appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

[Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. MCDERMOTT] is recognized for 5 minutes.

[Mr. MCDERMOTT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

COMMENTS ON REPUBLICAN BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 30 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, tonight I would like to once again talk about the proposed Republican cuts in Medicare and Medicaid that are included in the budget, which we are most likely going to be voting on this Thursday in the House of Representatives.

I had the opportunity on Monday of this week, just this past Monday in fact, to speak before the Edison Senior Center. Edison is the largest municipality in my district in New Jersey, and there must have been 100 senior citizens at the Edison Senior Center when I was there.

I talked to them about what the Republican leadership was proposing to do with Medicare and Medicaid once again, and how similar the proposals in this budget we will be voting on are to the cuts and fundamental changes in Medicare and Medicaid that the Republican leadership proposed last year, and which the President and which the Democrats in the House of Representatives fought so hard to keep from becoming law.

We were successful. We were successful in stopping those changes to Medicare and Medicaid last year, and many of the seniors at the Edison Senior Center, I indicated to them I felt very strongly that they and the seniors throughout the country were a big part in our effort to try to stop those changes in Medicare, because many of them wrote to their Congressmen or Congresswomen and wrote to their Senators and said they did not like the changes that the Republicans were proposing.

So I asked them to once again start a writing campaign, and talk to other seniors that they know and their family members to say we do not want these radical changes being proposed by the Republicans.

Now, as we know, this current budget plan, this current Republican plan would cut Medicare by $168 billion over the next 6 or 7 years, and cut Medicaid by $72 billion. Most of the Medicare cuts this time would be in hospital care. That is particularly important to the State of New Jersey, because many of the hospitals in New Jersey, particularly in urban areas, but also in suburban and rural areas, are having a very difficult time making ends meet. Many of them are more than 50 percent, sometimes 60 percent dependent on Medicare and Medicaid, to keep their operations going. A significant cut in either of those programs really could cause many of those hospitals to close, particularly in the urban areas.

The whole reason we started the Medicare program that was started under President Johnson back in 1963 is because many seniors did not have health insurance, and found it difficult because of lack of funds or because of their condition, their physical condition, to buy health insurance. I think a lot of times we forget what it was like prior to Medicare coming into existence, how many senior citizens did not have health insurance, how many basically were so poor and had to pay money out of their pocket if they wanted health care, so they just basically delayed it, did not go to the hospital or the doctor.

We do not want to go back to that era, the era when seniors were impoverished in order to provide health care for themselves, or when so many of them did not have any health insurance coverage.

One of the things that I told the seniors in my district on Monday is that we are not just talking about money here. I think the money aspect is important, because essentially these large cuts in Medicare and Medicaid are being used to finance tax breaks for mostly wealthy Americans. So the money is an important part of this.

But there are also some fundamental changes in the Medicare program and the Medicaid program that are being proposed here by the Republican leadership that go way beyond the monetary aspect. Essentially what it amounts to is choice, the fact that senior citizens are going to have less choices of doctors and less choices of hospitals. Because what is happening is the way that Republicans have structured these changes in Medicare and Medicaid, they are pushing more and more seniors into HMO's or managed care, where often times they do not have the choice of doctors. They cannot go to the doctor, the specialist they traditionally go to, or sometimes cannot even go to the hospital that they traditionally go to that may be nearby.

I guess one of the things that really bothers me about the Republican rhetoric on the Medicare issue is they keep stressing what they are doing with Medicare is providing more choices. That somehow choice is sort of the linchpin, if you will, of their recommendation. And I would maintain that just the opposite is true, that the way the reimbursement rate is set up is so that seniors, basically a higher reimbursement rate goes to managed and HMO's, and less to traditional fee for service, where you have your choice of doctors or hospitals. That means seniors are going to have less choices as more and more are pushed into managed care.

I am being joined here tonight by the gentlewoman from Connecticut [Ms. DELAURO] and I wanted to yield some time to her. But I did want to mention, because there was one thing before I do yield, that there was an article in the New York Times this Sunday, that although it did not mention what was happening here in the House with regard to Medicare and Medicaid per se, I think is relevant, and I mention it because they specifically mention our two States, New Jersey and Connecticut.

The article is entitled ''The high cost of plugging the gaps in Medicare.'' Basically what the article says is that Medigap insurance, which is the insurance that seniors buy in order to cover the health care programs or the health care costs that are not covered by Medicare, and about 50 percent of the seniors in this country have Medigap because they want additional coverage, that the cost of Medigap insurance is skyrocketing.

They mentioned the AARP, which has a policy sold by Prudential, that will go up an average of 26 percent more this year. They specifically mention that in New York, the average premium of the five largest Medigap insurers soared 11 percent in a year, a rate equalled or topped in Connecticut or New Jersey. In both our States, we are talking about increases in Medigap insurance that are at least 11 percent in 1 year.

I think that this is directly related to what is happening in Washington with Medicare, because as you make cuts in Medicare, and, of course, the Republicans are talking about much deeper cuts than the President or anything that the Democrats have put forward, as you make these huge cuts in Medicare, and also in Medicaid, what is going to happen is that you are going to find less services that are covered or quality of services that are covered, more out-of-pocket expenses for senior citizens, and I think that that is going to be reflected more and more in higher Medigap premiums.

The other thing it will result in is that more and more people again will be pushed into managed care or HMO's, where they do not have a lot of choices because they will opt for that, rather than have to pay for the large premium increases in the Medigap program.

I would like to yield at this time to Ms. DELAURO, who has been an outspoken advocate of protecting the Medicare program, and I believe has had a lot of impact over the last year when