

requires a study to be done. I think it is a very important amendment. I appreciate the Senator bringing it onto this bill and bringing it to our attention. There is a problem with non-compliance; it is a big problem. Indeed, there is a problem in the IRS with non-compliant taxpayers, and Americans believe a problem with the IRS is that people who are complying are being harassed by the IRS. We have spent a lot of time, as is appropriate, dealing with the second category. I appreciate what the Senator is asking for very much.

Mr. ROTH. Mr. President, likewise, I am willing to accept the amendment of the Senator from North Dakota.

The PRESIDING OFFICER (Mr. HUTCHINSON). Will the Senator call up his amendment?

Mr. DORGAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN], for himself and Mr. REID, proposes an amendment numbered 2344.

Mr. DORGAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 394, between lines 15 and 16, insert:
SEC. 3803. STUDY OF TRANSFER PRICING ENFORCEMENT.

(1) IN GENERAL.—The Internal Revenue Service Oversight Board shall study whether the Internal Revenue Service has the resources needed to prevent tax avoidance by companies using unlawful transfer pricing methods.

(2) ASSISTANCE.—The Internal Revenue Service shall assist the Board in its study by analyzing and reporting to the Board on its enforcement of transfer pricing abuses, including a review of the effectiveness of the current enforcement tools used by the Internal Revenue Service to ensure compliance under section 482 of the Internal Revenue Code of 1986 and to determine the scope of nonpayment of United States taxes by reason of such abuses.

(3) REPORT.—The Board shall report to Congress, not later than 12 months after the date of enactment of this act, on the results of the study conducted under this subsection, including recommendations for improving the Internal Revenue Service's enforcement tools to ensure that multinational companies doing business in the United States pay their fair share of United States taxes.

Mr. DORGAN. Mr. President, I urge adoption of my amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 2344) was agreed to.

Mr. REED. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KERREY. I wonder if the Senator would specify an amount of time. Sen-

ator GRAHAM of Florida is going to offer an amendment, and we would like to keep moving on the bill. Do you have a period of time in mind?

Mr. REED. I will finish within 10 minutes, or maybe much less.

Mr. KERREY. Fifteen minutes is fine with me.

Mr. REED. Mr. President, it will be way under that.

MANAGED CARE

Mr. REED. Mr. President, today we are engaged in a very important debate about the reform of the IRS, but there is another very crucial debate that we also must consider and recognize, and that is the debate about the future of our health care system in the United States—particularly the managed care health care system, which is becoming so prominent in America today.

I am particularly concerned that children should also be part of this debate and that they deserve the same consumer protections that many have talked about in the context of adult health care plans. Managed care, as we all recognize, plays a very important and critical role in our health care delivery system and has provided many benefits. But we also hear repeatedly about instances in which patients—particularly children—are not served as well as they should be by managed care.

I recall one child who was brought to my attention in Rhode Island. A young child, Morgan Smith, was born in Rhode Island November of 1993. Shortly after her fourth birthday, Morgan was diagnosed with Rhabdomyosarcoma, a cancer that attacks any smooth muscle in the body, including blood vessels. They detected this cancer in Morgan's brain. She was indeed faced with a critical, life-threatening brain tumor.

We are fortunate in Rhode Island because we have an excellent children's hospital, Hasbro Children's Hospital in Providence, which is the hospital where Morgan was diagnosed. The pediatric oncologists there determined that the best treatment for Morgan would be to go to the New England Regional Medical Center in Boston for specialized chemotherapy. Now, her mother, obviously, was willing to do anything to treat her child and have the best benefits for her child.

At that point, the insurance company denied her the ability to bring her child to Boston and requested that they get a second opinion. They got that second opinion; it was the same as the first opinion. However, the HMO still refused to authorize the treatment necessary for that 4-year-old child to receive life-saving therapy in Boston.

Mrs. Smith literally had to wage war against the HMO to make her point. At the time, she was absolutely crushed by the prospect of her young child being stricken with a life-threatening brain tumor. She determined on her own to go to Boston regardless of the consequences, risking her financial fu-

ture, risking all of the resources that she had, while also having to provide for her other children. Nevertheless, she was bound and determined to provide for Morgan.

Fortunately, this story has a happy ending. About a month after pleading by Mrs. Smith, and by others, the insurance company relented and she was granted permission to have the treatment conducted in Boston. And the child is doing very well.

That is merely one example of the stories we are hearing constantly about managed care and its inability at times to provide the kind of care that most parents think they should get when they pay good money, or their employer pays good money, for these managed care plans.

There have been studies in parts of the country suggesting that the managed care plans are not best suited, in many cases, for children. A study in California by Elizabeth Jameson at the University of California compared managed care plans with the State's Medicaid plan for children. Medicaid plans are sometimes stereotyped as the low-cost and, by inference, low-quality health care. This study, however, found that in many respects children in California's Medicaid Program were getting better pediatric care than those enrolled in managed care plans in the State.

The study found, for example, that some of the managed care plans imposed restrictions on referrals to pediatric specialists. They also found that many plan providers were attempting to deal with very complicated pediatric conditions with which they had little experience.

As a result of the anecdotal evidence, as a result of the statistical studies and surveys that have been done in parts of the country, I have introduced S. 1808, the Children's Health Insurance Accountability Act. It is designed to provide an opportunity for children's health to be considered and focused on in a managed care plan. This act would provide common sense protections for children in managed care plans—protections, for example, that would ensure that a family has access to necessary pediatric services; that they would have appeal rights and special conditions with respect to children; that they would have quality programs that measure outcomes with respect to children and not just to adults; that there would be utilization review rules that be geared toward children and not just to adults; that there would be child-specific information in terms of the sale of these plans on care provided to children.

There are so many parents who buy plans and think they have coverage for their kid, only to discover in a time of crisis that the coverage is not what they thought it was. My legislation would put that information up front.

What I have done with respect to children is consistent with a much broader class of legislation that is attempting to reform managed care for

the entire population of patients. The Health Care Bill of Rights, for example, introduced by my Democratic colleagues, is one such plan. My legislation is consistent with this overall thrust to ensure that managed care continues to operate for the benefit of patients, that operates by allowing physicians to provide advice, and not accountants, to control the diagnosis and the application of health care.

With respect to children, again, the American people are strongly supportive of proposals to give better access through managed care for pediatric services. In a February 1998 poll by the firm of Lake, Sosin, Snell, Perry and Associates and the Tarrance Group—two pollsters, one Democrat and one Republican—it was found that 89 percent of adults surveyed favored having “Congress require HMOs and other insurance companies to allow parents to choose a pediatrician as their child’s primary care physician.” And 90 percent favored having “Congress require HMOs and other insurance companies to allow parents of children with special care needs, like cerebral palsy, cystic fibrosis, or severe asthma, to choose a pediatric specialist to be their child’s primary care physician.”

There is overwhelming public support for these provisions that will allow parents to truly and wisely choose coverage for their children and have the ability to have pediatric specialists care for their children.

Again, this is consistent with a theme, a message, and a responsibility that we all have; that is, to move in this time decisively, with determination, to ensure that we reform the managed care system, that we provide the benefits of managed care in terms of preventive services; in terms of access to physicians, that we do it in a way that physicians know they are providing the best care for their patients and that the consumers of health care know that they can have access to good-quality care.

The time to act is now. I join many of my colleagues on an almost daily basis in urging that we take up this matter quickly and that we move forward decisively and pass comprehensive managed care for all of our citizens, but particularly for our children.

I thank you, Mr. President. I yield my time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2347

(Purpose: To require 1 member of the Internal Revenue Service Oversight Board to be a representative of small business)

Mr. GRAHAM. Mr. President, I rise for the purpose of offering an amendment on behalf of myself and Senator BOND.

Yesterday, I spoke at some length about the issue of small business and the Internal Revenue Service. In that statement I pointed out that small business is a peculiarly affected part of the American economy as it relates to the Internal Revenue Service.

Small business, as we know, is the fastest growing sector of our economy. Typically, management has multiple responsibilities and does not have the kind of access to a panoply of expertise in accounting and law as a larger business would have. Oftentimes the small businessperson and those associated with the small business are in their own learning curve as to what requirements of compliance might be.

Therefore, it is my feeling as we look at this reform of the IRS that we should pay some special attention to how this will evolve in terms of its application to small businesses. As we know, one of the principal elements of this reform is the establishment of an IRS Oversight Board. This oversight board has the responsibility of being both the window of the Government onto the taxpayer, and the taxpayer back to the Government. So it serves an especially important role of understanding and communication.

The legislation is written so that three of the members of the nine-member oversight board are ex officio—the Secretary of the Treasury, the IRS Commissioner, and a representative of IRS employees. The other six appointees are Presidential appointments, and according to the current draft of the legislation these six appointees must possess expertise in the following areas: management of large service organizations, customer service, Federal tax laws, information technology, organization development, and needs and concerns of taxpayers.

The amendment that I am offering will add an additional category of expertise to be represented among the six Presidential appointees and that is the needs and concerns of small business. It is the expectation that the President would appoint six individuals, and his responsibility would be to assure that those six had a sufficient range of backgrounds that they would be able to cover the six and, if this amendment is added, the seventh requirement.

I think it is extremely important that among the six people who are appointed as Presidential appointees to the oversight board for the Internal Revenue Service there be represented in that six one or more individuals who understand the needs and concerns of small businesses of America and can assure that those concerns are effectively communicated to the management and administration of the Inter-

nal Revenue Service and, if necessary, the Congress, for appropriate changes in law.

The distinguished chairman of the Small Business Committee, Senator BOND, joins me in this effort. I want to commend him for his thorough analysis of the IRS bill as it affects small business and for including this provision in his legislation.

So, Mr. President, I send to the desk an amendment which would add to the requirements for those persons who are serving on the IRS Oversight Board that there be included expertise in the needs and concerns of small business.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 2347:

On page 176, between lines 4 and 5, insert the following:

“(vii) The needs and concerns of small businesses.

Mr. GRAHAM. I thank the Chair.

I ask for immediate consideration of this amendment.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Nebraska.

Mr. KERREY. Mr. President, we would be prepared on this side to accept what I consider to be a very, very good amendment. The idea of this board is to give the President authority to select from a wide range of experiences that will assist the Commissioner of the Internal Revenue Service in managing the agency, and the Commissioner has already indicated—indeed, we are going to help him follow through—his preference to manage the IRS much differently than it currently is.

The IRS is currently managed using a three-tiered system that we adopted in 1952. There are regional and district offices, multiple offices, and you have all different kinds of taxpayer needs taken care of in each one of these district offices.

What the Commissioner has indicated he wants to do is reorganize along functional lines. Function No. 1 is large business of which I believe there are 7- or 800,000, individual taxpayers would be function No. 2, small business No. 3, and nonprofits No. 4.

So what the Commissioner is already attempting to do, and this law would direct him, is to entirely or completely eliminate the three tiers in favor of this kind of functional organization. But what he is already recognizing is that taxpayer needs vary not according to their geography but according to the category of the taxpayer. One of the largest and most important categories of radically different needs than the other three is small business.

So what the Senator from Florida is doing is adding to the list of requirements the President would have to consider when making a selection, and that would be some small business experience which reinforces very much

INTERNAL REVENUE SERVICE RE-STRUCTURING AND REFORM ACT OF 1998

The Senate continued with the consideration of the bill.