PAUL SARBANES, has been the other. Whether serving in the Maryland House of Delegates, the U.S. House of Representatives, or the U.S. Senate, PAUL has always been driven by the same Hellenic principles that make our heritage and community great. He remains an inspiration to innumerable Hellenic-Americans.

As a result of heroic and Herculean service, PAUL SARBANES was honored in June 2003 with the prestigious Paul H. Douglas Ethics in Government Award from the University of Illinois—established in 1992 to honor Senator Douglas, a man often labeled ''the conscience of the United States Senate.'' The award was fittingly designed to honor individuals who have made a substantial contribution to promoting ethics. And Senator SARBANES also received the Cox, Coleman, Richardson Award for Distinguished Public Service, from Harvard Law School in March 2004.

Senator SARBANES' vigorous and exemplary engagement in matters of public affairs undeniably epitomizes the following admonition from Pericles in his funeral oration more than 2,000 years ago that ''we do not say that a man who takes no interest in politics is a man who minds his own business; we say that he has no business here at all.'' Being involved in the civic life of one's community, country, and heritage was not an option for the sons and daughters of Pericles, and it has been an expectation that the legacy of Senator SARBANES inspires all of us to meet.

As much as the Senate will miss his esteemed presence and I will miss his collegiality in this Chamber, I am heartened by our enduring friendship and by a new generation from the SARBANES family entering public life in the upcoming Congress with JOHN SARBANES, serving in the U.S. House.

Ms. MIKULSKI. Mr. President, I want to say something about my departing colleagues on the other side of the aisle.

LINCOLN CHAFEE

To my colleague from Rhode Island, I thank the Senator. In all actions it has been a tone of civility. We have always sought common ground. I express my gratitude for the Senator's service to Rhode Island.

MIKE DEWINE

And the departing Senator from Ohio, Senator DEWINE, said some very kind things about his work with me. I, too, want to comment that working with the Senator when moving important legislation in the Committee on Health, Education, Labor, and Pensions was an outstanding opportunity, again, of bipartisanship. MIKE DEWINE and BARBARA MIKULSKI passed the Older Americans Act twice when it previously had not passed or been reauthorized in 5 years. We did work so constructively with the Committee on Finance in terms of the recent pension bill.

Again, we worked on many projects related to national security together.

I thank Senator DEWINE not only for his kind words but, again, his ongoing efforts, always with the tone of utmost collegiality when he worked with me, and his staff.

CONRAD BURNS

And to the departing Senator from Montana, who has a voice about the same decibel level of my own, I wish him well. Again, on the Committee on Commerce and on the Committee on Appropriations we worked very well, particularly on those issues that were important to science and technology, new ideas, new thinking, but old-fashioned values.

A lot is said about changing the tone, but when we hit the right tone we also hit some pretty high notes. I thank my colleagues and wish them well and Godspeed until we meet again.

The PRESIDING OFFICER (Mr. MARTINEZ). THE SENATOR FROM IOWA.

TAX EXTENDERS

Mr. GRASSLEY. Mr. President, pretty soon we will be taking up the tax bill that includes trade provisions and health provisions. I will start debate on that so we can use our time very efficiently.

We are at the end of a very long road on what should be routine business: The two tax-writing committees have many provisions that have either expired or will expire shortly. The provisions cover three major areas of our jurisdiction: tax, trade, and health.

The foundation of this bill is a tax-writing committee's agreement that goes back to last summer on the core package of expiring provisions and other items that were dropped from a reconciliation tax bill we passed early last spring.

These provisions that were dropped were put together in what is called a trailer bill. That is an odd name for a bill. The bill has been held up for so long that some people have probably forgotten the reason for the nickname. I will remind everyone it is a trailer bill because it covers tax provisions that were dropped out of the tax reconciliation conference agreement of last spring. That conference agreement includes the cornerstones of both House and Senate bills which now have been signed by the President more than half a year ago.

The cornerstone of the House bill was a 2-year extension of the lower rates on capital gains and dividends. The cornerstone of the Senate bill last spring was an extension of the hold harmless on alternative minimum tax. I was pleased we covered the cornerstone of both bills. We only had revenue room to cover those two provisions.

The other provisions, principally what we call tax extenders, and what now will soon be before the Senate, were decided to travel in a bill that would follow, or trail. Hence, the name trailer bill.

The two cornerstones, alternative minimum tax and capital gains and dividends, were very important achievements by this Senate last summer and when they were originally passed in 2003. The 2-year extension of capital gains and dividends was a key priority for my conference though we were pleased to garner some Democratic votes, as well. It was a priority for Senators FRIST, KYL, LOTT, GREGG, and others. I was pleased we were able to deliver on that priority in that conference last spring.

The alternative minimum tax was the other cornerstone. The alternative minimum tax, everyone recognizes, is a widespread tax problem because at least 15 million families will be affected. It was necessary to help those families so they were not paying a tax that was never intended to be foisted upon them in the first place and would not have been if the original alternative minimum tax passed in 1969 had been indexed. We assured all of these 15 million families that their lives would not be unnecessarily complicated by the tax system.

The trailer bill took several weeks of intense negotiations. The negotiators were Chairman THOMAS of the House and Senator BAUCUS and me in the Senate. They were tough negotiations, but they produced a fair agreement. That agreement, with some additions by the leadership, was included in the trailer piece of the trifecta bill that came up in July where we tried to pass a reform of the estate tax with, sort of cute processes that were put together but did not deliver the number of votes to break a filibuster. That, of course, occurred 4 months ago. A bill that should have passed 4 months ago we are still dealing with. That is the way the Senate sometimes works. That is the way the Congress sometimes works.

Chairman THOMAS represented the House, Senator BAUCUS represented Democrats, and I represented Senate Republicans. It was a bicameral, bipartisan agreement. In our view, that agreement was closed. No items should be subtracted. No items should have been added. A deal made last summer is still a deal now. Changes would only occur if all the parties to the agreement consented.

When we returned, we all knew we didn't have another 5 or 6 weeks to renegotiate the trailer bill so we kept mostly to that original agreement. In getting to that agreement, I pushed hard for several Senate issues to be resolved. I am referring to items other than the basic 2-year extension of the provisions that expired on December 31, 2005. I will go through a few of those items.

First, there is a package of added incentives to enhance Hurricane Katrina rebuilding efforts. Senator LOTT took the lead on that package along with support from Senators VITTER and LANDRIEU. We modified these provisions with the work of these Senators.

Second, there were tax relief incentives for mine safety. Senators BYRD, SANTORUM, and ROCKEFELLER argued for these important provisions.

Third is an expansion of the veterans mortgage bond program. This is a program the States use to provide veterans who return from combat with low-interest loans so they can buy their families a home. Senators DEWINE and SMITH advanced these provisions.

Fourth, there is a proposal to provide a deduction for private mortgage insurance for low-income home purchasers. Senators LINCOLN and SMITH deserve credit for those provisions.

Fifth, there was a proposal to level the playing field between individual and corporate timber capital gains transactions. This provision would have ensured that timber-growing areas and related mill towns will not be disadvantaged if the timber company is a corporation. Most, if not all of the Senators from the timber-growing States of the Pacific Northwest, and the Southeast of the United States, had an interest in this provision. This proposal was dropped from the package, but I want my colleagues to know I argued for it.

These are a few of the proposals that were negotiated and resolved in the trailer package. In my role as chairman of the Committee on Finance, I protected these Senate provisions.

In the second round of negotiations, our Senate leadership backed me as we proceeded through the trailer issues. I appreciate Senator FRIST's patience and support in our efforts to reach agreement.

Why have I pushed so hard for this trailer package? There are two basic reasons. The first is for the 19 million tax filers who may face compliance problems because of uncertain tax law. The second reason is the hundreds of thousands of business taxpayers who have been in limbo waiting for final approval of measures such as the research and development tax credit.

So let's look at some of those in detail. First, take a look at the Committee on Finance Web site. On September 13 and 26 of this year there are press releases that explain Committee on Finance tax staff research. At my request, the tax staff looked into the effects of delaying action on the three widely applicable expiring middle-income tax relief provisions: deduction of college tuition, teacher out-of-pocket classroom expenses, and State sales tax deduction. We are talking about a group of up to 19 million tax filers being affected. Tax filers mean families filing jointly and individually as singles. In other words, we are talking about a lot more than 19 million taxpayers.

The professional staff, all experienced tax practitioners who discussed this problem with the IRS, came to the conclusion that delaying action on extenders into the lameduck would have adverse consequences for that group of 19 million taxpayers. I won't go into the details. They are found on the Web site.

So everyone knows, I have a few charts to show the impact of these provisions on these 19 million people. First, we have the college tuition deduction on the chart behind me. Between 4 and 6 million families, students, took advantage of this deduction in 2004.

The next chart shows teachers benefiting from the educator expense deduction, where teachers pay out of their own pocket for materials for the classroom. For the last several years we have allowed a deduction. I suppose those supplies ought to be paid for by the school district but sometimes the school districts don't do it, the teachers need it, they want to help their kids, they pay for it out of pocket. We have allowed a tax deduction. That should not be allowed to expire. Nationwide, there are 3.3 million teachers who benefit from this deduction.

Finally, in the next chart I have the sales tax deduction chart. In 2004, almost 11 million families and individuals were helped by this deduction. If we do not get this bill passed, they lose that deduction.

Serving as chairman of this committee is a privilege and a responsibility. I might say to my friend, Senator BAUCUS, who will be incoming chairman because the Democrats won a majority in the last election, I look forward to returning to the chair in a couple of years.

I thank the people of Iowa and my friends and colleagues in the Senate Republican conference for that privilege. I have enjoyed every day I have served as chairman. It brings responsibilities as well. One of those responsibilities is tax policy.

Now, whether an individual Senator agrees or disagrees with a particular expiring tax relief matter is always debatable. We all have opinions on a multitude of things, and particularly on tax policy. Probably no two Finance Committee members, let alone two U.S. Senators not on the committee, agree on all expiring tax relief measures. What we ought to agree on is that we should not deliberately—and I underline that word, ''deliberately''—take actions to unnecessarily complicate taxpayers' efforts to comply with our admittedly complex tax system. That is what delaying action on these provisions means.

There are no ifs, ands, or buts—we need to act quickly. We are already about a year overdue. But if we get it done yet before we adjourn, we will take care of most of the problems taxpayers would otherwise have. The 2006 IRS forms were finalized, but the IRS hopefully can act to mitigate problems for these more than 19 million taxpayers with supplemental forms.

As chairman, I would not be doing my job if I stayed silent. I spoke out. It is my responsibility to these 19 million taxpayers. Some could call it complaining. Some might call it annoying. Others could call it persistence. It is just simply doing my job. When you are talking about up to 19 million middle-income taxpayers who are trying their best to comply with the tax system, I will complain until I run out of breath.

So that is the first reason I have been pushing for resolution of these matters, going back to the strong statements I made on the floor of this Senate at the time the trifecta bill was defeated last July and going back further since the reconciliation bill was passed in early spring.

The second reason I pressed for quick resolution was the expiring business-related tax incentives. These matter. Just think about what you have heard from your constituents about the need for the research and development tax credit to continue and not lapse. These are all overwhelmingly popular in the House and Senate, but they are also good for our economy. Businesses are in limbo on these provisions. We are talking about almost a year of being in limbo and at least another month yet to come by the time we work this through and the President gets this signed.

A lot of businesses in good faith relied on my assurances. They relied on assurances made by the congressional leadership in May of 2006. These business folks were assured these extenders would be done. In my own State of Iowa, for example, a major business, Rockwell-Collins of Cedar Rapids, IA, took a financial hit because we dilly-dallied around with the reauthorization of the R&D tax credit.

It is not just that management cares. Iowa is a manufacturing State, and we are proud of our research and development. Thousands of Iowa employees in these companies have a right to ask why this popular provision that does so much economic good has been delayed now at least 6 months—some people could argue 8 months—beyond the time it should have been signed by the President.

Aside from the new proposals I have talked about, the core tax extender package prevents tax increases on more than 19 million taxpayers and thousands of businesses. There is a revenue loss of $44 billion. Some have called this a budget buster. But a close examination of the facts will tell you that you ought to reach a different conclusion. I would remind the Senate that revenues have shown record levels of increase over the last 2 years. These increases were not accounted for in budget resolutions because, quite frankly, the money came in faster than anybody could have anticipated when the resolutions were adopted. And that is good because the economy is good, or else you would not be getting all this tax revenue coming in.

The tax relief here and in the reconciliation relief bill of last May are very small in comparison to the unexpected taxes that have come into the Treasury. So how can anyone call a bill that prevents tax increases a budget buster when the taxpayers are sending record levels of taxes into the Federal Treasury? So why would anybody penalize taxpayers with tax increases

when revenues are not the source of the deficit? I don't get it. Because if this bill does not pass, it is going to be an automatic increase on the taxpayers and the businesses of this country because of the sunsetting of those tax laws.

That is why these bills are before us, to get them reauthorized, not to decrease taxes but to keep the same level of taxation, the same policy. It just expired. Renew it. Our budget problems are not because of legislation that soon will be before this body. They are derived from out-of-control spending. That is where the budget busting is occurring.

Present tax policy is bringing in more money than anybody anticipated it would bring in. Although the Democratic leadership has blamed Republicans for the deficit, we all know that spending problem is not a Democrat or Republican problem, it is a bipartisan problem. It is a disease in the Congress of the United States.

I agree with the Budget Committee chairman that when Democrats gain control of Congress in a few weeks, we are going to see bigger spending problems. I am sure they would deny that tonight, but we have had evidence of it over the last decade.

My evidence is, take a look at the last 10 years. Try looking for a Democratic spending cut for deficit reduction. Guess what. You are not going to find one. You will find lots of proposed tax increases. You will find lots of opposition to tax cuts. You will not find spending cuts in their deficit-reduction proposals. I hope I am wrong. Maybe we will see folks on the other side offering spending cuts when they have the budget resolution up next March and when they have appropriations bills up in the summer of 2007. I might be wrong. I hope I am. But we will see.

So if you hear critics, Democrat or Republican, calling this bill a budget buster, keep the fiscal history in mind. Look at the numbers over the last 2 years. And take a look back for about a decade. The numbers do not lie.

The bill is not a budget buster. It prevents tax increases. Preventing tax increases is not a budget problem. Millions of hard-working, tax-paying families do not need tax increases, neither does the American business community.

When I am holding my town meetings in Iowa, I have people coming in complaining about overspending. I do not have people coming into my town meetings saying: Tax me more; I am undertaxed.

So I would then go on now, after talking about tax provisions here, to talk about the trade provisions. And we will start with the Generalized System of Preferences. This program offers developing countries duty-free access to U.S. markets. I have traditionally been a supporter of GSP. In recent years, however, I have come to question the merits of the Generalized System of Preferences. Too often, GSP benefits have gone to those who simply have not deserved them; in other words, meaning countries that have not deserved them.

Perhaps due in part to the GSP Program, some industries in some developing countries have reached world-class status. These successful industries clearly are not the struggling businesses in poor countries for which the Generalized System of Preferences benefits were originally intended.

In addition, I am concerned that the GSP has threatened U.S. interests in trade negotiations. Given that beneficiary countries already have duty-free access to the U.S. market for many of their products through the GSP Program, they have little incentive, then, to negotiate lower tariffs on U.S. exports. If they can get their product into our country under this program duty-free, they would consider themselves suckers to give our businesses and farmers the same advantage in their country.

But that is what negotiations are all about. Like the Colombia Free Trade Agreement, the Peru Free Trade Agreement—both things before Congress that we ought to be passing. Those products from those countries are coming in here duty-free. We can have the advantage now of sending our products back to those countries duty-free for the first time ever. And do you know what. There are people in Congress here, right now, questioning whether we ought to approve the Peru Free Trade Agreement. It is stupid to not level the playing field for the American worker, the American farmer, and our service industry. But GSP has encouraged these countries to come along. Now they have developed. We need the same rights, the same consideration from them that we have been giving them over the last 20 years through the GSP Program.

I am convinced that the lack of progress in the Doha Round of the WTO negotiations can be attributed, at least in part, to this GSP Program.

GSP is set to expire in 23 more days. Due to my concern over GSP, I considered dropping my support for this program altogether, not even renewing it, for the unfair reasons I have told you. But in negotiations this week over a trade package in this bill, I agreed to compromise with Senator BAUCUS and my counterparts on the Ways and Means Committee for a short-term extension of this program for 2 years. Discussions I have had with Senator BAUCUS figured in my decision to support this short-term extension. Senator BAUCUS has agreed to work with me during the next Congress to reexamine the GSP Program. I anticipate that a reexamination of the GSP will result in needed reforms to this program.

Today's legislation does take a very first step in making changes to GSP. It does so by allowing the President to limit the availability of GSP benefits for ''supercompetitive'' products. The word ''supercompetitive'' is a technical term. Imports of products from numerous countries, including Brazil, India, and Venezuela, will be impacted by this provision of the bill, which will become operative in July of next year. This new supercompetitive standard reflects the results of a review of the Generalized System of Preferences Program, the GSP Program, conducted by the U.S. Trade Representative.

Today's bill, in addition to extending the GSP under the proviso that we are going to review it next year, also extends the Andean Trade Preference Act, also expiring in 23 days. The Andean Trade Preference Act offers four Andean countries—Colombia, Peru, Ecuador, and Bolivia—duty-free access to the U.S. market for a variety of products. It was my strong inclination to extend benefits under this program to just two of the Andean countries, Peru and Colombia, for the reason they have been cooperating with us on this free-trade agreement. We have not adopted it yet. If we had adopted it, they would not need this program, and we would not be talking about it. But I would not be inclined to extend the benefits to Ecuador and Bolivia. Peru and Colombia have worked actively to strengthen their economic ties with our country by concluding free-trade agreements. It is only fitting for us to extend benefits to them until the point that these free-trade agreements are implemented.

But Bolivia and Ecuador is another circumstance. Those countries, in contrast, have gone out of their way to demonstrate they do not value increased economic ties with the United States—unless, of course, those ties involve one-way trade benefits through the Andean Trade Preference Act where they can get their products into our country very easily and it is very difficult and very expensive for us to get our products into their countries.

In order, however, to see that the Andean Trade Preference Act is extended to Peru and Colombia, where I said it ought to be for a short period of time, I had the opportunity to compromise with Senator BAUCUS and our House counterparts on an extension. This bill provides a straight 6-month extension of the program. Another 6-month extension will be provided if steps are taken to implement trade agreements with any of those countries, meaning if Ecuador or Bolivia want to get onboard and get into the act of cooperating in a bilateral way, they will get greater consideration in the future. But with their new Presidents nationalizing their industries, not having respect for personal property, not having respect for the growth that comes from the market economy, you wonder whether they are smart enough to think in terms of a free-trade agreement. But we hope they are.

We have another trade preference program that is very popular; it almost passes unanimously most times in the Congress—the African Growth and Opportunity Act. That is modified by this

legislation as well. This African Growth and Opportunity Act offers sub-Saharan countries duty-free access to the U.S. market. This program is instrumental in promoting economic growth in one of the poorest regions of the world. The third country fabric provision of the African Growth and Opportunity Act is going to expire October 2007. It allows beneficiary countries to keep preferential benefits on certain apparels made with fabric from countries other than the United States or Africa. This bill extends that third country fabric provision that will expire October 2007 until 2012.

Also, in order to remove disincentives to investment in fabric production in Africa, we included what we call an ''abundant supply'' exception to eligibility under the third country fabric provision with respect to fabrics and yarns that are available in commercial quantities from African suppliers.

The bill also provides tax benefits to Haiti, the poorest country in the Western Hemisphere, through the Haitian Hemispheric Opportunity Through Partnership Encouragement Act, also known by its acronym HOPE. This legislation provides new rules for origin for duty-free imports from Haiti. Haiti may only receive benefits under the bill if it meets certain political, economic, and labor criteria, as well as textile and apparel transshipment enforcement requirements. At this time, it is very important to recognize one of our colleagues who worked very hard on this, and that is Senator DEWINE. He has contributed to advancing the economic development of Haiti during his tenure in the Senate.

The bill also extends unconditional normal trade relations to Vietnam—something that should have been passed in November before the President went to Vietnam. This provision will enable us to enjoy the benefits of Vietnam's imminent accession into the World Trade Organization. That translates into significant benefit for our farmers, including those in my State of Iowa, by reducing duties on U.S. exports of beef, pork, soybeans, and other products.

Our manufacturers and service providers also stand to benefit significantly from the Vietnam normal trade relation bill. And by engaging Vietnam through enhanced trade, we can best press the Vietnamese Government for continued progress with respect to where we don't think there is enough progress yet—religious freedom and human rights.

In addition, this legislation modifies U.S. law with regard to changes in the U.S. harmonized tariff schedule. The U.S. Trade Representative periodically makes changes to tariff lines in the U.S. harmonized tariff schedule. This year, due to the thousands of changes to be made and to administrative delays, the business community requested that Congress extend the usual 15-day window for implementation, so we have extended the deadline to 30 days. This will allow time for the private sector to incorporate all of the changes in their computer system and avoid costly, time-consuming errors to entry.

Finally, the bill includes numerous duty suspensions and reductions that have resulted from the Finance Committee's efforts to prepare a miscellaneous tariff bill. These provisions are noncontroversial in nature. They reduce tariffs on imported goods not produced in the United States. As a result, they will provide cheaper inputs for businesses operating in the United States and, thereby, increase the competitiveness of our firms and workers.

I will talk about health care now, the third major area of jurisdiction of our committee, and the third major area in this piece of legislation. Despite what some might characterize as a ''do-nothing Congress,'' the 109th Congress actually accomplished a great deal relative to health care. We enacted the Deficit Reduction Act of 2005, which greatly strengthened and improved the Medicaid Program. Most would acknowledge that this bill made the most significant changes to the Medicaid Program in three decades. Those changes should make it possible for the States to serve more low-income beneficiaries, families who cannot afford to provide health insurance and pay for it.

Significant challenges await us in the new Congress. We will need to take a serious look at the solvency of the Medicare Program. We have to develop a solution for the Medicare physician reimbursement system. The State Children's Health Insurance Program needs to be reauthorized. And there remain serious problems of the uninsured. I look forward to working with my partner and incoming chairman of the Finance Committee, Senator BAUCUS, on those issues and doing that in a bipartisan way.

However, before we can adjourn this Congress and before we go home to enjoy the holidays, there is still urgent work needed to be done, and that is the purpose of this piece of legislation. In the legislation we consider today, there are several provisions that rise to the level of ''must do.'' These include ensuring that physicians do not receive a drastic cut in the Medicare reimbursement that a formula in place for the last 15 years dictates they take and we generally don't let happen. There are a number of other expiring provisions that must be extended. I am very disappointed that this package doesn't include anything to address the coming shortfalls of the State Children's Health Insurance Program. The Senate package that I introduced with Senator BAUCUS included a proposal to address the shortfalls, but that proposal was rejected in the negotiations that Senator BAUCUS and I had with the House. We apologize for not winning on that.

Our legislation will, however, increase payments for providers while providing additional payments for physicians and other health practitioners who report quality measures in order to ensure both continued beneficiary access and improved quality of care. We must ensure that health care providers can afford to continue to practice medicine. We must preserve Medicare beneficiaries' access to physicians, and we must provide incentives for quality improvement.

The physician payment formula is deeply flawed. We need to reform the SGR formula's flawed payment system and develop a new way of paying physicians appropriately for their services. Last year, we included a provision in the Deficit Reduction Act to require the Medicare Payment Advisory Commission, known as MedPAC, to submit a report to Congress early next year on alternative mechanisms that could be used to replace the existing formula. It is a flawed formula. We must find a long-term solution that will stabilize physician payments in the future. Working to develop a better physician payment system will be one of my top priorities, and I am sure that under Senator BAUCUS's leadership, it will be a top priority as well.

The legislation before us today will eliminate the 5-percent cut in physician fees scheduled to take effect in January 2007 and, instead, keep physician fees at the same level as this year. In effect, this would provide a 5-percent increase in payment fees over what the formula would otherwise allow. Next year, we must face the challenge of producing a long-term solution to the physician payment formula. The one-year-at-a-time approach we have used over the last several years makes the problem worse and does nothing to address the longer term challenges.

We need to put better incentives into the health care system so providers are motivated to provide better quality care. So this bill before us establishes a quality reporting bonus for physicians and other eligible professionals—meaning nurse practitioners, physician assistants, podiatrists, and other health care professionals who submit data on quality measures from July through December in 2007.

Our legislation also creates a fund, effective in 2008, to help stabilize physician payments and promote physician quality initiatives. This new fund of $1.35 billion will be available in 2008 to help minimize fluctuations in physician payments and promote physician quality initiatives.

The physician payment changes will be offset by two adjustments to the Medicare Advantage stabilization fund. Our legislation does not repeal the fund but, rather, preserves the funds for future years. We adjust the funds in two ways.

First, the fund will be reduced by $10 billion to $3.5 billion. Second, the Secretary will be able to use the proceeds in the funds only in the years 2012 and 2013. There is strong participation in the program right now, and if more funds are needed to be added back to

the Medicare Advantage stabilization funds, Congress can add these funds in future years.

I have been working very closely with my colleague Senator BAUCUS on realigning incentives in Medicare to reward for quality of care, rather than paying physicians as we do now, on volumes of service, without any care about quality. We have been doing that under these formulas for a long time. We began the process of moving toward quality care reimbursement in the Medicare Modernization Act of 2003. This Medicare Modernization Act required hospitals to report 10 quality inpatient measures in order to receive full payment update. Now almost 99 percent of hospitals are reporting this data. Without this incentive, they would not have done so. Our legislation includes provisions to extend quality reporting for hospitals to hospital outpatient departments and ambulatory surgical centers as well, beginning no sooner than 2009.

Now that hospitals are reporting this data, it is time for other providers, such as physicians, to do that as well. The quality reporting measures in our bill today are a small step toward creating better incentives for quality care in Medicare. The transitional bonus payment policy included in this bill for reporting quality measures is a good first step for physicians and practitioners.

The physician quality measures in this legislation before us today have been developed primarily by physician organizations, including the American Medical Association and physician specialty societies. All of the measures adopted for 2007 have the support of the physician community and will be easily reported electronically with the submission of their claims. Those professionals who participate in the quality reporting program and voluntarily submit up to three quality measures that apply to their specialty will receive an additional 1.5 percent bonus incentive payment for services provided during the 6-month reporting period. I emphasize that that 1.5 percent bonus is on top of our filling it in so that there is not the 5-percent cut that the formula now applies for.

Ultimately, we should move toward rewarding quality through higher Medicare reimbursement for better health care outcomes. Once that principle begins to govern medical care, we will be able to better align payment incentives throughout our health care system to reward for quality of care. We are interested in quality because when doctors and hospitals and other health care professionals do it right the first time, it is the least expensive way to have it done. If it is done wrong the first time, it is very expensive to send people back to the doctor and the hospital a second time. We want to do in the Government, through the Medicare Program, what a lot of major corporations are doing—being concerned about quality. With that quality, we can get better health care, but you are going to save a lot of money, whether it is for Ford Motor Company or for the taxpayers of the United States, under a Federal Medicare Program.

In addition to reforming the manner in which Medicare pays for physician services, this legislation will extend several expiring provisions enacted in the Medicare Modernization Act of 2003 to help ensure that beneficiaries will continue to have access to needed medical care. This includes provisions applicable to rural payments to physicians, continued direct payments to independent laboratories for physician pathology services, and continuing Medicare reasonable cost payments for lab tests in small rural hospitals.

Our legislation also provides a 1-year extension of the therapy cap exceptions process that we included in the Deficit Reduction Act last year to ensure that beneficiaries receive physical, occupational, and speech language therapy services that they need.

We also give a 1.6 percent update for dialysis services effective April 1, 2007, thus helping to ensure continued access for beneficiaries who suffer from what is called end stage renal disease.

Our legislation also includes some new provisions to improve beneficiary access and provide additional protections. We have included additional reimbursement for important preventive medicine by reimbursing health professionals for administering vaccines covered under the new Medicare Part D prescription drug benefit. We also include a requirement for reporting anemia indicators in cancer patients receiving anti-anemia drugs to better manage these patients' care.

We have established a new postpayment review process to ensure the timely payment for drugs and biologicals that are delivered for patient use under the Competitive Acquisition Program.

This legislation includes several provisions to improve accountability in Medicare. There has long been a concern that the program is vulnerable to fraud and abuse, and certainly experience has borne that out, with billions of dollars being wasted. Even more significant, the program has not been able to effectively detect when it makes payment errors. This legislation contains several provisions to address these concerns of ferreting out abuse and fraud.

The Health Care Fraud and Abuse Control Program addresses fraud and abuse in the Medicare Program but has been funded at the same levels since 2003 despite significant increases in its responsibilities.

In order to ensure that the Federal Government has sufficient resources to effectively combat health care fraud and abuse, this essential program will receive annual funding updates for the next 4 years. And that investment has a good return. In other words, for a $1 investment, many dollars come back to the Federal Treasury from either recouping fraud or preventing fraud.

This legislation also includes a provision that addresses payment errors by adopting the Recovery Audit Contractor Demonstration as part of the Medicare Program and implements that program nationwide. Despite being implemented for a limited time in a limited number of States, this demonstration has already shown enormous potential for the identification of overpayments and underpayments and the recoupment of overpayments.

In fiscal year 2006, this demonstration has identified around $300 million in improper payments in just three States. By taking the recovery audit program nationwide, up to $10 billion in Medicare overpayments will be recovered in the next 5 years.

By passing this legislation, we will also take a big step toward making sure that the Medicare Program does not pay for substandard care provided to beneficiaries. The National Quality Forum has identified a number of serious and preventable adverse health care events called ''never events.'' The HHS inspector general will be required to conduct a study on Medicare payments for services related to never events and will provide guidance for CMS in setting policy regarding payments for services when never events are involved.

Let me explain never events. We are not going to pay when somebody is operated on and covered by Medicare if they cut off the wrong leg—and this has happened—or the wrong arm or other things that were never intended to be done to a patient. We are sick and tired of paying for things such as that.

This legislation will also promote more accurate hospital payments. One aspect of Medicare hospital payments that has been subjected to much criticism is the area wage index. Many say that the current method of calculating the wage index does not reflect the hospital's actual labor costs and is instead arbitrary in nature so that similarly situated hospitals can receive significantly different wage index values.

Since the enactment of the Medicare Prescription Drug Improvement Modernization Act of 2003, hospitals have been able to obtain relief from this unfair situation temporarily. But we shouldn't have to do this every year in a temporary way. So this legislation will provide limited extension of this relief. More significantly, major steps will be taken toward comprehensively reforming the wage index classification system by requiring a report on alternatives to the current methodology for calculating the Medicare wage index, as well as proposals for reforming this classification system so we don't have to mess with these inequities.

This legislation also includes several provisions relating to the Medicaid Program. These include codifying the provider tax rate paid by Medicaid providers at 5.5 percent and extending the transitional medical assistance and abstinence education programs. Throughout the year, we have heard from nursing homes, hospitals, and managed care

plans that lowering the maximum provider tax rate would make it harder for them to treat Medicaid recipients as States had to make up for lost revenue. This provision protects health care access for some of the most vulnerable in society.

While this legislation does not go as far as some would like, it accomplishes the goal of helping ensure the continuation of critical health care policies and programs.

I was disturbed when I heard one of my colleagues refer to this bill as an example of bad legislative practice. The critics imply that political defeat was somehow connected with this kind of legislative practice. With all due respect, these criticisms could not be more off the mark. This legislation was based on popular expiring provisions within the jurisdiction of the tax writing committees, provisions that were meant to expire so they are reviewed occasionally so we know the best possible tax policy is being pursued by the Congress of the United States.

The legislative business in this bill then is the people's business. Throughout the year, I pressed repeatedly to finish these matters. I was thwarted by others who sought to leverage these items for other purposes. I firmly believe that if we had dealt with these issues in a timely fashion, as was planned last May to do it in the pensions bill, we would have been rewarded politically.

We are where we are, but we are here because of politics on both sides of the aisle getting in the way of processing these items in a timely fashion.

I agree with the critics that this kind of omnibus bill is not the best way to finish this legislative business. The critics should know that the tax-writing committees had no choice.

In conclusion, I hope my colleagues will support this bill—a bill that should have been law last summer—to finally get it done to save the taxpayers and 19 million people from being adversely affected.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

TELEPHONE RECORDS AND PRIVACY PROTECTION ACT OF 2006

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of H.R. 4709 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4709) to amend title 18, United States Code, to strengthen protections for law enforcement officers and the public by providing criminal penalties for the fraudulent acquisition or unauthorized disclosure of phone records.

There being no objection, the Senate proceeded to consider the bill.

TELEPHONE RECORDS AND PRIVACY PROTECTION ACT

Mr. SUNUNU: Mr. President, I support passage of H.R. 4709, the Telephone Records and Privacy Protection Act of 2006. This bill gets to the center of the practice known as ''pretexting''—a fraudulent technique to obtain access to confidential communications records—by imposing Federal criminal penalties on perpetrators.

There is one point that I would like clarification and assurance. This bill adopts a very broad definition of an ''IP-enabled voice service.'' That definition is broader than just replacements for traditional telephone service, and sweeps in many potential new applications. In my view this definition would be inappropriate in many other contexts. For instance, the Commerce Committee crafted a narrower definition when considering S. 1063, the IP Enabled Voice Communications and Public Safety Act.

It is my understanding—and I ask if the distinguished chairman shares this understanding—that this broad definition applies only to this bill, and is not meant to be an indication of the Congress's view of the appropriate scope of voice-over-Internet-Protocol or VoIP services for other purposes or to serve as precedent for future action. It is certainly not meant to suggest that the FCC adopt this definition as it considers the appropriate views on VoIP services. Does the distinguished chairman agree with my understanding?

Mr. STEVENS. Yes. The definition of ''IP enabled voice service'' in this bill is not meant to be the universal definition of ''IP enabled voice service'' to be used in future legislation that involves other contexts. And, it should not be interpreted as a signal to the FCC that it should alter or change the definitions of Interconnected or IP enabled voice services that it has used in other contexts.

Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid on the table, and that any statements relating to the measure be printed in the RECORD.

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

The bill (H.R. 4709) was ordered to a third reading, was read the third time, and passed.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. Mr. President, I know a number of our colleagues are wondering what time bills are going to be arriving from the House. I believe in a little bit, in the next 30 minutes or so, things will pick up and we will begin voting. I will come back and address this issue once things become a little bit clearer.

TRIBUTE TO ERIC UELAND

Mr. FRIST. Mr. President, I wish to pause for a moment to pay respect to one man, Eric Ueland, my chief of staff. Tucked away in a corner of Eric Ueland's office is a well-worn copy of the book ''Master of the Senate.'' This comes as no surprise to those of us who know him. In fact, my staff used to joke that he was reading his own biography.

Eric is gifted with a passion for history, a thirst for knowledge, and a high reverence for the Senate. These talents have made him a uniquely capable adviser and leader in the majority leader's office.

He contextualizes every Senate debate, recalls appropriate precedent, and draws parallels to moments in history. A nameplate is discretely displayed on his desk, and the name it bears: ''Information.''

As the press corps knows, information is his trade and the enigmatic quote his trademark. How do you pay tribute to a man who is the first to know of Britney Spear's pregnancy and Don Rumsfeld's resignation?

Eric delights in a secret and encyclopedic knowledge of popular culture. Copies of People magazine and the entertainment gossip columns are strewn in the back seat of his classic car. And he knows everything about the media. Yet he doesn't have home Internet access or even cable TV. How does he do that?

Eric finds unique and, some would say, unusual pleasure in memorizing the complex rules, the arcane precedents, and early history of the Senate. ''Chart 4—mere child's play.'' You would expect he would know that combining his customary bow ties and beards could be a violation of the Senate Code of Conduct.

But his extraordinary talents are not what I have come to respect most about Eric Ueland. He is a man of deep humility, a man of quiet faith, a man of sterling character. He is a person true to his convictions, both political and personal. He has maintained his integrity in the rough and tumble of politics. His standards are high.

I know of no staffer who has had a more profound regard for the institution, our institution, the institution of the Senate. And, in turn, Eric has earned the gratitude and respect of so many who have had the honor to serve here. Eric came to the Senate 17 years ago and worked for Senator Don Nickles at the Republican Policy Committee and then as his chief of staff in the assistant Republican leader's office.

Senator Nickles writes:

I have had the pleasure of working with hundreds of individuals throughout my Senate career and Eric stands out in many ways. He is an exceptionally intelligent individual with unequaled knowledge of the Senate. His knowledge of Senate history, rules, process and customs, as well as the individuals who have served in the body for the last couple of decades, is remarkable. He has devoted much of his life to the Senate and helped make the Senate function much more effectively. He was a tremendous asset to me as well as a valued friend.