it needs to conduct timely reviews of studies and labeling changes; and establishing an Office of Pediatric Therapeutics within FDA to coordinate activities among review divisions and provide oversight for all pediatric activities undertaken by FDA.

Finally, I would like to address a concern that has been expressed by many in the press, and rightfully so. No one can ignore the risk involved in having children participate in clinical trials. Parents with sick children, sadly, have to weigh these risks and make treatment decisions. I want to commend Senator DODD for his foresight in this area of providing research protections for children involved in clinical trials. With the increase in pediatric research through this law and other laws, we needed to ensure that research protections exist and are strengthened, if necessary.

That is why last year, in the ''Children's Health Act,'' Senator DODD and I proposed language that would ensure that federally funded, conducted, and regulated research adheres to scientific and ethical review standards. There is currently a review of these federal protections for children involved in clinical trials to further ensure that the highest standards of scientific and ethical review are in place. The alternative to clinical trials is uncontrolled, unregulated, and unreported studies of smaller groups of children. Pediatric experts agree that controlled clinical trials are the much-preferred alternative.

We must make the health of our children a priority. Through our new bill we are doing that. We are furthering the success of current law by providing parents and doctors with more information to make better informed decisions when medicating children. Our children deserve no less.

I urge my colleagues to support this important measure.

By Mrs. HUTCHISON (for herself, Mr. BAYH, Mr. HUTCHINSON, Mr. BURNS, Mr. KERRY, Mr. CHAFEE, Mr. KENNEDY, Mr. HELMS, Mrs. CLINTON, Mr. SCHUMER, and Mr. BIDEN):

S. 839. A bill to amend title XVIII of the Social Security Act to increase the amount of payment for inpatient hospital services under the medicare program and to freeze the reduction in payments to hospitals for indirect costs of medical education; to the Committee on Finance.

Mrs. HUTCHISON. Mr. President, I rise today to introduce, along with Senators BAYH, HUTCHINSON, and several other distinguished colleagues, the American Hospital Preservation Act.

Our hospitals are the very foundation of our health care system, a system that is considered the best in the world. To ensure this quality of care remains at this high level, we cannot ask yet more cuts of our financially troubled hospitals.

Two such cuts currently being faced by our nation's hospitals are a reduction in the annual inflation update hospitals receive for their Medicare payments, and a reduction in the Medicare adjustment teaching hospitals receive to support their medical education programs. Both of these issues are critical to the long-term stability of hospitals, and to maintaining the scope and quality of the care they provide.

We do have the best health care in the world. Why should we put it at risk? Especially when the savings we have achieved already are far in excess of what was originally estimated. In other words, the cuts that were enacted have more than achieved their goals. There is no more fat left to trim.

Last year, through enactment of the Medicare, Medicaid and SCHIP Benefit Improvement and Protection Act, BIPA, we were successful in getting approximately half of the annual market basket update restored for our hospitals. In addition, we delayed further reductions in the indirect medical education, IME, adjustment for teaching hospitals. This legislation would build upon that success, and would help to ensure hospitals' long-term financial stability. In effect, it would preserve the ability of American hospitals to continue to provide the highest level of health care to be found anywhere in the world.

With respect to the IME provisions of this bill, all of the evidence points to the fact that the financial health of major teaching hospitals continues to deteriorate. In fact, with projections that Medicare margins could drop to negative 3.8 percent by 2005, it is becoming an increasingly common phenomenon that when a Medicare patient walks in to a hospital, he or she represents a money loser for that institution. While our hospitals must remain committed to providing care no matter the patients' circumstance, that sort of monetary shortfall will logically result in many hospitals closing down. Or, as we have seen happen many times recently, many hospitals will dramatically scale back their outpatient and other services for those in need.

Particularly in the rural areas of our nation, having a hospital close down would mean losing access to life-saving medical services. It would also have a dramatic effect on the community's economy. Hospitals are often the core components of the local community. To have the hospital close down would mean the loss of jobs and of businesses. It would have a ripple effect on the neighborhood, destroying its sense of stability and community.

This legislation addresses the unique situation of teaching hospitals. These hospitals, which are centers of experimental, innovative and technically sophisticated services as well as routine care and services, tend to incur much higher costs. We must recognize the higher costs these teaching hospitals incur to provide adequate learning experiences and faculty support to medical students. To do this, we must increase the indirect medical education adjustment one percentage point to 6.4 percent for FY 2003 and the future.

In addition, this legislation will reverse cuts previously enacted by Congress regarding the annual market basket updates. These cuts are unnecessary and harmful. For a hospital to effectively compete for skilled workers, especially in these days of tight labor markets, it is critical to have an adequate overall revenue stream. Medicare's measure of inflation, the market basket update, plays a key role in determining the adequacy of these payments from year to year.

As hospital costs increase rapidly in every area from labor to pharmaceuticals to blood and blood products to the costs of compliance with new regulations, the market basket update must keep pace. This legislation eliminates the update reductions mandated earlier.

It is critical that we not neglect our health care system and that we continue to invest in the very foundation of that system, our hospitals. I look forward to working with my colleagues on both sides of the aisle to ensure that this bill meets that objective yet still fits within our overall budgetary constraints.

This legislation represents our obligation to not only our most vulnerable citizens, but also to all Americans. Our hospitals provide the highest level and quality of care in the world. This bill ensures that they will be able to continue to do so, and I urge my colleagues to cosponsor and support it.

AMENDMENTS SUBMITTED AND PROPOSED

SA 378. Mr. KENNEDY (for Mrs. MURRAY) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) to extend programs and activities under the Elementary and Secondary Education Act of 1965.

SA 379. Mr. KENNEDY (for Ms. MIKULSKI (for himself and Mr. KENNEDY)) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

SA 380. Mr. ALLEN (for himself and Mr. WARNER) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

SA 381. Mr. ALLARD submitted an amendment intended to be proposed by him to the bill S. 1, supra; which was ordered to lie on the table.

SA 382. Mr. DODD proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) supra.

TEXT OF AMENDMENTS

SA 378. Mr. KENNEDY (for Mrs. MURRAY) proposed an amendment to amendment SA 358 proposed by Mr. JEFFORDS to the bill (S. 1) to extend programs and activities under the Elementary and Secondary Education Act of 1965; as follows:

On page 383, after line 21, add the following:

SEC. 203. CLASS SIZE REDUCTION.

Title II of the Elementary and Secondary Education Act of 1965, as amended by sections 201 and 202, is further amended by adding at the end the following: