have been holding some hearings about the nursing home industry over the last several months. I would like to make a comment.

First of all, I would like to speak about credibility. It is similar to an old maple tree. It takes years to develop, but a big storm can wipe it out just like that. I have a story that makes the point.

The nursing home industry challenged the credibility of nursing home inspectors. The nursing home industry, after this challenge, lost.

When I refer to the nursing home industry, I mean the American Health Care Association. This group represents the for-profit nursing homes. It has thousands of members across the country.

Nursing home inspectors operate in every State. They inspect every nursing home that accepts Federal money. The inspectors gauge whether nursing homes follow the Federal laws that were passed to protect nursing home residents. They evaluate everything from the most severe problems to the most minor problems. The most severe problems include malnutrition, dehydration, bedsores, inadequate medical treatment—matters that can be life-threatening. The most minor problems might include things such as comfortable lighting and access to stationery.

At my request, the General Accounting Office has issued a series of reports documenting severe problems in too many nursing homes, thus pointing up the shortcomings of the inspection.

On March 18, when I released one of these reports, the American Health Care Association issued a critical news release. The association said:

> Inspectors have closed down facilities, without consulting residents and their families, for technical violations posing no jeopardy to residents.

The association also said:

> Unfortunately, the current Federal inspection system has all the trademarks of a bureaucratic government program out of control.

These, of course, were very serious charges made by the association of nursing homes, and I took those charges very seriously. The Federal inspection system is responsible for the welfare of 1.6 million nursing home residents. If that system fails, these frail individuals will bear the brunt. That is something that should concern every one of us in the Senate.

Following up, I asked the American Health Care Association for proof of its claims issued in that news release critical of what the General Accounting Office had to say at my behest to study the issue. On May 6, I received an information packet from the American Health Care Association describing 10 examples that the association saw as proof of overzealous regulations. I turned this information over to the General Accounting Office and asked for its analysis.

The GAO did not find evidence of overzealous regulation. In fact, the General Accounting Office found just the opposite. There was adequate information for an objective assessment for 8 of the 10 industry examples. In each of those 8 cases, the General Accounting Office found that regulators acted appropriately.

I am not going to go through all eight examples, but I will use three. I think they show that there is a big difference in what the industry presented and what the General Accounting Office found; in other words, the industry's accusations that the inspection system was a bureaucratic thing out of control and that it was based upon just technicalities was wrong.

Example No. 1: The industry complained that a Michigan nursing home was severely punished for providing complimentary coffee to family members, staff, and residents. The General Accounting Office said that the nursing home inspectors saw two vulnerable residents pulling at the spigot of the hot coffee urn. The inspectors believed that the residents were in immediate danger of suffering serious burns from the coffee. Of course, with this, the General Accounting Office agreed.

Example No. 2: The industry complained that a California nursing home was cited for bed sores on a resident's foot that predated his admission, and in fact the bed sores were healing. The General Accounting Office said the inspector found conditions that actually had worsened the bed sores. The resident was wearing leather shoes when in a wheelchair. His feet were not elevated when in bed. His bedsore dressings were changed without proper techniques to prevent infection. There again, the example given by the nursing home association was wrong.

Example No. 3: The industry claimed that an Alabama nursing home was cited for a bald kitchen worker who failed to wear a hair net. The GAO reported that the industry did not identify the nursing home involved nor provide any documentation; therefore, the General Accounting Office could not assess what had happened.

I could go on in more detail from the General Accounting Office report. I have that report here, and I would like to point out to my colleagues that they should look at it, read it. Hopefully, everyone is interested and they will do so. It tells a valuable cautionary tale. Members of Congress, as I felt a responsibility to do, should always seek out both sides of every story. Industry associations work hard to seek our agreement with their side and, of course, in our system of government, and whether individual, or an association of individuals, that is their right. But it is our obligation as representatives of the people to weigh every issue with all the facts at hand. It is equally our obligation to consider the credibility of every source.

I yield the floor and reserve the remainder of time for Senator THOMAS.

Mr. THOMAS. I thank the Senator. Certainly, he has been the leader in rural health care, which is very important to my State, as it is for the State of the Presiding Officer.

I am pleased to have the Senator from Maine, Ms. COLLINS, join us this morning for some comments on our future activities. I yield 15 minutes to the Senator from Maine.

The PRESIDING OFFICER. The distinguished Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I want also to join in the Senator's praise of Senator GRASSLEY for his leadership on many of the issues affecting senior citizens and rural health care in America.

MEDICARE

Ms. COLLINS. Mr. President, Senate Republicans are committed to enacting legislation to preserve, strengthen, and save the Medicare system for current and future generations. The Republican congressional budget plan has set aside $505 billion over the next 10 years specifically to address domestic issues such as Medicare. Moreover, $90 billion of this amount has been set aside in a reserve fund that is dedicated exclusively to strengthening Medicare's financing and modernizing its benefits, including the provision of coverage for prescription drugs. Prescription drugs are as important to our senior citizens' health today as the hospital bed was back in 1965 when the Medicare program was first created. Medicare clearly should be restructured to reflect these changing priorities.

The money to address this challenge has been set prudently aside as part of the Republican budget. We have the resources, we have the determination, and we have the will to address this critical issue. Now it is up to Congress to come up with the plan, which I hope our colleagues on the other side of the aisle will help us devise. We need to strengthen and modernize this critically important program to meet the health care needs of elderly and disabled Americans into the 21st century.

In addition to addressing the long-term structural issues facing Medicare, it is essential that Congress also take action this year to address some of the unintended consequences of the Balanced Budget Act of 1997, as well as regulatory overkill by the Clinton administration, which is jeopardizing access to critically important home health care services for millions of senior citizens.

The growth in Medicare spending has slowed dramatically, and that is due, in part, to the reforms that were enacted as part of the Balanced Budget Act of 1997. While it was Congress' intent in enacting this legislation to slow the rate of growth, it has become increasingly clear that the payment policies implemented by the Clinton administration as a consequence of the Balanced Budget Act have gone too far and that the cutbacks have been far

too deep, jeopardizing our seniors' access to critical hospital, skilled nursing, and home health care.

Nowhere is this problem more serious than in home health care. America's home health agencies provide services that have enabled a growing number of our most frail and vulnerable senior citizens to avoid hospitals, to avoid nursing homes, and to receive the care they need and want in the security and privacy of their homes, just where they want to be.

I have visited with home health nurses in Maine who have taken me on home health visits. I know firsthand how vital these important health care services are to our frail seniors. I know of couples who have been able to stay together in their own home solely because of the services provided by our home health agencies. In 1996, home health was the fastest growing component of the Medicare budget. That, understandably, prompted Congress and the Clinton administration to initiate changes that were intended to make the program more cost-effective and efficient.

There was strong bipartisan support for the provisions in the BBA that called for the implementation of a prospective payment system for home care. Unfortunately, until this system is implemented, home health agencies are being paid under a very flawed interim payment system, or IPS.

In trying to get a handle on cost, Congress and the administration created a system that penalizes efficient agencies and that may be restricting access to care for the very Medicare beneficiaries who need the care the most. These include our sicker patients with complex chronic care needs, like diabetic wound care patients, or IV-therapy patients who require multiple visits.

According to a recent survey by the Medicare Payment Advisory Commission, almost 40 percent of home health agencies indicated that there were patients whom they previously would have accepted for care, whom they no longer serve due to this flawed interim payment system and the regulatory overkill of the Clinton administration. Thirty-one percent of these agencies admitted they had actually discharged patients due to the inadequate payment system. The discharged patients tend to be those with chronic care needs who require a large number of visits and are expensive to serve. Indeed, they are the very people who most need home health services.

I know that Congress simply did not intend to construct a payment system that inevitably discourages home health agencies from caring for those senior citizens who need the service the most. These problems are all the more pressing because they have been exacerbated by the failure of the Clinton administration to meet the original deadline for implementing a prospective payment system. As a result, home health care agencies will be struggling under a flawed IPS system, the interim payment system, for far longer than Congress ever envisioned when it enacted the Balanced Budget Act of 1997.

Moreover, it now appears the savings from the Balanced Budget Act were greatly underestimated. Medicare spending for home health care fell by nearly 15 percent last year and the CBO now projects that the post-Balanced Budget Act reductions in home health care will exceed $46 billion over the next 5 years. This is three times greater than the $16 billion that CBO originally estimated for that time period. That is another indication that the cutbacks have been far too deep, far too severe, and much more wide-reaching than Congress ever intended.

Again, the flaws in the Balanced Budget Act have been exacerbated by regulatory decisions made by this administration. Earlier this year, I chaired a hearing held by the Permanent Subcommittee on Investigations. We heard firsthand about the financial distress and cash-flow problems of very good, cost-effective, home health agencies from across the country. We heard about the impact of these cutbacks on our senior citizens. Witnesses expressed concern that the problems in the system are inhibiting their ability to deliver much needed care, particularly to chronically ill patients with complex needs. Some agencies have actually closed because the reimbursement levels under Medicare have fallen far short of their actual operating costs. Many others in Maine and throughout the Nation are laying off staff or declining to accept new patients, particularly those with the more serious health problems that require more care and more visits.

This points to the most critical and central issue: Cuts of this magnitude simply cannot be sustained without ultimately affecting the care that we provide to our senior citizens. Moreover, the financial problems that home health agencies have been experiencing have been exacerbated by a host of onerous, burdensome, and ill-conceived new regulatory requirements imposed by the Clinton administration through HCFA, including the implementation of what is known as OASIS, the new outcome and assessment information data set; new requirements for surety bonds; sequential billing requirements; IPS overpayment recoupment; and a new 15-minute increment home health reporting requirement requiring nurses to act as if they were accountants or lawyers, billing every 15 minutes of their time.

Witnesses at our hearing before the Permanent Subcommittee on Investigations expressed particular frustration with what the CEO from the Visiting Nurse Service in Saco, ME, Maryanna Arsenault, termed as the Clinton administration's regulatory policy of ''implement and suspend.'' She and others pointed to numerous examples of hastily enacted, ill-conceived requirements for surety bonds and sequential billing. No sooner had HCFA imposed the cost burden of a specific mandate on America's home health agencies, than it then had second thoughts and suspended the requirements—but only after damage had been done, only after our home health agencies had invested significant time and resources they do not have, trying to comply with this regulatory overkill.

Responding to the excessive regulation of the Clinton administration, as well as the problems in the Balanced Budget Act of 1997, my colleague from Missouri, Senator BOND, and I have together introduced legislation titled, ''The Medicare Home Health Equity Act,'' which is cosponsored, I am pleased to say, by a bipartisan group of 26 of our colleagues. It makes needed adjustments in the Balanced Budget Act and related Federal regulations to ensure that our senior citizens have access to necessary home health services.

One of the ironies of the formula enacted in the Balanced Budget Act is that it penalizes the low-cost nonprofit agencies that had been doing a good job of holding down their expenses. The program needs to be entirely revamped.

The most important provision of our bill eliminates the automatic 15-percent reduction in Medicare home health payments that is now scheduled for October 1 of next year, whether or not a prospective payment system is enacted. I am not overstating the situation when I say that if another 15-percent cut is imposed on America's home health agencies, it would be a disaster. It would threaten our ability to provide these services to millions of senior citizens throughout this country.

A further 15-percent cut would be devastating. It would destroy the low-cost, cost-effective providers, and it would further reduce our seniors' access to home health care. Furthermore, as I mentioned earlier, it is entirely unnecessary because we have already achieved the budget savings that were anticipated in the Balanced Budget Act of 1997. We have not only exceeded them, we have exceeded them by a factor of three.

Our legislation also provides for what we call supplemental ''outlier'' payments to home health agencies on a patient-by-patient basis. This is needed because there are some patients who are expensive to care for because they have complex and chronic health conditions that need a great deal of care. We heed to have a formula that recognizes that there are certain higher cost patients who are higher cost in a legitimate sense. It is still far cheaper to treat those patients through home health care than in a nursing home or hospital setting.

The provision in our bill removes the existing financial disincentive for agencies to care for patients with intensive medical needs. We know from the recent studies from GAO and the Medicare Payment Advisory Commission that those are the individuals who

are most at risk right now of losing access to home health services under the current interim payment system.

To decrease total costs in order to remain under their per-beneficiary limits, too many home health agencies have had to significantly reduce the number of visits, which in turn has increased the cost of each visit. We need to deal with the regulatory issues that I have mentioned, including OASIS, surety bonds, sequential billing, and the 15-minute incremental reporting requirement. Our legislation accomplishes these goals.

The Medicare Home Health Equity Act of 1999 will provide a measure of financial and regulatory relief to beleaguered home health agencies in order to ensure that our senior citizens have access to medically necessary home health services.

It has been a pleasure to work with the Senate majority leader, Senator LOTT, as well as Senator ABRAHAM, Senator SANTORUM, Senator BOND, and others who have been real leaders in this effort to come up with a solution to this very pressing problem. My hope is that we will make reforming the payment system for Medicare home health services a top priority this fall.

I yield back the remainder of my time to the Senator from Wyoming.

Mr. THOMAS. I thank the Senator from Maine, not only because of the good job she does all across the board but particularly on this matter of health care, rural health care. As cochairman of the Rural Health Care Caucus, I am particularly interested in those kinds of things. For example, in Wyoming, home health care is so important and sometimes quite expensive, particularly because of the amount of miles that have to be traveled. But for the patient, and because of the cost, home health care is the right way to go.

I now yield to the Senator from Missouri to talk a little more about the future and our plans with respect to taxes.

The PRESIDING OFFICER. The distinguished Senator from Missouri is recognized.

Mr. ASHCROFT. Mr. President, I commend the Senator from Maine for her sensitivity to a crisis which is looming in American health care and that she is willing to constructively deal with that crisis. I thank her for her thoughts on this matter and for her cosponsorship of important legislation.

TAX RELIEF

Mr. ASHCROFT. Mr. President, as we look to the future, most of us, in our families, in our businesses, in our civic organizations, in our churches, like to deal with some sort of plan. As a matter of fact, there is a lot of buzz or talk these days about financial planning, making sure we have the capacity to meet the demands of the future when they come to us and when they fall upon us.

It is incumbent on the Congress of the United States to engage in some planning, to take a look at the future and find out exactly where we ought to be going and how we ought to get there, and the things that are important and what we ought to do to protect our interests. It is with that in mind that we, the Members of the Congress, are delivering to the President a financial plan for the next decade. He will have an opportunity to act on that plan this week. That plan has been talked about, the tax relief contained in the plan, but it has not been spoken of very generously in terms of the other major features of this financial plan for America for the next 10 years. I think we can only understand the plan by looking at it as a whole, understanding what we are doing to protect the interests of this country in the years ahead.

The first thing I think people want us to start to do is to be more responsible in the way we in Washington handle their money. One of the areas of irresponsibility in the past has been the Social Security trust fund. When there has been a little bit more in the trust fund—or a lot more in the trust fund—than was needed for that particular year, Members of the House and Senate have been a part of budgeting that money for expenditures not related to Social Security, to support the operational costs of Government.

Americans are duly concerned because they know the reason there is a surplus in the Social Security trust fund is that big bulge of us baby boomers are paying in, but they know when this big bulge of baby boomers starts to consume instead of contribute to the trust fund, we are going to need the surplus. So the first thing we have done in our financial plan for the future is to put an end to that. We are going to stop the practice of spending the trust fund. So the financial plan which will go to the President this week says $1.9 trillion—trillion being a thousand billions and a billion being a thousand millions; I mean, it is almost impossible to think of it that way—$1.9 trillion is going to be reserved for Social Security, a major step forward. Americans have a right to expect us to plan to do that and we are doing it. That is a big part of the financial plan for the future.

No. 2, people say over time most families, most organizations want to reduce their debt; they would like to get their debt down to manageable levels. Most of us take 30 years to pay off a home. We have decided to start paying down the national debt. In a part of the plan which I think is very important, we are taking the publicly held debt of the United States of America from $3.8 trillion down to $1.9 trillion, a 50-percent decline in the national debt held by the public of the United States of America. What a tremendous decline in debt. As part of a rational plan, the debt to the gross domestic product ratio goes from 43 percent to 14 percent over that 10-year plan we are sending to the President. First, we protect Social Security. Second, we pay the debt down by 50 percent.

No. 3, as the chairman of the Budget Committee, Senator DOMENICI, has indicated, we put aside about $505 billion for contingencies over the next 10 years, things we might want to spend money on over and above what we are spending now. So not only do we have a reservation of $1.9 trillion for Social Security, not only do we cut the publicly held debt of this country in half, but we also reserve a half trillion dollars for expenditures we are not now making.

It is only in the context of these three items—the saving of the Social Security surplus for Social Security; reducing the national debt, the publicly held debt of America, by 50 percent; putting aside a half trillion dollars for contingencies—that we understand what the tax relief is all about. The tax relief is what is left over. Americans earn the money. We trust Americans to earn this money; we should trust them to spend it. The question is whether we are going to fund families or bureaucracies.

We got the President to agree with us on saving Social Security to the extent of putting $1.9 trillion aside, and I commend him for getting there. He wasn't there in his State of the Union Message. I commend the President for being willing to pay down the national debt. But the President, after that, wants to spend so much more of what is left over on more Government programs.

Frankly, we ought to be giving a tax relief package, 1 percent, to every bracket. We ought to be doing away with the marriage penalty tax. We ought to allow parents and grandparents to invest money so their kids can have money for education, and the growth of that money can have a tax preferred status. We ought to allow people to buy health care in a more tax beneficial way, especially the self-employed who do not get it on their jobs.

It is with that in mind I think this package is delivered to the President to say this is a comprehensive financial plan for the future. The tax relief only amounts to 23.8 percent of the total surplus as we have defined surpluses historically because we have been so responsible as to set that Social Security surplus aside. It is not part of what we will spend. And we start to knock down the national debt, take down the publicly held debt of the country 50 percent in the next 10 years and set aside a half trillion dollars for contingencies, and then work on abolishing the marriage penalty and tax, saving for education and expanded IRAs, and knocking every tax rate down by 1 percent—a 1-percent decline for folks at the top brackets and a 1-percent decline for folks at the bottom brackets.

It seems to me that is the kind of plan upon which a nation can march