Mr. MCCONNELL. Mr. President, I would like 2 minutes.

Mrs. KASSEBAUM. Mr. President, I wish to speak on the health insurance reform legislation. So I am happy to wait my turn.

Mr. DOMENICI. We have an arrangement that the Senator from Massachusetts will go next. It is your turn.

Mr. EXON. With the understanding, I might say, that the Senator from Massachusetts has been very patient. I scheduled him at 4:30, the best I could.

Mr. KENNEDY. That is fine.

Mr. EXON. We understand that you will have 7 minutes for other matters, and then we will yield to the Senator from Massachusetts, is that correct?

Mr. DOMENICI. That is exactly what I hope and agree to.

Mr. EXON. We agree with that.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes; following that, the Senator from Kentucky will be recognized for 2 minutes; then the Senator from Massachusetts will be recognized for such time as the Senator from Nebraska may yield him.

The Chair recognizes the Senator from South Dakota.

TRIBUTE TO BOB DOLE

Mr. PRESSLER. Mr. President, I rise to pay tribute to our friend, BOB DOLE. It has been my pleasure over the years to hold over 30 joint meetings with him in my State, in my time as a Congressman and as a Senator and when he was running for South Dakota's early primary. There were at least 30 meetings. I learned a great deal from BOB'S service, and I learned that his tireless energy was always an inspiration to me. In fact, he would always shake hands with everybody at the end of those meetings, regardless of how long it took. But he offered a great deal of substance when somebody asked him a complicated question. He would give the full Senate answer, so to speak. I believe that he will go down as one of the great Members of this Chamber, in terms of legislative accomplishments and contributions.

I was one of the first Senators to commit to him for majority leader or minority leader—whichever was the case, because at the time we did not know for sure. I was one of the first Senators to endorse him for President. I think his career in the Senate represents the best of Senate life. I guess everybody knows about his wit and his determination. I could never believe or comprehend how he had so much energy. He literally went 7 days a week. He would be as energetic on Sunday night when he was coming back to Washington.

I also visited at least 15 States with him during the time he was a Presidential candidate or chairman of the party or when I was a Congressman, and he did the same thing there, too. He was not a golfer or a tennis player. He just worked all the time. I have never seen anything like it. He would fill up the whole weekend with work and visits. To him, it was service. I just would not have that much energy because I need a day off now and then. I pay tribute to him because he is one of the great Members of this Chamber that I have served with, and it has been my pleasure to work side by side with him.

I have a number of other reminiscences, which I will place in the RECORD. During this short time, let me also say that I have felt a great deal of friendship and still feel a great deal of friendship with BOB DOLE. He is a person with whom I could always talk to if I was struggling in some of my campaigns, or whatever. He would always be there to help. Just recently, he invited me along on four stops in several States with him. His energy is as great as it has ever been.

BOB DOLE is a great man. He will be a great President, and I will miss him very much here in the Senate. It feels lonely around here without him already, without his quips, and so forth. I came in a little late at lunch today and he said, ''You are late, PRESSLER. We are going to count you late.'' He was full of quips all the time. I pay tribute to my friend, BOB DOLE, a great U.S. Senator, who will be a great President.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. MCCONNELL. Mr. President, we witnessed today the departure from the Senate of one of the giants of American history. On a day like this, obviously, all of your memories come back to you. I remember the first time I met BOB DOLE. It was in this room in the early part of 1969. I was a fuzzy-cheeked staffer back here on what was then these big stuffed couches. BOB DOLE was a freshman Senator. Since desks on the floor of the Senate were assigned on the basis of seniority, he sat near the back. I remember him as being the most popular of the freshman Republicans with the staff. Why? Because he was nice to us. This is a place where, as many know, some Senators are a little full of themselves and frequently are not all that nice to staff. BOB DOLE was not only nice to us, his humor was often practiced on us before he related some of it on the floor.

In short, you could sense from the beginning, from the day BOB DOLE walked in here, that he was something special, that he was not going to be just your average Senator. So like everybody else, I watched his development over the years. I left as a staffer and went back home to do my own thing. My next recollection of BOB DOLE was in 1980, his first campaign for President, which was not conspicuously successful. I remember picking him up one day in Kentucky and taking him to a meeting and watching him tirelessly work the crowd. He had to have a sense that his campaign was failing. But as Woody Allen said, ''Eighty percent of life is showing up.'' BOB DOLE was driven. He always showed up. He continued to push.

The next time I saw him was in 1984, 3 days before the Senate race in Kentucky. All of a sudden, the word had spread around that this challenger in the Senate race in Kentucky might have a shot. BOB and Elizabeth Dole came in, and we wheeled around the State in their plane, and they gave me the boost I needed at the end to get over the finish line.

In short, like everybody else here, I have had a number of reminiscences of this great American. On a day like this, they all come back. It seems like there is a giant sort of gap here in the Senate with his departure. Today was a bittersweet day for all of us. I think it is kind of a mixture of exhilaration for him that he goes out on this new challenge, undeterred by all of the restraints that are obvious here, but at the same time he regretted his departure. I only add: Godspeed, BOB DOLE. I think we will be seeing you in Government once again.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Massachusetts is recognized.

Mr. EXON. I yield to the Senator from Massachusetts whatever time he needs off of our 5 hours.

Mr. KENNEDY. I thank the Senator from Nebraska. I see the Senator from Kansas on the floor, who was here earlier than I was. She has indicated that she has just a short comment to make. I am glad, if it is agreeable with the Senator from Nebraska, to yield to her to speak briefly.

Mr. EXON. I will yield whatever time she needs from our time.

The PRESIDING OFFICER. The Senator from Kansas.

HEALTH INSURANCE REFORM

Mrs. KASSEBAUM. I very much appreciate the Senator from Massachusetts giving me some time at this moment. I would have been happy to wait. But both the Senator from Massachusetts and myself have worked for many months on health insurance reform. I very much appreciated Senator KENNEDY, the ranking member of the Labor and Human Resources Committee—his efforts to help us achieve what the Senate voted on 100 to 0 for some very important health insurance reform measures.

Today, I want to speak for a moment about where we stand on this issue. First, because I heard the chairman of the Budget Committee speak on the budget resolution before us, I want to speak with respect to the admiration I have for Senator DOMENICI and his honesty and vision regarding what is needed in our budget. Both he and Senator EXON from Nebraska, who is the ranking member, have worked many years on budget matters, and I am sure that at some point there must be a certain weariness that sets in as yet one more budget resolution comes before the

Senate. But it takes dedication, which I greatly admire, on the part of the Senator from New Mexico through the years to speak to what he feels. I strongly support the vision that he has and that is required of us today.

Speaking to health insurance reform, which both Senator KENNEDY and myself feel is very important, negotiations are still going on. The agreement that was reached last night on this measure represents a consensus among Republican members, who have been meeting informally for some weeks. Both myself and Senator KENNEDY have been in conference and negotiations ourselves to see if this issue cannot be advanced.

As a participant in the process of informal negotiations among Republicans Members, I would say much was given up by Members who feel very strongly about particular provisions. For example, Members of the House of Representatives agreed to drop provisions on medical malpractice reform, which many Members there strongly supported and which was in the House-passed measure, and the multiple employer welfare arrangement, MEWA's, which would have most certainly led to a Presidential veto.

Likewise, as I am sure, all realize more was added—particularly with respect to medical savings accounts—that others would like to see. I count myself among those who would have preferred a more focused bill. We added here in the Senate parity for mental illness insurance, which many here strongly support, and many in the House support. But to come to some agreement for those who question whether we can do that at this time, or not, meant that provision was dropped as well.

However, I have been around here long enough to know that no one gets everything they prefer. I listened very carefully to my colleagues in the House, and it is my assessment that the proposal now on the table is what it will take to bring our efforts to fruition. There may have to be—and I guess there would be—some more minor adjustments. I want to speak particularly to the medical saving accounts provision because that is what has been perhaps the hardest and biggest hurdle to get over, and to what I believe represents a fair and credible approach to this issue. Briefly, beginning in January of next year, the medical savings accounts will be available to the self-employed and to employees of businesses with 50 or fewer employees.

A study regarding the effect in the small group market on adverse collections, health cost, use of preventive care, and consumer cost would be conducted over a 2-year period.

Mr. President, I believe that starting with the small group market where many of the most important issues with respect to MSA's have been raised will provide Congress with the most accurate assessment of their advantages or disadvantages on how perhaps MSA plans should be drawn that would be the best devised plan possible for medical savings accounts. This is the group where concerns have been raised about the possibility of adverse collections and where States have developed the greatest expertise in providing insurance access to small businesses. The proposal goes on to extend MSA's to individuals and employers with 50 or more employees on January 1 in the year 2000. Unless the Congress acts to delay or repeal the expansion, separate votes would be guaranteed on both the individual and large employer expansion.

In addition, the proposal includes new means for consumer protection standards as a condition of deductibility. These provisions assure that the consumers will have sufficient information to judge this new product, and they can take into account a recent Rand study showing that adverse collections can be minimized by limiting the level of MSA deductibles.

First, MSA plans would be required to disclose the information about cost-sharing requirements, deductibles, and limitations on coverage, if any, under the plan.

Second, MSA plans could have a maximum deductible of $5,000 for individuals, or $7,500 for family coverage, indexed for medical inflation. That is a high deductible, but it would, we thought, be better than a floor being placed and that a ceiling should be placed.

Third, once deductible limits are reached, individuals would be required to pay on average no more than 30 percent cost sharing for their health benefits.

In addition, six adjustments to the structure of the House MSA provisions were made in response to recommendations by the administration. These modifications could tighten tax rules regarding any possible abuse.

Finally, it should not be forgotten that there are core elements of the health insurance bill. Those dealing with portability and preexisting conditions are firmly in place. Those are provisions which we all agreed on were very important, Mr. President. They are the ones Senator KENNEDY cared about and that I cared about. We argued no amendment should be added in order to achieve those core provisions. But then that is not the way the House and Senate worked their will. Amendments were added in both Houses.

In addition, of course, the agreement includes Senate provisions dealing with deductibility and long-term care insurance, which will make health insurance not only more portable but also more affordable for millions of Americans.

These are important changes, and I am confident that further reflection on this proposal will produce a public law, I am absolutely confident, that we can come to an agreement on both sides of the aisle on with the administration to achieve health insurance reform which will benefit millions of Americans. I recognize that compromise is always difficult. It was a difficult process in committee and on the Senate floor. As an even broader range of issues were put on the table by the House, it became even more of a challenge to find common ground among disparate views. Nevertheless, I think that each of us recognize the need to compromise, and I believe this proposal will strike a fair and equitable balance which will put meaningful health care reform within our grasp.

Mr. President, I have had concerns about the medical savings accounts. I think we need to go slow and understand them—understand where there may be difficulties and how to achieve them in a way that will benefit many Americans, particularly those who have not had any other access to health insurance. But, by doing it slowly and phasing it in and studying it carefully, I think it can and should be achieved.

So I hope that as we continue negotiations, we can actually, over time, achieve some agreements on the proposals in health insurance reform that will allow us to succeed in efforts that we know will benefit many, many.

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

Mr. DOMENICI. Mr. President, may I have a little dialog with Senator KASSEBAUM regarding that bill?

Mr. KENNEDY. Please do.

Mr. DOMENICI. I do not choose tonight to go into an indepth analysis of the bill as it pertains to the severely mentally ill or those who need mental health care in America. I do want to suggest as one of the prime sponsors of amendment, which will be dropped, that I believe we should not have a commission in this bill—a commission getting bigger and bigger and broader and broader and more and more issues. Frankly, I think we would rather have an opportunity to address this issue one more time in another manner. I do not think a commission is going to solve many of the issues that we think need to be solved, at least in any of the iterations we have seen on the commission. I would ask that it not be included. I mean, I think it is no compromise for us, and we just should not have it, and let us get on with this fight in another way.

So I personally will ask them not to put it in. I will return to my office and advise the House lead conferees that I personally would like not to have the commission in it.

I see my cosponsor on the floor.

Mr. WELLSTONE. Might I indulge the Senator for a moment on a comment on this?

Mr. KENNEDY. Sure.

Mr. WELLSTONE. I have a different perspective. I also feel it is not much of a compromise. I just wanted to say, having been a cosponsor of this amendment with my colleague from New Mexico, that when the medical savings accounts—I am all for working out an

agreement—came to the floor of the Senate, that amendment was defeated. Then we talked about compromises. I know the Senator from Massachusetts will talk about that. The mental health amendment, I think, passed with 68 votes. Then we worked very hard to pare this down. What we came up with was a very reasonable formulation, if you want to talk about a compromise, which dealt with lifetime annuals; just have the same cap parity with that, which would have been so important to families to get under.

I urge my colleagues, as we get into negotiations, I would like for that to continue to be in the mix. It was a very reasonable formulation. The Congressional Budget Office projection was like two-tenths of 1 percent increase. To me it is just unconscionable that this cannot be accepted. I mean it passed by 68 votes. I do not believe that this should now be knocked out of the mix.

I have urged my colleagues on the Democratic side to please hang in there on this. The White House supports this. The Democrats support this. I know many Republicans do. I do not know anyone who has worked harder on this than Senator DOMENICI.

I urge my colleague from Kansas, whom I believe in, and certainly my colleague from Massachusetts, please, as we go forward with these negotiations, do not just simply cancel us out. By the way, the ''us'' is not Senator DOMENICI and myself. The ''us'' are citizens all across this country who thought finally that they were going to see a time come when the U.S. Congress would put an end to some of this discrimination and do something very good and very positive and very helpful for families all across the country.

Do not shut us out.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, if I may say so, I know that there is no one who cares more about this than Senator KENNEDY, as well, and Senator DOMENICI and Senator WELLSTONE went a long way in proposing something which many of us hoped would work and be successful in compromise. At this point, it has not been. But it has been probably the question of how much further we can get in negotiations.

I very much appreciate the Senator from Massachusetts giving some time to discuss the health insurance reform effort, and I appreciate all that he is doing and continues to do to try to help achieve a successful resolution.

I thank the Chair.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I thank the Senator from Kansas for her comments. I appreciate her addressing the Senate on this particular measure about the state of negotiations. Initially, I have to respond to my good friend from New Mexico as well as Senator WELLSTONE. It is not my purview about whether this matter will be in or outside the compromise. It appears that whatever has been recommended by the Republican leadership has at this time included a study in the proposal. I myself, as Senator WELLSTONE has pointed out, strongly believe that what would have been a reasonable compromise of perhaps extending mental health to Federal employees would have had included a comprehensive program of up to another 10 million without affecting businesses' bottom lines. But that was not to be considered.

Then I supported strongly the position that has been outlined here in terms of the yearly inclusion and the yearly caps of the longer lifetime caps for the funding of mental health programs. But that has been dismissed. I think the bottom line is just to dismiss those proposals or to have a study.

I come down on the side of the Senator from New Mexico because I fear, if we do a study, that may very well be utilized as a way to compromise further progress in addressing mental health down the road on some future health care proposal.

I for one hope very much that, if we are able to get this particular proposal, the Kassebaum-Kennedy bill, forward, the health issue will go back on the agenda. Mental health being as important as it is, we may very well have a real opportunity to move ahead on that in another Congress.

Not that I would find it persuasive personally, but maybe there would be others who would: not to debate this issue since we are doing this comprehensive study over a period of years, and therefore let us wait until the study results are known.

But I hear the Senators. They have spoken well on this issue, and we will, to the extent we can, pass on their observations and their strong views to the conferees.

Just very briefly, I thank my friend, Senator KASSEBAUM, for her explanation as to what was basically included in a proposal that has now gathered the support of the Republican leadership in the House and the Senate. As I have said many times, I admire her continued leadership in moving this whole debate so far forward that there still is, I would hope, real opportunity of enacting the core legislation. We have some difference on the proposal which has been outlined. But there still is a very strong desire, I believe, on everyone's part, as there should be, to try to achieve the desired outcome of legislation.

The concept of the legislation Senator KASSEBAUM has outlined on other occasions, which goes back to the end of the 1994 congressional debates on health care reform, pulled together the various proposals that were advanced, Republican and Democrat, and included many of Senator DOLE's proposals. It was spoken of as an issue of importance by Senator DOLE at that time, and he has reiterated those comments in a number of statements in recent days.

So this really was a very important proposal, a modest step but a very important one, a vital one to the 25 to 27 million Americans who have preexisting conditions and other millions of Americans who would be able to take advantage of the portability provisions.

So I stand with the Senator from Kansas in hoping we will be able to work the will of the Senate and be able to achieve those objectives. The principal concern that I had in the proposal as outlined here this evening, and that has been reported previously, is that, first of all, we would be including not just a test, we would be immediately including about a third of the work force in an untried and untested program, which would inevitably include the entire work force in just three short years unless the Congress acts to prevent it.

So the signal very clearly is, let us move forward with a national program that would include the MSA concept. What many of us have believed is that this idea is untested and untried, and sufficient questions have been raised about it. For example, the Urban Institute, which the Senator refers to, has pointed out that, at a $1,500 deduction, evidence of adverse selection is not quite evident. But once you move to $2,500, adverse selection becomes a major factor and a major force. In this proposal, we are talking about a $5,000 deductible as a possibility.

So the underlying concept that all of us have had in urging the Kassebaum-Kennedy proposal has been, when it comes to MSA's: Let us do no harm. Let us do no harm to the existing health insurance system. Let us do no harm.

Now as to the issue on malpractice. It is an issue we have debated and discussed on many different occasions and will again. It was not something that was so special, so unique to this occasion that an independent bill could not come over here on that measure. It was before the Congress earlier in the session and it was set aside for, I think, very, very sound reasons, which we will be glad to debate at another time.

The issue of MEWA's was not really a new idea. That has been around for a number of years. The problem with the MEWA's in the early 1980's is that they were so involved in fraud that by 1982 it was the judgment of both the Federal and the State governments that State enforcement against fraud and abuse should be put into effect. That was under a Republican Congress, and that was put into effect.

Now, without really any review, without any kind of hearings, without any kind of examination, we want to take the State enforcement away. That is a very important policy issue to debate, but that is certainly something

that we could do tomorrow or do the next day. There ought to be hearings. We ought to find out about the role of the State and the Federal Government in terms of the enforcement.

The fact is, enforcement by the States on MEWA's has worked well. It has reduced significantly the instances of fraud and abuse. I would be quite interested in listening to those on the floor of the Senate try to persuade the Senate why that is a good idea, to go back to a time when States were not providing oversight and regulations to protect working families.

So we saw those two elements dropped. I think, as I say, I would have hoped they could have been dropped and we could have debated them at another time. They were dropped. But I find it very difficult to be convinced that these were major elements of a major proposal that were given up in order to try to reach common ground with the Senate—when the Senator from Kansas understands very well that what she has fashioned and what has been supported here was really a unique, special, targeted effort to deal with the preexisting conditions and portability, which is really a new way of trying to come to grips with the health care needs of many of our citizens.

At the same time, as was pointed out, another area where I think there is broad agreement in terms of considering in parallel mental illness as well as other physical illness was completely set aside. That would have been new ground that was being broken. But that, for the financial cost, was really too much. I regret it. I am personally convinced, as we have seen with many insurance companies, that those companies that have effective mental health as well as physical health programs actually see a reduction in the outlays for the physical conditions because of the programs that they have there that are available in mental health. Actually, it is going to save money over a period of time.

We have not been able to make that case in a convincing way, although I am, frankly, convinced. I know Senator WELLSTONE is convinced as well. But we have the basis of a very strong indication from a number of the insurance companies. But we are too late in the session to have been able really to consider that. I regret it.

So I thought it made a good deal of sense that we have some kind of test of the MSA's, and we had advanced three different proposals. The White House had advanced proposals. Those were effectively dismissed. Then there were proposals that were discussed last week by Republican leadership and then further refined over the course of the weekend.

So there is where we are. One of the features I mentioned to the Senator from Kansas is that the evaluation for all these programs is going to be as a result of the chairman of the Finance Committee and the chairman of the Ways and Means Committee naming the committee that is going to do the evaluation. I think that was sort of a nonstarter, but there may be Members who would differ with that. If we are going to get the kind of clear evaluation which is needed, and which has been outlined, in fairness, by the Senator from Kansas, the types of things that should be considered are a review by an independent body to give reports. That would be very, very important.

Another item in the proposal is, with the acceptance of the deductibility for small business only going up to 80 percent, here you have 100 percent in MSA's, so you have a skewed condition just to get started with any kind of comparison. We phase in the 80 percent up to the year 2000. They would go into an MSA immediately in terms of 100 percent. So you are obviously skewing this in terms of what is included in the other parts of the legislation.

These are the kinds of things which I think people who would have a chance to review these issues and get into matters could address. But the most basic and fundamental part of it is putting in place an untested and untried program in which many of those groups that have looked at it, in all fairness, have felt it would be particularly threatening. To whom? To our seniors, to working families, to children for prevention, and consumers generally.

Those who are supporting it primarily have been those—I know there are individual Members, and I respect their views—but, frankly, the outside interests that have been talked about have been the particular companies who have been involved in these programs that have been involved in some of the greatest abuses of the health care system.

So I think when you have the Joint Tax Committee talking about the cost, if we get to 1 million people, it will cost $3 billion over a 10-year period. Here we are talking, at the outside, 40 million people. It raises some questions about what the cost would be. When you have the Urban Institute talking about what would happen in terms of adverse selection and moving from $1,500 to $2,500 in deductibility—this goes all the way to $5,000—I think you can say there is certainly some reasonable kind of questions about who would become involved in this program, whether it would be, as many of us believe, the wealthiest and healthiest individuals.

When you have the refusal of the insurance companies that are involved in this process making available to the Academy of Actuaries the kinds of numbers—not the proprietary information —but just the numbers in terms of markets and getting some kind of fair evaluation of what is happening in the industry and not only the particular golden door industry, but others involved in it, being turned down on that issue raises questions. There have been CBO studies, as well. I referred to those at other times, and I will not take the time to do so now.

So, Mr. President, this issue is not going to go away. We will have it, and we will be required to address it. I am personally convinced that we will be successful in passing the core legislation in this Congress, because it is not going to go away. It is too powerful. There are too many families that will be affected by it. We may have some rocky roads and bumps along the way until we get there, but I think this issue is too important for families to give way on it.

I know I and others and I know Senator KASSEBAUM is still strongly committed to achieving the objectives. We will just have to work this process through.

But I thank the Senator very much, and I look forward to continuing to work very closely with her.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1997—CONFERENCE REPORT

Mr. KENNEDY. Mr. President, I know there are others who want to address the Senate. I want to speak to the Senate on two issues, briefly: the first being where we are on the budget proposal for education.

There have been a number of representations about where we are going with current funding, how we are going along with the continued baseline expenditures, that we are going to see a continuing commitment in the area of education.

I want to review for the Senate very briefly, because I see other colleagues on the floor who wish to address the Senate, where we are in the area of education funding and why this budget proposal continues to run contrary to what I believe is the fundamental commitment of this Nation, which should be in the area of education.

We can start off with the fact that just spending resources and money does not solve all of our Nation's problems, but it is a pretty clear indication what a nation's priorities are all about. I believe in education and I believe that it is important that we continue to make a strong investment in the area of education and the young people of this country. If the programs are faulty, we should correct them; if programs are successful, we ought to expand them. We ought to be in a period of constant review of many of these programs.

We did have the opportunity in the previous Congress to review a number of the programs—whether it was in the Head Start Program, title I, or Goals 2000—to provide reforms and funding to the local school level—90 percent of the funding went to the local school level that could be used by parents, teachers, the business community to expand education and academic achievement—the School-to-Work Program which was as a result of America's Choice, an excellent report reviewing many of the programs that were taking place in other parts of the world. Three-fourths