

American elected to the California State Bar's board of governors. He also became the first person of color elected president of the Alumni Association for his alma mater, McGeorge Law School.

Mr. Speaker, we ask our colleagues to join us in saluting Samuel L. Jackson for a remarkable record of professional excellence and community service. The people of Sacramento are the proud beneficiaries of Sam Jackson's hard work and good citizenship.

#### MEDICARE

### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 10, 1997*

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, August 13, 1997, into the CONGRESSIONAL RECORD:

#### REFORMING MEDICARE<sup>1</sup>

Medicare has been a very successful government program in providing for the health of older persons and the disabled. It has substantially improved access to health care. Because of Medicare, the percentage of older Americans with health coverage has increased from less than 50% in the 1960s to 99% today. And since it was initiated three decades ago, life expectancy at age 65 has increased by more than it did in the six decades before Medicare. All of this has made Medicare one of our most popular social programs.

But Medicare has some major cost-related problems. First, its sharply increasing costs have been a major contributor to the large budget deficits of recent years. In just three decades its costs have grown to about 2½% of the nation's gross domestic product (GDP). And if no action is taken it will claim nearly 4% GDP ten years from now and 8% of GDP by the middle of the next century. It is simply not possible to balance the budget and keep it balanced unless large Medicare savings are achieved. Second, the numbers driving the future projections are simply relentless. Today we have 24 million retirees, but when the baby boom generation is fully retired the figure will be 48 million. Yet the number of working-age citizens whose payroll taxes finance most of the Medicare benefits will increase only 20% in that period and Medicare spending per beneficiary continues to rise. Third, excess care is often provided, as beneficiaries simply do not have to decide if medical services are worth their cost. And providers do not have sufficient incentive to reduce the cost of medical services because their payments are based on the number and type of services they provide. Finally, the amount of fraud and waste in the Medicare program, is huge. The government spends about \$200 billion a year on Medicare, yet recent estimates are that ½ of that consists of overpayment. We now have only about one agent to investigate every \$10 billion of Medicare spending.

Program Changes: Given the rapid projected growth in Medicare, it is not politically realistic to expect tax increases to restore solvency to the program, especially in the current anti-tax mood in the country. Thus Congress is focusing on cutting back costs and restructuring the Medicare program. There are three main approaches: cutting back payments to providers (doctors and hospitals), requiring Medicare beneficiaries to pay more, and restricting Medicare to provide for market-based incentives.

These approaches are not mutually exclusive, and reform is proceeding along all three lines.

Cutting back payments to providers: Medicare's prospective payment system for hospitals has helped curb payments to providers. This system creates roughly 470 diagnosis-related groups (DRGs) into which hospitals admissions have to be placed. It is a complex system, but it has created incentives for hospitals to be more efficient. Yet the prospective payment system is no panacea. The payments apply only to certain Medicare-covered services, and when payments to providers are cut back they often respond by performing more services to offset some of their income loss. The recently passed budget reconciliation agreement achieved most of its savings by curbing and reforming payments to providers, but it is generally agreed now that cutting back fees is not a long-range solution to the Medicare problem.

Making patients pay more: Another approach is to make the beneficiaries—the patients—pay more. More of the burden could be shifted to beneficiaries by increasing their costs or increasing the age of Medicare eligibility. In general, most of the experts think that it makes some sense to impose at least part of the burden on Medicare beneficiaries since they are the ones who receive the benefits. This year Congress considered proposals to strengthen Medicare's financial condition by charging extra premiums to wealthier retirees, raising the eligibility age, and imposing a co-payment of \$5 per visit for home health care services. None of those proposals survived in the final bill, but there is broad agreement that it would be a mistake to consider them dead.

Restructuring program: The third approach is to redesign the Medicare system in a way that can improve its efficiency. Today Medicare guarantees people a particular insurance plan. An alternative, "choice-based", system would guarantee people a fixed amount of money with which to purchase health insurance, but it would not specify which policy they are to receive. The shopping for insurance plans would encourage the plans to be more efficient and would create more competition. A choice-based system probably holds the most promise for restraining costs, but it will not be easy to implement. The choices offered, the price, the eligibility for the plans, and how to protect poorer beneficiaries all would have to be worked out.

Congressional Action. Congress must soon begin a fundamental reexamination of this immensely popular but hugely expensive program. I believe Americans understand the need for change. They recognize the amount of fraud and waste in the Medicare system and also realize that the projections about its future growth mean the program in its present form is unsustainable. But Medicare reform is as difficult as it is essential. The temptation for the politician is to deal only with the problems of the next few years but not much beyond. But Medicare will need more than that. It is certainly going to be a major test of the nation's political system to see if it has the capacity to resolve the problems for the longer term rather than to lurch from one crisis to another.

The sooner we begin restructuring Medicare the more options we will have and the less wrenching the changes will be. Whatever changes are made, caution and prudence will be virtues in dealing with a program as vital to millions of vulnerable Americans as Medicare. The reform process should proceed at a deliberate pace. It does not have to be accomplished all in a matter of two or three years. It will be complicated, divisive, and time-consuming. I doubt very much if we get

it correct the first time. Mid-course corrections and adjustments will be necessary throughout the process, but it is very clear to me that we should get on with the job.

<sup>1</sup>Material taken from *Setting National Priorities: Budget Choices for the Next Century*, Robert D. Reischauer, Editor, The Brookings Institution Press, Washington, DC, 1997.

#### SAINT JOAN OF ARC ELEMENTARY SCHOOL AWARDED NATIONAL BLUE RIBBON AWARD

### HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 10, 1997*

Mr. MANTON. Mr. Speaker, I rise today to recognize the outstanding work and educational achievements of Saint Joan of Arc Elementary School in Jackson Heights, NY. The school has recently been selected as a Blue Ribbon School Program winner by the U.S. Department of Education.

Established in 1982, the Blue Ribbon Schools Program honors elementary and secondary schools that offer rigorous, efficacious curricula to their students. Schools selected for the Blue Ribbon Award must have challenging academic standards and curriculum, high retention and graduation rates, strong school, family, and community partnerships, excellent teaching and teacher development, and must provide a safe, disciplined, drug-free learning environment for their students.

Schools were nominated by State education agencies, the Council for American Private Education, and the Department of Defense Dependents Schools. Schools selected for recognition conducted a rigorous self-evaluation involving administrators, faculty, students, parents, and community representatives in the completion of their nomination application. This self-evaluation included an assessment of the school's individual strengths and weaknesses and the development of strategic plans for the future.

Saint Joan of Arc Elementary School is one of only 36 private schools and 226 public schools selected from among the 527 schools, from over 40 States, to be nominated this year. Saint Joan of Arc is the only school in the city of New York and the only Catholic School in the State of New York to be so honored.

In today's world where many students are forced to attend school in overcrowded classrooms, learn from outdated textbooks, do without the most basic computer technologies, it is imperative that we commend and encourage those institutions and educators who excel.

Mr. Speaker, I know my colleagues join me in congratulating the administrators, faculty, and students of Saint Joan of Arc School on their outstanding achievement.

#### INTRODUCTION OF THE FAIR ACCESS TO INDEMNITY AND REIMBURSEMENT [FAIR] ACT

### HON. HARRIS W. FAWELL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 10, 1997*

Mr. FAWELL. Mr. Speaker, I rise today to introduce a bill which will level the playing field