attention. That is that the new budget, Mr. Speaker, that has been submitted by the administration is actually not going to balance within 7 years. This is a serious issue because we came to a solemn agreement about 3 weeks ago wherein the administration and the Congress agreed that we were going to balance the budget in 7 years and use Congressional Budget Office numbers. Again, there was an issue of debate over whether we should use CBO numbers of OMB numbers.

To be perfectly honest, I do not care whose numbers we use, but we owe it to the children of this country and to the public to use the most conservative numbers. If we are going to meet the goal of balancing the budget in 7 years, I think we should take the most cautious course to get there.

The issue in Washington, in this body, Mr. Speaker, is not whether we are going to balance the Federal budget, because we are going to balance the Federal budget. The question is how. That is where partisan debate is appropriate, where Republicans can present their version of how to balance the Federal budget; Democrats can present their view of how to balance the Federal budget. And together, like all of the households in my district, including Republican households, Democratic households, Independent households, all of whom have to take responsibility for balancing their budgets, and they may do it differently. That is what is wonderful about America, is that we do have a lot of differences between us, but we need here in this body, as Republicans and Democrats, to come together to balance the Federal budget.

I hope, Mr. Speaker, that over the next 24 hours as we approach tomorrow's deadline that we will once and for all be able to work together, Republicans and Democrats in this body, with a Democratic President who will keep his word and submit a budget that will balance in 7 years.

THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I want to start off by following up on what the previous speaker said about tomorrow. As many of us know, tomorrow is the day when the continuing resolution expires. This was the agreement that both Democrats and Republicans, both Congress and the President, agreed a few weeks ago that they would extend operations, Government operations and not shut down the Government while we continued to try to work toward a budget agreement.

It is unfortunate that tomorrow is about to arrive and we still have not worked out that budget agreement. But I think the most important thing is that the Government not shut down again and that tomorrow, even if a budget agreement is not going to be reached, which I do not think is likely at this point, that we pass another continuing resolution so that the Government continue to operate.

I was very upset this morning when I read that, although President Clinton had offered a continuing resolution to continue the operations of the Government for at least another week or possibly beyond, and although the Republican leadership in the Senate had agreed to a similar continuation, that Speaker GINGRICH and the Republican leadership in this House had not. I would hate to see, once again, that after tomorrow the Government shuts down.

I would urge the Speaker GINGRICH and the Republican leadership in this House, along with what the Senate has decided and what President Clinton has decided, which is that we should put our differences aside and not use the Government shutdown as leverage toward trying to pressure one group or the other into its own ideology. My view is that the Government should continue to operate while the President and the Congress, while the Democrats and the Republicans try to find common ground on the budget.

Let me also add that as the previous speaker said, there really is no disagreement anymore that we should achieve a balanced budget or even on the timetable of approximately 7 years. But there are still major disagreements over the priorities. I would suggest that part of that agreement a few weeks ago on the continuing resolution to keep the Government open specifically said that the priorities would include Medicare, Medicaid, the environment and education and that these programs, particularly Medicare and Medicaid, would continue to be viable and cover the people who are now eligible for them in a manner which ensures quality health care for Medicare and Medicaid recipients.

The President put forth a 7-year balanced budget within the last week or so that made sure that Medicare and Medicaid, the environment and education were properly provided for and guaranteed that those programs would continue to cover everyone and that quality health care would be ensured for seniors and low-income individuals under the two Federal health care programs. But the Republican leadership has not come back with a similar proposal. So far they have not put forward any compromise plan that would not only achieve a balanced budget in 7 years but also put sufficient funds in the Medicare and Medicaid programs and provide a guarantee that those people who are now eligible for Medicare and Medicaid would continue to be provided for.

I want to stress today in the time that I have allotted to me the problems that would occur, particularly with regard to the Medicaid program, if the budget that was passed by the Republicans in this House and in the Senate and the one that was vetoed by the President were to take effect. We now know that this budget is not going to take effect because the President has vetoed it. When he vetoed it in his message he specifically said that Medicaid was a major reason for the veto and that the major problem he had with the Republican Medicaid proposal under this budget was that it failed to guarantee health care coverage for those people who are now covered by Medicaid. When we talk about Medicaid, we are talking about health insurance for low-income people in this country. Most of those are either senior citizens or children or the disabled or, in some cases also, pregnant women.

Right now under Federal law people below a certain income who are not covered by any other health insurance are eligible for Medicaid. The Federal Government guarantees them that as an entitlement, as we say. And they are also provided with certain standard coverage. In other words, not only are they guaranteed health insurance but they are given certain things as part of an overall health care package which is similar to what most Americans get, although in many cases maybe not quite the same quality or the same extensive coverage. It is a pretty good health care package.

The problem that the President has with the Republican budget and the problem that I and most of the Democrats have is that this Medicaid program under the Republican proposal would basically be turned over to the States. The money would be block granted. It would be up to the States to decide who would be eligible and what they would be eligible for. So for the first time in probably 30 years since Medicaid was enacted here in this House, for the first time you would no longer have an entitlement or a guarantee that the people who now receive Medicaid could continue to have the coverage.

If we block grant the money and the amount of money which is allocated is significantly less, which it is under the Republican proposal, it is a cut of about $163 billion. Then we are not only not guaranteeing coverage for a lot of the people who now have Medicaid coverage, but we are also making sure that because less money is going to the States in real terms, that the States will have to cut back on who is eligible or perhaps cut back on the kind of benefits that are provided to those who they plan to cover under Medicaid.

This is a major problem. It is a major problem because what it ultimately would lead to is that the ranks of the uninsured in this country would grow. Right now we estimate that there are about 35 to 40 million Americans who have no health insurance, many of them working. If we are now going to increase the ranks of those people and add 5 or 10 million more people to the

ranks of the uninsured, that puts a tremendous burden on our health care system that either people do not get care or someone else has to pay for it.

□ 1630

You pay for it yourself either because your Blue Cross or your health insurance rates will go up to cover these other people's care or they do not get any care at all.

One of the problems that—these are just some of the general problems, I should say, that exist with the Republican Medicaid proposal, but I wanted to get into a few more specific ones, some of which have been cited by the President, that have an impact not only on low-income Americans, but also on many other Americans. One of the things that needs to be pointed out is that right now the majority of the people who receive nursing home care in this country have that nursing home coverage paid for by Medicaid. In fact we estimate that 68 percent of all nursing home residents rely on Medicaid to pay bills that average $38,000 a year.

Now just as there is no guarantee that children, or disabled people, or people who are in the community would be covered by Medicaid under the Republican proposal, there is a guarantee that nursing home coverage would be provided or that the people who now receive Medicaid to cover their nursing home bills will continue to have the Federal Government pay for their nursing home care. In fact, based on the level of cuts that is provided under this Republican budget, we estimate that about 330,000 people could be denied nursing home coverage at the end of the 7-year period that the budget covers, in other words, the year 2002. And then the question becomes who is going to pay, where are those people going to get the money if the Federal Government under Medicaid does not pay for it?

Well, one of the things that is built into this Republican proposal is basically an effort or the ability for the first time for the Government, be it the State or whatever level of government, to go after the spouses or the children of nursing home recipients, those who would be eligible for nursing home care, and to seek the spouses' assets or the children's assets in order to pay for the care that is not covered by the Federal Government. What happens is that the right of individuals essentially right now under the current law, certainly assets of the spouse or the children are simply not eligible as assets for the Government to take, but that is essentially repealed or changed significantly under this Republican budget so that what we will see is a lot of people, a lot of spouses and children, having to contribute perhaps in a major way in order to pay for their parents' or their spouse's nursing home coverage.

The other thing that is kind of insidious, I would say, in this whole proposal is that right now, under current law, Medicaid is a matching fund. Fifty percent is paid by the Federal Government, and 50 percent is paid by the State government. So, if the Federal Government puts up 50 cents, or say the Federal Government puts up a dollar, the State has to match it, and $2 are then available, so to speak, for Medicaid recipients. But the funding formula was changed in the Republican budget so that essentially no State would have to spend more than 40 cents to qualify for 60 cents in Federal money. What that means is that some States may decide because of a budget crunch that rather than put up the full dollar to match the Federal dollar they will only put up 40 cents and get 60 cents in Federal dollars, which means that half as much money is then available, or significantly less money is then available, for the Medicaid Program. This simply contributes again to the whole question of how much money is going to be available for Medicaid under the Republican proposal and how much the States are going to seek to cut back, either by denying eligibility to certain individuals or cutting back on the coverage that is available for the individuals who are now eligible for Medicaid.

I want to, if I could, get into some of the other problems that have been raised with regard to Medicaid in this budget, but before I do that, I think maybe the best thing, because someone always says to you, well, what is your answer; my answer is very simple. If you look at the level of Medicaid cuts and Medicare cuts in this Republican budget bill, basically what it is being used for is to finance tax breaks primarily for wealthy Americans. There are about $243 billion in tax breaks primarily for wealthy Americans that are included in this budget. If you were to eliminate those tax breaks, money could go back into Medicaid as well as into Medicare, and we would continue to have viable programs, we would not have to block grant, we would not have to change the current guarantee of eligibility. So that is the real answer in my opinion in this whole budget deal and what needs to be done as part of the whole budget negotiations.

Mr. Speaker, I yield to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I am troubled by the Gingrich budget, makes $270 billion cuts in Medicare, as you have pointed out, makes about $180 billion in cuts in Medicaid. Much of that, much of those cuts, will be money taken from senior citizens that may live on 10, or 12, or $15,000 a year. Much of the Medicaid cuts come from people who have spent down the money that they might have and have a husband or a wife in a nursing home, and, as you point out, might lose their home that they have paid for over 35 or 40 years of marriage.

But all of this to pay for this tax break for the wealthiest people in the country, a tax break eliminating a tax on corporations that required some minimum payment dealing with some overseas tax issues that will ultimately hurt, cost American jobs, and it is, as you said, it is a tax break mostly for the richest people in the country, and then I hear our friends, some of the Gingrich freshmen, as they are termed around here, that are on the floor a moment ago talking about how the Democrats always engage in class warfare.

Well, the fact is when you increase taxes on people making $15,000 a year, and then you cut taxes on people making 10 times that, $15,000 a year, that is the most insidious kind of class warfare. You take money from the working poor people that are working at Wal-Mart, or working at Kmart, or working at a minimum-wage job, and maybe her husband or wife are working in similar kinds of jobs, and their taxes are increased when they are playing by the rules. They may not even have health insurance with their full-time jobs, and they have a tax increase at the same time somebody making 2, or 3, or $400,000 a year gets a tax break that amounts to in many cases $20,000.

At the same time they cut Medicare, they cut Medicaid, much of which goes to not just elderly people in nursing homes, but goes to disabled kids and other people that have some sort of disability that they have very expensive medical care, and that is, as I said, the most insidious kind of class warfare where people playing by the rules and working hard have their taxes go up. They may not make much, they have their taxes go up, and people that are getting much, much more get a whole lot more tax breaks, and I do not think that is the values that this country represents, to penalize those people who are struggling, and playing by the rules, and barely making it without health care, trying to raise their kids, not be on welfare, working hard. Their taxes go up, and this whole Gingrich budget is taking money from the middle class and the poor and transferring that money to the richest people, people that do not even live in my district—I have a lot of wealthy people in my district.

They are not coming to me saying, ''Hey, give us a tax break for the wealthiest of us.'' They are saying, ''Get this budget balanced, and don't hurt Medicare and Medicaid doing it,'' and that is what troubles me the most about this Gingrich budget is that it is waging class warfare on the most vulnerable people and people that are working hard, and trying to pay their bills, and trying to buy a house, and trying to save a little money for their kids' college, and then giving money, taking that money from the working poor in many cases and people of the middle class and transferring that money to the richest people. It simply does not make sense.

Mr. PALLONE. I appreciate the gentleman from Ohio [Mr. BROWN] for coming here today and expressing what he just said, and I would just like to follow up on two points, and maybe you

could, you know, respond to what I am saying.

There are many points that you made, but the two that stick in my mind right off the bat: First of all, you are pointing out that not only are a lot of these tax breaks going to wealthy Americans; we know that the lion's share does, but that actually for many Americans who are working that are lower income, they are actually having to pay a tax increase because this Republican Gingrich budget actually repeals the earned income tax credit. So maybe we should get into that a little bit and explains how that works.

The way I understand, and you correct me, is that right now people who are below $25,000 to $30,000, whatever, who are working, they are able to get a tax credit which can be something like $1,500 a year, whatever, depending on their income, and that what the Republican budget has done is to either eliminate that for some or cut back significantly so that if you are making under $30,000 now, you may actually be paying more taxes under this budget proposal.

Mr. BROWN of Ohio. If the gentleman would yield, that is exactly right. If you are making $15,000 or $20,000 or $25,000 a year under the Gingrich plan your taxes will go up on the average of about $25 or $30 a month. Similarly, if you are now a Medicare beneficiary, your premium in this Gingrich budget plan will go up about $40 to $50 a month.

Now to a Member of Congress, whether it is NEWT GINGRICH or any of us as Members of Congress, $25 or $50 a month probably does not matter much, and that is unfortunately the way, I think, that the people that voted for this bill think about it, that it is only $25 a month or $50 a month. It is $25 a month for that family making $20,000 a year; it is only $50 a month for that senior citizen that brings in $10,000 or $12,000 a year. But the fact is, that is a lot of money if you are in that income bracket. Twenty-five dollars a month for some family making $20,000 a year means new shoes for their kids in September when they go to school, it might—it means maybe once in a while taking their kids to a ball game, it means a lot to a family like that.

Fifty dollars a month for a Medicare beneficiary means medicine, or means paying for a rent increase, or means paying if it is a particularly cold winter and paying those heating bills, and that is what the Gingrich plan, the people for that plan, do not think about, is that $25 increase, $25-a-month tax increase for somebody making $15,000 a year, is pretty hard on them. That $50 premium increase, that monthly $50 premium increase for a Medicare beneficiary, that hits them pretty hard when they are seeing the cost of prescription drugs go up and they are seeing their own heating bills go up or whatever—whatever difficulties they are facing.

That is why this is wrong in order to give that big tax break to the richest people in this country. That is wrong.

Mr. PALLONE. The other thing is that one of the major concerns that we have had in this Congress, in the previous Congress, on a bipartisan basis is the need for welfare reform, to get people off of welfare and to have them work, and if you cut back on this earned income tax credit, which basically is affecting many people who maybe just got off welfare and have been encouraged to work, they will find, if they are not making that much money, that maybe it is more beneficial for them to stay on welfare.

Also, and you were in the State legislature so you know, as I was, that oftentimes what happens is if—the State legislature have made the effort over the last 10 years to try to expand Medicaid coverage to cover working people, even though Medicaid is for low-income people, oftentimes it covers people who work. And we have expanded Medicaid coverage to people that are working who may be making a little more than people on welfare to encourage them to work because now they have Medicaid benefits. Well, if those are likely to be the first ones that are back because they are a little higher income than the people on welfare, so that if you deny them their Medicaid benefits, and you deny them their earned income tax credit, they will have less incentive to work, and we actually end up reversing what we are trying to accomplish. More people go back to welfare, and less people work, so it makes no sense.

I would like to yield—joined by the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. I thank the gentleman for yielding, and I very much appreciate that you have provided us with this time to talk about some of these issues, and since we are talking about the earned income tax credit and its effect upon people with moderate income, I wonder how many people really understand how extensive this is. There are something like 12 million people who end up losing that earned income tax credit. Remember earned income tax credit means that, if you have been working and you are paying taxes out of your paycheck, that you were eligible, if your income was very low—if even with working, one or both persons in the family working, your income was still under the $25,000 or so level, you were eligible for some money back, and it is 12 million American families that are in that category.

Now from my State, which is a little smaller than each of yours—in fact, a little smaller than all of us standing here—from my State it is, oh, about 400,000 or so families in the State. My guess is that for the gentleman from Ohio it must be close to a million families in—well, it would not be quite that many.

Mr. BROWN of Ohio. About 500,000 in Ohio.

Mr. OLVER. And that—those 12 million families lose $30 billion total in loss of that credit that means increased taxes. Is it not ironic that in this process of giving tax reductions and selling the whole thing as if it is a great thing for middle-class Americans, that people who are of low income, but working, are going to actually see their taxes increased?

□ 1645

There will be $30 billion of increase of taxes, and that 12 million American families is going to get translated into giving $125 billion of tax reduction to only about 2 million families who already start with more than $100,000 of income per year. Those families at the very upper end of the scale are going to get a huge amount of money from this process, but the $30 billion that is taken away from families who have less than $25,000 a year to live on, those are the people who are going to pay right through the nose for the process of giving the tax breaks to families who really do not need them, who are already doing pretty well, who have made their way very well with the American dream. There is nothing wrong with the American dream, that is a great idea. But they are not the ones who need it in these very tight times.

Mr. STUPAK. If the gentleman will yield, in northern Michigan where I am from, it is about 35,000 families who will lose that earned income tax credit. I had a young mother who had three children. She was divorced. Even though her husband was paying child support, she said what the earned income tax credit meant to her. She said, ''When I would receive my earned income tax credit, it allowed me to get caught up on my bills. If I got a little behind in the last year, or if the car needed a new set of tires, I had money for a new set of tires for the car,'' so she could go back and forth to work, to support her family. It kept them a degree of respect and dignity and off public assistance.

So this earned income tax credit, which is being eliminated just so we can give a tax break to the wealthiest 1 percent in this country and the large corporations who no longer will have to pay the alternative minimum corporate tax, is really in this time of a Christmas season, really, if I can say the word ''heartless.'' I mean the folks who need the help the most, to give them a little respect, a little dignity, a little pride, to help them keep off of public assistance, to help them to make it on their own, the whole philosophy here is being rejected while we are giving the corporations a tax break. I really have a great, great problem with that aspect of this Gingrich contract on America plan.

You were talking about Medicaid. Besides the earned income tax credit, Medicaid, if I may quote from the Michigan Health and Hospital Association which says, ''We fear that the

Medicaid block grant program, health services for the most vulnerable populations, the elderly living in nursing homes, the poor, the children, may be jeopardized as hospitals who continue to bear a disproportionate share of the burden of caring for these individuals, face reduced payments.''

What that means to me, if I can read between the lines here, not only the financial impact on these families that need the assistance, but in my district, northern Michigan, my biggest town is maybe 17,000 people. I have many, many, small hospitals. They have, as the letter says from the Michigan Hospital Association, they bear a disproportionate share of the burden for caring for these people. But under these block grant proposals, the Medicaid, the hospitals in the rural areas, which are usually my largest employers, will be faced with tremendous cuts, which means lost revenue and cuts in staff.

Here is the mother who finally got through school, thanks to the earned income tax credit and a couple of other things, who is not working, and probably has the lowest seniority; she will probably be the first one to be laid off when all these cuts go through. The rippling effect here of not only the Medicare and Medicaid cuts, and they are cuts, make no mistake about it, it is going to be devastating on small rural communities as well as our urban areas.

Mr. PALLONE. Mr. Speaker, I think one of the things the gentleman is pointing out and that the gentleman from Ohio stressed is that, if anything, our support for the Medicaid Program and our concern about the low-income people who are impacted by the Medicaid Program is not an issue of class warfare, but just the opposite.

What you are pointing out is that everyone suffers because of these Medicaid, becauses Medicaid cuts, and when you eliminate the Federal guarantee of Medicaid, because what happens if more people pursuant to these Republican proposals go on welfare, the cost to the government at every level grows, and you are not going to even be able to balance the budget if you start to get more and more people on the welfare roles.

Similarly, so many hospitals, not only in rural and urban areas but even in suburban areas, and most of my district is suburban, every one of the hospitals that I have is heavily Medicaid-Medicare dependent, and if they have to cut back, they lay people off, some of them close, and it impacts everyone. They cut back on services and quality of care and everyone's health care suffers.

I see the gentlewoman from Connecticut [Ms. DELAURO] is here, who has done so much to raise the attention of the Congress to these issues. I yield to her.

Ms. DELAURO. Mr. Speaker, I thank the gentleman very much, and I want to thank all of my colleagues. It is a pleasure to join with them this afternoon, and I particularly thank the gentleman from New Jersey [Mr. PALLONE] for his invitation to participate and for his being here, tirelessly, just about every single evening.

Mr. Speaker, I would like to talk about the Medicaid issue from the same perspective, but maybe a slightly different one. First of all, I think sometimes people misunderstand what Medicaid is all about, and they have an impression that it truly in fact does not affect their lives, that this is a program, if you will, for poor people or people who are out there that they have nothing to do with, and it does not in some way affect their own lives. The fact of the matter is that two-thirds of the expenditures of the Medicaid program are for people who are in nursing homes.

Let me give an example of the people in Connecticut. Sixty percent to seventy percent of seniors who are in nursing homes in the State of Connecticut today have their health care paid for either partially or in whole by the Medicaid Program, so that millions of families, intergenerationally, really are dependent upon Medicaid to provide essential, essential health care.

What the Gingrich plan does is, it is a raid on Medicare, and essentially this raid is an unconscionable assault on the values of middle-class Americans.

I would like to mention a couple of things about what is intended, as well as the cutback. The Congress voted last month to turn Medicaid into a block grant program, to slash the program by $163 billion. That is over the next 7 years. Particularly startling about the block grant approach and the one other one-third cut in the Medicaid program is the repeal of the family protections which have to do, quite honestly, with all of us, if we have senior loved ones, parents, or relatives who may potentially have to go to a nursing home. The family protections will be repealed if this bill sees the light of day, if it becomes law.

Mr. Speaker, I want to mention a couple of points here. I will, by the way, say that the President vetoed the budget due to its extreme agenda as it has to do with Medicaid.

There is a report that all of us had a chance to look at, by the Consumer Union. These are the folks who put together the Consumer Reports, when you go out to look to buy a car or a computer, and you know whether you are buying something good or you are buying a lemon, or you are going to get a bum deal. You make your decision. People look at these Consumer Reports.

This is the group, the Consumer Union, that issues those reports and that issued the report on this proposal by the gentleman from Georgia [Mr. GINGRICH] and the budget. They talked about this potential nightmare that is going to be placed on working families with parents who need nursing home care. They have estimated that there will be 395,000 long-term care patients that are likely to lose their Medicaid payment for their care next year if this bill is approved. That is an unbelievable and staggering number of people who, one, will not have the care, but whose families, working families today in our country, are going to pick up the slack somewhere.

You are not going to see your mother, your father, a dear aunt or uncle or so forth, be out in the street. What is more, what is of equal concern, is that with the repeal of these family protections you are going to see that adult children—you can put a lien on the home of an adult child if you do not meet the State median in terms of income.

If you fall below your State median in income, and in the State of Connecticut it is $41,000, and if you make more than $41,000—and in many middle class homes today with two working parents you see above that number, and it may be slightly above that number—you then are now liable to pick up costs for your parent or your loved one's nursing home care. They can come in and put a lien on your house. If you are in rural America or in farm country, they can put a lien on your farm to help to pay the cost of nursing home care. This is written in the fine print in this Medicaid law, which many people do not know about.

In addition to that, there is no longer a requirement, there are no more Federal regulations on nursing home standards; every State can do what they want. No one wants to believe that States are going to be evil, bad, or that State legislatures are bad people, but the fact of the matter is that is you have a money crunch in your State and it is going to cost more to make sure of those nursing home standards, and those are the ones where they could retrain your father or your mother, they could use mind-altering drugs, that was all changed—I might add that was under Ronald Reagan—that all changed. Now they do not have to comply with any Federal nursing home standards, so it really is a monetarily devastating effect, a quality of care. It has to do with the individual who is in a nursing home and who gets that care paid for by Medicaid, but it falls on the backs of the families of folks who are in nursing homes, and that is what will happen if this law on Medicaid passes in the next several weeks here.

Mr. STUPAK. Mr. Speaker, if the gentleman from New Jersey [Mr. PALLONE] will continue to yield, the gentlewoman mentioned some of these things found in the fine print. Actually, in the Committee on Commerce, on which I and the gentleman from New Jersey [Mr. PALLONE] sit, the Democrats offered 10 amendments. If you wanted to block grant, OK, fine, but there are 10 areas we want to protect.

Nursing home standards is one of them. We feel there is a need for nursing home standards across this country. Public children's hospitals. They

provide money under Medicaid. Why can they not continue to have some funding? That was defeated. The cost-sharing for the poor seniors, to pick up part of their premium for part B, for Medicare, we wanted to keep that for poor seniors. That comes out of Medicaid.

Ms. DELAURO. It is gone.

Mr. STUPAK. That was defeated. Pregnant women and infants who need some medical help, pregnant women, and infants, that amendment was defeated. Rural health clinics, I mentioned my rural district. In many areas the only access to health care is through Federal rural health clinics, so you can have access to it. That was defeated.

You mentioned estate protection, the family farm liens; two separate amendments, both defeated. Alzheimer's disease. If you have a loved one, a parent or grandparents who have Alzheimer's disease, we always provided for their care in nursing homes under the Medicaid Program. That was defeated.

Transitional benefits to move from welfare to work, to help you out, give you a little bit of health insurance coverage while you move off public assistance into the work force, that was defeated. Women with breast cancer who receive help under the Medicaid Program, at least allow them to have some help in coverage to pay their medical bills, and that was defeated.

We tried in the Committee on Rules to make these amendments in order, but they were all defeated, not even an opportunity. What did we do? We did a motion to recommit, so the Democrat Party has been here, standing for just 10 basic elements to give you some dignity if you get ill, to provide for care for your parents or grandparents if they need a nursing home, and to leave you with a little something left in the estate. It was all defeated.

Ms. DELAURO. Mr. Speaker, I will make one more comment, because I know there are a number of colleagues on the floor who want to engage in this conversation.

If you could make the case that some of this cut were going, in fact, to balancing the budget or bringing down the deficit, you might be able to make a case in some ways for it. I do not know how in terms of nursing home standards and putting working middle-class families at risk, but the fact of the matter is here there is, as part of this budget, a $245 billion tax break to the wealthiest Americans in this country.

I do not deny people the opportunity to increase their salary and achieve a good status. That is a part of what the American dream is all about. No one questions that. But at this moment if you are going to cut Medicare, as they will, $270 billion, cut Medicaid $163 billion, in order to pay for that tax break for the wealthy, it is wrong, it is not part of the American tradition, and we need to fight it with every single breath we have.

I compliment my colleagues, and I am proud to join with you this afternoon in having this conversation.

□ 1700

Ms. DELAURO. I would be delighted to yield to my colleague there of Massachusetts.

Mr. OLVER. Mr. Speaker, I do not want to let the gentlewoman from Connecticut [Ms. DELAURO] get away, because she has raised so many provocative issues here that allow us to play off of those in some way.

The gentlewoman mentioned the misunderstanding about what Medicaid covers here in Washington and around the country. Well, it is really quite deliberate. I am convinced that it is quite a deliberate effort to convince people that it is really those unworthy welfare cheats and only those illegal immigrants who are part of the Medicaid Program. Because if you can somehow demonize the process, it is derogatory; it is an abstraction and a derogatory extraction. It is even inflammatory. If you can do that, then it is all the more possible to make this very severe cut, the $163 billion in cuts, and eventually to dismantle the program, which is ultimately the purpose of this, this pillar which has provided wonderful health care for a group of people who otherwise could not afford it, and for older citizens who have used all of their resources.

When we think about who actually is covered by it, they are our neighbors and our friends and our family members who are covered by Medicaid. It is the mothers and fathers in the nursing homes who have used all of their other resources somewhere along the way, and have only that to get their health care. It is the widows who have too little income to be able to even pay for their share of the Medicare that then gets picked up and paid for by Medicaid. It is the people who are disabled by birth defects or by crippling diseases that mean that they cannot be independent any longer. Yet somewhere along the way it is mothers of young children who are struggling and need that care, that health care for their kids, and it is for two-parent families.

Mr. Speaker, one of the grand ironies that we were talking about just before the gentlewoman from Connecticut [Ms. DELAURO] came in was the business of taking $30 billion away from low-income families, people who are working, who have been paying in their withholding tax money out of their pocket; and if their income was under $25,000, they were working on the various sliding scales in that range, then they could get a tax credit. Well, in fact, the ones at the lower end of that scale are also people who, under these provisions, are in danger, in serious danger of losing their medical care as well.

So when we are talking about trying to get people to work, we are taking the incentive to work, because if you work, you are going to lose your health care, or you are going to lose your earned income tax credit, which was the thing that may have helped you get off poverty. You are driven back toward poverty and your kids are going to maybe lose their health care in the process.

Mr. Speaker, think of what this means in terms of family values. How can one talk about this being family values when so many of those 12 million families that will lose their earned income tax credit are families with kids and those kids then become more in danger of growing up in poverty?

So what you say is a double whammy, and we could go on about other kinds of whammies that are built into this system, because you take away and take away and take away, and ultimately, it is all, all of those monies that come out of the Medicaid cuts for kids and all of those that come out of the ITC are less in total than just the amount of money that is given in tax breaks to the small couple of percent of families, those couple of million families at the very upper end of the scale who already have incomes among the top couple percent of American families. It is really ironic, and it is highly unfair.

Ms. DELAURO. Mr. Speaker, the gentleman from Massachusetts [Mr. OLVER] is absolutely right.

Mr. PALLONE. Mr. Speaker, I see that the gentleman from Hawaii [Mr. ABERCROMBIE] is here joining us, and I would like to yield to him at this point.

Mr. ABERCROMBIE. Mr. Speaker, I thank the gentleman very much for yielding to me. I am very happy to be here today, because you are looking at a new million-dollar man here in the House of Representatives. I am here to collect from this man right here: Haley Barbour.

This is one about the Republicans cutting Medicare. He has an advertisement in the Roll Call magazine this week, and he is offering anybody who can show the following: In November 1995, the U.S. House and Senate passed a balanced budget bill. It increases total Federal spending on Medicare by more than 50 percent from 1995 to 2002, pursuant to Congressional Budget Office standards. He says he will give $1 million to anybody who can prove that is not true.

Mr. Speaker, you are looking at the guy that can do it. You put my name, Mr. Haley Barbour, right there. It says, your name here, ABERCROMBIE, A-b-e-r-c-r-o-m-b-i-e, I will fill in the rest, it is OK, just like Abercrombie and Fitch, in case you cannot remember it, and I will see that that million dollars goes to the people that deserve it: the children that you are attacking, the elderly that you are attacking, the disabled that you are attacking.

Now, Mr. Speaker, I know, I am used to seeing jolly Republican guys like Haley Barbour out there attacking weak people, but when he says he is going to give $1 million, and by the

way, it is interesting that the Republicans have millions to give away, millions of dollars on Medicare, they say, let us see who they are going to give it to. They do not have a balanced budget by the standards of the Congressional Budget Office.

Mr. Speaker, I have been in my special orders down here, and I say to the gentleman from New Jersey [Mr. PALLONE] that I will not take all the time up today, but the gentleman knows that I can show and have shown in these special orders over and over again, and I think my good friend, the gentlewoman from California [Ms. PELOSI], is going to be able to show you some figures from her area, that proves there is no balanced budget here.

On the contrary, the deficit is going to go up by billions and billions of dollars. They are going to expropriate from the Social Security trust fund money to try and make up that deficit. Mr. Speaker, I will tell my colleagues where that money is going to go from this unbalanced budget. We can prove that budget is not balanced. It is not going to be spending on Medicare. On the contrary, we assume, and the average American assumes, when you say Medicare spending, that is going for expenditures having to do with the medical needs of the people of this country. Yet, what is it that is being proposed by the Republicans in Medicare?

This is from the New York Times, October 31 of this year. The plan would give doctors new ways to make money. It is not Medicare for your mom and my dad. This is Medicare-looting for the doctors and the insurance scams all over this country.

Mr. Speaker, this is not me saying it. Let me tell my colleagues what the New York Times says.

> Medicaid measures working their way through Congress would remold the role of many doctors, turning them into medical entrepreneurs, permitting them to engage in business enterprises now forbidden. The House version of the legislation would allow doctors to start physician-run health groups without financial and regulatory requirements that States impose on similar organizations. The bill would make it easier for doctors to set prices in ways that now violate the antitrust rules.

Can you imagine what a boondoggle this is? It is not being spent on Medicare; it is being spent on people who are going to give campaign contributions to the guys that are bringing them the Medicare money. That is what it is all about, and their medical savings accounts.

I have the analysis right here by the Henry J. Kaiser Family Foundation that proves that these medical savings accounts is another scam artist activity for the insurance companies that will have the following effect. Under these medical saving plans unhealthy individuals are going to be unlikely to gain. Under certain scenarios, the traditional Medicare Program may cease to exist or exist in a reduced form.

I am telling the gentleman from New Jersey [Mr. PALLONE], friends and neighbors, colleagues, we are in the chips. I want Haley Barbour to have that pen ready to write my name on that check so that we can follow up, and we are going to be down here every day exposing how the Republicans have taken something as serious as Medicare, as serious as that is, to the mothers and fathers and the families of this country, having to count on Medicare, and take it and try to turn it into a joke where they are putting a $1 million check up there as if it is some kind of a sideshow that they want to put on.

Well, we are taking them up on it. We are showing people that this Medicare expenditure is a serious issue with the Democrats in this Congress, a serious issue for the families in this country, a serious issue for children, for the elderly and for the disabled; and we are going to expose this for what it is.

Mr. PALLONE. Mr. Speaker, I appreciate the comments of the gentleman from Hawaii, and I totally agree.

I just want to say one thing before I introduce our next participant here. Even though that Roll Call article talks about how more money theoretically is going into Medicare, what we are really talking about here is the amount and the level of growth.

When I say that something like 18 percent of the people who are now eligible for Medicaid are not likely to be eligible in 7 years, that is because the amount of money that the Republicans are putting into the plan will be 18 percent less than what it would be under current law. If you translate that into the number of people who would be ineligible for Medicaid, as the gentlewoman from Connecticut said, in nursing home care, the children, the disabled, whatever, that is what we are talking about. It may be that in actual dollar terms there is more money, but in real terms, it is an 18 percent cut, and 18 percent less people are going to be eligible.

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman would be kind enough to yield for a moment, I agree with what the gentleman is saying, although I think the gentleman is being entirely too kind. Not only was the gentlewoman from Connecticut [Ms. DELAURO] correct in the analysis that she made, but I was showing even further cost transfers that are being made.

Mr. Speaker, we cannot say that we are spending more on Medicaid, except by an accounting trick, if at the same time, simultaneously, we are increasing the deficit and the interest that must be paid on that deficit. If we are transferring money out of the Social Security trust fund, which must be paid back with interest, what happens is, on a net basis, not only are we not spending more on Medicare per se, but we have actually increased the indebtedness of the people of the United States with respect to that budget.

So on any grounds that we want to put it, if we want to compare the tax cut, I should say the tax giveaway that they want to put out there is in the neighborhood of $240 billion to $250 billion, and even Mr. Barbour, at his most hyperbolic, says that under their plan, the government spent $289 billion on Medicare, just on the tax giveaway alone, 250 that is already gone. That leaves 30 right there that we are dealing with.

As I said, that can be made up just with the other points that the gentlewoman from Connecticut (Ms. DELAURO) made up and that the gentleman made up. So the plain fact of the matter is that on paper and paper only, by way of illusion, and by accounting trickery can we even presume that we are going to spend more on Medicare.

The actual facts of the matter are that the public debt will increase from $5.2 trillion to $6.8 trillion over this 7-year period by the accounting methods that are used in the Republican budget document itself.

Mr. PALLONE. Mr. Speaker, I appreciate what the gentleman is saying.

I would like to yield now to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding. I thank the gentleman from New Jersey [Mr. PALLONE] for his leadership on this issue and for his untiring efforts to call to the attention of the American people and this Congress what is at stake in this fight that we are having.

I welcome the opportunity to convey to my colleagues what the impact is on my community in San Francisco and on the State of California. Before I do, I wanted to follow up on the remarks of our colleague from Hawaii in terms of generally what these cuts mean in terms of balancing the budget.

We all know, Mr. Speaker, that any proposals that are being put forth on the Republican side now do not represent balance in terms of the values that our country holds dear. When we would cut all of the kinds of money we have out of investments in our children, we cannot be talking about a balanced budget. It is unbalanced and imbalanced.

In addition to that, I think it is very important to recognize that the proposal being put forth by our Republican colleagues will not fiscally balance the budget either for the some of the reasons that the gentleman from Hawaii [Mr. ABERCROMBIE] has put forth, but also, we will have a better chance of balancing the budget to the extent that we invest in our children, in their education and in their health and in their well-being. Only then will that investment make our economy more dynamic, a healthy and educated work force, make our country more competitive, and therefore produce the revenues that are necessary to balance the budget within 7 years or beyond, depending on what our basis is. I say that, meaning in the foreseeable future.

Mr. Speaker, I do think that the cuts that we are talking about here have to

be recognized, as the gentleman has done so eloquently, as to what the impact is on the individual and that individual's family, but also in terms of what the impact is on the local communities which will be impacted by these cuts, their budgets, as well as the economies of those regions when you take away the personal assistance and the assistance that goes to the area.

□ 1715

In the State of California, I do not have my California chart right here but I have used it many times to show that under the Gingrich budget, the Republican budget, over $72 billion will be cut over the next 7 years just in the Medicare-Medicaid cuts, we call it MediCal in California, earned-income tax credit, school nutrition programs, those. Not even going into the cuts in appropriation, in terms of protecting the environment or assistance to disadvantaged children in chapter I and on many other cuts that will be made through the appropriation process. Just looking at what is being done on the entitlement, the guaranteed side, guaranteed to this point.

It is something that just does not affect those individuals but as I mentioned it affects their local government's budget and the economy of the area.

Our State probably, if you take the appropriations into consideration over that 7-year period, will be over $100 billion. Our State budget is about $57 billion a year. So you are talking about nearly 2 years of a budget of the State of California being cut out of the 7-year, and think of what that means to the economy of a State like California. And then just take it to your own States and figure out how it relates to your own States. I know you have all done that and made presentations to that effect.

But in California with such a heavy weight, ⅛ of the country, if it has a very negative impact on California, of its nature it will have a heavy impact on the country over and above what it does to your States individually.

In the city of San Francisco, and I have this chart to show some of these figures. As you can see right now, employer coverage and privately purchased insurance covers about 48 percent of our population; uninsured are 21 percent; MediCal, which is Medicaid recipients, represent about 16 percent; Medicare recipients the remainder, 15 percent.

If the cuts being suggested are made, that will move our uninsured to nearly 30 percent of the population. In the high 20's to 30 percent of the population of the city will fall into the uninsured. Those people who may need emergency care, the costs are shifted again to employer coverage and privately purchased.

That is where we were when President Clinton came in and said, we need to improve, we need to reform health care coverage in our country. that is the real answer. We missed that opportunity because of the complexity of the issue, the partisan nature of the debate, et cetera. But nonetheless, that is the answer to reducing the increase in health care cost and the impact on the public budget.

But nonetheless, when you make those cuts, that means 40,000 people, 13,000 families now covered by Medicaid, would be losing their health coverage, would be severely impacted.

As a result, even if we say it just goes to 25 percent, the impact would not be just on the poor. according to a recent study sponsored by the National Leadership Coalition on Health Care, cost-shifting would cost the private sector payers $87 billion—now we are talking nationally—over the next 7 years. most of the cost shift would be passed on to workers by employers in the form of forgone wages and an increased cost for health insurance premiums.

But to San Francisco. Our San Francisco city comptroller has estimated that the Republican budget will impose $600 million in cuts to the city budget over 7 years, with half of these cuts alone for Medicare and Medicaid programs alone.

The city will have little choice, and I say this, substitute the name of any city, will have little choice except to greatly reduce services or increases local taxes.

Because of the impact on local budgets and public hospitals, you will have a problem finding lifesaving trauma care if you or a family member are involved in a serious accident requiring emergency care, and that is assuming that you are in this employer coverage and privately purchased care. So it would even affect you in that category.

The severe cuts in Medicaid are required in order to fund this massive tax break, and that is what the saddest part of this story is. Because here we are in a situation where we are hitting people—I heard one of my colleagues say earlier, we do not want to be engaged in class warfare. Of course we do not. But fair is fair. Not welfare. But fairness. And it does not seem right.

Most people that I know who are in the brackets which would benefit from these tax breaks say, ''We don't need this tax break. We have decided we want to balance the budget, so don't give us this tax break. If that is your value, then don't balance it. But don't take it from the poorest of the poor.''

How could it be fair for the earned-income tax credit for the working poor to be cut, to be eliminated for many families, many people, while we give a tax break at the high end?

Now our Republican colleagues will say, ''Oh, we're just taking it away from people without children.'' Well, these young people would like to have a family, too. They are families, they are potential families, and they want to be strong families.

So when you talk about the cuts in earned-income tax credit, and I just want to add one more point on this tax fairness issue. The much-heralded family tax credit that our colleagues have talked about in their tax plan, $500 per child, you have heard of it. It ironically is retroactive until October 1 of this year, while the capital gains tax break for the high end is retroactive until January 1, giving them the full benefit of the tax break, while families only get 25 percent of the break, so that $500 tax break for this year is $125, and you cannot collect it until October 1, 1996. Yet if you are in the upper brackets and you get the capital gains reduction, we can accommodate you until January 1 of last year.

This is about fairness. It is not about class warfare. But if you are stomping on the people at the low end who need a safety net at some period of time in their lives in order to give a tax break to the wealthy who are not clamoring for it but who do want a balanced budget, you have to have a balance in values, you have to have an investment in children in order to produce the revenues in order to reach balance in a very fair way.

I say to our colleagues, look to what it does to individuals. But see what it does to the local budgets in your area and the impact on the economy in your area to have, say in our case, about $100 billion pulled out over the next 7 years.

With that, I yield back to my colleague and thank him for the opportunity to present the concerns of my community on this unfair approach to Medicaid, particularly Medicaid, in this instance in this budget.

Mr. PALLONE. I thank the gentlewoman. I yield to the gentleman from Massachusetts. I know we only have a minute or two left.

Mr. OLVER. I thank the gentleman.

The gentlewoman has given very dramatic data there as to what it is that happens in your home State. I would just like to connect it to what the gentleman from Hawaii had said.

In your chart, the uninsured group gets increased, it gets increased by taking people who presently have insurance, the only kind of insurance they have, from the Medicaid Program, out your MediCal recipients, increases the uninsured, the people who are really destitute and do not have health insurance.

The thing that is offered in return is the medical savings account which you have to already to able to have a large amount of income that you can risk in the process, $4,000, $5,000, $6,000 that you can risk in the first place, which is only people who are very wealthy.

So the medical savings account does not do anybody any good who is in the red category or that white category of uninsured. All we are doing is increasing the uninsured and making it harder for those who are modestly and marginally insured and trying to transfer it to people who already have a not in this society.

Mr. PALLONE. I want to thank everyone who participated in this special

order today. I think we really brought out a lot of good points.

LONG-TERM CARE JEOPARDIZED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. MORAN] is recognized for 5 minutes.

Mr. MORAN. Mr. Speaker, we all know that Americans are living longer, and they are living longer with chronic and often incapacitating illness. For many of them, nursing home care is the only option. It is a difficult and painful choice, not one that any individual or family would take lightly, particularly given the cost of nursing home care. Mr. Speaker, in northern Virginia, in the district I represent, the average cost of nursing home care is $45,000 per year.

So the State of Virginia has been very stringent in determining Medicaid eligibility. That is why this is relevant to the discussion that just took place. Without the cuts to the Virginia Medicaid program, Virginia would be providing 54,000 individuals with access to home and community-based care, 24,300 nursing home recipients, and 2,300 individuals in intermediate care facilities for the mentally retarded.

But in the face of the Medigrant Program, which caps Medicaid long-term care spending as soon as 1996, next year, $968 million, or 27 percent of the budget for long-term care in the State of Virginia by the year 2002 would be cut. That translates into a reduction of 9,000 people who would no longer be eligible for assistance next year, and 37,000 nursing home residents who would no longer be eligible for care in 2002. We have to ask ourselves, where would these people end up?

In 1987, President Ronald Reagan signed into law Federal standards for nursing homes. This was a direct consequence of the in ability of the States to establish standards and monitor and enforce them. The newspapers were filled with horrible accounts of abuse of our Nation's seniors. That is why President Reagan responded to the abuse that was taking place across the country.

This Medigrant Program turns back the clock. It turns the responsibility of establishing, monitoring, and enforcing nursing home standards back to the States. Clearly President Reagan would not have usurped that responsibility if there were any alternative way of ensuring quality care for our Nation's seniors.

All families with members needing long-term care have been paying for many years to care for their parent or child at home. In the end, their ability to care for that person, both physically, emotionally or financially, runs out.

In my district, the eligibility requirements to receive Medicaid assistance for long-term care are already very stringent. Thirty-four percent of all Medicaid dollars are spent on long-term care assistance. This is considerably lower than the national average. But once an individual is determined to be eligible, the State does not come after the adult children to pay for nursing home care.

This legislation included in the 7-year balanced budget plan, the Medigrant legislation, empowers States to require payments from adult children if the family income is above the State median, regardless of other financial obligations. Governor Bush said, and I want to quote him, ''I plan to go after all adult children of nursing home residents.''

Many allude to middle-class seniors divesting their fortunes in order to qualify for Medicaid, but the anecdotes do not add up. The GAO found in a 1993 study that less than 10 percent of all Medicaid applicants had transferred their assets in order to qualify for assistance, but even that did not result in increased Medicaid spending. Furthermore, Congress changed the law in 1993, requiring that Medicaid eligibility could not be considered within 3 years of the asset transfer.

In 1993, Congress required States to recover from the estate of deceased Medicaid beneficiaries. It did not require the seizure of homes or businesses, and it even prohibited such actions if the home was being lived in by a spouse. Current law also protects against liens and estate recovery while dependent children are living.

But Medigrant repeals these protections. The Medigrant bill empowers States to pursue family homes to recover long-term care expenses, even if those homes are currently occupied by families members. All that protection is repealed.

Mr. Speaker, I will not take any more time. There is so much more that I could say about this. It is all of a critical nature, because we are taking away the security that is currently available to families who desperately need it.

□ 1730

We are enabling States to go after homes, to seize assets, no matter how impoverished the spouse might be, to take away the standards that President Reagan put into place to protect our senior citizens. This goes far beyond the dollars and cents.

I think this is a profound erosion of the kind of security that Americans have come to, and should be able to, expect.

I thank the Chair for the opportunity to express this on the floor today, and I would hope we are going to turn this back.

The Medigrant Program repeals protection for the spouses and children of nursing home residents. Medigrant gives States the flexibility to deny coverage. Income and resource set-asides for the spouse of a nursing home resident have been maintained in Medigrant, but these are only available after a resident has been found eligible for coverage.

Under Medigrant, there is no assurance of coverage even if you meet income and resource standards; no required fair hearing to challenge a determination of noncoverage; no protection against having a lien placed on the home; no requirement for clarity about what is included in the Medigrant rate; no requirement that Medigrant cover a specific set of services; and no allowance for putting aside money for a disabled child.

I have been told that Medigrant requires States to set-aside considerable resources for nursing care services. Although the amount Medigrant requires to be set aside for the elderly is based upon expenditures for current nursing home services, nothing in law requires such services to be offered. The funds set aside are considerably less than what Medicaid sets aside today. In fact, a number of studies have suggested that the first cuts will be made on community and home based long-term care, forcing disabled and frail elderly to apply for the much more costly nursing home care.

Why? Because the nursing home industry is much stronger and financially able to lobby for dollars than the burgeoning community based care community.

The block grants are capped, regardless of economic or demographic changes. The rate of growth will not keep pace with inflation or increased use due to an aging population. The bill, on average, increase spending at 5.2 percent a year, while long-term care spending will increase at about 9.5 percent a year. Virginia is particularly hard hit because of the aging of the population. Residents older than 65 years will increase from 7.3 to 15.7 percent of the total population. In the next 15 years, there will be five times as many Virginians older than 75 and nine times as many Virginians older than 85 years as there were in 1960.

This Nation made a commitment 30 years ago to investing in medical technology and medical assistance to extend and improve the lives of senior citizens. Assistance for long-term care is the humane extension of medical intervention and assistance. Those who seek long-term care are seeking to complete their lives with dignity, as independently as possible and certainly, not as a financial burden on their children or grandchildren. The Medigrant bill takes away this dignity from those who need long-term care and from their families.

HOW THE MEDICAID CUTS AFFECT VIRGINIA

Issue: The current proposed block grant for the Medicaid program relies on a formula which rests on the current federal match now received by each state. This unfairly penalizes Virginia, because it locks in current funding patterns among the states, regardless of need or changing demographic patterns, while high cost states that have not been efficient or judicious with their Medicaid dollars will continue to benefit at high levels of federal assistance.

Congressional proposals do little to address vast disparities in federal Medicaid grants to the states. Both lock in generous payments to some states at the expense of others. Under both plans, New Hampshire and Connecticut would get twice as much per poor person as Virginia. Under both proposals, Virginia will continue to have the seventh lowest grant per poor person in 2002. (Poor is defined as those in families earning 100% or less of the federal poverty level, which is $11,817 for a family of three in 1995).

History: Virginia has been very conservative in its determination of program eligibility and benefits; management of Medicaid dollars and beneficiaries; and in its claim on federal resources.