

generations with a crushing debt burden unless policymakers work seriously to reform those programs."

Now it becomes clear. Huge tax breaks and cuts for the wealthy. The middle class tax share is to rise. Low-income families who have child care credit needs are written out. Because of the huge gap that is going to happen in the next 10 years because of the lack of revenues for the Federal Government, we are going to have problems in Social Security and Medicare. And so what does Mr. Fleischer say? We are not going to rescind the tax cuts. We are not going to ask the wealthiest to pay a greater burden. No, we are going to reform Social Security and Medicare.

What does he mean by "reform"? That is just a fancy, two-syllable word for a one-syllable word, "cuts." Reform to Mr. Fleischer, the Bush White House, and the Republicans means cuts—cut Social Security, cut Medicare. Again, don't take my word for it. On May 21, the third ranking Republican in the Senate, my friend from Pennsylvania, Senator SANTORUM, said:

I believe the standard benefit, the traditional Medicare program, has to be phased out.

Senator ROBERT BENNETT, on March 19, the Senator from Utah said:

Medicare is a disaster. . . . We have to understand that Medicare is going to have to be overhauled. . . . Let's create a whole new system.

And then to kind of wrap it all up, yesterday at a hearing here on the Hill, before the Senate Special Committee on Aging, who did they have as a lead-off witness? Former House Speaker Newt Gingrich, who, in 1995, said Medicare should wither on the vine.

Well, it looks as if the withering is taking place, the huge tax cuts, quotes by my fellow Senators from the other side of the aisle. They want to get rid of Medicare. They want to phase it out. They want to take all the elderly and put them in private HMOs. There isn't one Medicare HMO in the entire State of Iowa. So it is an anti-rural, anti-small-State approach, but you see the pattern. Wither on the vine, huge tax cuts that benefit the wealthy, no child credit to help those with low income, and as the Post pointed out this morning, a greater share of the taxes to the Government are going to be borne by the middle class. What are more middle-class programs than Medicare and Social Security? Those are the middle-class programs. Those are the programs we have had for years to make sure that people who work hard and play by the rules, who raise their families, when they reach retirement age can retire with dignity and decent health care coverage.

Now we see the game plan of the Republicans and of this President: Cut Social Security. Cut Medicare. That is what their reform means.

Now they are going to use the argument that we will not have enough money to pay for the Medicare bene-

fits, to pay for a decent prescription drug benefit, and to keep Social Security benefits going. We don't have enough money. Why? It all went to the wealthy. As I pointed out on the Senate floor during the tax cut debate, the projected shortfall in Social Security over the next 75 years would be more than made up by the shortfall in revenue of the tax cut bills, if they are extended as the President desires.

So you have to ask yourself, what is more important to the middle class in America? Is it making sure that Warren Buffett, the third richest man in the world, gets a \$310 million tax break, which he himself said was wrong and that he should not be getting? He said the tax cut ought to go to the middle class, and I commend him for his honesty and forthrightness. What is more important? Is it giving him a \$310 million tax break or is it more important to the middle class, to make sure we have a decent prescription drug benefit, to make sure we have a decent Medicare Program and a sound Social Security program? That is what is important to the middle class. That is what has been taken away by the tax cut bill. That is what the Republicans are trying to take away with cuts to Medicare, and that is what they are going to try to continue to take away with further cuts to Social Security. That is why we have to be out here to fight every day for the middle class in America.

I yield the floor.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Michigan is recognized.

HEALTH CARE FOR OLDER AMERICANS

Ms. STABENOW. Mr. President, I wish to follow what my friend and colleague from Iowa was speaking about earlier in terms of the importance of Medicare. I think his comments were so right on point.

I find interesting—I was not around at the beginning for the debate—the debate on Medicare. I understand that in 1960, originally, there were proposals to provide a broad universal care for all Americans and that, in true compromise form, the Congress and the President, when there was not support for that, ended up with a plan called Medicare for seniors and the disabled in this country. So it was a compromise. It was viewed as a first step, not a last step, in providing universal care for all Americans.

I believe Medicare has been a great American success story. We have seen both Medicare and Social Security bring our seniors out of poverty. Today, we have about 10 percent of our seniors in poverty rather than close to 50 percent prior to Social Security and Medicare.

During that debate, if one reads the RECORD, there was a major concern about who could provide health care to seniors better—the private sector or the public sector through Medicare.

The reason the Congress, in its wisdom, decided to move forward with Medicare was because at least half the seniors could not find or could not afford health care insurance in the private sector. Seniors and all of us who are getting older and using more medications and going to the doctors more frequently understand that older Americans require more health care, more costs, and are not exactly the prize group an insurance company goes for. They want my son and daughter in their twenties and younger healthier people to balance out those of us who are getting older and needing more care.

We believed, as a great American value, it was important that older Americans have health care. It was important that those who are disabled have health care, be able to pick their own doctor, be able to go where they choose to receive their care but that they would know it was always there, it was stable, a constant premium; they would know what it would cost; they could pick their own doctor; and it has worked.

Since that time, there have been a lot of debates, and we have one going on today, about how to provide Medicare prescription drug coverage. But the real issue is beyond that. It is about how to provide health care for older Americans.

The next big change that happened of which I was aware in 1997 when I was in the House was to offer private Medicare HMOs. Also at that time, there were major cuts made in Medicare for providers. I believe they went way too far. Many of us have been trying to change that ever since. There were cuts to hospitals, home health agencies, and doctors that have affected people being able to get care.

At that time, something was put in place that was touted as this great new program. In fact, Tom Scully at the time predicted an Oklahoma land rush of moves to private health plans in 1999. He said: You are going to see seniors pouring into managed care Medicare.

In fact, that did not happen. That is not what happened. But what we have seen happen, unfortunately, is what the former Speaker, Newt Gingrich, talked about in terms of a strategy of cutting off resources so Medicare would wither on the vine, an effort to convince people that Medicare was not working, even though the majority of seniors know it is because they use it every day.

I found it interesting that back in 1997 there was a strategy paper put out by the Heritage Foundation, an extremely conservative organization that I know does not support Medicare as we have it today, advising my Republican colleagues. They recommended a strategy to move to the private sector by doing four things: First, to convince Americans that Medicare provides inferior medicine and poor financial security. They set out to do that. We are

going to hear a lot about that in this Chamber, that it is inferior medicine, even though seniors know that is not true. There is not evidence that is true, but we are going to hear a lot of talk—and we have for 5 years—about how Medicare is not as good.

Second, convince Americans that Medicare cannot be sustained for long. We have heard continually that we cannot afford it anymore. As my colleague from Iowa pointed out, if there is concern about being able to afford it, it is only because we are spending the money on tax cuts for the privileged few instead of beefing up Medicare and Social Security. So it is a conscious choice. It is a question of values and priorities that we have to decide every day, just as American families do.

Third, compare or reform the Medicare system to the Federal Employees Health Benefits Program. We hear a lot about that now: Seniors should have the same kind of plan that we do. I happen to agree with that, but during the tax debate I offered an amendment that simply said we are going to defer the tax cut to the privileged few at the very top, less than 1 percent of folks who already received a tax cut 2 years ago; we are going to defer the next one until we can fund Medicare at the level that Senators and House Members and other Federal employees receive. My colleagues voted no on that issue. It would cost twice as much as in the budget resolution—\$800 billion instead of \$400 billion—and, unfortunately, the majority voted no. But we are going to continue to hear about how we should have private sector plans instead of Medicare, and it should be the same as we receive.

I agree with that, and I am happy to offer my amendment any time folks want to support it so we can pay for that benefit and make it real for our seniors.

Finally, fourth, they said protect current beneficiaries. They said the calculation was the private alternatives generated by the voucher-style option, private HMOs, would be so much more efficient and so much more attractive that fewer and fewer seniors would decide to remain in the traditional system. Hence, Speaker Gingrich's remarks that the traditional Medicare system would wither on the vine because the demand for that option would decline sharply over time.

Obviously, that is not true. Nine out of ten seniors in this country, when given a choice, have picked Medicare. Seniors have made their choice. Since 1997 when they were given the option of private HMOs, they have overwhelmingly said no.

It is very interesting; 89 percent of the seniors in this country right now are covered under Medicare, and 11 percent are covered under a private sector HMO. Some do not have that option. In Iowa, there is not a private sector HMO. In Michigan, only 2 percent of beneficiaries have that option. Of the 64 percent of the seniors who have that

option, only 11 percent of them have chosen to go into a private sector HMO.

The PRESIDING OFFICER. The Senator's time has expired.

Ms. STABENOW. Mr. President, I ask unanimous consent for an additional 10 minutes.

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

Ms. STABENOW. I thank the Chair.

Mr. President, today I wish to debunk the myths we have heard and are going to keep hearing so that we can get through what is fact and what is myth and focus on what we need to be doing, which is to strengthen Medicare to cover prescription drugs.

I agree with Secretary Thompson who says we need to focus more on prescriptions. We can do that through traditional Medicare in which seniors overwhelmingly have voted to remain. We can make sure they have their own doctor, the stability of knowing what their cost is for their premium and their copay, and still update the system to modernize it, using more technology, making sure we have more prevention, and making sure we have prescription drugs.

Fundamentally, I do not believe that is what this debate is about. If we can agree that we are going to do it through Medicare, then I believe we can sit down with the dollars available and work up something together, and I hope we will because the seniors of this country have waited long enough. I am very hopeful we will be able to do that.

I will briefly debunk what we are going to hear, unfortunately, and that we have to get beyond.

First, seniors want the choice to be in a private plan. Obviously, not true.

The private sector plans will offer seniors more choices, including prescription drugs. Unfortunately, many seniors do not have access to the private plans, and there is not one offered in 80 percent of the counties nationwide. So the choice is not available to them.

I find it interesting that my mother, who is a very healthy 77-year-old woman and plays on three golf leagues—I am so glad I have her genes. I am very hopeful I will have the same opportunity she has had to enjoy her retirement. As a retired nurse, she chose an HMO. She is very healthy. She wanted prescription drug coverage. She could get it through an HMO, so she chose a Medicare HMO. The problem was she got dropped. This has happened to thousands of seniors where the HMO decides it is no longer financially viable for them to cover older adults under Medicare, and so they drop them. So my mother lost her doctor. She liked the HMO she was in. It worked for her. She lost that opportunity.

So even in situations where people chose Medicare+Choice, the HMOs go in and out of the market. Forty-one thousand people in Michigan chose Medicare+Choice, and they were

dropped because the plans go in and out. So it is not dependable, it is not reliable. That is why the majority of seniors did not pick it—because they wanted the reliability of their own doctor, knowing it would be there, knowing it was not going to be complicated by new systems and new paperwork. They like Medicare.

We also hear that private plans will give seniors more choices while letting them continue to use their own doctor. Of course, that is not true because if one goes into an HMO or even a PPO and their doctor is not part of that system, they do not have the opportunity to go to that doctor or they may have to pay more to go to that doctor.

The private sector Medicare plans will save money; how many times have we heard that? We hear that they are more efficient. In fact, it is just the opposite. They are not more efficient and, in fact, cost more money than being in traditional Medicare.

In the year 2000, the General Accounting Office estimated that payments to Medicare HMOs exceeded the costs that would have been incurred by treating patients directly through traditional Medicare by an annual average of 13.2 percent. So it cost more for the folks who went into the HMO, it cost Medicare more than if they had stayed in traditional Medicare.

Two recent studies found that private health plan fees are about 15 percent higher than Medicare: This is the other part of the myth. Frankly, I think our providers would love it if we funded Medicare at the same level as private insurance does because on average they would get 15 percent more dollars. We are cutting our doctors, hospitals, home health agencies, and nursing homes. In the private sector, on average, in some cases it is much higher than 15 percent more for the same services. Surgical procedures I believe are closer to 25 percent more in the private sector. So in terms of dollars, we would see higher costs and higher rates.

The private sector plans have lower administrative costs than traditional Medicare: How many times have we heard that? Many studies have shown that Medicare has a lower overhead rate than private plans. Medicare has a 2 to 3 percent administrative cost. Private Medicare HMOs, on average, spend 15 percent on administrative costs, and some spend as much as 30 or 32 percent. So, again, it does not cost less. The administrative costs are not less under private plans.

Finally, the myth that we can provide a Medicare drug plan like Federal employees benefits for under \$400 million over 10 years, which is in the budget resolution—in fact, the numbers we have been given indicate to us that it would cost twice as much as what is in this budget resolution. When given the opportunity, our colleagues on the other side of the aisle voted no on funding the same level that we receive through Federal employee health insurance.

So let's talk about myth, let's talk about facts, and let's get beyond all of this and say seniors of this country have chosen overwhelmingly to stay in Medicare. They like Medicare. It works. It just does not cover prescription drugs.

Mr. HARKIN. Will the Senator from Michigan yield for a question?

Ms. STABENOW. I am happy to yield.

Mr. HARKIN. First, I preface my question by thanking the Senator from Michigan for her depth of understanding of the whole Medicare issue and also for her clarity of argument. I should say her clarity of exposition, for exposing what this is all about. It is not about tinkering around with it; it is really about an assault on the Medicare system itself. So I thank the Senator from Michigan for pointing that out, and I hope the Senator will continue to do this so that the American people understand what this is really about. It is about a fight for Medicare, whether we are going to have it.

Now, my question is this: As the Senator pointed out, Mr. Scully and others, back when Medicare+Choice came in, were lauding it, saying we were going to see seniors pouring into managed care Medicare. The Senator talked about how Mr. Scully said this was going to be an Oklahoma land rush to move to private health plans, and the Republicans who put up Medicare+Choice had all of these visions that seniors would go into it. But as the Senator from Michigan pointed out, that did not happen, did it? It did not happen.

Ms. STABENOW. That is correct.

Mr. HARKIN. Now we only have 11 percent of seniors who chose that. I ask the Senator from Michigan, does it somehow appear that since voluntarily the Republicans could not get seniors into HMOs and private health care plans, there now seems to be an approach that we are going to force them into HMOs by doing away with the Medicare system and restructuring it into a private HMO type system that would force the elderly to do what the elderly do not want to do? Does that seem to be the kind of thing we see laid out in front of us?

Ms. STABENOW. Well, I think my colleague is very wise in pointing that out. I often say that seniors made their choice and now our colleagues on the other side of the aisle have said: We do not like that choice. Pick again. You cannot have this choice. Door No. 1 is closed and locked. You can only pick door No. 2. That is really what is happening. Even among the fancy words, now we are hearing that under Medicare there will be the same prescription drug proposal, the same plan as our private plans; we are going to give the same prescription drug plan. But then we hear, but other things will be better in the private sector plans, such as we will have more prevention; we will have a better catastrophic cap; we will have other things that are better. So they are moving the words around.

It may appear that the prescription drug part is the same, but other things will be better because of the belief—and there is a genuine philosophical difference, there is a divide, about what is the best way to proceed. There are colleagues who believe that probably Medicare should never have been enacted. I have heard it said it is a big government program, it should be private insurance run, and they would like very much to get back as close as they can to a privately run system.

Mr. HARKIN. Again, I thank the Senator for pointing this out. As the Senator knows, the majority of Republicans voted against Medicare when it came in, in 1965. Even my good friend Senator Dole, when he was running for President, said he voted against Medicare and he was proud of it.

Now I would give them that that is their philosophy, and that is where they are coming from. I understand that. I understand when Newt Gingrich says he wants to have Medicare wither on the vine. I understand when the third ranking Republican in the Senate says the Medicare benefit ought to be done away with. That is their philosophy and that is where they are headed.

So again, I thank the Senator for pointing out that this is really the goal.

Ms. STABENOW. Absolutely.

Mr. HARKIN. This is the goal that is out there, to destroy the Medicare system.

Ms. STABENOW. Absolutely.

Mr. HARKIN. Again, I ask the Senator from Michigan, when Medicare came in, was it not because the private sector had failed in terms of elderly health care in America?

Ms. STABENOW. Absolutely.

Mr. HARKIN. Was that not the history? And if one has these private plans, that they are going to pick and choose, and they are going to cherry pick, and they are going to have a segregation of elderly pushed off in some corner someplace, begging for some kind of health care if we do not have a universal Medicare system? Is that not what might happen?

Ms. STABENOW. I think the Senator is absolutely correct. It is not that there is not a place for private sector insurance, but when Medicare came into place, it was because half the seniors in the country could not find a private plan that would cover them or they could not afford it. So there was such a huge need.

We as Americans have a basic value about making sure older Americans can live in dignity and have access to health care and a quality of life that they deserve, as well as those who are disabled. This is a great American value. I believe it is a great American success story. Even though there are those who since that time have been trying in some way to undermine it, we should be proud as a country. I absolutely agree with colleagues who say it needs to be modernized. We can focus more on prevention strategies.

In addition to prescription drug coverage, there are other ways we can make the system better. We can use more technology, less paperwork, all of which are good. If we could get beyond the debate that says we should move back toward the private sector, and somehow that is cost effective and saves money and the dollars will go further—none of which is true; there is no evidence of that—if we could get beyond that, we could come up with a bipartisan plan that would be meaningful. The seniors have been waiting for us to get the message. They want Medicare. They just want prescription drug coverage. They want it modernized. But they want Medicare. They have been saying that loudly and clearly.

I hope we can get the message and work together to actually get it done.

Mr. HARKIN. I thank the Senator for her leadership on this issue.

Ms. STABENOW. We appreciate the opportunity to share this today.

We have a real opportunity here, as Members on both sides of the aisle, to do something very meaningful. I hope we will do that rather than debate whether or not Medicare has been successful and seniors want choices. I believe we should look at the choice they made. It is very clear. They want us to work together and get something done, and do it in a way that will allow seniors to know that medicine, which is such a critical part of their lives and a great cost to their pocketbook, will be covered or partially covered and they will receive some assistance to be able to afford such a critical part of health care today, which is outpatient prescription drugs. It is too important to people. We do not want them choosing between food and medicine in the morning. We want them to have confidence that Medicare will cover and help with the costs of prescription drugs.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2004

The PRESIDING OFFICER. Under the previous order, the clerk will report H.R. 1588 by title.

The legislative clerk read as follows:

A bill (H.R. 1588) to authorize appropriations for fiscal year 2004 for military activities of the Department of Defense, for military construction, and for defense activities