; to the Committee on Energy and Natural Resources.

RESOLUTION NO. 368

Whereas, Mr. Alejandro T.B. Lizama, known to his friends and the large number of civic and community organizations as ''Al,'' was arrested and sentenced to a year in prison for charges stemming from an incident at the U.S. District Court of Guam; and

Whereas, ''Al'' is a Historic Preservation Specialist II employed with the Historic Resources Division of the Guam Department of Parks and Recreation, devoting his life work to the study, documentation and preservation of the Chamorro culture through art, research and outreach; and

Whereas, ''Al'' during his over twenty-five (25) years of service as an employee of the Guam Department of Parks and Recreation, has shared this knowledge with the military and federal community, including those from the Department of the Air Force, the Department of Defense school system, and the Navy Family Service Center, voluntarily conducting ''Welcome to Guam Orientation'' programs and other outreach programs; and

Whereas, ''Al'' is the recipient of countless certificates of appreciation and commendation, voluntary service awards and certificates of appreciation, including those from Major General Richard T. Swope USAF Commander, Thirteenth Air Force; Colonel Stephen M. McClain, USAF Commander, 633d Air Base Wing; Commander D.L. Metzig, U.S. Navy, Director of Navy Family Service Center Guam, by direction of the Commander; and Principal Steven Dozier, Guam Department of Defense High School, for his many hours of voluntary service to their Communities;

Whereas, in 1994 ''Al'' was selected and recognized as one of Ten Employees of the Year in the ''Magnificent Seven Program,'' a prestigious event which recognizes individuals and groups for their achievements and contributions in the service of the government of Guam; and

Whereas, ''Al'' is one (1) of just four (4) nominees for the 2000 ''Governor's Award of Excellence,'' recognized for his innumerable contributions to the Community over the years, including, but not limited to, volunteering his time to speak to students and members of the Community in outreach programs about the significance of preserving one's culture and past; and

Whereas, ''Al'' is an accomplished artist whose many donated artworks appear proudly displayed in all parts of the Island; and

Whereas, ''Al'' was awarded the ''Bronze Star Medal'' for valor, the ''Combat Infantry's Badge'' and other Campaign medals for his patriotic service and achievement during the Vietnam War; and

Whereas, ''Al'' suffers from Post-Traumatic Stress Disorder (''PTSD'') and was accepted to participate in the PTSD Residential Rehabilitative Program in Hilo, Hawaii, to deal with the trauma scars acquired during his service to our Country in Vietnam; and

Whereas, it would be against the interests of both ''Al'' and the Island Community, and would not advance the cause of justice and retribution if he were to be incarcerated for a full year; now therefore, be it

Resolved, That I Mina Bente Singko Na Liheslaturan Guahan does hereby, on behalf of the people of Guam, respectfully request that clemency be granted to Veteran Alejandro T.B. Lizama by President William J. Clinton, that his sentence be commuted and that he be released and returned to Guam; and be it further

Resolved, That the Speaker certify, and the Legislative Secretary attests to, the adoption hereof and that copies of the same be thereafter transmitted to the Honorable William J. Clinton, President of the United States of America; to the President of the United States Senate; to the Speaker of the United States House of Representatives; to the Secretary General of the United Nations; to the National Organization for the Advancement of Chamoru People; to the Honorable Congressman Robert A. Underwood, Member of the U.S. House of Representatives; and to the Honorable Carl T.C. Gutierrez, I Magal ahen Guahan.

POM–619. A resolution adopted by the Township of Pequannock, New Jersey relative to prescription drug benefit enhancement; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Finance, with amendments:

H.R. 4986: A bill to amend the Internal Revenue Code of 1986 to repeal the provisions relating to foreign sales corporations (FSCs) and to exclude extraterritorial income from gross income (Rept. No. 106–416).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. MCCAIN for the Committee on Commerce, Science, and Transportation.

Arthenia L. Joyner, of Florida, to be a Member of the Federal Aviation Management Advisory Council for a term of one year. (New Position)

David Z. Plavin, of New York, to be a Member of the Federal Aviation Management Advisory Council for a term of one year. (New Position)

Sue Bailey, of Maryland, to be Administrator of the National Highway Traffic Safety Administration.

(The above nominations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. MCCAIN for the Committee on Commerce, Science, and Transportation.

The following named officers for appointment in the United States Coast Guard to the grade indicated under title 14, U.S.C., section 271:

To be rear admiral

Rear Adm. (lh) Robert C. Olsen Jr., 4781
Rear Adm. (lh) Robert D. Sirois, 8309
Rear Adm. (lh) Patrick M. Stillman, 0193

The following named officers for appointment in the United States Coast Guard to the grade indicated under title 14, U.S.C., section 271:

To be rear admiral (lower half)

Capt. Charles D. Wurster, 3540
Capt. Thomas H. Gilmour, 0516
Capt. Robert F. Duncan, 3843
Capt. Richard E. Bennis, 6591
Capt. Jeffrey J. Hathaway, 9612
Capt. Kevin J. Eldridge, 5421

(The above nominations were reported with the recommendation that they be confirmed.)

Mr. MCCAIN. Mr. President, for the Committee on Commerce, Science, and Transportation, I report favorably nomination lists which were printed in the RECORD of the dates indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar that these nominations lie at the Secretary's desk for the information of Senators.

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

Coast Guard nominations beginning MICHAEL J. CORL and ending GREGORY J. HALL, which nominations were received by the Senate and appeared in the Congressional Record on September 7, 2000.

Coast Guard nominations beginning Mark B. Case and ending Robert C. Ayer, which nominations were received by the Senate and appeared in the Congressional Record on September 12, 2000.

Coast Guard nominations beginning Kevin G. Ross and ending Charles W. Ray, which nominations were received by the Senate and appeared in the Congressional Record on September 12, 2000.

By Mr. JEFFORDS for the Committee on Health, Education, Labor, and Pensions.

Mark D. Gearan, of Massachusetts, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term of two years. (New Position)

Mark S. Wrighton, of Missouri, to be a Member of the National Science Board, National Science Foundation, for a term expiring May 10, 2006.

Leslie Beth Kramerich, of Virginia, to be an Assistant Secretary of Labor.

Seymour Martin Lipset, of Virginia, to be a Member of the Board of Directors of the United States Institute of Peace for a term expiring January 19, 2003. (Reappointment)

(The above nominations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. SCHUMER:

S. 3074. A bill to make certain immigration consultant practices criminal offenses; to the Committee on the Judiciary.

By Mr. FEINGOLD:

S. 3075. A bill to repeal the provisions of law that provide automatic pay adjustments

for Members of Congress, the Vice President, certain senior executive officers, and Federal judges, and for other purposes; to the Committee on Governmental Affairs.

By Mr. LUGAR (for himself, Mr. SCHUMER, Ms. COLLINS, and Mr. FEINGOLD):

S. 3076. A bill to establish an undergraduate grant program of the Department of State to assist students of limited financial means from the United States to pursue studies abroad; to the Committee on Foreign Relations.

By Mr. MOYNIHAN (for himself, Mr. DASCHLE, Mr. ROCKEFELLER, Mr. BREAUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. KENNEDY, Mr. AKAKA, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Mr. DODD, Mr. DORGAN, Mr. EDWARDS, Mr. HOLLINGS, Mr. INOUYE, Mr. JOHNSON, Mr. KERRY, Ms. LANDRIEU, Mr. LEAHY, Mr. LEVIN, Mrs. LINCOLN, Ms. MIKULSKI, Mr. MILLER, Mrs. MURRAY, Mr. REED, Mr. SARBANES, Mr. SCHUMER, Mr. TORRICELLI, and Mr. WELLSTONE):

S. 3077. A bill to amend the Social Security Act to make corrections and refinements in the Medicare, Medicaid, and SCHIP health insurance programs, as revised by the Balanced Budget Act of 1997 and the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, and for other purposes; to the Committee on Finance.

By Mr. DOMENICI:

S. 3078. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Santa Fe Regional Water Management and River Restoration Project; to the Committee on Energy and Natural Resources.

By Mr. HATCH:

S. 3079. A bill to amend the Public Health Services Act to provide for suicide prevention activities with respect to children and adolescents; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HATCH:

S. 3080. A bill to amend the Public Health Services Act to provide for the establishment of a coordinated program to improve preschool oral health; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HATCH:

S. 3081. A bill to amend the Public Health Services Act to provide for the conduct of studies and the establishment of innovative programs with respect to traumatic brain surgery; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HATCH:

S. 3082. A bill to amend title XVIII of the Social Security Act to improve the manner in which new medical technologies are made available to Medicare beneficiaries under the Medicare Program, and for other purposes; to the Committee on Finance.

By Mr. LEAHY:

S. 3083. A bill to enhance privacy and the protection of the public in the use of computers and the Internet, and for other purposes; to the Committee on the Judiciary.

By Mr. HATCH:

S. 3084. A bill to amend title XVIII of the Social Security Act to provide for State accreditation of diabetes self-management training programs under the Medicare Program; to the Committee on Finance.

By Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. CLELAND, and Mrs. MURRAY):

S. 3085. A bill to provide assistance to mobilize and support United States communities in carrying out youth development programs that assure that all youth have access to programs and services that build the competencies and character development needed to fully prepare the youth to become adults and effective citizens; to the Committee on Health, Education, Labor, and Pensions.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

Mr. FEINGOLD:

S. 3075. A bill to repeal the provisions of law that provide automatic pay adjustments for Members of Congress, the Vice President, certain senior executive officers, and Federal judges, and for other purposes; to the Committee on Governmental Affairs.

CONGRESSIONAL PAY ADJUSTMENT LEGISLATION

Mr. FEINGOLD. Mr. President, I rise to introduce a bill that would put an end to automatic cost-of-living adjustments for Congressional pay.

As my Colleagues are aware, it is an unusual thing to have the power to raise our own pay. Few people have that ability. Most of our constituents do not have that power. And that this power is so unusual is good reason for the Congress to exercise that power openly, and to exercise it subject to regular procedures that include debate, amendment, and a vote on the RECORD.

Earlier today, the Senate voted down the conference report on the Legislative Branch appropriations bill. As I noted during the debate on that bill, by considering the Treasury-Postal appropriations bill as part of that conference report, shielded as it was from amendment, the Senate blocked any opportunity to force an open debate of a $3,800 pay raise next year for every Member of the Senate and the House of Representatives. This process of pay raises without accountability must end.

The stealth pay raise technique being employed this year began with a change Congress enacted in the Ethics Reform Act of 1989. In section 704 of that Act, Members of Congress voted to make themselves entitled to an annual raise equal to half a percentage point less than the employment cost index, one measure of inflation. Many times, Congress has voted to deny itself the raise, and Congress traditionally does that on the Treasury-Postal appropriations bill.

And by bringing the Treasury-Postal Appropriations bill to the Senate floor for the first time this week in a conference report, without Senate floor consideration, the majority leadership prevented anyone from offering an amendment on that bill to block the pay raise. The majority leadership tried to make it impossible even to put Senators on record in an up-or-down vote directly for or against the pay raise. The majority nearly perfected the technique of the stealth pay raise.

And the majority also made it impossible to link this Congressional pay raise directly to other pay issues of importance to the American people. The majority made it impossible to consider, among other things, an amendment that would have delayed the Congressional pay raise until working Americans get a much-needed raise in the minimum wage.

The majority leadership thus appears to believe that cost-of-living adjustments make sense for Senators and Congressmen, but that cost-of-living adjustments do not make sense for working people making the minimum wage.

The process that gives Senators and Congressmen an automatic cost-of-living adjustment makes it easier for the majority leadership to block the Senate from rectifying this injustice. If the Senate had to debate and vote on a bill to raise its pay, a Senator could offer an amendment that would point out inequities like this.

The question of how and whether Members of Congress can raise their own pay was one that our Founders considered from the beginning of our Nation. In August of 1789, as part of the package of 12 amendments advocated by James Madison that included what has become our Bill of Rights, the House of Representatives passed an amendment to the Constitution providing that Congress could not raise its pay without an intervening election. Almost exactly 211 years ago, on September 9, 1789, the Senate passed that amendment. In late September of 1789, Congress submitted the amendments to the states.

Although the amendment on pay raises languished for two centuries, in the 1980s, a campaign began to ratify it. While I was a member of the Wisconsin state Senate, I was proud to help ratify the amendment. Its approval by the Michigan legislature on May 7, 1992, gave it the needed approval by three-fourths of the states.

The 27th Amendment to the Constitution now states: ''No law, varying the compensation for the services of the senators and representatives, shall take effect, until an election of representatives shall have intervened.''

I try to honor that limitation in my own practices. In my own case, throughout my 6-year term, I accept only the rate of pay that Senators receive on the date on which I was sworn in as a Senator. And I return to the Treasury any additional income Senators get, whether from a cost-of-living adjustment or a pay raise we vote for ourselves. I don't take a raise until my boss, the people of Wisconsin, give me one at the ballot box. That is the spirit of the 27th Amendment.

Now, this year's procedural device allowing another pay raise to go into effect without a recorded vote does not violate the letter of the Constitution. But stealth pay raises like the one that the Senate allowed this year certainly violate the spirit of that amendment.

Mr. President, this practice must end. To address it, I am introducing this bill to end the automatic cost-of-living adjustment for Congressional pay. Senators and Congressmen should have to vote up-or-down to raise Congressional pay.

The majority has sought to prevent votes on pay raises. My bill would simply require us to vote in the open. We owe our constituents no less.

I urge my Colleagues to support this bill.

Mr. President, I ask unanimous consent to print the bill in the RECORD.

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

S. 3075

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

SECTION 1. ELIMINATION OF AUTOMATIC PAY ADJUSTMENTS FOR FEDERAL OFFICIALS.

(a) MEMBERS OF CONGRESS.—

(1) IN GENERAL.—Paragraph (2) of section 601(a) of the Legislative Reorganization Act of 1946 (2 U.S.C. 31) is repealed.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—Section 601(a)(1) of such Act is amended—

(A) by striking ''(a)(1)'' and inserting ''(a)'';

(B) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively; and

(C) by striking ''as adjusted by paragraph (2) of this subsection'' and inserting ''adjusted as provided by law''.

(b) VICE PRESIDENT.—Section 104 of title 3, United States Code, is amended—

(1) in subsection (a)—

(A) by striking ''(a)'';

(B) in the first sentence by striking ''as adjusted under this section'' and inserting ''adjusted as provided by law''; and

(C) by striking the second and third sentences; and

(2) by striking subsection (b).

(c) EXECUTIVE SCHEDULE POSITIONS.—

(1) IN GENERAL.—Section 5318 of title 5, United States Code, is repealed.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) The table of sections for chapter 53 of title 5, United States Code, is amended by striking the item relating to section 5318.

(B) Sections 5312, 5313, 5314, 5315, and 5316 of title 5, United States Code, are each amended by striking ''as adjusted by section 5318 of this title'' and inserting ''adjusted as provided by law''.

(d) JUSTICES AND JUDGES.—

(1) IN GENERAL.—Section 461 of title 28, United States Code, is repealed.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) The table of sections for chapter 21 of title 28, United States Code, is amended by striking the item relating to section 461.

(B) Sections 5, 44(d), 135, and 252 of title 28, United States Code, are each amended by striking ''as adjusted by section 461 of this title'' and inserting ''adjusted as provided by law''.

(C) Section 371(b)(2) of title 28, United States Code, is amended in the second sentence by striking ''under section 461 of this title'' and inserting ''as provided by law''.

(e) EFFECTIVE DATES.—This section shall take effect on February 1, 2001.

Mr. LUGAR (for himself, Mr. SCHUMER, Ms. COLLINS, and Mr. FEINGOLD):

S. 3076. A bill to establish an undergraduate grant program of the Department of State to assist students of limited financial means from the United States to pursue studies abroad; to the Committee on Foreign Relations.

INTERNATIONAL ACADEMIC OPPORTUNITY ACT OF 2000

Mr. LUGAR. Mr. President, I rise to introduce the International Academic Opportunity Act of 2000. I'm pleased to be joined by Senators SCHUMER, COLLINS, and FEINGOLD in introducing this important piece of legislation.

Our bill attempts to address a gap in U.S. institutions of higher education among undergraduate students who wish to study abroad but who lack the financial means to do so. Specifically, our bill would establish an undergraduate grant program in the Department of State for the purpose of assisting American students with limited financial means to pursue studies abroad. It would provide grants for eligible students of up to $5,000 toward the cost of studying overseas for up to one academic year. These grants would be made available from existing appropriations, so we are not requesting any new funds to administer the program.

The program would be administered by the Department of State and funded through the 150 International Affairs budget. Global education is a foreign policy and national security issue, not only an education matter. During the cold war period and now, international education is part of the glue that helps to hold alliances together, that promotes cooperative bilateral relationships, that enhances international trade and business and narrows the psychological distance between counties and cultures. Our target population are the many students who wish to study abroad but who are unable to do so because of financial limitations. Our bill attempts to remedy this gap in American higher education.

To qualify for these grants, an individual must be a student in good standing at a United States institution of higher education, must have been accepted for up to one academic year of study at an institution of higher education outside the United States or be in a study program abroad approved by the student's home institution, and must be a citizen or national of the United States. Priority would be given to those who have a demonstrated financial need and who meet these other eligibility requirements.

It is my understanding that this proposal has been endorsed by the American Council on Education, the Association of State College and Universities, the Alliance for International Education and Cultural Exchange, NAFSA (Association of International Educators), the Institute of International Education, the American Councils for International Education: ACTR/ACCELS, and other educational associations and organizations involved in promoting and implementing international exchanges and higher education.

Mr. President, there are roughly five foreign students studying in the United States for every one U.S. student studying abroad. Only one percent of our total university population in the United States—about 15 million—studies abroad. This imbalance is troubling and should be rectified. 95 percent of the world's population—and all potential trading partners and customers for U.S. exports—live outside the United States. We need to improve the availability and the means for more students, scholars and practitioners to study abroad—in institutions of higher learning, to engage in language studies, to conduct field research, and to participate in international exchanges.

There is extensive research which indicates that experience in study abroad programs produces significant measurable language improvement, typically raising students from survival level skills to real fluency. Research also shows that alumni of study abroad programs view that experience as critical to their career choices and to the performances of their jobs.

In a globalized economy, our ability to understand, communicate, and conduct international commerce and other forms of cross-national and cross-cultural interactions hinge on our ability to understand and work effectively with other societies. Globalization makes the imperative of knowing and understanding the rest of the world more compelling than ever. The global economic and technology revolutions have helped redefine our nation's economic security. The opening of markets, the expansion of international trade, the extraordinary effects of Internet technology, and the need for American business to compete around the world require a larger global vision that can be advanced through expanded contacts and international education.

In order to make our program successful, other countries need to improve their exchange programs to attract American students by making more classroom space available, more and better housing, and improved language capabilities. For our part, we need to do more to encourage undergraduate students to explore the challenges and opportunities of living abroad in another culture, of being exposed to different values and different mores.

I believe this bill merits special attention. The costs are minimal, it adds no new funding to the already-strained appropriations for international affairs and it addresses the needs of those undergraduate American students who wish to study abroad but cannot ordinarily do so because they lack the financial means.

I hope my colleagues will support this initiative.

I ask that the full 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. 3076

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 ''International Academic Opportunity Act of 2000''.

SEC. 2. STATEMENT OF PURPOSE.

It is the purpose of this Act to establish an undergraduate grant program for students of limited financial means from the United States to enable such students to study abroad. Such foreign study is intended to broaden the outlook and better prepare such students of demonstrated financial need to assume significant roles in the increasingly global economy.

SEC. 3. ESTABLISHMENT OF GRANT PROGRAM FOR FOREIGN STUDY BY AMERICAN COLLEGE STUDENTS OF LIMITED FINANCIAL MEANS.

(a) ESTABLISHMENT.—Subject to the availability of appropriations and under the authorities of the Mutual Educational and Cultural Exchange Act of 1961, the Secretary of State shall establish and carry out a program in each fiscal year to award grants of up to $5,000, to individuals who meet the requirements of subsection (b), toward the cost of up to one academic year of undergraduate study abroad. Grants under this Act shall be known as the ''Benjamin A. Gilman International Scholarships''.

(b) ELIGIBILITY.—An individual referred to in subsection (a) is an individual who—

(1) is a student in good standing at an institution of higher education in the United States (as defined in section 101(a) of the Higher Education Act of 1965);

(2) has been accepted for up to one academic year of study—

(A) at an institution of higher education outside the United States (as defined by section 102(b) of the Higher Education Act of 1965); or

(B) on a program of study abroad approved for credit by the student's home institution;

(3) is receiving any need-based student assistance under title IV of the Higher Education Act of 1965; and

(4) is a citizen or national of the United States.

(c) APPLICATION AND SELECTION.—

(1) Grant application and selection shall be carried out through accredited institutions of higher education in the United States or a combination of such institutions under such procedures as are established by the Secretary of State.

(2) In considering applications for grants under this section—

(A) consideration of financial need shall include the increased costs of study abroad; and

(B) priority consideration shall be given to applicants who are receiving Federal Pell Grants under title IV of the Higher Education Act of 1965.

SEC. 4. REPORT TO CONGRESS.

The Secretary of State shall report annually to the Congress concerning the grant program established under this Act. Each such report shall include the following information for the preceding year:

(1) The number of participants.

(2) The institutions of higher education in the United States that participants attended.

(3) The institutions of higher education outside the United States participants attended during their year of study abroad.

(4) The areas of study of participants.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $1,500,000 for each fiscal year to carry out this Act.

SEC. 6. EFFECTIVE DATE.

This Act shall take effect October 1, 2000.

By Mr. MOYNIHAN (for himself, Mr. DASCHLE, Mr. ROCKEFELLER, Mr. BREAUX, Mr. GRAHAM, Mr. KERREY, Mr. ROBB, Mr. KENNEDY, Mr. AKAKA, Mr. BINGAMAN, Mrs. BOXER, Mr. CLELAND, Mr. DODD, Mr. DORGAN, Mr. EDWARDS, Mr. HOLLINGS, Mr. INOUYE, Mr. JOHNSON, Mr. KERRY, Ms. LANDRIEU, Mr. LEAHY, Mr. LEVIN, Mrs. LINCOLN, Ms. MIKULSKI, Mr. MILLER, Mrs. MURRAY, Mr. REED, Mr. SARBANES, Mr. SCHUMER, Mr. TORRICELLI, and Mr. WELLSTONE):

S. 3077. A bill to amend the Social Security Act to make corrections and refinements in the Medicare, Medicaid, and SCHIP health insurance programs, as revised by the Balanced Budget Act of 1997 and the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, and for other purposes; to the Committee on Finance.

BALANCED BUDGET REFINEMENT ACT OF 2000

Mr. MOYNIHAN. Mr. President, I am pleased to join with Senator DASCHLE and many of my Democratic colleagues in sponsoring the Balanced Budget Refinement Act of 2000 (BBRA–2000). First, a few words on the genesis of this bill.

As part of the effort to balance the Federal Budget, the Balanced Budget Act of 1997 (BBA) provided for reduction in Medicare payments for medical services. At the time of enactment, the Congressional Budget Office (CBO) estimated that these provisions would reduce Medicare outlays by $112 billion over 5 years. We now know that these BBA cuts have been much larger than originally anticipated.

Hospital industry representatives and other providers of health care services have asserted that the magnitude of the reductions are having unintended consequences which are seriously impacting the quantity and quality of health care services available to our citizens.

Last year, the Congress address some of those unintended consequences, by enacting the Balanced Budget Refinement Act (BBRA), which added back $16 billion over 5 years in payments to various Medicare providers, including: Teaching Hospitals; Hospital Outpatient Departments; Medicare HMOs (Health Maintenance Organizations); Skilled Nursing Facilities; Rural Health Providers; and Home Health Agencies.

However, Members of Congress are continuing to hear from providers who argue that the 1997 reductions are still having serious unanticipated consequences.

To respond to these continuing problems, the President last June proposed additional BBA relief in the amount of $21 billion over the next 5 years. On July 27, Senator DASCHLE and I announced the outlines of a similar, but more substantial, Senate Democratic BBA relief package that would provide about $40 billion over 5 years in relief to health care providers and beneficiaries. Today, along with many of our colleagues, Senator DASCHLE and I are introducing this package as the Balanced Budget Refinement Act of 2000 (BBRA–2000).

Before I submit for the record a summary of this legislation, I want, in particular, to highlight that our legislation would prevent further reductions in payments to our Nation's teaching hospitals. The BBA, unwisely in my view, enacted a multi-year schedule of cuts in payments by Medicare to academic medical centers. These cuts would seriously impair the cutting edge research conducted by teaching hospitals, as well as impair their ability to train doctors and to serve so many of our nation's indigent.

Last year, in the BBRA, we mitigated the scheduled reductions in fiscal years 2000 and 2001. The package we are introducing today, would cancel any further reductions in what we call ''Indirect Medical Education payments,'' thereby restoring nearly $2.7 billion over 5 years ($6.9 billion over 10 years) to our Nation's teaching hospitals.

I have stood before my colleagues on countless occasions to bring attention to the financial plight of medical schools and teaching hospitals. Yet, I regret that the fate of the 144 accredited medical schools and 1416 graduate medical education teaching institutions still remains uncertain. The proposals in our Democratic BBRA–2000 package will provide critically needed financing in the short-run.

In the long-run, however, we need to restructure the financing of graduate medical education along the lines I have proposed in the Graduate Medical Education Trust Fund Act (S. 210). What is needed is explicit and dedicated funding for these institutions, which will ensure that the United States continues to lead the world in this era of medical discovery. The Graduate Medical Education Trust Fund Act would require that the public sector, through the Medicare and Medicaid programs, and the private sector through an assessment on health insurance premiums, provide broad-based financial support for graduate medical education. S. 210 would roughly double current funding levels for Graduate Medical Education and would establish a Medical Education Advisory Commission to make recommendations on the operation of the Medical Education Trust Fund, on alternative payment sources for funding graduate medical education and teaching hospitals, and on policies designed to maintain superior research and educational capacities.

In addition to restoring much needed funding to our Nation's teaching hospitals, BBRA–2000 would add back funding in many vital areas of health care. Key provisions of the bill we are introducing today would: provide full market basket (inflation) adjustments to hospitals for 2001 and 2002; prevent further reductions in Indirect Medical Education (IME) payments to teaching hospitals; target additional relief to rural hospitals; eliminate cuts in payments to hospitals for handling large numbers of low-income patients (referred to as ''disproportionate share

(DSH) hospital payments''); repeal the scheduled 15 percent cut in payments to home health agencies; provide a full market basket (inflation) adjustment to skilled nursing facilities; assist beneficiaries through preventive benefits and smaller coinsurance payments; provide increased payments to Medicare manager care plans (HMOs); and improve eligibility and enrollment processes in Medicaid and the State Children's Health Insurance Program (SCHIP).

Mr. President, I ask unanimous consent that the bill language, a summary of the bill, and several letters of support which I send to the desk, be placed in the RECORD at the conclusion of my statement. I would like to thank Kyle Kinner and Kirsten Beronio of the minority health staff of the Finance Committee for their efforts in assembling this legislation.

S. 3077

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

SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECURITY ACT; REFERENCES TO OTHER ACTS; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000''.

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this Act an amendment 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 that section or other provision of the Social Security Act.

(c) REFERENCES TO OTHER ACTS.—In this Act:

(1) THE BALANCED BUDGET ACT OF 1997.—The term ''BBA'' means the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 251).

(2) THE MEDICARE, MEDICAID, AND SCHIP BALANCED BUDGET REFINEMENT ACT OF 1999.—The term ''BBRA'' means the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A–321), as enacted into law by section 1000(a)(6) of Public Law 106–113.

(d) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—PROVISIONS RELATING TO PART A

Subtitle A—Skilled Nursing Facilities

SEC. 101. ELIMINATING REDUCTION IN SKILLED NURSING FACILITY (SNF) MARKET BASKET UPDATE.

(a) ELIMINATION OF REDUCTION.—Section 1888(e)(4)(E)(ii) (42 U.S.C. 1395yy(e)(4)(E)(ii)) is amended—

(1) in subclause (I), by adding ''and'' at the end;

(2) by striking subclause (II); and

(3) by redesignating subclause (III) as subclause (II).

(b) SPECIAL RULE FOR PAYMENT FOR SKILLED NURSING FACILITY SERVICES FOR FISCAL YEAR 2001.—Notwithstanding the amendments made by subsection (a), for purposes of making payments for covered skilled nursing facility services under section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)) for fiscal year 2001, the Federal per diem rate referred to in paragraph (4)(E)(ii) of such section—

(1) for the period beginning on October 1, 2000, and ending on March 31, 2001, shall be the rate determined in accordance with subclause (II) of such paragraph as in effect on the day before the date of enactment of this Act; and

(2) for the period beginning on April 1, 2001, and ending on September 30, 2001, shall be the rate computed for fiscal year 2000 pursuant to subclause (I) of such paragraph increased by the skilled nursing facility market basket percentage change for fiscal year 2001 plus 1 percentage point.

SEC. 102. REVISION OF BBRA INCREASE FOR SKILLED NURSING FACILITIES IN FISCAL YEARS 2001 AND 2002.

(a) REVISION.—Section 101(d) of BBRA (113 Stat. 1501A–325) is amended—

(1) in paragraph (1)—

(A) by striking ''4.0 percent for each such fiscal year'' and inserting ''the applicable percent (as defined in paragraph (3)) for each such fiscal year (or portion of such year)''; and

(2) by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENT DEFINED.—For purposes of this subsection, the term 'applicable percent' means, with respect to services provided during—

''(A) the period beginning on October 1, 2000, and ending on March 31, 2001, 4.0 percent;

''(B) the period beginning on April 1, 2001, and ending on September 30, 2001, 8.0 percent; and

''(C) fiscal year 2002, 6.0 percent.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of section 101 of BBRA (113 Stat. 1501A–324).

SEC. 103. MEDPAC STUDY ON PAYMENT UPDATES FOR SKILLED NURSING FACILITIES; AUTHORITY OF SECRETARY TO MAKE ADJUSTMENTS.

(a) STUDY.—The Medicare Payment Advisory Commission established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6) (in this section referred to as ''MedPAC'') shall conduct a study of nursing home costs to determine the adequacy of payment rates (including updates to such rates) under the medicare program under title XVIII of such Act (42 U.S.C. 1395 et seq.) (in this section referred to as the ''medicare program'') for items and services furnished by skilled nursing facilities. In conducting such study, MedPAC shall use data on actual costs and cost increases.

(b) REPORT.—Not later than 12 months after the date of enactment of this Act, MedPAC shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under subsection (a), including a description of the methodology and calculations used by the Health Care Financing Administration to establish the original payment level under the prospective payment system for skilled nursing facility services under section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)) and to annually update payments under the medicare program for items and services furnished by skilled nursing facilities, together with recommendations regarding methods to ensure that all input variables, including the labor costs, the intensity of services, and the changes in science and technology that are specific to such facilities, are adequately accounted for.

(c) AUTHORITY OF SECRETARY TO MAKE ADJUSTMENTS.—Notwithstanding any other provision of law, the Secretary of Health and Human Services may make adjustments to payments under the prospective payment system under section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)) for covered skilled nursing facility services to reflect any necessary adjustments to such payments as is appropriate as a result of the study conducted under subsection (a).

(d) PUBLICATION.—

(1) IN GENERAL.—Not later than April 1, 2002, the Secretary of Health and Human Services shall publish for public comment a description of—

(A) whether the Secretary will make any adjustments pursuant to subsection (c); and

(B) if so, the form of such adjustments.

(2) FINAL FORM.—Not later than August 1, 2002, the Secretary of Health and Human Services shall publish the description described in paragraph (1) in final form.

Subtitle B—PPS Hospitals

SEC. 111. REVISION OF REDUCTION OF INDIRECT GRADUATE MEDICAL EDUCATION PAYMENTS.

(a) REVISION.—

(1) IN GENERAL.—Section 1886(d)(5)(B)(ii) (42 U.S.C. 1395ww(d)(5)(B)(ii)) is amended—

(A) in subclause (IV), by adding ''and'' at the end; and

(B) by striking subclauses (V) and (VI) and inserting the following new subclause:

''(V) on or after October 1, 2000, 'c' is equal to 1.6.''.

(2) TECHNICAL AMENDMENTS.—Section 1886(d)(5)(B) (42 U.S.C. 1395ww(d)(5)(B)), as amended by paragraph (1), is amended—

(A) by realigning the left margins of clauses (ii) and (v) so as to align with the left margin of clause (i); and

(B) by realigning the left margins of subclauses (I) through (V) of clause (ii) appropriately.

(b) SPECIAL ADJUSTMENT FOR PURPOSES OF MAINTAINING 6.5 PERCENT IME PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding paragraph (5)(B)(ii)(V) of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(ii)(V)), as amended by subsection (a), for purposes of making payments for subsection (d) hospitals (as defined in paragraph (1)(B) of such section) with indirect costs of medical education, the indirect teaching adjustment factor referred to in paragraph (5)(B)(ii) of such section shall be determined—

(1) for discharges occurring on or after October 1, 2000, and before April 1, 2001, pursuant to such paragraph as in effect on the day before the date of enactment of this Act; and

(2) for discharges occurring on or after April 1, 2001, and before October 1, 2001, by substituting ''1.66'' for ''1.6'' in subclause (V) of such paragraph (as so amended).

(c) CONFORMING AMENDMENT RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(i) (42 U.S.C. 1395ww(d)(2)(C)(i)) is amended—

(1) by inserting a comma after ''Balanced Budget Act of 1997''; and

(2) by inserting '', or any payment under such paragraph resulting from the application of section 111(b) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000'' after ''Balanced Budget Refinement Act of 1999''.

SEC. 112. ELIMINATING REDUCTION IN PPS HOSPITAL PAYMENT UPDATE.

(a) IN GENERAL.—Section 1886(b)(3)(B)(i) (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

(1) in subclause (XV), by adding ''and'' at the end;

(2) by striking subclauses (XVI) and (XVII);

(3) by redesignating subclause (XVIII) as subclause (XVI); and

(4) in subclause (XVI), as so redesignated, by striking ''fiscal year 2003'' and inserting ''fiscal year 2001''.

(b) SPECIAL RULE FOR PAYMENT FOR INPATIENT HOSPITAL SERVICES FOR FISCAL YEAR 2001.—Notwithstanding the amendments made by subsection (a), for purposes of making payments for fiscal year 2001 for inpatient hospital services furnished by subsection (d) hospitals (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B))), the ''applicable percentage increase'' referred to in section 1886(b)(3)(B)(i) of such Act (42 U.S.C. 1395ww(b)(3)(B)(i))—

(1) for discharges occurring on or after October 1, 2000, and before April 1, 2001, shall be determined in accordance with subclause (XVI) of such section as in effect on the day before the date of enactment of this Act; and

(2) for discharges occurring on or after April 1, 2001, and before October 1, 2001, shall be equal to—

(A) the market basket percentage increase plus 1.1 percentage points for hospitals (other than sole community hospitals) in all areas; and

(B) the market basket percentage increase for sole community hospitals.

SEC. 113. ELIMINATING REDUCTION IN DISPROPORTIONATE SHARE HOSPITAL (DSH) PAYMENTS.

(a) ELIMINATION OF REDUCTION.—

(1) IN GENERAL.—Section 1886(d)(5)(F)(ix) (42 U.S.C. 1395ww(d)(5)(F)(ix)) is amended—

(A) in subclause (III), by striking ''during each of fiscal years 2000 and 2001'' and inserting ''during fiscal year 2000'';

(B) by striking subclause (IV);

(C) by redesignating subclause (V) as subclause (IV); and

(D) in subclause (IV), as so redesignated, by striking ''during fiscal year 2003'' and inserting ''during fiscal year 2001''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to discharges occurring on or after October 1, 2000.

(b) SPECIAL RULE FOR DSH PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding the amendments made by subsection (a)(1), for purposes of making disproportionate share payments for subsection (d) hospitals (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B))) for fiscal year 2001, the additional payment amount otherwise determined under clause (ii) of section 1886(d)(5)(F) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F))—

(1) for discharges occurring on or after October 1, 2000, and before April 1, 2001, shall be adjusted as provided by clause (ix)(III) of such section as in effect on the day before the date of enactment of this Act; and

(2) for discharges occurring on or after April 1, 2001, and before October 1, 2001, shall be increased by 3 percent.

(c) CONFORMING AMENDMENTS RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(iv) (42 U.S.C. 1395ww(d)(2)(C)(iv)), is amended—

(1) by striking ''Act of 1989 or'' and inserting ''Act of 1989,''; and

(2) by inserting '', or the enactment of section 113(b) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000'' after ''Omnibus Budget Reconciliation Act of 1990''.

SEC. 114. EQUALIZING THE THRESHOLD AND UPDATING PAYMENT FORMULAS FOR DISPROPORTIONATE SHARE HOSPITALS.

(a) APPLICATION OF UNIFORM 15 PERCENT THRESHOLD.—Section 1886(d)(5)(F)(v) (42 U.S.C. 1395ww(d)(5)(F)(v)) is amended by striking ''exceeds—'' and all that follows and inserting ''exceeds 15 percent.''.

(b) CHANGE IN PAYMENT PERCENTAGE FORMULAS.—Section 1886(d)(5)(F)(viii) (42 U.S.C. 1395ww(d)(5)(F)(viii)) is amended to read as follows:

''(viii) The formula used to determine the disproportionate share adjustment percentage for a cost reporting period for a hospital described in subclause (II), (III), or (IV) of clause (iv) is—

''(I) in the case of such a hospital with a disproportionate patient percentage (as defined in clause (vi)) that does not exceed 20.2, (P–15)(.65) + 2.5;

''(II) in the case of such a hospital with a disproportionate patient percentage (as so defined) that exceeds 20.2 but does not exceed 25.2, (P–20.2)(.825) + 5.88;

''(III) except as provided in subclause (IV), in the case of such a hospital with a disproportionate patient percentage (as so defined) that exceeds 25.2, the disproportionate share adjustment percentage = 10; and

''(IV) in the case of such a hospital with a disproportionate patient percentage (as so defined) that exceeds 30.0 and that is described in clause (iv)(III), (P–30)(.6) + 10;

where 'P' is the hospital's disproportionate patient percentage (as so defined).''.

(c) CONFORMING AMENDMENTS.—Section 1886(d)(5)(F)(iv) (42 U.S.C. 1395ww(d)(5)(F)(iv)) is amended—

(1) in subclause (I), by striking ''is described in the second sentence of clause (v)'' and inserting ''is located in a rural area and has 500 or more beds'';

(2) by amending subclause (II) to read as follows:

''(II) is located in an urban area and has less than 100 beds, or is located in a rural area and has less than 500 beds and is not described in subclause (III) or (IV), is equal to the percent determined in accordance with the applicable formula described in clause (viii);'';

(3) by striking subclauses (III) and (IV);

(4) by redesignating subclauses (V) and (VI) as subclauses (III) and (IV), respectively;

(5) in subclause (III) (as so redesignated), by striking ''and is not classified as a sole community hospital under subparagraph (D),''; and

(6) in subclause (IV) (as so redesignated), by striking ''10 percent'' and inserting ''equal to the percent determined in accordance with the applicable formula described in clause (viii)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges occurring on or after April 1, 2001.

SEC. 115. CARE FOR LOW-INCOME PATIENTS.

(a) FREEZE IN MEDICAID DSH ALLOTMENTS.—

(1) IN GENERAL.—Section 1923(f) (42 U.S.C. 1396r–4(f)) is amended—

(A) by redesignating paragraph (4) as paragraph (5); and

(B) by inserting after paragraph (3), the following new paragraph:

''(4) SPECIAL RULE FOR FISCAL YEARS 2001 THROUGH 2008.—With respect to each of fiscal years 2001 through 2008—

''(A) paragraph (2) shall be applied—

''(i) by substituting—

''(I) in the heading, '2001' for '2002';

''(II) in the matter preceding the table, '2001 (and the DSH allotment for a State for fiscal year 2001 is the same as the DSH allotment for the State for fiscal year 2000, as determined under the following table)' for '2002'; and

''(ii) without regard to the columns in the table relating to FY 01 and FY 02 (fiscal years 2001 and 2002); and

''(B) paragraph (3) shall be applied by substituting—

''(i) in the heading, '2002' for '2003';

''(ii) in subparagraph (A), '2002' for '2003'.''.

(2) REPEAL; APPLICABILITY.—Effective October 1, 2008, the amendments made by paragraph (1) are repealed and section 1923(f) of the Social Security Act (42 U.S.C. 1396r–4(f)) shall be applied and administered as if such amendments had not been enacted.

(b) INCREASE IN DSH ALLOTMENTS FOR THE DISTRICT OF COLUMBIA.—

(1) IN GENERAL.—Each of the entries in the table in section 1923(f)(2) (42 U.S.C. 1396r–4(f)(2)) relating to the District of Columbia for FY 98 (fiscal year 1998), for FY 99 (fiscal year 1999), for FY 00 (fiscal year 2000), for FY

01 (fiscal year 2001), and for FY 02 (fiscal year 2002) are amended by striking the amount otherwise specified and inserting ''43.4''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if included in the enactment of section 4721(a) of BBA (111 Stat. 511).

(c) OPTIONAL ELIGIBILITY OF CERTAIN ALIEN PREGNANT WOMEN AND CHILDREN FOR MEDICAID AND SCHIP.—

(1) MEDICAID.—Section 1903(v) (42 U.S.C. 1396b(v)) is amended—

(A) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (4)''; and

(B) by adding at the end the following new paragraph:

''(4)(A) A State may elect (in a plan amendment under this title) to provide medical assistance under this title, notwithstanding sections 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, for aliens who are lawfully residing in the United States (including battered aliens described in section 431(c) of such Act) and who are otherwise eligible for such assistance, within any of the following eligibility categories:

''(i) PREGNANT WOMEN.—Women during pregnancy (and during the 60-day period beginning on the last day of the pregnancy).

''(ii) CHILDREN.—Children (as defined under such plan), including optional targeted low-income children described in section 1905(u)(2)(B).

''(B) In the case of a State that has elected to provide medical assistance to a category of aliens under subparagraph (A), no action may be brought under an affidavit of support against any sponsor of such an alien on the basis of provision of assistance to such category.''.

(2) SCHIP.—Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)) is amended by adding at the end the following new subparagraph:

''(D) Section 1903(v)(4)(A)(ii) (relating to optional coverage of permanent resident alien children), but only if the State has in effect an election under that same eligibility category for purposes of title XIX.''.

(3) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000, and apply to medical assistance and child health assistance furnished on or after such date.

SEC. 116. MODIFICATION OF PAYMENT RATE FOR PUERTO RICO HOSPITALS.

(a) MODIFICATION OF PAYMENT RATE.—Section 1886(d)(9)(A) (42 U.S.C. 1395ww(d)(9)(A)) is amended—

(1) in clause (i), by striking ''October 1, 1997, 50 percent ('' and inserting ''October 1, 2000, 25 percent (for discharges between October 1, 1997, and September 30, 2000, 50 percent,''; and

(2) in clause (ii), in the matter preceding subclause (I), by striking ''after October 1, 1997, 50 percent ('' and inserting ''after October 1, 2000, 75 percent (for discharges between October 1, 1997, and September 30, 2000, 50 percent,''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001.—

(1) IN GENERAL.—Notwithstanding the amendment made by subsection (a), for purposes of making payments for the operating costs of inpatient hospital services of a section 1886(d) Puerto Rico hospital for fiscal year 2001, the amount referred to in the matter preceding clause (i) of section 1886(d)(9)(A) of the Social Security Act (42 U.S.C. 1395ww(d)(9)(A))—

(A) for discharges occurring on or after October 1, 2000, and before April 1, 2001, shall be determined in accordance with such section as in effect on the day before the date of enactment of this Act; and

(B) for discharges occurring on or after April 1, 2001, and before October 1, 2001, shall be determined—

(i) using 0 percent of the Puerto Rico adjusted DRG prospective payment rate referred to in clause (i) of such section; and

(ii) using 100 percent of the discharge-weighted average referred to in clause (ii) of such section.

(2) SECTION 1886(d) PUERTO RICO HOSPITAL.—For purposes of this subsection, the term ''section 1886(d) Puerto Rico hospital'' has the meaning given the term ''subsection (d) Puerto Rico hospital'' in the last sentence of section 1886(d)(9)(A) of the Social Security Act (42 U.S.C. 1395ww(d)(9)(A)).

SEC. 117. MEDPAC STUDY ON HOSPITAL AREA WAGE INDEXES.

(a) STUDY.—

(1) IN GENERAL.—The Medicare Payment Advisory Commission established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6) (in this section referred to as ''MedPAC'') shall conduct a study on the hospital area wage indexes used in making payments to hospitals under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)), including an assessment of the accuracy of those indexes in reflecting geographic differences in wage and wage-related costs of hospitals.

(2) CONSIDERATIONS.—In conducting the study under paragraph (1), MedPAC shall consider—

(A) the appropriate method for determining hospital area wage indexes;

(B) the appropriate portion of hospital payments that should be adjusted by the applicable area wage index;

(C) the appropriate method for adjusting the wage index by occupational mix; and

(D) the feasibility and impact of making changes (as determined appropriate by MedPAC) to the methods used to determine such indexes, including the need for a data system required to implement such changes.

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, MedPAC shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under subsection (a) together with such recommendations for legislation and administrative action as MedPAC determines appropriate.

Subtitle C—PPS Exempt Hospitals

SEC. 121. TREATMENT OF CERTAIN CANCER HOSPITALS.

(a) IN GENERAL.—Section 1886(d)(1)(B)(v) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(v)) is amended—

(1) in subclause (I), by striking ''or'' at the end;

(2) in subclause (II), by striking the semicolon at the end and inserting '', or''; and

(3) by adding at the end the following:

''(III) a hospital that was recognized as a clinical cancer research center by the National Cancer Institute of the National Institutes of Health as of February 18, 1998, that has never been reimbursed for inpatient hospital services pursuant to a reimbursement system under a demonstration project under section 1814(b), that is a freestanding facility organized primarily for treatment of and research on cancer and is not a unit of another hospital, that as of the date of enactment of this subclause, is licensed for 162 acute care beds, and that demonstrates for the 4-year period ending on June 30, 1999, that at least 50 percent of its total discharges have a principal finding of neoplastic disease, as defined in subparagraph (E);''.

(b) CONFORMING AMENDMENT.—Section 1886(d)(1)(E) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(E)) is amended by striking ''For purposes of subparagraph (B)(v)(II)'' and inserting ''For purposes of subclauses (II) and (III) of subparagraph (B)(v)''.

(c) PAYMENT.—

(1) APPLICATION TO COST REPORTING PERIODS.—Any classification by reason of section 1886(d)(1)(B)(v)(III) of the Social Security Act (as added by subsection (a)) shall apply to 12-month cost reporting periods beginning on or after July 1, 1999.

(2) BASE YEAR.—Notwithstanding the provisions of section 1886(b)(3)(E) of such Act (42 U.S.C. 1395ww(b)(3)(E)) or other provisions to the contrary, the base cost reporting period for purposes of determining the target amount for any hospital classified by reason of section 1886(d)(1)(B)(v)(III) of such Act (as added by subsection (a)) shall be the 12-month cost reporting period beginning on July 1, 1995.

(3) DEADLINE FOR PAYMENTS.—Any payments owed to a hospital by reason of this subsection shall be made expeditiously, but in no event later than 1 year after the date of enactment of this Act.

SEC. 122. PAYMENT ADJUSTMENT FOR INPATIENT SERVICES IN REHABILITATION HOSPITALS.

(a) OPTION TO APPLY PROSPECTIVE PAYMENT SYSTEM DURING TRANSITION PERIOD.—Section 1886(j)(1)(A) (42 U.S.C. 1395ww(j)(1)(A)) is amended in the matter preceding subclause (i) by inserting ''the greater of the prospective payment rate determined in paragraph (3)(A) or'' after ''is equal to''.

(b) INCREASE IN PROSPECTIVE PAYMENT PERCENTAGE DURING TRANSITION PERIOD.—Section 1886(j)(1)(A)(ii)(I) (42 U.S.C. 1395ww(j)(1)(A)(ii)(I)) is amended by inserting ''102 percent of'' before ''the per unit''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 4421 of BBA (111 Stat. 410).

Subtitle D—Hospice Care

SEC. 131. REVISION IN PAYMENTS FOR HOSPICE CARE.

(a) INCREASE.—Section 1814(i)(1)(C) of the Social Security Act (42 U.S.C. 1395f(i)(1)(C)) is amended—

(1) in clause (i), by adding at the end the following new sentence: ''With respect to routine home care and other services included in hospice care furnished during fiscal year 2001, the payment rates for such care and services for such fiscal year shall be 110 percent of such rates as would otherwise be in effect for such fiscal year (taking into account the increase under clause (ii) but not taking into account the increase under section 131 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999), and such payment rates shall be used in determining payments for such care and services furnished in a subsequent fiscal year under clause (ii).''; and

(2) in clause (ii), by striking ''during a subsequent fiscal year'' and inserting ''during a fiscal year beginning after September 30, 1990''.

(b) ELIMINATING REDUCTION IN UPDATE.—Section 1814(i)(1)(C)(ii) of the Social Security Act (42 U.S.C. 1395f(i)(1)(C)(ii)) is amended—

(1) in subclause (VI), by striking ''through 2002'' and inserting ''through 2000''; and

(2) in subclause (VII), by striking ''for a subsequent fiscal year'' and inserting ''for fiscal year 2001 and each subsequent fiscal year''.

(c) SPECIAL RULE FOR PAYMENT FOR HOSPICE CARE FOR FISCAL YEAR 2001.—Notwithstanding the amendments made by subsections (a) and (b), for purposes of making payments under section 1814(i)(1)(C) of the Social Security Act (42 U.S.C. 1395f(i)(1)(C)) for routine home care and other services included in hospice care furnished during fiscal year 2001, such payment rates shall be determined—

(1) for the period beginning on October 1, 2000, and ending on March 31, 2001, in accordance with such section as in effect on the day before the date of enactment of this Act; and

(2) for the period beginning on April 1, 2001, and ending on September 30, 2001—

(A) by substituting ''120 percent'' for ''110 percent'' in the second sentence of clause (i) of such section (as added by subsection (a)(1)); and

(B) as if the increase under subclause (ii)(VII) (as amended by subsection (b)) for fiscal year 2001 was equal to the market basket increase for the fiscal year plus 1.0 percentage point.

Subtitle E—Other Provisions

SEC. 141. HOSPITALS REQUIRED TO COMPLY WITH BLOODBORNE PATHOGENS STANDARD.

(a) AGREEMENTS WITH HOSPITALS.—Section 1866(a)(1) (42 U.S.C. 1395cc(a)(1)) is amended—

(1) in subparagraph (R), by striking ''and'' at the end;

(2) in subparagraph (S), by striking the period at the end and inserting '', and''; and

(3) by inserting after subparagraph (S) the following new subparagraph:

''(T) in the case of hospitals that are not otherwise subject to regulation by the Occupational Safety and Health Administration, to comply with the Bloodborne Pathogens standard under section 1910.1030 of title 29 of the Code of Federal Regulations.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements in effect on or after the date that is 1 year after the date of enactment of this Act.

SEC. 142. INFORMATICS AND DATA SYSTEMS GRANT PROGRAM.

(a) GRANTS TO HOSPITALS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a program to make grants to hospitals that have submitted applications in accordance with subsection (c) to assist such hospitals in offsetting the costs related to—

(A) developing and implementing standardized clinical health care informatics systems designed to improve medical care and reduce adverse events and health care complications resulting from medication errors; and

(B) establishing data systems to comply with the administrative simplification requirements under part C of title XI of the Social Security Act (42 U.S.C. 1320d et seq.).

(2) COSTS.—For purposes of paragraph (1), the term ''costs'' shall include costs associated with—

(A) purchasing computer software and hardware; and

(B) providing education and training to hospital staff on computer information systems.

(3) DURATION.—The authority of the Secretary to make grants under this section shall terminate on September 30, 2011.

(4) LIMITATION.—A hospital that has received a grant under section 1611 of the Public Health Service Act (as added by section 447 of this Act) is not eligible to receive a grant under this section.

(b) SPECIAL CONSIDERATION FOR LARGE URBAN HOSPITALS.—In awarding grants under this section, the Secretary shall give special consideration to hospitals located in large urban areas (as defined for purposes of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)).

(c) APPLICATION.—A hospital seeking a grant under this section shall submit an application to the Secretary at such time and in such form and manner as the Secretary specifies.

(d) REPORTS.—

(1) INFORMATION.—A hospital receiving a grant under this section shall furnish the Secretary with such information as the Secretary may require to—

(A) evaluate the project for which the grant is made; and

(B) ensure that the grant is expended for the purposes for which it is made.

(2) TIMING OF SUBMISSION.—

(A) INTERIM REPORTS.—The Secretary shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate at least annually on the grant program established under this section, including in such report information on the number of grants made, the nature of the projects involved, the geographic distribution of grant recipients, and such other matters as the Secretary deems appropriate.

(B) FINAL REPORT.—The Secretary shall submit a final report to such committees not later than 180 days after the completion of all of the projects for which a grant is made under this section.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) $25,000,000 for each of the fiscal years 2001 through 2011 for the purposes of making grants under this section.

SEC. 143. RELIEF FROM MEDICARE PART A LATE ENROLLMENT PENALTY FOR GROUP BUY-IN FOR STATE AND LOCAL RETIREES.

Section 1818(d) (42 U.S.C. 1395i–2(d)) is amended by adding at the end the following new paragraph:

''(6)(A) In the case where a State, a political subdivision of a State, or an agency or instrumentality of a State or political subdivision thereof determines to pay, for the life of each individual, the monthly premiums due under paragraph (1) on behalf of each of the individuals in a qualified State or local government retiree group who meets the conditions of subsection (a), the amount of any increase otherwise applicable under section 1839(b) (as modified by subsection (c)(6) of this section) with respect to the monthly premium for benefits under this part for an individual who is a member of such group shall be reduced by the total amount of taxes paid under section 3101(b) of the Internal Revenue Code of 1986 by such individual and under section 3111(b) by the employers of such individual on behalf of such individual with respect to employment (as defined in section 3121(b) of such Code).

''(B) For purposes of this paragraph, the term 'qualified State or local government retiree group' means all of the individuals who retire prior to a specified date that is before January 1, 2002, from employment in 1 or more occupations or other broad classes of employees of—

''(i) the State;

''(ii) a political subdivision of the State; or

''(iii) an agency or instrumentality of the State or political subdivision of the State.''.

Subtitle F—Transitional Provisions

SEC. 151. RECLASSIFICATION OF CERTAIN COUNTIES AND AREAS FOR PURPOSES OF REIMBURSEMENT UNDER THE MEDICARE PROGRAM.

(a) FISCAL YEARS 2002 THROUGH 2004.—Notwithstanding any other provision of law, effective for discharges occurring during fiscal years 2002, 2003, and 2004, for purposes of making payments under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d))—

(1) Iredell County, North Carolina is deemed to be located in the Charlotte-Gastonia-Rock Hill, North Carolina-South Carolina Metropolitan Statistical Area; and

(2) the large urban area of New York, New York is deemed to include Orange County, New York (including hospitals that have been reclassified into such county).

For purposes of that section, any reclassification under this subsection shall be treated as a decision of the Medicare Geographic Classification Review Board under paragraph (10) of that section.

(b) FISCAL YEARS 2001 THROUGH 2003.—Notwithstanding any other provision of law, effective for discharges occurring during fiscal years 2001, 2002, and 2003, for purposes of making payments under section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d))—

(1) the Jackson, Michigan Metropolitan Statistical Area is deemed to be located in the Ann Arbor, Michigan Metropolitan Statistical Area;

(2) Tangipahoa Parish, Louisiana is deemed to be located in the New Orleans, Louisiana Metropolitan Statistical Area; and

(3) the large urban area of New York, New York is deemed to include Duchess County, New York.

For purposes of that section, any reclassification under this subsection shall be treated as a decision of the Medicare Geographic Classification Review Board under paragraph (10) of that section.

(c) TECHNICAL CORRECTION TO BBRA.—

(1) IN GENERAL.—Section 152 of BBRA (113 Stat. 1501A–334) is amended—

(A) in subsection (a)(2), by inserting ''(including hospitals that have been reclassified into such county)'' after ''such county''; and

(B) in subsection (b)(2), by inserting ''(including hospitals that have been reclassified into such county)'' after ''Orange County, New York''; and

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if included in the enactment of section 152 of BBRA (113 Stat. 1501A–334).

SEC. 152. CALCULATION AND APPLICATION OF WAGE INDEX FLOOR FOR A CERTAIN AREA.

Notwithstanding any other provision of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)), for discharges occurring during fiscal year 2000, the Secretary of Health and Human Services shall calculate and apply the wage index for the Barnstable-Yarmouth Metropolitan Statistical Area under that section as if the Jordan Hospital were classified in such area for purposes of payment under that section for such fiscal year. Such recalculation shall not affect the wage index for any other area.

TITLE II—PROVISIONS RELATING TO PART B

Subtitle A—Hospital Outpatient Services

SEC. 201. REDUCTION OF EFFECTIVE HOPD COINSURANCE RATE TO 20 PERCENT BY 2019.

Section 1833(t)(3)(B)(ii) (42 U.S.C. 1395l(t)(3)(B)(ii)) is amended—

(1) by striking ''If the'' and inserting:

''(I) IN GENERAL.—If the''; and

(2) by adding at the end the following new subclause:

''(II) ACCELERATED PHASE-IN.—The Secretary shall estimate, prior to January 1, 2002, the unadjusted copayment amount for each such service (or groups of such services). If the Secretary estimates such unadjusted copayment amount to be greater than 20 percent for any such service (or group of such services) on or after January 1, 2019, the Secretary shall, for services furnished beginning on or after January 1, 2002, reduce the unadjusted copayment amount for such service (or group of such services) in equal increments each year, from the amount applicable in 2001, by an amount estimated by the Secretary such that the unadjusted copayment amount shall equal 20 percent beginning on or after January 1, 2019.''.

SEC. 202. APPLICATION OF TRANSITIONAL CORRIDOR TO CERTAIN HOSPITALS THAT DID NOT SUBMIT A 1996 COST REPORT.

(a) IN GENERAL.—Section 1833(t)(7)(F)(ii)(I) (42 U.S.C. 1395l(t)(7)(F)(ii)(I)) is amended by inserting ''(or, in the case of a hospital that did not submit a cost report for such period, during the first cost reporting period ending in a year after 1996 and before 2001 for which the hospital submitted a cost report)'' after ''1996''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 202 of BBRA.

SEC. 203. PERMANENT GUARANTEE OF PRE-BBA PAYMENT LEVELS FOR OUTPATIENT SERVICES FURNISHED BY CHILDREN'S HOSPITALS.

(a) IN GENERAL.—Section 1833(t)(7)(D) (42 U.S.C. 1395l(t)(7)(D)), as amended by section 432, is amended—

(1) in the heading, by inserting '', CHILDREN'S,'' after ''SMALL RURAL''; and

(2) by striking ''section 1886(d)(1)(B)(v)'' and inserting ''clause (iii) or (v) of section 1886(d)(1)(B)''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to services provided on or after the date that is 1 year after the date of enactment of this Act.

Subtitle B—Provisions Relating to Physicians

SEC. 211. LOAN DEFERMENT FOR RESIDENTS.

(a) FAIRNESS IN MEDICAL STUDENT LOAN FINANCING.—

(1) ELIGIBILITY REQUIREMENTS.—Section 427(a)(2)(C)(iii) of the Higher Education Act of 1965 (20 U.S.C. 1077(a)(2)(C)(iii)) is amended by inserting before the semicolon the following: '', except that for a medical student such period shall not exceed the full initial residency period''.

(2) INSURANCE PROGRAM AGREEMENTS.—Section 428(b)(1)(M)(iii) of the Higher Education Act of 1965 (20 U.S.C. 1078(b)(1)(M)(iii)) is amended by inserting before the semicolon the following: '', except that for a medical student such period shall not exceed the full initial residency period''.

(3) DEFERMENT ELIGIBILITY.—Section 455(f)(2)(C) of the Higher Education Act of 1965 (20 U.S.C. 1087e(f)(2)(C)) is amended by inserting before the period the following: '', except that for a medical student such period shall not exceed the full initial residency period''.

(4) CONTENTS OF LOAN AGREEMENT.—Section 464(c)(2)(A)(iii) of the Higher Education Act of 1965 (20 U.S.C. 1087dd(c)(2)(A)(iii)) is amended by inserting before the semicolon the following: '', except that for a medical student such period shall not exceed the full initial residency period''.

(b) FAIRNESS IN ECONOMIC HARDSHIP DETERMINATION.—Section 435(o)(1)(B) of the Higher Education Act of 1965 (20 U.S.C. 1085(o)(1)(B)) is amended to read as follows:

''(B) such borrower is working full time and has a Federal educational debt burden that equals or exceeds 20 percent of such borrower's adjusted gross income, and the difference between such borrower's adjusted gross income minus such burden is less than 250 percent of the greater of—

''(i) the annual earnings of an individual earning the minimum wage under section 6 of the Fair Labor Standards Act of 1938; or

''(ii) the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Service Block Grant Act) applicable to a family of 2; or''.

SEC. 212. GAO STUDIES AND REPORTS ON MEDICARE PAYMENTS.

(a) GAO STUDY ON HCFA POST-PAYMENT AUDIT PROCESS.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the post-payment audit process under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) (in this section referred to as the ''medicare program'') as such process applies to physicians, including the proper level of resources that the Health Care Financing Administration should devote to educating physicians regarding—

(A) coding and billing;

(B) documentation requirements; and

(C) the calculation of overpayments.

(2) REPORT.—Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under paragraph (1) together with specific recommendations for changes or improvements in the post-payment audit process described in such paragraph.

(b) GAO STUDY ON ADMINISTRATION AND OVERSIGHT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on the aggregate effects of regulatory, audit, oversight, and paperwork burdens on physicians and other health care providers participating in the medicare program.

(2) REPORT.—Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under paragraph (1) together with recommendations regarding any area in which—

(A) a reduction in paperwork, an ease of administration, or an appropriate change in oversight and review may be accomplished; or

(B) additional payments or education are needed to assist physicians and other health care providers in understanding and complying with any legal or regulatory requirements.

SEC. 213. MEDPAC STUDY ON THE RESOURCE-BASED PRACTICE EXPENSE SYSTEM.

(a) STUDY.—The Medicare Payment Advisory Commission established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6) (in this section referred to as ''MedPAC'') shall conduct a study of the refinements to the practice expense relative value units during the transition to a resource-based practice expense system for physician payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) (in this section referred to as the ''medicare program'').

(b) REPORT.—Not later than July 1, 2001, MedPAC shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under subsection (a) together with recommendations regarding—

(1) any change or adjustment that is appropriate to ensure full access to a spectrum of care for beneficiaries under the medicare program; and

(2) the appropriateness of payments to physicians.

Subtitle C—Ambulance Services

SEC. 221. ELECTION TO FOREGO PHASE-IN OF FEE SCHEDULE FOR AMBULANCE SERVICES.

Section 1834(l) (42 U.S.C. 1395m(l)) is amended by adding at the end the following new paragraph:

''(8) ELECTION TO FOREGO PHASE-IN OF FEE SCHEDULE.—

''(A) IN GENERAL.—If the Secretary provides for a phase-in of the fee schedule established under this subsection, a supplier of ambulance services may make an election to receive payments based only on such fee schedule at any time during such phase-in, and the Secretary shall begin to make payments to the supplier based only on such fee schedule not later than the date that is 60 days after the date on which the supplier notifies the Secretary of such election.

''(B) WAIVER OF BUDGET NEUTRALITY.—The Secretary shall apply paragraph (3)(A) as if this paragraph had not been enacted.''.

SEC. 222. PRUDENT LAYPERSON STANDARD FOR EMERGENCY AMBULANCE SERVICES.

(a) IN GENERAL.—Section 1861(s)(7) (42 U.S.C. 1395x(s)(7)) is amended by inserting before the semicolon at the end the following: '', except that such regulations shall not fail to treat ambulance services as medical and other health services solely because the ultimate diagnosis of the individual receiving the ambulance services results in a conclusion that ambulance services were not necessary, as long as the request for ambulance services is made after the sudden onset of a medical condition that would be classified as an emergency medical condition (as defined in section 1852(d)(3)(B)).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to ambulance services provided on or after October 1, 2000.

SEC. 223. ELIMINATION OF REDUCTION IN INFLATION ADJUSTMENTS FOR AMBULANCE SERVICES.

Subparagraphs (A) and (B) of section 1834(l)(3) (42 U.S.C. 1395m(l)(3)(A)) are each amended by striking ''reduced in the case of 2001 and 2002 by 1.0 percentage points'' and inserting ''increased in the case of 2001 by 1.0 percentage point''.

SEC. 224. STUDY AND REPORT ON THE COSTS OF RURAL AMBULANCE SERVICES.

(a) STUDY.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary''), in consultation with the Office of Rural Health Policy, shall conduct a study of the means by which rural areas with low population densities can be identified for the purpose of designating areas in which the cost of providing ambulance services would be expected to be higher than similar services provided in more heavily populated areas because of low usage. Such study shall also include an analysis of the additional costs of providing ambulance services in areas designated under the previous sentence.

(b) REPORT.—Not later than June 30, 2001, the Secretary shall submit a report to Congress on the study conducted under subsection (a), together with a regulation based on that study which adjusts the fee schedule payment rates for ambulance services provided in low density rural areas based on the increased cost of providing such services in such areas.

SEC. 225. INTERIM PAYMENTS FOR RURAL GROUND AMBULANCE SERVICES UNTIL REGULATION IMPLEMENTED.

(a) INTERIM PAYMENTS.—Section 1834(l) (42 U.S.C. 1395m(l)), as amended by section 221, is amended by adding at the end the following new paragraph:

''(9) INTERIM PAYMENTS FOR RURAL GROUND AMBULANCE SERVICES.—Until such time as the fee schedule established under this subsection is modified by the regulation described in section 224(b) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000, the amount of payment under this subsection for ground ambulance services provided in a rural area (as defined in section 1886(d)(2)(D)) shall be the greater of—

''(A) the amount determined under the fee schedule established under this subsection (without regard to any phase-in established pursuant to paragraph (2)(E)); or

''(B) the amount that would have been paid for such services if the amendments made by

section 4531(b) of the Balanced Budget Act of 1997 had not been enacted;

as adjusted for inflation in the manner described in paragraph (3)(B). For purposes of this paragraph, an ambulance trip shall be considered to have been provided in a rural area only if the transportation of the patient originated in a rural area.''.

(b) CONFORMING AMENDMENTS.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended—

(1) in subparagraph (R)—

(A) by inserting ''except as provided in subparagraph (T),'' before ''with respect''; and

(B) by striking ''and'' at the end; and

(2) in subparagraph (S), by striking the semicolon at the end and inserting '', and (T) with respect to ambulance services described in section 1834(l)(9), the amount paid shall be 80 percent of the lesser of the actual charge for the services or the amount determined under such section;''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services provided on and after January 1, 2001.

SEC. 226. GAO STUDY AND REPORT ON THE COSTS OF EMERGENCY AND MEDICAL TRANSPORTATION SERVICES.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the costs of providing emergency and medical transportation services across the range of acuity levels of conditions for which such transportation services are provided.

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under subsection (a), together with recommendations for any changes in methodology or payment level necessary to fairly compensate suppliers of emergency and medical transportation services and to ensure the access of beneficiaries under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to such services.

Subtitle D—Preventive Services

SEC. 231. ELIMINATION OF DEDUCTIBLES AND COINSURANCE FOR PREVENTIVE BENEFITS.

(a) IN GENERAL.—Section 1833 (42 U.S.C. 1395l) is amended by inserting after subsection (o) the following new subsection:

''(p) DEDUCTIBLES AND COINSURANCE WAIVED FOR PREVENTIVE BENEFITS.—The Secretary may not require the payment of any deductible or coinsurance under subsection (a) or (b) of any individual enrolled for coverage under this part for any of the following preventive health care items and services:

''(1) Blood-testing strips, lancets, and blood glucose monitors for individuals with diabetes described in section 1861(n).

''(2) Diabetes outpatient self-management training services (as defined in section 1861(qq)(1)).

''(3) Pneumococcal, influenza, and hepatitis B vaccines and administration described in section 1861(s)(10).

''(4) Screening mammography (as defined in section 1861(jj)).

''(5) Screening pap smear and screening pelvic exam (as defined in paragraphs (1) and (2) of section 1861(nn), respectively).

''(6) Bone mass measurement (as defined in section 1861(rr)(1)).

''(7) Prostate cancer screening test (as defined in section 1861(oo)(1)).

''(8) Colorectal cancer screening test (as defined in section 1861(pp)(1)).''.

(b) WAIVER OF COINSURANCE.—Section 1833(a)(1)(B) (42 U.S.C. 1395l(a)(1)(B)) is amended to read as follows: ''(B) with respect to preventive health care items and services described in subsection (p), the amounts paid shall be 100 percent of the fee schedule or other basis of payment under this title,''.

(c) WAIVER OF DEDUCTIBLE.—Section 1833(b)(1) (42 U.S.C. 1395l(b)(1)) is amended to read as follows: ''(1) such deductible shall not apply with respect to preventive health care items and services described in subsection (p),''.

(d) ADDING ''LANCET'' TO DEFINITION OF DME.—Section 1861(n) (42 U.S.C. 1395x(n)) is amended by striking ''blood-testing strips and blood glucose monitors'' and inserting ''blood-testing strips, lancets, and blood glucose monitors''.

(e) CONFORMING AMENDMENTS.—

(1) ELIMINATION OF COINSURANCE FOR CLINICAL DIAGNOSTIC LABORATORY TESTS.—Paragraphs (1)(D)(i) and (2)(D)(i) of section 1833(a) (42 U.S.C. 1395l(a)) are each amended—

(A) by striking ''basis or which'' and inserting ''basis, which''; and

(B) by inserting '', or which are described in subsection (p)'' after ''critical access hospital''.

(2) ELIMINATION OF COINSURANCE FOR CERTAIN DME.—Section 1834(a)(1)(A) (42 U.S.C. 1395m(a)(1)(A)) is amended by inserting ''(or 100 percent, in the case of such an item described in section 1833(p))'' after ''80 percent''.

(3) ELIMINATION OF COINSURANCE FOR SCREENING MAMMOGRAPHY.—Section 1834(c)(1)(C) (42 U.S.C. 1395m(c)(1)(C)) is amended by striking ''80 percent'' and inserting ''100 percent''.

(4) ELIMINATION OF DEDUCTIBLES AND COINSURANCE FOR COLORECTAL CANCER SCREENING TESTS.—Section 1834(d) (42 U.S.C. 1395m(d)) is amended—

(A) in paragraph (2)(C)—

(i) by striking clause (ii);

(ii) by striking ''FACILITY PAYMENT LIMIT.—'' and all that follows through ''Notwithstanding'' and inserting ''FACILITY PAYMENT LIMIT.—Notwithstanding''; and

(iii) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively; and

(B) in paragraph (3)(C)—

(i) by striking clause (ii); and

(ii) by striking ''FACILITY PAYMENT LIMIT.—'' and all that follows through ''Notwithstanding'' and inserting ''FACILITY PAYMENT LIMIT.—Notwithstanding''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to items and services furnished on or after July 1, 2001.

SEC. 232. COUNSELING FOR CESSATION OF TOBACCO USE.

(a) COVERAGE.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)) is amended—

(1) in subparagraph (S), by striking ''and'' at the end;

(2) in subparagraph (T), by inserting ''and'' at the end; and

(3) by adding at the end the following new subparagraph:

''(U) counseling for cessation of tobacco use (as defined in subsection (uu)) for individuals who have a history of tobacco use;''.

(b) SERVICES DESCRIBED.—Section 1861 (42 U.S.C. 1395x) is amended by adding at the end the following new subsection:

''Counseling for Cessation of Tobacco Use

''(uu)(1) Except as provided in paragraph (2), the term 'counseling for cessation of tobacco use' means diagnostic, therapy, and counseling services for cessation of tobacco use which are furnished—

''(A) by or under the supervision of a physician; or

''(B) by any other health care professional who is legally authorized to furnish such services under State law (or the State regulatory mechanism provided by State law) of the State in which the services are furnished, as would otherwise be covered if furnished by a physician or as an incident to a physician's professional service.

''(2) The term 'counseling for cessation of tobacco use' does not include coverage for drugs or biologicals that are not otherwise covered under this title.''.

(c) ELIMINATION OF COST-SHARING.—

(1) ELIMINATION OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)), as amended by section 225(b), is amended—

(A) by striking ''and'' before ''(T)''; and

(B) by inserting before the semicolon at the end the following: '', and (U) with respect to counseling for cessation of tobacco use (as defined in section 1861(uu)), the amount paid shall be 100 percent of the lesser of the actual charge for the services or the amount determined by a fee schedule established by the Secretary for the purposes of this subparagraph''.

(2) ELIMINATION OF DEDUCTIBLE.—The first sentence of section 1833(b) (42 U.S.C. 1395l(b)) is amended—

(A) by striking ''and'' before ''(6)''; and

(B) by inserting before the period the following: '', and (7) such deductible shall not apply with respect to counseling for cessation of tobacco use (as defined in section 1861(uu))''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after July 1, 2001.

SEC. 233. COVERAGE OF GLAUCOMA DETECTION TESTS.

(a) IN GENERAL.—Section 1861 (42 U.S.C. 1395x), as amended by section 232, is amended—

(1) in subsection (s)(2)—

(A) in subparagraph (T), by striking ''and'' at the end;

(B) in subparagraph (U), by inserting ''and'' at the end; and

(C) by adding at the end the following new subparagraph:

''(V) glaucoma detection tests (as defined in subsection (vv));''; and

(2) by adding at the end the following new subsection:

''Glaucoma Detection Tests

''(vv) The term 'glaucoma detection test' means all of the following conducted for the purpose of early detection of glaucoma:

''(1) A dilated eye examination with an intraocular pressure measurement.

''(2) Direct ophthalmoscopy or slit-lamp biomicroscopic examination.''.

(b) LIMITATION ON ELIGIBILITY AND FREQUENCY.—Section 1834 (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

''(m) LIMITATION ON COVERAGE OF GLAUCOMA DETECTION TESTS.—

''(1) IN GENERAL.—Notwithstanding any other provision of this part, with respect to expenses incurred for glaucoma detection tests (as defined in section 1861(vv)), payment may be made only for glaucoma detection tests conducted—

''(A) for individuals described in paragraph (2); and

''(B) consistent with the frequency permitted under paragraph (3).

''(2) INDIVIDUALS ELIGIBLE FOR BENEFIT.—Individuals described in this paragraph are as follows:

''(A) Individuals who are 60 years of age or older and who have a family history of glaucoma.

''(B) Other individuals who are at high risk (as determined by the Secretary) of developing glaucoma.

''(3) FREQUENCY LIMIT.—

''(A) IN GENERAL.—Subject to subparagraph (B), payment may not be made under this part for a glaucoma detection test performed for an individual within 23 months following the month in which a glaucoma detection test was performed under this part for the individual.

''(B) EXCEPTION.—The Secretary may permit a glaucoma detection test to be covered on a more frequent basis than that provided under subparagraph (A) under such circumstances as the Secretary determines to be appropriate.''.

(c) NO APPLICATION OF DEDUCTIBLE.—Section 1833(b)(5) (42 U.S.C. 1395l(b)(5)) is amended by inserting ''or with respect to glaucoma detection tests (as defined in section 1861(vv))'' after ''1861(jj))''.

(d) CONFORMING AMENDMENTS.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (H), by striking ''and'' at the end;

(B) in subparagraph (I), by striking the semicolon at the end and inserting '', and''; and

(C) by adding at the end the following new subparagraph:

''(J) in the case of glaucoma detection tests (as defined in section 1861(vv)), which are furnished to an individual not described in paragraph (2) of section 1834(m) or which are performed more frequently than is covered under paragraph (3) of such section;''; and

(2) in paragraph (7), by striking ''or (H)'' and inserting ''(H), or (I)''.

(e) EFFECTIVE DATE.—The amendments made by this section apply to tests provided on or after July 1, 2001.

SEC. 234. MEDICAL NUTRITION THERAPY SERVICES FOR BENEFICIARIES WITH DIABETES, A CARDIOVASCULAR DISEASE, OR A RENAL DISEASE.

(a) COVERAGE.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)), as amended by section 233(a), is amended—

(1) in subparagraph (U) by striking ''and'' at the end;

(2) in subparagraph (V) by inserting ''and'' at the end; and

(3) by adding at the end the following new subparagraph:

''(W) medical nutrition therapy services (as defined in subsection (ww)(1)) in the case of a beneficiary with diabetes, a cardiovascular disease (including congestive heart failure, arteriosclerosis, hyperlipidemia, hypertension, and hypercholesterolemia), or a renal disease;''.

(b) SERVICES DESCRIBED.—Section 1861 (42 U.S.C. 1395x), as amended by section 233(a), is amended by adding at the end the following new subsection:

''Medical Nutrition Therapy Services; Registered Dietitian or Nutrition Professional

''(ww)(1) The term 'medical nutrition therapy services' means nutritional diagnostic, therapy, and counseling services for the purpose of disease management which are furnished by a registered dietitian or nutrition professional (as defined in paragraph (2)) pursuant to a referral by a physician (as defined in subsection (r)(1)).

''(2) Subject to paragraph (3), the term 'registered dietitian or nutrition professional' means an individual who—

''(A) holds a baccalaureate or higher degree granted by a regionally accredited college or university in the United States (or an equivalent foreign degree) with completion of the academic requirements of a program in nutrition or dietetics, as accredited by an appropriate national accreditation organization recognized by the Secretary for this purpose;

''(B) has completed at least 900 hours of supervised dietetics practice under the supervision of a registered dietitian or nutrition professional; and

''(C)(i) is licensed or certified as a dietitian or nutrition professional by the State in which the services are performed; or

''(ii) in the case of an individual in a State that does not provide for such licensure or certification, meets such other criteria as the Secretary establishes.

''(3) Subparagraphs (A) and (B) of paragraph (2) shall not apply in the case of an individual who, as of the date of enactment of this subsection, is licensed or certified as a dietitian or nutrition professional by the State in which medical nutrition therapy services are performed.''.

(c) PAYMENT.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)), as amended by section 232(c)(1), is amended—

(1) by striking ''and'' before ''(U)''; and

(2) by inserting before the semicolon at the end the following: '', and (V) with respect to medical nutrition therapy services (as defined in section 1861(ww)), the amount paid shall be 85 percent of the lesser of the actual charge for the services or the amount determined under the fee schedule established under section 1848(b) for the same services if furnished by a physician''.

(d) EFFECTIVE DATE.—The amendments made by this section apply to services furnished on or after July 1, 2001.

SEC. 235. STUDIES ON PREVENTIVE INTERVENTIONS IN PRIMARY CARE FOR OLDER AMERICANS.

(a) STUDIES.—The Secretary of Health and Human Services, acting through the United States Preventive Services Task Force, shall conduct a series of studies designed to identify preventive interventions that can be delivered in the primary care setting that are most valuable to older Americans.

(b) MISSION STATEMENT.—The mission statement of the United States Preventive Services Task Force is amended to include the evaluation of services that are of particular relevance to older Americans.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary of Health and Human Services shall submit a report to Congress on the conclusions of the studies conducted under subsection (a), together with recommendations for such legislation and administrative actions as the Secretary considers appropriate.

SEC. 236. INSTITUTE OF MEDICINE 5-YEAR MEDICARE PREVENTION BENEFIT STUDY AND REPORT.

(a) STUDY.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall contract with the Institute of Medicine of the National Academy of Sciences to conduct a comprehensive study of current literature and best practices in the field of health promotion and disease prevention among medicare beneficiaries including the issues described in paragraph (2) and to submit the report described in subsection (b).

(2) ISSUES STUDIED.—The study required under paragraph (1) shall include an assessment of—

(A) whether each covered benefit is—

(i) medically effective; and

(ii) a cost-effective benefit or a cost-saving benefit;

(B) utilization of covered benefits (including any barriers to or incentives to increase utilization); and

(C) quality of life issues associated with both health promotion and disease prevention benefits covered under the medicare program and those that are not covered under such program that would affect all medicare beneficiaries.

(b) REPORT.—

(1) IN GENERAL.—Not later than 5 years after the date of enactment of this section, and every fifth year thereafter, the Institute of Medicine of the National Academy of Sciences shall submit to the President a report that contains a detailed statement of the findings and conclusions of the study conducted under subsection (a) and the recommendations for legislation described in paragraph (2).

(2) RECOMMENDATIONS FOR LEGISLATION.—The Institute of Medicine of the National Academy of Sciences, in consultation with the Partnership for Prevention, shall develop recommendations in legislative form that—

(A) prioritize the preventive benefits under the medicare program; and

(B) modify preventive benefits offered under the medicare program based on the study conducted under subsection (a).

(c) TRANSMISSION TO CONGRESS.—

(1) IN GENERAL.—On the day on which the report described in subsection (b) is submitted to the President, the President shall transmit the report and recommendations in legislative form described in subsection (b)(2) to Congress.

(2) DELIVERY.—Copies of the report and recommendations in legislative form required to be transmitted to Congress under paragraph (1) shall be delivered—

(A) to both Houses of Congress on the same day;

(B) to the Clerk of the House of Representatives if the House is not in session; and

(C) to the Secretary of the Senate if the Senate is not in session.

(d) DEFINITIONS.—In this section:

(1) COST-EFFECTIVE BENEFIT.—The term ''cost-effective benefit'' means a benefit or technique that has—

(A) been subject to peer review;

(B) been described in scientific journals; and

(C) demonstrated value as measured by unit costs relative to health outcomes achieved.

(2) COST-SAVING BENEFIT.—The term ''cost-saving benefit'' means a benefit or technique that has—

(A) been subject to peer review;

(B) been described in scientific journals; and

(C) caused a net reduction in health care costs for medicare beneficiaries.

(3) MEDICALLY EFFECTIVE.—The term ''medically effective'' means, with respect to a benefit or technique, that the benefit or technique has been—

(A) subject to peer review;

(B) described in scientific journals; and

(C) determined to achieve an intended goal under normal programmatic conditions.

(4) MEDICARE BENEFICIARY.—The term ''medicare beneficiary'' means any individual who is entitled to benefits under part A or enrolled under part B of the medicare program, including any individual enrolled in a Medicare+Choice plan offered by a Medicare+Choice organization under part C of such program.

(5) MEDICARE PROGRAM.—The term ''medicare program'' means the health benefits program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

SEC. 237. FAST-TRACK CONSIDERATION OF PREVENTION BENEFIT LEGISLATION.

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and is deemed a part of the rules of each House of Congress, but—

(A) is applicable only with respect to the procedure to be followed in that House of Congress in the case of an implementing bill (as defined in subsection (d)); and

(B) supersedes other rules only to the extent that such rules are inconsistent with this section; and

(2) with full recognition of the constitutional right of either House of Congress to change the rules (so far as relating to the procedure of that House of Congress) at any time, in the same manner and to the same

extent as in the case of any other rule of that House of Congress.

(b) INTRODUCTION AND REFERRAL.—

(1) INTRODUCTION.—

(A) IN GENERAL.—Subject to paragraph (2), on the day on which the President transmits the report pursuant to section 236(c) to the House of Representatives and the Senate, the recommendations in legislative form transmitted by the President with respect to such report shall be introduced as a bill (by request) in the following manner:

(i) HOUSE OF REPRESENTATIVES.—In the House of Representatives, by the Majority Leader, for himself and the Minority Leader, or by Members of the House of Representatives designated by the Majority Leader and Minority Leader.

(ii) SENATE.—In the Senate, by the Majority Leader, for himself and the Minority Leader, or by Members of the Senate designated by the Majority Leader and Minority Leader.

(B) SPECIAL RULE.—If either House of Congress is not in session on the day on which such recommendations in legislative form are transmitted, the recommendations in legislative form shall be introduced as a bill in that House of Congress, as provided in subparagraph (A), on the first day thereafter on which that House of Congress is in session.

(2) REFERRAL.—Such bills shall be referred by the presiding officers of the respective Houses to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of 2 or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

(c) CONSIDERATION.—After the recommendations in legislative form have been introduced as a bill and referred under subsection (b), such implementing bill shall be considered in the same manner as an implementing bill is considered under subsections (d), (e), (f), and (g) of section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

(d) IMPLEMENTING BILL DEFINED.—In this section, the term ''implementing bill'' means only the recommendations in legislative form of the Institute of Medicine of the National Academy of Sciences described in section 236(b)(2), transmitted by the President to the House of Representatives and the Senate under section 236(c), and introduced and referred as provided in subsection (b) as a bill of either House of Congress.

(e) COUNTING OF DAYS.—For purposes of this section, any period of days referred to in section 151 of the Trade Act of 1974 shall be computed by excluding—

(1) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of Congress sine die; and

(2) any Saturday and Sunday, not excluded under paragraph (1), when either House is not in session.

Subtitle E—Other Services

SEC. 241. REVISION OF MORATORIUM IN CAPS FOR THERAPY SERVICES.

(a) EXTENSION OF MORATORIUM.—Section 1833(g)(4) (42 U.S.C. 1395l(g)(4)) is amended by striking ''during 2000 and 2001'' and inserting ''during the period beginning on January 1, 2000, and ending on the date that is 18 months after the date the Secretary submits the report required under section 4541(d)(2) of the Balanced Budget Act of 1997 to Congress''.

(b) EXTENSION OF REPORTING DATE.—Section 4541(d)(2) of BBA (42 U.S.C. 1395l note), as amended by section 221(c) of BBRA (113 Stat. 1501A–351), is amended by striking ''January 1, 2001'' and inserting ''January 1, 2002''.

SEC. 242. REVISION OF COVERAGE OF IMMUNOSUPPRESSIVE DRUGS.

(a) REVISION.—

(1) IN GENERAL.—Section 1861(s)(2)(J) (42 U.S.C. 1395x(s)(2)(J)) is amended to read as follows:

''(J) prescription drugs used in immunosuppressive therapy furnished—

''(i) on or after the date of enactment of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000 and before January 1, 2004, to an individual who has received an organ transplant; and

''(ii) on or after January 1, 2004, to an individual who receives an organ transplant for which payment is made under this title, but only in the case of drugs furnished within 36 months after the date of the transplant procedure.''.

(2) CONFORMING AMENDMENTS.—

(A) EXTENDED COVERAGE.—Section 1832 (42 U.S.C. 1395k) is amended—

(i) by striking subsection (b); and

(ii) by redesignating subsection (c) as subsection (b).

(B) PASS-THROUGH; REPORT.—Subsections (c) and (d) of section 227 of BBRA (113 Stat. 1501A–355) are repealed.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to drugs furnished on or after the date of enactment of this Act.

(b) EXTENSION OF CERTAIN SECONDARY PAYER REQUIREMENTS.—Section 1862(b)(1)(C) (42 U.S.C. 1395y(b)(1)(C)) is amended by adding at the end the following: ''With regard to immunosuppressive drugs furnished on or after the date of enactment of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000 and before January 1, 2004, this subparagraph shall be applied without regard to any time limitation.''.

SEC. 243. STATE ACCREDITATION OF DIABETES SELF-MANAGEMENT TRAINING PROGRAMS.

Section 1861(qq)(2) of the Social Security Act (42 U.S.C. 1395xx(qq)(2)) is amended—

(1) in the matter preceding subparagraph (A), by striking ''paragraph (1)—'' and inserting ''paragraph (1):'';

(2) in subparagraph (A)—

(A) by striking ''a 'certified provider'' and inserting ''A 'certified provider'''; and

(B) by striking ''; and'' and inserting a period; and

(3) in subparagraph (B)—

(A) by striking ''a physician, or such other individual'' and inserting ''(i) A physician, or such other individual'';

(B) by inserting ''(I)'' before ''meets applicable standards'';

(C) by inserting ''(II)'' before ''is recognized'';

(D) by inserting '', or by a program described in clause (ii),'' after ''recognized by an organization that represents individuals (including individuals under this title) with diabetes''; and

(E) by adding at the end the following new clause:

''(ii) Notwithstanding any reference to 'a national accreditation body' in section 1865(b), for purposes of clause (i), a program described in this clause is a program operated by a State for the purposes of accrediting diabetes self-management training programs, if the Secretary determines that such State program has established quality standards that meet or exceed the standards established by the Secretary under clause (i) or the standards originally established by the National Diabetes Advisory Board and subsequently revised as described in clause (i).''.

SEC. 244. ELIMINATION OF REDUCTION IN PAYMENT AMOUNTS FOR DURABLE MEDICAL EQUIPMENT AND OXYGEN AND OXYGEN EQUIPMENT.

(a) UPDATE FOR COVERED ITEMS.—Section 1834(a)(14)(C) (42 U.S.C. 1395m(a)(14)(C)) is amended by striking ''through 2002'' and inserting ''through 2000''.

(b) ORTHOTICS AND PROSTHETICS.—Section 1834(h)(4)(A)(v) (42 U.S.C. 1395m(h)(4)(A)(v)) is amended by striking ''through 2002'' and inserting ''through 2000''.

(c) PARENTERAL AND ENTERAL NUTRIENTS, SUPPLIES, AND EQUIPMENT.—Section 4551(b) of BBA (42 U.S.C. 1395m note) is amended by striking ''through 2002'' and inserting ''through 2000''.

(d) OXYGEN AND OXYGEN EQUIPMENT.—Section 1834(a)(9)(B) (42 U.S.C. 1395m(a)(9)(B)) is amended—

(1) in clause (v), by striking ''and'' at the end;

(2) in clause (vi)—

(A) by striking ''each subsequent year'' and inserting ''2000''; and

(B) by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new clause:

''(vii) for 2001 and each subsequent year, the amount determined under this subparagraph for the preceding year increased by the covered item update for such subsequent year.''.

(e) CONFORMING AMENDMENT.—Section 228 of BBRA (113 Stat. 1501A–356) is repealed.

SEC. 245. STANDARDS REGARDING PAYMENT FOR CERTAIN ORTHOTICS AND PROSTHETICS.

(a) STANDARDS.—

(1) IN GENERAL.—Section 1834(h)(1) (42 U.S.C. 1395m(h)(1)) is amended by adding at the end the following:

''(F) ESTABLISHMENT OF STANDARDS FOR CERTAIN ITEMS.—

''(i) IN GENERAL.—No payment shall be made for an applicable item unless such item is provided by a qualified practitioner or a qualified supplier under the system established by the Secretary under clause (iii). For purposes of the preceding sentence, if a qualified practitioner or a qualified supplier contracts with an entity to provide an applicable item, then no payment shall be made for such item unless the entity is also a qualified supplier.

''(ii) DEFINITIONS.—In this subparagraph—

''(I) APPLICABLE ITEM.—The term 'applicable item' means orthotics and prosthetics that require education, training, and experience to custom fabricate such item. Such term does not include shoes and shoe inserts.

''(II) QUALIFIED PRACTITIONER.—The term 'qualified practitioner' means a physician or health professional who meets any of the following requirements:

''(aa) The physician or health professional is specifically trained and educated to provide or manage the provision of custom-designed, fabricated, modified, and fitted orthotics and prosthetics, and is either certified by the American Board for Certification in Orthotics and Prosthetics, Inc., certified by the Board for Orthotist/Prosthetist Certification, or credentialed and approved by a program that the Secretary determines, in consultation with appropriate experts in orthotics and prosthetics, has training and education standards that are necessary to provide applicable items.

''(bb) The physician or health professional is licensed in orthotics or prosthetics by the State in which the applicable item is supplied, but only if the Secretary determines that the mechanisms used by the State to provide such licensure meet standards determined appropriate by the Secretary.

''(cc) The physician or health professional has completed at least 10 years practice in the provision of applicable items. A physician or health professional may not qualify as a qualified practitioner under the preceding sentence with respect to an applicable item if the item was provided on or after January 1, 2005.

''(III) QUALIFIED SUPPLIER.—The term 'qualified supplier' means any entity that is—

''(aa) accredited by the American Board for Certification in Orthotics and Prosthetics, Inc. or the Board for Orthotist/Prosthetist Certification; or

''(bb) accredited and approved by a program that the Secretary determines has accreditation and approval standards that are essentially equivalent to those of such Board.

''(iii) SYSTEM.—The Secretary, in consultation with appropriate experts in orthotics and prosthetics, shall establish a system under which the Secretary shall—

''(I) determine which items are applicable items and formulate a list of such items;

''(II) review the applicable items billed under the coding system established under this title; and

''(III) limit payment for applicable items pursuant to clause (i).''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to items provided on or after January 1, 2003.

(b) REVISION OF DEFINITION OF ORTHOTICS.—

(1) IN GENERAL.—Section 1861(s)(9) (42 U.S.C. 1395x(s)(9)) is amended by inserting ''(including such braces that are used in conjunction with, or as components of, other medical or non-medical equipment when provided by a qualified practitioner (as defined in subclause (II) of section 1834(h)(1)(F))) or a qualified supplier (as defined in subclause (III) of such section)'' after ''braces''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to items provided on or after January 1, 2003.

SEC. 246. NATIONAL LIMITATION AMOUNT EQUAL TO 100 PERCENT OF NATIONAL MEDIAN FOR NEW PAP SMEAR TECHNOLOGIES AND OTHER NEW CLINICAL LABORATORY TEST TECHNOLOGIES.

Section 1833(h)(4)(B)(viii) (42 U.S.C. 1395l(h)(4)(B)(viii)) is amended by inserting before the period at the end the following: ''(or 100 percent of such median in the case of a clinical diagnostic laboratory test performed on or after January 1, 2001, that the Secretary determines is a new test for which no limitation amount has previously been established under this subparagraph)''.

SEC. 247. INCREASED MEDICARE PAYMENTS FOR CERTIFIED NURSE-MIDWIFE SERVICES.

(a) AMOUNT OF PAYMENT.—Section 1833(a)(1)(K) (42 U.S.C. 1395l(a)(1)(K)) is amended by striking ''65 percent of the prevailing charge that would be allowed for the same service performed by a physician, or, for services furnished on or after January 1, 1992, 65 percent'' and inserting ''85 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after January 1, 2001.

SEC. 248. PAYMENT FOR ADMINISTRATION OF DRUGS.

(a) REVIEW OF CHEMOTHERAPY ADMINISTRATION PRACTICE EXPENSES RVUS.—The Secretary of Health and Human Services shall review the resource-based practice expense component of relative value units under the physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w–4) for chemotherapy administration services to determine if such units should be increased.

(b) MORE ACCURATE CHEMOTHERAPY DRUG PAYMENTS TIED TO INCREASES IN CHEMOTHERAPY ADMINISTRATION PAYMENTS.—If the Secretary of Health and Human Services determines, as a result of the review under subsection (a), that the resource-based practice expense relative value units for chemotherapy administration services should be increased, the Secretary—

(1) may implement such increases for such services, but only if the Secretary simultaneously implements more accurate average wholesale prices for chemotherapy drugs (but in no case shall such simultaneous implementation occur prior to January 1, 2002); and

(2) if the Secretary implements such increases for such services, shall do so without taking into account the requirement under the physician fee schedule under section 1848(c)(2)(B)(ii)(II) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)(B)(ii)(II)).

(c) BLOOD CLOTTING DRUG-RELATED ACTIVITIES.—

(1) COVERAGE.—Section 1861(s)(2)(I) (42 U.S.C. 1395x(s)(2)(I)) is amended—

(A) by striking ''and'' after ''supervision,''; and

(B) by inserting the following before the semicolon: '', and the costs (pursuant to section 1834(n)) incurred by suppliers of such factors''.

(2) PAYMENTS.—Section 1834 (42 U.S.C. 1395m), as amended by section 233(b), is amended by adding at the end the following new subsection:

''(n) PAYMENT FOR BLOOD CLOTTING DRUG-RELATED ACTIVITIES.—

''(1) IN GENERAL.—The Secretary shall make payments in accordance with paragraph (2) to suppliers of blood clotting factors (as described in section 1861(s)(2)(I)) to cover the costs (such as shipping, storage, inventory control, or other costs specified by the Secretary) incurred by such suppliers in furnishing such factors to individuals enrolled under this part.

''(2) PAYMENT AMOUNT.—The amount of payment for furnishing such blood clotting factors (as so described) shall be an amount equal to 80 percent of the lesser of—

''(A) the actual charge for the furnishing of such factors; or

''(B) an amount equal to 10 cents (or such other amount determined appropriate by the Secretary) per unit of such factor furnished.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to blood clotting factors (as described in section 1861(s)(2)(I) of the Social Security Act (42 U.S.C. 1395x(s)(2)(I))) furnished on or after the date that the Secretary of Health and Human Services implements more accurate average wholesale prices for such factors.

SEC. 249. MEDPAC STUDY ON IN-HOME INFUSION THERAPY NURSING SERVICES.

(a) STUDY.—The Medicare Payment Advisory Commission established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6) (in this section referred to as ''MedPAC'') shall conduct a study on the provision of in-home infusion therapy nursing services, including a review of any documentation of clinical efficacy for those services and any costs associated with providing those services.

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, MedPAC shall submit a report to the Secretary of Health and Human Services and Congress on the study and review conducted under subsection (a) together with recommendations regarding the establishment of a payment methodology for in-home infusion therapy nursing services that ensures the continuing access of beneficiaries under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to those services.

TITLE III—PROVISIONS RELATING TO PARTS A AND B

Subtitle A—Home Health Services

SEC. 301. ELIMINATION OF 15 PERCENT REDUCTION IN PAYMENT RATES UNDER THE PROSPECTIVE PAYMENT SYSTEM FOR HOME HEALTH SERVICES.

(a) IN GENERAL.—Section 1895(b)(3)(A) (42 U.S.C. 1395fff(b)(3)(A)) is amended to read as follows:

''(A) INITIAL BASIS.—Under such system the Secretary shall provide for computation of a standard prospective payment amount (or amounts). Such amount (or amounts) shall initially be based on the most current audited cost report data available to the Secretary and shall be computed in a manner so that the total amounts payable under the system for the 12-month period beginning on the date the Secretary implements the system shall be equal to the total amount that would have been made if the system had not been in effect and if section 1861(v)(1)(L)(ix) had not been enacted. Each such amount shall be standardized in a manner that eliminates the effect of variations in relative case mix and area wage adjustments among different home health agencies in a budget neutral manner consistent with the case mix and wage level adjustments provided under paragraph (4)(A). Under the system, the Secretary may recognize regional differences or differences based upon whether or not the services or agency are in an urbanized area.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of BBRA.

SEC. 302. EXCLUSION OF CERTAIN NONROUTINE MEDICAL SUPPLIES UNDER THE PPS FOR HOME HEALTH SERVICES.

(a) EXCLUSION.—

(1) IN GENERAL.—Section 1895 (42 U.S.C. 1395fff) is amended by adding at the end the following new subsection:

''(e) EXCLUSION OF NONROUTINE MEDICAL SUPPLIES.—

''(1) IN GENERAL.—Notwithstanding the preceding provisions of this section, in the case of all nonroutine medical supplies (as defined by the Secretary) furnished by a home health agency during a year (beginning with 2001) for which payment is otherwise made on the basis of the prospective payment amount under this section, payment under this section shall be based instead on the lesser of—

''(A) the actual charge for the nonroutine medical supply; or

''(B) the amount determined under the fee schedule established by the Secretary for purposes of making payment for such items under part B for nonroutine medical supplies furnished during that year.

''(2) BUDGET NEUTRALITY ADJUSTMENT.—The Secretary shall provide for an appropriate proportional reduction in payments under this section so that beginning with fiscal year 2001, the aggregate amount of such reductions is equal to the aggregate increase in payments attributable to the exclusion effected under paragraph (1).''.

(2) CONFORMING AMENDMENT.—Section 1895(b)(1) of the Social Security Act (42 U.S.C. 1395fff(b)(1)) is amended by striking ''The Secretary'' and inserting ''Subject to subsection (e), the Secretary''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to supplies furnished on or after January 1, 2001.

(b) EXCLUSION FROM CONSOLIDATED BILLING.—

(1) IN GENERAL.—For items provided during the applicable period, the Secretary of Health and Human Services shall administer the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) as if—

(A) section 1842(b)(6)(F) of such Act (42 U.S.C. 1395u(b)(6)(F)) was amended by striking ''(including medical supplies described in section 1861(m)(5), but excluding durable medical equipment to the extent provided for in such section)'' and inserting ''(excluding medical supplies and durable medical equipment described in section 1861(m)(5))''; and

(B) section 1862(a)(21) of such Act (42 U.S.C. 1395y(a)(21)) was amended by striking ''(including medical supplies described in section 1861(m)(5), but excluding durable medical equipment to the extent provided for in such section)'' and inserting ''(excluding medical supplies and durable medical equipment described in section 1861(m)(5))''.

(2) APPLICABLE PERIOD DEFINED.—For purposes of paragraph (1), the term ''applicable period'' means the period beginning on January 1, 2001, and ending on the later of—

(A) the date that is 18 months after the date of enactment of this Act; or

(B) the date determined appropriate by the Secretary of Health and Human Services.

(c) STUDY ON EXCLUSION OF CERTAIN NONROUTINE MEDICAL SUPPLIES UNDER THE PPS FOR HOME HEALTH SERVICES.—

(1) STUDY.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall conduct a study to identify any nonroutine medical supply that may be appropriately and cost-effectively excluded from the prospective payment system for home health services under section 1895 of the Social Security Act (42 U.S.C. 1395fff). Specifically, the Secretary shall consider whether wound care and ostomy supplies should be excluded from such prospective payment system.

(2) REPORT.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to the committees of jurisdiction of the House of Representatives and the Senate a report on the study conducted under paragraph (1), including a list of any nonroutine medical supplies that should be excluded from the prospective payment system for home health services under section 1895 of the Social Security Act (42 U.S.C. 1395fff).

(d) EXCLUSION OF OTHER NONROUTINE MEDICAL SUPPLIES.—Upon submission of the report under subsection (c)(2), the Secretary shall (if necessary) revise the definition of nonroutine medical supply, as defined for purposes of section 1895(e) (as added by subsection (a)), based on the list of nonroutine medical supplies included in such report.

SEC. 303. PERMITTING HOME HEALTH PATIENTS WITH ALZHEIMER'S DISEASE OR A RELATED DEMENTIA TO ATTEND ADULT DAY-CARE.

(a) IN GENERAL.—Sections 1814(a) and 1835(a) of the Social Security Act (42 U.S.C. 1395f(a); 1395n(a)) are each amended in the last sentence by inserting ''(including regularly participating, for the purpose of therapeutic treatment for Alzheimer's disease or a related dementia, in an adult day-care program that is licensed, certified, or accredited by a State to furnish adult day-care services in the State)'' before the period.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to items and services provided on or after October 1, 2001.

SEC. 304. STANDARDS FOR HOME HEALTH BRANCH OFFICES.

(a) IN GENERAL.—Section 1861(o) (42 U.S.C. 1395x(o)) is amended by adding at the end the following new sentences: ''For purposes of this subsection, a home health agency may provide services through a single site or through a branch office. For purposes of the preceding sentence, the term 'branch office' means a service site for home health services that is controlled and supervised by a home health agency.''.

(b) ESTABLISHMENT OF STANDARDS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall establish, using a negotiated rulemaking process under subchapter III of chapter 5 of title 5, United States Code, standards for the operation of a branch office (as defined in the last sentence of section 1861(o) of the Social Security Act (42 U.S.C. 1395x(o)), as added by subsection (a)).

(2) REQUIREMENTS.—In establishing standards under paragraph (1), the Secretary shall—

(A) provide for the special treatment of any home health agency or branch office—

(i) that is located in a frontier area; or

(ii) with any other special circumstance that the Secretary determines is appropriate; and

(B) allow the use of technology used by the home health agency to supervise the branch office.

(3) CONSULTATION.—The Secretary shall establish the regulations under this subsection in consultation with representatives of the home health industry.

SEC. 305. TREATMENT OF HOME HEALTH SERVICES PROVIDED IN CERTAIN COUNTIES.

(a) IN GENERAL.—Notwithstanding any other provision of law, effective for home health services provided under the prospective payment system under section 1895 of the Social Security Act (42 U.S.C. 1395fff) during fiscal year 2001 in an applicable county, the geographic adjustment factors applicable in such year to hospitals physically located in such county under section 1886(d) of such Act (42 U.S.C. 1395ww(d)) (including the factors applicable to such hospitals by reason of any reclassification or deemed reclassification) shall be deemed to apply to such services instead of the area wage adjustment factors that would otherwise be applicable to such services under section 1895(b)(4)(C) of such Act (42 U.S.C. 1395fff(b)(4)(C)).

(b) APPLICABLE COUNTY DEFINED.—For purposes of subsection (a), the term ''applicable county'' means any of the following counties:

(1) Duchess County, New York.
(2) Orange County, New York.
(3) Clinton County, New York.
(4) Ulster County, New York.
(5) Otsego County, New York.
(6) Cayuga County, New York.
(7) St. Jefferson County, New York.

Subtitle B—Direct Graduate Medical Education

SEC. 311. NOT COUNTING CERTAIN GERIATRIC RESIDENTS AGAINST GRADUATE MEDICAL EDUCATION LIMITATIONS.

For cost reporting periods beginning on or after October 1, 2000, and before October 1, 2005, in applying the limitations regarding the total number of full-time equivalent interns and residents in the field of allopathic or osteopathic medicine under subsections (d)(5)(B)(v) and (h)(4)(F) of section 1886 of the Social Security Act (42 U.S.C. 1395ww) for a hospital, the Secretary of Health and Human Services shall not take into account a maximum of 3 interns or residents in the field of geriatric medicine to the extent the hospital increases the number of geriatric interns or residents above the number of such interns or residents for the hospital's most recent cost reporting period ending before October 1, 2000.

SEC. 312. PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

Part A of title XI (42 U.S.C. 1301 et seq.) is amended by adding after section 1150 the following new section:

''PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS

''SEC. 1150A. (a) PAYMENTS.—The Secretary shall make 2 payments under this section to each children's hospital for each of fiscal years 2002 through 2005, 1 for the direct expenses and the other for the indirect expenses associated with operating approved graduate medical residency training programs.

''(b) AMOUNT OF PAYMENTS.—

''(1) IN GENERAL.—Subject to paragraph (2), the amounts payable under this section to a children's hospital for an approved graduate medical residency training program for a fiscal year are each of the following amounts:

''(A) DIRECT EXPENSE AMOUNT.—The amount determined under subsection (c) for direct expenses associated with operating approved graduate medical residency training programs.

''(B) INDIRECT EXPENSE AMOUNT.—The amount determined under subsection (d) for indirect expenses associated with the treatment of more severely ill patients and the additional costs relating to teaching residents in such programs.

''(2) CAPPED AMOUNT.—

''(A) IN GENERAL.—The total of the payments made to children's hospitals under subparagraph (A) or (B) of paragraph (1) in a fiscal year shall not exceed the funds appropriated under paragraph (1) or (2), respectively, of subsection (f) for such payments for that fiscal year.

''(B) PRO RATA REDUCTIONS OF PAYMENTS FOR DIRECT EXPENSES.—If the Secretary determines that the amount of funds appropriated under subsection (f)(1) for a fiscal year is insufficient to provide the total amount of payments otherwise due for such periods under paragraph (1)(A), the Secretary shall reduce the amounts so payable on a pro rata basis to reflect such shortfall.

''(c) AMOUNT OF PAYMENT FOR DIRECT GRADUATE MEDICAL EDUCATION.—

''(1) IN GENERAL.—The amount determined under this subsection for payments to a children's hospital for direct graduate expenses relating to approved graduate medical residency training programs for a fiscal year is equal to the product of—

''(A) the updated per resident amount for direct graduate medical education, as determined under paragraph (2); and

''(B) the average number of full-time equivalent residents in the hospital's graduate approved medical residency training programs (as determined under section 1886(h)(4)) during the fiscal year.

''(2) UPDATED PER RESIDENT AMOUNT FOR DIRECT GRADUATE MEDICAL EDUCATION.—The updated per resident amount for direct graduate medical education for a hospital for a fiscal year is an amount determined as follows:

''(A) DETERMINATION OF HOSPITAL SINGLE PER RESIDENT AMOUNT.—The Secretary shall compute for each hospital operating an approved graduate medical education program (regardless of whether or not it is a children's hospital) a single per resident amount equal to the average (weighted by number of full-time equivalent residents) of the primary care per resident amount and the nonprimary care per resident amount computed under section 1886(h)(2) for cost reporting periods ending during fiscal year 1997.

''(B) DETERMINATION OF WAGE AND NONWAGE-RELATED PROPORTION OF THE SINGLE PER RESIDENT AMOUNT.—The Secretary shall estimate the average proportion of the single per resident amounts computed under subparagraph (A) that is attributable to wages and wage-related costs.

''(C) STANDARDIZING PER RESIDENT AMOUNTS.—The Secretary shall establish a

standardized per resident amount for each such hospital—

''(i) by dividing the single per resident amount computed under subparagraph (A) into a wage-related portion and a non-wage-related portion by applying the proportion determined under subparagraph (B);

''(ii) by dividing the wage-related portion by the factor applied under section 1886(d)(3)(E) for discharges occurring during fiscal year 1999 for the hospital's area; and

''(iii) by adding the non-wage-related portion to the amount computed under clause (ii).

''(D) DETERMINATION OF NATIONAL AVERAGE.—The Secretary shall compute a national average per resident amount equal to the average of the standardized per resident amounts computed under subparagraph (C) for such hospitals, with the amount for each hospital weighted by the average number of full-time equivalent residents at such hospital.

''(E) APPLICATION TO INDIVIDUAL HOSPITALS.—The Secretary shall compute for each such hospital that is a children's hospital a per resident amount—

''(i) by dividing the national average per resident amount computed under subparagraph (D) into a wage-related portion and a non-wage-related portion by applying the proportion determined under subparagraph (B);

''(ii) by multiplying the wage-related portion by the factor described in subparagraph (C)(ii) for the hospital's area; and

''(iii) by adding the non-wage-related portion to the amount computed under clause (ii).

''(F) UPDATING RATE.—The Secretary shall update such per resident amount for each such children's hospital by the estimated percentage increase in the Consumer Price Index for all urban consumers (U.S. city average) during the period beginning October 1997, and ending with the midpoint of the Federal fiscal year for which payments are made.

''(d) AMOUNT OF PAYMENT FOR INDIRECT MEDICAL EDUCATION.—

''(1) IN GENERAL.—The amount determined under this subsection for payments to a children's hospital for indirect expenses associated with the treatment of more severely ill patients and the additional costs related to the teaching of residents for a fiscal year is equal to an amount determined appropriate by the Secretary.

''(2) FACTORS.—In determining the amount under paragraph (1), the Secretary shall—

''(A) take into account variations in case mix and regional wage levels among children's hospitals and the number of full-time equivalent residents in the hospitals' approved graduate medical residency training programs; and

''(B) assure that the aggregate of the payments for indirect expenses associated with the treatment of more severely ill patients and the additional costs related to the teaching of residents under this section in a fiscal year are equal to the amount appropriated for such expenses for the fiscal year involved under subsection (f)(2).

''(e) MAKING OF PAYMENTS.—

''(1) INTERIM PAYMENTS.—The Secretary shall determine, before the beginning of each fiscal year involved for which payments may be made for a hospital under this section, the amounts of the payments for direct graduate medical education and indirect medical education for such fiscal year and shall (subject to paragraph (2)) make the payments of such amounts in 26 equal interim installments during such period. Such interim payments to each individual hospital shall be based on the number of residents reported in the hospital's most recently filed medicare cost report prior to the application date for the Federal fiscal year for which the interim payment amounts are established.

''(2) WITHHOLDING.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall withhold 25 percent from each interim installment for direct and indirect graduate medical education paid under paragraph (1).

''(B) REDUCTION OF WITHHOLDING.—The Secretary shall reduce the percent withheld from each installment pursuant to subparagraph (A) if the Secretary determines that such reduced percent will provide the Secretary with a reasonable level of assurance that most hospitals will not be overpaid on an interim basis.

''(3) RECONCILIATION.—Prior to the end of each fiscal year, the Secretary shall determine any changes to the number of residents reported by a hospital and shall use that number of residents to determine the final amount payable to the hospital for the current fiscal year for both direct expense and indirect expense amounts. Based on such determination, the Secretary shall recoup any overpayments made or pay any balance due to the extent possible. In the event that a hospital's interim payments were greater than the final amount to which it is entitled, the Secretary shall have the option of recouping that excess amount in determining the amount to be paid in the subsequent year to that hospital. The final amount so determined shall be considered a final intermediary determination for purposes of applying section 1878 and shall be subject to review under that section in the same manner as the amount of payment under section 1886(d) is subject to review under such section.

''(f) AUTHORIZATION OF APPROPRIATIONS.—

''(1) DIRECT GRADUATE MEDICAL EDUCATION.—

''(A) IN GENERAL.—There are appropriated, out of any money in the Treasury not otherwise appropriated, for payments under subsection (b)(1)(A) for each of fiscal years 2002 through 2005, $95,000,000.

''(B) CARRYOVER OF EXCESS.—The amounts appropriated under subparagraph (A) for each fiscal year shall remain available for obligation through the end of the subsequent fiscal year.

''(2) INDIRECT MEDICAL EDUCATION.—There are appropriated, out of any money in the Treasury not otherwise appropriated, for payments under subsection (b)(1)(A) for each of fiscal years 2002 through 2005, $190,000,000.

''(g) DEFINITIONS.—In this section:

''(1) APPROVED GRADUATE MEDICAL RESIDENCY TRAINING PROGRAM.—The term 'approved graduate medical residency training program' has the meaning given the term 'approved medical residency training program' in section 1886(h)(5)(A).

''(2) CHILDREN'S HOSPITAL.—The term 'children's hospital' means a hospital with a medicare payment agreement and which is excluded from the medicare inpatient prospective payment system pursuant to section 1886(d)(1)(B)(iii) and its accompanying regulations.

''(3) DIRECT GRADUATE MEDICAL EDUCATION COSTS.—The term 'direct graduate medical education costs' has the meaning given such term in section 1886(h)(5)(C).''.

SEC. 313. AUTHORITY TO INCLUDE COSTS OF TRAINING OF CLINICAL PSYCHOLOGISTS IN PAYMENTS TO HOSPITALS.

Effective for cost reporting periods beginning on or after October 1, 1999, for purposes of payments to hospitals under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for costs of approved educational activities (as defined in section 413.85 of title 42 of the Code of Federal Regulations), such approved educational activities shall include the clinical portion of professional educational training programs, recognized by the Secretary, for clinical psychologists.

SEC. 314. TREATMENT OF CERTAIN NEWLY ESTABLISHED RESIDENCY PROGRAMS IN COMPUTING MEDICARE PAYMENTS FOR THE COSTS OF MEDICAL EDUCATION.

(a) IN GENERAL.—Section 1886(h)(4)(H) (42 U.S.C. 1395ww(h)(4)(H)) is amended by adding at the end the following new clause:

''(v) TREATMENT OF CERTAIN NEWLY ESTABLISHED PROGRAMS.—Any hospital that has received payments under this subsection for a cost reporting period ending before January 1, 1995, and that operates an approved medical residency training program established on or after August 5, 1997, shall be treated as meeting the requirements for an adjustment under the rules prescribed pursuant to clause (i) with respect to such program if—

''(I) such program received accreditation from the American Council of Graduate Medical Education not later than August 5, 1998;

''(II) such program was in operation (with 1 or more residents in training) as of January 1, 2000;

''(III) such hospital is located in an area that is contiguous to a rural area and serves individuals from such rural area; and

''(IV) such hospital serves a medical service area with a population that is less than 500,000.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 4623 of BBA (111 Stat. 477).

Subtitle C—Miscellaneous Provisions

SEC. 321. WAIVER OF 24-MONTH WAITING PERIOD FOR MEDICARE COVERAGE OF INDIVIDUALS DISABLED WITH AMYOTROPHIC LATERAL SCLEROSIS (ALS).

(a) IN GENERAL.—Section 226 (42 U.S.C. 426) is amended—

(1) by redesignating subsection (h) as subsection (j) and by moving such subsection to the end of the section; and

(2) by inserting after subsection (g) the following new subsection:

''(h) For purposes of applying this section in the case of an individual medically determined to have amyotrophic lateral sclerosis (ALS), the following special rules apply:

''(1) Subsection (b) shall be applied as if there were no requirement for any entitlement to benefits, or status, for a period longer than 1 month.

''(2) The entitlement under such subsection shall begin with the first month (rather than twenty-fifth month) of entitlement or status.

''(3) Subsection (f) shall not be applied.''.

(b) CONFORMING AMENDMENT.—Section 1837 (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

''(j) In applying this section in the case of an individual who is entitled to benefits under part A pursuant to the operation of section 226(h), the following special rules apply:

''(1) The initial enrollment period under subsection (d) shall begin on the first day of the first month in which the individual satisfies the requirement of section 1836(1).

''(2) In applying subsection (g)(1), the initial enrollment period shall begin on the first day of the first month of entitlement to disability insurance benefits referred to in such subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning after the date of enactment of this Act.

TITLE IV—RURAL PROVIDER PROVISIONS

Subtitle A—Critical Access Hospitals

SEC. 401. PAYMENTS TO CRITICAL ACCESS HOSPITALS FOR CLINICAL DIAGNOSTIC LABORATORY TESTS.

(a) PAYMENT ON COST BASIS WITHOUT BENEFICIARY COST-SHARING.—

(1) IN GENERAL.—Section 1833(a)(6) (42 U.S.C. 1395l(a)(6)) is amended by inserting ''(including clinical diagnostic laboratory services furnished by a critical access hospital)'' after ''outpatient critical access hospital services''.

(2) NO BENEFICIARY COST-SHARING.—

(A) IN GENERAL.—Section 1834(g) (42 U.S.C. 1395m(g)) is amended by inserting ''(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)'' before the period at the end.

(B) BBRA AMENDMENT.—Section 1834(g) (42 U.S.C. 1395m(g)), as amended by section 403(d) of BBRA (113 Stat. 1501A–371), is amended—

(i) in paragraph (1), by inserting ''(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)'' after ''such services''; and

(ii) in paragraph (2)(A), by inserting ''(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)'' before the period at the end.

(b) CONFORMING AMENDMENTS.—Paragraphs (1)(D)(i) and (2)(D)(i) of section 1833(a) (42 U.S.C. 1395l(a)(1)(D)(i); 1395l(a)(2)(D)(i)) are each amended by striking ''or which are furnished on an outpatient basis by a critical access hospital''.

(c) TECHNICAL AMENDMENT.—Section 403(d)(2) of BBRA (113 Stat. 1501A–371) is amended by striking ''subsection (a)'' and inserting ''paragraph (1)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to services furnished on or after November 29, 1999.

(2) BBRA AND TECHNICAL AMENDMENTS.—The amendments made by subsections (a)(2)(B) and (c) shall take effect as if included in the enactment of section 403(d) of BBRA (113 Stat. 1501A–371).

SEC. 402. REVISION OF PAYMENT FOR PROFESSIONAL SERVICES PROVIDED BY A CRITICAL ACCESS HOSPITAL.

(a) IN GENERAL.—Section 1834(g)(2)(B) (42 U.S.C. 1395m(g)(2)(B)), as amended by section 403(d) of BBRA (113 Stat. 1501A–371), is amended by inserting ''120 percent of'' after ''hospital services,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 403(d) of BBRA (113 Stat. 1501A–371).

SEC. 403. PERMITTING CRITICAL ACCESS HOSPITALS TO OPERATE PPS EXEMPT DISTINCT PART PSYCHIATRIC AND REHABILITATION UNITS.

(a) CRITERIA FOR DESIGNATION AS A CRITICAL ACCESS HOSPITAL.—Section 1820(c)(2)(B)(iii) (42 U.S.C. 1395i–4(c)(2)(B)(iii)) is amended by inserting ''excluding any psychiatric or rehabilitation unit of the facility which is a distinct part of the facility,'' before ''provides not''.

(b) DEFINITION OF PPS EXEMPT DISTINCT PART PSYCHIATRIC AND REHABILITATION UNITS.—Section 1886(d)(1)(B) (42 U.S.C. 1395ww(d)(1)(B)) is amended by inserting before the last sentence the following new sentence: ''In establishing such definition, the Secretary may not exclude from such definition a psychiatric or rehabilitation unit of a critical access hospital which is a distinct part of such hospital solely because such hospital is exempt from the prospective payment system under this section.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

Subtitle B—Medicare Dependent, Small Rural Hospital Program

SEC. 411. MAKING THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM PERMANENT.

(a) PAYMENT METHODOLOGY.—Section 1886(d)(5)(G) (42 U.S.C. 1395ww(d)(5)(G)) is amended—

(1) in clause (i), by striking ''and before October 1, 2006,''; and

(2) in clause (ii)(II), by striking ''and before October 1, 2006,''.

(b) CONFORMING AMENDMENTS.—

(1) TARGET AMOUNT.—Section 1886(b)(3)(D) (42 U.S.C. 1395ww(b)(3)(D)) is amended—

(A) in the matter preceding clause (i), by striking ''and before October 1, 2006,''; and

(B) in clause (iv), by striking ''through fiscal year 2005,'' and inserting ''or any subsequent fiscal year,''.

(2) PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION.—Section 13501(e)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 1395ww note), as amended by section 404(b)(2) of BBRA (113 Stat. 1501A–372), is amended by striking ''or fiscal year 2000 through fiscal year 2005'' and inserting ''fiscal year 2000, or any subsequent fiscal year,''.

SEC. 412. OPTION TO BASE ELIGIBILITY FOR MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM ON DISCHARGES DURING ANY OF THE 3 MOST RECENT AUDITED COST REPORTING PERIODS.

(a) IN GENERAL.—Section 1886(d)(5)(G)(iv)(IV) (42 U.S.C. 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting '', or any of the 3 most recent audited cost reporting periods,'' after ''1987''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to cost reporting periods beginning on or after the date of enactment of this Act.

Subtitle C—Sole Community Hospitals

SEC. 421. EXTENSION OF OPTION TO USE REBASED TARGET AMOUNTS TO ALL SOLE COMMUNITY HOSPITALS.

(a) IN GENERAL.—Section 1886(b)(3)(I)(i) (42 U.S.C. 1395ww(b)(3)(I)(i)) is amended—

(1) in the matter preceding subclause (I)—

(A) by striking ''that for its cost reporting period beginning during 1999 is paid on the basis of the target amount applicable to the hospital under subparagraph (C) and that elects (in a form and manner determined by the Secretary) this subparagraph to apply to the hospital''; and

(B) by striking ''substituted for such target amount'' and inserting ''substituted, if such substitution results in a greater payment under this section for such hospital, for the amount otherwise determined under subsection (d)(5)(D)(i)'';

(2) in subclause (I), by striking ''target amount otherwise applicable'' and all that follows through ''target amount')'' and inserting ''the amount otherwise applicable to the hospital under subsection (d)(5)(D)(i) (referred to in this clause as the 'subsection (d)(5)(D)(i) amount')''; and

(3) in each of subclauses (II) and (III), by striking ''subparagraph (C) target amount'' and inserting ''subsection (d)(5)(D)(i) amount''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 405 of BBRA (113 Stat. 1501A–372).

SEC. 422. DEEMING A CERTAIN HOSPITAL AS A SOLE COMMUNITY HOSPITAL.

Notwithstanding any other provision of law, for purposes of discharges occurring on or after October 1, 2000, the Greensville Memorial Hospital located in Emporia, Virginia shall be deemed to have satisfied the travel and time criteria under section 1886(d)(5)(D)(iii)(II) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(D)(iii)(II)) for classification as a sole community hospital.

Subtitle D—Other Rural Hospital Provisions

SEC. 431. EXEMPTION OF HOSPITAL SWING-BED PROGRAM FROM THE PPS FOR SKILLED NURSING FACILITIES.

(a) EXEMPTION FOR MEDICARE SWING-BED HOSPITALS.—

(1) IN GENERAL.—Section 1888(e)(7) (42 U.S.C. 1395yy(e)(7)(A)) is amended—

(A) in the heading, by striking ''TRANSITION'' and inserting ''EXEMPTION'';

(B) by striking subparagraph (A) and inserting the following new subparagraph:

''(A) IN GENERAL.—The prospective payment system under this subsection shall not apply to items and services provided by a facility described in subparagraph (B).''; and

(C) in subparagraph (B), by striking '', for which payment'' and all that follows before the period.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if included in the enactment of section 4432 of BBA (111 Stat. 414).

(b) CHANGE IN EFFECTIVE DATE OF BBRA AMENDMENTS.—

(1) IN GENERAL.—Section 408(c) of BBRA (113 Stat. 1501A–375) is amended by striking ''the date that is'' and all that follows and inserting ''January 1, 2001.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the enactment of section 408 of BBRA (113 Stat. 1501A–375).

SEC. 432. PERMANENT GUARANTEE OF PRE-BBA PAYMENT LEVELS FOR OUTPATIENT SERVICES FURNISHED BY RURAL HOSPITALS.

(a) IN GENERAL.—Section 1833(t)(7)(D), as amended by section 203, is amended to read as follows:

''(D) HOLD HARMLESS PROVISIONS FOR SMALL RURAL AND CANCER HOSPITALS.—In the case of a hospital located in a rural area and that has not more than 100 beds or a hospital described in section 1886(d)(1)(B)(v), for covered OPD services for which the PPS amount is less than the pre-BBA amount, the amount of payment under this subsection shall be increased by the amount of such difference.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 202 of BBRA (111 Stat. 1501A–342).

SEC. 433. TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES.

(a) IN GENERAL.—Section 1848(i) (42 U.S.C. 1395w–4(i)) is amended by adding at the end the following new paragraph:

''(4) TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, when an independent laboratory furnishes the technical component of a physician pathology service with respect to a fee-for-service medicare beneficiary who is a patient of a grandfathered hospital, such component shall be treated as a service for which payment shall be made to the laboratory under this section and not as—

''(i) an inpatient hospital service for which payment is made to the hospital under section 1886(d); or

''(ii) a hospital outpatient service for which payment is made to the hospital under the prospective payment system under section 1834(t).

''(B) DEFINITIONS.—In this paragraph:

''(i) GRANDFATHERED HOSPITAL.—The term 'grandfathered hospital' means a hospital that had an arrangement with an independent laboratory—

''(I) that was in effect as of July 22, 1999; and

''(II) under which the laboratory furnished the technical component of physician pathology services with respect to patients of the hospital and submitted a claim for payment for such component to a carrier with a contract under section 1842 (and not to the hospital).

''(ii) FEE-FOR-SERVICE MEDICARE BENEFICIARY.—The term 'fee-for-service medicare beneficiary' means an individual who is not enrolled—

''(I) in a Medicare+Choice plan under part C;

''(II) in a plan offered by an eligible organization under section 1876;

''(III) with a PACE provider under section 1894;

''(IV) in a medicare managed care demonstration project; or

''(V) in the case of a service furnished to an individual on an outpatient basis, in a health care prepayment plan under section 1833(a)(1)(A).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to services furnished on or after January 1, 2001.

Subtitle E—Other Rural Provisions

SEC. 441. REVISION OF BONUS PAYMENTS FOR SERVICES FURNISHED IN HEALTH PROFESSIONAL SHORTAGE AREAS.

(a) EXPANSION OF BONUS PAYMENTS TO INCLUDE PHYSICIAN ASSISTANT AND NURSE PRACTITIONER SERVICES.—Section 1833(m) (42 U.S.C. 1395l(m)) is amended—

(1) by inserting ''(or services furnished by a physician assistant or nurse practitioner that would be physicians' services if furnished by a physician)'' after ''physicians' services'';

(2) by inserting '', physician assistant (in the case of a physician assistant described in subparagraph (C)(ii) of section 1842(b)(6)), or nurse practitioner'' after ''physician''; and

(3) by striking ''clause (A) of section 1842(b)(6)'' and inserting ''subparagraphs (A) and (C)(i) of such section''.

(b) ELIMINATION OF REQUIREMENT TO MAKE BONUS PAYMENTS ON MONTHLY OR QUARTERLY BASIS.—Section 1833(m) (42 U.S.C. 1395l(m)) is amended by striking ''(on a monthly or quarterly basis)''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall apply to services furnished on or after July 1, 2001.

(2) MONTHLY OR QUARTERLY PAYMENTS.—The amendment made by subsection (b) shall apply to services furnished on or after the first day of the first calendar quarter beginning at least 240 days after the date of enactment of this Act.

SEC. 442. PROVIDER-BASED RURAL HEALTH CLINIC CAP EXEMPTION.

(a) IN GENERAL.—The matter in section 1833(f) (42 U.S.C. 1395l(f)) preceding paragraph (1) is amended by striking ''with less than 50 beds'' and inserting ''with an average daily patient census that does not exceed 50''.

(b) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply to services furnished on or after January 1, 2001.

SEC. 443. PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT SERVICES.

(a) PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT SERVICES.—Section 1842(b)(6)(C) (42 U.S.C. 1395u(b)(6)(C)) is amended by striking ''for such services provided before January 1, 2003,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

SEC. 444. BONUS PAYMENTS FOR RURAL HOME HEALTH AGENCIES IN 2001 AND 2002.

(a) INCREASE IN PAYMENT RATES FOR RURAL AGENCIES IN 2001 AND 2002.—Section 1895(b) (42 U.S.C. 1395fff(b)) is amended by adding at the end the following new paragraph:

''(7) ADDITIONAL PAYMENT AMOUNT FOR SERVICES FURNISHED IN RURAL AREAS IN 2001 AND 2002.—In the case of home health services furnished in a rural area (as defined in section 1886(d)(2)(D)) during 2001 or 2002, the Secretary shall provide for an addition or adjustment to the payment amount otherwise made under this section for services furnished in a rural area in an amount equal to 10 percent of the amount otherwise determined under this subsection.''.

(b) WAIVING BUDGET NEUTRALITY.—Section 1895(b)(3) (42 U.S.C. 1395fff(b)(3)) is amended by adding at the end the following new subparagraph:

''(D) NO ADJUSTMENT FOR ADDITIONAL PAYMENTS FOR RURAL SERVICES.—The Secretary shall not reduce the standard prospective payment amount (or amounts) under this paragraph applicable to home health services furnished during a period to offset the increase in payments resulting from the application of paragraph (7) (relating to services furnished in rural areas).''.

SEC. 445. EXCLUSION OF CLINICAL SOCIAL WORKER SERVICES AND SERVICES PERFORMED UNDER A CONTRACT WITH A RURAL HEALTH CLINIC OR FEDERALLY QUALIFIED HEALTH CENTER FROM THE PPS FOR SNFs.

(a) IN GENERAL.—Section 1888(e)(2)(A)(ii) (42 U.S.C. 1395yy(e)(2)(A)(ii)) is amended—

(1) in the first sentence, by inserting ''clinical social worker services,'' after ''qualified psychologist services,''; and

(2) by inserting after the first sentence the following: ''Services described in this clause also include services that are provided by a physician, a physician assistant, a nurse practitioner, a certified nurse midwife, a qualified psychologist, or a clinical social worker who is employed, or otherwise under contract, with a rural health clinic or a Federally qualified health center.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to services provided on or after the date which is 60 days after the date of enactment of this Act.

SEC. 446. COVERAGE OF MARRIAGE AND FAMILY THERAPIST SERVICES PROVIDED IN RURAL HEALTH CLINICS.

(a) COVERAGE OF MARRIAGE AND FAMILY THERAPIST SERVICES.—

(1) PROVISION OF SERVICES IN RURAL HEALTH CLINICS.—Section 1861(aa)(1)(B) (42 U.S.C. 1395x(aa)(1)(B)) is amended by striking ''Secretary)'' and inserting ''Secretary), by a marriage and family therapist (as defined in subsection (xx)(2)),''.

(2) MARRIAGE AND FAMILY THERAPIST SERVICES DEFINED.—Section 1861 (42 U.S.C. 1395x), as amended by section 234(b), is amended by adding at the end the following new subsection:

''Marriage and Family Therapist Services

''(xx)(1) The term 'marriage and family therapist services' means services performed by a marriage and family therapist (as defined in paragraph (2)) for the diagnosis and treatment of mental illnesses, which the marriage and family therapist is legally authorized to perform under State law (or the State regulatory mechanism provided by State law) of the State in which such services are performed, as would otherwise be covered if furnished by a physician or as an incident to a physician's professional service, but only if no facility or other provider charges or is paid any amounts with respect to the furnishing of such services.

''(2) The term 'marriage and family therapist' means an individual who—

''(A) possesses a master's or doctoral degree which qualifies for licensure or certification as a marriage and family therapist pursuant to State law;

''(B) after obtaining such degree has performed at least 2 years of clinical supervised experience in marriage and family therapy; and

''(C)(i) is licensed or certified as a marriage and family therapist in the State in which marriage and family therapist services are performed; or

''(ii) in the case of a State that does not provide for such licensure or certification, meets such other criteria as the Secretary establishes.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to services furnished on or after January 1, 2002.

SEC. 447. CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(a) IN GENERAL.—Part A of title XVI of the Public Health Service Act (42 U.S.C. 300q et seq.) is amended by adding at the end the following new section:

''CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM

''SEC. 1603. (a) AUTHORITY TO MAKE AND GUARANTEE LOANS.—

''(1) AUTHORITY TO MAKE LOANS.—The Secretary may make loans from the fund established under section 1602(d) to any rural entity for projects for capital improvements, including—

''(A) the acquisition of land necessary for the capital improvements;

''(B) the renovation or modernization of any building;

''(C) the acquisition or repair of fixed or major movable equipment; and

''(D) such other project expenses as the Secretary determines appropriate.

''(2) AUTHORITY TO GUARANTEE LOANS.—

''(A) IN GENERAL.—The Secretary may guarantee the payment of principal and interest for loans to rural entities for projects for capital improvements described in paragraph (1) to non-Federal lenders.

''(B) INTEREST SUBSIDIES.—In the case of a guarantee of any loan to a rural entity under subparagraph (A)(i), the Secretary may pay to the holder of such loan and for and on behalf of the project for which the loan was made, amounts sufficient to reduce by not more than 3 percentage points of the net effective interest rate otherwise payable on such loan.

''(b) AMOUNT OF LOAN.—The principal amount of a loan directly made or guaranteed under subsection (a) for a project for capital improvement may not exceed $5,000,000.

''(c) FUNDING LIMITATIONS.—

''(1) GOVERNMENT CREDIT SUBSIDY EXPOSURE.—The total of the Government credit subsidy exposure under the Credit Reform Act of 1990 scoring protocol with respect to the loans outstanding at any time with respect to which guarantees have been issued, or which have been directly made, under subsection (a) may not exceed $50,000,000 per year.

''(2) TOTAL AMOUNTS.—Subject to paragraph (1), the total of the principal amount of all loans directly made or guaranteed under subsection (a) may not exceed $250,000,000 per year.

''(d) ADDITIONAL ASSISTANCE.—

''(1) NONREPAYABLE GRANTS.—Subject to paragraph (2), the Secretary may make a

grant to a rural entity, in an amount not to exceed $50,000, for purposes of capital assessment and business planning.

''(2) LIMITATION.—The cumulative total of grants awarded under this subsection may not exceed $2,500,000 per year.

''(e) TERMINATION OF AUTHORITY.—The Secretary may not directly make or guarantee any loan under subsection (a) or make a grant under subsection (d) after September 30, 2005.''.

(b) RURAL ENTITY DEFINED.—Section 1624 of the Public Health Service Act (42 U.S.C. 300s–3) is amended by adding at the end the following new paragraph:

''(15)(A) The term 'rural entity' includes—

''(i) a rural health clinic, as defined in section 1861(aa)(2) of the Social Security Act;

''(ii) any medical facility with at least 1, but less than 50, beds that is located in—

''(I) a county that is not part of a metropolitan statistical area; or

''(II) a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the Federal Register on February 27, 1992 (57 Fed. Reg. 6725));

''(iii) a hospital that is classified as a rural, regional, or national referral center under section 1886(d)(5)(C) of the Social Security Act; and

''(iv) a hospital that is a sole community hospital (as defined in section 1886(d)(5)(D)(iii) of the Social Security Act).

''(B) For purposes of subparagraph (A), the fact that a clinic, facility, or hospital has been geographically reclassified under the medicare program under title XVIII of the Social Security Act shall not preclude a hospital from being considered a rural entity under clause (i) or (ii) of subparagraph (A).''.

(c) CONFORMING AMENDMENTS.—Section 1602 of the Public Health Service Act (42 U.S.C. 300q–2) is amended—

(1) in subsection (b)(2)(D), by inserting ''or 1603(a)(2)(B)'' after ''1601(a)(2)(B)''; and

(2) in subsection (d)—

(A) in paragraph (1)(C), by striking ''section 1601(a)(2)(B)'' and inserting ''sections 1601(a)(2)(B) and 1603(a)(2)(B)''; and

(B) in paragraph (2)(A), by inserting ''or 1603(a)(2)(B)'' after ''1601(a)(2)(B)''.

SEC. 448. GRANTS FOR UPGRADING DATA SYSTEMS.

(a) IN GENERAL.—Part B of title XVI of the Public Health Service Act (42 U.S.C. 300r et seq.) is amended by adding at the end the following new section:

''GRANTS FOR UPGRADING DATA SYSTEMS

''SEC. 1611. (a) GRANTS TO HOSPITALS.—

''(1) IN GENERAL.—The Secretary shall establish a program to make grants to hospitals that have submitted applications in accordance with subsection (c) to assist eligible small rural hospitals in offsetting the costs of establishing data systems—

''(A) required to—

''(i) implement prospective payment systems under title XVIII of the Social Security Act; and

''(ii) comply with the administrative simplification requirements under part C of title XI of such Act; or

''(B) to reduce medication errors.

''(2) COSTS.—For purposes of paragraph (1), the term 'costs' shall include costs associated with—

''(A) purchasing computer software and hardware; and

''(B) providing education and training to hospital staff on computer information systems.

''(3) LIMITATION.—A hospital that has received a grant under section 142 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000 is not eligible to receive a grant under this section.

''(b) ELIGIBLE SMALL RURAL HOSPITAL DEFINED.—For purposes of this section, the term 'eligible small rural hospital' means a non-Federal, short-term general acute care hospital that—

''(1) is located in a rural area, as defined for purposes of section 1886(d) of the Social Security Act; and

''(2) has less than 50 beds.

''(c) APPLICATION.—A hospital seeking a grant under this section shall submit an application to the Secretary at such time and in such form and manner as the Secretary specifies.

''(d) AMOUNT OF GRANT.—A grant to a hospital under this section may not exceed $100,000.

''(e) REPORTS.—

''(1) INFORMATION.—A hospital receiving a grant under this section shall furnish the Secretary with such information as the Secretary may require to—

''(A) evaluate the project for which the grant is made; and

''(B) ensure that the grant is expended for the purposes for which it is made.

''(2) TIMING OF SUBMISSION.—

''(A) INTERIM REPORTS.—The Secretary shall report to the Committee on Commerce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate at least annually on the grant program established under this section, including in such report information on the number of grants made, the nature of the projects involved, the geographic distribution of grant recipients, and such other matters as the Secretary deems appropriate.

''(B) FINAL REPORT.—The Secretary shall submit a final report to such committees not later than 180 days after the completion of all of the projects for which a grant is made under this section.

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for grants under this section.''.

(b) CONFORMING AMENDMENT.—Section 1820(g)(3) (42 U.S.C. 1395i–4(g)(3)) is repealed.

SEC. 449. RELIEF FOR FINANCIALLY DISTRESSED RURAL HOSPITALS.

Title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by inserting after section 330D the following new section:

''SEC. 330E. RELIEF FOR FINANCIALLY DISTRESSED RURAL HOSPITALS.

''(a) GRANTS TO SMALL RURAL HOSPITALS.—The Secretary, acting through the Health Resources and Services Administration, may award grants to eligible small rural hospitals that have submitted applications in accordance with subsection (c) to provide relief for financial distress that has a negative impact on access to care for beneficiaries under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) that reside in a rural area.

''(b) ELIGIBLE SMALL RURAL HOSPITAL DEFINED.—For purposes of this paragraph, the term 'eligible small rural hospital' means a non-Federal, short-term general acute care hospital that—

''(1) is located in a rural area (as defined for purposes of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d))); and

''(2) has less than 50 beds.

''(c) APPLICATION AND APPROVAL.—

''(1) APPLICATION.—Each eligible small rural hospital that desires to receive a grant under this paragraph shall submit an application to the Secretary, at such time, in such form and manner, and accompanied by such additional information as the Secretary may reasonably require.

''(2) APPROVAL.—The Secretary shall approve applications submitted under paragraph (1) based on a methodology developed by the Secretary in consultation with the Office of Rural Health Policy.

''(d) AMOUNT OF GRANT.—A grant to an eligible small rural hospital under this paragraph may not exceed $250,000.

''(e) USE OF FUNDS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), an eligible small rural hospital may use amounts received under a grant under this section to temporarily offset financial operating losses, with emphasis on those losses attributable to reimbursement formula changes that resulted from the Balanced Budget Act of 1997, in order to ensure continued operation and short-term sustainability or to address emergency physical capital needs that might otherwise result in closure.

''(2) PROHIBITED USES.—A hospital may not use funds received under a grant under this section for new construction, the purchase of medical equipment, or for computer software or hardware.

''(f) REPORT.—

''(1) INFORMATION.—A hospital receiving a grant under this section shall furnish the Secretary with such information as the Secretary may require to evaluate the project for which the grant is made and to ensure that the grant is expended for the purposes for which it is made.

''(2) REPORTING.—

''(A) ANNUAL REPORTS.—

''(i) IN GENERAL.—Not later than December 31 of each year (beginning with 2001), the Secretary shall submit a report to the committees of jurisdiction of the House of Representatives and the Senate on the grant program established under this section.

''(ii) INFORMATION INCLUDED.—The report submitted under clause (i) shall include information on the number of grants made, the nature of the projects involved, the geographic distribution of grant recipients, and such other information as the Secretary determines is appropriate.

''(B) FINAL REPORT.—Not later than 180 days after the completion of all of the projects for which a grant is made under this section, the Secretary shall submit a final report on the grant program established under this section to the committees described in subparagraph (A).

''(g) APPROPRIATIONS.—There are appropriated, out of any money in the Treasury not otherwise appropriated, for making grants under this section $25,000,000 for each of the fiscal years 2001 through 2005.''.

SEC. 450. REFINEMENT OF MEDICARE REIMBURSEMENT FOR TELEHEALTH SERVICES.

(a) REVISION OF TELEHEALTH PAYMENT METHODOLOGY AND ELIMINATION OF FEE-SHARING REQUIREMENT.—Section 4206(b) of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note) is amended to read as follows:

''(b) METHODOLOGY FOR DETERMINING AMOUNT OF PAYMENTS.—

''(1) IN GENERAL.—The Secretary shall pay to—

''(A) the physician or practitioner at a distant site that provides an item or service under subsection (a) an amount equal to the amount that such physician or provider would have been paid had the item or service been provided without the use of a telecommunications system; and

''(B) the originating site a facility fee for facility services furnished in connection with such item or service.

''(2) APPLICATION OF PART B COINSURANCE AND DEDUCTIBLE.—Any payment made under this section shall be subject to the coinsurance and deductible requirements under subsections (a)(1) and (b) of section 1833 of the Social Security Act (42 U.S.C. 1395l).

''(3) DEFINITIONS.—In this subsection:

''(A) DISTANT SITE.—The term 'distant site' means the site at which the physician or

practitioner is located at the time the item or service is provided via a telecommunications system.

''(B) FACILITY FEE.—The term 'facility fee' means an amount equal to—

''(i) for 2000 and 2001, $20; and

''(ii) for a subsequent year, the facility fee under this subsection for the previous year increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) for such subsequent year.

''(C) ORIGINATING SITE.—

''(i) IN GENERAL.—The term 'originating site' means the site described in clause (ii) at which the eligible telehealth beneficiary under the medicare program is located at the time the item or service is provided via a telecommunications system.

''(ii) SITES DESCRIBED.—The sites described in this paragraph are as follows:

''(I) On or before January 1, 2002, the office of a physician or a practitioner, a critical access hospital, a rural health clinic, and a Federally qualified health center.

''(II) On or before January 1, 2003, a hospital, a skilled nursing facility, a comprehensive outpatient rehabilitation facility, a renal dialysis facility, an ambulatory surgical center, an Indian Health Service facility, and a community mental health center.''.

(b) ELIMINATION OF REQUIREMENT FOR TELEPRESENTER.—Section 4206 of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note) is amended—

(1) in subsection (a), by striking '', notwithstanding that the individual physician'' and all that follows before the period at the end; and

(2) by adding at the end the following new subsection:

''(e) TELEPRESENTER NOT REQUIRED.—Nothing in this section shall be construed as requiring an eligible telehealth beneficiary to be presented by a physician or practitioner for the provision of an item or service via a telecommunications system.''.

(c) REIMBURSEMENT FOR MEDICARE BENEFICIARIES WHO DO NOT RESIDE IN A HPSA.—Section 4206(a) of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note), as amended by subsection (b), is amended—

(1) by striking ''IN GENERAL.—Not later than'' and inserting the following: ''TELEHEALTH SERVICES REIMBURSED.—

''(1) IN GENERAL.—Not later than'';

(2) by striking ''furnishing a service for which payment'' and all that follows before the period and inserting ''to an eligible telehealth beneficiary''; and

(3) by adding at the end the following new paragraph:

''(2) ELIGIBLE TELEHEALTH BENEFICIARY DEFINED.—In this section, the term 'eligible telehealth beneficiary' means a beneficiary under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) that resides in—

''(A) an area that is designated as a health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act (42 U.S.C. 254e(a)(1)(A));

''(B) a county that is not included in a Metropolitan Statistical Area; or

''(C) an inner-city area that is medically underserved (as defined in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3))).''.

(d) TELEHEALTH COVERAGE FOR DIRECT PATIENT CARE.—

(1) IN GENERAL.—Section 4206 of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note), as amended by subsection (c), is amended—

(A) in subsection (a)(1), by striking ''professional consultation via telecommunications systems with a physician'' and inserting ''items and services for which payment may be made under such part that are furnished via a telecommunications system by a physician''; and

(B) by adding at the end the following new subsection:

''(f) COVERAGE OF ITEMS AND SERVICES.—Payment for items and services provided pursuant to subsection (a) shall include payment for professional consultations, office visits, office psychiatry services, including any service identified as of July 1, 2000, by HCPCS codes 99241–99275, 99201–99215, 90804–90815, and 90862.''.

(2) STUDY AND REPORT REGARDING ADDITIONAL ITEMS AND SERVICES.—

(A) STUDY.—The Secretary of Health and Human Services shall conduct a study to identify items and services in addition to those described in section 4206(f) of the Balanced Budget Act of 1997 (as added by paragraph (1)) that would be appropriate to provide payment under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

(B) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit a report to Congress on the study conducted under subparagraph (A) together with such recommendations for legislation that the Secretary determines are appropriate.

(e) ALL PHYSICIANS AND PRACTITIONERS ELIGIBLE FOR TELEHEALTH REIMBURSEMENT.—Section 4206(a) of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note), as amended by subsection (d), is amended—

(1) in paragraph (1), by striking ''(described in section 1842(b)(18)(C) of such Act (42 U.S.C. 1395u(b)(18)(C))''; and

(2) by adding at the end the following new paragraph:

''(3) PRACTITIONER DEFINED.—For purposes of paragraph (1), the term 'practitioner' includes—

''(A) a practitioner described in section 1842(b)(18)(C) of the Social Security Act (42 U.S.C. 1395u(b)(18)(C)); and

''(B) a physical, occupational, or speech therapist.''.

(f) TELEHEALTH SERVICES PROVIDED USING STORE-AND-FORWARD TECHNOLOGIES.—Section 4206(a)(1) of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note), as amended by subsection (e), is amended by adding at the end the following new paragraph:

''(4) USE OF STORE-AND-FORWARD TECHNOLOGIES.—For purposes of paragraph (1), in the case of any Federal telemedicine demonstration program in Alaska or Hawaii, the term 'telecommunications system' includes store-and-forward technologies that provide for the asynchronous transmission of health care information in single or multimedia formats.''.

(g) CONSTRUCTION RELATING TO HOME HEALTH SERVICES.—Section 4206(a) of the Balanced Budget Act of 1997 (42 U.S.C. 1395l note), as amended by subsection (f), is amended by adding at the end the following new paragraph:

''(5) CONSTRUCTION RELATING TO HOME HEALTH SERVICES.—

''(A) IN GENERAL.—Nothing in this section or in section 1895 of the Social Security Act (42 U.S.C. 1395fff) shall be construed as preventing a home health agency that is receiving payment under the prospective payment system described in such section from furnishing a home health service via a telecommunications system.

''(B) LIMITATION.—The Secretary shall not consider a home health service provided in the manner described in subparagraph (A) to be a home health visit for purposes of—

''(i) determining the amount of payment to be made under the prospective payment system established under section 1895 of the Social Security Act (42 U.S.C. 1395fff); or

''(ii) any requirement relating to the certification of a physician required under section 1814(a)(2)(C) of such Act (42 U.S.C. 1395f(a)(2)(C)).''.

(h) FIVE-YEAR APPLICATION.—The amendments made by this section shall apply to items and services provided on or after April 1, 2001, and before April 1, 2006.

SEC. 451. MEDPAC STUDY ON LOW-VOLUME, ISOLATED RURAL HEALTH CARE PROVIDERS.

(a) STUDY.—The Medicare Payment Advisory Commission established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6) (in this section referred to as ''MedPAC'') shall conduct a study on the effect of low patient and procedure volume on the financial status of low-volume, isolated rural health care providers participating in the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

(b) REPORT.—Not later than 18 months after the date of enactment of this Act, MedPAC shall submit a report to the Secretary of Health and Human Services and Congress on the study conducted under subsection (a) indicating—

(1) whether low-volume, isolated rural health care providers are having, or may have, significantly decreased medicare margins or other financial difficulties resulting from any of the payment methodologies described in subsection (c);

(2) whether the status as a low-volume, isolated rural health care provider should be designated under the medicare program and any criteria that should be used to qualify for such a status; and

(3) any changes in the payment methodologies described in subsection (c) that are necessary to provide appropriate reimbursement under the medicare program to low-volume, isolated rural health care providers (as designated pursuant to paragraph (2)).

(c) PAYMENT METHODOLOGIES DESCRIBED.—The payment methodologies described in this subsection are the following:

(1) The prospective payment system for hospital outpatient department services under section 1833(t) of the Social Security Act (42 U.S.C. 1395l).

(2) The fee schedule for ambulance services under section 1834(l) of such Act (42 U.S.C. 1395m(l)).

(3) The prospective payment system for inpatient hospital services under section 1886 of such Act (42 U.S.C. 1395ww).

(4) The prospective payment system for routine service costs of skilled nursing facilities under section 1888(e) of such Act (42 U.S.C. 1395yy(e)).

(5) The prospective payment system for home health services under section 1895 of such Act (42 U.S.C. 1395fff).

TITLE V—PROVISIONS RELATING TO PART C (MEDICARE+CHOICE PROGRAM) AND OTHER MEDICARE MANAGED CARE PROVISIONS

SEC. 501. RESTORING EFFECTIVE DATE OF ELECTIONS AND CHANGES OF ELECTIONS OF MEDICARE+CHOICE PLANS.

(a) OPEN ENROLLMENT.—Section 1851(f)(2) (42 U.S.C. 1395w–21(f)(2)) is amended by striking '', except that if such election or change is made after the 10th day of any calendar month, then the election or change shall not take effect until the first day of the second calendar month following the date on which the election or change is made''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to elections and changes of coverage made on or after January 1, 2001.

SEC. 502. SPECIAL MEDIGAP ENROLLMENT ANTI-DISCRIMINATION PROVISION FOR CERTAIN BENEFICIARIES.

(a) DISENROLLMENT WINDOW IN ACCORDANCE WITH BENEFICIARY'S CIRCUMSTANCE.—Section 1882(s)(3) (42 U.S.C. 1395ss(s)(3)) is amended—

(1) in subparagraph (A), in the matter following clause (iii), by striking '', subject to subparagraph (E), seeks to enroll under the policy not later than 63 days after the date of termination of enrollment described in such subparagraph'' and inserting ''seeks to enroll under the policy during the period specified in subparagraph (E)''; and

(2) by striking subparagraph (E) and inserting the following new subparagraph:

''(E) For purposes of subparagraph (A), the time period specified in this subparagraph is—

''(i) in the case of an individual described in subparagraph (B)(i), the period beginning on the date the individual receives a notice of termination or cessation of all supplemental health benefits (or, if no such notice is received, notice that a claim has been denied because of such a termination or cessation) and ending on the date that is 63 days after the applicable notice;

''(ii) in the case of an individual described in clause (ii), (iii), (v), or (vi) of subparagraph (B) whose enrollment is terminated involuntarily, the period beginning on the date that the individual receives a notice of termination and ending on the date that is 63 days after the date the applicable coverage is terminated;

''(iii) in the case of an individual described in subparagraph (B)(iv)(I), the period beginning on the earlier of (I) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice, if any, and (II) the date that the applicable coverage is terminated, and ending on the date that is 63 days after the date the coverage is terminated;

''(iv) in the case of an individual described in clause (ii), (iii), (iv)(II), (iv)(III), (v), or (vi) of subparagraph (B) who disenrolls voluntarily, the period beginning on the date that is 60 days before the effective date of the disenrollment and ending on the date that is 63 days after such effective date; and

''(v) in the case of an individual described in subparagraph (B) but not described in the preceding provisions of this subparagraph, the period beginning on the effective date of the disenrollment and ending on the date that is 63 days after such effective date.''.

(b) EXTENDED MEDIGAP ACCESS FOR INTERRUPTED TRIAL PERIODS.—Section 1882(s)(3) (42 U.S.C. 1395ss(s)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

''(F) For purposes of this paragraph—

''(i) in the case of an individual described in subparagraph (B)(v) (or deemed to be so described, pursuant to this subparagraph) whose enrollment with an organization or provider described in subclause (II) of such subparagraph is involuntarily terminated within the first 12 months of such enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, such subsequent enrollment shall be deemed to be an initial enrollment described in such subparagraph; and

''(ii) in the case of an individual described in clause (vi) of subparagraph (B) (or deemed to be so described, pursuant to this subparagraph) whose enrollment with a plan or in a program described in clause (v)(II) of such subparagraph is involuntarily terminated within the first 12 months of such enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, such subsequent enrollment shall be deemed to be an initial enrollment described in clause (vi) of such subparagraph.''.

SEC. 503. INCREASE IN NATIONAL PER CAPITA MEDICARE+CHOICE GROWTH PERCENTAGE IN 2001 AND 2002.

Section 1853(c)(6)(B) of the Social Security Act (42 U.S.C. 1395w–23(c)(6)(B)) is amended—

(1) in clause (iv), by striking ''for 2001, 0.5 percentage points'' and inserting ''for 2001, 0 percentage points''; and

(2) in clause (v), by striking ''for 2002, 0.3 percentage points'' and inserting ''for 2002, 0 percentage points''.

SEC. 504. ALLOWING MOVEMENT TO 50:50 PERCENT BLEND IN 2002.

Section 1853(c)(2) of the Social Security Act (42 U.S.C. 1395w–23(c)(2)) is amended—

(1) by striking the period at the end of subparagraph (F) and inserting a semicolon; and

(2) by adding after and below subparagraph (F) the following:

''except that a Medicare+Choice organization may elect to apply subparagraph (F) (rather than subparagraph (E)) for 2002.''.

SEC. 505. DELAY FROM JULY TO NOVEMBER 2000, IN DEADLINE FOR OFFERING AND WITHDRAWING MEDICARE+CHOICE PLANS FOR 2001.

Notwithstanding any other provision of law, the deadline for a Medicare+Choice organization to withdraw the offering of a Medicare+Choice plan under part C of title XVIII of the Social Security Act (or otherwise to submit information required for the offering of such a plan) for 2001 is delayed from July 1, 2000, to November 1, 2000, and any such organization that provided notice of withdrawal of such a plan during 2000 before the date of enactment of this Act may rescind such withdrawal at any time before November 1, 2000.

SEC. 506. AMOUNTS IN MEDICARE TRUST FUNDS AVAILABLE FOR SECRETARY'S SHARE OF MEDICARE+CHOICE EDUCATION AND ENROLLMENT-RELATED COSTS.

(a) RELOCATION OF PROVISIONS.—Section 1857(e)(2) (42 U.S.C. 1395w–27(e)(2)) is amended to read as follows:

''(2) COST-SHARING IN ENROLLMENT-RELATED COSTS.—A Medicare+Choice organization shall pay the fee established by the Secretary under section 1851(j)(3)(A).''.

(b) FUNDING FOR EDUCATION AND ENROLLMENT ACTIVITIES.—Section 1851 (42 U.S.C. 1395w–21) is amended by adding at the end the following new subsection:

''(j) FUNDING FOR BENEFICIARY EDUCATION AND ENROLLMENT ACTIVITIES.—

''(1) SECRETARY'S ESTIMATE OF TOTAL COSTS.—The Secretary shall annually estimate the total cost for a fiscal year of carrying out this section, section 4360 of the Omnibus Budget Reconciliation Act of 1990 (relating to the health insurance counseling and assistance program), and related activities.

''(2) TOTAL AMOUNT AVAILABLE.—The total amount available to the Secretary for a fiscal year for the costs of the activities described in paragraph (1) shall be equal to the lesser of—

''(A) the amount estimated for such fiscal year under paragraph (1); or

''(B) for—

''(i) fiscal year 2001, $130,000,000; and

''(ii) fiscal year 2002 and each subsequent fiscal year, the amount for the previous fiscal year, adjusted to account for inflation, any change in the number of beneficiaries under this title, and any other relevant factors.

''(3) COST-SHARING IN ENROLLMENT-RELATED COSTS.—

''(A) AMOUNTS FROM MEDICARE+CHOICE ORGANIZATIONS.—

''(i) IN GENERAL.—The Secretary is authorized to charge a fee to each Medicare+Choice organization with a contract under this part that is equal to the organization's pro rata share (as determined by the Secretary) of the Medicare+Choice portion (as defined in clause (ii)) of the total amount available under paragraph (2) for a fiscal year. Any amounts collected shall be available without further appropriation to the Secretary for the costs of the activities described in paragraph (1).

''(ii) MEDICARE+CHOICE PORTION DEFINED.—For purposes of clause (i), the term 'Medicare+Choice portion' means, for a fiscal year, the ratio, as estimated by the Secretary, of—

''(I) the average number of individuals enrolled in Medicare+Choice plans during the fiscal year; to

''(II) the average number of individuals entitled to benefits under parts A, and enrolled under part B, during the fiscal year.

''(B) SECRETARY'S SHARE.—

''(i) AMOUNTS AVAILABLE FROM TRUST FUNDS.—The Secretary's share of expenses shall be payable from funds in the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, in such proportion as the Secretary shall deem to be fair and equitable after taking into consideration the expenses attributable to the administration of this part with respect to part A and B. The Secretary shall make such transfers of moneys between such Trust Funds as may be appropriate to settle accounts between the Trust Funds in cases where expenses properly payable from one such Trust Fund have been paid from the other such Trust Fund.

''(ii) SECRETARY'S SHARE OF EXPENSES DEFINED.—For purposes of clause (i), the term 'Secretary's share of expenses' means, for a fiscal year, an amount equal to—

''(I) the total amount available to the Secretary under paragraph (2) for the fiscal year; less

''(II) the amount collected under subparagraph (A) for the fiscal year.''.

SEC. 507. REVISED TERMS AND CONDITIONS FOR EXTENSION OF MEDICARE COMMUNITY NURSING ORGANIZATION (CNO) DEMONSTRATION PROJECT.

(a) IN GENERAL.—Section 532 of BBRA (42 U.S.C. 1395mm note) is amended—

(1) in subsection (a), by striking the second sentence; and

(2) by striking subsection (b) and inserting the following new subsections:

''(b) TERMS AND CONDITIONS.—

''(1) JANUARY THROUGH SEPTEMBER 2000.—For the 9-month period beginning with January 2000, any such demonstration project shall be conducted under the same terms and conditions as applied to such demonstration during 1999.

''(2) OCTOBER 2000 THROUGH DECEMBER 2001.—For the 15-month period beginning with October 2000, any such demonstration project shall be conducted under the same terms and conditions as applied to such demonstration during 1999, except that the following modifications shall apply:

''(A) BASIC CAPITATION RATE.—The basic capitation rate paid for services covered under the project (other than case management services) per enrollee per month shall be basic capitation rate paid for such services for 1999, reduced by 10 percent in the case of the demonstration sites located in Arizona, Minnesota, and Illinois, and 15 percent for the demonstration site located in New York.

''(B) TARGETED CASE MANAGEMENT FEE.—A case management fee shall be paid only for enrollees who are classified as 'moderate' or 'at risk' through a baseline health assessment (as required for Medicare+Choice plans under section 1852(e) of the Social Security Act (42 U.S.C. 1395ww–22(e)).

''(C) GREATER UNIFORMITY IN CLINICAL FEATURES AMONG SITES.—Each project shall implement for each site—

''(i) protocols for periodic telephonic contact with enrollees based on—

''(I) the results of such standardized written health assessment; and

''(II) the application of appropriate care planning approaches;

''(ii) disease management programs for targeted diseases (such as congestive heart failure, arthritis, diabetes, and hypertension) that are highly prevalent in the enrolled populations;

''(iii) systems and protocols to track enrollees through hospitalizations, including pre-admission planning, concurrent management during inpatient hospital stays, and post-discharge assessment, planning, and follow-up; and

''(iv) standardized patient educational materials for specified diseases and health conditions.

''(D) QUALITY IMPROVEMENT.—Each project shall implement at each site once during the 15-month period—

''(i) enrollee satisfaction surveys; and

''(ii) reporting on specified quality indicators for the enrolled population.

''(c) EVALUATION.—

''(1) PRELIMINARY REPORT.—Not later than July 1, 2001, the Secretary of Health and Human Services shall submit to the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate a preliminary report that—

''(A) evaluates such demonstration projects for the period beginning July 1, 1997, and ending December 31, 1999, on a site-specific basis with respect to the impact on per beneficiary spending, specific health utilization measures, and enrollee satisfaction; and

''(B) includes a similar evaluation of such projects for the portion of the extension period that occurs after September 30, 2000.

''(2) FINAL REPORT.—Not later than July 1, 2002, the Secretary shall submit a final report to such Committees on such demonstration projects. Such report shall include the same elements as the preliminary report required by paragraph (1), but for the period after December 31, 1999.

''(3) METHODOLOGY FOR SPENDING COMPARISONS.—Any evaluation of the impact of the demonstration projects on per beneficiary spending included in such reports shall be based on a comparison of—

''(A) data for all individuals who—

''(i) were enrolled in such demonstration projects as of the first day of the period under evaluation; and

''(ii) were enrolled for a minimum of 6 months thereafter; with

''(B) data for a matched sample of individuals who are enrolled under part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.) and who are not enrolled in such a project, in a Medicare+Choice plan under part C of such title (42 U.S.C. 1395w–21 et seq.), a plan offered by an eligible organization under section 1876 of such Act (42 U.S.C. 1395mm), or a health care prepayment plan under section 1833(a)(1)(A) of such Act (42 U.S.C. 1395l(a)(1)(A)).''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective as if included in the enactment of section 532 of BBRA (42 U.S.C. 1395mm note).

SEC. 508. MODIFICATION OF PAYMENT RULES FOR CERTAIN FRAIL ELDERLY MEDICARE BENEFICIARIES.

(a) MODIFICATION OF PAYMENT RULES.—Section 1853 (42 U.S.C. 1395w–23) is amended—

(1) in subsection (a)—

(A) in paragraph (1)(A), by striking ''subsections (e), (g), and (i)'' and inserting ''subsections (e), (g), (i), and (j)'';

(B) in paragraph (3)(D), by inserting ''paragraph (4) and'' after ''Subject to''; and

(C) by adding at the end the following new paragraph:

''(4) EXEMPTION FROM RISK-ADJUSTMENT SYSTEM FOR FRAIL ELDERLY BENEFICIARIES ENROLLED IN SPECIALIZED PROGRAMS.—

''(A) IN GENERAL.—In applying the risk-adjustment factors established under paragraph (3) during the period described in subparagraph (B), the limitation under paragraph (3)(C)(ii)(I) shall apply to a frail elderly Medicare+Choice beneficiary (as defined in subsection (j)(3)) who is enrolled in a Medicare+Choice plan under a specialized program for the frail elderly (as defined in subsection (j)(2)) during the entire period.

''(B) PERIOD OF APPLICATION.—The period described in this subparagraph begins with January 2001, and ends with the first month for which the Secretary certifies to Congress that a comprehensive risk adjustment methodology under paragraph (3)(C) that takes into account the factors described in subsection (j)(1)(B) is being fully implemented.''; and

(2) by adding at the end the following new subsection:

''(j) SPECIAL RULES FOR FRAIL ELDERLY ENROLLED IN SPECIALIZED PROGRAMS FOR THE FRAIL ELDERLY.—

''(1) DEVELOPMENT AND IMPLEMENTATION OF NEW PAYMENT SYSTEM.—

''(A) IN GENERAL.—The Secretary shall develop and implement (as soon as possible after the date of enactment of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000), during the period described in subsection (a)(4)(B), a payment methodology for frail elderly Medicare+Choice beneficiaries enrolled in a Medicare+Choice plan under a specialized program for the frail elderly (as defined in paragraph (2)(A)).

''(B) FACTORS DESCRIBED.—The methodology developed and implemented under subparagraph (A) shall take into account the prevalence, mix, and severity of chronic conditions among frail elderly Medicare+Choice beneficiaries and shall include—

''(i) medical diagnostic factors from all provider settings (including hospital and nursing facility settings);

''(ii) functional indicators of health status; and

''(iii) such other factors as may be necessary to achieve appropriate payments for plans serving such beneficiaries.

''(2) SPECIALIZED PROGRAM FOR THE FRAIL ELDERLY DEFINED.—

''(A) IN GENERAL.—In this part, the term 'specialized program for the frail elderly' means a program that the Secretary determines—

''(i) is offered under this part as a distinct part of a Medicare+Choice plan;

''(ii) primarily enrolls frail elderly Medicare+Choice beneficiaries; and

''(iii) has a clinical delivery system that is specifically designed to serve the special needs of such beneficiaries and to coordinate short-term and long-term care for such beneficiaries through the use of a team described in subparagraph (B) and through the provision of primary care services to such beneficiaries by means of such a team at the nursing facility involved.

''(B) SPECIALIZED TEAM DESCRIBED.—A team described in this subparagraph—

''(i) includes—

''(I) a physician; and

''(II) a nurse practitioner or geriatric care manager; and

''(ii) has as members individuals who—

''(I) have special training in the care and management of the frail elderly beneficiaries; and

''(II) specialize in the care and management of such beneficiaries.

''(3) FRAIL ELDERLY MEDICARE+CHOICE BENEFICIARY DEFINED.—In this part, the term 'frail elderly Medicare+Choice beneficiary' means a Medicare+Choice eligible individual who—

''(A) is residing in a skilled nursing facility (as defined in section 1819(a)) or a nursing facility (as defined in section 1919(a)) for an indefinite period and without any intention of residing outside the facility; and

''(B) has a severity of condition that makes the individual frail (as determined under guidelines approved by the Secretary).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE VI—PROVISIONS RELATING TO INDIVIDUALS WITH END-STAGE RENAL DISEASE

SEC. 601. UPDATE IN RENAL DIALYSIS COMPOSITE RATE.

(a) IN GENERAL.—The last sentence of section 1881(b)(7) (42 U.S.C. 1395rr(b)(7)) is amended by striking '', and for such services'' and all that follows before the period at the end and inserting the following: '', for such services furnished during 2001, by 2.4 percent above such composite rate payment amounts for such services furnished on December 31, 2000, for such services furnished during 2002 and 2003, by the percentage increase in the Consumer Price Index for all urban consumers (U.S. city average) for the 12-month period ending with June of the previous year above such composite rate payment amounts for such services furnished on December 31 of the previous year, and for such services furnished during a subsequent year, by the ESRD market basket percentage increase above such composite rate payment amounts for such services furnished on December 31 of the previous year''.

(b) ESRD MARKET BASKET PERCENTAGE INCREASE DEFINED.—Section 1881(b) (42 U.S.C. 1395rr(b)) is amended by adding at the end the following new paragraph:

''(12)(A) For purposes of this title, the term 'ESRD market basket percentage increase' means, with respect to a calendar year, the percentage (estimated by the Secretary before the beginning of such year) by which—

''(i) the cost of the mix of goods and services included in the provision of dialysis services (which may include the costs described in subparagraph (D) as determined appropriate by the Secretary) that is determined based on an index of appropriately weighted indicators of changes in wages and prices which are representative of the mix of goods and services included in such dialysis services for the calendar year; exceeds

''(ii) the cost of such mix of goods and services for the preceding calendar year.

''(B) In determining the percentage under subparagraph (A), the Secretary may take into account any increase in the costs of furnishing the mix of goods and services described in such subparagraph resulting from—

''(i) the adoption of scientific and technological innovations used to provide dialysis services; and

''(ii) changes in the manner or method of delivering dialysis services.

''(C) The Secretary shall periodically review and update (as necessary) the items and services included in the mix of goods and services used to determine the percentage under subparagraph (A).

''(D) The costs described in this subparagraph include—

''(i) labor, including direct patient care costs and administrative labor costs, vacation and holiday pay, payroll taxes, and employee benefits;

''(ii) other direct costs, including drugs, supplies, and laboratory fees;

''(iii) overhead, including medical director fees, temporary services, general and administrative costs, interest expenses, and bad debt;

''(iv) capital, including rent, real estate taxes, depreciation, utilities, repairs, and maintenance; and

''(v) such other allowable costs as the Secretary may specify.''.

SEC. 602. REVISION OF PAYMENT RATES FOR ESRD PATIENTS ENROLLED IN MEDICARE+CHOICE PLANS.

(a) IN GENERAL.—Section 1853(a)(1)(B) (42 U.S.C. 1395w–23(a)(1)(B)) is amended by adding at the end the following: ''In establishing such rates the Secretary shall provide for appropriate adjustments to increase each rate to reflect the demonstration rate (including any risk-adjustment associated with such rate) of the social health maintenance organization end-stage renal disease demonstrations established by section 2355 of the Deficit Reduction Act of 1984 (Public Law 98–369; 98 Stat. 1103), as amended by section 13567(b) of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 107 Stat. 608), and shall compute such rates by not taking into account individuals with kidney transplants and individuals in which the program under this title is a secondary payer to another payer (or payers) pursuant to section 1862(b).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to payments for months beginning with January 2002.

(c) PUBLICATION.—The Secretary of Health and Human Services, not later than 6 months after the date of enactment of this Act, shall publish for public comment a description of the appropriate adjustments described in the last sentence of section 1853(a)(1)(B) of the Social Security Act (42 U.S.C. 1395w–23(a)(1)(B)), as added by subsection (a). The Secretary shall publish in final form such adjustments by not later than July 1, 2001, so that the amendment made by subsection (a) is implemented on a timely basis consistent with subsection (b).

SEC. 603. PERMITTING ESRD BENEFICIARIES TO ENROLL IN ANOTHER MEDICARE+CHOICE PLAN IF THE PLAN IN WHICH THEY ARE ENROLLED IS TERMINATED.

(a) IN GENERAL.—Section 1851(a)(3)(B) (42 U.S.C. 1395w–21(a)(3)(B)) is amended by striking ''except that'' and all that follows and inserting the following: ''except that—

''(i) an individual who develops end-stage renal disease while enrolled in a Medicare+Choice plan may continue to be enrolled in that plan; and

''(ii) in the case of such an individual who is enrolled in a Medicare+Choice plan under clause (i) (or subsequently under this clause), if the enrollment is discontinued under circumstances described in section 1851(e)(4)(A) then the individual will be treated as a 'Medicare+Choice eligible individual' for purposes of electing to continue enrollment in another Medicare+Choice plan.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to terminations and discontinuations occurring on or after the date of enactment of this Act.

(2) APPLICATION TO PRIOR PLAN TERMINATIONS.—Clause (ii) of section 1851(a)(3)(B) of the Social Security Act (as inserted by subsection (a)) also shall apply to individuals whose enrollment in a Medicare+Choice plan was terminated or discontinued after December 31, 1997, and before the date of enactment of this Act. In applying this paragraph, such an individual shall be treated, for purposes of part C of title XVIII of the Social Security Act, as having discontinued enrollment in such a plan as of the date of enactment of this Act.

SEC. 604. COVERAGE OF CERTAIN VASCULAR ACCESS SERVICES FOR ESRD BENEFICIARIES PROVIDED BY AMBULATORY SURGICAL CENTERS.

(a) IN GENERAL.—The matter following subparagraph (B) of section 1833(i)(1) (42 U.S.C. 1395l(i)(1)) is amended by adding at the end the following new sentence: ''Such lists shall include the procedures identified as of July 30, 1999, by vascular access codes 34101, 34111, 34490, 35190, 35458, 35460, 35475, 35476, 35903, 36005, 36010, 36011, 36120, 36140, 36145, 36215–36218, 36831–36834, 37201, 37204–37208, 37250, 37251, and 49423.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to vascular access services furnished on or after January 1, 2000.

SEC. 605. COLLECTION AND ANALYSIS OF INFORMATION ON THE SATISFACTION OF ESRD BENEFICIARIES WITH THE QUALITY OF AND ACCESS TO HEALTH CARE UNDER THE MEDICARE PROGRAM.

(a) COLLECTION OF INFORMATION.—The Secretary shall collect information on the satisfaction of each ESRD medicare beneficiary with the quality of health care under the original fee-for-service medicare program and the Medicare+Choice program, and the access of each beneficiary to that care.

(b) ANALYSIS OF COLLECTED INFORMATION.—

(1) IN GENERAL.—The Secretary shall conduct an analysis of the information collected under subsection (a) to determine—

(A) the kinds of health care that each non-dialysis health care provider provides to each ESRD medicare beneficiary for the treatment of end-stage renal disease and each comorbidity;

(B) the effect of the availability of supplemental insurance on the use by beneficiary of health care;

(C) the perceptions of each beneficiary regarding the access of that beneficiary to health care; and

(D) the quality of health care provided to each ESRD medicare beneficiary enrolled under the Medicare+Choice program compared to each beneficiary enrolled under the original fee-for-service medicare program.

(2) CONSIDERATIONS.—In conducting the analysis under paragraph (1), the Secretary shall consider—

(A) the feasibility of routinely collecting information on the satisfaction of each ESRD medicare beneficiary with dialysis and non-dialysis health care;

(B) whether to collect information using disease specific questions or generic questions (similar to those used in conducting the Medicare Current Beneficiary Survey);

(C) how well collected information detects access problems within each specific group of ESRD medicare beneficiaries, including beneficiaries without supplemental insurance and beneficiaries that reside in a rural area; and

(D) each obstacle that a health care provider may face in offering each type of dialysis service.

(c) AVAILABILITY OF INFORMATION AND ANALYSIS.—Not later than January 1 of each year (beginning in 2002) the Secretary shall make the information collected under subsection (a) and the analysis conducted under subsection (b) available to the public.

(d) DEFINITIONS.—In this section:

(1) ESRD MEDICARE BENEFICIARY.—The term ''ESRD medicare beneficiary'' means an individual eligible for benefits under the medicare program that has end-stage renal disease (including an individual enrolled in a Medicare+Choice plan offered by a Medicare+Choice organization under the Medicare+Choice program).

(2) MEDICARE+CHOICE PROGRAM.—The term ''Medicare+Choice program'' means the program established under part C of title XVIII of the Social Security Act (42 U.S.C. 1395w–21 et seq.).

(3) ORIGINAL FEE-FOR-SERVICE MEDICARE PROGRAM.—The term ''original fee-for-service medicare program'' means the health benefits program under parts A and B title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services, acting through the Administrator of the Health Care Financing Administration.

TITLE VII—ACCESS TO CARE IMPROVEMENTS THROUGH MEDICAID AND SCHIP

SEC. 701. NEW PROSPECTIVE PAYMENT SYSTEM FOR FEDERALLY-QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.

(a) IN GENERAL.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) in paragraph (13)—

(A) in subparagraph (A), by adding ''and'' at the end;

(B) in subparagraph (B), by striking ''and'' at the end; and

(C) by striking subparagraph (C); and

(2) by inserting after paragraph (14) the following new paragraph:

''(15) for payment for services described in subparagraph (B) or (C) of section 1905(a)(2) under the plan in accordance with subsection (aa);''.

(b) NEW PROSPECTIVE PAYMENT SYSTEM.—Section 1902 (42 U.S.C. 1396a) is amended by adding at the end the following:

''(aa) PAYMENT FOR SERVICES PROVIDED BY FEDERALLY-QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.—

''(1) IN GENERAL.—Beginning with fiscal year 2001 and each succeeding fiscal year, the State plan shall provide for payment for services described in section 1905(a)(2)(C) furnished by a Federally-qualified health center and services described in section 1905(a)(2)(B) furnished by a rural health clinic in accordance with the provisions of this subsection.

''(2) FISCAL YEAR 2001.—Subject to paragraph (4), for services furnished during fiscal year 2001, the State plan shall provide for payment for such services in an amount (calculated on a per visit basis) that is equal to 100 percent of the costs of the center or clinic of furnishing such services during fiscal year 2000 which are reasonable and related to the cost of furnishing such services, or based on such other tests of reasonableness as the Secretary prescribes in regulations under section 1833(a)(3), or, in the case of services to which such regulations do not apply, the same methodology used under section 1833(a)(3), adjusted to take into account any increase in the scope of such services furnished by the center or clinic during fiscal year 2001.

''(3) FISCAL YEAR 2002 AND SUCCEEDING FISCAL YEARS.—Subject to paragraph (4), for services furnished during fiscal year 2002 or a succeeding fiscal year, the State plan shall provide for payment for such services in an amount (calculated on a per visit basis) that is equal to the amount calculated for such services under this subsection for the preceding fiscal year—

''(A) increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) applicable to primary care services (as defined in section 1842(i)(4)) for that fiscal year; and

''(B) adjusted to take into account any increase in the scope of such services furnished by the center or clinic during that fiscal year.

''(4) ESTABLISHMENT OF INITIAL YEAR PAYMENT AMOUNT FOR NEW CENTERS OR CLINICS.—

In any case in which an entity first qualifies as a Federally-qualified health center or rural health clinic after fiscal year 2000, the State plan shall provide for payment for services described in section 1905(a)(2)(C) furnished by the center or services described in section 1905(a)(2)(B) furnished by the clinic in the first fiscal year in which the center or clinic so qualifies in an amount (calculated on a per visit basis) that is equal to 100 percent of the costs of furnishing such services during such fiscal year in accordance with the regulations and methodology referred to in paragraph (2). For each fiscal year following the fiscal year in which the entity first qualifies as a Federally-qualified health center or rural health clinic, the State plan shall provide for the payment amount to be calculated in accordance with paragraph (3).

''(5) ADMINISTRATION IN THE CASE OF MANAGED CARE.—In the case of services furnished by a Federally-qualified health center or rural health clinic pursuant to a contract between the center or clinic and a managed care entity (as defined in section 1932(a)(1)(B)), the State plan shall provide for payment to the center or clinic (at least quarterly) by the State of a supplemental payment equal to the amount (if any) by which the amount determined under paragraphs (2), (3), and (4) of this subsection exceeds the amount of the payments provided under the contract.

''(6) ALTERNATIVE PAYMENT METHODOLOGIES.—Notwithstanding any other provision of this section, the State plan may provide for payment in any fiscal year to a Federally-qualified health center for services described in section 1905(a)(2)(C) or to a rural health clinic for services described in section 1905(a)(2)(B) in an amount which is determined under an alternative payment methodology that—

''(A) is agreed to by the State and the center or clinic; and

''(B) results in payment to the center or clinic of an amount which is at least equal to the amount otherwise required to be paid to the center or clinic under this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4712 of BBA (111 Stat. 508) is amended by striking subsection (c).

(2) Section 1915(b) (42 U.S.C. 1396n(b)) is amended by striking ''1902(a)(13)(E)'' and inserting ''1902(a)(15), 1902(aa),''.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000, and apply to services furnished on or after such date.

SEC. 702. TRANSITIONAL MEDICAL ASSISTANCE.

(a) MAKING PROVISION PERMANENT.—

(1) IN GENERAL.—Subsection (f) of section 1925 (42 U.S.C. 1396r–6) is repealed.

(2) CONFORMING AMENDMENT.—Section 1902(e)(1) (42 U.S.C. 1396a(e)(1)) is repealed.

(b) STATE OPTION OF INITIAL 12-MONTH ELIGIBILITY.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(5) OPTION OF 12-MONTH INITIAL ELIGIBILITY PERIOD.—A State may elect to treat any reference in this subsection to a 6-month period (or 6 months) as a reference to a 12-month period (or 12 months). In the case of such an election, subsection (b) shall not apply.''; and

(2) in subsection (b)(1), by inserting ''and subsection (a)(5)'' after ''paragraph (3)''.

(c) SIMPLIFICATION OPTIONS.—

(1) REMOVAL OF ADMINISTRATIVE REPORTING REQUIREMENTS FOR ADDITIONAL 6-MONTH EXTENSION.—Section 1925(b) (42 U.S.C. 1396r–6(b)) is amended—

(A) in paragraph (2)—

(i) in the heading, by striking ''AND REPORTING'';

(ii) by striking subparagraph (B);

(iii) in subparagraph (A)(i)—

(I) by striking ''(I)'' and all that follows through ''(II)'' and inserting ''(i)'';

(II) by striking '', and (III)'' and inserting ''and (ii)''; and

(III) by redesignating such subparagraph as subparagraph (A) (with appropriate indentation); and

(iv) in subparagraph (A)(ii)—

(I) by striking ''notify the family of the reporting requirement under subparagraph (B)(ii) and a statement of'' and inserting ''provide the family with notification of''; and

(II) by redesignating such subparagraph as subparagraph (B) (with appropriate indentation);

(B) in paragraph (3)(A)—

(i) in clause (iii)—

(I) in the heading, by striking ''REPORTING AND TEST'';

(II) by striking subclause (I); and

(III) by redesignating subclauses (II) and (III) as subclauses (I) and (II), respectively; and

(ii) by striking the last 3 sentences; and

(C) in paragraph (3)(B), by striking ''subparagraph (A)(iii)(II)'' and inserting ''subparagraph (A)(iii)(I)''.

(2) EXEMPTION FOR STATES COVERING NEEDY FAMILIES UP TO 185 PERCENT OF POVERTY.—Section 1925 (42 U.S.C. 1396r–6), as amended by subsection (a), is amended—

(A) in each of subsections (a)(1) and (b)(1), by inserting ''but subject to subsection (f),'' after ''Notwithstanding any other provision of this title,''; and

(B) by adding at the end the following new subsection:

''(f) EXEMPTION FOR STATE COVERING NEEDY FAMILIES UP TO 185 PERCENT OF POVERTY.—At State option, the provisions of this section shall not apply to a State that uses the authority under section 1931(b)(2)(C) to make medical assistance available under the State plan under this title, at a minimum, to all individuals described in section 1931(b)(1) in families with gross incomes (determined without regard to work-related child care expenses of such individuals) at or below 185 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.''.

(3) STATE OPTION TO ELECT SHORTER PERIOD FOR REQUIREMENT FOR RECEIPT OF MEDICAL ASSISTANCE AS A CONDITION OF ELIGIBILITY FOR TRANSITIONAL MEDICAL ASSISTANCE.—Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended by inserting ''(or such shorter period as the State may elect)'' after ''3''.

(d) APPLICATION OF NOTICE OF ELIGIBILITY TO ALL FAMILIES LEAVING WELFARE.—Section 1925(a) (42 U.S.C. 1396r–6(a)), as amended by subsection (b)(1), is amended by adding at the end the following new paragraph:

''(6) NOTICE OF ELIGIBILITY FOR MEDICAL ASSISTANCE TO ALL FAMILIES LEAVING TANF.—Each State shall notify each family which was receiving assistance under the State program funded under part A of title IV and which is no longer eligible for such assistance, of the potential eligibility of the family and any individual members of such family for medical assistance under this title or child health assistance under title XXI. Such notice shall include a statement that the family does not have to be receiving assistance under the State program funded under part A of title IV in order to be eligible for such medical assistance or child health assistance.''.

(e) ENROLLMENT DATA.—Section 1925 (42 U.S.C. 1396r–6), as amended by subsection (c)(2)(B), is amended by adding at the end the following new subsection:

''(g) ENROLLMENT DATA.—The Secretary annually shall obtain from each State with a State plan approved under this title enrollment data regarding—

''(1) the number of adults and children who—

''(A) receive medical assistance under this title based on eligibility under section 1931;

''(B) at the time they were first determined to be eligible for such medical assistance, also received cash assistance under the State program funded under part A of title IV; and

''(C) subsequently ceased to receive assistance under such State program due to increased earnings or increased child support income;

''(2) the percentage of the adults and children described in paragraph (1) who receive transitional medical assistance under this section or otherwise remain enrolled in the program under this title; and

''(3) the percentage of such adults and children that receive such transitional medical assistance for more than 6 months or that remain enrolled in the program under this title for more than 6 months after such adults or children ceased to receive assistance under the State program funded under part A of title IV.''.

(f) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000.

SEC. 703. APPLICATION OF SIMPLIFIED SCHIP PROCEDURES UNDER THE MEDICAID PROGRAM.

(a) COORDINATION WITH MEDICAID.—

(1) IN GENERAL.—Section 1902(l) (42 U.S.C. 1396a(l)) is amended—

(A) in paragraph (3), by inserting ''subject to paragraph (5)'', after ''Notwithstanding subsection (a)(17),''; and

(B) by adding at the end the following new paragraph:

''(5) With respect to determining the eligibility of individuals under 19 years of age for medical assistance under subsection (a)(10)(A)(i)(IV), (a)(10)(A)(i)(VI), (a)(10)(A)(i)(VII), (a)(10)(A)(ii)(IX), or (a)(10)(A)(ii)(XIV), notwithstanding any other provision of this title, if the State has established a State child health plan under title XXI, or expanded coverage beyond the income eligibility standards required for such individuals under this title under a waiver granted under section 1115—

''(A) the State may not apply a resource standard if the State does not apply such a standard under such child health plan or section 1115 waiver with respect to such individuals;

''(B) the State shall use the same simplified eligibility form (including, if applicable, permitting application other than in person) as the State uses under such State child health plan or section 1115 waiver with respect to such individuals;

''(C) the State shall provide for initial eligibility determinations and redeterminations of eligibility using the same verification policies, forms, and frequency as the State uses for such purposes under such State child health plan or section 1115 waiver with respect to such individuals; and

''(D) the State shall not require a face-to-face interview for purposes of initial eligibility determinations and redeterminations unless the State required such an interview for such purposes under such child health plan or section 1115 waiver with respect to such individuals.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) take effect on October 1, 2000, and apply to eligibility determinations and redeterminations made on or after such date.

(b) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

(1) LOSS OF MEDICAID ELIGIBILITY.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(A) by striking the period at the end of paragraph (65) and inserting ''; and'', and

(B) by inserting after paragraph (65) the following new paragraph:

''(66) provide, by not later than the first day of the first month that begins more than 1 year after the date of the enactment of this paragraph and in the case of a State with a State child health plan under title XXI, that before medical assistance to a child (or a parent of a child) is discontinued under this title, a determination of whether the child (or parent) is eligible for benefits under title XXI shall be made and, if determined to be so eligible, the child (or parent) shall be automatically enrolled in the program under such title without the need for a new application and without being asked to provide any information that is already available to the State.''.

(2) LOSS OF TITLE XXI ELIGIBILITY.—Section 2102(b)(3) (42 U.S.C. 1397bb(b)(3)) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

''(D) that before health assistance to a child (or a parent of a child) is discontinued under this title, a determination of whether the child (or parent) is eligible for benefits under title XIX is made and, if determined to be so eligible, the child (or parent) is automatically enrolled in the program under such title without the need for a new application and without being asked to provide any information that is already available to the State;''.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) apply to individuals who lose eligibility under the medicaid program under title XIX, or under a State child health insurance plan under title XXI, respectively, of the Social Security Act (42 U.S.C. 1396 et seq.; 1397aa et seq.) on or after the date that is 60 days after the date of the enactment of this Act.

SEC. 704. PRESUMPTIVE ELIGIBILITY.

(a) ADDITIONAL ENTITIES QUALIFIED TO DETERMINE PRESUMPTIVE ELIGIBILITY FOR LOW-INCOME CHILDREN.—

(1) MEDICAID.—Section 1920A(b)(3)(A)(i) (42 U.S.C. 1396r–1a(b)(3)(A)(i)) is amended—

(A) by striking ''or (II)'' and inserting '', (II)''; and

(B) by inserting ''eligibility of a child for medical assistance under the State plan under this title, or eligibility of a child for child health assistance under the program funded under title XXI, (III) is an elementary school or secondary school, as such terms are defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), an elementary or secondary school operated or supported by the Bureau of Indian Affairs, a State child support enforcement agency, a child care resource and referral agency, an organization that is providing emergency food and shelter under a grant under the Stewart B. McKinney Homeless Assistance Act, or a State office or entity involved in enrollment in the program under this title, under part A of title IV, under title XXI, or that determines eligibility for any assistance or benefits provided under any program of public or assisted housing that receives Federal funds, including the program under section 8 or any other section of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), or (IV) any other entity the State so deems, as approved by the Secretary'' before the semicolon.

(2) APPLICATION UNDER SCHIP.—

(A) IN GENERAL.—Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)) is amended by adding at the end the following new subparagraph:

''(D) Section 1920A (relating to presumptive eligibility).''.

(B) EXCEPTION FROM LIMITATION ON ADMINISTRATIVE EXPENSES.—Section 2105(c)(2) (42 U.S.C. 1397ee(c)(2)) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PRESUMPTIVE ELIGIBILITY EXPENDITURES.—The limitation under subparagraph (A) on expenditures shall not apply to expenditures attributable to the application of section 1920A (pursuant to section 2107(e)(1)(D)), regardless of whether the child is determined to be ineligible for the program under this title or title XIX.''.

(3) TECHNICAL AMENDMENTS.—Section 1920A (42 U.S.C. 1396r–1a) is amended—

(A) in subsection (b)(3)(A)(ii), by striking ''paragraph (1)(A)'' and inserting ''paragraph (2)(A)''; and

(B) in subsection (c)(2), in the matter preceding subparagraph (A), by striking ''subsection (b)(1)(A)'' and inserting ''subsection (b)(2)(A)''.

(b) ELIMINATION OF SCHIP FUNDING OFFSET FOR EXERCISE OF PRESUMPTIVE ELIGIBILITY OPTION.—

(1) IN GENERAL.—Section 2104(d) (42 U.S.C. 1397dd(d)) is amended by striking ''the sum of—'' and all that follows through ''(2)'' and conforming the margins of all that remains accordingly.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect October 1, 2000, and applies to allotments under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) for fiscal year 2001 and each succeeding fiscal year thereafter.

SEC. 705. IMPROVEMENTS TO THE MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—Section 501(a) (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking ''$705,000,000 for fiscal year 1994'' and inserting ''$1,000,000,000 for fiscal year 2001''.

(b) COORDINATION WITH MEDICAID AND SCHIP.—

(1) SCHIP.—Section 505(a)(5)(F) (42 U.S.C. 705(a)(5)(F)) is amended—

(A) in clause (ii), by inserting ''and in the coordination of the administration of the State program under title XXI with the care and services available under this title, as required under subsections (b)(3)(G) and (c)(2) of section 2102'' before the comma; and

(B) in clause (iv), by striking ''and infants who are eligible for medical assistance under subparagraph (A) or (B) of section 1902(l)(1)'' and inserting '', infants, and children who are eligible for medical assistance under section 1902(l)(1), and children who are eligible for child health assistance under the State program under title XXI''.

(2) CONFORMING AMENDMENTS TO SCHIP.—Section 2102(b)(3) (42 U.S.C. 1397bb(b)(3)), as amended by section 703(b)(2), is amended—

(A) by striking ''and'' at the end of subparagraph (E);

(B) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(C) by adding at the end the following new subparagraph:

''(G) that operations and activities under this title are developed and implemented in consultation and coordination with the program operated by the State under title V with respect to outreach and enrollment, benefits and services, service delivery standards, public health and social service agency relationships, and quality assurance and data reporting.''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000.

SEC. 706. IMPROVING ACCESS TO MEDICARE COST-SHARING ASSISTANCE FOR LOW-INCOME BENEFICIARIES.

(a) INCREASE IN SLMB ELIGIBILITY.—

(1) IN GENERAL.—Section 1902(a)(10)(E) (42 U.S.C. 1396a(a)(10)(E)) is amended—

(A) in clause (iii), by striking ''and 120 percent in 1995'' and inserting '', 120 percent in 1995 through 2000, and 135 percent in 2001''; and

(B) in clause (iv), by striking ''2002)—'' and all that follows through ''(II) for'' and inserting ''2002) for''.

(2) CONFORMING AMENDMENT.—Section 1933(c)(2)(A) (42 U.S.C. 1396u–3(c)(2)(A)) is amended by striking ''sum of—'' and all that follows through ''(ii) the''''.

(3) EFFECTIVE DATE.—The amendments made by this subsection take effect on January 1, 2001, and with respect to the amendment made by paragraph (2), applies to allocations determined under section 1933(c) of the Social Security Act (42 U.S.C. 1396u–3(c)) for the last 3 quarters of fiscal year 2001 and all of fiscal year 2002.

(b) INDEX OF ASSETS TEST TO INFLATION.—Section 1905(p)(1)(C) (42 U.S.C. 1396d(p)(1)(C)) is amended by inserting '', increased (beginning with 2001 and each year thereafter) by the percentage increase (if any) in the Consumer Price Index for All Urban Consumers (United States city average)'' before the period.

(c) INCREASED EFFORT TO PROVIDE MEDICARE BENEFICIARIES WITH MEDICARE COST-SHARING UNDER THE MEDICAID PROGRAM.—

(1) IN GENERAL.—Section 1902(a) (42 U.S.C. 1396a(a)), as amended by section 703(b)(1)(A), is amended—

(A) in paragraph (65), by striking ''and'' at the end;

(B) in paragraph (66), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (66) the following new paragraph:

''(67) provide for the determination of eligibility for medicare cost-sharing (as defined in section 1905(p)(3)) for individuals described in paragraph (10)(E) and, if eligible for such medicare cost-sharing, for the enrollment of such individuals at any hospital, clinic, or similar entity at which State or local agency personnel are stationed for the purpose of determining the eligibility of individuals for medical assistance under the State plan or providing outreach services to eligible or potentially eligible individuals.''.

(2) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act.

(d) PRESUMPTIVE ELIGIBILITY OF CERTAIN LOW-INCOME INDIVIDUALS FOR MEDICARE COST-SHARING UNDER THE QMB OR SLMB PROGRAM.—Title XIX (42 U.S.C. 1396 et seq.) is amended by inserting after section 1920A the following new section:

''PRESUMPTIVE ELIGIBILITY OF CERTAIN LOW-INCOME INDIVIDUALS

''SEC. 1920B. (a) A State plan approved under section 1902 shall provide for making medical assistance with respect to medicare cost-sharing covered under the State plan available to a low-income individual on the date the low-income individual becomes entitled to benefits under part A of title XVIII during a presumptive eligibility period.

''(b) For purposes of this section:

''(1) The term 'low-income individual' means an individual who at the age of 65 years is described—

''(A) in section 1902(a)(10)(E)(i), or

''(B) in section 1902(a)(10)(E)(iii).

''(2) The term 'medicare cost-sharing'—

''(A) with respect to an individual described in paragraph (1)(A), has the meaning given such term in section 1905(p)(3); and

''(B) with respect to an individual described in paragraph (1)(B), has the meaning given such term in section 1905(p)(3)(A).

''(3) The term 'presumptive eligibility period' means, with respect to a low-income individual, the period that—

''(A) begins with the date on which a qualified entity determines, on the basis of preliminary information, that the income and resources of the individual do not exceed the applicable income and resource level of eligibility under the State plan, and

''(B) ends with (and includes) the earlier of—

''(i) the day on which a determination is made with respect to the eligibility of the low-income individual for medical assistance for medical cost-sharing under the State plan, or

''(ii) in the case of a low-income individual on whose behalf an application is not filed by the last day of the month following the month during which the entity makes the determination referred to in subparagraph (A), such last day.

''(4)(A) Subject to subparagraph (B), the term 'qualified entity' means any of the following:

''(i) Qualified individuals within the Social Security Administration.

''(ii) An entity determined by the State agency to be capable of making determinations of the type described in paragraph (3).

''(B) The Secretary may issue regulations further limiting those entities that may become qualified entities in order to prevent fraud and abuse and for other reasons.

''(c)(1) The State agency, after consultation with the Secretary, shall provide qualified entities with—

''(A) such forms as are necessary for an application to be made on behalf of a low-income individual for medical assistance for medical cost-sharing under the State plan, and

''(B) information on how to assist low-income individuals and other persons in completing and filing such forms.

''(2) A qualified entity that determines under subsection (b)(2)(A) that a low-income individual is presumptively eligible for medical assistance for medical cost-sharing under a State plan shall—

''(A) notify the State agency of the determination within 5 working days after the date on which the determination is made, and

''(B) inform the low-income individual at the time the determination is made that an application for medical assistance for medical cost-sharing under the State plan is required to be made by not later than the last day of the month following the month during which the determination is made.

''(3) In the case of a low-income individual who is determined by a qualified entity to be presumptively eligible for medical assistance for medical cost-sharing under a State plan, the low-income individual shall make application for medical assistance for medical cost-sharing under such plan by not later than the last day of the month following the month during which the determination is made.

''(d) Notwithstanding any other provision of this title, medical assistance for medicare cost-sharing that—

''(1) is furnished to a low-income individual during a presumptive eligibility period under the State plan; and

''(2) is included in the services covered by a State plan;

shall be treated as medical assistance provided by such plan for purposes of section 1903.''.

SEC. 707. BREAST AND CERVICAL CANCER PREVENTION AND TREATMENT.

(a) COVERAGE AS OPTIONAL CATEGORICALLY NEEDY GROUP.—

(1) IN GENERAL.—Section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

(A) in subclause (XVI), by striking ''or'' at the end;

(B) in subclause (XVII), by adding ''or'' at the end; and

(C) by adding at the end the following:

''(XVIII) who are described in subsection (aa) (relating to certain breast or cervical cancer patients);''.

(2) GROUP DESCRIBED.—Section 1902 (42 U.S.C. 1396a) is amended by adding at the end the following:

''(aa) Individuals described in this subsection are individuals who—

''(1) are not described in subsection (a)(10)(A)(i);

''(2) have not attained age 65;

''(3) have been screened for breast and cervical cancer under the Centers for Disease Control and Prevention breast and cervical cancer early detection program established under title XV of the Public Health Service Act (42 U.S.C. 300k et seq.) in accordance with the requirements of section 1504 of that Act (42 U.S.C. 300n) and need treatment for breast or cervical cancer; and

''(4) are not otherwise covered under creditable coverage, as defined in section 2701(c) of the Public Health Service Act (42 U.S.C. 300gg(c)).''.

(3) LIMITATION ON BENEFITS.—Section 1902(a)(10) (42 U.S.C. 1396a(a)(10)) is amended in the matter following subparagraph (G)—

(A) by striking ''and (XIII)'' and inserting ''(XIII)''; and

(B) by inserting '', and (XIV) the medical assistance made available to an individual described in subsection (aa) who is eligible for medical assistance only because of subparagraph (A)(10)(ii)(XVIII) shall be limited to medical assistance provided during the period in which such an individual requires treatment for breast or cervical cancer'' before the semicolon.

(4) CONFORMING AMENDMENTS.—Section 1905(a) (42 U.S.C. 1396d(a)) is amended in the matter preceding paragraph (1)—

(A) in clause (xi), by striking ''or'' at the end;

(B) in clause (xii), by adding ''or'' at the end; and

(C) by inserting after clause (xii) the following:

''(xiii) individuals described in section 1902(aa),''.

(b) PRESUMPTIVE ELIGIBILITY.—

(1) IN GENERAL.—Title XIX (42 U.S.C. 1396 et seq.) is amended by inserting after section 1920A the following:

''PRESUMPTIVE ELIGIBILITY FOR CERTAIN BREAST OR CERVICAL CANCER PATIENTS

''SEC. 1920B. (a) STATE OPTION.—A State plan approved under section 1902 may provide for making medical assistance available to an individual described in section 1902(aa) (relating to certain breast or cervical cancer patients) during a presumptive eligibility period.

''(b) DEFINITIONS.—For purposes of this section:

''(1) PRESUMPTIVE ELIGIBILITY PERIOD.—The term 'presumptive eligibility period' means, with respect to an individual described in subsection (a), the period that—

''(A) begins with the date on which a qualified entity determines, on the basis of preliminary information, that the individual is described in section 1902(aa); and

''(B) ends with (and includes) the earlier of—

''(i) the day on which a determination is made with respect to the eligibility of such individual for services under the State plan; or

''(ii) in the case of such an individual who does not file an application by the last day of the month following the month during which the entity makes the determination referred to in subparagraph (A), such last day.

''(2) QUALIFIED ENTITY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the term 'qualified entity' means any entity that—

''(i) is eligible for payments under a State plan approved under this title; and

''(ii) is determined by the State agency to be capable of making determinations of the type described in paragraph (1)(A).

''(B) REGULATIONS.—The Secretary may issue regulations further limiting those entities that may become qualified entities in order to prevent fraud and abuse and for other reasons.

''(C) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing a State from limiting the classes of entities that may become qualified entities, consistent with any limitations imposed under subparagraph (B).

''(c) ADMINISTRATION.—

''(1) IN GENERAL.—The State agency shall provide qualified entities with—

''(A) such forms as are necessary for an application to be made by an individual described in subsection (a) for medical assistance under the State plan; and

''(B) information on how to assist such individuals in completing and filing such forms.

''(2) NOTIFICATION REQUIREMENTS.—A qualified entity that determines under subsection (b)(1)(A) that an individual described in subsection (a) is presumptively eligible for medical assistance under a State plan shall—

''(A) notify the State agency of the determination within 5 working days after the date on which the determination is made; and

''(B) inform such individual at the time the determination is made that an application for medical assistance under the State plan is required to be made by not later than the last day of the month following the month during which the determination is made.

''(3) APPLICATION FOR MEDICAL ASSISTANCE.—In the case of an individual described in subsection (a) who is determined by a qualified entity to be presumptively eligible for medical assistance under a State plan, the individual shall apply for medical assistance under such plan by not later than the last day of the month following the month during which the determination is made.

''(d) PAYMENT.—Notwithstanding any other provision of this title, medical assistance that—

''(1) is furnished to an individual described in subsection (a)—

''(A) during a presumptive eligibility period; and

''(B) by a entity that is eligible for payments under the State plan; and

''(2) is included in the care and services covered by the State plan,

shall be treated as medical assistance provided by such plan for purposes of clause (4) of the first sentence of section 1905(b).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1902(a)(47) (42 U.S.C. 1396a(a)(47)) is amended by inserting before the semicolon at the end the following: ''and provide for making medical assistance available to individuals described in subsection (a) of section 1920B during a presumptive eligibility period in accordance with such section''.

(B) Section 1903(u)(1)(D)(v) (42 U.S.C. 1396b(u)(1)(D)(v)) is amended—

(i) by striking ''or for'' and inserting '', for''; and

(ii) by inserting before the period the following: '', or for medical assistance provided to an individual described in subsection (a) of section 1920B during a presumptive eligibility period under such section''.

(c) ENHANCED MATCH.—The first sentence of section 1905(b) (42 U.S.C. 1396d(b)) is amended—

(1) by striking ''and'' before ''(3)''; and

(2) by inserting before the period at the end the following: '', and (4) the Federal medical assistance percentage shall be equal to the enhanced FMAP described in section 2105(b) with respect to medical assistance provided to individuals who are eligible for such assistance only on the basis of section 1902(a)(10)(A)(ii)(XVIII)''.

(d) EFFECTIVE DATE.—The amendments made by this section apply to medical assistance for items and services furnished on or after October 1, 2000, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

TITLE VIII—OTHER PROVISIONS

SEC. 801. APPROPRIATIONS FOR RICKY RAY HEMOPHILIA RELIEF FUND.

Section 101(e) of the Ricky Ray Hemophilia Relief Fund Act of 1998 (42 U.S.C. 300c–22 note) is amended by adding at the end the following: ''There is appropriated to the Fund $475,000,000 for fiscal year 2001, to remain available until expended.''.

SEC. 802. INCREASE IN APPROPRIATIONS FOR SPECIAL DIABETES PROGRAMS FOR CHILDREN WITH TYPE I DIABETES AND INDIANS.

(a) SPECIAL DIABETES PROGRAMS FOR CHILDREN WITH TYPE I DIABETES.—Section 330B(b) of the Public Health Service Act (42 U.S.C. 254c–2(b)) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(1) TRANSFERRED FUNDS.—Notwithstanding''; and

(2) by adding at the end the following:

''(2) APPROPRIATIONS.—For the purpose of making grants under this section, there are appropriated, out of any money in the Treasury not otherwise appropriated—

''(A) $70,000,000 for each of fiscal years 2001 and 2002 (which shall be combined with amounts transferred under paragraph (1) for each such fiscal years); and

''(B) $100,000,000 for each of fiscal years 2003 through 2005.''.

(b) SPECIAL DIABETES PROGRAMS FOR INDIANS.—Section 330C(c) of the Public Health Service Act (42 U.S.C. 254c–3(c)) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(1) TRANSFERRED FUNDS.—Notwithstanding'';

(2) by adding at the end the following:

''(2) APPROPRIATIONS.—For the purpose of making grants under this section, there are appropriated, out of any money in the Treasury not otherwise appropriated—

''(A) $70,000,000 for each of fiscal years 2001 and 2002 (which shall be combined with amounts transferred under paragraph (1) for each such fiscal years); and

''(B) $100,000,000 for each of fiscal years 2003 through 2005.''.

SEC. 803. DEMONSTRATION GRANTS TO IMPROVE OUTREACH, ENROLLMENT, AND COORDINATION OF PROGRAMS AND SERVICES TO HOMELESS INDIVIDUALS AND FAMILIES.

(a) AUTHORITY.—The Secretary of Health and Human Services may award demonstration grants to not more than 7 States (or other qualified entities) to conduct innovative programs that are designed to improve outreach to homeless individuals and families under the programs described in subsection (b) with respect to enrollment of such individuals and families under such programs and the provision of services (and coordinating the provision of such services) under such programs.

(b) PROGRAMS FOR HOMELESS DESCRIBED.—The programs described in this subsection are as follows:

(1) MEDICAID.—The program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(2) SCHIP.—The program under title XXI of such Act (42 U.S.C. 1397aa et seq.).

(3) TANF.—The program under part A of title IV of such Act (42 U.S.C. 601 et seq.).

(4) MATERNAL AND CHILD HEALTH BLOCK GRANTS.—The program under title V of the Social Security Act (42 U.S.C. 701 et seq.).

(5) MENTAL HEALTH AND SUBSTANCE ABUSE BLOCK GRANTS.—The program under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x–1 et seq.).

(6) HIV/AIDS CARE GRANTS.—The program under part B of title XXVI of the Public Health Service Act (42 U.S.C. 300ff–21 et seq.).

(7) FOOD STAMP PROGRAM.—The program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(8) WORKFORCE INVESTMENT ACT.—The program under the Workforce Investment Act of 1999 (29 U.S.C. 2801 et seq.).

(9) WELFARE-TO-WORK.—The welfare-to-work program under section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)).

(10) OTHER PROGRAMS.—Other public and private benefit programs that serve low-income individuals.

(c) APPROPRIATIONS.—For the purposes of carrying out this section, there are appropriated, out of any funds in the Treasury not otherwise appropriated, $10,000,000, to remain available until expended.

SEC. 804. PROTECTION OF AN HMO ENROLLEE TO RECEIVE CONTINUING CARE AT A FACILITY SELECTED BY THE ENROLLEE.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185 et seq.) is amended by adding at the end the following new section:

''SEC. 714. ENSURING CHOICE FOR CONTINUING CARE.

''(a) IN GENERAL.—With respect to health insurance coverage provided to participants or beneficiaries through a managed care organization under a group health plan, or through a health insurance issuer providing health insurance coverage in connection with a group health plan, such plan or issuer may not deny coverage for services provided to such participant or beneficiary by a continuing care retirement community, skilled nursing facility, or other qualified facility in which the participant or beneficiary resided prior to a hospitalization, regardless of whether such organization is under contract with such community or facility if the requirements described in subsection (b) are met.

''(b) REQUIREMENTS.—The requirements of this subsection are that—

''(1) the service involved is a service for which the managed care organization involved would be required to provide or pay for under its contract with the participant or beneficiary if the continuing care retirement community, skilled nursing facility, or other qualified facility were under contract with the organization;

''(2) the participant or beneficiary involved—

''(A) resided in the continuing care retirement community, skilled nursing facility, or other qualified facility prior to being hospitalized;

''(B) had a contractual or other right to return to the facility after hospitalization; and

''(C) elects to return to the facility after hospitalization, whether or not the residence of the participant or beneficiary after returning from the hospital is the same part of the facility in which the beneficiary resided prior to hospitalization;

''(3) the continuing care retirement community, skilled nursing facility, or other qualified facility has the capacity to provide the services the participant or beneficiary needs; and

''(4) the continuing care retirement community, skilled nursing facility, or other qualified facility is willing to accept substantially similar payment under the same terms and conditions that apply to similarly situated health care facility providers under contract with the organization involved.

''(c) SERVICES TO PREVENT HOSPITALIZATION.—A group health plan or health insurance issuer to which this section applies may not deny payment for a skilled nursing service provided to a participant or beneficiary by a continuing care retirement community, skilled nursing facility, or other qualified facility in which the participant or beneficiary resides, without a preceding hospital stay, regardless of whether the organization is under contract with such community or facility, if—

''(1) the plan or issuer has determined that the service is necessary to prevent the hospitalization of the participant or beneficiary; and

''(2) the service to prevent hospitalization is provided as an additional benefit as described in section 417.594 of title 42, Code of Federal Regulations, and would otherwise be covered as provided for in subsection (b)(1).

''(d) RIGHTS OF SPOUSES.—A group health plan or health insurance issuer to which this section applies shall not deny payment for services provided by a skilled nursing facility for the care of a participant or beneficiary, regardless of whether the plan or issuer is under contract with such facility, if the spouse of the participant or beneficiary is already a resident of such facility and the requirements described in subsection (b) are met.

''(e) EXCEPTIONS.—Subsection (a) shall not apply—

''(1) where the attending acute care provider and the participant or beneficiary (or a designated representative of the participant or beneficiary where the participant or beneficiary is physically or mentally incapable of making an election under this paragraph) do not elect to pursue a course of treatment necessitating continuing care; or

''(2) unless the community or facility involved—

''(A) meets all applicable licensing and certification requirements of the State in which it is located; and

''(B) agrees to reimbursement for the care of the participant or beneficiary at a rate similar to the rate negotiated by the managed care organization with similar providers of care for similar services.

''(f) PROHIBITIONS.—A group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage with a managed care organization under the plan, solely for the purpose of avoiding the requirements of this section;

''(2) provide monetary payments or rebates to enrollees to encourage such enrollees to accept less than the minimum protections available under this section;

''(3) penalize or otherwise reduce or limit the reimbursement of an attending physician because such physician provided care to a participant or beneficiary in accordance with this section; or

''(4) provide incentives (monetary or otherwise) to an attending physician to induce such physician to provide care to a participant or beneficiary in a manner inconsistent with this section.

''(g) RULES OF CONSTRUCTION.—

''(1) HMO NOT OFFERING BENEFITS.—This section shall not apply with respect to any managed care organization under a group health plan, or through a health insurance issuer providing health insurance coverage in connection with a group health plan, that does not provide benefits for stays in a continuing care retirement community, skilled nursing facility, or other qualified facility.

''(2) COST-SHARING.—Nothing in this section shall be construed as preventing a managed care organization under a group health plan, or through a health insurance issuer providing health insurance coverage in connection with a group health plan, from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for care in a continuing care facility.

''(h) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

''(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage to the extent that a State law (as defined in section 2723(d)(1) of the Public Health Service Act) applies to such coverage and is described in any of the following subparagraphs:

''(A) Such State law requires such coverage to provide for referral to a continuing care retirement community, skilled nursing facility, or other qualified facility in a manner that is more protective of participants or beneficiaries than the provisions of this section.

''(B) Such State law expands the range of services or facilities covered under this section and is otherwise more protective of the rights of participants or beneficiaries than the provisions of this section.

''(2) CONSTRUCTION.—Section 731(a)(1) shall not be construed to provide that any requirement of this section applies with respect to health insurance coverage, to the extent that a State law described in paragraph (1) applies to such coverage.

''(i) PENALTIES.—A participant or beneficiary may enforce the provisions of this section in an appropriate Federal district court. An action for injunctive relief or damages may be commenced on behalf of the participant or beneficiary by the participant's or beneficiary's legal representative. The court may award reasonable attorneys' fees to the prevailing party. If a beneficiary dies before conclusion of an action under this section, the action may be maintained by a representative of the participant's or beneficiary's estate.

''(j) DEFINITIONS.—In this section:

''(1) ATTENDING ACUTE CARE PROVIDER.—The term 'attending acute care provider' means anyone licensed or certified under State law to provide health care services who is operating within the scope of such license and who is primarily responsible for the care of the enrollee.

''(2) CONTINUING CARE RETIREMENT COMMUNITY.—The term 'continuing care retirement community' means an organization that provides or arranges for the provision of housing and health-related services to an older person under an agreement effective for the life of the person or for a specified period greater than 1 year.

''(3) MANAGED CARE ORGANIZATION.—The term 'managed care organization' means an organization that provides comprehensive health services to participants or beneficiaries, directly or under contract or other agreement, on a prepayment basis to such individuals. For purposes of this section, the following shall be considered as managed care organizations:

''(A) A Medicare+Choice plan authorized under section 1851(a) of the Social Security Act (42 U.S.C. 1395w–21(a)).

''(B) Any other entity that manages the cost, utilization, and delivery of health care through the use of predetermined periodic payments to health care providers employed by or under contract or other agreement, directly or indirectly, with the entity.

''(4) OTHER QUALIFIED FACILITY.—The term 'other qualified facility' means any facility that can provide the services required by the participant or beneficiary consistent with State and Federal law.

''(5) SKILLED NURSING FACILITY.—The term 'skilled nursing facility' means a facility that meets the requirements of section 1819 of the Social Security Act (42 U.S.C. 1395i–3).''.

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the items relating to subpart B of part 7 of subtitle B of title I the following new item:

''Sec. 714. Ensuring choice for continuing care.''.

(3) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning on or after January 1, 2001.

(b) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE GROUP MARKET.—

(1) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act (42 U.S.C. 300gg–4 et seq.) is amended by adding at the end the following new section:

''SEC. 2707. ENSURING CHOICE FOR CONTINUING CARE.

''(a) IN GENERAL.—With respect to health insurance coverage provided to enrollees through a managed care organization under a group health plan, or through a health insurance issuer providing health insurance coverage in connection with a group health plan, such plan or issuer may not deny coverage for services provided to such enrollee by a continuing care retirement community, skilled nursing facility, or other qualified facility in which the enrollee resided prior to a hospitalization, regardless of whether such organization is under contract with such community or facility if the requirements described in subsection (b) are met.

''(b) REQUIREMENTS.—The requirements of this subsection are that—

''(1) the service involved is a service for which the managed care organization involved would be required to provide or pay for under its contract with the enrollee if the continuing care retirement community, skilled nursing facility, or other qualified facility were under contract with the organization;

''(2) the enrollee involved—

''(A) resided in the continuing care retirement community, skilled nursing facility, or other qualified facility prior to being hospitalized;

''(B) had a contractual or other right to return to the facility after hospitalization; and

''(C) elects to return to the facility after hospitalization, whether or not the residence of the enrollee after returning from the hospital is the same part of the facility in which the beneficiary resided prior to hospitalization;

''(3) the continuing care retirement community, skilled nursing facility, or other qualified facility has the capacity to provide the services the enrollee needs; and

''(4) the continuing care retirement community, skilled nursing facility, or other qualified facility is willing to accept substantially similar payment under the same terms and conditions that apply to similarly situated health care facility providers under contract with the organization involved.

''(c) SERVICES TO PREVENT HOSPITALIZATION.—A group health plan or health insurance issuer to which this section applies may not deny payment for a skilled nursing service provided to an enrollee by a continuing care retirement community, skilled nursing facility, or other qualified facility in which the enrollee resides, without a preceding hospital stay, regardless of whether the plan or issuer is under contract with such community or facility, if—

''(1) the plan or issuer has determined that the service is necessary to prevent the hospitalization of the enrollee; and

''(2) the service to prevent hospitalization is provided as an additional benefit as described in section 417.594 of title 42, Code of Federal Regulations, and would be covered as provided for in subsection (b)(1).

''(d) RIGHTS OF SPOUSES.—A group health plan or health insurance issuer to which this section applies shall not deny payment for services provided by a skilled nursing facility for the care of an enrollee, regardless of whether the plan or issuer is under contract with such facility, if the spouse of the enrollee is already a resident of such facility and the requirements described in subsection (b) are met.

''(e) EXCEPTIONS.—Subsection (a) shall not apply—

''(1) where the attending acute care provider and the enrollee (or a designated representative of the enrollee where the enrollee is physically or mentally incapable of making an election under this paragraph) do not elect to pursue a course of treatment necessitating continuing care; or

''(2) unless the community or facility involved—

''(A) meets all applicable licensing and certification requirements of the State in which it is located; and

''(B) agrees to reimbursement for the care of the enrollee at a rate similar to the rate negotiated by the managed care organization with similar providers of care for similar services.

''(f) PROHIBITIONS.—A group health plan and a health insurance issuer providing health insurance coverage in connection with a group health plan may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage with a managed care organization under the plan, solely for the purpose of avoiding the requirements of this section;

''(2) provide monetary payments or rebates to enrollees to encourage such enrollees to accept less than the minimum protections available under this section;

''(3) penalize or otherwise reduce or limit the reimbursement of an attending physician because such physician provided care to an enrollee in accordance with this section; or

''(4) provide incentives (monetary or otherwise) to an attending physician to induce such physician to provide care to an enrollee in a manner inconsistent with this section.

''(g) RULES OF CONSTRUCTION.—

''(1) HMO NOT OFFERING BENEFITS.—This section shall not apply with respect to any managed care organization under a group health plan, or through a health insurance issuer providing health insurance coverage in connection with a group health plan, that does not provide benefits for stays in a continuing care retirement community, skilled nursing facility, or other qualified facility.

''(2) COST-SHARING.—Nothing in this section shall be construed as preventing a managed care organization under a group health plan, or through a health insurance issuer

providing health insurance coverage in connection with a group health plan, from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for care in a continuing care facility.

''(h) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

''(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage to the extent that a State law (as defined in section 2723(d)(1)) applies to such coverage and is described in any of the following subparagraphs:

''(A) Such State law requires such coverage to provide for referral to a continuing care retirement community, skilled nursing facility, or other qualified facility in a manner that is more protective of the enrollee than the provisions of this section.

''(B) Such State law expands the range of services or facilities covered under this section and is otherwise more protective of enrollee rights than the provisions of this section.

''(2) CONSTRUCTION.—Section 2723(a)(1) shall not be construed to provide that any requirement of this section applies with respect to health insurance coverage, to the extent that a State law described in paragraph (1) applies to such coverage.

''(i) PENALTIES.—An enrollee may enforce the provisions of this section in an appropriate Federal district court. An action for injunctive relief or damages may be commenced on behalf of the enrollee by the enrollee's legal representative. The court may award reasonable attorneys' fees to the prevailing party. If a beneficiary dies before conclusion of an action under this section, the action may be maintained by a representative of the enrollee's estate.

''(j) DEFINITIONS.—In this section:

''(1) ATTENDING ACUTE CARE PROVIDER.—The term 'attending acute care provider' means anyone licensed or certified under State law to provide health care services who is operating within the scope of such license and who is primarily responsible for the care of the enrollee.

''(2) CONTINUING CARE RETIREMENT COMMUNITY.—The term 'continuing care retirement community' means an organization that provides or arranges for the provision of housing and health-related services to an older person under an agreement effective for the life of the person or for a specified period greater than 1 year.

''(3) MANAGED CARE ORGANIZATION.—The term 'managed care organization' means an organization that provides comprehensive health services to enrollees, directly or under contract or other agreement, on a prepayment basis to such individuals. For purposes of this section, the following shall be considered as managed care organizations:

''(A) A Medicare+Choice plan authorized under section 1851(a) of the Social Security Act (42 U.S.C. 1395w–21(a)).

''(B) Any other entity that manages the cost, utilization, and delivery of health care through the use of predetermined periodic payments to health care providers employed by or under contract or other agreement, directly or indirectly, with the entity.

''(4) OTHER QUALIFIED FACILITY.—The term 'other qualified facility' means any facility that can provide the services required by the enrollee consistent with State and Federal law.

''(5) SKILLED NURSING FACILITY.—The term 'skilled nursing facility' means a facility that meets the requirements of section 1819 of the Social Security Act (42 U.S.C. 1395i–3).''.

(2) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 2001.

(c) AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT RELATING TO THE INDIVIDUAL MARKET.—

(1) IN GENERAL.—The first subpart 3 of part B of title XXVII of the Public Health Service Act (42 U.S.C. 300gg–51 et seq.) (relating to other requirements) is amended—

(A) by redesignating such subpart as subpart 2; and

(B) by adding at the end the following new section:

''SEC. 2753. ENSURING CHOICE FOR CONTINUING CARE.

''The provisions of section 2707 shall apply to health maintenance organization coverage offered by a health insurance issuer in the individual market in the same manner as they apply to such coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.''.

(2) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after January 1, 2001.

SEC. 805. GRANTS TO DEVELOP AND ESTABLISH REAL CHOICE SYSTEMS CHANGE INITIATIVES.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall award grants described in subsection (b) to States to support real choice systems change initiatives that establish specific action steps and specific timetables to achieve enduring system improvements and to provide consumer-responsive long-term services and supports to eligible individuals in the most integrated setting appropriate based on the unique strengths and needs of the individual, the priorities and concerns of the individual (or, as appropriate, the individual's representative), and the individual's desires with regard to participation in community life.

(2) ELIGIBILITY.—To be eligible for a grant under this section, a State shall—

(A) establish a Consumer Task Force in accordance with subsection (d); and

(B) submit an application at such time, in such manner, and containing such information as the Secretary may determine. The application shall be jointly developed and signed by the designated State official and the chairperson of such Task Force, acting on behalf of and at the direction of the Task Force.

(3) DEFINITION OF STATE.—In this section, the term ''State'' means each of the 50 States, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(b) GRANTS FOR REAL CHOICE SYSTEMS CHANGE INITIATIVES.—

(1) IN GENERAL.—From funds appropriated under subsection (f), the Secretary shall award grants to States to—

(A) support the establishment, implementation, and operation of the State real choice systems change initiatives described in subsection (a); and

(B) conduct outreach campaigns regarding the existence of such initiatives.

(2) DETERMINATION OF AWARDS; STATE ALLOTMENTS.—The Secretary shall develop a formula for the distribution of funds to States for each fiscal year under subsection (a). Such formula shall give preference to States that have a higher need for assistance, as determined by the Secretary, based on indicators such as a relatively higher proportion of long-term services and supports furnished to individuals in an institutional setting but who have a plan described in an application submitted under subsection (a)(2).

(c) AUTHORIZED ACTIVITIES.—A State that receives a grant under this section shall use the funds made available through the grant to accomplish the purposes described in subsection (a) and, in accomplishing such purposes, may carry out any of the following systems change activities:

(1) NEEDS ASSESSMENT AND DATA GATHERING.—The State may use funds to conduct a statewide needs assessment that may be based on data in existence on the date on which the assessment is initiated and may include information about the number of individuals within the State who are receiving long-term services and supports in unnecessarily segregated settings, the nature and extent to which current programs respond to the preferences of individuals with disabilities to receive services in home and community-based settings as well as in institutional settings, and the expected change in demand for services provided in home and community settings as well as institutional settings.

(2) INSTITUTIONAL BIAS: REMEDIES AND PROMOTION OF COMMUNITY PARTICIPATION.—The State may use funds to identify, develop, and implement strategies for modifying policies, practices, and procedures that unnecessarily bias the provision of long-term services and supports toward institutional settings and away from home and community-based settings, including policies, practices, and procedures governing statewideness, comparability in amount, duration, and scope of services, financial eligibility, individualized functional assessments and screenings (including individual and family involvement), knowledge about service options, and promotion of self-direction of services and community-integrated living and service arrangements that facilitate participation in community life to the fullest extent possible and desired by the individual.

(3) OVER MEDICALIZATION OF SERVICES.—The State may use funds to identify, develop, and implement strategies for modifying policies, practices, and procedures that unnecessarily bias the provision of long-term services and supports by health care professionals to the extent that quality services and supports can be provided by other qualified individuals, including policies, practices, and procedures governing service authorization, case management, and service coordination, service delivery options, quality controls, and supervision and training.

(4) INTERAGENCY COORDINATION; SINGLE POINT OF ENTRY.—The State may support activities to identify and coordinate Federal and State policies, resources, and services, relating to the provision of long-term services and supports, including the convening of interagency work groups and the entering into of interagency agreements that provide for a single point of entry with one-stop access for long-term support services and the design and implementation of a coordinated screening and assessment system for all persons eligible for long-term services and supports.

(5) TRAINING AND TECHNICAL ASSISTANCE.—The State may carry out directly, or may provide support to a public or private entity to carry out training and technical assistance activities that are provided for individuals with disabilities, and, as appropriate, their representatives, attendants, and other personnel (including professionals, paraprofessionals, volunteers, and other members of the community).

(6) PUBLIC AWARENESS.—The State may support a public awareness program that is designed to provide information relating to the availability of choices available to individuals with disabilities for receiving long-

term services and support in the most integrated setting appropriate.

(7) TRANSITIONAL COSTS.—The State may use funds to provide transitional costs such as rent and utility deposits, first months's rent and utilities, bedding, basic kitchen supplies, and other necessities required for an individual to make the transition from an institutional facility to a community-based home setting where the individual resides.

(8) TASK FORCE.—The State may use funds to support the operation of the Consumer Task Force established under subsection (d).

(9) DEMONSTRATIONS OF NEW APPROACHES.—The State may use funds to conduct, on a time-limited basis, the demonstration of new approaches to accomplishing the purposes described in subsection (a)(1).

(10) IMPROVEMENT IN THE QUALITY OF SERVICES AND SUPPORTS.—The State may use funds to improve the quality of services and supports provided to individuals with disabilities and their families.

(11) OTHER ACTIVITIES.—The State may use funds for any systems change activities that are not described in any of the preceding paragraphs of this subsection and that are necessary for developing, implementing, or evaluating the comprehensive statewide system of community-integrated long-term services and supports.

(d) CONSUMER TASK FORCE.—

(1) ESTABLISHMENT AND DUTIES.—To be eligible to receive a grant under this section, each State shall establish a Consumer Task Force (referred to in this section as the ''Task Force'') to assist the State in the development, implementation, and evaluation of real choice systems change initiatives.

(2) APPOINTMENT.—Members of the Task Force shall be appointed by the Chief Executive Officer of the State in accordance with the requirements of paragraph (3), after the solicitation of recommendations from representatives of organizations representing a broad range of individuals with disabilities and organizations interested in individuals with disabilities.

(3) COMPOSITION.—

(A) IN GENERAL.—The Task Force shall represent a broad range of individuals with disabilities from diverse backgrounds and shall include representatives from Developmental Disabilities Councils, Mental Health Councils, State Independent Living Centers and Councils, Commissions on Aging, organizations that provide services to individuals with disabilities and consumers of long-term services and supports.

(B) INDIVIDUALS WITH DISABILITIES.—A majority of the members of the Task Force shall be individuals with disabilities or the representatives of such individuals.

(C) LIMITATION.—The Task Force shall not include employees of any State agency providing services to individuals with disabilities other than employees of agencies described in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6000 et seq.) or the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.).

(e) AVAILABILITY OF FUNDS.—

(1) FUNDS ALLOTTED TO STATES.—Funds allotted to a State under a grant made under this section for a fiscal year shall remain available until expended.

(2) FUNDS NOT ALLOTTED TO STATES.—Funds not allotted to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for allotment by the Secretary using the allotment formula established by the Secretary under subsection (b)(2).

(f) ANNUAL REPORT.—A State that receives a grant under this section shall submit an annual report to the Secretary on the use of funds provided under the grant. Each report shall include the number and percentage increase in the number of eligible individuals in the State who receive long-term services and supports in the most integrated setting appropriate, including through community attendant services and supports and other community-based settings.

(g) FUNDING.—

(1) FISCAL YEAR 2001.—For the purpose of making grants under this section, there are appropriated, out of any funds in the Treasury not otherwise appropriated, $50,000,000 for fiscal year 2001.

(2) FISCAL YEAR 2002 AND THEREAFTER.—There is authorized to be appropriated such sums as may be necessary to carry out this section for fiscal year 2002 and each fiscal year thereafter.

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

BALANCED BUDGET REFINEMENT ACT OF 2000—SUMMARY

The Balanced Budget Act (BBA) of 1997 made some important changes in Medicare payment policy and contributed to our current period of budget surpluses through significant cost savings in Medicare. CBO originally estimated the Medicare spending cuts at $112 billion over 5 years. Some of the policies enacted in the BBA, however, cut payments to providers more significantly than expected—in some cases more than double the expected amount—and threaten the survival of institutions and services vital to seniors and their communities throughout the country.

The Congress addressed some of those unintended consequences last year, by enacting the Balanced Budget Refinement Act (BBRA), which added back $16 billion over 5 years in payments to various Medicare providers.

However, Congress is continuing to hear serious concerns from health care providers and beneficiaries in our States—particularly teaching hospitals and hospitals serving people who are uninsured or underinsured, as well as concerns from skilled nursing facilities, rural health providers, home health agencies, and Medicare managed care providers.

In light of the projected $700 billion on-budget surplus over the next 5 years and the problems facing vital health care services, the Congress should enact an additional, significant package of BBA adjustments and beneficiary protections. Senate Democrats are therefore today introducing the Balanced Budget Refinement Act of 2000 (BBRA–2000), which is a package of payment adjustments and access to care provisions amounting to about $40 billion over 5 years.

Hospitals. A significant portion of the BBA spending reductions have impacted hospitals. According to the Medicare Payment Advisory Commission (MedPAC), ''Hospitals' financial status deteriorated significantly in 1998 and 1999,'' the years following enactment of BBA. BBRA–2000 would address the most pressing problems facing hospitals by:

Fully restoring, for fiscal years '01 and '02, inpatient market basket payments to keep up with increases in hospital costs, an improvement that will help all hospitals.

Preventing implementation of further reductions in (IME) payment rates for vital teaching hospitals—which are on the cutting edge of medical research and provide essential care to a large proportion of indigent patients. Support for medical training and research at independent children's hospitals is also included in the Democratic proposal.

Targeting additional relief to rural hospitals (Critical Access Hospitals, Medicare Dependent Hospitals, and Sole Community Hospitals) and making it easier for them to qualify for disproportionate share payments under Medicare.

Providing additional support for hospitals with a disproportionate share of indigent patients, including elimination of scheduled reductions in Medicare and Medicaid disproportionate share (DSH) payments, and extending Medicaid to legal immigrant children and pregnant women, as well as providing State Children's Health Insurance Program (SCHIP) coverage to these children.

Establishing a grant program to assist hospitals in their transition to a more data intensive care-delivery model.

Providing Puerto Rico hospitals with a more favorable payment rate (specifically, the inpatient operating blend rate) as MedPAC data suggests is warranted.

Home Health. The BBA hit home agencies particularly hard. Home health spending dropped 45 percent between 1997 and 1999, while the number of home health declined by more than 2000 over that period. MedPAC has cautioned against implementing next year the scheduled 15 percent reduction in payments. BBRA–2000 would:

Repeal the scheduled 15 percent cut in home health payments, delay for at least two years the inclusion of medical supplies in the home health prospective payment system (PPS), and provide a 10-percent upward adjustment in rural home health payments for two years to address the special needs of rural home health agencies in the transition to PPS. BBRA-2000 would also provide an exception for ''very rural'' home health agencies under the branch office definition.

Provide full update payments (inflation) for medical equipment, oxygen, and other suppliers.

Skilled Nursing Facilities (SNFs). The BBA was expected to reduce payments to skilled nursing facilities by about $9.5 billion. The actual reduction in payments to SNFs over the period is estimated to be significantly larger. BBRA–2000 would:

Allow nursing home payments to keep up with increases in costs through a full market basket update for SNFs for FY 2001 and FY 2002, and market basket plus two percent for additional payments.

Further delay caps on the amount of physical/speech therapy and occupational therapy a patient can receive while the Secretary completes a scheduled study on this issue.

Rural. Rural providers typically serve a larger proportion of Medicare beneficiaries and are more adversely affected by reductions in Medicare payments. In addition to the rural relief measures noted above (under ''hospitals''), BBRA–2000 addresses the unique situation faced in rural areas through a number of measures, including: a permanent ''hold-harmless'' exemption for small rural hospitals from the Medicare Outpatient PPS; assistance for rural home health agencies; a capital loan fund to improve infrastructure of small rural facilities; assistance to develop technology related to new prospective payment systems; bonus payments for providers who serve independent hospitals; ensuring rural facilities can continue to offer quality lab services to beneficiaries; and specific provisions to assist Rural Health Clinics.

Hospice. Payments to hospics have not kept up with the cost of providing care because of the cost of prescription drugs, the therapies now used in end-of-life care, as well as decreasing lengths of stay. Hospice base rates have not been increased since 1989. BBRA–220 would provide significant additional funding for hospice services to account for their increasing costs, including full market basket updates for fiscal years '01 and '02 and a 10-percent upward adjustment in the underlying hospice rates.

Medicare+Choice. This legislation would ensure that appropriate payments are made to Medicare+Choice (M+C) plans. Expenditures by Medicare for its fee-for-service providers included in BBRA–2000 indirectly benefit M+C plans to a significant extent. Moreover, the legislation includes an increase in the M+C growth percentage for fiscal years '01 and '02, permitting plans to move to the 50:50 blended payment one year earlier, and allowing plans which have decided to withdraw to reconsider by November 2000.

Physicians. Congress understands the pressures that physicians face to deliver high-quality care while still complying with payment and other regulatory obligations. BBRA–2000 provides for comprehensive studies of issues important to physicians, including: the practice expense component of the Resource-Based Relative Value Scale (RBRVS) physician payment system, post-payment audits, and regulatory burdens. BBRA–2000 would provide relief to physicians in training, whose debt can often be crushing, by lowering the threshold for loan deferment from $72,000 to $48,000.

Beneficiary Improvements. Senate Democrats continue to believe that passage of a universal, affordable, voluntary, and meaningful Medicare prescription drug benefit is the highest priority for beneficiaries. In addition, BBRA–2000 would directly assist beneficiaries in the following ways:

Coinsurance: BBRA–2000 would lower beneficiary coinsurance to achieve a true 20 percent beneficiary copayment for all hospital outpatient services within 20 years.

Preventive Benefits: The bill would provide for significant advances in preventive medicine for Medicare beneficiaries, including waiver of deductibles and cost-sharing, glaucoma screening, counseling for smoking cessation, and nutrition therapy.

Immunosuppressive Drugs: The bill would remove current restrictions on payment for immunosuppressive drugs for organ transplant patients.

ALS: The bill would waive the 24-month waiting period for Medicare disability coverage for individuals diagnosed with amyotrophic lateral sclerosis (ALS).

M+C Transition: For beneficiaries who have lost Medicare+Choice plans in their area, BBRA–2000 includes provisions that would strengthen fee-for-service Medicare and assist beneficiaries in the period immediately following loss of service.

Return-to-home: The bill would allow beneficiaries to return to the same nursing home or other appropriate site-of-care after a hospital stay.

Other Provisions. BBRA–2000 would address other high priority issues, including: improved payment for dialysis in fee-for-service and M+C to assure access to quality care for end stage renal disease (ESRD) patients; increased market basket updates for ambulance providers in fiscal years '01 and '02; an immediate opt-in to the new ambulance fee schedule for affected providers; and enhanced training opportunities for geriatricians and clinical psychologists. BBRA–2000 also includes important modifications to the Community Nursing Organization (CNO) demonstration project, and additional funding for the Ricky Ray Hemophilia program

Medicaid and SCHIP. The growing number of uninsured individuals and declining enrollment in the Medicaid program are issues which also must be addressed. To improve access to health care for the uninsured and ensure that services available through the Medicaid and SCHIP programs are reaching those eligible for assistance, BBRA–2000 includes the following provisions:

Improve eligibility and enrollment processes in SCHIP and Medicaid.

Extend and improve the Transitional Medical Assistance program for people who leave welfare for work.

Improve access to Medicare cost-sharing assistance for low-income beneficiaries.

Give states grants to develop home and community based services for beneficiaries who would otherwise be in nursing homes.

Create a new prospective payment system (PPS) for Community Health Centers to ensure they remain a strong, viable component of our health care safety net.

Extend Medicaid coverage of breast and cervical cancer treatment to women diagnosed through the federally-funded early detection program.

NATIONAL IMMIGRATION LAW CENTER,
Washington, DC, September 20, 2000.

Hon. DANIEL PATRICK MOYNIHAN,
464 Senate Russell Office Building,
Washington, DC.

DEAR SENATOR MOYNIHAN: We strongly applaud your decision to include important health care restorations for low-income immigrant children and pregnant women in the Senate Democrat's Balanced Budget Act Refinement and Access to Care proposal. The provisions would permit federal reimbursement to states that choose to cover lawfully present children and pregnant women under their Medicaid and State Children's Health Insurance Programs.

As you know, legislation passed in 1996, at a time of very tight budgets, left the safety net for legal immigrants in tatters. As a result, health dare coverage for low-income lawfully present immigrant children and pregnant women has become a state-by-state patchwork, with tragic results. In many states, there is no coverage at all for large numbers of these children and pregnant women.

The policy of denying federal health care to lawfully present immigrants is unfair and unwise. It is unfair because immigrants pay the same taxes as all others, and deserve the same access to health care that those taxes buy. In fact, immigrant taxes are more than sufficient to pay for the health care needs and all other expenses associated with immigration. The average immigrant contributes $1,800 more each year in taxes than the government pays out for her, including the costs of roads, infrastructure, and education, as well as all government services.

The policy is unwise because we are counting on these immigrant children to join with all other children in contributing to the American dream. They cannot do so if they are hindered in their early years because they could not obtain health care. And it is unwise because it shifts the responsibility for immigrant health care from the federal to the state governments, rather than maintain a shared federal-state responsibility.

The Balanced Budget Act Refinement and Access to Care proposal recognizes that some of the cuts to health care providers made in the name of balancing the budget went too far. In this time of surpluses, as Congress considers proposals to eliminate the excesses of those budget cuts on behalf of health care providers, Congress should also restore services to lawfully present immigrant children and pregnant women who sacrificed as much as anyone under the budget balancing legislation of the 1990's.

Sincerely,

Asian Pacific American Labor Alliance, Alliance for Children and Families, American College Obstetricians and Gynecologists, Center for Public Policy Priorities, Children's Defense Fund, Coalition for Humane Immigrant Rights of Los Angeles, Council of Great City Schools, Families USA, Florida Immigrant Advocacy Center, Inc., Florida Legal Services, Inc., Hebrew Immigrant Aid Society, Immigrant Legal Resource Center, Immigration and Refugee Services of America, Jewish Federation of Metro Chicago, Jewish Council for Public Affairs, March of Dimes, Migrant Legal Action Program, National Asian Pacific American Legal Consortium, National Association of Public Hospitals and Health Systems, National Council of La Raza, National Head Start Association, National Health Law Program, National Korean American Service & Education Consortium (NAKASEC), National Immigration Law Center, New Jersey Immigration Policy Network, Inc., New York Immigration Coalition, Massachusetts Immigrant and Refugee Advocacy Coalition, Southeast Asia Resource Action Center, Texas Appleseed, Texas Immigrant and Refugee Coalition, and United Jewish Communities.

NATIONAL ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS,
Washington DC, September 20, 2000.

DEAR SENATOR MOYNIHAN: I am writing on behalf of the National Association of Public Hospitals & Health Systems (NAPH) to express our strong support for the ''Medicare, Medicaid, and SCHIP Balanced Budget Further Refinement Act of 2000.'' NAPH represents more than 100 metropolitan area safety net hospitals and health systems. As safety net institutions, our members are essential providers of care to uninsured and vulnerable populations whose access would otherwise be severely limited. More than 65 percent of the patients served by these systems are either Medicaid recipients or Medicare beneficiaries; another 25 percent are uninsured.

NAPH is pleased that this legislation includes a number of provisions that will assist low-income Medicaid beneficiaries and the providers that serve them. In particular, we are pleased that the legislation would avert Medicaid DSH allotment reductions after fiscal year 2000 otherwise required by the BBA. Medicaid DSH is our nation's primary source of support for safety net hospitals that serve the most vulnerable Medicaid, uninsured and underinsured patients.

NAPH has long been supportive of efforts to expand access to health insurance coverage and is pleased that the legislation includes a number of these provisions. In particular, the proposed legislation would allow states the option to provide coverage under Medicaid and/or SCHIP for legal immigrants, which will reduce confusion regarding eligibility in the immigrant community, allow legal immigrants to receive more appropriate care, and improve public health in general. The legislation also includes a state option to provide Medicaid coverage for certain women diagnosed with breast or cervical cancer and provides requirements designed to simplify Medicaid eligibility. We are grateful for your efforts to expand Medicaid and SCHIP to ensure that all low-income Americans have access to appropriate health coverage.

NAPH is also pleased that the legislation addresses many of the severe payment reductions in many areas (in addition to Medicaid DSH) imposed by the BBA on providers. In particular, NAPH is pleased that the legislation eliminates further Medicare DSH reductions, freezes IME adjustments, and restores the full market basket index update to hospital PPS rates beginning April, 2001.

We thank you for your ongoing leadership in developing legislation to assure the maintenance of the health care safety net and we look forward to working with you further to develop solutions to the problems of our nation's poor and uninsured. If you have any

questions about this letter, please contact Charles Luband at (202) 624–7215.

Sincerely,

LARRY S. GAGE,
President.

FAMILIES USA, THE VOICE FOR HEALTH CARE CONSUMERS,
September 20, 2000.

Senator PATRICK MOYNIHAN,
464 Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MOYNIHAN: As you introduce the Medicare, Medicaid and SCHIP Balanced Budget Further Refinement Act of 2000, we want to support a number of provisions that will improve low-income people's access to health care coverage. In particular, we support the expansion of Medicaid to certain immigrant children and pregnant women, the improvements for Medicaid adults and children, the changes which will ease enrollment for children who may be eligible for Medicaid and the State Child Health Insurance Program and the changes which will help low-income seniors who may be eligible for the Qualified Medicare Beneficiary (QMB) Program and the Specified Low-Income Medicare Beneficiary (SLMB) Program receive assistance in getting help with Medicare premiums and cost-sharing.

As you well know, despite the concerted efforts of many people, the number of uninsured Americans has continued to grow. Recent studies have shown that uninsured Americans are less likely to have a usual source of care, are more likely to delay seeking care, and are less likely to use preventive services. In addition, uninsured Americans are four times more likely than insured patients to require both avoidable hospitalizations and emergency hospital care.

These provisions will help more people get access to public health insurance programs. Please let us know if we can be of assistance in getting these provisions enacted into law.

Sincerely,

RONALD F. POLLACK,
Executive Director.

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS,
September 20, 2000.

Hon. DANIEL PATRICK MOYNIHAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MOYNIHAN: The Association of Maternal and Child Health Programs (AMCHP) strongly supports your efforts to further refine the Balanced Budget Act of 1997 (BBA) and increase access to health care. In particular, we commend your leadership over the years in improving our nation's fiscal health. Through this visionary leadership, the nation now has a projected $2.2 trillion on-budget surplus over the next 10 years. It is both appropriate and fair that a portion of this surplus should help offset severe problems facing our health care services.

AMCHP strongly supports efforts included in your legislation to improve access to health care for many uninsured people including legal immigrant children and pregnant women. In addition, we applaud efforts to improve eligibility and enrollment processes in SCHIP and Medicaid. AMCHP and its members want to particularly thank you for your support of enhanced coordination and cooperation among the various health care programs aimed at improving maternal and child health and for your efforts to increase the authorization level for Title V.

The Association of Maternal and Child Health Programs is an organization dedicated to providing leadership in assuring the health and well being of all women of reproductive age, children and youth, including those with special health care needs and their families. The state directors of Title V and related programs formed the association in 1944 to share information and collaborate with each other and others concerned with the health of mothers and children.

In closing, thank you for your most recent efforts on behalf of maternal and child health through the introduction of legislation intended to further refine the BBA and improve access to health care.

Very truly yours,

DEBORAH F. DIETRICH,
Director of Legislative Affairs.

NATIONAL ASSOCIATION OF COMMUNITY HEALTH CENTERS, INC.,
September 20, 2000.

Hon. TOM DASCHLE,
Democratic Leader, U.S. Senate,
Washington, DC.

Hon. DANIEL PATRICK MOYNIHAN,
Ranking Member, Senate Finance Committee,
Washington, DC.

DEAR SENATORS DASCHLE AND MOYNIHAN: On behalf of the National Association of Community Health Centers (NACHC), the nationwide network of 3,000 health centers, and the more than 11 million patients they serve, I am writing to express our extreme gratitude for your inclusion of the text of S. 1277, the Safety Net Preservation act, in your legislation to provide relief from the Balanced Budget Act of 1997 (BBA).

As you know, the BBA eliminated a fundamental underpinning of America's health center safety net by phasing-out and eventually terminating the Medicaid cost-based reimbursement system for Federally qualified health centers. Because health centers are required by Federal law to provide access to care to anyone, regardless of ability to pay, centers cannot afford to be underpaid for services provided to Medicaid patients. In other words, without this payment system, health centers will be forced to subsidize low Medicaid payments with grant dollars intended to care for the uninsured—thereby forcing them to reduce the health care services they provide in their communities.

In an effort to protect health centers from the loss of this system, the Safety Net Preservation Act has been introduced in the House and Senate to ensure that health centers receive adequate Medicaid payments. This legislation, which has the bipartisan support of 54 members of the Senate and 243 members of the House of Representatives, has been endorsed by NACHC, the National Association of Rural Health Clinics, the National Rural Health Association, the United States Conference of Mayors, and the National Association of Counties.

Health centers believe that this legislation is essential to their continued survival and will ensure that they remain a viable part of America's health care safety net. Thank you again for your commitment to protecting health centers through your BBA relief legislation. It is our sincerest hope that the Safety Net Preservation Act will be included in any BBA relief package and signed into law by the time the 106th Congress adjourns.

Please feel free to contact me if there is anything that I can do for you.

Sincerely,

THOMAS J. VAN COVERDEN,
President and CEO.

CENTER ON BUDGET AND POLICY PRIORITIES,
September 20, 2000.

Hon. DANIEL PATRICK MOYNIHAN,
Senate Russell Building,
Washington, DC.

DEAR SENATOR MOYNIHAN: We write to applaud your efforts to help low-income families and children access much-needed health care coverage. In particular, the Center on Budget and Policy Priorities strongly supports provisions in your ''Medicare, Medicaid, and S–CHIP Balanced Budget Refinement Act of 2000'' aimed at reversing a trend of declining access to health coverage by low-income families and immigrant children. These provisions are important because families with children have been losing out on health care coverage as a result of unanticipated consequences of recent federal and state actions.

A growing body of evidence indicates that a significant number of low-income families with children have been inadvertently harmed by federal and state laws enacted in recent years to promote welfare reform. Despite the best intentions of many policymakers, disturbing numbers of families leaving welfare for work have lost out on health care coverage. Indeed, a recent Center analysis found that roughly half of parents and nearly one out of three children leaving welfare lost Medicaid and were at high risk of being uninsured even though the vast majority of them remained eligible for Medicaid or SCHIP. Similarly, studies indicate that the Medicaid participation of children in legal immigrant families has dropped in recent years. The largest group of such children consists of those who remain eligible for Medicaid because they are citizens of the United States. These children were not the intended targets of immigration-based restrictions on Medicaid coverage included in the 1996 welfare law, but they nevertheless have been adversely affected by the confusion and fear generated by the immigration-based restrictions on health care coverage included in the 1996 welfare law and modified in the Balanced Budget Act of 1997.

For these reasons, we strongly applaud the provisions in your legislation that would undue many of the unintended consequences on health care coverage for low-income families of recent state and federal actions, as well as restore health care coverage to all legal immigrant children. In particular, we strongly support the provisions designed to promote the simplification, coordination, and streamlining of states' application and re-enrollment procedures; to expand state flexibility to allow schools and other organizations that work with families to enroll children in health care coverage under the ''presumptive eligibility'' option; to give states more flexibility to provide transitional Medicaid coverage to families leaving welfare for work; and to restore state flexibility to cover legal immigrant children and pregnant women who arrived in the United States after August 22, 1996. In combination, these provisions would represent a very significant step forward.

Sincerely,

ROBERT GREENSTEIN,
Executive Director.

THE NATIONAL COUNCIL ON THE AGING,
Washington, DC, September 20, 2000.

Hon. DANIEL PATRICK MOYNIHAN,
464 Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MOYNIHAN: On behalf of the National Council on the Aging (NCOA)—the nation's first organization formed to represent older Americans and those who serve them—I write to express our sincere gratitude and support for the numerous provisions in your Medicare Balanced Budget Act (BBA) refinement bill that would directly help Medicare beneficiaries.

In particular, we strongly support provisions to: (1) clarify the Medicare home health ''homebound'' problem; (2) improve Medicare low-income protections; (3) improve Medicare coverage and utilization of preventive services; (4) remove the arbitrary

cap on immunosuppressive drug coverage; (5) provide grants to states for home and community-based care; and (6) accelerate the phase-in period for reducing hospital outpatient coinsurance.

First, under current law, in order for Medicare beneficiaries to receive coverage for home health services they must be ''confined to home.'' Current irrational and inconsistent interpretations of this homebound requirement are causing substantial harm to Medicare beneficiaries by effectively forcing home health users to be imprisoned within their own homes. We deeply appreciate the provision to permit beneficiaries with Alzheimer's disease or related dementia to receive therapeutic treatment in adult day centers without losing home health coverage. We urge that you consider going further by including Senator JEFFORDS' S. 2298, which is endorsed by 46 national organizations and would provide relief for all beneficiaries suffering under the homebound problem.

Second, our current methods for protecting low-income Medicare beneficiaries against increasing out-of-pocket costs are simply abysmal. A shocking number of those eligible for protection simply do not receive it. Current Medicare low-income protections are a national embarrassment. NCOA strongly supports provisions in your bill to: provide for presumptive eligibility for low-income protections; significantly improve the QI–1 program for beneficiaries with incomes between 120% and 135% of poverty; index the asset test to inflation, which is long overdue; and improve outreach for Qualified Medicare Beneficiaries.

Third, NCOA strongly supports the provisions to improve preventive care for Medicare beneficiaries. It is often easier and less expensive to prevent disease than to cure it. Disease prevention must be an essential component of Medicare beneficiaries' continuum of care. Medicare, however, still fails to cover a number of important preventive services, and those that are covered are underutilized. We support provisions to extend Medicare coverage to tobacco cessation counseling, glaucoma screening and medical nutrition therapy. The addition of these new benefits will accelerate the critical shift in Medicare from a sickness program to a wellness program. We also support the provision to eliminate all coinsurance and deductibles for preventive services. Utilization of these critical services has been surprisingly low. By encouraging greater utilization of these services, beneficiaries' quality of life will be greatly enhanced and Medicare expenditures will decline over the long run.

Fourth, NCOA supports the provision to eliminate the arbitrary and costly cap on benefits for immunosuppressive drug coverage under Medicare. The Institute of Medicine recently recommended eliminating the time limitation, noting the positive economic, clinical and social implications. It makes no sense for Medicare to pay for the more expensive consequences of organ rejection, such as dialysis or a second transplant, but refuse to pay for the drugs to prevent the rejection of the initial transplanted organ beyond 44 months. This coverage can mean the difference between life and death for some and, for others, the difference between a transplant recipient having to experience the pain of an organ rejection, a return to dialysis—for kidney recipients—and the return to a long waiting list for another organ.

Fifth, we strongly support providing grants to states for home and community-based care and to assist in implementing the Supreme Court's Olmstead decision. These services are grossly underfunded, resulting in unreasonable and costly burdens on caregivers and premature placement in institutions. Funding for home and community-based care promotes dignity and independence and helps keep families together. America's long-term care crisis will only grow worse as our population ages. The proposed grants are a good start in addressing the serious institutional bias that exists for persons with disabilities needing long-term services and supports.

Sixth, we support accelerating the phase-in period for reducing hospital outpatient coinsurance. Coinsurance for these services now averages almost 50 percent of costs. Although current law provides that coinsurance amounts will remain fixed at their current dollar level until they are reduced to 20 percent of Medicare-approved payment amounts, the process will take up to 40 years for some services. By comparison, the most gradual phase-in Medicare has used to date for any payment system change is 10 years. The current phase-in schedule is simply far too long.

NCOA commends and thanks you for your strong leadership on these important issues for America's seniors. Please let us know if there is anything we can do to assist you in enacting these provisions into law this year.

Sincerely,

HOWARD BEDLIN,
Vice President, Public Policy and Advocacy.

GREATER NEW YORK
HOSPITAL ASSOCIATION,
New York, NY, September 20, 2000.

Hon. DANIEL PATRICK MOYNIHAN,
464 Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MOYNIHAN, The Greater New York Hospital Association (GNYHA) is extremely pleased to express its strong and unqualified support for your bill, ''The Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 2000,'' co-sponsored by your colleagues, Senator Charles E. Schumer and Senator Tom Daschle. This bill, if enacted, would greatly improve the Medicare program for all of its beneficiaries as well as provide critical, permanent relief for America's hospitals, skilled nursing facilities, and home health agencies from Medicare reductions contained in the Balanced Budget Act of 1997 (BBA).

For beneficiaries, your legislation makes a number of important improvements in the Medicare program including new coverage for many critical preventive health care benefits. In addition, you provide an option for states to provide Medicaid and SCHIP coverage for pregnant women and children who, because they are immigrants, have been denied health care coverage due to the restrictions contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The bill also simplifies the SCHIP enrollment process and improves SCHIP and Medicaid in a variety of other ways. GNYHA strongly supports these provisions.

Your bill also recognizes that Medicare and Medicaid beneficiaries cannot receive quality health care services unless the health care providers they rely upon have the resources to provide the best care possible. To that end, GNYHA strongly supports the following provisions.

The bill halts further Medicare reductions to teaching hospitals by maintaining the indirect medical education (IME) payment adjustment at 6.5 percent permanently, incorporating the provisions of your Teaching Hospital Preservation Act (S. 2394). As you know, the BBA called for a 29 percent reduction in Medicare payments to teaching hospitals for the indirect costs of medical education. The BBRA postponed the cuts by one year; however, under current law, the IME adjustment would be reduced to 6.25 percent in FY 2001 and 5.5 percent in FY 2002 and years thereafter. The Further Refinement Act freezes IME adjustments at 6.5 percent, saving America's teaching hospitals from over $2 billion in additional Medicare cuts. The bill also provides greater flexibility to allow hospitals to increase the number of residents training in geriatrics and allows hospitals to be reimbursed by Medicare for the costs of training clinical psychologists.

The bill provides a full market basket update for prospective payment system hospitals, nursing homes, and home health agencies for the next two years. Under the BBA, hospitals would have received market basket minus 1.1 percent in FY 2001 and FY 2002, and nursing homes and home health agencies would have received market basket minus 1 percent. The BBA reduced inflation updates so substantially that the market basket update reductions constituted the largest single cuts suffered by hospitals and continuing care providers under the BBA. This bill ensures Medicare payments will keep pace with the increased costs of caring for Medicare beneficiaries by providing full market basket updates.

This bill restores Medicare funding for disproportionate share hospitals (DSH) by eliminating cuts in DSH payments, thus strengthening the safety net DSH hospitals provide for low-income patients.

The bill eliminates further reductions in Medicare DSH payments to states, thus enabling states to provide critical support for hospitals that serve a disproportionate share of low-income and uninsured patients.

The bill creates a grant program to help hospitals obtain advanced information systems to improve quality and efficiency.

The bill eliminates the 15 percent reduction for home health reimbursement rates, which under current law would take affect in 2002.

The bill extends the ''prudent layperson'' standard to ambulance services, so that ambulance providers are not unfairly denied payment by HMOs for services legitimately provided to Medicare beneficiaries.

The Medicare, Medicaid, and SCHIP Balanced Budget Further Refinement Act of 2000 recognizes the need to improve the Medicare program by providing much-needed coverage for Medicare beneficiaries, the need to improve the Medicaid and SCHIP programs for low-income Americans, and the need to repair the damage to hospitals and continuing care providers as a result of the BBA. Without your efforts, hospitals and continuing care providers will continue to struggle to provide quality care and will be forced to close down services essential to the health care needs of their communities.

GNYHA will work diligently with members of Congress to ensure passage of this very important legislation. GNYHA would like to thank you for once again providing the strong leadership necessary to improve the health care of all New Yorkers.

My best.

Sincerely,

KENNETH E. RASKE,
President.

Mr. DASCHLE. Mr. President, I join today with Senator MOYNIHAN and many of our colleagues in introducing the Balanced Budget Refinement Act of 2000 (BBRA–2000).

The Balanced Budget Act of 1997 (BBA) made some justified changes in Medicare payment policy and contributed to our current budget surpluses. It also included important provisions to improve seniors' access to preventive benefits, and it created the Children's

Health Insurance Program. These are important accomplishments.

But some of the policies enacted in the BBA cut providers significantly more than expected. This has created severe problems for health care providers all over the country. Last year, we took steps to correct these problems. But we did not go far enough.

When I met with hospital administrators in South Dakota earlier this summer, one told me that since the cuts from the BBA were implemented, his hospital has been just barely breaking even. Usually, that alone would be cause for concern. But then other hospital administrators told me they were jealous, because they are far from breaking even. In my state, the operating margins for hospitals with 50 or fewer beds were a relatively healthy 2 percent before the BBA. Last year, these small hospitals—which are so vital to their communities—had negative margins of 6 percent.

Hospitals are not the only health care providers facing this problem. Home health agencies, nursing homes, hospices, and many other providers are all struggling to make ends meet in the face of deeper-than-expected cuts.

The package of payment adjustments that Senate Democrats are introducing today will provide a much-needed boost to these providers—totaling $80 billion over 10 years. This will ensure that Medicare beneficiaries continue to have access to the care that we have promised them.

The bill has many provisions, but I would like to highlight a few.

For hospitals, BBRA–2000 would restore the full inflation update. It would also improve payments for Disproportionate Share Hospitals (DSH) and teaching hospitals, who provide essential care for some of the neediest patients.

Our bill repeals the 15 percent cut in home health, and delays adding medical supplies to the home health prospective payment system (PPS). These fixes are essential to an industry that has seen an unprecedented drop in spending.

For skilled nursing facilities we would restore the full inflation update, with an additional two percent increase in fiscal years 2001 and 2002. We would also delay therapy caps for two additional years so that beneficiaries do not face an arbitrary limit on the amount of care they can receive.

Although the cost of providing care at the end of life has risen dramatically, the base for hospice payments has not been changed since 1989. The bill restores the full inflation update for hospice providers, and provides a ten percent upward adjustment in hospice base rates.

We are committed to ensuring that appropriate payments are made to Medicare+Choice plans. BBRA–2000 increases the growth rate in payments to these plans and allows plans to move to a 50–50 national blend one year earlier.

The bill also improves payment for ambulance providers, medical equipment suppliers, and dialysis facilities, who all provide important services to Medicare beneficiaries.

We recognize the special circumstances of rural health care providers in our bill. The rural health provisions include increasing payments for small rural hospitals, rural home health agencies, and rural ambulance providers.

There are other steps we need to take to improve beneficiaries' access to care. The bill we are introducing today includes a package of refinements to Medicare that directly help beneficiaries. For example, the bill will build on provisions in the BBA to lower beneficiary copayments and expand preventive benefits in Medicare.

We also provide for increased access to health care through improvements to Medicaid and the Children's Health Insurance Program. These include changes to the BBA, such as improving state processes for enrolling people who are eligible for Medicaid and CHIP. We also make changes to the health-related provisions of immigration and welfare reform legislation that passed in 1996. For example, the bill would extend assistance to people who leave welfare for work.

Senate Democrats continue to believe that passage of an affordable, voluntary, meaningful Medicare prescription drug benefit is of highest priority. This bill, the Balanced Budget Refinement Act of 2000, is the next step in ensuring that beneficiaries have access to the care they need.

I want to thank Senator MOYNIHAN and his staff for their hard work putting this bill together. They have spent the last two months listening to health care providers, beneficiaries, community leaders, and members of our caucus. Through that listening process they have drafted a bill that addresses the needs of the many communities that are struggling to deal with the impact of the Balanced Budget Act.

We know the problems providers are facing in health care. And we know how to fix many of them. The bill we are introducing today is a comprehensive plan to ensure the stability that health care providers need and that beneficiaries depend on. We must take this opportunity to act, before it is too late to save some of the providers who are so close to closing their doors.

Mr. KENNEDY. Mr. President, it is a privilege to join Senator DASCHLE, Senator MOYNIHAN, and other colleagues in introducing the Balanced Budget Refinement Act of 2000. This bill takes the next step in our continued effort to restore the excessive Medicare cuts in the Balanced Budget Act of 1997. This legislation also includes several proposals to ease the financial burden and improve care for all beneficiaries. It also includes important proposals to increase the effectiveness of Medicaid and the children's Health Insurance Program, and to improve access to care for vulnerable populations, including legal immigrant children and pregnant women. Our goal is to pass this legislation before the end of the year.

The cost-saving measures enacted by Congress as part of the Balanced Budget Act of 1997 have turned out to be far deeper than the estimates at that time, and these excessive cuts have put countless outstanding health care institutions across the country at risk.

In Massachusetts, 25 percent of home health agencies no longer serve Medicare patients. Forty-three nursing homes have closed in the state since 1998, and another 20 percent are in bankruptcy. Two out of every three hospitals in Massachusetts are losing money on patient care.

The record surpluses we currently enjoy and anticipate in the years ahead are partly due to the savings achieved by cutting Medicare in the BBA. Most of these savings came from policy and payment reforms, including actual cuts in payments for various services. While some changes were clearly justified, the overall cuts were much deeper than intended and are too severe to sustain.

Last year, in passing the Balanced Budget Refinement Act of 1999, we made a good start. It gave needed relief to Medicare providers. But when we enacted that bill last year, we also knew that it was only a down-payment, and that additional relief would be needed.

The bill we are introducing today follows through on that commitment. It would invest $80 billion over 10 years to restore payments to Medicare and Medicaid providers, improve benefits, and increase access to health care under Medicaid and CHIP. It provides the funding needed to allow these essential health professionals and institutions to do what they do best—provide the best health care possible for elderly and disabled Americans on Medicare. It will ensure that the nation's health care system is able to care responsibly for today's senior citizens, and is adequately prepared to take care of those who will be retiring in the future.

No senior citizen should be forced to enter a hospital or a nursing home because Medicare can't afford to pay for the services that will keep her in her own home and in her own community.

No person with a disability should be told that occupational therapy services are no longer available. Because legislation to balance the budget reduced the rehabilitation services they need.

No community should be told that their number one employer and provider of health care will be closing its doors or engaging in massive layoffs, because Medicare can no longer pay its fair share of health costs.

No freestanding children's hospital should wonder whether it can continue to train providers to care for children, because of uncertain federal support for its teaching activities.

Yet these scenes and many others are playing out in towns and cities across the country today, in large part due to the excessive cuts required by the Balanced Budget Act three years ago.

With the retirement of the baby boom generation, the last thing we

should do is jeopardize the viability and commitment of the essential institutions that care for Medicare beneficiaries. Yet that is now happening in cities and towns across the nation. In the vast majority of cases, the providers who care for Medicare patients are the same providers who care for working families and everyone else in their community. When hospitals who serve Medicare beneficiaries are threatened, health care for the entire community is threatened too.

This legislation is an important step to maintain excellence throughout our health care system. I commend Senator DASCHLE and Senator MOYNIHAN for their leadership on this vital issue. It deserves prompt consideration by the Finance Committee and the entire Senate, and it should be enacted into law before we adjourn.

Mr. DORGAN. Mr. President, I am joining with my colleagues Senator MOYNIHAN, Senator DASCHLE, and others today to introduce the Balanced Budget Refinement Act of 2000. This legislation seeks to address some of the unintended consequences the Balanced Budget Act, BBA, of 1997 is having on access to Medicare services vital to older Americans. The BBA has had a particularly serious impact on rural health care providers, and I am pleased that the legislation we are introducing today acknowledges the special needs of rural America.

Like many of my colleagues, I supported the Balanced Budget Act when it was enacted by Congress in 1997 with strong bipartisan support. Prior to the passage of this law, Medicare was projected to be insolvent within two years (by 2001), so it was imperative that we took action to extend Medicare's financial health and to constrain its rate of growth to a more sustainable level. Thanks in part to this law, we have a flourishing economy in most parts of the country and the Medicare trust fund is projected to be solvent until 2025.

But in some respects, the Balanced Budget Act was successful beyond our wildest expectations in reducing Medicare program costs. The Congressional Budget Office originally estimated that Medicare spending would be reduced by $112 billion over five years, but instead, the reduction in spending growth has been nearly double that amount. This unexpected result is having real consequences for Medicare beneficiaries and health care providers, and Congress simply must take action to address these problems before adjourning this year.

Congress took a step in the right direction towards addressing the problems facing Medicare providers by enacting the Balanced Budget Refinement Act, BBRA, of 1999. Unfortunately, however, there is growing evidence that the negative changes resulting from the BBA have not been adequately addressed by the BBRA. Moreover, the impacts continue to disproportionately affect rural health care providers and the quality of care rural Medicare beneficiaries receive.

Part of the problem facing rural providers is simply demographics: My home state of North Dakota is the second oldest in the nation, and our overall population is shrinking. In fact, in six of North Dakota's ''frontier'' counties, there were 20 or fewer births for the entire county for the entire year of 1997. Admissions to rural hospitals have dropped by a drastic 60 percent in the last two decades, and those patients who do remain tend to be older and sicker. This means that rural hospitals tend to be disproportionately dependent upon Medicare reimbursement, to the extent that Medicare accounts for 85 percent of their revenue. Obviously, given this reality, changes in Medicare reimbursement have a tremendous impact on the financial health of rural hospitals.

Another part of the problem is that Medicare has historically reimbursed urban health care providers at a higher rate than their rural counterparts. Of course, some of this difference can be explained by regional differences in the cost of health care and variations in the health status of older Americans. But this isn't the whole explanation. Even after adjusting for these factors, a report by health care economists found that, for example, Medicare's per beneficiary spending was about $8,000 in Miami, but only $3,500 in Minneapolis. When average Medicare payments for the same procedure are compared, the disparities in payment in different areas of the country are dramatic. For example, Medicare pays $6,588 for the treatment of simple pneumonia in the District of Columbia, but only $3,383 in North Dakota. In my opinion, this difference is largely explained by a Medicare reimbursement system that is skewed in favor of urban areas. For the most part, the BBA further perpetuates this inequity, despite efforts by some of us to address this concern.

There are a few areas of the Balanced Budget Act and BBRA that I think warrant further scrutiny and action, and these areas are addressed in the legislation being introduced today. The first is hospital payments, particularly for outpatient services. A recent analysis by a health policy research firm estimates that the BBA would reduce Medicare payments to North Dakota hospitals by $163.8 million between FY 1998 and FY2002. The BBRA passed last year restores only $16 million of those reductions. So even with BBRA refinements, North Dakota hospitals face a loss of $147.8 million in revenues. Outpatient services are a particularly critical component of care in many North Dakota hospitals: 40 percent of the hospitals in my state get more than half of their revenues from outpatient services. Senator DASCHLE and MOYNIHAN's legislation will address the problems faced by rural hospitals by, among other things, providing a full inflation increase in Medicare payments to all hospitals in 2001 and 2002 and holding rural hospitals permanently harmless from the outpatient prospective payment system.

This legislation also addresses the issue of home health reimbursement. Nearly 70 percent of the home health agencies in my home state are hospital-based, so the changes in home-health reimbursement are having a domino effect on North Dakota's hospitals. I am concerned that the Health Care Financing Administration's, HCFA, proposed rule for the new home health Prospective Payment System, PPS, does not take account of the smaller size of rural home health agencies and the higher fixed costs per visit. And, HCFA did not take sufficient account of the greater travel cost per visit in rural areas, and the higher incidence of chronic illness in rural communities. Today's legislation would address this concern by providing a 10 percent increase in rural home health payments for the next two years and repealing the 15 percent cut in home health reimbursement scheduled to take place on October 1, 2001.

This legislation also proposes other changes I think are worth further mention, including a further delay in the arbitrary caps on the amount of physical, speech, and occupational therapy Medicare beneficiaries can receive, and a 10 percent increase in the base payment rate for hospice care, which hasn't been increased in over a decade.

Finally, while all of the provisions of this bill will together help to ensure that Medicare beneficiaries can continue to rely on the quality care they need and expect, this legislation includes a number of changes that will also make Medicare an even better deal. In particular, this bill will expand Medicare's emphasis on preventive medicine by adding such benefits as coverage for glaucoma screening, counseling for smoking cessation, and nutrition therapy. The bill will also eliminate the current three-year time limit on Medicare's coverage of immunosuppressive drugs, the expensive medicines that transplant recipients need to keep their bodies from rejecting their new organs or tissue.

In short, the Balanced Budget Refinement Act of 2000 addresses many of the needs and concerns of Medicare beneficiaries and health care providers. I hope this legislation will help lay the framework for the enactment of bipartisan legislation to address these issues before the 106th Congress goes home.

Mr. JOHNSON. Mr. President, I am pleased to cosponsor the Balanced Budget Refinement Act introduced today that works to correct the inequities of Medicare reforms included in the Balanced Budget Act (BBA) of 1997.

I would like to commend Senator DASCHLE for his tremendous efforts on this issue and for his leadership with the introduction of this bill. As well, I

congratulate a number of my other colleagues who have contributed immensely to the crafting of this critically important piece of legislation, including Senators MOYNIHAN, ROCKEFELLER, CONRAD, GRAHAM, KERREY, ROBB, BAUCUS, BREAUX and others.

By way of background, as part of the effort to balance the federal budget, the BBA of 1997 provided for major reforms in the way Medicare pays for medical services. The BBA made some important changes in Medicare payment policy and contributed to our current period of budget surpluses through significant cost savings in Medicare. These changes were originally expected to cut Medicare spending by about $112 billion over five years, according to the Congressional Budget Office (CBO).

However, projections showed spending falling nearly twice that much, and as a result, unintended payment cuts to providers had deepened more significantly than expected. In the face of these profound cuts, health care providers began to struggle, and beneficiary access to care became threatened, due to forced reductions in services especially in rural parts of the country such as South Dakota. As a result, Congress addressed some of these unintended consequences of the BBA by enacting the Balanced Budget Refinement Act (BBRA) last year which provided $16 billion over 5 years in payments to various Medicare providers, including; Hospital Outpatient Departments; Skilled Nursing Facilities; Rural Health Providers; Home Health Agencies; Medicare HMOs; and Teaching Hospitals. The impact in South Dakota indicated that approximately 9% of Medicare funding reductions imposed by the BBA of 1997 were returned as a result of the BBRA passed last year, resulting in approximately $15.3 million being restored to South Dakota Medicare providers.

While this was certainly a step in the right direction, the BBRA of 1999 did not do enough as concerns from hospital and nursing home administrators, home health facilities, rural health providers, ambulance services and Medicare beneficiaries continued to be heard across the country.

Not surprising, I continue to hear from many South Dakota safety net providers about the devastating effects such reductions in Medicare reimbursements are having throughout the health care industry in my home state. Consumers are also feeling the pain, as many individuals are being turned away from hospitals and nursing homes who cannot afford to accept new patients because of the lower reimbursement rates included in BBA of 1997. The undesirable and unintended cuts are devastating and feared to have severe implications on the quality and access of health care throughout our nation, including South Dakota, unless Congress acts immediately to further correct these problems. In South Dakota, and other rural parts of the country, hospitals and other health care providers have an extremely high percentage of Medicare beneficiaries making these cuts in reimbursement even more devastating. If Congress does not act in a timely fashion many of these providers may be forced to close their doors.

Nowhere can we see the impact of closures more evident than within the nursing home industry. Nursing homes are experiencing closures at record rates across the country. In South Dakota, just last month we endured our first nursing home closure in Parker, South Dakota. Not only was this devastating for residents and workers, but the domino economic impact that goes hand in hand with such a facility closure is enormous for small communities to absorb.

As well, one does not have to look far in my home state of South Dakota to see the impact many other health care providers and facilities are experiencing. Furthermore, the consequences are being felt across the board, from larger health systems in South Dakota communities such as Sioux Falls, Rapid City and Aberdeen, to medium centers in Brookings, Watertown, Pierre and Yankton, to the smaller rural facilities in places like Martin, Edgemont, Gregory, Miller, Hot Springs and Redfield, just to name a few. The situation is arduous for many of these facilities, who often carry the immense task of being the sole health care provider in the entire county. By way of example, Gregory Healthcare Center is a 26 bed rural hospital serving approximately 9,000 people. Not surprising, Gregory is the only local provider to offer a range of services including surgery, obstetrics, and various therapies, and also operates the only home health agency in the area. The facility in Gregory was forced to cut back its' home health services as a result of the BBA Medicare reductions. Many individuals once benefiting from specialized medication oversight and condition management services through Gregory's home health agency were now at home performing these services on their own, resulting in some cases to unnecessary hospitalizations. The situation in Gregory is by far not an isolated situation and facilities nationwide are being forced to cut services just to survive. Whether it be Gregory, South Dakota, or one of far too many other facilities in this country with similar issues, these are direct examples of the intense real life situations that facilities, providers and beneficiaries are experiencing every day as a result of inadequate BBA adjustments, payment updates and beneficiary protections.

Therefore, I stand in strong support of the BBRA legislation being introduced today which will address problems facing vital health care services. I look forward to working with my colleagues on passage of the BBRA of 2000 which develops a creative, cost-effective approach to address the unintended, long-term consequences of the BBA. The proposed budget surplus provides Congress the unique opportunity to address many of the deficiencies in our nation's health care system. We need to address the valid concerns of teaching hospitals, skilled nursing facilities, home health providers, rural and community hospitals, and other health care providers who require relief from the consequences of the BBA.

Mr. DOMENICI:

S. 3078. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the Santa Fe Regional Water Management and River Restoration Project; to the Committee on Energy and Natural Resources.

RECLAMATION WASTEWATER AND GROUNDWATER STUDY AND FACILITIES ACT

Mr. DOMENICI. Mr. President, I am pleased today to be introducing a bill authorizing the next logical step in the City of Santa Fe's Regional Water Management and River Restoration Strategy. This bill allows the Secretary of Interior to participate in the design, planning and construction of the Santa Fe, New Mexico, regional water management and river restoration project, consisting of the diversion and reuse of water, the conversion of irrigation uses from potable water to reclaimed water, and the use of reclaimed water to restore Santa Fe River flows.

Limited water resources in the Santa Fe region and increased demands threaten the sustainability of surface and groundwater supplies. The Regional Water Management and River Restoration Strategy is a comprehensive, collaborative plan to responsibly and sustainability address the region's water supply needs. The full program goals are to return flow to the river, protect riparian habitat and the traditional, cultural and religious uses of the water.

The Santa Fe area has been working overtime to determine how best to improve its water supply. I have been proud to help fund its efforts. The FY99 Energy and Water Appropriations Act provided $450,000 and the FY 2000 Energy and Water Appropriations Act included $750,000 to support the Santa Fe Regional Water Management and River Restoration initiative to address long-term water supplies in the greater Santa Fe area. That funding allowed the Bureau of Reclamation to continue and complete environmental studies required under the National Environmental Policy Act for the comprehensive plan to improve Santa Fe's regional water supplies through a reuse program and restoration of the Santa Fe River watershed.

I was also pleased to gain approval for $750,000 to support the project in the Senate FY01 VA/HUD bill to assist in the planning, coordination and development of restoration projects for the Santa Fe River under a comprehensive, watershed-based implementation

program. The funding, provided through EPA's Environmental Programs and Management program, would help the WMRRS reuse treated effluent to augment streamflow, recharge the regional aquifer, and enhance the riparian habitat and recreational uses within the Santa Fe River corridor.

The Santa Fe Water Management and River Restoration Strategy is a cooperative partnership among Santa Fe County, the city of Santa Fe, and the San Ildefonso Pueblo. The city of Espanola, the Eldorado Water and Sanitation District, and the Northern Pueblos Tributary Water Rights Association (representing San Ildefonso, Nambe, Pojoaque and Tesuque pueblos) are also involved.

In June of this year, a $601,000 grant was awarded to the project following my request in the FY 2000 Veterans' Affairs, Housing and Urban Development and Independent Agencies (VA-HUD) Appropriations Bill. The funding was awarded through the Department of Housing and Urban Development's Economic Development Initiative (EDI) program.

This funding represents federal support for the effort to rehabilitate the Santa Fe River, a project that is one aspect of an overall initiative to address the future of water in the Santa Fe area. Those funds will be used for urban river restoration planning, source water protection planning, and development of a comprehensive trails and open space plan.

This authorizing legislation takes the water management strategy to the next phase. The plan has already been backed by a local and regional commitment of at least $2.7 million for the multi-year program. The sponsors of the program have requested this authorization to provide additional financial support for this project. This legislative authority will make the project eligible for future funding as the project is developed, as well as federal cooperation with the surrounding pueblos. I hope that this body can take swift action on the worthy legislation.

By Mr. HATCH:

S. 3082. A bill to amend title XVIII of the Social Security Act to improve the manner in which new medical technologies are made available to Medicare beneficiaries under the Medicare Program, and for other purposes; to the Committee on Finance.

MEDICARE PATIENT ACCESS TO TECHNOLOGY ACT 20000

Mr. HATCH. Mr. President, when I first introduced this legislation over one year ago, Medicare beneficiaries with advanced heart disease could not gain access to ventriculaassist devices. Medicare patients who could have benefitted from cochlear implants did not receive them.

It is now over a year later. Unfortunately, these problems still persist. Medicare beneficiaries still have trouble gaining access to many technologies that are covered under private plans. And while the Omnibus Budget legislation for FY 2001 addressed the overall problem and by addressing access concerns for Medicare beneficiaries, there is still plenty of work that needs to be done. That is why I am introducing the Medicare Patient Access to Technology Act 2000 today.

We must eliminate the delays and barriers to access that have arisen in the way Medicare decides to cover, code and pay for new devices and diagnostics. The measure I am introducing today is identical to legislation introduced by Congressman JIM RAMSTAD and Congresswoman KAREN THURMAN earlier this year. It seeks to build off of the success we had last year in the Balanced Budget Refinement Act. The BBRA represented an important first step in creating a Medicare program that provides timely access to needed treatments.

The BBRA, which was signed into law as part of last year's omnibus budget legislation made significant changes. We crafted special temporary payments for new breakthrough technologies to ensure they are provided to Medicare beneficiaries in a timely manner. We also established payment categories that better reflect advances in clinical practice and technology.

The Medicare Patient Access to Technology Act 2000 recognizes that all Medicare beneficiaries, not just those in the outpatient setting, should be able to benefit from these kinds of improvements.

The bill would require: annual updates of Medicare's payment programs; temporary procedure codes to be issued by Medicare for new technologies at the time of FDA review; quarterly updates of Medicare's payment codes; external data to be used to improve the timeliness and appropriateness of reimbursement decisions; and annual reports be made on the timeliness of its coverage, coding and payment decisions.

There are some notable changes in this new version of the bill:

A provision to extend the issuance of temporary codes and quarterly coding updates to inpatient, or ICD–9, codes as well as outpatient (HCPCS) codes.

A provision to require HCFA to create open, timely procedures and sound methods for making coding and payment decisions for new diagnostic tests. It would also give stakeholders the ability to appeal a coding or payment decision for a diagnostic test.

This legislation will provide assistance to Medicare beneficiaries who currently face almost insurmountable barriers to advanced technologies.

Without this bill, Medicare will continue to fall far short of making the latest technologies and procedures available to beneficiaries in a timely manner.

I will fight for enactment of this bill in an effort to make sure that our seniors have access to the advanced treatments that can save and improve their lives.

By Mr. LEAHY:

S. 3083. A bill to enhance privacy and the protection of the public in the use of computers and the Internet, and for other purposes; to the Committee on the Judiciary.

ENHANCEMENT OF PRIVACY AND PUBLIC SAFETY IN CYBERSPACE ACT

Mr. LEAHY. Mr. President, at the end of July, the administration transmitted to the Senate and the House of Representatives legislation intended to increase privacy and security in cyberspace. Today, at the request and on behalf of the Administration, I introduce this legislation, the Enhancement of Privacy and Public Safety in Cyberspace Act.

The White House Chief of Staff, John Podesta, announced the administration's cyber-security proposal in an important speech at the National Press Club on Monday, July 17, 2000. This is a complex area that requires close attention to get the balance among law enforcement, business and civil liberties interests just right. I welcome the Administration's participation in this debate on the privacy implications of government surveillance, which certainly deserves just as much attention as the issue of the collection and dissemination of personally-identifiable information by the private-sector.

The means by which law enforcement authorities may gain access to a person's private ''effects'' is no longer limited by physical proximity, as it was at the time the Framers crafted our Constitution's Fourth Amendment right of the American people to be secure in their persons, houses, papers and effects, against unreasonable searches and seizures. New communications methods and surveillance devices have dramatically expanded the opportunities for surreptitious law enforcement access to private messages and records from remote locations.

One example of these devices is the Federal Bureau of Investigation's Carnivore software program, which screens Internet traffic and captures information targeted by court orders. The Senate and House Judiciary Committees have both conducted hearings on Carnivore to discuss how the software works and whether it minimizes intrusion or maximizes the potential for government abuse. The Attorney General is arranging for an independent technical review of Carnivore, and I look forward to reviewing the results.

In short, new communications technologies pose both benefits and challenges to privacy and law enforcement. The Congress has worked successfully in the past to mediate this tension with a combination of stringent procedures for law enforcement access to our communications and legal protections to maintain their privacy and confidentiality, whether they occur in person or over the telephone, fax machine or computer. In 1968, the Congress passed comprehensive legislation authorizing government interception, under carefully defined circumstances, of voice

communications over telephones or in person in Title III of the Omnibus Crime Control and Safe Streets Act.

We returned to this important area in 1986, when we passed the Electronic Communications Privacy Act (ECPA), which I was proud to sponsor, that outlined procedures for law enforcement access to electronic mail systems and remote data processing systems, and that provided important privacy safeguards for computer users.

The Administration's legislation is an important contribution to the ongoing debate over the sufficiency of our current laws in the face of the exponential growth of computer and communications networks. In fact, this legislation contains some proposals which I support. For example, the bill would allow judicial review of pen register orders so the judge is not just a rubber stamp, and would update the wiretap laws to apply the same procedural rules to e-mail intercepts as to phone intercepts.

Nevertheless, the merits of other provisions in this legislation would benefit from additional scrutiny and debate. For example, the legislation proposes elimination of the current $5,000 threshold for large categories of federal computer crimes. This would lower the bar for federal investigative and prosecutorial attention with the result that lesser computer abuses could be converted into federal crimes.

Specifically, federal jurisdiction currently exists for a variety of computer crimes if, and only if, such criminal offenses result in at least $5,000 of aggregate damage or cause another specified injury, such as the impairment of medical treatment, physical injury to a person or a threat to public safety. Elimination of the $5,000 threshold would criminalize a variety of minor computer abuses, regardless of whether any significant harm results. Our federal laws do not need to reach each and every minor, inadvertent and harmless hacking offense—after all, each of the 50 states has its own computer crime laws. Rather, our federal laws need to reach those offenses for which federal jurisdiction is appropriate. This can be accomplished, as I have done in the Internet Security Act, S. 2430, which I introduced earlier this year, by simply adding an appropriate definition of ''loss'' to the statute.

Prior Congresses have declined to over-federalize computer offenses and sensibly determined that not all computer abuses warrant federal criminal sanctions. When the computer crime law was first enacted in 1984, the House Judiciary Committee reporting the bill stated:

> The Federal jurisdictional threshold is that there must be $5,000 worth of benefit to the defendant or loss to another in order to concentrate Federal resources on the more substantial computer offenses that affect interstate or foreign commerce. (H.Rep. 98–894, at p. 22, July 24, 1984).

Similarly, the Senate Judiciary Committee under the chairmanship of Senator THURMOND, rejected suggestions in 1986 that ''the Congress should enact as sweeping a Federal statute as possible so that no computer crime is potentially uncovered.'' (S. Rep. 99–432, at p. 4, September 3, 1986).

For example, if an overly-curious college sophomore checks a professor's unattended computer to see what grade he is going to get and accidentally deletes a file or a message, current Federal law does not make that conduct a crime. That conduct may be cause for discipline at the college, but not for the FBI to swoop in and investigate. Yet, under the Administration's legislation, this unauthorized access to the professor's computer would constitute a federal offense.

As the Congress considers changes in our current laws with a view to updating our current privacy safeguards from unreasonable government surveillance, I commend the administration for focusing attention on this important issue by transmitting its legislative proposal.

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

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

S. 3083

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 ''Enhancement of Privacy and Public Safety in Cyberspace Act''.

SEC. 2. COMPUTER CRIME.

(a) FRAUD AND RELATED ACTIVITY IN CONNECTION WITH COMPUTERS.—

(1) OFFENSES.—Subsection (a) of section 1030 of title 18, United States Code, is amended—

(A) in paragraph (3), by striking ''accesses such a computer'' and inserting ''or in excess of authorization to access any nonpublic computer of a department or agency of the United States, accesses a computer''; and

(B) in paragraph (7), by striking '', firm, association, educational institution, financial institution, government entity, or other legal entity,''.

(2) ATTEMPTED OFFENSES.—Subsection (b) of that section is amended by inserting before the period the following: ''as if such person had committed the completed offense''.

(3) PUNISHMENT.—Subsection (c) of that section is amended—

(A) in paragraph (1), by striking '', or an attempt to commit an offense punishable under this subparagraph'' each place it appears in subparagraphs (A) and (B);

(B) in paragraph (2)—

(i) by striking subparagraph (A) and inserting the following new subparagraph (A):

''(A) except as provided in subparagraphs (B) and (C) of this subparagraph, a fine under this title or imprisonment for not more than one year, or both, in the case of an offense under subsection (a)(2), (a)(3), (a)(5), or (a)(6) of this section which does not occur after a conviction for another offense under this section;'';

(ii) in subparagraph (B), by adding ''and'' at the end; and

(iii) by striking subparagraph (C) and inserting the following new subparagraph (C):

''(C) a fine under this title or imprisonment for not more than ten years, or both, in the case of an offense under subsection (a)(5)(A) or (a)(5)(B) if the offense caused (or, in the case of an attempted offense, would, if completed, have caused)—

''(i) loss to one or more persons during any one year period (including loss resulting from a related course of conduct affecting one or more other protected computers) aggregating at least $5,000;

''(ii) the modification or impairment, or potential modification or impairment, of the medical examination, diagnosis, treatment, or care of one or more individuals;

''(iii) physical injury to any individual;

''(iv) a threat to public health or safety; or

''(v) damage affecting a computer system used by or for a government entity in furtherance of the administration of justice, national defense, or national security;'';

(C) in paragraph (3)—

(i) by striking ''(3)(A)'' and inserting ''(3)'';

(ii) by striking '', (a)(5)(A), (a)(5)(B),'';

(iii) by striking '', or an attempt to commit an offense punishable under this subparagraph;''; and

(iv) by striking subparagraph (B); and

(D) by adding at the end the following new paragraph:

''(4) a fine under this title or imprisonment for not more than ten years, or both, in the case of an offense under subsection (a)(2), (a)(3), (a)(4), (a)(5), (a)(6), or (a)(7) of this section which occurs after a conviction for another offense under this section.''.

(4) INVESTIGATIVE AUTHORITY OF UNITED STATES SECRET SERVICE.—Subsection (d) of that section is amended—

(A) in the first sentence, by striking ''subsections (a)(2)(A), (a)(2)(B), (a)(3), (a)(4), (a)(5), and (a)(6) of''; and

(B) in the second sentence, by striking ''which shall be entered into by'' and inserting ''between''.

(5) DEFINITIONS.—Subsection (e) of that section is amended—

(A) in paragraph (2)(B), by inserting before the semicolon the following: '', including a computer located outside the United States'';

(B) in paragraph (7), by striking ''and'' at the end;

(C) in paragraph (8), by striking ''or information,'' and all that follows through the end of the paragraph and inserting ''or information;'';

(D) in paragraph (9), by striking the period at the end and inserting a semicolon; and

(E) by adding at the end the following new paragraphs:

''(10) the term 'conviction for another offense under this section' includes—

''(A) an adjudication of juvenile delinquency for a violation of this section; and

''(B) a conviction under State law for a crime punishable by imprisonment for more than one year, an element of which is unauthorized access, or exceeding authorized access, to a computer;

''(11) the term 'loss' means any reasonable cost to any victim, including responding to the offense, conducting a damage assessment, restoring any data, program, system, or information to its condition before the offense, and any revenue lost or costs incurred because of interruption of service; and

''(12) the term 'person' includes any individual, firm, association, educational institution, financial institution, corporation, company, partnership, society, government entity, or other legal entity.''.

(6) CIVIL ACTIONS.—Subsection (g) of that section is amended to read as follows:

''(g) Any person who suffers damage or loss by reason of a violation of this section may maintain a civil action against the violator to obtain compensatory damages and injunctive or other equitable relief. An action

under this subsection for a violation of subsection (a)(5) may be brought only if the conduct involves one or more of the factors set forth in subsection (c)(2)(C). No action may be brought under this subsection unless such action is begun within 2 years of the date of the act complained of or the date of the discovery of the damage.''.

(7) FORFEITURE.—That section is further amended—

(A) by redesignating subsection (h) as subsection (j); and

(B) by inserting after subsection (g), as amended by paragraph (6) of this subsection, the following new subsections (h) and (i):

''(h)(1) The court, in imposing sentence on any person convicted of a violation of this section, shall order, in addition to any other sentence imposed and irrespective of any provision of State law, that such person forfeit to the United States—

''(A) such person's interest in any property, whether real or personal, that was used or intended to be used to commit or to facilitate the commission of such violation; and

''(B) any property, whether real or personal, constituting or derived from, any proceeds that such person obtained, whether directly or indirectly, as a result of such violation.

''(2) The criminal forfeiture of property under this subsection, any seizure and disposition thereof, and any administrative or judicial proceeding in relation thereto, shall be governed by the provisions of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), except subsection (d) of that section.

''(i)(1) The following shall be subject to forfeiture to the United States, and no property right shall exist in them:

''(A) Any property, whether real or personal, used or intended to be used to commit or to facilitate the commission of any violation of this section.

''(B) Any property, whether real or personal, which constitutes or is derived from proceeds traceable to any violation of this section.

''(2) The provisions of chapter 46 of this title relating to civil forfeiture shall apply to any seizure or civil forfeiture under this subsection.''.

(b) AMENDMENTS TO SENTENCING GUIDELINES.—Pursuant to its authority under section 994(p) of title 28, United States Code, the United States Sentencing Commission shall amend the sentencing guidelines to ensure any individual convicted of a violation of paragraph (4) or a felony violation of paragraph (5)(A), but not a felony violation of paragraph (5)(B) or (5)(C), of section 1030(a) of title 18, United States Code, is imprisoned for not less than 6 months.

(c) COMMUNICATIONS MATTERS.—

(1) IN GENERAL.—Section 223(a)(1) of the Communications Act of 1934 (47 U.S.C. 223(a)(1)) is amended—

(A) in subparagraphs (C) and (E), by inserting ''or interactive computer service'' after ''telecommunications device'';

(B) in subparagraph (D), by striking ''or'' at the end; and

(C) by adding after subparagraph (E) the following new subparagraph:

''(F) with the intent to cause the unavailability of a telecommunications device or interactive computer service, or to cause damage to a protected computer (as those terms are defined in section 1030 of title 18, United States Code), causes or attempts to cause one or more other persons to initiate communication with such telecommunications device, interactive computer service, or protected computer; or''.

(2) CONFORMING AMENDMENT.—The section heading of that section is amended by striking ''**TELEPHONE CALLS**'' and inserting ''**COMMUNICATIONS**''.

SEC. 3. INTERCEPTION OF WIRE, ORAL, AND ELECTRONIC COMMUNICATIONS.

(a) DEFINITIONS.—Section 2510 of title 18, United States Code, is amended—

(1) in paragraph (1), by striking ''electronic storage'' and inserting ''interim storage'';

(2) in paragraph (10), by striking ''section 153(h) of title 47 of the United States Code'' and inserting ''section 3(10) of the Communications Act of 1934 (47 U.S.C. 153(10))'';

(3) in paragraph (14)—

(A) by striking ''of electronic'' and inserting ''of wire or electronic''; and

(B) by striking ''electronic storage'' and inserting ''interim storage''; and

(4) in paragraph (17)—

(A) by striking '' 'electronic storage' '' and inserting '' 'interim storage' ''; and

(B) in subparagraph (A), by inserting ''by an electronic communication service'' after ''intermediate storage''.

(b) PROHIBITION ON INTERCEPTION AND DISCLOSURE OF COMMUNICATIONS.—Section 2511 of that title is amended—

(1) in subsection (2)—

(A) in paragraph (a)(i), by striking ''on officer'' and inserting ''an officer'';

(B) in paragraph (f)—

(i) by inserting ''or 206'' after ''chapter 121''; and

(ii) by striking ''wire and oral'' and inserting ''wire, oral, and electronic''; and

(C) in paragraph (g), by striking clause (i) and inserting the following new clause (i):

''(i) to intercept or access a wire or electronic communication (other than a radio communication) made through an electronic communications system that is configured so that such communication is readily accessible to the general public;''; and

(2) in subsection (4)—

(A) in paragraph (a), by striking ''in paragraph (b) of this subsection or'';

(B) by striking paragraph (b); and

(C) by redesignating paragraph (c) as paragraph (b).

(c) PROHIBITION ON USE OF EVIDENCE OF INTERCEPTED COMMUNICATIONS.—Section 2515 of that title is amended—

(1) by striking ''Whenever any wire or oral communication'' and inserting ''(a) Except as provided in subsection (b), whenever any wire, oral, or electronic communication''; and

(2) by adding at the end the following new subsection:

''(b) Subsection (a) shall not apply to the disclosure, before a grand jury or in a criminal trial, hearing, or other criminal proceeding, of the contents of a communication, or evidence derived therefrom, against a person alleged to have intercepted, used, or disclosed the communication in violation of this chapter, or participated in such violation.''.

(d) AUTHORIZATION FOR INTERCEPTION OF COMMUNICATIONS.—Section 2516 of that title is amended—

(1) in subsection (1)—

(A) by striking ''wire or oral'' in the matter preceding paragraph (a) and inserting ''wire, oral, or electronic'';

(B) in paragraph (b), by inserting ''threat,'' after ''robbery,'';

(C) by striking the first paragraph (p) and inserting the following new paragraph (p):

''(p) a felony violation of section 1030 of this title (relating to computer fraud and abuse), a felony violation of section 223 of the Communications Act of 1934 (47 U.S.C. 223) (relating to abusive communications in interstate or foreign commerce), or a violation of section 1362 of this title (relating to destruction of government communications facilities); or''; and

(D) by redesignating the second paragraph (p) as paragraph (q); and

(2) in subsection (3), by striking ''electronic communications'' and inserting ''one-way pager communications''.

(e) AUTHORIZATION FOR DISCLOSURE OR USE OF INTERCEPTED COMMUNICATIONS.—Section 2517 of that title is amended in subsections (1) and (2) by inserting ''or under the circumstances described in section 2515(b) of this title'' after ''by any means authorized by this chapter''.

(f) PROCEDURE FOR INTERCEPTION.—Section 2518 of that title is amended—

(1) in subsection (7), by striking ''subsection (d)'' and inserting ''subsection (8)(d)''; and

(2) in subsection (10)—

(A) in paragraph (a)—

(i) in the matter preceding subparagraph (i), by striking ''wire or oral'' and inserting ''wire, oral, or electronic''; and

(ii) in the flush matter following subparagraph (iii)—

(I) by striking ''intercepted wire or oral communication'' and inserting ''intercepted communication''; and

(II) by adding at the end the following new sentence: ''No suppression may be ordered under this paragraph under the circumstances described in section 2515(b) of this title.''; and

(B) by striking paragraph (c).

(g) CIVIL DAMAGES.—Section 2520(c)(2) of that title is amended—

(1) in the matter preceding subparagraph (A)—

(A) by striking ''court may'' and inserting ''court shall''; and

(B) by striking ''greater'' and inserting ''greatest'';

(2) in subparagraph (A), by striking ''or'' at the end;

(3) in subparagraph (B), by striking ''whichever is the greater of $100 a day for each day of violation or $10,000.'' and inserting ''$500 a day for each day of violation; or''; and

(4) by adding at the end the following new subparagraph:

''(C) statutory damages of $10,000.''.

(h) CONFORMING AND CLERICAL AMENDMENTS.—

(1) CONFORMING AMENDMENT.—The section heading of section 2515 of that title is amended to read as follows:

''§ 2515. Prohibition on use as evidence of intercepted wire, oral, or electronic communications''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 119 of that title is amended by striking the item relating to section 2515 and inserting the following new item:

''2515. Prohibition on use as evidence of intercepted wire, oral, or electronic communications.''.

SEC. 4. ELECTRONIC COMMUNICATIONS PRIVACY.

(a) UNLAWFUL ACCESS TO STORED COMMUNICATIONS.—Section 2701 of title 18, United States Code, is amended—

(1) in subsection (a) by striking ''electronic storage'' and inserting ''interim storage'';

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''purposes of'' in the matter preceding subparagraph (A) and inserting ''a tortious or illegal purpose,'';

(ii) in subparagraph (A) by striking ''one year'' and inserting ''five years''; and

(iii) in subparagraph (B) by striking ''two years'' and inserting ''ten years''; and

(B) by striking paragraph (2) and inserting the following new paragraph (2):

''(2) in any other case—

''(A) a fine under this title or imprisonment for not more than one year, or both, in the case of a first offense under this subparagraph; and

''(B) a fine under this title or imprisonment for not more than five years, or both, for any subsequent offense under this subparagraph.''.

(b) DISCLOSURE OF CONTENTS.—Section 2702 of that title is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''person or entity providing an'' and inserting ''provider of'';

(ii) by striking ''electronic storage'' and inserting ''interim storage''; and

(iii) by striking ''and'' at the end;

(B) in paragraph (2)—

(i) by striking ''person or entity providing'' and inserting ''provider of''; and

(ii) striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following new paragraph:

''(3) a provider of remote computing service or electronic communication service to the public shall not knowingly divulge a record or other information pertaining to a subscriber to or customer of such service (not including the contents of communications covered by paragraph (1) or (2) of this subsection) to any governmental entity.'';

(2) in subsection (b)—

(A) in the subsection caption, by inserting ''FOR DISCLOSURE OF COMMUNICATIONS'' after ''EXCEPTIONS'';

(B) in the matter preceding paragraph (1), by striking ''person or entity'' and inserting ''provider described in subsection (a)'';

(C) in paragraph (6)—

(i) in subparagraph (A)(ii), by striking ''or'' at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(iii) by adding at the end the following new subparagraph:

''(C) if the provider reasonably believes that an emergency involving immediate danger of death or serious physical injury to any person justifies disclosure of the information.''; and

(3) by adding at the end the following new subsection:

''(c) EXCEPTIONS FOR DISCLOSURE OF CUSTOMER RECORDS.—A provider described in subsection (a) may divulge a record or other information pertaining to a subscriber to or customer of such service (not including the contents of communications covered by paragraph (1) or (2) of subsection (a))—

''(1) as otherwise authorized in section 2703 of this title;

''(2) with the lawful consent of the customer or subscriber;

''(3) as may be necessarily incident to the rendition of the service or to the protection of the rights or property of the provider of that service;

''(4) to a governmental entity, if the provider reasonably believes that an emergency involving immediate danger of death or serious physical injury to any person justifies disclosure of the information; or

''(5) to any person other than a governmental entity if not otherwise prohibited by law.''.

(c) REQUIREMENTS FOR GOVERNMENTAL ACCESS.—Section 2703 of that title is amended—

(1) in subsection (a), by striking ''electronic storage'' each place it appears and inserting ''interim storage'';

(2) in subsection (b)(1)(B), by striking clause (i) and inserting the following new clause (i):

''(i) uses a Federal or State grand jury or trial subpoena, or a subpoena or equivalent process authorized by a Federal or State statute; or'';

(3) in subsection (c)—

(A) by redesignating paragraph (2) as paragraph (3);

(B) by redesignating subparagraph (C) of paragraph (1) as paragraph (2);

(C) in paragraph (2), as so redesignated—

(i) by striking ''an administrative subpoena authorized by a Federal or State statute or a Federal or State grand jury or trial subpoena'' and inserting ''a Federal or State grand jury or trial subpoena, or a subpoena or equivalent process authorized by a Federal or State statute,''; and

(ii) by striking ''subparagraph (B).'' and inserting ''paragraph (1).''; and

(D) in paragraph (1)—

(i) by striking ''(A) Except as provided in subparagraph (B),'' and inserting ''A governmental entity may require'';

(ii) by striking ''may disclose'' and inserting ''to disclose'';

(iii) by striking ''to any person other than a governmental entity.'';

(iv) by striking ''(B) A provider of'' through ''to a governmental entity'';

(v) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D);

(vi) by striking ''or'' at the end of subparagraph (C), as so redesignated;

(vii) by striking the period at the end of subparagraph (D), as so redesignated, and inserting ''; or''; and

(viii) by adding after subparagraph (D), as so redesignated, the following new subparagraph:

''(E) seeks information pursuant to paragraph (2).''; and

(4) in subsection (d)—

(A) by striking ''subsection (c)'' and inserting ''subsection (c)(1)''; and

(B) by striking ''section 3127(2)(A)'' and inserting ''section 3127(2)''.

(d) DELAYED NOTICE.—Section 2705(a) of that title is amended—

(1) in paragraph (1)(B), by striking ''an administrative subpoena authorized by a Federal or State statute or a Federal or State grand jury subpoena'' and inserting ''a Federal or State grand jury or trial subpoena, or a subpoena or equivalent process authorized by a Federal or State statute,''; and

(2) in paragraph (4), by striking ''by the court'' and all that follows through the end of the paragraph and inserting '', upon application, if the court determines that there is reason to believe that notification of the existence of the court order or subpoena may have an adverse result described in paragraph (2) of this subsection.''.

(e) CIVIL ACTION.—Section 2707(e)(1) of that title is amended by inserting ''a request of a governmental entity under section 2703(f) of this title,'' after ''subpoena,''.

(f) CONFORMING AND CLERICAL AMENDMENTS.—

(1) CONFORMING AMENDMENTS.—(A) The section heading of section 2702 of that title is amended to read as follows:

''§ 2702. Voluntary disclosure of customer communications or records''.

(B) The section heading of section 2703 of that title is amended to read as follows:

''§ 2703. Required disclosure of customer communications or records''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 121 of that title is amended by striking the items relating to sections 2702 and 2703 and inserting the following new items:

''2702. Voluntary disclosure of customer communications or records.''.

''2703. Required disclosure of customer communications or records.''.

SEC. 5. PEN REGISTERS AND TRAP AND TRACE DEVICES.

(a) GENERAL PROHIBITION ON USE.—Section 3121(c) of title 18, United States Code, is amended—

(1) by inserting ''or trap and trace device'' after ''pen register'';

(2) by inserting '', routing, addressing,'' after ''dialing''; and

(3) by striking ''call processing'' and inserting ''the processing and transmitting of wire and electronic communications''.

(b) APPLICATION FOR ORDER.—Section 3122(b)(2) of that title is amended by striking ''certification by the applicant'' and inserting ''statement of facts showing''.

(c) ISSUANCE OF ORDER.—Section 3123 of that title is amended—

(1) by striking subsection (a) and inserting the following new subsection (a):

''(a) IN GENERAL.—(1) Upon an application made under section 3122(a)(1) of this title, the court shall enter an ex parte order authorizing the installation and use of a pen register or a trap and trace device if the court finds, based on facts contained in the application, that the information likely to be obtained by such installation and use is relevant to an ongoing criminal investigation. Such order shall, upon service of such order, apply to any entity providing wire or electronic communication service in the United States whose assistance may facilitate the execution of the order.

''(2) Upon an application made under section 3122(a)(2) of this title, the court shall enter an ex parte order authorizing the installation and use of a pen register or a trap and trace device within the jurisdiction of the court if the court finds, based on facts contained in the application, that the information likely to be obtained by such installation and use is relevant to an ongoing criminal investigation.'';

(2) in subsection (b)(1)—

(A) in subparagraph (A)—

(i) by inserting ''or other facility'' after ''line''; and

(ii) by inserting ''or applied'' after ''attached''; and

(B) in subparagraph (C)—

(i) by striking ''the number'' and inserting ''the attributes of the communications to which the order applies, such as the number or other identifier,'';

(ii) by striking ''physical'';

(iii) by inserting ''or other facility'' after ''line'';

(iv) by inserting ''or applied'' after ''attached''; and

(v) by inserting ''authorized under subsection (a)(2) of this section'' after ''device'' the second place it appears; and

(4) in subsection (d)(2)—

(A) by inserting ''or other facility'' after ''line'';

(B) by inserting ''or applied'' after ''attached''; and

(C) by striking ''has been ordered by the court'' and inserting ''is obligated by the order''.

(d) EMERGENCY INSTALLATION.—Section 3125(a)(1) of that title is amended—

(1) in subparagraph (A), by striking ''or'' at the end;

(2) in subparagraph (B), by striking the comma at the end and inserting a semicolon; and

(3) by adding at the end the following new subparagraphs:

''(C) an immediate threat to a national security interest; or

''(D) an ongoing attack on the integrity or availability of a protected computer punishable pursuant to section 1030(c)(2)(C) of this title,''.

(e) DEFINITIONS.—Section 3127 of that title is amended—

(1) in paragraph (2), by striking subparagraph (A) and inserting the following new subparagraph (A):

''(A) any district court of the United States (including a magistrate judge of such a court) or United States Court of Appeals having jurisdiction over the offense being investigated; or'';

(2) in paragraph (3)—

(A) by striking ''electronic or other impulses which identify the numbers dialed or otherwise transmitted on the telephone line to which such device is attached'' and inserting ''dialing, routing, addressing, and signaling information transmitted by an instrument or facility from which a wire or electronic communication is transmitted''; and

(B) by inserting ''or process'' after ''device'' each place it appears;

(3) in paragraph (4)—

(A) by inserting ''or process'' after ''a device''; and

(B) by striking ''of an instrument or device from which a wire or electronic communication was transmitted'' and inserting ''or other dialing, routing, addressing, and signaling information relevant to identifying the source of a wire or electronic communication'';

(4) in paragraph (5), by striking ''and'' at the end;

(5) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(6) by adding at the end the following new paragraph:

''(7) the term 'protected computer' has the meaning given that term in section 1030(e) of this title.''.

SEC. 6. JUVENILE MATTERS.

Section 5032 of title 18, United States Code, is amended in the first undesignated paragraph by inserting after ''section 924(b), (g), or (h) of this title,'' the following: ''or is a violation of section 1030(a)(1), section 1030(a)(2)(B), section 1030(a)(3), or a felony violation of section 1030(a)(5) where such felony violation of section 1030(a)(5) is eligible for punishment under section 1030(c)(2)(C)(ii) through (v) of this title,''.

SEC. 7. PROTECTION OF CABLE SERVICE SUBSCRIBER PRIVACY.

Section 631 of the Communications Act of 1934 (47 U.S.C. 551) is amended—

(1) in subsection (c)(2)—

(A) in subparagraph (B), by striking ''or'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following new subparagraph:

''(D) required under chapter 119, 121, or 206 of title 18, United States Code, except that disclosure under this subparagraph shall not include records revealing customer cable television viewing activity.''; and

(2) in subsection (h), by striking ''A governmental entity'' and inserting ''Except as provided in subsection (c)(2)(D), a governmental entity''.

Mr. HATCH:

S. 3084. A bill to amend title XVIII of the Social Security Act to provide for State accreditation of diabetes self-management training programs under the Medicare Program; to the Committee on Finance.

STATE ACCREDITATION OF DIABETES SELF-MANAGEMENT TRAINING PROGRAMS UNDER THE MEDICARE PROGRAM

Mr. HATCH. Mr. President, today, I am introducing legislation that will allow all state diabetes education programs to be reimbursed by the Medicare program. Currently, state diabetes education programs that only have state certification are not able to receive Medicare reimbursement for the fine work that they do as far as educating diabetics in the communities. As a result, these individuals have less access to the education that they need to control their diabetes.

This issue was brought to my attention by the Program Director of the Utah Diabetes Control Program. There are 32 diabetes education programs in Utah that are either Utah certified or recognized by the American Diabetes Association. Eighteen of those programs have only state certification and seven of those are located in rural communities of Utah, including Moab, Price, Roosevelt, Gunnison, Payson, and Tooele.

Without this legislation, these 18 programs cannot be reimbursed by Medicare unless they are certified by the American Diabetes Association. In Utah, our state certification program exceeds national standards. In addition to submitting an application and documentation that the education programs meet the national standards, Utah Diabetes Control Program staff conduct site visits with all applying programs. The staff also collects data through annual reports to assess continued quality and outcomes.

One of the biggest concerns that has been brought to my attention by the Utah Department of Health is that the American Diabetes Association charges $850 for state programs to apply for ADA certification. The smaller state diabetes education programs have indicated that the ADA fee is cost-prohibitive for them, especially in the more rural areas. On the other hand, state certification is free to all applicants.

I understand that this problem not only exists in Utah, but across the country. I believe that this matter needs to be addressed by Congress so that all Medicare beneficiaries, regardless of where they live, will have access to diabetes education programs.

By Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. CLELAND, and Mrs. MURRAY):

S. 3085. A bill to provide assistance to mobilize and support United States communities in carrying out youth development programs that assure that all youth have access to programs and services that build the competencies and character development needed to fully prepare the youth to become adults and effective citizens; to the Committee on Health, Education, Labor, and Pensions.

THE YOUNGER AMERICANS ACT

Mr. JEFFORDS. Mr. President, I rise today to introduce the Younger American's Act with Senators KENNEDY, CLELAND, and MURRAY. This legislation embraces the belief that youth are not only our nation's most valuable resource, they also are our most important responsibility. The needs of youth must be moved to a higher priority on our nation's agenda.

It is not enough that government responds to youth when they get into trouble with drugs, teen pregnancy, and violence. We need to strengthen the positive rather than simply respond to the negative. Positive youth development, the framework for the Younger American's Act, is not just about preventing bad things from happening, but giving a nudge to help good things happen. And we know that it works.

Evaluations of Big Brothers/Big Sisters, Boys and Girls Clubs, and other youth development programs have demonstrated significant increases in parental involvement, youth participation in constructive education, social and recreation activities, enrollment in post-secondary education, and community involvement. Just as important, youth actively participating in youth development programs show decreased rates of school failure and absenteeism, teen pregnancy, delinquency, substance abuse, and violent behavior.

We also know that risk taking behavior increases with age. One third of the high school juniors and seniors participate in two or more health risk behaviors. That is why it is important to build a youth development infrastructure that engages youth as they enter pre-adolescence and keeps them engaged throughout their teen years. The Younger American's Act is targeted to youth aged ten to nineteen. This encompasses both the critical middle-school years, as well as the increasingly risky high school years.

The Younger American's Act is about framing a national policy on youth. Up until now, government has responded to kids after they have gotten into trouble. We must take a new tack. Instead of just treating problems, we have to promote healthy development. We have to remember that just because a kid stays out of trouble, it doesn't mean that he or she is ready to handle the responsibilities of adulthood. Research has shown that kids want direction, they want close bonds with parents and other adult mentors. And I believe we owe them that. Ideally, this comes from strong families, but communities and government can help.

In order to keep kids engaged in positive activities, youth must be viewed as resources; as active participants in finding solutions to their own problems. Parents also must be part of those solutions. This legislation requires that youth and parents be part of the decision-making process on the federal and local levels.

The United States does not have a cohesive federal policy on youth. Creating an Office on National Youth Policy within the White House not only raises the priority of youth on the federal agenda, but provides an opportunity to more effectively coordinate existing federal youth programs to increase their impact on the lives of young Americans. The efforts of the Office of National Youth Policy in advocating for the needs of youth, and the Department of Health and Human Service in implementing the Younger American's Act will be helped by the Council on National Youth Policy. This Council, comprised of youth, parents,

experts in youth development, and representatives from the business community, will help ensure that this initiative continually responds to the changing needs of youth and their communities. It will bring a ''real world'' perspective to the efforts of the Office and HHS.

The Younger American's Act provides communities with the funding necessary to adequately ensure that youth have access to five core resources:

Ongoing relationships with caring adults;

Safe places with structured activities in which to grow and learn;

Services that promote healthy lifestyles, including those designed to improve physical and mental health;

Opportunities to acquire marketable skills and competencies; and

Opportunities for community service and civic participation.

Block grant funds will be used to expand existing resources, create new ones where none existed before, overcome barriers to accessing those resources, and fill gaps to create a cohesive network for youth. The funds will be funneled through states, based on an allocation formula that equally weighs population and poverty measures, to communities where the primary decisions regarding the use of the funds will take place. Thirty percent of the local funds are set aside for to address the needs of youth who are particularly vulnerable, such as those who are in out-of home placements, abused or neglected, living in high poverty areas, or living in rural areas where there are usually fewer resources. Dividing the state into regions, or ''planning and mobilization areas,'' ensures that funds will be equitably distributed throughout a state. Empowering community boards, comprised of youth, parents, and other members of the community, to supervise decisions regarding the use of the block grant funds ensures that the programs, services, and activities supported by the Act will be responsive to local needs.

Accountability is integral to any effective federal program. The Younger American's Act provides the Department of Health and Human Services with the responsibility and funding to conduct research and evaluate the effectiveness of funded initiatives. States and the Department are charged with monitoring the use of funds by grantees, and empowered to withhold or reduce funds if problems arise.

The Younger Americans Act will help kids gain the skills and experience they need to successfully navigate the rough waters of adolescence. My twenty-first century community learning centers initiative supports the efforts of schools to operate after-school programs that emphasize academic enrichment. It's time to get the rest of the community involved. It's time to give the same level of support to the thousands of youth development and youth-serving organizations that struggle to keep their doors open every day.

I remember a young man, Brad Luck, who testified before the H.E.L.P. Committee several years ago. As a 14-year-old, Brad embarked on a two-year mission to open a teen center in his home town of Essex Junction, Vermont. He formed a student board of directors, sought 501(c)(3) status and gave over 25 community presentations to convince the town to back the program. Demonstrating the tenacity of youth, he then spear-headed a successful drive to raise $30,000 in 30 days to fund the start-up of the center. Today, the center is thriving in its town-donated space. This is an example of the type of community asset building supported by the Younger Americans Act. The Younger Americans Act is about an investment in our youth, our communities, and our future. I want to thank America's Promise, the United Way, and the National Collaboration for Youth for their work in providing the original framework for the legislation. I am proud and excited to be part of this important initiative.

I ask unanimous consent that a summary of the legislation be printed in the RECORD.

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

YOUNGER AMERICANS ACT—SUMMARY

The Younger Americans Act provides a framework for a cohesive national policy on youth. Loosely based on the Older Americans Act, this legislation is an opportunity to better coordinate the services, activities and programs that help our young people make a successful transition from childhood to adulthood. The bill includes a block grant program to support local communities in their efforts to strengthen the resources that are available to youth. But perhaps most importantly, The Younger Americans Act is about forging partnerships between parents, youth, government, and youth serving organizations.

The Younger Americans Act begins with a statement of national youth policy that youth need to have access five core resources:

Ongoing relationships with caring adults;

Safe places with structured activities;

Services that promote healthy lifestyles, including those designed to improve physical and mental health;

Opportunities to acquire marketable skills and competencies; and

Opportunities for community service and civic participation.

Reflecting the high priority which youth need to occupy on the national agenda, the legislation establishes an Office of National Youth Policy within the White House. This office will serve as an effective advocate for youth within the federal government and assist in resolving administrative and programmatic conflicts between federal programs that are barriers to parents, youth, communities, and service providers in accessing the full array of core resources for youth. Funds for this Office are authorized for $500,000 a year.

The Younger Americans Act creates a Council on National Youth Policy to advise the President, the Director of the Office of National Youth Policy and the Department of Health and Human Services on the developmental needs of youth, youth participation, and federal youth policies. The membership of the Council ensures that youth are active participants in the finding solutions to many of their own problems. The Council is authorized to conduct public forums for discussion and serve as an information conduit between policy makers, youth, and others involved in the provision of youth services. It is authorized for $250,000 per year.

The Younger Americans Act creates a formula-based state block grant to support community-based youth development programs, activities and services. Ninety-seven percent of the funds will be distributed to states, Native American tribes and organizations, and outlying territories. The Department of Health and Human Services is authorized to use the remainder of the funds to conduct demonstration program for youth populations that are particularly vulnerable. Funds are distributed to states based on the population of youth aged 10–19, and the number of children and youth receiving free- or reduced priced lunches. There is a small state minimum of .4 percent.

To implement the block grant, states are required to divide the state into geographical regions called planning and mobilization areas. States are encouraged to utilize existing state administrative or programmatic regions. States may use up to 4 percent of the funds for program review, monitoring, and technical assistance; and no more than 3 percent of the funds to address the needs of particularly vulnerable youth populations, including youth in out-of-home residential settings, such as foster care, communities with high concentrations of poverty, rural areas, and youth that have been abused or neglected. The remaining 93 percent of the funds allotted to the states must be equitably distributed among the planning and mobilization areas, based on the same population and school lunch program participation formula used for the distribution of the federal funds.

An ''area agency for youth'' will be designated to administer the funds, under the direction of a community board. States are encouraged to build on existing community resources and systems. After assessing the available assets for youth, as well as gaps in and barriers to services in the community, a plan to address the needs of local youth in the five core resources is developed for each region of the state. At least 30 percent of the funds provided to the area agency for youth must be used to address the needs of the most vulnerable youth populations in the region. As part of the planning process, area agencies for youth and community boards must identify measures of program effectiveness upon which future progress will be evaluated.

Funds are distributed, on a competitive basis, to community-based youth serving organizations and agencies in such a manner as to build a cohesive network of programs, services and activities for local youth. Provisions in the legislation ensure the participation of youth and their families in decisions about how best to meet the needs of local youth. There is a state or local match requirement of 20 percent for the first two years, increasing to 50 percent by the fifth and subsequent years. The match can meet through cash or in-kind contributions, fairly evaluated. The legislation contains an illustrative list of youth development activities, programs and services that may receive funds from the Younger American's Act. That list includes a broad variety of effective youth development activities such as youth mentoring, community youth centers and clubs, character development, non-school hours programs, sports and recreation activities, academic and cultural enrichment, workforce preparation, community service, and referrals to health and mental health services. The block grant is authorized for $500 million the first year, ramping

up to $2 billion in the fifth year of the legislation, for a total of $5.75 billion over five years.

Although research has demonstrated the effectiveness of positive youth development programs, accountability and evaluation must be part of any significant investment of federal funds. The legislation requires the Department of Health and Human Service to conduct extensive research and evaluation of the programs, services and activities funded under the Act. The Department also has responsibility for funding professional development activities for youth workers and other training and education initiatives to increase the capacity of local boards, agencies and organizations to implement the block grant. These efforts are authorized for $7 million per year.

Mr. KENNEDY. Mr. President, I commend Senator JEFFORDS for his leadership on this important legislation and it is a privilege to join him as a cosponsor on this legislation. I also commend the thirty-four youth organizations that comprise the National Collaboration for Youth and the more than 200 young people who have worked on this bill. They have been skillful and tireless in their efforts to focus on the need for a positive national strategy for youth.

Our goal in introducing the Younger Americans Act is to establish a national policy for youth which focuses on young people, not as problems, but as problem solvers. The Younger Americans Act is intended to create a local and nation-wide collaborative movement to provide programs that offer greater support for youth in the years of adolescence. This bill, modeled on the very successful Older Americans Act of 1965, will help youths between the ages of 10 and 19. It will provide assistance to communities for youths development programs that assure that all youth have access to the skills and character development needed to become good citizens.

In other successful bipartisan measures over the years, such as Head Start, child care, and the 21st century learning communities, we have created a support system for parents of preschool and younger school-age children. These programs reduce the risk that children will grow up to become juvenile delinquents by giving them a healthy and safe start. It's time to do the same thing for adolescents.

Americans overwhelmingly believe that government should invest in initiatives like this. Many studies detail the effectiveness of youth development programs. Beginning with the Carnegie Corporation Report in 1992, ''A Matter of Time—Risk and Opportunity in the Nonschool Hours,'' a series of studies have shown repeatedly that youth development programs at the community level produce powerful and positive results.

In this report this last March, ''Community Counts: How Youth Organizations Matter for Youth Development,'' Milbrey McLaughlin, professor of education at Stanford University, calls for communities to rethink how they design and deliver services for youths, particularly during non-school hours. The report confirms that community involvement is essential in creating and supporting effective programs that meet the needs of today's youth.

Effective community-based youth development programs build on five core resources that all youths need to be successful. These same core resources are the basis for the Younger Americans Act. Youths need ongoing relationships with caring adults, safe places with structured activities, access to services that promote healthy lifestyles, opportunities to acquire marketable skills, and opportunities for community service and community participation.

The Younger Americans Act will establish a way for communities to give thought and planning on the issues at the local level, and to involve both youths and parents in the process. The Act will provide $5.76 billion over the next five years for communities to conduct youth development programs that recognize the primary role of the family, promote the involvement of youth, coordinate services in the community, and eliminate barriers which prevent youth from obtaining the guidance and support they need to become successful adults. The Act also creates a national youth policy office and a national youth council to advise the President and Congress and help focus the country more effectively on the needs of young people.

Too often, the focus on youth has emphasized their problems, not their successes and their potential. This emphasis has sent a negative message to youth that needs to be reversed. We need to deal with negative behaviors, but we also need a broader strategy that provides a positive approach to youth. The Younger Americans Act will accomplish this goal in three ways, by focusing national attention on the strengths and contributions of youths, by providing funds to develop positive and cooperative youth development programs at the state and community levels, and by promoting the involvement of parents and youths in developing positive programs that strengthen families.

The time of adolescence is a complex transitional period of growth and change. We know what works. The challenge we face is to provide the resources to implement positive and practical programs effectively. Investing in youth in ways like that will pay enormous dividends for communities and our country. I urge all members of Congress to join in supporting this important legislation.

ADDITIONAL SPONSORS

S. 61

At the request of Mr. DEWINE, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 61, a bill to amend the Tariff Act of 1930 to eliminate disincentives to fair trade conditions.

S. 63

At the request of Mr. KOHL, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 63, a bill to amend the Internal Revenue Code of 1986 to provide a credit against tax for employers who provide child care assistance for dependents of their employees, and for other purposes.

S. 1185

At the request of Mr. ABRAHAM, the name of the Senator from Rhode Island (Mr. L. CHAFEE) was added as a cosponsor of S. 1185, a bill to provide small business certain protections from litigation excesses and to limit the product liability of non-manufacturer product sellers.

S. 1446

At the request of Mr. LOTT, the name of the Senator from Arkansas (Mr. HUTCHINSON) was added as a cosponsor of S. 1446, a bill to amend the Internal Revenue Code of 1986 to allow an additional advance refunding of bonds originally issued to finance governmental facilities used for essential governmental functions.

S. 1536

At the request of Mr. DEWINE, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1536, a bill to amend the Older Americans Act of 1965 to extend authorizations of appropriations for programs under the Act, to modernize programs and services for older individuals, and for other purposes.

S. 1810

At the request of Mrs. MURRAY, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 1810, a bill to amend title 38, United States Code, to clarify and improve veterans' claims and appellate procedures.

S. 2070

At the request of Mr. FITZGERALD, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 2070, a bill to improve safety standards for child restraints in motor vehicles.

S. 2163

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 2163, a bill to provide for a study of the engineering feasibility of a water exchange in lieu of electrification of the Chandler Pumping Plant at Prosser Diversion Dam, Washington.

S. 2700

At the request of Mr. L. CHAFEE, the name of the Senator from West Virginia (Mr. BYRD) was added as a cosponsor of S. 2700, a bill to amend the Comprehensive Environmental Response, Compensation and Liability Act of 1980 to promote the cleanup and reuse of brownfields, to provide financial assistance for brownfields revitalization, to enhance State response programs, and for other purposes.

S. 2764

At the request of Mr. KENNEDY, the names of the Senators from South Dakota (Mr. DASCHLE) and the Senator

from HAWAII (Mr. INOUYE) were added as cosponsors of S. 2764, a bill to amend the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973 to extend the authorizations of appropriations for the programs carried out under such Acts, and for other purposes.

S. 2787

At the request of Mr. BIDEN, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 2787, a bill to reauthorize the Federal programs to prevent violence against women, and for other purposes.

S. 2866

At the request of Mr. STEVENS, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 2866, a bill to provide for early learning programs, and for other purposes.

S. 2912

At the request of Mr. KENNEDY, the names of the Senators from Louisiana (Ms. LANDRIEU) and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of S. 2912, a bill to amend the Immigration and Nationality Act to remove certain limitations on the eligibility of aliens residing in the United States to obtain lawful permanent residency status.

S. 2937

At the request of Mr. DOMENICI, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 2937, a bill to amend title XVIII of the Social Security Act to improve access to Medicare+Choice plans through an increase in the annual Medicare+Choice capitation rates and for other purposes.

S. 2938

At the request of Mr. BROWNBACK, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 2938, a bill to prohibit United States assistance to the Palestinian Authority if a Palestinian state is declared unilaterally, and for other purposes.

S. 2967

At the request of Mr. MURKOWSKI, the names of the Senator from Arizona (Mr. KYL) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 2967, a bill to amend the Internal Revenue Code of 1986 to facilitate competition in the electric power industry.

S. 2999

At the request of Mr. ABRAHAM, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. 2999, a bill to amend title XVIII of the Social Security Act to reform the regulatory processes used by the Health Care Financing Administration to administer the Medicare program, and for other purposes.

S. 3007

At the request of Mrs. FEINSTEIN, the names of the Senators from Oregon (Mr. WYDEN) and the Senator from Maine (Ms. SNOWE) was added as cosponsors of S. 3007, a bill to provide for measures in response to a unilateral declaration of the existence of a Palestinian state.

S. 3009

At the request of Mr. HUTCHINSON, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 3009, a bill to provide funds to the National Center for Rural Law Enforcement.

S. 3030

At the request of Mr. THOMPSON, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. 3030, a bill to amend title 31, United States Code, to provide for executive agencies to conduct annual recovery audits and recovery activities, and for other purposes.

S. RES. 304

At the request of Mr. SANTORUM, his name was added as a cosponsor of S. Res. 304, a resolution expressing the sense of the Senate regarding the development of educational programs on veterans' contributions to the country and the designation of the week that includes Veterans Day as ''National Veterans Awareness Week'' for the presentation of such educational programs.

S. RES. 330

At the request of Mr. INHOFE, the names of the Senator from Texas (Mrs. HUTCHISON), the Senator from North Carolina (Mr. HELMS), the Senator from Maryland (Ms. MIKULSKI), and the Senator from Delaware (Mr. ROTH), were added as cosponsors of S. Res. 330, a resolution to designating the week beginning September 24, 2000, as ''National Amputee Awareness Week.''

AMENDMENTS SUBMITTED

STEM CELL RESEARCH ACT OF 2000

BROWNBACK AMENDMENTS NOS. 4154–4162

(Ordered referred to the Committee on Health, Education, Labor, and Pensions)

Mr. BROWNBACK submitted nine amendments intended to be proposed by him to the bill (S. 2015) to amend the Public Health Service Act to provide for research with respect to human embryonic stem cells; as follows:

AMENDMENT NO. 4154

At the appropriate place, insert the following:

SEC. . PROHIBITION ON EXPORTATION OF HUMAN EMBRYOS.

The Secretary of Commerce shall prohibit the export (as such term is defined in section 16 of the Export Administration Act of 1979 (50 U.S.C. App 2415)) from the United States of any human embryo or part thereof.

AMENDMENT NO. 4155

On page 1, line 6, strike ''Sec.''.

AMENDMENT NO. 4156

On page 1, line 6, strike ''2.''.

AMENDMENT NO. 4157

On page 1, line 6, strike ''Research''.

AMENDMENT NO. 4158

On page 1, line 6, strike ''on''.

AMENDMENT NO. 4159

On page 1, line 6, strike ''Human''.

AMENDMENT NO. 4160

On page 1, line 6, strike ''Embryonic''.

AMENDMENT NO. 4161

On page 1, line 6, strike ''Stem''.

AMENDMENT NO. 4162

On page 1, line 6, strike ''Cells''.

WATER RESOURCES DEVELOPMENT ACT OF 2000

ABRAHAM AMENDMENT NO. 4163

(Ordered to lie on the table.)

Mr. BROWNBACK submitted an amendment intended to be proposed by him to the bill (S. 2796) to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. . APPLICATION TO GREAT LAKES.

(a) ADDITIONAL DEFINITIONS.—Section 1109(c) of the Water Resources Development Act of 1986 (42 U.S.C. 1962d-20(d)) is amended to read as follows:

''(c) DEFINITIONS.—In this section:

''(1) GREAT LAKES STATE.—The term 'Great Lakes State' means each of the States of Illinois, Indiana, Michigan, Minnesota, Ohio, Pennsylvania, New York, and Wisconsin.

''(2) DIVERSION.—The term 'diversion' includes exports of bulk fresh water.

''(3) BULK FRESH WATER.—The term 'bulk fresh water' means fresh water extracted in amounts intended for transportation outside the United States by commercial vessel or similar form of mass transportation, without further processing.''.

(b) ADDITIONAL FINDING.—Section 1109 (b) of the Water Resources Development Act of 1986 (42 U.S.C. 1962d-20) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), and by inserting after paragraph (1) the following:

''(2) to encourage the Great Lakes States, in consultation with the Provinces of Ontario and Quebec, to develop and implement a mechanism that provides a common conservation standard embodying the principles of water conservation and resource improvement for making decisions concerning the withdrawal and use of water from the Great Lakes Basin;''.

(c) SENSE OF THE CONGRESS.—It is the Sense of the Congress that the Secretary of State should work with the Canadian Government to encourage and support the Provinces in the development and implementation of a mechamism and standard concerning the withdrawal and use of water from the Great Lakes Basin consistent with those mechanisms and standards developed by the Great Lakes States.

NOTICE OF HEARING

COMMITTEE ON INDIAN AFFAIRS

Mr. CAMPBELL. Mr. President, I would like to announce that the Committee on Indian Affairs will meet on

Wednesday, September 27, 2000, at 9:30 a.m. in room 485 of the Russell Senate Building to conduct a hearing on S. 2052, a bill to establish a demonstration project to authorize the integration and coordination of Federal funding dedicated to community, business, and the economic development of Native American communities to be followed immediately by a business meeting to markup pending committee bills.

Those wishing additional information may contact committee staff at 202/224–2251.

PRIVILEGES OF THE FLOOR

Mr. GRAHAM. Mr. President I ask unanimous consent that Ms. Kimbriel Dean be allowed on the floor for the duration of my remarks.

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

Mr. DURBIN. Mr. President, I ask unanimous consent that the privilege of the floor be granted to David Sarokin, a fellow on my staff, during the pendency of S. 2045, the H–1B visa bill.

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

MEASURE READ FOR THE FIRST TIME—H.R. 5203

Mr. ENZI. Mr. President, I understand that H.R. 5203 is at the desk, and I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill for the first time.

The bill clerk read as follows:

A bill (H.R. 5203) to provide for reconciliation pursuant to sections 103(a)(2), 103(b)(2), and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and to decrease the statutory limit on the public debt, and to amend the Internal Revenue Code of 1986 to provide for retirement security.

Mr. ENZI. Mr. President, I now ask for its second reading, and I object to my own request.

The PRESIDING OFFICER. The objection is heard.

The bill will be read the second time on the next legislative day.

INTERCOUNTRY ADOPTION ACT OF 2000

Mr. ENZI. Mr. President, I ask unanimous consent the Chair lay before the Senate a message from the House of Representatives to accompany H.R. 2909.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Resolved, That the House agree to the amendment of the Senate to the bill, H.R. 2909, entitled ''An Act to provide for implementation by the United States of the Hague Convention on Protection of Children in Cooperation in Respect of Intercountry Adoption, and for other purposes,'' with an amendment.

Mr. ENZI. I ask unanimous consent that the Senate agree to the amendment of the House.

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

Mr. LEAHY. Will the Senator yield?

Mr. ENZI. I yield.

Mr. LEAHY. Regarding the last bill that went through, I want to take a moment to compliment a colleague of mine from Massachusetts, Congressman DELAHUNT, who has worked so hard and so diligently. It will give me a great deal of pleasure to tell him it has passed. I thank my friend.

Mr. BIDEN. Mr. President, I am extremely pleased that today the Senate is giving advice and consent to the Hague Convention on Intercountry Adoption, and approval to the related implementing legislation.

The Senate's approval of these measures will send both of them to the President for his signature. This is good news for American parents looking to adopt overseas, and good news for the thousands of orphaned children overseas looking for loving homes.

This treaty is important for a very simple reason—it will help facilitate international adoptions and provide important safeguards for children and adoptive parents. It is a good thing when the government can make things easier for its citizens—in this case, adoptive parents. An adoption is a joyous occasion, but the current system can be confusing and present uncertainties.

The Hague Convention establishes a uniform system for adopting children from other countries—so that both adoptive parents and biological parents have the assurance that an adoption is being done right. The Hague Convention and the implementing bill also establish mechanisms for improved governmental oversight for international adoptions—in order to guard against fraud and other problems associated with such adoptions.

The implementing legislation is the product of compromise between a number of people—the Chairman of the Foreign Relations Committee, Senator HELMS, Senator LANDRIEU, Senator BROWNBACK, and myself, and several people in the other body, including Chairman BEN GILMAN, and Representative SAM GEJDENSON, BILL DELAHUNT, and DAVE CAMP. None of us got all that we wanted. But I believe we have a good product here. I want to express my appreciation to them and their staffs for the hard work that went into the drafting of this bill. Several people in the executive branch, too numerous to mention, also contributed greatly to this bill.

Now the hard work of putting the promise of the Hague Convention into reality begins. The executive branch will have much to do in implementing this treaty, and Congress will have a duty to oversee this work closely. But today we are taking an important step for parents and children—a step about which we can all be proud.

EXECUTIVE SESSION—TREATIES

Mr. ENZI. I ask unanimous consent that the Senate proceed to executive session to consider the following treaties on today's Executive Calendar:

Nos. 15, 17, 18, and 19.

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

The clerk will report.

The legislative clerk read as follows:

Treaty Document No. 105–1, Convention On Protection of Children and Co-operation In Respect of Intercountry Adoption;

Treaty Document No. 106–8, Convention (No. 176) Concerning Safety and Health in Mines;

Treaty Document No. 106–14, Food Aid Convention 1999;

Treaty Document No. 105–48, Inter-American Convention On Sea Turtles.

Mr. ENZI. I further ask unanimous consent that the treaties be considered as having passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification; all committee provisos, reservations, understandings, and declarations be considered agreed to.

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

The treaties will be considered to have passed through their various parliamentary stages up to and including the resolutions of ratification.

The resolutions of ratification read as follows:

CONVENTION ON PROTECTION OF CHILDREN AND COOPERATION IN RESPECT OF INTERCOUNTRY ADOPTION

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption, adopted and opened for signature at the conclusion of the seventeenth session of the Hague Conference on Private International Law on May 29, 1993 (Treaty Doc. 105–51) (hereinafter, ''The Convention''), subject to the declarations of subsection (a) and subsection (b).

(a) DECLARATIONS.—The Senate's advice and consent is subject to the following declarations, which shall be included in the instrument of ratification.

(1) NON-SELF EXECUTING CONVENTION.—The United States declares that the provisions of Articles 1 through 39 of the Convention are non self-executing.

(2) PERFORMANCE OF REQUIRED FUNCTIONS.—The United States declares, pursuant to Article 22(2), that in the United States the Central Authority functions under Articles 15–21 may also be performed by bodies or persons meeting the requirements of Articles 22(2)(a) and (b). Such bodies or persons will be subject to federal law and regulations implementing the Convention as well as state licensing and other laws and regulations applicable to providers of adoption services. The performance of Central Authority functions by such approved adoption service providers would be subject to the supervision of the competent federal and state authorities in the United States.

(b) DECLARATIONS.—The Senate's advice and consent is subject to the following declarations, which shall be binding on the President:

(1) DEPOSIT OF INSTRUMENT.—The President shall not deposit the instrument of ratification for the Convention until such time as the federal law implementing the Convention is enacted and the United States is able to carry out all the obligations of the Convention, as required by its implementing legislation.

(2) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification of the INF Treaty, approved by the Senate on May 27, 1988, and Condition (8) of the resolution of ratification of the Document Agreed Among the States Parties to the Treaty on Conventional Armed Forces in Europe, approved by the Senate on May 14, 1997.

(3) SUPREMACY OF THE CONSTITUTION.—Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

(4) REJECTION OF NO RESERVATIONS PROVISION.—It is the Sense of the Senate that the ''no reservations'' provision contained in Article 40 of the Convention has the effect of inhibiting the Senate from exercising its constitutional duty to give advice and consent to a treaty, and the Senate's approval of this Convention should not be construed as a precedent for acquiescence to future treaties containing such a provision.

CONVENTION (NO. 176) CONCERNING SAFETY AND HEALTH IN MINES

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Convention (No. 176) Concerning Safety and Health in Mines, Adopted by the International Labor Conference at its 82nd Session in Geneva on June 22, 1995 (Treaty Doc. 106–8) (hereinafter, ''The Convention''), subject to the understandings of subsection (a), the declarations of subsection (b) and the provisos of subsection (c).

(a) UNDERSTANDINGS.—The Senate's advice and consent is subject to the following understandings, which shall be included in the instrument of ratification:

(1) ARTICLE 12.—The United States understands that Article 12 does not mean that the employer in charge shall always be held responsible for the acts of an independent contractor.

(2) ARTICLE 13.—The United States understands that Article 13 neither alters nor abrogates any requirement, mandated by domestic statute, that a miner or a miner's representative must sign an inspection notice, or that a copy of a written inspection notice must be provided to the mine operator no later than the time of inspection.

(b) DECLARATIONS.—The Senate's advice and consent is subject to the following declarations, which shall be binding on the President:

(1) NOT SELF-EXECUTING.—The United States understands that the Convention is not self-executing.

(2) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification of the INF Treaty, approved by the Senate on May 27, 1988, and Condition (8) of the resolution of ratification of the Document Agreed Among the State Parties to the Treaty on Conventional Armed Forces in Europe, approved by the Senate on May 14, 1997.

(c) PROVISOS.—The advice and consent of the Senate is subject to the following provisos:

(1) REPORT.—One year after the date the Convention enters into force for the United States, and annually for five years thereafter, the Secretary of Labor, after consultation with the Secretary of State, shall provide a report to the Committee on Foreign Relations of the Senate setting forth the following:

(i) a listing of parties which have excluded mines from the Convention's application pursuant to Article 2(a), a description of the excluded mines, an explanation of the reasons for the exclusions, and an indication of whether the party plans or has taken steps to progressively cover all mines, as set forth in Article 2(b);

(ii) a listing of countries which are or have become parties to the Convention and corresponding dates; and

(iii) an assessment of the relative costs or competitive benefits realized during the reporting period, if any, by United States mine operators as a result of United States ratification of the Convention.

(2) SUPREMACY OF THE CONSTITUTION.—Nothing in the Convention requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

FOOD AID CONVENTION, 1999

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Food Aid Convention, 1999, which was open for signature at the United Nations Headquarters, New York, from May 1 through June 30, 1999, and signed by the United States on June 16, 1999 (Treaty Doc. 106–14), referred to in this resolution of ratification as ''The Convention,'' subject to the declarations of subsection (a) and the proviso of subsection (b).

(a) DECLARATIONS.—The advice and consent of the Senate is subject to the following declarations:

(1) NO DIVERSION.—United States contributions pursuant to this Convention shall not be diverted to government troops or security forces in countries which have been designated as state sponsors of terrorism by the Secretary of State.

(2) PRIVATE VOLUNTARY ORGANIZATIONS.—To the maximum feasible extent, distribution of United States contributions under this Convention should be accomplished through private voluntary organizations.

(3) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification of the INF Treaty, approved by the Senate on May 27, 1988, and Condition (8) of the resolution of ratification of the Document Agreed Among the State Parties to the Treaty on Conventional Armed Forces in Europe, approved by the Senate on May 14, 1997.

(b) PROVISO.—The advice and consent of the Senate is subject to the following provisos:

(1) SUPREMACY OF THE CONSTITUTION.—Nothing in the Convention requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

INTER-AMERICAN CONVENTION FOR THE PROTECTION AND CONSERVATION OF SEA TURTLES, WITH ANNEXES

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Inter-American Convention for the Protection and Conservation of Sea Turtles, With Annexes, done at Caracas, Venezuela, on December 1, 1996 (Treaty Doc. 105–48), which was signed by the United States, subject to ratification, on December 13, 1996, referred to in this resolution of ratification as ''The Convention,'' subject to the understandings of subsection (a), the declarations of subsection (b) and the provisos of subsection (c).

(a) UNDERSTANDINGS.—The advice and consent of the Senate is subject to the following understandings, which shall be included in the instrument of ratification of the Convention and shall be binding on the President:

(1) ARTICLE VI (''SECRETARIAT'').—The United States understands that no permanent secretariat is established by this Convention, and that nothing in the Convention obligates the United States to appropriate funds for the purpose of establishing a permanent secretariat now or in the future.

(2) ARTICLE XII (''INTERNATIONAL COOPERATION'').—The United States understands that, upon entry into force of this Convention for the United States, the United States will have no binding obligation under the Convention to provide additional funding or technical assistance for any of the measures listed in Article XII.

(3) ARTICLE XIII (''FINANCIAL RESOURCES'').—Bearing in mind the provisions of paragraph (7), the United States understands that establishment of a ''special fund,'' as described in this Article, imposes no obligation on Parties to participate or contribute to the fund.

(b) DECLARATIONS.—The advice and consent of the Senate is subject to the following declarations:

(1) ''NO RESERVATIONS'' CLAUSE.—Concerning Article XXIII, it is the sense of the Senate that this ''no reservations'' provision has the effect of inhibiting the Senate in its exercise of its constitutional duty to give advice and consent to ratification of a treaty, and the Senate's approval of these treaties should not be construed as a precedent for acquiescence to future treaties containing such provisions.

(2) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification of the INF Treaty, approved by the Senate on May 27, 1998, and Condition (8) of the resolution of ratification of the Document Agreed Among the State Parties to the Treaty on Conventional Armed Forces in Europe, approved by the Senate on May 14, 1997.

(3) NEW LEGISLATION.—Existing federal legislation provides sufficient legislative authority to implement United States obligations under the Convention. Accordingly, no new legislation is necessary in order for the United States to implement the Convention. Because all species of sea turtles occurring in the Western Hemisphere are listed as endangered or threatened under the Endangered Species Act of 1973, as amended (Title 16, United States Code, Section 1536 et seq.), said Act will serve as the basic authority for implementation of United States obligations under the Convention.

(4) ARTICLES IX AND X (''MONITORING PROGRAMS,'' ''COMPLIANCE'').—The United States understands that nothing in the Convention precludes the boarding, inspection or arrest by United States authorities of any vessel which is found within United States territory or maritime areas with respect to which it exercises sovereignty, sovereign rights or jurisdiction, for purposes consistent with Articles IX and X of this Convention.

(5) It is the sense of the Senate that the entry into force and implementation of this Convention in the United States should not interfere with the right of waterfront property owners, public or private, to use or alienate their property as they see fit consistent with pre-existing domestic law.

(c) PROVISOS.—The advice and consent of the Senate is subject to the following provisos:

(1) REPORT TO CONGRESS.—The Secretary of State shall provide to the Committee on Foreign Relations of the Senate a copy of each annual report prepared by the United States in accordance with Article XI of the Convention. The Secretary shall include for the

Committee's information a list of ''traditional communities'' exceptions which may have been declared by an party to the Convention.

(2) SUPREMACY OF THE CONSTITUTION.—Nothing in the Convention requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Mr. ENZI. I further ask unanimous consent that any statements be printed in the CONGRESSIONAL RECORD as if read, and that the Senate take one vote on the resolutions of ratification to be considered as separate votes. Further, that when the resolutions of ratification are voted upon, the motion to reconsider be laid upon the table, the President be notified of the Senate's action, and that following the disposition of the treaties, the Senate return to legislative session.

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

The understandings to the resolutions of ratification are agreed to.

Mr. ENZI. I ask for a division vote on the resolutions of ratification.

The PRESIDING OFFICER. A division has been requested.

Senators in favor of the resolutions of ratification will rise and stand until counted.

Those opposed will rise and stand until counted.

On a division, two-thirds of the Senators present having voted in the affirmative, the resolutions of ratification are agreed to.

LEGISLATION SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

ORDERS FOR THURSDAY, SEPTEMBER 21, 2000

Mr. ENZI. Mr. President, I ask unanimous consent when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Thursday, September 21, 2000.

I further ask unanimous consent that on Thursday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business until 11:30 a.m., with Senators speaking for up to 5 minutes each, with the following exceptions: Senator LOTT or his designee, 60 minutes; Senator DASCHLE or his designee, 60 minutes.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Without objection, it is so ordered.

PROGRAM

Mr. ENZI. Mr. President, when the Senate convenes at 9:30 a.m., the Senate will be in a period of morning business until 11:30 a.m. Following morning business, the Senate will resume postcloture debate on the motion to proceed to S. 2045, the H–1B visa bill. An agreement is being negotiated regarding the Water Resources Development Act, and it is hoped that the Senate can begin consideration of the bill this week. Therefore, Senators should be prepared to vote during tomorrow's session of the Senate.

ORDER FOR ADJOURNMENT

Mr. ENZI. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order, at the close of my remarks. I ask unanimous consent I be given such time as I might use.

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

THE BUDGET

Mr. ENZI. Mr. President, I have now been in the Senate almost 4 years. Some of the days have been extremely long, but the years have been extremely short. We work through a process here that I am sure, as people watch, seems extremely slow and cumbersome. That is probably because it is. It was designed that way by our forefathers. They intended that legislation that affects this Nation would be carefully considered in two separate bodies and then submitted to the executive branch for the possibility of a veto. That takes a long time.

The bodies have grown in size as a number of States came into the Nation, and that makes it more difficult. But it is a system that works better than that in any other country in the world, and it is working now. It is difficult, very difficult; long days, tough issues, tough choices.

When I first came to the Senate, the first issue I got to talk about was the balanced budget amendment. At that time, it was just a dream that at some point we could get the discipline to balance a budget. It had been years since a budget had been balanced around here. As we went through that debate, people said: Oh, this doesn't give us enough leeway. What if we would have a war? Technically, I guess, we have had a couple since that time, and we have still balanced the budget. Not only that, the economy has increased, and many will attribute that to the budget being balanced. In countries around the world, as they balance the budget, their economy improves. We balanced the budget, the economy improved. It gave us a lot more money to work with.

In fact, we have so much money, we have started talking about honesty with the Social Security surplus. That is music to my heart. I am the only accountant in the Senate. It was pretty obvious that, with our accounting techniques, we were spending the Social Security surplus. People pay into Social Security, and the money that is paid in is, for the most part, paid in to the recipients of Social Security. It doesn't really flow into a trust fund and stay there with the portion of the trust fund for the person on retirement being used. No, the money flows in and the money flows out. But at the moment, there are more people working than receiving. As a result, there is a surplus in Social Security.

That is going to change pretty drastically in about 2013. At that point, we are going to have more people retiring than working, and there will be a deficit in Social Security. So it has been very important that we be honest on Social Security and start to put that Social Security away.

We also tried a motion to assure that would be put away. It is called a lockbox on Social Security. That has never passed around here—similar to the balanced budget amendment, which did not pass. But the American people understood how important that balanced budget amendment was, that the Federal Government couldn't spend money, just as they cannot spend more money than they have, and they insisted on a balanced budget, and we got it. We talked about a lockbox. I think we had seven different votes to end the filibuster to put that into law. It has not happened. But the message has been delivered by the people of this country that we are going to put a lockbox on Social Security; we are going to put that money away; we are not going to touch it, so the little bit that there is—this is just a surplus, the money that is flowing in and out—will be there later.

One of the things we are doing with that is we are paying down the national debt. You will hear a number of us around here say if you really look at the accounting on this, are we paying down the national debt? No, we are paying down the public national debt. We are taking that money that individuals across this country have invested in Treasury bills and we are buying their Treasury bills back. What that does is put IOUs into the Social Security trust fund—not money. We got rid of the money.

At the moment, if you have a Treasury bill, you are paid interest periodically. We have to pay the interest if the public owns the debt. So what do we achieve by taking Social Security money and buying up this public debt? I will tell you what we achieve. We achieve the ability to spend more money because we do not pay Social Security interest in cash at the moment that it is due. We take a little bit of IOU and we use it to make the Social Security trust fund a little bit bigger. But it is not real money. If we wanted to spend it, we would have to put in money in order to take money out. How would we do that? We would increase the public debt.

If you call the Treasury and they tell you the national debt at the moment—that is, the total, public and private—

is bigger than it was a year ago, then we really have not paid off any of the national debt. But we have made the country a little more secure for Social Security.

One of the things we need to do now, the new push—for some of us, this is not a new push. The Presiding Officer, since he came here, has been adamant on paying down the national debt honestly. Senator ALLARD of Colorado and I got together our first year and talked about how this country ought to commit to paying down the national debt. There is not anybody in my State who does not understand that debts come due, and if we have a debt—and we talked about having a surplus—maybe we ought to take care of that debt a little bit. We put together a bill that put the national debt on a system like a house payment. We figured out how you could pay off the national debt in 30 years. That is about the time you normally pay a house down; it works similar to a house payment.

You start with a fixed payment. This number still seems to be an awfully big number to me, but around Washington it is not a big number. You just start with a measly $10 billion. You pay that $10 billion in, and it saves you some interest—genuinely saves you interest. What you do is you take that interest that you save and, instead of spending it or putting phony IOUs in a box, you take that actual cash and you add it to the $10 billion. That is your next year's payment.

So each year the $10 billion grows by the amount of interest you save, so that the final payment is huge—kind of the way a house payment works. The amount of principal that gets paid off in the 30th year on your house is practically the whole payment. With some discipline and a steady plan, that is the same thing as anybody in this country does when they are buying a house: We can pay off the national debt in 30 years.

You will hear a lot of rhetoric around here about how we might have a war; what would we do? Some unusual expenditures might come up. That is an excuse for not paying a normal payment to pay off the debt. It is just an excuse. If we were really serious about paying off the national debt, we would enter into that kind of agreement and then we would say: Here is how it works if we have a war. People who have a home sometimes outgrow their home, it is kind of an emergency, and they decide they will add to their home a little bit.

What do they do? They take out a second mortgage. That is what we ought to be doing, figuring out the lifespan of how we pay for that U.S. purchase and adding it to the payment so we stretch the payment out over a little period of time. That is money we borrowed from our kids. They are the ones who will have to pay that back.

I have to tell you, we have not gotten a single Democrat to sign onto the debt reduction in any of the forms that we have proposed it.

This year, we tried a little different approach because the surplus is growing so fast that, evidently, those estimating it cannot keep up with the estimations because every time there is a new estimation, it is greater than the one before. So what we have done in the appropriations bills this year is put in a little provision—in almost all of them, as another announcement is made of this huge new surplus—that half of that surplus has to genuinely go to the national debt. We have been successful in putting that in almost every bill.

Now we have a third plan. We are still trying to get some people in this body to sign on to debt reduction. There isn't anybody in this body who does not talk about the importance of debt reduction for this country. For some, that is a code word for, ''We could spend it, and we ought to spend, and it is more fun to spend it.'' But that is not the right thing to do with it.

So we have said, OK, this year, for the fiscal year for which we are appropriating, we are going to have about $280 billion in surplus. The $280 billion is part Social Security surplus and part real surplus. But we made a proposal that 90 percent of that $280 billion ought to go to debt reduction—part of it the way we have been doing it with the Social Security and part of it with the real money. That still leaves us an increase of 10 percent, which actually works out to a little more than 10 percent. It is 10 percent of the surplus, but it is a bigger increase in spending.

We have said, how about if we save that other 10 percent, and, at the most, allocate half of it to tax reduction and half of it to spending? That is a proposal we are still putting forth. It has a lot of popularity across the country. Again, people recognize the need to pay down the debt, but people also realize that that puts a tremendous safety mechanism in our budget process at the moment.

But you will not see much on that in the papers. The papers don't carry debt reduction very much. People do not really carry it around as a code word. I guess it is kind of an accounting thing. But I have to tell you, I travel back to Wyoming almost every weekend, and we drive 300 to 500 miles and go to all the towns—the big ones and the little ones—and the people out there understand it. They say: That is a top priority. Pay down that debt. We got into that debt. We need to get out of that debt. And we need to take care of our kids.

I mentioned the media probably will not carry much about that. I have not seen it in the eastern media. I am often disturbed at what the eastern media puts in the paper. Right now, of course, what they are doing is trying to generate some interest in the political races, particularly the Presidential race. The media isn't really being fair on that issue.

I attended the Republican convention. That was on television, and I noticed there were 48 hours of it that were broadcast across the country. Then the Democratic convention happened later in the month, and evidently there was not anything else happening because they got 80 hours. That is not quite equal time. It is nowhere near equal time. It is almost twice as much time.

I also noticed that the people covering the conventions were the same at both conventions, and their political colors showed. When they were at the Republican convention, they criticized everything. When they were at the Democratic convention, they lauded everything. That does not sound like United States good, old American fairness to me.

The closest I have seen in fairness is in today's Washington Post editorial, which is entitled ''Al Gore vs. Business.'' It offers us a glimpse of the skin-deep approach to many policies, but particularly health care policies. Those are important in this country right now.

We, through the media, have elevated that to a higher level than it has ever been before. Even the Washington Post speculates that: ''the candidate''—by candidate, they mean Vice President GORE—''plans to go after, in the same vein, a different industry every day, each target undoubtedly poll-tested.''

I would like to read the closing of their editorial and then offer some facts for your consideration on these health care things we are talking about. This is the Washington Post. This is not me.

> There are fair points to be made about the right balance between free enterprise and regulation, and useful debates to be had. Mr. Gore seems more intent upon telling us that he's for the people, not the powerful. Given his history, the slogan seems about as sincere as it is useful.

Not me—the Washington Post, that doesn't carry the stuff I really like to read about. But he is going to take on a different industry.

I am not concerned about big industry in this country. Big industry came about because of big government. If you are going to handle the bureaucracy, you have to have specialists. Big business has grown to take care of some of the specialists needed to handle the bureaucracy. The folks I am worried about are the small businesses.

When I first came to the Senate, again, one of the early debates we had on the Small Business Committee—which is one of the really joyful committees for Wyoming because all of our businesses are small businesses—one of the first discussions we had was: What is a small business? The Federal definition says: Under 500 employees. I guess we don't have any big business in Wyoming—not one. I contend that a small business is the one where the owner of the business sweeps the sidewalk, cleans the toilets, does the bookkeeping, and waits on customers.

In this country, if it is going to succeed, we need to get to a situation

where that small business can deal with the bureaucracy and the forms and all of the things we put on them because that is where the entrepreneurship in this country starts. That is where the businesses start.

One of the things we are talking about with businesses, of course, is health insurance. We are trying to encourage the businesses to provide health insurance. But at the same time, here we come up with a lot of complicated situations for how we are going to handle that, that make it necessary for businesses to be bigger and have specialists.

We are also talking about Medicare and Social Security and how we are going to keep them solvent. One of the things we are good at doing here is trying to outbid everything. We have a Medicare system that is going broke. We have a Medicare system that everybody admits needs to be fixed. The President, in his State of the Union speech, mentioned the importance of fixing Medicare.

Plans for fixing Medicare? There is a bipartisan plan. It came out of a commission. Senator BREAUX and Senator FRIST headed up this commission. They have a plan that will save it.

Are we working on that plan? No. It doesn't generate enough publicity. We have gone to something that is a little catchier than that, and that is prescription drugs, and we are concerned about how people in this country can afford their prescription drugs and how nobody in this country should have to make a choice between food and prescription drugs. There isn't anybody here who thinks that kind of a choice ought to be made.

What kind of a plan do we have? I know of six of them among Members here in this body. I know of four that are on this side. And then there are a couple more because in the Presidential election this has been poll-tested as an important feature and both candidates have a plan.

The Washington Post has been covering the plans. I want to show you a little bit about how they are covering it.

The biggest secret out there is the details of Mr. Gore's plan. But the Washington Post has delved into them a little bit and given us a little bit of information. Again, this isn't what I have written. But the Washington Post does give Bush some credit for detailing a Medicare plan. They say:

> Texas Gov. George W. Bush today proposed spending $198 billion to enhance Medicare over the next 10 years, including covering the full cost of prescription drugs for seniors with low incomes.
>
> Bush's plan was modeled on a [bipartisan] proposal by Sen. John Breaux (D-LA) and Sen. Bill Frist (R-TN).
>
> [Bush's plan proposes] fully subsidizing people with incomes less than 135 percent of the poverty level and creating a sliding scale for people with slightly more money. But Gore would stop the sliding scale at 150 percent of the poverty level, while Bush would extend it to 175 percent.

I do appreciate them also going through the work of drawing up a little comparison and putting that in the paper. If you remember, on the other side it said it was going to cost $198 billion. They did the courtesy of adding up the columns for the two different proposals; the Gore proposal, the Bush proposal. The Gore proposal shows $158 billion by 2010. Why did he say $198 billion on the other page? Mystery. It also sounds as if he is spending an awful lot of money. When we total up this column, it comes to $253 billion. That is a little more than $158 billion.

They also do a comparison of how it is supposed to work. The biggest difference on the two sides of this chart is how it is handled, two different philosophies on how it is handled. One philosophy says the Government knows best. Send your money to Washington. Washington will handle it.

On the other side, Governor Bush says, we have a lot of things in place in this country, and they have been working well. Let's encourage them to work better and provide for more. Let's definitely not turn this thing over to HCFA.

HCFA is one of those acronyms we use around here. All you have to do is mention HCFA to any medical provider and see the grimace they get on their face. It is a system that isn't working for the things they have already been assigned, and now we are talking about assigning them more work.

Federal plan—Government knows best—as opposed to use what we have—distribute it to the States, have the States use it through the plans that have been providing health care to the people already.

I will go into the details of this at another time. I hope all of you do pay attention to what is being suggested out there because people think there is going to be a prescription drug plan that is going to be done between now and the time we adjourn this year, during this time of volatile politics.

That isn't how we do any of the bills. That is how I started this out, mentioning how our process works slowly and pretty well. It goes through a committee process usually. That is where the ''bipartisan'' is supposed to come in. That is where both sides suggest amendments to a good plan. But that takes time. We have limits on how long in advance before a markup, which is where they insert amendments into the bill, that you have to turn these amendments in. And then often the markup, particularly if it is a complicated issue, one as far reaching as prescription drugs, might take several different days of working through the amendments, meeting and compromising and trying to come up with the plan that will work best for our country.

That is where we need to go now. We need to have that process; we need to do that process. We should not latch on to any particular plan that is out there, unless, of course, we do the one that came out of the commission, that evolved in a bipartisan way over a long process. But that is not going to happen when the two sides have two plans.

I know the hour is getting late. I have already done my part on an education program. I want to emphasize, again, we need to pay down the national debt. I want to emphasize, again, the need to have a prescription drug plan for this country but to have the right one, not a flash-in-the-pan program, particularly not one that takes people who already have a prescription benefit and shoves them into a Federal plan against their will, taking away the right to choose that they have now. I hope we have a situation where we can work together and come up with a plan where those who are happy with their situation can continue to do it that way, and those who aren't can have a new opportunity.

That is a commitment Governor Bush has already made. He has outlined the plan. He has a plan. He has a policy. We are a little short on policies around here, but it is something that could be worked through.

One of the things I was impressed with when he became the Governor of Texas was the legislature was Democrat. He was Republican. He sat down with each and every legislator, face to face, one on one, and talked about what needed to be done for Texas. Then they did it.

Every time a new President is elected, I grab a biography that particular President likes and I read it. One of the things I found is that people repeat successes. I am sure the next President will be no different than any other President. If it is Governor Bush, I expect the opportunity to sit down with him—I look forward to it—face to face, one on one, and talk about the things that I see as necessary for this country and that he sees as necessary for this country. But more importantly, he will sit down with the people on the other side of the aisle.

One of the things we are missing in this country right now is more of a bipartisan effort, that time of sitting down and working things out. That is how it starts, with the leadership, with the President. I will be expecting him to visit with each and every person here and all 435 on the other end of this building. A tremendous effort? Absolutely. It is the most essential thing I can think of. It is the way to get things done in a bipartisan manner. That is how we will get a prescription drug plan. That is how we will improve the medical plans we already have in this country that are recognized internationally as being some of the best.

One of the great things about America is that we say we have the best, but we are always looking for ways to make it better. That is how our economy works. That is how the Government works. That is how free enterprise works.

I thank the Chair and yield the floor.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 9:30 a.m. on Thursday, September 21, 2000.

Thereupon, the Senate, at 6:24 p.m., adjourned until Thursday, September 21, 2000, at 9:30 a.m.