

Success has many fathers and anyone would be hard-pressed to limit just one Democrat as critical to the success we have today. Senators BREAUX, BAUCUS, and KENNEDY have all been as unwavering as they have been untiring in their efforts to provide prescription drugs to our senior citizens. On our side of the aisle, Chairman GRASSLEY skillfully navigated this bill through the Finance Committee to a strong bipartisan vote. Senator NICKLES, the Budget chairman, is to be commended for ensuring full funding of the President's Medicare proposal in the budget and his tireless work to ensure the bill keeps faith with the President's original proposal and the future generations his proposal sought to protect. I look forward to continuing working with him to produce the best bill possible.

I want to say again the efforts of our colleagues, Senator CHUCK HAGEL and Senator JOHN ENSIGN, with their innovative proposal, which I hope will be thoroughly vetted in the course of this debate, are to be commended for their outstanding leadership on this issue. Combined, these efforts have produced a bill that will strengthen and improve Medicare and guarantee a prescription drug benefit. It will improve the quality of Medicare to guarantee its benefits for our parents and our children. It preserves traditional Medicare while allowing seniors to choose a benefit package that best fits their needs and gives them the same type of choices enjoyed by those of us in Congress and other Federal employees. It protects low-income seniors by giving them additional help in paying for prescription drugs. It protects all seniors from catastrophic drug costs. It addresses many of the problems associated with rural health care for our seniors on Medicare.

Debate on this bill will be difficult. Some will say it does too little. Others insist it does too much. Some will say the reforms go too far. Others will say the reforms do not go far enough. Where I stand is about where the President stands. He applauds the product but believes we need to do more reform, and I agree with that entirely. He believes in a fair competition between Government and the private sector to provide goods and services at the lowest costs, the private sector will win. I certainly agree with that, provided we craft this in a way that gets the private sector a chance.

He believes any reform of Medicare must begin with the infusion of private sector responsiveness and cost control. Again, I certainly agree.

The questions we share are: Will we achieve more reform? Will we ensure fair competition between the Government and the private sector? Will the reform we inject exceed the costs of the new benefit? That is what this debate is about. Today we begin to shoot with real bullets. This is no longer a ploy for the next election; this is about the next generation. This is not just about Medicare prescriptions; it is about

Medicare preservation. This is not just about our parents and our grandparents; it is about our children and our grandchildren. If we keep this in mind, I believe we can produce a product that preserves the social contract of Medicare with our parents, as well as our children.

I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

PRESCRIPTION DRUG AND MEDICARE IMPROVEMENT ACT OF 2003

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 2 p.m. having arrived, the Senate will proceed to the consideration of S. 1 which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1) to amend title XVIII of the Social Security Act to make improvements in the medicare program, to provide prescription drug coverage under the medicare program, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. HAGEL. Mr. President, I wish to acknowledge my colleague, the distinguished Republican assistant majority leader, for his remarks.

I see Senator KENNEDY in the Chamber.

Senator KENNEDY, thank you for your leadership.

I have a statement, and my understanding is that we will then rotate statements on both sides for the rest of the afternoon.

Over the next 2 weeks, the Senate will begin a historic effort to reform and strengthen Medicare. What we do here over the coming weeks will affect every American and future generations. Health care is a defining issue for our Nation. We must take the long view and recognize that if we do it right, the changes we make in health care, in the delivery of that care, will result in improved access to quality care and lower costs for Americans well into the future. This must be our objective.

The Senate Finance Committee bill represents a good solid beginning. The Senate Finance Committee, under the leadership of Chairman GRASSLEY and Ranking Minority Member BAUCUS, deserves great credit for its hard work and efforts in bringing the bill to the floor of the Senate. Over the next 2 weeks, the Senate will work with members to improve upon their bill.

Medicare is one of the two largest programs in the Federal Government. Today, Medicare covers over 40 million Americans, including 35 million over the age of 65 and nearly 6 million younger adults with permanent disabilities.

Medicare serves all eligible beneficiaries without regard to income or

medical history. It is projected to pay out \$269 billion in both Part A and Part B benefits this year. This accounts for 13 percent of the Federal budget and \$1 out of every \$5 spent in America on health care.

In 1965, when Medicare was created, only about half of America's seniors had health insurance and fewer than 25 percent had adequate hospitalization insurance. Now, because of Medicare, nearly all seniors have coverage. Medicare has been good for seniors and has become a dominant part of the U.S. health care system.

But Medicare does more for seniors than protect their health. Medicare improves their quality of life. Since Medicare was enacted, people are living longer and living better. Life in America has changed dramatically over the last 40 years, especially health care.

Medicine today addresses all conditions and diseases, with a special emphasis on preventive medicine and management of chronic conditions. This includes an emphasis on prescription drugs, diet, exercise, and lifestyle—health dynamics that were not given much consideration when Medicare was enacted in 1965.

Medical technology has exploded, and we have experienced a revolution in the development of new and effective pharmaceuticals. Outpatient treatment and prescription drugs have become mainstays of medical care, but the Medicare Program does not reflect these changes in health care. Like medicine itself, the Medicare Program must adjust and reform to address these new realities in health care delivery, consumer demand, and costs. Medicare is a 1960s model trying to operate in a 21st century world. Our goal in this debate is to bring this valuable program in line with today's health care needs in a responsible and sustainable program and prepare for the future.

As we look forward, we should also heed the lessons learned when Medicare was created. When Medicare was enacted in 1965, the Federal Government's lead actuary at the time projected that the hospital program, Medicare Part A, would grow to \$9 billion by 1990. But the program actually ended up costing more than \$66 billion by 1990. Even after adjusting for inflation and other factors, the cost of Medicare Part A in constant dollars was 165 percent higher than the official Government estimate according to the actuary who produced those numbers. In unadjusted dollars, actual costs were 639 percent above estimates.

A 1968 Tax Foundation study found that public spending on medical care had nearly doubled in just the first 3 years of Medicare. A recent example of these accelerating costs is that since 1999, drug prices have risen about 20 percent. The average cost of these life-saving pharmaceuticals will likely continue to increase, placing further pressure on seniors with fixed incomes.

In addition to the internal problem of the changing realities of health care,