

based upon population. Under this scenario we would see a massive shifting of funding from the Northeast, from Pennsylvania, Connecticut, New York, and Rhode Island, a shift from those States to the South and to the West.

The State of Rhode Island would see a 42-percent reduction in Medicaid funds from what it otherwise would have received. New York would see a 50-percent reduction if we use the formula based on population and projected population growth. Utah would see a 30-percent increase in Medicaid money. Oregon would receive an 11-percent increase. I chose Oregon, New York, Utah, and Rhode Island because all of those States have representation on the Finance Committee. You can see right away that a major battle would ensue.

Having voiced my concern about the block grant, I would like to outline an alternative approach which I am currently working on to meet the savings targets contained in the budget resolution. Whatever we do, I am going to stick by those targets. As far as I am concerned nothing can come out of the Finance Committee wherein we do not meet our targets.

But here is another way of doing it which would provide the additional flexibility the Governors need to make their systems more efficient. Two steps could go a long way—not all the way but a long way—toward meeting our reconciliation responsibilities with respect to Medicaid.

First, a per capita cap on Federal spending for each beneficiary;  $x$  amount of dollars for every beneficiary. That would encourage the States to provide more cost-effective care, without sacrificing access to additional Federal funds in times of recession, as would result under a block grant approach.

Second, let us reduce and redirect the so-called Federal disproportionate share payments going to hospitals. I am not going to go into a great deal of description of disproportionate share. All I can say is it is fraught with abuse.

These two options that I mentioned—the per capita cap on Federal spending and reducing and redirecting disproportionate share payments to hospitals—could yield between \$100 and \$130 billion savings over the next 7 years.

Our second objective of giving the Governors additional flexibility to achieve efficiency could be realized. What can we do to help the Governors?

One, eliminate the requirements that States obtain Federal waivers before moving forward to implement managed care. Get away from this waiver business.

Two, repeal the payment requirements, such as the Boren amendment and its so-called reasonable-cost reimbursement.

Three, replace what is known as the Qualified Medicare Beneficiary [QMB] Program, which requires States to pay Medicare premiums and cost sharing for low-income seniors, and replace

this with a more rational federally financed system.

In conclusion, Mr. President, we have two choices. We can convert the Medicaid Program to a block grant and send out the checks, tell the States, "You are on your own. Take care of health care for low income. That is it." Or, Mr. President, we can acknowledge that the Federal Government has a greater responsibility in this than just sending the checks off in the mail. In partnership with the States, I think we have a responsibility to provide health care services to low-income seniors, children and the disabled.

The point I wish to make today is that with work and tough choices, we can meet our budget responsibilities without throwing this Federal-State partnership overboard as would result in the block grant approach. Certainly, that will be my preference between now and September 22, when the authorizing committees—in this instance the Finance Committee—must report their reconciliation legislation.

I intend to continue to explore ways to reform the Medicaid Program. In that regard, I welcome input. My tilt, as you know, is away from the block grant approach.

We need help. It is a tremendous goal that is set out, not only for the Medicaid Program but the Medicare likewise. The Finance Committee has tremendous challenges before us.

So, Mr. President, I thank you for this.

#### APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to title 46, section 1295(b) of the United States Code, as amended by Public Law 101-595, appoints the following Senators to the Board of Visitors of the U.S. Merchant Marine Academy:

The Senator from South Dakota [Mr. PRESSLER], ex officio, as chairman of the Committee on Commerce, Science, and Transportation;

The Senator from Mississippi [Mr. LOTT], from the Committee on Commerce, Science and Transportation.

The Chair, on behalf of the Vice President, pursuant to title 14, section 194(a) of the United States Code, as amended by Public Law 101-595, appoints the following Senators to the Board of Visitors of the U.S. Coast Guard Academy:

The Senator from South Dakota [Mr. PRESSLER], ex officio as chairman of the Committee on Commerce, Science, and Transportation;

The Senator from Missouri [Mr. ASHCROFT], from the Committee on Commerce, Science and Transportation;

The Senator from South Carolina [Mr. HOLLINGS], from the Committee on Commerce, Science and Transportation;

The Senator from Washington [Mrs. MURRAY], at large.

#### THE PRC'S MISSILE TESTS

Mr. THOMAS. Mr. President, as the chairman of the Subcommittee on East Asian and Pacific Affairs, I am dismayed to report to my colleagues this morning that the People's Republic of China has announced that it will conduct a new series of guided missile tests in the East China Sea between August 15 and 25. What dismays me about the announcement is that the tests—staged by the People's Liberation Army—will be the second series in less than a month to be conducted just off the coast of southeastern Zhejiang Province, and that the southern perimeter of the test area is only 90 miles north of Taiwan.

The PRC conducted similar tests of six air-to-air missiles from July 21 to 26 in an area only 60 kilometers north of Taiwan's Pengchiayu Island. The missiles test-fired consisted mainly of Dongfeng-31 intercontinental ballistic missiles and M-class short-range tactical missiles. At the same time, the PLA mobilized forces in coastal Fujian Province and moved a number of Jian-8 aircraft to the coast. It is likely that this new round of tests and exercises will be similar.

These tests clearly have a political purpose, and are meant as a warning to Taiwan to cease its efforts at expanding its international recognition. Although the PRC's Foreign Ministry, through its spokesman Shen Guofeng, has repeatedly denied any such purpose, I would remind them of one of their own sayings: "Listen to what a person says, but watch what he does." These are the actions which call into serious question in my mind the validity of Mr. Shen's statement. The tests are being conducted within as close a proximity of Taiwanese territory as possible. While similar tests are a usual part of the annual training exercises of the Chinese 2d Artillery Corps, these are the only times in many years that the tests have been announced publicly. The tests follow closely on the heels of the private visit of President Lee Tang-hui to Cornell University, and amid a flurry of mainland Chinese invective denouncing the visit and President Lee. In conjunction with the tests, Taiwan intelligence reported that the PRC was planning on conducting a joint sea-air military exercise codenamed "Jiu-wu-qi" and that on July 16 the PRC Air Force stationed a number of F-7 or F-8 aircraft at airports located within 250 nautical miles of Taiwan—a highly unusual and provocative move.

The PLA is clearly the principal force pushing for the tests. At a time when the jockeying for position in the PRC's transitional post-Deng Government continues, taking what can be perceived as a soft stance toward either the United States or Taiwan is considered by many to be the equivalent of political suicide. When the Party and military hierarchy were assured by the Foreign Ministry that the United States would never allow President Lee