My proposal would be a windfall profits tax, the one I introduced with Senator DODD and others; that is, if the energy companies are, in fact, sinking their profits back into the ground to explore for more oil and build additional refineries above ground, they wouldn't be paying an excess windfall profits tax. That is not what they are doing with their money. Don't take it from me; take it from their own financial reports because that is not what they are doing with their money. I believe they ought to be paying a 50-percent windfall tax for oil above $40 a barrel, and that excise tax ought to be redistributed to the American consumers who are the ones ultimately paying the bill. It ought to be distributed to them as a rebate for those consumers. We will have more to talk about this week on this subject.

I took some heart on Friday to hear a Member of the Senate from the other side of the political aisle has come to the same conclusion I have reached, and that is that these profits are far above that which is supportable or justifiable, profits far above that which would be created by a free market system; that the consumers are being treated unfairly. The Senate ought to do something about it. The question isn't whether we should do it. Of course we should. The question is, which method or which strategy do we employ? Do we decide this money grab goes to the Government—grab some of it and bring it here? Or do we decide this money comes from the consumer and ought to go back to the consumer in the form of the rebate?

I make a final point. We will again be confronted with this question of heating fuel assistance for low-income Americans. But it is not only low-income Americans who are being injured, who will be hurt by these prices. There are a lot of working families who just get by and who will look at this 60-percent increase in the cost to heat their home this winter in my part of the country and wonder how on Earth will they be able to do that.

I have described profits of the heads of the oil companies. Let me read total 2004 compensation for the chief executive officers: $33 million, $64 million, $4 million, $16 million, $8 million. These are salaries and compensation packages for the folks who run the companies that are charging these prices.

The people have a right to ask the question, how on Earth is this allowed? We will have more to talk about as we go along this week. I hope, finally, there might be some tipping point at which the Senate says we must address this issue.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SESSIONS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

U.S. FISH AND WILDLIFE SERVICE AND WATERFOWL POPULATION SURVEY

Mr. GREGG. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 259, S. Res. 255.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 255) recognizing the achievements of the United States Fish and Wildlife Service and the Waterfowl Population Survey.

There being no objection, the Senate proceeded to consider the resolution.

Mr. GREGG. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating thereto be printed in the RECORD.

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

The resolution (S. Res. 255) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 255

Whereas every spring and summer teams of United States Fish and Wildlife Service pilot-biologists take to the skies to survey North America's waterfowl breeding grounds flying more than 80,000 miles a year, crisscrossing the country just above the treetops and open fields, they and observers on the ground record the number of ducks, geese, and swans and assess the quality and quantity of water-fowl breeding habitats;

Whereas the pilot biologists operate from the wide open bays and wetlands of the eastern shores of North America to some of the most remote regions of Canada and Alaska, and are documenting an important part of our wildlife heritage;

Whereas the Waterfowl Population Survey, operated by the United States Fish and Wildlife Service, is celebrating its 50th anniversary in 2005, is featured on the 2005–2006 Duck Stamp, and has been recognized by the Congressional Sportsmen's Foundation for its contribution to waterfowl hunting;

Whereas the Waterfowl Population Survey Program has evolved into the largest and most reliable wildlife survey effort in the world;

Whereas for more than 50 years cooperative waterfowl surveys have been performed by the United States Fish and Wildlife Service, the Canadian Wildlife Service, State and provincial biologists, and nongovernmental partners; and

Whereas survey results determine the status of North America's waterfowl populations, play an important role in setting annual waterfowl hunting regulations, and help guide the decisions of waterfowl managers throughout North America: Now, therefore, be it

Resolved, That the Senate—

(1) recognizes the achievements and contributions of the Waterfowl Population Survey Program;

(2) expresses strong support for the continued success of the Waterfowl Population Survey Program;

(3) encourages the United States Fish and Wildlife Service in its efforts to broaden understanding and public participation in the Waterfowl Population Survey Program by increasing partnerships to continue growth and development of the Survey; and

(4) reaffirms its commitment to the Waterfowl Population Survey Program and the conservation of the rich natural heritage of the United States.

Mr. GREGG. Mr. President, in a few minutes, under the regular order, we will proceed to the deficit reduction bill.

DEFICIT REDUCTION OMNIBUS RECONCILIATION ACT OF 2005

The PRESIDING OFFICER. The Senator is correct. Under the previous order, the hour of 4 o'clock having arrived, the Senate will proceed to consideration of S. 1932, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1932) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95).

Mr. GREGG. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted in this Chamber during consideration of S. 1932.

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

Mr. GREGG. Mr. President, I ask unanimous consent that time spent in quorum calls requested during consideration of S. 1932 be equally divided between the majority and minority managers of the bill.

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

Mr. GREGG. Mr. President, at this point we turn to what is one of the more significant pieces of legislation to come before the Senate and the Congress during this session of the Senate. We always hear that. Whatever legislation comes to the Congress, they always say, Well, it is a significant piece of legislation—and it is. There is very little that he we do that cannot have that identification. But this one is a little unique because for the first time in 8 years under Republican leadership, this Congress will, if we are successful in passing this bill, conferencing it and then sending it on to the President, reduce the deficit of the United States through addressing what is the most significant item of spending in the Federal budget—mandatory programs. This is a major effort. As I said, it has not occurred in 8 years. The last time it happened was in the mid-1990s, and it has not occurred because people did not want to do it. It did not occur because it is not an easy thing to do. It is not easy to control the rate of the growth of the Federal Government, and it is not easy to control the growth of mandatory entitlement programs which is what this bill does.

So it is an important step in the direction of fiscal responsibility, and it is one which I am very proud to have the opportunity to bring here to the floor as chairman of the Budget Committee.

Let me explain quickly what the problem is so that people will understand the scope and concern of the issue of mandatory spending because it is going to impact not only America today but, more importantly, it is going to affect our children and our children's children if we do not do something positive in the area of trying to control Federal spending on mandatory programs.

Mandatory programs are programs which people have a right to. In other words, if you were in the military and are a veteran, you have entitlement to certain benefits. If you are at a certain income level in this country, you have a right to certain benefits. If you are a student going to college and you meet certain income levels, you have a right to certain types of benefits. If you are a senior citizen in this country today, you have a right to certain benefits under the Medicare Program and the Medicaid Program, depending on your income level, and those payments have to be made.

In other words, mandatory programs are programs where there is no discretion. The Federal Government has to pay out a certain amount of money because the law says that if a person meets a certain set of criteria, then that person has a right to the support of that program.

Mandatory programs used to be a small percentage of the Federal Government, but today they have grown—and this has occurred over the last 20 years, actually in the post-1970 period—to be the largest part of the Federal Government.

This chart reflects that. Back in 1975, mandatory programs represented a very small percentage. They are the orange bar here.

Discretionary programs—let me explain discretionary programs. They are programs which are funded every year. Those are the ones you think of relative to Government, such as national defense, education, cleaning up the environment. That is called a discretionary program. Every year the Government makes a decision, under the appropriations bill process, that we are going to spend this much on foreign aid; we are going this spend this much on defending our country; we are going to spend this much on homeland security; we are going to spend this much on education.

That is a discretionary program. We can change that every year. Nobody has a right to that money. Mandatory programs, as I said, people have a right to the program. So as we see the orange bar, in 1985, it was 45 percent of the Federal Government, discretionary being the balance. So there was an equal split between discretionary and mandatory. But you see that by today's accounting, mandatory programs represent approximately 56 percent of the Federal budget, the largest item in the Federal budget, and they are growing. In fact, this chart shows it rather dramatically. So that by the year 2015, they will be 62 percent of the Federal budget and essentially absorbing most of the Federal spending.

What is the practical implication of that? Well, it means that if we are going to discipline ourselves as a government, we have to be willing to look at mandatory programs. The only way you can look at mandatory programs is through something called the reconciliation process. That is what we have in the Chamber today, a bill which controls the amount of spending the Federal Government does in the mandatory area and therefore reduces the debt if it reduces that spending.

Why is it important to do this? Well, I mentioned the major programs in the mandatory area involve mostly health care and people who are retired: Social Security, Medicare, and Medicaid. And as a quirk of fate, there is this population group called the postwar baby boom generation, which is the largest generation in the history of our Government. This group has changed the country in every 10-year period. It has impacted the way the Nation lives. In the 1950s, we had to build a huge number of schools to meet the needs of this generation. In the 1960s, this generation had a huge impact on civil rights and women and, of course, in the Vietnam debate. In 1970s and 1980s and 1990s, this generation has been the most productive generation in the history of our country because it is the largest and also the best educated over that period and as a result has caused our country to obtain huge wealth, and we as a nation have been very prosperous as a result of this generation putting its oars in the water.

But now this generation, the baby boom generation, is moving toward retirement and moving toward retirement rather quickly. By 2008, members of this generation will start to retire, and by 2030 this generation will, for all intents and purposes, be retired. And the effect of this huge generation retiring is it is going to put massive demands on people who are working; in other words, our children, my children, children of the baby boom generation, and their children are going to have to pay taxes to support the retirement benefits of this massive generation.

To try to put it into perspective, in 1950, there were about 16 people working for every 1 person retired. Today, there are about 3½ people working for every 1 person retired. By the time we hit the year 2030, there will only be 2 people working for every person retiring in this country because the baby boom generation is huge.

What is the impact on our Federal Treasury but more especially on the taxing of our children and our children's children when this happens?

This chart, in red, shows it most dramatically. These are the three programs in the Federal Government—Social Security, Medicare, and Medicaid—and the spending they absorb.

Now, historically, Federal spending, the amount spent by the Federal Government, has averaged about 20 percent of the gross national product for a long time. That is the blue line here. And you can see that back in 1980, Social Security, Medicare, and Medicaid took up about 8 percent of the gross national product, and the balance was taken up in the Federal spending on national defense and other items.

Today, that number has gone up so that it represents about 10 percent of the gross national product being absorbed by Social Security, Medicare, and Medicaid. But as you can see from this chart, by about the year 2030, when this baby boom generation is fully retired, these three programs alone—Social Security, Medicare, and Medicaid—will use up all the revenues of the Federal Government—all of them. They will represent, in spending, 20 percent of gross national product.

The practical implications of that are that you will have no money available for national defense, for education, for environmental cleanup, for all the different things you would like to do—for veterans affairs—because these three spending programs—Social Security, Medicare, and Medicaid—will essentially be absorbing 20 percent of the gross national product, unless—unless—you want to dramatically increase the taxes on our children so that they actually end up paying more than 20 percent of gross national product in taxes or you are willing to slash programs and the benefits going to seniors.

Neither of those options are very attractive, to say the least. If you look in the outyears, you see that these programs continue to accelerate even faster, so that by the year 2050, these programs are actually absorbing almost 30 percent of the gross national product. So we have to address this.

Well, it is similar to that old television ad that used to be aired. There was an oil filter ad that said: You can pay me now or pay me later, and if you pay me later, it is going to cost a heck of a lot more. You can replace the oil filter today for $14 or a year from now or in 6 months you are going to have to replace the engine in your car for $2,500. You have the choice.

We can act now and do some constructive and conscientious things to try to bring under control the rate of growth of entitlement spending, mandatory spending, that red line there, or we can bury our heads in the sand and say those are our children's problems, and they are going to have to pay our retirement benefits; we are not going to worry about them.

Well, the Republican Congress and the President have decided it is not good policy to pass this problem on to our children and it is not fair and it is not right. So we produced a budget this year which, as I mentioned, for the first time in 8 years has moved into the sacred ground of trying to address controlling the rate of growth of mandatory spending and thus reducing the size of the Federal deficit. It has been complicated, it has been difficult, but we have made progress, and we now have in the Chamber this bill which does some very constructive things in this area.

The bill itself represents about $71 billion, in gross terms, in reducing deficit spending over the next 5 years. However, because we felt there were some initiatives which needed to be taken in moving forward to make these savings and to accomplish this deficit reduction, because we felt there should also be initiatives to move forward, the net number in this bill of actual deficit reduction is about $29 billion.

You may say, and some of our commentators have said: Well, it is not enough. This is small potatoes. Let me begin by saying, in New Hampshire, $39 billion is not small potatoes. I don't think it is anywhere in the United States, except in Washington. And more importantly, if you don't move forward with this attempt, you are essentially doing nothing, which means you have made no effort in the area of deficit reduction and no effort in the area of getting our spending under control.

Now, why do we net out about $30 billion of new spending in this effort? As I mentioned, the total bill is about 71 and the spending reduction is about 39. Well, there are two major initiatives in this bill which account for most of the initial spending. The first is that the majority of the money from each one of the subcommittees—I should explain this quickly. Each committee in the Congress was asked to save a certain amount of money in their area of responsibility. The Finance Committee was asked to save $10 billion, the Agriculture Committee was asked to save $3 billion, the Education and Labor Committee was asked to save $13 billion. The Education and Labor Committee, in reaching its savings target, decided to reduce corporate subsidies that benefit people who lend money to students. Basically, they took a policy position that the corporate subsidies were too high in this area.

In doing that, they felt that some of the savings from reducing those corporate subsidies should flow to students. So under the leadership of Chairman ENZI, there is essentially a major new push for funding programs that assist low-income students, low-income students who need assistance to go to college. That is good policy. We know that our country, if it is going to be competitive as we move into this century, has to be smarter, brighter, and more capable than the rest of the world, and the way you do that is by giving people the opportunity to go to college, no matter what their income levels are, and we give them an incentive to do that so they can be creative, imaginative, better educated and thus pursue better careers. And that is what we want, better careers for people. It creates jobs and opportunity throughout this country when we do that. So the HELP Committee—Health, Education, Labor, and Pensions Committee—came back with a program which had the $13 billion of savings in it, most of it through reducing corporate subsidies, lender corporate subsidies, and at the same time put a significant amount of new dollars, about $11 billion, into helping students, low-income students especially, go to college.

The second major initiative is in the area of trying to keep doctors engaged in the Medicare Program. We know we have a lot of doctors who don't believe they are adequately compensated under Medicare and, as a result, are less inclined to see patients.

The most important thing a patient needs if they are on Medicare is to see a doctor. That is fundamental to Medicare. There was a glidepath—it wasn't a glidepath; I guess it was a glidepath, it was coming down—to cut by 4.5 percent the salaries of doctors participating in Medicare. The chairman of the Finance Committee, Chairman GRASSLEY, in a very foresighted decision, said that is not going to work because that means patients won't have access to doctors because doctors won't be treating patients if they have that sort of financial detriment placed on their back.

Basically, in his bill, he has saved significant dollars in the area of health care. He has put a considerable amount of those dollars into the effort to keep doctors whole. There is no big increase in here for doctors, but basically they are at a freeze level. I guess it is a 1-percent increase, in fact, and that means we will have more access for people, patients will have more opportunity to see people they need to see when they are sick. That is an important initiative.

All the spending—almost all the spending; I can't say all—almost all the spending programs in this bill, to the extent there are spending programs in this bill, are focused on low- and moderate-income people—in fact, almost entirely low and moderate efforts to give people more access to health care and students more access to college education.

That being added up, we now have on the floor a $35 billion deficit reduction package. That is a major step forward. On top of that, there are major initiatives in this bill to address the pension issue. We know we have a serious problem coming at us in these areas: Medicare, Medicaid, and Social Security, but running right along with that, as one might expect, is a huge problem coming at us in the private pension area.

The pension guarantee fund, which essentially is a fund for when a company goes bankrupt—and we certainly are hearing a lot about that recently with our airlines—rather than allowing that company to completely wipe out that pension plan and all the people who worked for that company all their lives wake up one morning and find out they don't have a pension, even though they paid into it for years, this Pension Benefit Guaranty Corporation guarantees a certain percentage of that pension will be paid—not all of it but a percentage of it. Because there have been so many bankruptcies and because we have had such a huge pressure on old-line industries in this country who had defined benefit plans, the Pension Benefit Guaranty Corporation is looking at a $30 billion to $50 billion deficit, which means it cannot meet its liabilities, which means, once again, at risk are even the slimmed-down pensions which come to people who find their pensions in the Pension Benefit Guaranty Corporation.

So in this bill there is an attempt to move toward solvency in that corporation, and that is good policy. Again, that came out of Senator ENZI's proposals, and he should be congratulated for it. His committee ended up with the largest lift, so to say, in this effort, and they did an excellent job in meeting that requirement.

This is a very balanced bill, the bottom line of which is very simple: We are going to reduce the deficit by $35 billion in 5 years and that, quite honestly, translates—this is a big delta into the outyears—even into significantly more money as we move into the next 5 years.

This is a significant step forward in the area of fiscal discipline. It is something that needs to be done in this country, and it is something this Republican Congress has been willing to step up to try to do.

How has the other side reacted? We are going to hear a lot of people on the other side say this is a terrible bill because it cuts spending on the poor while it cuts taxes for the rich. That is the theme on the other side. It is a little hard to defend that position, quite honestly, in light of what this bill actually does.

First off, this bill does not cut spending to the poor. To the extent there is new spending in this bill, it actually assists especially low-income students. The Medicaid changes are focused primarily on pharmaceuticals and, in addition, are designed to give Governors much more flexibility.

I will tell you right now that a Governor who is worth his or her salt is going to be able to expand—expand—their care to low-income individuals under these proposals because they will have more flexibility. You give a good Governor more flexibility and they will need less dollars to do what they know is right. Because the stringencies of the Federal Government are so extraordinary, they waste a tremendous amount of money trying to meet the obligations. But there are no reductions in this bill toward low-income individuals. The reductions are focused on the pharmaceutical side. They are focused on trying to get the Medicaid system under control using good practices of management, something which I know the other side resists. But that is the way it works.

Then there is this concept of there is a tax cut for the rich in here. First off, this bill has no tax cut in it at all. None. There is no tax relief in this bill. I wish it did have tax relief, but it has no tax relief. It cannot have tax relief, and I think this point needs to be made, and later on I will ask the Parliamentarian for his precise description of this point. But under this bill, if it has tax relief, it would mean the second reconciliation bill on tax relief could not be undertaken, as I understand it, and, therefore, this bill has been scrubbed of any tax relief activity.

But the other side continues to say it is a tax bill. It is not. This is an opportunity—an opportunity—for the other side to vote to reduce the deficit by $39 billion—that is all it is—and to do it in a responsible way where we expand patients' access to health care, where we expand student loans, and where we get under control, finally, to some extent, some of these major entitlement programs, especially in the pension area, in the education area, and in the Medicaid area—which leads me to my other point.

We are hearing a lot of crying of wolf from the other side on the tax relief issue. We are going to hear over and over the refrain: If you look at the tax bill that is going to come next, $70 billion, there is actually a net loss to the Treasury of $30 billion or so because this reduces spending by $39 billion, but the tax bill puts in tax relief of $70 billion. The next bill, hopefully, will put in tax relief of $70 billion, but let's go to what the items are on that list.

The next bill, the tax bill, is going to have in it a series of items that expire this year and next. What are the items that expire this year the other side appears to be opposed to because they say they are opposed to tax reconciliation? There is this alternative minimum tax. If we don't put in place relief for the alternative minimum tax, I think it is something like 8 or 9 or maybe even 20—the number is huge—million people, middle-income people, will suddenly pay taxes they did not pay before. It is a tax increase. The other side wants the increased taxes on those people, I guess. They want to raise the taxes on 8 to 9, 20 million people.

Next is the research and experimentation tax credit. This is one of the most important tax credits at the Federal level because it encourages companies to be creative and, as we know, the reason we are competitive as a nation is because we create better products and we have better research, R&D, and that is what creates jobs and careers in this country. I guess the other side of the aisle wants to eliminate the R&D tax credit. They want to raise taxes on entrepreneurship and on creativity.

The next tax that will expire in the next 2 years is the deduction for teachers' classroom expenses. This is the deduction we give to teachers who are good enough to, out of their own pocket, buy crayons for their classrooms; buy books for their classrooms, something they think their kids need. We decided teachers should have that type of help.

Not the other side of the aisle. I guess they want to raise taxes on teachers who do that. They want to raise those taxes.

The deduction for qualified educational expenses, once again, that is tied to the teachers' classroom expenses.

A deduction for State and local sales taxes—I have to admit, I am not sympathetic to letting the State and local taxes be deducted because New Hampshire doesn't have a sales tax. We also don't have an income tax. If you want to live where somebody knows how to handle their money, come to New Hampshire. But most of the high-tax States in this country—Connecticut, Massachusetts, New York, New Jersey, Illinois, and California—and let me see, how many Republican Senators are from those States? I can't remember. I don't think there are any. In all of those States, the sales tax is a huge portion of their revenue. Yet the other side of the aisle, I guess, does not want people in those States to be able to deduct their sales tax because they do not want the next tax reconciliation bill to come through here. Very ironic. I think it shows the hypocrisy, maybe, of the other side of the aisle when they come in here claiming they are opposed to the reconciliation bill when, in fact, the beneficiaries of this reconciliation bill are going to be the high-tax States, most of whom are represented by Democratic Members in the Senate. The list goes on.

I hope people, when they hear this constant refrain in grand, large terms, will ask specific questions: What is that tax you want to raise on people? What is the tax increase you want to stick people with? Do you want people to have to pay more because they cannot deduct their sales tax? Do you want people to pay more because they are stuck with the alternative minimum tax? Do you want people to pay more because the teacher bought crayons for the classroom? Those are the questions you need to ask.

So this proposal coming from the other side is really a straw dog, and it is a lot of hyperbole. But if you look behind the hyperbole and ask the substantive question, What are they really proposing, you see quickly they have no substance to their argument, and that, in fact, this is their opportunity, if they wish to try to reduce the deficit, to vote for this bill which cuts the deficit by $39 billion.

We can also ask, Where is the Democratic budget that gives us an alternative? Have we seen a Democratic budget that has given us an alternative? We were on the floor for 50 hours, but we never saw a budget from the Democratic Party. Never. And we are going to be on the floor for 20 hours with this reconciliation bill. Are we going to see an alternative bill? I don't think so.

In fact, we put together what the Democratic proposal has been since we started with the budget program, how much they have proposed in new spending. You cannot read this. There is so much spending, we couldn't put it in big letters. We ended up with little letters. You can't read it because there is so much spending. But it adds up to almost $500 billion of new spending that has been proposed by our colleagues on the other side of the aisle since January 1, just this year, $500 billion almost.

So maybe that is their proposal. They never really fleshed this out in specifics, so we went back and asked—clearly, if they had their way, they would probably want to increase spending—what is their specific proposal to reduce the deficit? What is that specific proposal? We went back and found out what it was, and here it is. This is the specific proposal of my colleagues on the other side of the aisle for reducing the deficit: A blank page. A blank page.

There is going to be a lot of hyperbole in the next few days about how this bill doesn't do this or how it doesn't do that, but what this bill does is it reduces the deficit by $39 billion over the next 5 years. That cannot be denied. And the one major vote, the one opportunity people are going to have in this Senate as a result of the hard deficit is going to occur when we have final passage of this deficit reduction bill. We are going to be debating it for 20 hours, and then, hopefully, we will go to a vote.

I, again, congratulate all the chairmen of all the different committees who were able to hit this target in what is a very difficult time and a very difficult task.

I yield the floor to one of the architects of this bill who did an extraordinary job, Senator GRASSLEY.

The PRESIDING OFFICER (Mr. BURR). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I very much thank Senator Judd Gregg, chairman of the powerful Budget Committee, for his leadership and for doing what has not been done in this Senate, it is my understanding, since 1997: We have a budget reconciliation bill that will reduce the deficit by changing programs that are either appropriated or on automatic pilot that tend to never get reviewed as often as they should in order to watch the taxpayers' money wisely.

Senator GREGG's commitment to fiscal discipline has informed and defined this process, and I am grateful for his efforts.

As he just did, I congratulate the chairmen of seven other authorizing committees whose titles of this bill, along with the Finance title that I am going to talk about, comprise this giant legislation that we call reconciliation that Senator GREGG successfully reported last week.

I know that it was not easy for the chairmen of these eight committees to reach consensus and to move their titles forward. These chairmen and the members of their committees have every right to be proud of the work they have done achieving savings but also implementing policies that will help American workers.

Today, we have saved nearly $40 billion over 5 years—to be more accurate, $39.1 billion over 5 years—and that is $4.1 billion more than Congress even directed these committees to do back in April when the budget was adopted. Considering the 8 years since this has been done, this is a significant accomplishment and one of which we ought to be proud.

Many of the proposals in my committee's title, as well as the other titles of this bill, have bipartisan support. Some of them have been proposed by the administration in its budget which came out last February. While I am hopeful that during the debate this week, we will be able to persuade a number of Democrat Members to vote in favor of this bill, I recognize that the budget process is often a partisan exercise and that we will be able to count on few, if any, votes from the Democrat side of the aisle.

As the chairman of the Senate Budget Committee made very clear with his chart that was blank, we have not seen a Democrat proposal. Why? Because they do not want to bite the bullet and do what is hard to suggest from their point of view—how to reduce the deficit—unless it might be by raising taxes because often that is their solution, whereas I myself have never come to the conclusion that the American public is undertaxed. I never have my taxpayers telling me that they are undertaxed. The problem of the budget deficit is that Congress overspends.

In developing my part of this budget reconciliation proposal, I attempted to address a number of bipartisan priorities. These efforts were acknowledged by my colleagues during last week's Senate Finance Committee markup, and I want those members of the Finance Committee to know that I appreciate their kind words. Rather than having their kind words, I would rather have had those Democrats vote for this bill coming out of my committee rather than having it come out on an 11-to-9 partisan vote.

The Finance Committee portion represents nearly a year's worth of work on behalf of members of my committee and the staffs of the respective members, as well as committee staff.

The Senate Finance Committee title achieves a net of $10 billion in savings from Medicare and Medicaid by reducing wasteful spending and by closing loopholes. The Finance title also targets resources to preserving and improving Medicaid, the State Children's Health Insurance Program, and Medicare. In particular, the Medicaid provisions in the title will also produce additional resources for States in operating their Medicaid Programs. In so doing, this bill protects Medicaid benefits for the most vulnerable of our society.

The Senate Finance Committee title cracks down on Medicaid fraud and abuse by encouraging States to aggressively pursue Medicaid fraud by implementing in the respective States, beyond the 13 that have done it, State false claims acts, which in comparable legislation at the Federal level is the single most important tool that U.S. taxpayers have to recover the billions of dollars stolen through fraud every year. In addition, my Finance Committee title requires suppliers that do business with Medicaid to have a false claims act education program so that those with evidence of fraud against Medicaid know they may pursue these claims on behalf of the Government and help to recover stolen funds. In order to fight Medicaid fraud, the Senate Finance Committee title dramatically increases resources to fight fraud and abuse in Medicaid. This then will protect State and Federal budgets and generate substantial savings from this investment.

My committee's title also achieves savings by helping State Medicaid Programs obtain millions in payments owed by third-party payers each year. It also produces savings by ending drug manufacturers' gaming of the system by closing the authorized generic loophole so that appropriate rebates are paid to the States.

The Senate Finance Committee title helps preserve services to beneficiaries by ending overpayments to pharmacies, by reforming the broken system used to reimburse pharmacists for prescription drugs, which is based on the flawed average wholesale price formula, costing taxpayers lots more money than it should. There have been 13 reports in the last 5 years dealing with an average wholesale price formula done by the Congressional Budget Office, the Inspector General's Office, and from the Government Accountability Office, all calling for reforming the Medicaid pharmacy payment formula and ending overpayment for prescription drugs. These overpayments have been costing the States, as well as our Federal Government, billions of dollars needlessly.

The bill also includes provisions to protect rural pharmacies and encourage greater use of cost-saving generic drugs. In addition, my portion of this reconciliation bill balances the savings derived from pharmacy payment reforms with an increase in the rebate paid to State Medicaid Programs by drug manufacturers from 15.2 percent to 17 percent.

On the Medicare side, the Finance title calls for the phaseout of the budget neutral modification to the MedicareAdvantage risk adjuster. This provision will help ensure that the health status risk adjuster required by the Balanced Budget Act of 1997 meets its objective of providing accurate payment to plans based on their enrollees' health. The title also repeals the MedicareAdvantage regional stabilization fund.

There are concerns about these provisions, and some people have argued that we should not touch the MedicareAdvantage Program. In response, I point out that the phaseout of the risk adjuster was announced three times: first in February in the President's budget; second, with the 2006 rates; and again in the September CMS factsheet. So plans submitted their bids knowing full well that the phaseout was going to happen.

When we worked on the Medicare Modernization Act—and that was in 2003—the idea was that if the funds were not needed, then the dollars were to be returned to the U.S. Treasury. We have strong regional preferred provider organization participation. Regional preferred provider organizations are in 21 out of the 26 regions into which the country has been divided. Regional preferred provider organizations have several other safeguards to make sure they are available.

The base MedicareAdvantage rates have been fixed. There are risk corridors, network adequacy requirements, the essential hospital fund, and a moratorium on local PPOs. The title does not affect any of these safeguards, so we feel this money going back to the Federal Treasury under this bill is the right thing to do.

The Finance Committee title of this bill also preserves access to health care for seniors in Medicare by providing a 1-percent payment update to all providers paid under the Medicare physician fee schedule. This replaces a 4.4-percent payment cut that physicians are scheduled to receive in 2006 under the existing formula. So we change that formula to make sure that the 4.4-percent cut does not go through. On top of that, there is a small increase for our physicians.

The Part B premium is affected due to changes included in the title that affect Part B spending. While some provisions lower Part B spending, other provisions increase the spending. However, there is no effect on the Part B premium paid by our seniors until the year 2007. It is also important to keep in mind that the Part B premium increase does not affect low-income beneficiaries. In fact, I worked hard to extend the QI Program so that Part B premiums would continue to be covered for these individuals.

Avoiding the physician payment cut has strong support in the Senate. In July of this year, 89 Senators from both sides of the aisle sent a letter to the White House Office of Management and Budget calling for the removal of Part B drugs from the physician payment formula. This change, which the administration has the authority to make, would permit Congress to address the longstanding programs with the Medicare formula for reimbursing physicians.

Certainly, we are all concerned about any impact on Part B premiums, but this Senate is almost unanimous in its support of addressing this, as evidenced by the 89 signatures calling for changes in the formula that were sent to the administration. To be clear about this, the changes in the physician fee called for in that letter would also increase Part B premiums to our senior citizens. It is important that we take steps to maintain access to physician services in the Medicare Program. The benefits in Medicare are not worth much if beneficiaries cannot find a doctor when they need one.

Another important area addressed by the Senate Finance Committee is long-term care costs. Recognizing that long-term care costs account for significant spending in the Medicaid Program, this bill makes key provisions in long-term care for seniors and the disabled. Consistent with a proposal put forth by President Bush, this bill includes a ''money follows the person'' rebalancing demonstration program. This program would direct grants to States to increase use of home- and community-based services rather than institutional care, and it would eliminate barriers that prevent or restrict the flexible use of Medicaid funds so that individuals may receive support for long-term services in a setting of their choice. This is empowering people.

The title also provides new options for private coverage of long-term care through the long-term care partnerships and promotes the availability of programs of all-inclusive care for the elderly in rural areas.

The Finance Committee title also addresses a number of Medicare priorities while also achieving savings in other areas of Medicare. To begin, being mindful of the unique needs of rural residents and the facilities that serve them, the title protects access to Medicare services for rural beneficiaries.

First, the title would extend the hold-harmless provisions for the small rural hospitals and sole community hospitals from implementation of the hospital outpatient prospective payment system.

Second, it would expand coverage of additional preventive benefits under the Federal qualified health centers.

Third, it would extend the Medicare Dependent Hospital Program, which provides financial protections to rural hospitals with less than 100 beds that have greater than 60 percent of their patients coming from Medicare.

Another issue I suspect we will hear a good deal about during this debate over the next few days is the impact that Hurricane Katrina had when it devastated hundreds of thousands of our fellow Americans.

The title would provide for a much needed downpayment to those States that have suffered as a result of Hurricane Katrina. I am committed to ensuring that the families who have suffered so greatly as a result of this national tragedy receive the services they need to rebuild their lives, and the States which have been affected are made whole.

The Finance Committee title of this bill also provides funding to strengthen and improve the Medicaid and State Children's Health Insurance Program. As my colleagues know, as many as 23 States are projected to experience shortfalls in the Children's Health Insurance Program over the next 2 years. The national total of these State Children's Health Insurance Program shortfalls is near $1 billion. The Senate Finance Committee title includes temporary provisions that will stem these State shortfalls and ensure that States are not forced to curtail or end their Children's Health Insurance Program coverage for vulnerable low-income children.

In order to continue to improve the Medicaid and Children's Health Insurance Programs, the Senate Finance Committee title in this reconciliation bill also includes outreach and enrollment efforts so that children eligible for public health assistance receive that assistance.

This legislation also addresses a fundamental flaw in our current Medicare payment system. Right now, Medicare payment policies do not encourage high-quality care. In other words, doctors get the same reimbursement and hospitals get the same reimbursement whether they are doing the highest quality of care or whether they do not care, and people are always going back into the hospital because the job is not done right the first time. So we have come to the conclusion that we need to reward quality and we need to provide incentives to invest more in health care information technology and other efforts that will improve health care quality.

This reconciliation bill does just that. This bill implements recommendations from the Institute of Medicine and also from the Medicare Payment Advisory Commission. These provisions are based on the bipartisan Medicare Value Purchasing Act, which is S. 1356, introduced by me and my Democratic colleague, the leader on the other side of the aisle of the committee, Senator BAUCUS of Montana. The legislation creates quality payments under Medicare for physicians and other providers, including hospitals, health plans, skilled nursing facilities, home health organizations, and end stage renal disease facilities.

Finally, the Senate Finance Committee title includes the Family Opportunity Act. The Family Opportunity Act was motivated by the circumstances of individual families—the Melissa Arnold family of Iowa and the Dylan Lee James family. You could say they are representative of hundreds of thousands of families. Both are families we use as an example of those who relied on Medicaid health services for their children with disabilities, and both families ended up risking eligibility for Medicaid as a result of financial eligibility rules that continue to create disincentives for parents to work and stay working and even improve their employment opportunities.

Acute need persists for the Family Opportunity Act. It is just as important today as it was over the past several years that I have been fighting to get the Family Opportunity Act law. I have heard from a number of families in Iowa and across the country, speaking of the imperative to enact the Family Opportunity Act. They tell me about their son or daughter or grandchild, and how much they love their child or grandchild and how important it is to tell their story. They tell about the illness or disability that their families have been struggling with for years.

Then they describe how dad and mom could comfortably support their family but must remain poor, even unemployed, in order that their child receive the health care coverage they need. These parents want to work and provide for their families but must put the health care of their child first.

If we are able to successfully pass the legislation—we have been able to pass this legislation in the Senate, but it did not get through the House of Representatives. If we are successful again, we will achieve important savings that help put our fiscal house in order as well as preserve benefits and ultimately expand access through the Family Opportunity Act for families in Iowa and across the Nation.

The Finance Committee title of this bill achieves significant savings in Medicare and Medicaid by reducing wasteful spending and closing loopholes. It then directs much of these savings to make improvements in these programs that expand access to health care services, protect health care coverage for kids, and protect access to Medicare beneficiaries.

But the bottom line is more than $10 billion in savings in existing programs or additional money being recouped from fraud or money coming in from fees. The bottom line to the Federal deficit is $10 billion.

I have two summaries of the Finance Committee title. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF TITLE VI

Title VI of the Deficit Reduction Omnibus Reconciliation Act of 2005 achieves significant budget savings, slashes wasteful spending, and targets resources to preserve program integrity, improve access to health care, and preserve and protect Medicare and Medicaid.

SPENDING REDUCTIONS

MEDICAID

PRESCRIPTION DRUG PAYMENT REFORMS

Redefines average manufacturer price (AMP) to reflect discounts and rebates available to retail pharmacies and then uses that definition for payments to pharmacies and for the calculation of the best price.

Defines weighted average manufacturer price (WAMP) as the basis of a new payment system for these drugs and for a new federal upper limit for multiple source drugs.

Clarifies nominal price definition to ensure that sales made at a nominal price are appropriately included in AMP calculations.

Creates a new federal upper limit for payments to states for covered drugs that goes into effect January 1, 2007 (with a later transition for states without '06 legislative sessions) of AMP+5% for single source drugs and WAMP−15% for multi-source drugs.

Includes language that requires states to provide appropriate dispensing fees to pharmacists and sets factors upon which they should be based.

Creates an interim payment policy for 2006 capping the current federal upper limit at 125% of the July 1, 2005 AWP, WAC, or direct price levels.

−$4.595 billion / 5 years

REFORM OF MEDICAID ASSET TRANSFER RULES AND LOOPHOLES

Closes loopholes in current Medicaid law concerning transfer of assets to limit the circumstances under which persons may intentionally shelter assets in order to qualify for Medicaid.

This section includes the following provisions to close other loopholes that exist in current law:

Requires states to apply partial month penalties.

Requires states to accumulate transfers in computing the period of ineligibility.

Requires that annuities are treated the same as trusts under current law.

Requires that certain notes and loans are considered countable.

Requires private annuities be based on actuarial life expectancy.

Limits transfers to purchase life estates.

States would be required to provide a notice of the undue hardship waiver process to any individual applying for Medicaid who would be subject to a penalty period so they may request a waiver of the penalty period.

States would be required to provide for a timely process for determining whether an undue hardship waiver will be granted, and a process for appeal of an adverse determination.

−$335 million / 5 years

FRAUD, WASTE AND ABUSE

Enhancing third party recovery. The section creates useful new tools for existing third party recovery programs: (1) clarifies that PBMs must respond to claims; (2) clarifies that self-insured plans must turn over eligibility data; and (3) clarifies that states can recover claims for up to three years from the date of service.

Limitation on use of contingent fee arrangements. The section gives the Secretary authority to implement standards for states in their use of contingent fee contracts.

State False Claims Act. Creates an incentive for states to implement state False Claims Acts by providing them with an enhanced FMAP for any settlements reached through a state False Claims Act.

False Claims Act employee education program as a condition of participation. Requires employers that do more than $1M business with Medicaid to have a False Claims Act education program for their employees.

Prohibition on payments to States for prescriptions drug claims that have already been submitted and paid. This section clarifies in statute that pharmacists cannot bill Medicaid for drugs that have been paid for previously and restocked.

−$512 million / 5 years

STATE FINANCING OF MEDICAID

MCO Provider Tax Reform

This provision would treat managed care organizations the same as other providers for purposes of applying current law on provider taxes. This section permits states that have a Medicaid-only managed care provider tax to keep it.

−$75 million / 5 years

TARGETED CASE MANAGEMENT REFORMS

The Targeted Case Management provision clarifies the definition of case management services. The provision specifies that ''case management services'' include: assessment activities, the development of a specific care plan, referral and related activities to help an individual obtain needed medical, social educational and other services, monitoring and follow up activities.

Further clarifies that ''case management services'' do not include the direct delivery of medical, educational, social or other services, such as: research gathering, assessing adoption placements, recruiting or interviewing potential foster care parents, serving legal papers, homes investigations, and transportation.

−$760 million / 5 years

DRUG REBATE AND RELATED PROVISIONS

Close Authorized Generics Loophole

Improved regulation of authorized generic drugs. This section requires CMS to include the best price of an authorized generic in the calculation of the best price for the branded drug.

−$180 million / 5 years

Increase Flat Rebate Amount to 17% in 2006

Increase in rebates for covered outpatient drugs. This section increases the rebate paid by innovator drug manufacturers from 15.1% to 17% and on noninnovator drugs from 11% to 17%.

−$1.400 billion / 5 years

Physician Administered Drugs

Requires the collection and submission of utilization data for certain physician administered drugs. This section requires states to begin collecting information on physician administered drugs for the purpose of insuring the state receives the proper rebate amount.

−$150 million / 5 years

Subtotal—Medicaid Spending Reductions: −$8.007 billion / 5 years

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MEDICARE

PART A

EXTEND MEDICARE BAD DEBT POLICY TO SKILLED NURSING FACILITIES

As proposed in the President's FY 2006 budget, this provision would reduce Medicare's reimbursement of skilled nursing facility bad debt (unpaid beneficiary co-pays and deductibles) from 100% to 70% of allowable costs.

Medicare skilled nursing facility bad debt payments have increased 44% from 1996 to 2000.

Congress provides a 30% reduction in Medicare bad debt payments to hospitals. This policy would equalize the SNF bad debt payment rate making it consistent with the bad debt payment rate for hospitals.

−$250 million / 5 years

PROHIBIT PHYSICIAN SELF-REFERRALS TO PHYSICIAN-OWNED LIMITED SERVICE HOSPITALS

Prohibits new physician-owned limited service hospitals from having any ownership or investment interest by physicians who refer Medicare or Medicaid patients to the hospital. Confirms that the ''whole hospital'' exception would not apply to any new physician-owned limited service hospital effective June 8, 2005.

Physicians are generally prohibited from referring Medicare and Medicaid patients to facilities in which they have a financial interest, unless they have an ownership or investment interest in the whole hospital and not merely a subdivision of the hospital.

In 2003, Congress established that the ''whole hospital'' exception would not extend to physician-owned limited service hospitals (hospitals that are primarily engaged in cardiac, orthopedics or surgical care) for an 18–month period.

Allows existing physician-owned limited service hospitals to continue operation with certain restrictions.

−$22 million / 5 years

PART B

DME PAYMENT AND MAINTENANCE FEE REFORMS

Part B of Medicare pays for certain pieces of durable medical equipment (DME) under a capped rental method. Medicare currently pays 120% of the purchase price over 15 months.

Suppliers can bill Medicare for maintenance and servicing (usually 10% of the purchase price) 6 months after the 15 month rental period ends and once every 6 months thereafter. Suppliers are allowed to bill even if maintenance is not provided.

This provision would require DME rentals to be purchased after the 13th month, which would eliminate payments for 2 months and eliminate payments for maintenance and servicing unless otherwise necessary.

This would reduce the price Medicare pays suppliers from 120% to 105% of the purchase pnce.

−$910 million / 5 years

PART C

Eliminate Budget-Neutrality Modification to Risk Adjusted Payments to Medicare Advantage Plans

This provision would codify the Administration's proposed phase-out of its budget neutral modification that undermines the Medicare Advantage risk-adjusted payment system.

Permits true comparisons based on health status of beneficiaries enrolled in Medicare Advantage to beneficiaries enrolled in fee-for-service Medicare.

Ensures that underlying BBA-mandated health status based risk adjusted payment system will produce accurate payments for a beneficiary with a particular health status who enrolls in Medicare Advantage.

This provision is consistent with a June 2005 MedPAC recommendation.

−$6.460 billion / 5 years

ELIMINATE REGIONAL MEDICARE ADVANTAGE PPO STABILIZATION FUND

Repeals fund established to promote plan entry and retention in Medicare Advantage program.

In an August 2005 Fact Sheet on the Medicare Advantage program, the Centers for Medicare and Medicaid Services indicated that the program has ''stabilized and flourished.''

As of January 1, 2006, regional Medicare Advantage plans will be available in 21 out of the 26 Medicare Advantage regions, indicating that plans are experiencing fewer than anticipated challenges in entering regions.

Does not affect any other provisions to promote regional PPOs such as risk-corridors, local PPO moratorium, essential hospital fund, and network requirements.

This provision is consistent with a June 2005 MedPAC recommendation.

−$5.440 billion / 5 years

OTHER MEDICARE

PAY FOR PERFORMANCE

Requires the Secretary of Health and Human Services to develop and implement value-based purchasing programs under Medicare for acute-care hospitals, physicians and practitioners, Medicare Advantage plans, end-stage renal disease (ESRD) providers, home health agencies, and to take initial steps toward value-based purchasing for skilled nursing facilities.

Outlines the process and requirements for the development, implementation, and updating of a Quality Measurement System that will guide reporting and value-based purchasing programs.

Principles for Medicare value-based purchasing include:

Building upon existing system and involving all relevant stakeholders.

A two-phased implementation that first ties Medicare reimbursement updates to the reporting of quality measures, and then creates a quality pool to reward providers for meeting certain thresholds of quality improvement and quality attainment.

The amount of Medicare payments in the quality pool will start at 1 % of provider payments scaling up to 2% over a 5–year period.

Increased transparency and mandatory reporting of quality data to ensure that beneficiaries and the public have access to information to help them make informed health care decisions.

−$4.510 billion / 5 years

Subtotal- Medicare Spending Reductions: −$18.637 billion / 5 years

Subtotal—Gross Spending Reductions: −$26.644 billion / 5 years

PROGRAM IMPROVEMENTS

MEDICAID AND SCHIP

IMPROVED FRAUD AND ABUSE OVERSIGHT

HEALTH CARE FRAUD AND ABUSE CONTROL PROGRAM/MEDICAID INTEGRITY FUND

Under current law, funds from the Health Care Fraud and Abuse Control (HCFAC) account are used by federal agencies in their efforts to control fraud and abuse in health care programs. Funds go to the HHS OIG and to the Department of Justice. The additional funding provided would be used to continue efforts to find erroneous and fraudulent uses of Medicaid and SCHIP funding and provide an increase in audits and evaluations of state Medicaid programs.

$403 million/5 years

PRESERVING AND IMPROVING ACCESS TO HEALTH CARE

FAMILY OPPORTUNITY ACT

Under current law, parents of severely disabled children who work lose Medicaid eligibility for their disabled children if they have income and resources above the poverty level.

The Family Opportunity Act, which has broad bipartisan support, would allow these parents to go to work and earn above-poverty wages while maintaining health care for their disabled children.

Key Provisions:

Medicaid ''buy-in'' for disabled children whose family income or resources are at or below 300% of the poverty level ($58,050.00 for a family of four).

Funds for demonstration projects in 10 states to provide services to Medicaid enrolled children with psychiatric disabilities at home, instead of in an institution.

Funds for information and outreach centers to serve families with disabled children.

Immediate access to Medicaid coverage for those children who are ''presumed eligible'' for Supplemental Security Income (SSI).

$872 million/5 years

ADDRESSING SCHIP SHORTFALLS

Under current law, CMS projects that as many as 23 states are projected to experience funding shortfalls in their SCHIP programs over the next 2 years.

Consistent with the SCHIP proposal in the President's budget, this provision addresses SCHIP shortfalls by redistributing a portion of these balances from states that have SCHIP surpluses to states that have SCHIP shortfalls.

Permits states to use up to 10% of their 2006 and 2007 allotments for outreach activities.

Prohibits future SCHIP waivers for nonpregnant adults. Provides that redistributed funds for shortfall states must be spent on targeted low-income children in order to receive the enhanced SCHIP-match. States that wish to use the redistributed funds for individuals other than targeted low-income children may do so but at their regular FMAP matching rate.

Continues authority for certain ''qualifying states'' to use funds for Medicaid expenses. Qualifying states include: Connecticut, Hawaii, Maryland, Minnesota, New Hampshire, New Mexico, Rhode Island, Tennessee, Vermont, Washington and Wisconsin. Public Laws #108–74 and 108–27 allowed qualifying states to use up to 20% of the state's 1998–2001 allotments to pay for Medicaid eligible children above 150% FPL that were part of a state's Medicaid expansion prior to enactment of SCHIP. The 1998–2000 allotments ''expired'' in 2004. The 2001 allotments ''expired'' at the end of the FY 2005. Therefore, currently, no spending under these provisions is permitted.

''Covering Kids'' which provides $25 million for fiscal year 2006 for grants to eligible entities to conduct outreach and enrollment efforts designed to increase enrollment and participation of eligible children under Medicaid and SCHIP and promote understanding of the importance of health insurance coverage for prenatal care and children.

$205 million/5 years

MONEY FOLLOWS THE PERSON DEMONSTRATION

Provides for demonstration projects to encourage community based services to individuals with disabilities rather than institutional long-term care services.

This provision offers states a financial incentive to expand the number of individuals who can receive home and community-based services by providing an enhanced federal match rate for the cost of service expenditures for one year for individuals who are relocating from an institution into the community.

Authorizes grants by HHS to states for the following purposes:

To increase the use of home and community based services, rather than institutional services.

Eliminate barriers that prevent or restrict the flexible use of Medicaid funds to enable individuals to receive support for appropriate and necessary long term services in the settings of their choice.

To increase the ability of the State Medicaid program to assure home and community based long term care services to eligible individuals, who choose to transition from an institution to a community setting.

Ensure that procedures are in place to provide quality assurance for eligible individuals receiving Medicaid home and community based long term care services and to provide for continuous quality improvement in such services.

$105 million/5 years

IMPROVED LONG TERM CARE OPTIONS

EXPAND LONG-TERM CARE PARTNERSHIP PROGRAM

Encourages the purchase of private long term care insurance by providing persons who have exhausted the benefits of a private long-term care insurance policy to access Medicaid under different means-testing requirements. This proposal is designed to result in savings to the Medicaid program by delaying the need for Medicaid coverage of long term care expenses.

Repeals the federal legislative ban on new long-term care partnership programs to allow any state in the nation the option of implementing a long term care insurance partnership program.

Establishes consumer-protections consistent with National Association of insurance Commissioner recommendations.

Requires the Secretary, in consultation with stakeholders, to develop standards to permit reciprocity of policies across states.

Establishes a national clearinghouse for information on long-term care insurance policies.

$10 million/5 years

OTHER PROVISIONS

Targeted temporary relief to certain parishes in Louisiana, counties in Mississippi and Alabama, and the state of Alaska FMAP (Sec 6032). This section reimburses states at 100% FMAP for any claims paid on behalf of an individual living in a specific parish in Louisiana or county in Mississippi and Alabama the week of August 28, 2005. This increase is temporary, beginning on August 28, 2005 and ending on May 15, 2006. It also creates a statutory floor for the FMAP for the state of Alaska at the 2005 FMAP level for 2006 and 2007.

$1.940 billion/5 years

Provides an adjustment to the District of Columbia's DSH allotment reflective of actual audited base year costs that all other Medicaid programs now use in their computation.

$100 million/5 years

Provides for podiatrists to be treated as physicians, as is the case under Medicare. The provision expands the definition of ''physician services'' under Medicaid to include a doctor of podiatric medicine with respect to the functions such a person is legally authorized to perform by the state in which he/she practices. States would now be required to cover the medical services of podiatrists.

$55 million/5 years

Provides for a 10-state demonstration project under which institutions for mental diseases not publicly owned or operated, would be eligible to receive reimbursement for Medicaid eligible recipients between the ages of 21–64 for the sole purpose of stabilizing an emergency medical condition.

$30 million/5 years

Subtotal Medicaid Spending: $3.722 billion/5 years

MEDICARE

PART A

REHABILITATION 75% RULE

Sets implementation of the ''75% rule,'' which is a criteria used to determine whether a hospital or unit qualifies as an inpatient rehabilitation facility (IRF) and thus for higher Medicare payments, at the 50% level through June 30, 2007.

Allows facilities more time to comply with the 50% threshold. Those IRFs that failed to meet the 50% compliance will be given an additional 6 months to meet this threshold. If after 6 months the facility remains noncompliant, the Secretary would revoke the facility's IRF status and collect any overpayments.

Calls for a study to identify and review the types of patients, medical conditions and rehabilitation providers that are unable to meet CMS' qualifications. Establishes a rehabilitation advisory council to provide advice and recommendations on the coverage of rehabilitation services under Medicare.

$105 million/5 years

EXTEND AND IMPROVE MEDICARE DEPENDENT HOSPITAL (MDH) PROGRAM

Extends the Medicare Dependent Hospital (MDH) program, which was created to provide financial protections to certain rural hospitals with less than 100 beds that have a greater than 60 percent share of Medicare patients, through 2011.

Allows hospitals the option to use 2002 base year costs, in addition to base year costs from 1982 or 1987.

Improves the blended payment rate by raising it from 50 percent to 75 percent of the difference between prospective payment system (PPS) payments and cost-based payments.

Removes the 12 percent disproportionate share hospital (DSH) payment cap for qualifying hospitals.

$14 million/5 years

PART B

SHORT TERM PHYSICIAN PAYMENT UPDATE

Physician payment updates are determined using the Sustainable Growth Rate (SGR) formula, which is based on four factors: .

Medicare Economic Index (MEI)

Number of beneficiaries in Fee-For-Service Medicare

Expenditures due to changes in law or regulations

Growth in real GDP per capita.

Actual spending has been higher than spending projected by the SGR formula, which will result in negative updates for the next six years.

Eliminating the SGR formula and adjusting payments for inflation would cost $154.5 billion over 10 years.

This provision would provide physicians with a positive 1.0% update in 2006.

$10.8 billion/5 years

THERAPY CAP MORATORIUM

In 1997, the BBA created a financial cap on the amount of money Medicare could spend per beneficiary for outpatient therapy services.

Two caps were set at $1,500 indexed to the Medicare Economic Index (MEI); one for physical therapy and speech language therapy, the other for occupational therapy.

Since 1999, Congress has twice enacted a moratorium on implementation of the therapy caps. The moratorium is set to expire in 2006.

This provision would extend the moratorium for one year.

$710 million/5 years

HOLD HARMLESS PAYMENTS FOR RURAL HOSPITAL OUTPATIENT DEPARTMENTS

MedPAC has stated that rural hospitals' financial performance under the outpatient prospective payment system (OPPS) is expected to decline by 2006.

Hold harmless payments are targeted to rural sole community hospitals and other rural hospitals with 100 or fewer beds.

The hold harmless policy should be extended because it targets the specific rural hospitals most affected.

This provision would extend hold-harmless payments under the OPPS through calendar year 2006.

This provision is consistent with a March 2005 MedPAC recommendation.

$170 million/5 years

ESRD COMPOSITE UPDATE

MedPAC has found beneficiary access to care is good, provider capacity is increasing, quality is improving, and provider access to capital is good.

This provision would provide a 1.6% increase in the composite rate update for 2006, consistent with the update provided in the MMA.

ESRD facilities will be paid for quality and efficiency starting in 2007 under the Medicare Value-Based Purchasing Act.

$520 million/5 years

EXPAND AVAILABILITY OF PACE IN RURAL AREAS

Establishes site development grants and a technical assistance program for up to 15 PACE sites in rural areas.

Creates a fund to provide partial reimbursement for incurred expenditures above a certain level.

$37 million/5 years

INTERNATIONAL VOLUNTEERS

There are several older Americans that volunteer overseas for programs sponsored by 501(c)(3) organizations.

During this time, volunteers are required to purchase insurance that provides international health benefits.

Volunteers are also required to pay Medicare Part B premiums in order to avoid future penalties and delayed enrollment when they return to the United States.

This provision would waive the Part B late enrollment penalty and would establish a special enrollment period for these individuals upon their return to the United States.

$20 million/5 years

MEDICARE PAYMENT ADJUSTMENT TO FEDERAL QUALIFIED HEALTH CENTERS

Federal Qualified Health Centers (FQHCs) are located in areas where care is needed but scarce.

This provision would allow FQHCs to provide diabetes outpatient self-management training services and medical nutrition therapy services.

A health care professional (including registered dietician or nutrition professional) under contract with the center can now provide services in an FQHC.

This provision would also allow FQHCs to be eligible for Health Care for the Homeless grants.

$40 million/5 years

Subtotal Medicare Spending: $12.916 billion/5 years .

Subtotal—Gross Spending: $16.638 billion/5 years

PACKAGE TOTALS

Medicaid: Savings: −$8.007 billion;

Spending: $3.722 billion; Net: −$4.285 billion (Figures are over five years.)

Medicare: Savings: −$18.637 billion; Spending: $12.916 billion; Net: −$5.721 billion.

Package Net Savings: −$10.006 billion over five years.

Mr. GRASSLEY. Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

RUBY JUBILEE OF THE CRISIS CALL CENTER IN RENO, NEVADA

Mr. REID. Mr. President, I rise today to honor the Ruby Jubilee of the Crisis Call Center in Reno, NV. For 40 years, volunteers have provided intervention, prevention, referral, and education services to the people of Nevada. The center has been a lifeline for countless individuals. While its volunteers know how valuable their efforts are, we will never know how much pain they have prevented or the full extent of the healing they have promoted.

The Crisis Call Center was founded in 1966 at the University of Nevada, Reno to combat the high rate of suicide. However, its scope grew over time. Now an independent nonprofit, the Crisis Call Center offers support to all individuals in crisis, including victims of sexual assault and child and elder abuse and neglect. It is still the leading community organization working to end suicide in Reno.

Additionally, the Crisis Call Center runs outreach projects for youth and seniors, groups that are at high risk for depression and suicide. I am particularly impressed by The Senior Connection, a specialized hotline to provide advocacy, support, and education to seniors. Uniquely, the services are provided by seniors for seniors.

The Crisis Call Center is one of the oldest continuously operating crisis centers in the country. It has provided a model for the many that followed and its innovative approaches ensure that it will be a leader for many years to come. I hope that you will join me in celebrating this milestone and in looking forward to the important work the Crisis Call Center will perform in the future.

SEQUENTIAL REFERRAL OF S. 1803

Ms. SNOWE. Mr. President, I respectfully ask unanimous consent that the following letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS,
Washington, DC, October 31, 2005.

Hon. WILLIAM FRIST,
Majority Leader, U.S. Senate, Washington, DC.

DEAR LEADER FRIST: Pursuant to paragraph 3(b) of S. Res. 400 of the 94th Congress, as amended, I request that S. 1803, the Intelligence Authorization Act for Fiscal Year 2006, as just reported by the Committee on Armed Services, be sequentially referred to the Committee on Homeland Security and Governmental Affairs for a period of ten days. I am making this request because this bill amends the Privacy Act, Section 552a of Title 5 of the United States Code, and the Privacy Act falls within the jurisdiction of the Committee on Homeland Security and Governmental Affairs pursuant to Senate Rule 25 and S. Res. 445 of the 108th Congress.

This request is without prejudice to any request for an additional extension of five days, as provided for under the resolution. Moreover, the amended resolution provides that the period of referral does not begin to run until the Committee to which the bill is referred receives the bill "in its entirety and including annexes." Thus, the ten days of initial referral will not begin until the Committee on Homeland Security and Governmental Affairs receives the classified annex to the bill as well as the bill and report. Finally, I request that I be consulted with regard to any unanimous consent or time agreements regarding this bill.

Sincerely,

SUSAN M. COLLINS,
Chairman.

SENATE BUDGET RECONCILIATION BILL

Mr. CORZINE. Mr. President, I rise today to express my serious concern about and opposition to the Senate budget reconciliation package.