

am very happy to wait longer. I understood the Chair wanted to be recognized for 2 or 3 minutes, also.

The PRESIDING OFFICER. The Chair did, but it has gotten too late and he has abandoned that desire.

Mr. GRAMM. Is the Senator from West Virginia waiting to speak? I will be glad to withhold and let him speak and then I will speak.

Mr. BYRD. Mr. President, the Senator is very kind and considerate. I was waiting to speak, but the Senator from Texas may have to go farther, a greater distance than I would have to go if I were going to West Virginia today. I ask unanimous consent that I may be recognized at the completion of the remarks by the distinguished Senator from Texas, Mr. GRAMM.

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

Mr. BYRD. I am delighted to listen to what the distinguished Senator from Texas has to say.

Mr. GRAMM. Mr. President, let me reiterate, in fact, when the Senator from Alaska finished his speech, Senator BYRD and I were having a conversation. I had thought as I left my office that he had spoken. I assumed that he was simply here listening to the Senator from Alaska.

Again, I reiterate, if the Senator from West Virginia had come over to speak, he was on the floor before I was, and I believe he should be recognized.

Mr. BYRD. No, no, Mr. President, I hope he will not be under the burden of thinking that I have a feeling about this. I am perfectly agreeable to wait a little longer, just so I can get in line immediately after the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. GRAMM. Mr. President, this reminds me of the time when I was on the elevator for the first time with Senator THURMOND, and Senator THURMOND insisted that I get off the elevator before he did. I determined when I was on the elevator with Senator THURMOND again that I would not get off the elevator before Senator THURMOND did. But I was wrong. I stood there for almost 2 minutes insisting that Senator THURMOND get off the elevator before I did. In the end, Senator THURMOND had more patience. I got off the elevator first.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. GRAMM. I will be happy to.

Mr. BYRD. I like to try to live according to the Scriptures, which say that the first should be last and the last should be first. I thank the Senator.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Texas.

HEALTH CARE

Mr. GRAMM. Mr. President, our dear colleague from Massachusetts came over today and responded to a speech I gave yesterday. As he always does—and

I think it is one of the things we admire about him—he spoke with great passion because I think he clearly is one of our Members who cares deeply about these issues. Whether he is right or whether he is wrong, I think we all respect that in one of our fellow Members.

What I would like to try to do is to briefly respond and make the key points that I made yesterday, given that so much reference has been made to the speech of yesterday, and try to make all these points in such a way as to deviate from my background as a former schoolteacher and be brief so that Senator BYRD can give his speech and we can both go home for the weekend.

Yesterday, I made the point, which I am continually struck by, that 5 years ago in the Senate, we were debating a proposal to have the Government take over and run the health care system. A substantial majority of the Members of the Senate at the beginning of that debate, following the lead of Senator KENNEDY and President Clinton, had decided that the problem we had in American health care was access; that 40 million Americans didn't have health insurance and that a price we should be willing to pay to solve that access problem was to deny people the freedom to choose their health care provider and force every American into a health care purchasing cooperative or health care purchasing collective which would be one giant HMO run by the Government.

I have on this desk—and I want to be careful because one of these bills fell on my foot over there and I want to be sure all of them don't fall—but I have here those bills from 5 years ago. Each one of these bills denied the American people freedom to choose their health care provider, forced them into a Government-run collective in order to deal with the problem of access.

Each one of these bills, this massive pile of bills—Kennedy I, Kennedy II; Moynihan I, Moynihan II; Mitchell I, Mitchell II, Mitchell III and Mitchell IV—each of these bills was about denying Americans the freedom to choose their doctor, choose their health care, choose their hospital, and we had a big debate about it 5 years ago. The argument from the sponsors of these bills was that the denial of this freedom was a small price to pay in order to guarantee access to health care.

I had an alternative then. It was a very modest bill. Here is a copy. I want people to see what freedom looks like. It is simple.

It was a small bill, as these kind of bills go. Basically, what it did was deal with the access problem by helping people who didn't have health insurance to get it without denying freedom to everybody else. It established risk pools at the State level where we would help people with preexisting conditions get health insurance.

But the point is, the same people who are saying today that we should be

willing to drive up costs and deny access to people in the name of guaranteeing freedom are the same people who 5 years ago said, "Let's deny freedom in the name of access." Now, 5 years later, after we debated the original Kennedy-Clinton bill—and I am very proud to have played a small role in seeing that effort defeated—5 years later, now we have the same people saying, "The problem is not access—don't worry that by driving up costs millions of Americans might lose their health coverage—the problem now is HMOs."

Five years ago, the same people were saying, "HMOs are so wonderful that we ought to have one HMO run by the Government, and it will be great for everybody." Now they say HMOs are evil and what we have to do is, we have to regulate HMOs.

What I would like to do is simply explain why the new approach is not the approach that I believe we should follow. Let me first define the real problem with HMOs, then what I believe the solution is. And then I want to say a little bit about the bill, and I will be finished.

Fifteen years ago, almost every American had a low deductible health policy funded by either Medicaid, Medicare, or by themselves and their employer through private health insurance. These were health insurance policies where the person who bought health care, using this coverage, paid relatively little of the cost.

Fifteen years ago, the average American who went to the hospital was responsible personally for paying only about 5 percent of the bill. And this was a wonderful system. It produced the greatest quality health care the world has ever known. It created wonderful new technology, but it had one terrible problem, and that is, we could not afford it. And it is easy to see why we could not afford it.

If you can imagine—imagine you had grocery insurance that, when you went to the grocery store, paid 95 percent of the cost of the food you put in your basket. If we had grocery insurance like we have health insurance, when we went to the grocery store, we would end up eating differently, and so would our dog. The grocery stores we know today would be totally different. You would have 20 or 30 times as many people working at the grocery store. You would have all kinds of precooked foods. You would have all kinds of specialty items. And grocery costs would be exploding. We would all be cussing the cost of grocery insurance.

So it is not surprising that our old fee-for-service medical system, with low deductible insurance where the patient did not care about controlling costs, the physician did not care about controlling costs, and so nobody controlled costs—it is not surprising that that system did not work.

The Government talked about it for 15 years, but we never did anything about it. There are a lot of things we

could have done. We could have let people have tax deductibility to buy their own health insurance, so that if I did not like the health insurance provided by my employer, I could take the employers contribution and with some of my own money, on a tax-deductible basis, choose and buy my own health insurance. We did not do that, have not done it to this day. There are other things we could have done, but we did not do them either.

The private sector started to respond to the problem, and the net result is that we now have over 100 million people who are in HMOs.

HMOs have advantages and disadvantages like anything else in life, with any choice you make. If you buy a Cadillac, the advantage is, you have a good car; the disadvantage is, it costs a lot of money. If you buy a Chevrolet, the advantage is that it does not cost as much as a Cadillac, but generally it is not as good or as fancy. And we should not be surprised that in life, even with the Government, we face these kinds of tradeoffs.

We have over 100 million people in HMOs. The advantage of HMOs is that they are more efficient, they do control costs, they have brought the medical price index down from twice the Consumer Price Index—twice the growth as goods in general—down to the same growth as goods in general.

Fifteen years ago, we would not have believed that it was possible, but it has happened. But there is a disadvantage. And the disadvantage is, when you enter into a contract with an HMO, you are bound by the terms of the contract. It describes what they will cover and what they will not do, and the HMO exercises some control over the amount of health care you consume and from whom you consume it. And everyone knows that when they enter into these contracts.

This creates a problem, which Senator KENNEDY and others have put their finger on, and which is a real problem. The problem is that you have, in these HMOs, gatekeepers whose job it is to try to see that you get good enough health care to meet your needs, so that next year you renew with the HMO, but they also attempt to prevent the consumption of health care that you do not need because such usage drives up costs. The problem is, they are deciding—not you.

So I have likened the problem to, you go to the doctor, you go into the examining room, and instead of being alone with your doctor, you have—not literally—but figuratively, you have a gatekeeper in the examining room with you. And you want him out. You want to be in the examining room with your doctor. You do not want somebody there, who is not a doctor, second-guessing your doctor. That is the problem. On that point, Senator KENNEDY and I are in agreement.

The question is, How do you fix it? How do you get a Cadillac at Chevrolet prices? Well, nobody has, throughout

5,000 years of recorded history, figured out how to do that. Maybe we will. But if we do, we will be the first. But the point I made yesterday was that in reality the solution that is being proposed in the Kennedy bill can be depicted as I've done here, using a Greek invention, the stethoscope.

The problem basically is that here you are with your heart right on the other side of this stethoscope, and what you want is, you want your doctor's ears at the other end trying to be sure that your heart is working right and fixing it if it is not. Senator KENNEDY's complaint is that in a very real sense the HMO has this gatekeeper who is listening in on the stethoscope. You would like to get him out of the examining room.

But in an incredible paradox, the bill that Senator KENNEDY presents not only does not get the HMO gatekeeper out of the examining room but it brings two other people in. It lets the Government hire a bureaucrat, who comes in and he gets his ears to the stethoscope so that he can regulate your HMO and your doctor, and then, under the Kennedy bill, you can also hire a lawyer who can come and listen so that he can join the bureaucrat in listening to your heart with your doctor and with the HMO so that he can sue the HMO and sue the doctor.

The point I made yesterday was that, people are already unhappy about having the HMO gatekeeper in the examining room with them. And we are certainly not going to make them happier by bringing in a Government bureaucrat, who we choose, and by letting them hire a lawyer.

What they want, literally and figuratively, is to be alone with their doctor in their examining room. What they want is a system where their doctor is using this stethoscope; their heart is at this end and their doctor's ears are at this end, and nobody else is involved. That is the ideal that people want.

Now, how can we get it? I believe the best way to get it is to make a dramatic change in the system. Therefore, I and others have proposed what we call medical savings accounts. Here in essence is how it works: Say I currently have a Blue Cross/Blue Shield policy, standard deduction, and it costs about \$4,000 a year. It has very low deductibles. If that policy had a \$3,000 high deductible, I could buy it for about \$2,000. What the bill that I have introduced with Senator NICKLES and others would do is give people the choice. It doesn't make anybody do it. Nobody is forced under our bill to do anything. They can stay in the HMO they are in if they are happy. We set out reasonable things to do to try to deal with the problems that Senator KENNEDY and others have raised, without driving up costs and forcing young working couples out of the health care market and out of their HMO because they can't afford it.

In addition to that, we do something more important; that is, we give people

the right to choose a medical savings account. Here is how it would work: I am a young man and I am married to a young woman. We have two little children and we are both working hard and we both have modest incomes. It lets my employer join with me in buying the high deductible policy I've described, with a \$3,000 deductible. Then we would take the \$2,000 we saved—we bought the high deductible policy for roughly \$2,000; we were paying \$4,000 for Blue Cross/Blue Shield—and we put the \$2,000 into a medical savings account out of which I can pay deductibles. At the end of the year, if I don't spend the money on medicine, I get to keep it. I can use it to get braces for my children or I can get tutors for them or save it and send them to Texas A&M, the University of West Virginia, or the University of Alabama, or wherever they want to go.

Now, that is how this system is different because 90 percent of American families don't spend \$3,000 on medicine. If I go to the doctor and he says, "PHIL, you have a headache. I think it is just a headache. Take two aspirin. If it doesn't go away, come back in 2 days and we will give you a brain scan which costs \$1,000, or we can give you the brain scan right now." Currently, I might ask, well, does my insurance cover the brain scan? If it does, it is interesting, you get to look at it, I may say let's do the brain scan right now. But if I would get to keep that money for my children, and I am a truck driver, my wife is a waitress, I will say, you know, Doc, I will take those two aspirin. If it doesn't go away I will come back.

One of the benefits of the medical savings account is that it provides incentives to be cost conscious. But that is not the most important thing. The most important element is it allows me freedom to choose.

I showed this chart yesterday and I will show it several times in this debate because it is so important to me and I think to the people I represent. I and my staff did a little experiment. We took one column of doctors on one page selected at random from the Yellow Pages. We called up every one of these doctors and we took the most popular, most-participated-in HMO in our region, which is Kaiser HMO. We took the largest participating PPO, preferred provider option, which is Blue Cross/Blue Shield preferred provider. Then we called everybody on this list and said, "Do you take Kaiser HMO?" In other words, we called William D. Goldman, pediatric and adolescent medicine, and we said, "Do you take Kaiser HMO? Do you take Blue Cross, PPO?"

When we did this, 10 of the physicians listed on page 1017, in the left-hand column, took Kaiser payments. If I were a member of Kaiser, I could have gone to 10 of these physicians. If I were a member of Blue Cross/Blue Shield preferred provider, 17 of them would have taken me.

But if I had a medical savings account, and even though the current law doesn't really permit a full-blown system to work, there are several options. One is Golden Rule Insurance in Indiana. They give you the option of a medical savings account checking account. Out of that checking account you pay your deductibles, and above that level they pay for the costs. We have other MSAs that use Mellon Bank with MasterCard. This is your medical savings account. It keeps the record for you as to what you are spending the money on. And then American Health Value Medical Savings Account uses Visa.

Let's just assume that you have a baby and your baby has a fever of 104 and you want to go see William D. Goldman who is in pediatrics and adolescent medicine. You call him. If you are with Kaiser—he may be one of the 10 people on this list that takes it, but he may not be; if you are with Blue Cross PPO you call up, he may be one of the 17, he may not be; but if you have a medical savings account, which I want people to be allowed to choose, you call up and you don't say do you participate in Kaiser HMO? You don't say do you participate in Blue Cross PPO? You simply say, Do you take a check? Or, Do you take MasterCard? Or, Do you take Visa?

The point being, every single person who is a physician on page 1017 in column 1 of the Yellow Pages takes a check, MasterCard and Visa. If my baby is sick I don't have to go to some gatekeeper to get to see a specialist. All I do is take my Visa and go. I make the decision. The medical savings account sets me free. It makes me the decision maker. It gives me the freedom to choose. I believe that is a better way.

Finally, we have had a lot of discussion about trying to get started on this debate. We have 10 days left in the session. We have a lot of things left to do in this session. We have passed to completion, I think, only one appropriations bill which has been signed into law. We know at some point we have to deal with all of those legislative problems. We don't know how they will all work out. It will take lots of time and lots of long nights.

Senator KENNEDY and others have a proposal that they believe is the answer to our health care system. Senator NICKLES, I and others have a proposal that we think should be part of the health care system. Granted, the normal procedure of the Senate would be to bring a bill to the floor, have unlimited debate, and unlimited amendments. We could do that, but I think everybody here knows with 10 days left we will not pass a bill if we do that.

So a proposal has been made to let Senator KENNEDY and others write their bill however they want to write it, make whatever changes they want to make in it, and we will agree to set a time to vote on it—as the Presiding Officer knows, and as many people who follow our debate know, we often operate under what is known as unanimous

consent where we agree to a more truncated procedure.

What I have proposed is the following: Let those who have an idea write their bill exactly as they want it written. In the case of Senator KENNEDY, I don't want to change his bill before we vote on it. What often happens in that process is we get something that nobody wants and that doesn't work. The proposal I have made is that we enter into unanimous consent that Senator KENNEDY and others can present their proposal and we will vote on it, up or down, without amendment, however they write it. Then Senator NICKLES, I, and others will present our proposal. If their proposal gets 51 votes, then it will be adopted by the Senate. If our proposal gets 51 votes, it will be adopted by the Senate.

Now, it is true that that is not the normal way we do business. But with 10 days left, if we really want to pass a health care bill, that is the option we are down to. I believe we have written a good bill. I am proud of our bill. I know Senator KENNEDY is proud of his bill, and I am sure he feels at least as passionately about his as I do about mine. But the point is, we are never going to get to choose his bill or choose the bill I and others have worked on, unless we work out some kind of accommodation, because we only have 10 days left in the session.

So we are down to having to make a decision. Do we want to take this into the election and campaign on it and then come back, which is perfectly legitimate? I am not criticizing anybody for wanting to do that. But if we do, then I think we would continue the standoff and then this would be an election year issue and we would decide next year. On the other hand, if we actually want to pass a bill this year—and the House has passed a bill—the only way I can see that we can do it is with an agreement where we simply present the bills and let the Senate vote up or down on the bills. I don't have any desire to amend Senator KENNEDY's bill. I want him to have his best shot, and then we would have ours.

I thank the Senator from West Virginia for withholding and allowing me to speak.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the Senator from Texas for a very interesting statement concerning the health bills. I admire the Senator from Texas. I admire his ability. He is one of the most articulate Members that I have ever seen in my 40 years in the Senate. He has one of the best brains, I would say, of any of those that I have seen on both sides of the aisle in those 40 years. I think Darwin's theory of natural selection would not explain how this kind of a brain developed. I take my hat off to people like Senator GRAMM for the extremely high intelligence that is obviously there.

THE UNITED STATES IS A
REPUBLIC

Mr. BYRD. Mr. President, Americans, commonly speaking, refer to our form of government as a "democracy." I often try to talk with our little pages—both Republican and Democratic pages—out in the lobby from time to time. I tell them the story, "Acres of Diamonds," Tolstoy wrote, "How Much Land Does a Man Need," and I tell them the story, that Russell Conwell, one of the early chautauqua speakers, said he had given 5,000 times. I tell them various other stories, and I always try to help them to learn some things about the Senate, about our Constitution, and about our form of government. Recently, I said to the little pages, "Now, is this a democracy? What form of government is ours?" And I said to them about the same things that I am going to say here with reference to a democracy versus a republic.

Again, Americans, commonly speaking, refer to our form of government as a "democracy." One reason for this is because politicians of all political parties generally refer to our government as a democracy. Politicians generally do that. Glib references are constantly being made anent our democracy. But our form of government, strictly speaking, is not a democracy. It may more properly be called a representative democracy, but, strictly speaking, ours is a republic. "We pledge allegiance to the flag of the United States of America and to the Republic for which it stands"—not to the democracy for which it stands.

Incidentally, I was a Member of the other body when the House passed the law on June 5, 1954, inserting the words "under God" into the Pledge of Allegiance. Exactly 1 year from that day, on June 5, 1955, we passed a law requiring the words "In God We Trust" to appear on our currency and coins. There are the words on the wall in this Senate Chamber just below the clock, "In God We Trust." We passed that law in the House on June 5, 1955. I will always be proud that I was a Member of the House of Representatives when we passed those two pieces of legislation.

So we pledge allegiance "to the flag of the United States of America and to the Republic"—not to the democracy, but to the Republic—"for which it stands." We operate by democratic processes. Ours is a democratic society—I have no quarrel with that—but we do not live in a pure democracy. This is a Republic. We ought to get it straight. High rhetorical phrases referring to our form of government as a democracy constitute somewhat idle talk, and we politicians especially ought to know better.

I sent over to the Library and got a civics textbook by R.O. Hughes, vintage 1927. I studied civics in 1927. That was the year Lindbergh flew across the Atlantic and Jack Dempsey fought Gene Tunney to regain the heavyweight title, but he didn't regain it.