assist in the readjustment of members of the Armed Forces to civilian life. The Department of Defense reports that total cost—tuition, fees, room and board—for a 4-year education rose 31 percent between 1985 and 1993. During the same time period, average tuition and fees at 4-year institutions increased 43 percent. Because of these increases in the cost of education, the GI bill benefit covered only 39 percent of the total costs and 70 percent of tuition and fees in 1993–94. The men and women who volunteer and honorably serve our Nation through military service more than earn their educational assistance benefits—and they deserve a benefit level that will significantly assist them in their efforts to pursue further education.

In the early years of the program, enrollment rates differed somewhat based on demographic groups such as gender, race/ethnicity, or education level. In fiscal year 1995, however, there were virtually no differences in enrollment rates among demographic groups, clearly demonstrating the broad appeal of the Montgomery GI bill.

Preliminary numbers show that, although there is little difference in the GI bill enrollment rates based on aptitude levels, the usage rates differ dramatically. The young people with the highest scores on aptitude tests are far more likely to use their GI bill benefits than those whose scores were in the average to below-average range. this early information is a useful warning that special efforts may be necessary to ensure that all GI bill participants take advantage of their earned benefits.

There is little difference in usage rates among the race/ethnicity groups. Usage rates by gender differ more than do enrollment rates with male usage below female usage, and married veterans use their benefits at a lower rate than their single counterparts. The next Department of Defense report to Congress on the Montgomery GI bill, due in 1998, will include more veterans who have passed their time limit for benefit usage. Consequently, we will then have a more accurate idea of usage trends.

Mr. Speaker, I would like to remind my colleagues that the Montgomery GI bill was enacted in 1984 in spite of powerful opposition. Because SONNY MONTGOMERY and his supporters were tenacious and committed they prevailed and won a long, hard battle. America's best and brightest young women and men have the opportunity to earn education assistance benefits through honorable military service. I want to thank SONNY MONTGOMERY and all those who participated in and supported this remarkable effort and hope we continue to support it in the future.

THE NEED TO PRESERVE MEDICARE AND MEDICAID PROGRAMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I want to address the House about the fact that increasingly and persistently we see efforts on the part of the Republican leadership, in the past in 1995, again this year, and I suspect, unfortunately, to continue through the rest of 1996, efforts to cut Medicare and Medicaid. I also want to remind my colleagues on the Republican side, and particularly the GOP leadership, about the need to pass health insurance reform.

My colleagues on the Democratic side are aware of the fact that we have within our Caucus a Democratic health care task force. Part of our effort has been to try to preserve Medicare and Medicaid and to oppose the drastic cuts in Medicare and Medicaid that would negatively impact America's seniors if the Republican proposals were to go forth in the House of Representatives and in the Senate.

Similarly, our Democratic health care task force has been supportive of legislation that was originally introduced by Senator KASSEBAUM, who is a Republican, and Senator KENNEDY, who is a Democrat, and here in the House by one of my colleagues on the Republican side, the gentlewoman from New Jersey, Mrs. ROUKEMA, that would try to reform the health care system to provide coverage, insurance coverage, for those people who lose their jobs or have to change jobs, and also those Americans who suffer from preexisting medical conditions, who are unable to get health insurance now because of restrictions in the private health insurance market.

I just wanted to say very briefly, before I went into a few details about why it is necessary to keep up this battle against cuts in Medicare and Medicaid, to say very briefly that on the issue of Medicare, the Republican plans have basically been to eliminate provider choice to seniors, to allow doctors to overcharge seniors, to force seniors to pay more out of pocket and to get less under Medicare, and basically to cut Medicare and Medicare programs for seniors in order to use the money for tax breaks primarily for wealthy Americans.

On the issue of Medicaid, most of the Republican plans have been to eliminate benefit guarantees to seniors for the disabled children and also many other American families, and to allow States to cut an additional $178 billion on top of the congressional Republican cut of $72 billion.

I wanted to start out this evening, though, by talking about the Kennedy-Kassebaum bill and the effort to provide health insurance reform this year that has basically been spearheaded here in the House of Representatives not only by Democrats, but also some Republicans who feel that modest health insurance reform is the way to go in this Congress, before we adjourn.

The President, President Clinton, pledged his support for the bipartisan Kennedy-Kassebaum bill in his State of the Union address earlier this year, and congressional Democrats have tried to work with moderate Republicans to get the bill on its way to the President's desk. The Senate passed the Kennedy-Kassebaum bill 100 to 0, unanimously. But what is holding up this bipartisan health insurance reform bill is the Republican leadership's insistence here in the House on adding medical savings accounts, a special perk for the healthy and wealthy, that lets them opt out of traditional health plans and drives up costs for everyone else who remains in traditional health plans.

The Senate voted not to include the medical savings account perk in their version of the bill, but House Republicans and right-wing Senate Republicans still demand that it be included in the final version sent to the President. I am asked over and over again, why is that the Speaker, Speaker GINGRICH, and his Republican colleagues in the leadership, are so determined to include MSA's or medical savings accounts in an otherwise bipartisan bill.

The reason, I believe, is because of the $1.2 million in political contributions to the GOP over the past year, I should say over the past 5 years, that have come from J. Patrick Rooney and other executives of the of the Golden Rule Insurance Co. which will reap massive profits if the Republican medical savings accounts plan becomes law.

A few weeks ago the Consumers Union, which is a group that puts out reports from time to time on health care issues, issued a report, actually on June 26 of this year, that is entitled ''Medical Savings Accounts: A Growing Threat to Consumers' Health Care Security.'' I am not going to get into all the details of this Consumers Union report here this afternoon, but I just wanted to touch on the executive summary which begins the report and explains why MSA's or medical savings accounts are harmful to most consumers.

It says in the executive summary of this Consumers Union report that the medical savings accounts would basically not only be a roadblock to congressional enactment of modest health insurance reform that addresses the issue of portability when people change jobs or when they have a preexisting medical condition, but basically would devastate consumers in the health care system.

So here we have a situation where we are moving or we are trying to move, those of us who support this Kennedy-Kassebaum bill, in a way that would include more people who now do not have health insurance. We know that many Americans have no health insurance, and we are trying to get more of them coverage. So we are saying if you lose a job or you transfer a job or you have a preexisting medical condition, we want you to be able to get health insurance.

But MSA's or the inclusion of MSA's in this bill would do just the opposite. It would drive up the costs of health insurance and make it more difficult for more Americans to get insured because of the increased costs that health insurance would have.

A key conclusion of this Consumers Union report says, and there are three; one, that the proposed MSA's will mean severe financial hardships for families that use MSA's because they are devoid of essential consumer protections. Families with average income would have to pay 9 percent to 23 percent of annual income for health care before MSA coverage kicks in. Now, understand that when you talk about MSA's, it is a high deductible policy. It basically says when you have a catastrophic problem, that your health care needs would be taken care of. But if you have anything less than that, your ordinary daily medical needs, then you have to pay out of pocket. The Consumers Union report says, second, that millions of consumers will find that the health insurance that they want the most, the traditional low-deductible comprehensive coverage, is no longer available to them, and third, that MSA's are likely to increase the already large number of uninsured and underinsured Americans, making it even harder for Congress to make health care affordable and accessible. I wanted to cite 10 ways that the Consumers Union mentions why MSA's harm consumers. They list them as follows.

First, MSA's expose individuals to paying the first $5,000 for health care each year before insurance coverage kicks in. This is the high deductible. For families it is $7,500.

Second, MSA's allow insurance companies to charge consumers 30 percent on all covered expenses after the deductible is met. So even after you go beyond the deductible you are talking about a 30 percent out-of-pocket cost.

Third, MSA's allow insurance companies to include low lifetime limits in their policies, leaving families unprotected against the cost of catastrophic illness.

Fourth, MSA's do not provide a cap on out-of-pocket costs.

Fifth, MSA's would lead to drastic premium increases for traditional comprehensive policies, ultimately promoting the elimination of these policies in some markets.

What you are doing here, if you are healthy or you are wealthy, you buy this high deductible MSA, but because the healthy and wealthy people are now taken out of the insurance pool, the costs for those who are left in the insurance pool goes up, premiums go up, and a lot of people simply cannot afford traditional health insurance anymore.

☐ 1530

The sixth point that Consumer Union makes is that MSA's leave benefit design up to insurance companies, allowing policies that exclude preventive care and conditions such as pregnancy.

Seventh, MSA's do not require insurance companies to accept all individuals who apply for coverage or to charge them a fair price.

Eighth, MSA's do not require employers to contribute to the high deductible insurance policy or the employee's MSA. In other words, contributions from your employer are voluntary.

Ninth, MSA's do not require employers who offer them to also offer employees a choice of a traditional low deductible comprehensive health insurance plan, your traditional health insurance plan; and, lastly, tenth, MSA's do not require employers to continue to spend the same amount on health care coverage that they do today.

Essentially the conclusion in brief that the Consumer Union report makes is that Congress should keep MSA's out of health insurance reform legislation. I could not have said it better. If we are going to see comprehensive health insurance reform passed this year in the House, in the Senate, and be signed by the President that addresses the issues of portability and makes it possible for people with preexisting conditions to get health insurance that they need, MSA's cannot be included. I have to hope that between the House and the Senate over the next few weeks or the next few months before we adjourn that an effort is made on a bipartisan basis to simply move the original Kennedy-Kassebaum bill without MSA's. Otherwise there will be no health insurance reform passed in Congress and signed into law this year, which I think would be a tragedy for so many millions of Americans who need health insurance and cannot get it now because of the restrictions that exist under existing law.

I wanted to spend a little time on the Medicare issue and also a little bit on the Medicaid issue, because Medicare and Medicaid are so important not only to senior citizens, not only to low-income people but also hospitals because so many of our hospitals and our health care institutions are heavily Medicare and Medicaid dependent and if we make the kind of drastic cuts in Medicare and Medicaid that the Republican leadership has been proposing for the last 18 months, our hospitals and our health care institutions in general will suffer, many of them will actually close, because they will not have sufficient funds to continue to operate.

Medicare right now provides quality health care benefits for over 32 million senior citizens. But again the Republican leadership wants to transform Medicare into a program of substandard care.

The Republican leadership says that Medicare is in crisis. We hear that time and time again on the floor of this House. They say that that is because it is running a deficit. But I would argue that minor adjustments, not a major overhaul, could insure Medicare solvency.

When Democrats were in the majority we made sure that Medicare was being adequately funded. In 1982 the Medicare trustees predicted that the Medicare trust fund would run out of money by 1986, but obviously that did not happen. Democrats protected Medicare and maintained a level of quality care for senior citizens into the 1990's. Now that the Republicans are in the majority, they are scaring senior citizens by saying that Medicare is again going to go bankrupt in the early part of the next decade and using words like ''reform'' to disguise their efforts to destroy the Medicare Program.

If you listen to Speaker NEWT GINGRICH, I would maintain that his real motives lie in a speech he gave during last year's Medicare debate where the Speaker said he wanted to see Medicare wither on the vine. That is a sign, I would say, of the misguided Republican leadership that Medicare would be led to wither on the vine.

So many of those who are now in the leadership, Speaker GINGRICH, Mr. Dole, now the Republican Presidential candidate in particular, did not support Medicare when it was first voted on the floor here of the House of Representatives 30 some odd years ago.

I think it is a sign of the misguided Republican leadership that Medicare has run its first ever deficit in its 31 years as a health care program for senior citizens now when the Republicans are in control of Congress.

The Republican budget that was passed just a few weeks ago, or perhaps a month ago now, calls for over $168 billion in cuts, reductions or whatever you want to call them, in the Medicare Program. I do not want to get into this debate on whether it is a real cut or a cut in the growth of the program, but in any case it is a $168 billion cut. Basically the Republican leadership is proposing to take money out of the Medicare Program in order to pay for tax breaks for wealthy Americans. Although the amount of money being taken from Medicare is significant, I do not want to downplay that, the devil is really in the details because the Republican leadership is proposing a major overhaul of Medicare to make it less efficient and more costly for seniors.

As much as we decry as Democrats the cuts in Medicare, more significant is what the Republicans are trying to do to restructure the Medicare Program. Basically their proposal calls for co-opting senior citizens into managed care. I do not have a problem with managed care per se, but I do not believe in Speaker GINGRICH's attempts to force seniors into managed care and somehow say that that is giving senior citizens more choices.

The only choice that the Republican leadership is giving to seniors under their Medicare plan is the choice to receive substandard health care. Where Medicare historically offered patients their own choice of doctors, protected against high out-of-pocket costs and

offered a guaranteed level of coverage, the Republican leadership proposal would essentially take that all away.

In addition, and this goes back to what I was saying before, the Republicans are proposing to incorporate the medical savings accounts, what we discussed before in the context of health care reform, they want to incorporate the MSA's also into the Medicare overhaul.

Last year the nonpartisan Congressional Budget Office stated that these tax breaks, the MSA tax breaks, would actually cost Medicare several billion dollars. Again an effort to restructure Medicare and, I would maintain, overhaul it in a way that has a very negative impact on America's senior citizens.

I would urge really that senior citizens again take notice of what is happening here and what is being proposed by the Republicans and call on Congress to protect Medicare from any further raids by Speaker GINGRICH and the Republican leadership.

Lastly this afternoon I want to talk a little bit about Medicaid. Medicaid many people think of as the program for poor people. But it also pays about 50 percent of all nursing home care for senior citizens. The Republican budget makes extreme cuts, $72 billion over 6 years, to the Medicaid program and allows States to cut an additional $178 billion for a grand total of $250 billion in Medicaid cuts. These Medicaid cuts are over and above the Medicare cuts I discussed before.

Without Medicaid, many middle-class adult children of nursing home parents will have to pay for their parents' expensive care while trying to send their own children through college. So keep in mind, and I say that to those Americans who would have parents or grandparents that are in nursing homes, if you have to end up paying for a lot of their care, that means less money out of your pocket that you might not have available to pay for your own children, your own children's education or other programs.

Recently the Commerce Committee voted on the Medicaid Repeal Act, the Republican Medicaid proposal. I am a member of the Committee on Commerce and I fought very hard against this bill when it came to our committee. The Republican Medicaid Repeal Act will eliminate all current guarantees of health care coverage and eliminate current guarantees of nursing home benefits to the elderly.

I offered an amendment during the markup in the Committee on Commerce that would return these guarantees in this terrible legislation, but it was rejected by every Republican on the committee. Other Democrats offered similar amendments to continue health care coverage for the disabled, for children, for pregnant women. Again, all of these were defeated by the Republican members of the committee. On top of all this, the GOP Medical Repeal Act will sharply reduce payments to hospitals for care.

I said before, I do not think a lot of people realize how dependent many of America's hospitals and health care institutions are on Medicare and Medicaid. In New Jersey, my State, a lot of hospitals have the majority of their income from those two Federal and State programs. What I am concerned about is with these steep cuts that are being proposed in both programs, a lot of hospitals in New Jersey and throughout the country will simply have to close their doors. I think at a time when Congress should be seeking ways to decrease the number of uninsured and underinsured, the Republican leadership's answers will make these problems worse. What we are talking about here is an effort to try to provide quality health care for seniors and for all Americans.

The bottom line is that more and more Americans today, and you can make a comparison with last year, 2 years ago, 5 years, 10 years ago, every year more and more Americans and the percentage of Americans are uninsured and have no health insurance. If we make these drastic changes in Medicare and Medicaid, if we do not do what is necessary to reform health care insurance along the lines of what Senators KASSEBAUM and KENNEDY have proposed, then we are going to see more and more Americans be uninsured and not have health care. The consequences to our society are severe not only today but certainly tomorrow.

The irony really, too, of the Republican budget which was passed in this House not too long ago is that in addition to making these cuts in Medicare and Medicaid, it also increases the deficit. In the past Democrats were able to decrease the deficit and still preserve Medicare and Medicaid. I think that this is just a strong indication of the misplaced priorities and values of the Republican leadership, if they find it necessary to cut Medicare and Medicaid and in the same context are actually increasing the deficit.

I remain committed to fighting these Republican efforts that would raise the deficit while slashing Medicare and Medicaid, and I know that myself and many of my Democratic colleagues will continue to speak out over the next few weeks and the next few months until this session ends to remind American seniors that we cannot make these drastic changes in the Medicare and the Medicaid program and that we need to pass health insurance reform now and certainly before the end of this session of Congress.

CLINTON ATTACKS ON REPUBLICAN BUDGET NOT BASED ON TRUTH OR REALITY

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

Mr. STEARNS. Mr. Speaker, I came to the well of the floor to talk a little bit about Medicare because I have had town meetings back in my district, and time and time again I hear from both my colleagues who have talked to the Democrats, perhaps in Florida, about the cuts in Medicare. I want to again present some information about this erroneous claim.

I know the President is continuing to run advertising claiming Republicans are cutting Medicare, which is not true. So I thought I would again just take a moment and talk about President Clinton, the budget cuts, and sort of defend what we are doing and put it in perspective.

The President has claimed that with his rhetoric about Medicare, he is saying, ''When I talk about Medicare, there's no difference about what I say about Medicare than when the Republicans talk about defense.'' The reality, however, is that since 1987 there has been a steady decline in defense spending. In fact, it is at the lowest percent of our gross national product ever. This parallel between defense spending and Medicare is not quite there. I will go into that a little further along.

Recently, in response to a question from CNN's Wolf Blitzer, President Clinton admitted in fact that Republicans are not cutting Medicare. He is right about that because spending on this program will increase at almost 7 percent a year. So the spending not only is going up, but it is going up above inflation at roughly 7 percent a year.

How could spending which increases from $5,200 a year in 1996 to $7,200 a year for each beneficiary in the Medicare program in 2002 ever be called a cut? We always hear the expression, only in Washington is that considered a cut.

I think what has to be said to the people of this country who are in the Medicare program, We have increased it 7 percent a year to 2002. We think this is enough. We think if you allow us to continue this increased spending at 7 percent and allow some choices, we can prevent this program from going bankrupt.

Perhaps more than any other issue, President Clinton has hammered away at this Medicare issue by falsely accusing the GOP of, quote, cutting Medicare, when again it is going up at 7 percent a year to 2002.

When the President was trying to sell his health care package to the American people, his message was quite different. I would like to read exactly what he said when he was proposing in 1993 a new health care plan. He said:

> Today, Medicaid and Medicare are going up at 3 times the rate of inflation. We propose to let it go up at 2 times the rate of inflation. That is not a Medicare or Medicaid cut. We are going to have increases in Medicare and Medicaid, but a reduction in the rate of growth.

So, frankly, there is the President of the United States saying exactly what we have heard Republicans say, yet the President is participating in this distortion of what is happening to Medicare.