

Ms. BROWN of Florida. As I said before, this is the first time, these past 3 years, or 2½, that we have had a diverse Congress. It has been the most diverse. Look who championed the issues of the people. I am very proud to stand with the Women's Caucus, the Hispanic Caucus, the Black Caucus, the Democratic Caucus for the people of this country.

If we look at the attacks on affirmative action, and I recognize that is another talk, but we have 98 percent of all of the jobs in all of the categories held by white males and they are only 42 percent of the population. It is like my grandmamma's sweet potato pie. All we have is a thin slice, and they do not want us to have that slice.

Ms. MCKINNEY. Well, I want to thank both of the gentlewomen for joining me in this special order and I would like to conclude by saying that I know that this struggle, as the gentlewoman correctly point out, is growing pains for the south and it is growing pains for our Nation.

We do not stand alone in Georgia's fight that we are having. We have been joined by the Congressional Black Caucus, the Democratic National Committee, the Democratic Congressional Campaign Committee, the State of Texas, the National Voting Rights Institution, Mexican American Legal Defense Educational Fund, National Asian Pacific American Legal Consortium, the NAACP, the National Organization for Women, the National Organization for Women Legal Defense Fund, National Urban League, People for the American Way, and Women's Legal Defense Fund. It is obvious that we do not stand alone.

Ms. EDDIE BERNICE JOHNSON of Texas. It is very ironic that gerrymandering never became an issue until they started to include us. Districts were drawn all kinds of ways. I happened to have chaired the State Senate redistricting committee for congressional districts, and all kinds of requests came in. They wanted to include their grandfather's burial site, their grandmother's birthplace, an army site, a certain street, and a little store that they visited in. But when it includes black voters, it becomes illegal.

Ms. MCKINNEY. I would ask the people of this great Nation to please stand with these women who are here and the other women whose districts have been targeted and say that we appreciate the kind of democracy that we have now achieved; and while we are faced with the position of some people trying to take us back, this country will not go back, and that the people will join with us as we fight to move this country even more forward toward a greater type of democracy that includes everybody.

I thank the other gentlewomen very much for participating.

Ms. BROWN of Florida. I thank the gentlewoman.

Ms. EDDIE BERNICE JOHNSON of Texas. I thank the gentlewoman.

#### REPUBLICAN AGENDA

The SPEAKER pro tempore (Mr. MILLER of Florida). Under the Speaker's announced policy of May 12, 1995, the gentleman from Ohio [Mr. HOKE] is recognized for 60 minutes as a designee of the majority leader.

Mr. HOKE. Mr. Speaker, I rise today to review some of the areas that we have been involved in the past couple of weeks that we have gotten back since the break, and particularly to look forward to what we are going to be doing during the next 2 months, because this is going to be an extraordinarily busy time, a very exciting time, and, frankly, and extremely challenging time for House Republicans on a number of fronts.

I think, first of all, it is important to look at the big picture and to remind ourselves, and, of course, I am not speaking directly to the American people, but to you, Mr. Speaker, and perhaps they will hear also, but to remind ourselves that as we responsibly cut Government, which is what the American people want us to do, we also intend to grow America. Our plan is based on the principle that America's greatness is based on its people, not its bureaucracy, and that its greatest accomplishments lie in front of us and not behind us.

We have essentially four things that we are going to continue to work on up until the end of this term of the first year of the 104th Congress. The first is to balance the budget in 7 years. As we all know, Mr. Speaker, we passed a budget resolution in late June that shows a roadmap to how we can get to a balanced budget by the year 2002. We have worked assiduously passing appropriations bills that will do exactly that.

First of all, in these appropriation bills, we have begun with the legislative branch itself and the conference report, because we all know that charity begins at home and so do the cuts. If we cannot take personal responsibility right here in this House, and if we cannot set an example and show how we Republicans ourselves are willing to make the sacrifices that are necessary, how on Earth can we possibly ask the American public to do the same thing.

So, Mr. Speaker, we began with an 8 percent reduction in the 1996 appropriation for legislative branch, and that is a \$205 million cut below the 1995 levels. I think it is important to remember that when we are talking about this cut of \$205 million, that is a real cut. That is not a phony smoke and mirrors Washington cut, that is actual real dollars: \$205 million less than what we are spending in fiscal year 1995, the year that is going to end on October 1.

That is a remarkable difference, because in the past we have used this dark alchemy of baseline budgeting to confuse the American public. And it is the same dark alchemy that is being used right now by our liberal friends on the other side of the aisle to claim that we are decreasing, or cutting, slashing

I think is the word that is used most frequently, slashing Medicare in order to pay for "tax cuts for the rich".

The fact is, Mr. Speaker, that we are increasing in real dollars; not in inflated dollars, not in projected dollars, but in real dollars off of the 1995 actual amount. We are increasing the amount of money that will be spend on Medicare.

□ 1745

I am going to get to that in a minute, but I want to emphasize, as I go through some of these appropriation bills, that we have actually genuinely cut real dollars; in the case of leg branch, 205 million real dollars, from what we spent in 1995, not \$205 million less than what somebody at CBO, an analyst who was never elected to anything at CBO projected we would be spending in 1996, but in fact \$205 million less than we have spent in 1995.

How about on the foreign operations side of it? We did slash foreign aid. We cut the foreign aid appropriation by \$1.5 billion below the 1995 levels. That is an 11½-percent reduction.

In the Department of Interior appropriations bill we cut spending there by \$1.6 billion over the 1995 levels.

And we eliminated bureaucracies. We ended the funding for six Federal agencies, including the National Biological Survey, the Bureau of Mines, the Office of Indian Education, and the Office of Emergency Preparedness.

Treasury-Postal Service; we delivered spending cuts that we promised. We reduced spending by more than \$300 million below the fiscal year 1995 levels.

In the Department of Agriculture we have truly sown the seeds of deficit reduction. We have cut farm and food spending by \$6.3 billion below the 1995 fiscal year budget. That is a 9-percent reduction.

The American people have been saying for several decades we are subsidizing agricultural interests in a way that does not make any sense, and, if you listen to many, many farmers, they say exactly the same thing because what we do is we pay farmers to not grow crops that they probably would not have wanted to have grown anyway had the market been allowed to act as it should, and, as a result of that, we have a distorted marketplace in the agricultural industry in this country, and we are making those changes in real terms on a real-time basis.

Also in the Department of Agriculture we have reduced welfare spending. We have cut the food stamp budget by \$1.7 billion below fiscal year 1995, a 6-percent reduction going specifically after the waste, fraud, and abuse that exists in that area at the same time that we have increased nutrition funding. This is the WIC program for women, infants, and children, and also the school nutrition, school lunches, that we have increased substantially. WIC goes up 7½ percent. That is \$260

million more than in 1995, and child nutrition funding jumped 6.7 percent, \$581 million over 1995.

We have ended a lot of pork-barrel spending. This is also in the Agriculture appropriations bill. Its taxpayer support is terminated for 80 special research and extension projects: The Rural Development Loan Fund, the Outreach for Socially Disadvantaged Farmers and Ranchers Program, the Honey Program, and university research buildings and facilities.

In the Department of Transportation, Transportation appropriations bill, we have reduced funding by \$1.4 billion. That is a 10-percent cut.

And in the appropriations bill on Commerce, Justice, State, and Judiciary we have also had substantial cuts that include the beginning of tearing down and taking apart brick by brick the Commerce Department. Commerce funding is cut by \$715 million in the first step toward eliminating that Department completely.

What we have done is we have increased domestic-violence funding by fivefold to combat the appalling amount of violence that is committed, spousal violence and nonspousal violence, domestic violence, committed against women in the United States. We have \$125 million provided for domestic-violence programs, which is a \$100 million increase.

In the VA-HUD bill we have cut spending by more than \$10 billion below fiscal year 1995 levels. That is an 11-percent reduction.

And on and on and on, and so those who say that we are not cutting the budget or that, if we are going to fix Medicare, we should be digging deeper into other parts of the budget, think again. We have been extraordinarily aggressive with respect to every area of the budget, including, to a certain extent, national defense, where there has been no increase, although that budget has remained flat, and I think, as you know, Mr. Speaker, I differ with some of my colleagues with respect to that because I think there is a lot more that we could be and should be doing with respect to streamlining and bringing best commercial practices and procurement practices into the Department of Defense.

But I wanted to go on to the next area of the budget that I think is important and the next thing that we are going to be doing, as Republicans, in the coming 90 days, and that has to do with something I know is very close to your interests, Mr. Speaker, and that is to save Medicare. I think when we talk about Medicare we have to start out with the trustees' report of April 1995 and remind ourselves that there is actually a real problem, a genuine problem, and that if we do not do something to fix the problem, we run the danger, the real risk, of not having Medicare and that, if we do not go after this now, if we do not do something to make it solvent, what we are saying is we are not going to be responsible. We

are just not going to take the advice of the Medicare trustees in their report to the President.

Let us see what they said. They said, quote, under all the sets of assumptions the trust fund, that is the Medicare trust fund, is projected to become exhausted even before the major demographic shift begins.

Now what do they mean there? They are talking about when they are talking about the major demographic shift, talking about the shift of baby-boomers, people about my age, who become retirees. That will happen in about 20 or so years, and that is a shift that will mean that, instead of having 3.3 workers for every retiree, for every Medicare beneficiary, at that time, the year 2030 I believe it is, we will—or 2025—we go to the point where we have got two workers in this country for everybody Medicare beneficiary. Now, even well before that the trust fund is projected to become exhausted.

The other thing that they say is, quote, the fact that exhaustion would occur under a broad range of future economic conditions and is expected to occur in the relatively new future indicates the urgency of addressing the health insurance trust fund's financial imbalance.

Well, what does that mean? Who is supposed to address it? Well, presumably, and in fact if you read the entire report, it is very clear who they expect to address it. They expect people in positions of responsibility in the Federal Government, specifically the President and the Congress. That means the House and the Senate, we are expected to come up with these—first of all to take the problem seriously, and, second of all, to act on it.

I see that I have been joined by my good friend from Maryland. I suspect he wanted to add something to this.

Mr. BARTLETT of Maryland. I am happy to join the discussion of Medicare.

I think to put this in perspective that one of the first things that we need to do is to chat for just a moment about how Medicare is related to balancing the budget. I notice a lot of columnists and a lot of Congressmen will directly or indirectly relate our problem with Medicare to balancing the budget.

What we are talking about here and what the trustees were talking about is part A of Medicare. That has a trust fund just like Social Security. It really has nothing to do with the budget.

We make the statement that, and it is a very correct statement, that if the budget were balanced today, we would still face exactly the same problems with most Social Security and with Medicare that we face now, and so this is not a problem which is related to balancing the budget. It is true that if the budget were balanced today that we still face a problem having to do something about Medicare or it is going to be bankrupt.

Now I know that there are those who are saying that the Republicans are

going to cut Medicare. That is not true, and we will come to that in a couple of moments. You need to go to school for some elementary math if you think the Republicans are cutting Medicare.

Yes, sir; you had a comment?

Mr. HOKE. I think it is worth explaining why specifically this trust fund or why specifically whether or not the budget was balanced today does not affect this, and I think it is fairly easy to understand once you understand where the money comes from that goes into this trust fund because the only money that goes into the Medicare trust fund is from the payroll tax, the 1.45 percent times two, 2.9 percent, because it is matched payroll tax that is due—I am sorry, the 1.4-percent tax that is paid by each person with earned income in the United States. And that money goes directly into this trust fund.

The Federal Government is precluded, is forbidden, from using any other Federal funds to pay for the payments that are made by the Health Care Financing Administration [HCFA] to pay for medical services. They must use the Medicare trust fund for those services. They cannot use the general fund of the United States.

Mr. BARTLETT of Maryland. That is for part A, and that is the one the trustees are talking about, that is the one that is in trouble, and that is the one that we are talking about that we must do something to strengthen it, and save it, and preserve it so it will be there for our children.

By the way, I think in 23 out of the last 27 years we have increased the payroll deduction for Medicare, so it has gone up, and up, and up, and we obviously cannot continue to do that.

By the way, if we doubled or tripled that withholding, Medicare is still in trouble. So we have got to do something beyond that.

So the first point that we need to make is that Medicare is not related to the budget. It is off budget.

Now I know that we have been taking the money from the Medicare trust fund. We take it from all trust funds. I do not agree that we ought to do that. I think we need to stop doing that. We need to enact legislation so that we can stop doing that because right now by law the surplus funds in these trust funds have to be invested in U.S. securities.

So, it is the Congress' fault that these funds are not there. Every bin where there should be dollars, like the highway trust fund, and the Social Security trust fund, and the Medicare trust fund, and the list goes on and on for a large number of trust funds, in those bins where there should be money there are just IOU's, and the money is owed to the Government.

But this is an accounting problem, and, as far as accounting is concerned, and I have a little graph here which shows the problem with the Medicare account, and what it says is that starting next year we will be spending more

money than we are taking in. There is a surplus in the fund now, on paper. We have borrowed it, we need to give it back.

But this still has nothing to do with balancing the budget, and, if we keep on going the way we are now, by 2002, maybe a little earlier, maybe a little later, because you cannot be really a perfect prophet in predicting what is going to happen economically in the future, but they said under all circumstances, any circumstance they could look at it, it was going to go bankrupt, and a good guess is about 2002, and you can see here it goes through the zero line in 2002, and that would be a catastrophe that we absolutely cannot afford to happen.

So, it is very appropriate now that we step up, and, by the way, I would just like to encourage those that are on the other side of the aisle—

Mr. HOKE. Maybe I could ask a question because, if that is the case, if under all the sets of circumstances that have been, you know, examined by the Medicare trustees, and, as I understand it, three of these are Members of the President's Cabinet—

Mr. BARTLETT of Maryland. And four of them he appointed, and three are Cabinet Members; that is correct.

Mr. HOKE. So, if there is a partisan issue, I suppose you could argue that these are all Democrats and that there are not Republicans.

Mr. BARTLETT of Maryland. A majority of them at least are, yes.

Mr. HOKE. OK; so clearly this is not something that has been trumped up by the Republican Party to create some kind of a phony crisis.

Mr. BARTLETT of Maryland. That is exactly right. This is not a Republican program. It was what, April 3, that the President's trustees, the ones he appointed—he appointed four of them. Three of them are Cabinet Members, and they are the ones that in their annual report point out that we have absolutely got to do something.

Now all at once from the other side of the aisle and from many journalists this becomes a Republican problem. It is our problem, it is not a Republican problem, but it is a problem that Republicans are stepping up to, and it is a problem that those on the other side of the aisle have not been willing to step up to. They have been very willing to be the source of disseminating false information to the American people. We will have a chance to chat about that as we go on here.

Mr. HOKE. This is what I am sort of driving at. You know, it seems to me that the responsible thing to do here is look at the problem, and then posit solutions for the problem itself, ask the American people what they think, seek their advice, seek their input, which is what we have obviously been doing for some time now, have hearings on it. We have had over 10 hearings, thousands and thousands of pages of testimony. This is certainly not a problem that just started this year. Obviously we

have been concerned about Medicare for some time.

□ 1800

The President has made it very clear as well, and comes up with, in terms of numbers, with proposals with respect to the actual percentage of increase, reducing the amount of the increase in Medicare that is quite similar to the numbers that we have come up with, and yet in this House, we have not heard any positive alternative plans, or even the admission that maybe there is a problem here that we ought to address.

How do you read that? Why? What is going on? Why has this become such a partisan issue?

Mr. BARTLETT of Maryland. Well, as the gentleman knows, it should not be a partisan issue. It is everybody's problem. It is my mother's problem. I am 69 years old, it is going to be my problem. But more important than that, it is my children's problem and my grandchildren's problem. Because what we are going to do if we do not do something responsible now is to require them to take care of our health care, and that just is not fair. They are going to have their own problems in spades.

Mr. Speaker, as the gentleman from Ohio pointed out, this demographic shift, which is all the baby boomers coming on board; if we think we have problems now with Medicare, just look down the road at where we are going to be when the baby boomers come on board. So we really need to be responsible now and to solve the problem now so that we can build the foundation so that we can solve the bigger problem that we are going to have when the baby boomers start coming on board. Then it is not going to be two-to-one, it is going to be a ratio of less than two-to-one.

Mr. Speaker, I just wanted to get back for a moment to nail down this budget thing. This has nothing to do with the budget. When you hear someone say that Republicans are cutting Medicare, the first untruth is we are not cutting Medicare. It is now \$4,800 per recipient per year. That is going to go up 40 percent or so to \$6,700 per recipient, and nobody's math is going to consider \$4,800 to \$6,700 a cut.

So that is the first problem with the statement. But they go on to say that Republicans are cutting Medicare, which is not true, so that they can give a tax break to the rich. That is silly. That is like the gentleman from Ohio saying that if your neighbor would stop having such expensive vacations, you could buy a new car.

Mr. Speaker, our problems with balancing the budget have absolutely nothing to do with Medicare. It has its own trust fund. There is a problem there. We have to solve the problem. Again, I would just implore those at the other end of Pennsylvania Avenue and on the other side of the aisle here to please join us.

What they are promoting is Medicare. They are trying to frighten our senior citizens. That is not fair, that is not right. We have a problem and they can do productive if they join us in trying to solve that problem.

We have been engaged now over the break and for more than a month, and in our office for much more than a month, in a continuing dialog with the American people. They now know that there is a problem, they know that they must be a part of the solution to this problem, and when they look at it honestly and face it fairly, you know, they have faced bigger problems in their lives, and if they are business people, they face bigger problems in their business.

I do not find our senior citizens frightened that we cannot solve this problem. I see some of them confused because they are getting different information. So let us just nail down the fact that this has absolutely nothing to do with balancing the budget, it is a totally separate area, totally separate problem, and then we can go on to talk about what the problem is and what we can do about it.

Mr. HOKE. Well, I would like to suggest an answer to the question that I asked I suppose rhetorically earlier, and that is why is this being portrayed the way it is by the other side of the aisle? I believe that it is because for some reason, the liberals particularly, and not all of the members of the minority party in the Congress are doing this. But there is a strident and ugly strain that is brought out on this floor every day by people who have an extraordinarily great vested interest in keeping the system the way that it is. And what you find out is that what is really going on here is that this is about politics and politics is about power.

Certain Members of the minority party in the Congress believe that this is the golden spike, this is what they need. This is the issue that is going to bring them back the House in 1996. To the extent that they are successful in confusing the public, perhaps they are right about that.

Mr. Speaker, I thought there was an extraordinarily refreshing breath of fresh air that came from, of all places, the liberal journal of record in this country, the Washington Post this year, because they recognize exactly what is going on in terms of this partisan battle, and that there is no place for it if we are in fact going to take advantage of the opportunity, which it is a small window of opportunity to fix this, to make it right and to move forward in a way that is fair to all Americans. I want to read this to you, because I think it is very instructive.

They said, and this is from just Tuesday, the day before yesterday in their lead editorial, they said, "The Republicans are in control of the health care debate because this year they have forcefully taken the right position on the basic issue of controlling costs. The

Democrats denounced the Republicans for proposing to gut the programs, but they have no serious counterproposal. Not the Democrats in Congress, and not the President either. Last year it was they who proposed health care reform. This year they lie in the weeds. Why if the thing was urgent then is it not so now? They risk squandering for political reasons a chance to tame these programs that everyone agrees need to be tamed. They think they gain from this. We think they lose. They think it is clever, we think it is dumb. The problem for the Republicans is not that they are squeezing the health care problems, it is that they are trying to squeeze them too hard. What if," and it goes on, "all the more reason for the Democrats to play a constructive part. What if they chose to help instead of using the issue to score political points?"

In the same vein, from the Wall Street Journal just yesterday morning, and this is kind of remarkable when you have the Wall Street Journal, probably the most conservative major distribution newspaper in this country and the Washington Post, the most liberal distribution newspaper in this country, agreeing.

The Wall Street Journal says:

It is hard to tell among the fog of political war, but Republicans are about to propose their most important reform of the 104th Congress. They want to reestablish a private market for medical care for the elderly, thereby rescuing Medicare from what would otherwise be an inevitable crash. This is the ball to keep your eye on as the Medicare debate shrieks ahead amid the TV ads with tearful grandmas and reporters writing the budgetese. All the verbiage about \$270 billion Medicare cuts or cuts in the growth of spending, or managed care is beltway smoke. The only way to save Medicare now is to reintroduce the very American concepts of choice in competition. Our understanding is that this is precisely the core of the GOP proposal, at least in the House. Instead of today's one-size-fits-all plan, the elderly would begin to have a choice of insurance plans, just as most younger Americans do.

Well, God bless the Washington Post and the Wall Street Journal for coming to agreement on this that, first of all, there is a real problem. Second of all, that Republicans, particularly in the House, have decided to aggressively and forthrightly and creatively and courageously come up with solutions to those problems and propose them in the light of day; and third, that it is time for the Democrats to get off of this political partisanship where they are going to try to make hay in a way that clearly has not stuck, if you look at all of the poll results, but that they should get off of that and join the debate and join with us to make and craft solutions that will genuinely benefit the American people.

Mr. BARTLETT of Maryland. Those are great editorials, and I think that they are saying what most Americans, when they have had a chance to look at the facts and think about it, what they are saying, too.

I think that it is perhaps well to look at what the problem is. We can divide our health care into four segments. They are not of equal size, as you will see, but they have very disparate percentages of increases per year. Medicaid I think is increasing at about 14, 15 percent a year. That is a government-run program. Medicare is increasing at about 10, 11 percent a year. That is a government-run program.

If we go into the private sector, the major part of the private sector, the rate is increasing there about 4.5 percent a year. Now, that is too much, that is above the inflation level, that has got to be brought down. That is a whole lot better than it was a couple of years ago, and it is a whole lot better than 14 or 15 percent. It is a whole lot better than 10.5 or 11 percent.

The fourth category I want to mention is a unique part of the private sector, and these are large corporations, large companies, that self-insure. Now, nobody is quarreling that the quality of health care has gone down in the private sector, that they have less than half the rate of increase per year as in these government-run programs. Nobody is quarreling that the quality of health care is down. It is not down in these big companies. And you know what their experience has been? Last year they had a decrease of 1.1 percent in health care costs. So this tells us what the potential is.

The article from the Wall Street Journal, that was particularly illustrative, because it points out that what our program is aiming at is to bring competition to the marketplace. There is no competition in Medicaid, there is no competition in Medicare, there is some competition, we need more, but to the extent we have competition in the private sector, and even more in these large companies that can shop around, competition has done what it always does in a free economy. It has increased the quality and it has decreased the price. So the Wall Street Journal is exactly correct. The solution to the problem, I think, is providing senior citizens options so that they can choose.

Now, two things about this that will make this more important for senior citizens than for other people: I think we are smarter than other people, because we have lived longer and we have more experience and we can trade on that experience. I do not have more time, but you know, many senior citizens are retired and they have time.

I can remember when I was in the workplace and this open season came once a year and we could change to another policy, I did not have an opportunity to look at those and study them. If I was reasonably happy with the one I was in, I stayed there. But this is not the case for senior citizens. They are very bright people, they have time, they will study, they will make great choices that are to their benefit.

What that is going to require is competition in the marketplace, because

we hope we are going to make available to them a wide menu, a wide menu of plans that they can choose from. They can stay right in Medicare, by the way, if they want to. Nobody has to leave if they are happy with where they are; They can stay there. But I think many people, most of the people, will opt to go to one of the other plans which will better fit their peculiar or personal or family situation. What this is going to do is to make for competition. It is going to do for Medicare exactly what it has done in the private sector and what it has done for these large companies, and the cost of health care is going to come down.

Now, it does not even need to come down to 4.5 percent in Medicare, what is it, 6.5 percent or something, if we bring it down only that much, we are okay. I think we are kind of pessimistic. I think the senior citizens are smarter than that. I think they are going to do better than that, and I think that once they have this menu of opportunities that they are going to make great choices, the marketplace is going to respond, I think, in much less time than one would suspect, that we are going to be looking back at the Medicare problem and not looking at the Medicare problem.

Mr. HOKE. Well, let us boil it down so that the senior citizens that, Mr. Speaker, may be watching these proceedings could get a specific example, and I just want to give one. That is so that people can have a sense of exactly what will be available. For example, a 75-year-old with an average income, what are the options that will be available?

No. 1, the first option is that senior citizen can stay in the traditional Medicare program. That means no additional deductible or copayment. It means a continued 31.5 percent premium rate for the part B premium, and in other words, anybody that is in the program right now can stay in it with exactly the same benefits and the same levels and the same co-pay with no increases whatsoever except what are already scheduled. That is No. 1.

No. 2 is that they can choose a managed care option with prescription drug coverage, and this is an option that is available now to many people in the private sector and will be available to seniors.

Third, and this is the one that is most attractive to me, is that they can choose a medical savings account plan, a Medisave plan, that will offer them the protection of catastrophic umbrella coverage while giving them specific incentives to rationalize their own care in the same way that consumers rationalize the purchase of other products in our economy.

It seems to me that it is only common sense. It should be only too obvious that having these kinds of choices will be much more attractive to senior citizens.

□ 1815

Mr. BARTLETT. Absolutely. I would like to come back to the Medisave for just a moment. I had the privilege of being briefed by Pat Rooney from the Golden Rule Insurance Co., who first came up with this plan. He explained that on the basis of a person who was working for an employer, where the employer owned the policy, it is made available as a benefit to the employee. I do not think that is the best idea. I think if you owned it, then a lot of problems we now have like portability and preexisting conditions go away, and I think this is a great success. But that is an item for another discussion.

But if you took a working family at that time, where the employer paid about \$4,500 a year for their health care, and imagine if he took \$1,500 of that and bought a catastrophic policy with a \$3,000 deductible, he now took that \$3,000 and put it in an account for the employee, the employee would, anytime they thought they needed health care, they could go get it. They would not have to ask if it was covered. There was no deductible other than this \$3,000 deductible, and then they brought the receipt from that and they got the money. If at the end of the year they had not spent the \$3,000, it was their's.

But since it was before tax dollars, this is where the medical IRA comes from. Since it was before tax dollars, if they wanted to take it out, they would pay the usual 10-percent penalty. But they could roll it over into an IRA. It would not have to be for their retirement, it could be for their children's education, or for any purpose in the future.

It has been estimated that making the consumer a careful shopper could save up to a third of health care costs. If you think about it, MARTIN, the only thing that we shop for in our society and never ask the price of is health care. You never ask the doctor, "Doctor, you have ordered 10 tests for me. Do I really need those 10 tests?"

If your doctor were going to be perfectly honest with you, he would say "No, Martin, you need 4, but I need 6 of them to protect me against malpractice." We need to solve his problem, and we have some good legislation that starts down that road. I am not sure it has gone quite far enough. We have started down the right road, anyway, and we are hoping to solve that problem. This would be an enormous incentive to be a good shopper, and there is a benefit for being a good shopper.

Another area where I had one of our constituents who came to one of our open door sessions, who told about a Medicare billing for his mother for the 2 months after she was dead. These were just for drugs for her. But he is a very responsible citizen, Mr. Hardy from up in Allegany County, up in Maryland, and he went to the hospital to find out why that happened.

Well, very few people do what Mr. Hardy did. He got it corrected, and there are three other nursing homes, four other nursing homes, that are now not using the billing service that that nursing home was using. So he really solved the problem. But very few of our people have his commitment.

Mr. HOKE. You are absolutely right. I will give you two examples where the insurance industry has not really taken over payment of bills that are medically related, so you do not have third party payment, you actually have the consumer directly involved. Those two areas are dental and optical. And I will just give the optical example.

What happened there is really quite instructive and very impressive in terms of what a free market can do. You found two things: No. 1 is that the number of choices in and the avenues that Americans have with respect to getting eye care and eye wear are really quite varied. You can go to an optometrist, and optician, or you can go to an ophthalmologist. There are three levels of care and training. All of those are available, and three different prices.

You can go to almost any mall in this country and have a pair of glasses made in an afternoon. The price of glasses has on an inflation-adjusted basis remained flat for several decades. The price of contact lenses has dropped dramatically over that same period of time.

This is an area that has not been picked up by and large as a benefit because clearly it does not have really any insurance function. The truth is that insurance is supposed to protect people against catastrophic losses due to unforeseen circumstances.

But that is not what our health insurance does. What our health insurance does is it is actually a prepaid health care plan. It is though we were paying insurance for oil changes and brake relinings and realignments and things like that, things that we know will go wrong with a car we would never insure against. The kind of routine things that need to be done medically that we can predict are also not really appropriate for insurance. But the fact is that because we, that is, the U.S. Congress, had made it much more advantageous to purchase insurance, because you do that with pretax dollars as opposed to buying health care which you do with after tax dollars, because of that we have encouraged this tremendous growth of health care insurance in this country. That really is at the very, very basis of the problem that we face today.

I see that our time is about expired. I need to catch a flight. But if you want to take some additional time, I think we can do that under the leader's rule for the leader's hour. I know we can. Would you like to do that?

Mr. BARTLETT of Maryland. MARTIN, I am happy to chat for a little more with the American people about

Medicare. MARTIN just mentioned a very significant thing, and that is when competition came in, prices came down. He was mentioning the optical and the eyeglasses and so forth. This is exactly the kind of thing that is going to happen in health care if we give it a chance.

I want to mention before we quit, MARTIN, one other thing you brought up. You mentioned health care and you mentioned sick care. We euphemistically call what we have in this country a health care system. Most of it is a sick care system, is it not, if you think about it.

What we need is the philosophy and kind of insurance that moves people to genuine health care. It is like a warranty on your car, but they do not care whether you put oil in it or not.

I do not understand why the insurance companies would not insist that we have a physical every year, because that is kind of the equivalent of putting oil in your car, and they would detect problems. There are old adages like "a stitch in time saves nine" and "an ounce of prevention is worth a pound of cure." We seem to have forgotten all of those things in health care.

By the way, sometimes when we have another opportunity, it would be very fruitful to talk about how we got here. How in the world did we ever get in a country which has been the envy of the world for our economic prowess, largely because we have a free market economy with competition, how did we ever get here, when we have essentially no competition with health care?

Just to whet your appetite, the villain here is where the villain usually is when our country has problems, the Federal Government.

Mr. HOKE. I thank you for coming down to the floor and joining me on this. I look forward to that discussion.

Mr. BARTLETT of Maryland. We will meet again and have a further discussion.

#### CONFERENCE REPORT ON H.R. 1817

Mrs. VUCANOVICH submitted the following conference report and statement on the bill (H.R. 1817) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes:

##### CONFERENCE REPORT (H. REPT. 104-247)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1817) "making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 4, 14, 15, 19, 30, 35, 36, 37, 43, 44, 45, 47, 48, and 49.