When developing the Wage Index mechanism, HCFA decided that 71 percent of a hospital's costs were labor related. This rate also includes a predominant shift to labor-related costs due to purchases of outside services which incorrectly assumes that hospitals purchase services only from within their region and thus pay similar wages for these outside services. In reality, rural hospitals usually purchase services from urban areas and must pay urban wages for these services. However, the purchase of outside services from urban areas which may have a greater labor cost is not reconciled with the prevailing wage rate within the rural area. Hence, rural hospitals are paying urban rates for those services but are not being reimbursed at their urban wage rate. The average percentage of hospital expenditures in Alabama that are labor related is 51 percent—far from the 71 percent used by HCFA. And the annual impact of these formula problems result in a reduction of Alabama hospital payments by HCFA by between 5.5 and 6.5 percent or close to $46 million a year.

To illustrate the unfairness of the Wage Index formula, you must see the differences in the calculation of the base rate for reimbursement using the Wage Index for both the national average and for a typical Alabama hospital.

National Average:

Take the initial national base rate for a per patient diagnosis of $3,888.

Multiply it by the national average for percentage of wages to all other costs (71 percent) = $2760.

Remaining $1128 is non-labor costs.

Apply National Average Wage Index (1) to wage cost of $2760 = $2760.

Add $2760 to the non-labor portion, $1128, to get a total payment of $3888. This is the base rate for Medicare reimbursement per Medicare patient diagnosis.

Compare that to: Stringfellow Memorial Hospital in Anniston, AL:

Take the initial national base rate for a per patient diagnosis of $3,888.

Multiply it by the national average for percentage of wages to all other costs (71 percent) = $2760.

Remaining $1128 is non-labor costs.

Now here's the problem. Instead of applying the national average wage index of 1, for this Alabama hospital, we would use the Montgomery wage index of 0.74.

So, apply the local wage index of (0.74) to wage cost of $2760 = $2042.

Add $2042 to the non-labor portion, $1128, to get a total payment of $3170.

Therefore the base rate for per patient diagnosis at Stringfellow Memorial Hospital is $718 less than the national average. That's nearly 20 percent below the national average.

HCFA has recognized the problem and has addressed it in other areas. In developing the formula for the new Outpatient Perspective Payment System (PPS), which was required by the BBA of 1997, HCFA set the labor component of hospital costs at 60 percent (as compared to the 71 percent in the Inpatient PPS). According to HCFA, in the development of this new Outpatient formula, 60 percent represents the average split of labor and non labor-related costs.

Why then has HCFA not changed the Inpatient PPS formula? Why do we have to do it legislatively?

Senator GRASSLEY has proposed legislation that would correct the faulty wage index formula. His plan would mandate that HCFA apply the wage index adjustment only to each hospital's actual labor costs. This proposal, though it has not been scored, would cost approximately $230 million the first year.

While I support this proposal, I am also sympathetic to my colleagues whose states are not detrimentally affected by the wage index. For that reason, I would also support other possible solutions to the Wage Index issue.

There are 2 possible options:

(1) We can develop a Wage Index ''Floor,'' possibly set at 0.85 or 0.9. Thus there would be no effect (positive or negative) on hospitals with Wage Indeces above that level.

(2) We can establish a hold-harmless provision and apply the Wage Index adjustment to the share of hospital costs that are actually wage related (51 percent for Alabama), but only for hospitals with a Wage Index below 1.

The bottom line is that something must be done before the reductions in the BBA threaten the access to and quality of health care for our nation's seniors and uninsured. This government must not create a situation in which many of these needed hospitals have to close. We must act quickly or closures will occur.

I would like to thank the Chairman of the Senate Finance Committee, Chairman ROTH, for his efforts to address these concerns, and I look forward to working with him and the members of the Senate Finance Committee as well as the Senate Leadership to get this done.

It is time for this Congress to deal with the unfair wage index and improve it and take a step in the right direction. It is hurting our hospitals in rural America. It is really hurting them in Alabama where 70 percent are operating in the red and as many as 14 might close.

MARSHALL SPACE FLIGHT CENTER'S 40TH ANNIVERSARY

Mr. SESSIONS. Mr. President, today we are celebrating the accomplishments of the men and women of the Marshall Space Flight Center in Huntsville, AL, on the occasion of their 40th anniversary which will be celebrated tomorrow.

In September of 1960, President Dwight Eisenhower dedicated the Marshall Space Flight Center, which soon began making history under the leadership of Dr. Wernher von Braun. From the Mercury-Redstone vehicle that placed America's first astronaut, Alan Shepard, into suborbital space in 1961, to the mammoth Saturn V rocket that launched humans to the moon in 1969, Marshall and its industry partners have successfully engineered history making projects that gave, and continue to give, America the world's premier space program.

We are fortunate to have these dedicated men and women in Huntsville. I will be offering some remarks and hope to speak on the floor again later today. I take this opportunity to express my compliments and those of the American people to the men and women at Marshall Space Flight Center, which began 40 years ago, sent men to the moon, and now is working steadfastly to create a cost-efficient, effective way to send people into space routinely, almost as easily as we fly now across the Atlantic Ocean.

ENERGY

Mr. SESSIONS. Mr. President, I see the Senator from Alaska is here. I will just say this: Senator MURKOWSKI understands the failure of this administration's energy policy. He understands their desperate attempt to blame it on everyone but themselves.

The plain fact is, for almost 8 years, this administration has, through a myriad of ways—the chairman of the Committee on Energy and Natural Resources well knows—reduced American production of energy, leaving us more and more dependent on foreign oil. Now they have gotten together, created their cartel strength again and driven up the price of a barrel of oil in a matter of months from $13 a barrel to over $30, maybe $35. We are feeling it in every aspect of the American Government. It was done not on the basis of a free market supply and demand but because of the political acts of the OPEC nations. This administration needs to do something about it.

I am glad to see Chairman MURKOWSKI here this morning. I know he will be speaking about this important issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, may I ask how much time I am allotted under the standing order?

The PRESIDING OFFICER. The Senator may have 13 minutes of the time remaining of the Senator from Alabama.

Mr. MURKOWSKI. I thank the Chair, and I thank my good friend from Alabama.

He indicated that the price of oil had risen. The price of oil yesterday rose to an all-time 10-year high, $37 a barrel. This is a very serious matter that is not receiving enough attention by this body, nor this administration. To give my colleagues an idea, from the Washington Post yesterday there was a quote that the price of crude oil contracts on the futures market on the New York Mercantile Exchange rose above $37 a barrel for the first time.

Here is the more significant point. Analysts predicted that the price jumps, 2.7 percent yesterday and a total of 44 percent for this year, could continue indefinitely. I repeat—could continue indefinitely, especially with the uncertainty connected with Iraq's Saddam Hussein and his accusations that Kuwait was drilling near the Iraqi-Kuwaiti border and stealing Iraq's oil.

Doesn't this sound a little like what happened in 1991 prior to the Persian Gulf war where we had the muscle demonstration by Saddam Hussein and later the implications of that war?

This is serious business. If you don't believe it is serious, ask Tony Blair because the stability of the British Government is very shaky right now as a consequence of the price of energy, a 10-year high, expectations for the price of oil go as high as $40 per barrel and beyond in the near future.

Why are we in this mess and why should American consumers care? I will discuss one segment of this today because Saddam Hussein has the world over a barrel. It is over a barrel of oil.

Why should American consumers care? Well, Iraq is now in a position to set the market price of oil—and therefore, what you pay at the pump, what you pay to heat your homes, what you pay at the grocery store, and what the Northeast Corridor residents are going to be paying in this country this winter for fuel. God help us if we have a cold winter. Iraq is using its profits illegally for weapons of mass destruction. They are threatening the peace and stability of the entire Mideast region. They represent a threat to the security of Israel without question.

Let us look at a little history on how this administration has basically failed to address this threat. Just before the Clinton-Gore administration came in, we carried out a very successful mission in Desert Storm. That mission was not without American casualties. We lost 147 Americans; 467 were wounded; 23 were taken prisoner.

Since that time, we have continued to enforce a no-fly zone. We have flown over 200,000 sorties since the end of Desert Storm, at a cost to the American taxpayer of about $50 million per month. Yet here we are today more reliant on Iraqi oil. We are addicted to the imported oil. We are addicted to oil. In any event, as a consequence of our decline in domestic production, which has been 17 percent since the Clinton Administration took office, and a 14-percent increase in domestic demand during the same period, we are now 58-percent dependent on imported oil.

During the Arab oil embargo—some remember this period of time, 1973—we had gas lines around the block at filling stations. The public was outraged. They were blaming everybody, including Government. That was 1973 when we were 36 percent dependent on imported oil; now we are at 58 percent.

Today Iraq is the fastest growing source of U.S. foreign oil, 750,000 barrels a day, nearly 30 percent of all Iraqi exports. We fought a war over there in 1991. Here we are dependent on Iraq. It makes us powerless to respond. Weapons inspections are unable to proceed. We are concerned about it, but we don't do anything. Illegal oil trading is underway with other Arab nations. We know it, we enforce a blockade in the air, we don't enforce any kind of a blockade for the illegal oil shipments that are going out of Iraq. Profits go to development of weapons of mass destruction, training of the Republican Guards to keep Saddam Hussein alive.

The international community is becoming increasingly critical of sanctions towards Iraq. But consider this: Saddam Hussein puts Iraqi civilians in harm's way when we go over and bomb his targets. Saddam has used chemical weapons against his own people in his own territory. Saddam could have ended sanctions at any time. All he had to do is turn over his weapons of mass destruction; that is basically all. Yet he rebuilds his capacity to produce more. He cares more about these weapons, obviously, than he cares about his own people.

That he is able to dictate our energy future is an absolute tragedy of great proportion. Still, the administration refuses to act. What happened?

Saddam is getting more aggressive. His rhetoric in every speech at the conclusion is ''death to Israel.'' That is what he says. What is the threat to Israel's security? It is Iraq. He has announced a $14,000 bounty on any American plane shot down, for the anti-aircraft crew that is responsible. Now he is accusing Kuwait of stealing Iraqi oil. Here we go again.

That is the same thing that was done in 1990 shortly before he invaded Kuwait. Saddam is willing to use oil to gain further concessions. This is rather interesting, to show you the leverage he has because of his oil production. The U.N. was set to approve a $15 billion compensation measure for Kuwait as a result of damages from the Gulf war. That vote was set to take place next week. Iraq has retaliated and said: No, we are not going to pay that compensation. If you make us pay, we will reduce our output of oil. Now reports are that the U.N. has postponed that vote.

That is their leverage. There is likely not enough spare capacity in OPEC to make up the difference if Iraq pulls back it's production. Here is the Wall Street Journal headline: ''Iraqi Pumps Critical Oil and Knows It.'' That is the leverage of Saddam Hussein today, and his leverage is growing each and every hour.

This article says:

European oil executives familiar with Iraq say the U.N. sanctions against trading with Iraq are breaking down in the region. Turkey, Jordan, Qatar, Dubai, and Oman are still openly trading with Iraq. Sanctions aren't working. Now he is strong arming the U.N.

They have put off enforcing him to make compensation to Kuwait for the loss of damages associated with his invasion of that country. And his leverage is, hey, I will cut my oil production. The world can't afford to have that happen. Even if we took military action, we would need Saddam Hussein's oil to fuel our planes and bomb him.

I would ask that the full text of the Wall Street Journal article from September 19, 2000 be printed in the RECORD.

The PRESIDING OFFICER. Without objection.

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

[From the Wall Street Journal, Sept. 19, 2000]

IRAQ PUMPS CRITICAL OIL, AND KNOWS IT

(By Bhushan Bahree and Neil King Jr.)

PARIS.—An international pariah for the past decade, Iraqi leader Saddam Hussein now has the world over a barrel.

Iraq exports about 2.3 million barrels a day of crude oil into a world market so thirsty for oil that prices have soared recently spurring an international wave of consumer backlash. The Iraqi exports are significantly more than the combined spare production capacity of all other producers at this time. So the world now depends on Iraqi oil, right?

''You're damned right,'' snapped Amer Rasheed, Iraq's oil minister, during an interview after a ministerial meeting of the Organization of Petroleum Exporting Countries in Vienna last week.

Mr. Rasheed wouldn't answer whether Iraq is likely to use its oil weapon—threatening to halt oil exports—to seek an end, for instance, to United Nations sanctions imposed a decade ago.

Saddam has played this game before. Late last year, Iraq shut its oil taps in a dispute over the sanctions, and oil prices surged.

No sooner had Mr. Rasheed returned to Iraq last week than he accused Kuwait of stealing oil from Iraq's southern oil fields through wells drilled horizontally across the border. The accusation seemed ominous since it was the same charge Iraq leveled against its neighbor before invading Kuwait in 1990. Mr. Rasheed said Iraq would take unspecified action to protect its oil riches.

Yesterday, the Iraqi press reported that Saddam told a cabinet meeting Sunday that even Saudi Arabia, the world's largest oil exporter, didn't have enough spare capacity to relieve the world of worries about an impending oil shortage.

''This is one of those serious times when the threat of a suspension of Iraqi [oil] exports needs to be taken seriously,'' said Raad

Alkadiri, country analyst at Petroleum Finance Corp. in Washington.

Nobody knows just what the Iraqi leader may decide to do with his oil power. Some diplomats and industry officials figure Saddam may seek some gains by using the threat of a halt in oil exports, while others say he may reckon that things are going his way anyway, with support for the long-standing U.N. sanctions growing increasingly weak.

There is little doubt that Iraq is getting more assertive. An Iraqi fighter jet two weeks ago flew over part of Saudi Arabia for the first time in a decade, leading U.S. officials to warn that Washington would strike back if Baghdad provoked neighboring Kuwait or Saudi Arabia. U.S. officials have also warned against thinking they are too distracted by presidential politics to react.

Yet diplomats at the U.N. acknowledge that any concerted effort to get arms inspectors back into Iraq won't advance until after the U.S. presidential election. Hans Blix, head of the new inspection team, made the same point to reporters yesterday, saying "nothing serious will happen" until U.S. voters go to the polls Nov. 7.

No one at the U.N. suggests that the Clinton administration has put a hold on Iraqi diplomacy. But a spike in tensions with Iraq, especially if it led to steeper gas prices, could easily ripple through the presidential campaign.

European oil executives familiar with Iraq, meanwhile, say the U.N. sanctions against trading with Iraq are breaking down in the region. Turkey, Jordan, Qatar, Dubai and Oman are all openly trading with Iraq, says one senior European oil executive. "There is a feeling that except for bombing [against radar sites], the U.S. is turning a blind eye" to these transgressions, he says.

Western diplomats and industry officials say one potential flash point is a Sept. 26 meeting in Geneva of the U.N. Compensation Commission, which was set up after the Gulf War to decide on claims on losses resulting from Iraq's invasion of Kuwait. The body's governing board is scheduled to consider a claim of some $16 billion by state-owned Kuwait Petroleum Co., a claim that irks Iraq and may have provoked the counterclaim that Kuwait has been stealing Iraqi oil.

The commission has already paid out more than $8 billion to claimants. The U.N. supervises Iraqi exports of oil and directs 30% of the receipts from such sales to fund the commission and finance the awards. Depending on oil prices and Iraqi export levels, the commission is getting some $400 million every month from the Iraqi oil sales. Claims on Iraq total more than $320 billion. Though the commission's awards are expected to be significantly below that, Iraq has long argued that it wouldn't pay damages for decades to come.

If there is a political flare-up now that results in Iraq halting exports, the consequences could be serious at a time when supplies are tight, oil prices already are at 10-year highs of more than $36 a barrel (see article on page C1), and consumers have been protesting across Europe. "It would be devastating * * * the price of a barrel would double," the European oil executive said.

Most OPEC countries are producing flat out to meet strong world demand for oil. Kuwait, for instance, has made clear that it can't even meet the latest quota increase it was allocated as part of last week's OPEC agreement to raise the group's output by 800,000 barrels a day. The increase was aimed at helping to cover world demand, which is running at some 76 million barrels a day.

Iran's output actually declined in August, perhaps because of production difficulties at its fields. Exporters that aren't members of OPEC also are producing as much as oil as they can. Norway and Mexico, for instance, have both said they are producing to capacity.

That's not to say that the rest of the world would be helpless. Saudi Arabia and the United Arab Emirates could produce some extra oil to offset at least part of any shortfall from Iraq. Saudi Arabia's exact surge capacity—the ability to produce extra volumes for a short period of time—isn't precisely known. But given its huge capacity base of more than 10 million barrels a day, the kingdom could produce at a much higher rate for a short period. It also could try to increase its capacity, which would take at least some months.

Meanwhile, the U.S. and other industrial countries that have strategic reserves of petroleum could release them. The U.S. alone has some 570 million barrels of oil stored at salt caverns, and U.S. officials say they are prepared to tap the reserves immediately should Iraq cut off its oil exports.

"We could cover all Iraqi production for a year if we had to," one senior U.S. official said.

Altogether, industrial-country members of the Paris-based International Energy Agency have some 112 days of net import coverage through stocks that can be released in case of a 7% decrease in supplies from the average levels of the previous year.

Mr. MURKOWSKI. Think about the simple equation of Saddam's influence over the world right now. You don't have to be a mental giant to reach any other conclusion, but we buy Saddam Hussein's oil. We send him the money. He pays his Republican guards and builds up his biological and chemical weapons capability. We take that oil, put it in our airplanes and fly over and bomb him. And the process starts all over again. What kind of a foreign policy is that?

How do we get back on course? Well, there is a solution. We have to reduce our dependence on foreign oil. We need to go through some avenues to do this. We need to increase our efficiency and maximize our utilization of alternative fuels and renewables. But we also have to increase domestic oil and gas production in this country. We have vast resources in areas like the overthrust belt in Wyoming, Colorado, and other States where we produce oil. We can produce more. But 64 percent of the public land has been withdrawn from exploration. Increased domestic supply is needed to lower prices, reduce volatility, and ensure safe and secure energy supply.

My State of Alaska has been producing about 20 to 25 percent of all the total crude oil produced in this country in the last 20-some years. We can produce more. We have the technology and we can do it safely. Give us an opportunity. Let us show the American can-do spirit. Let us meet the environmental concerns with technology, not rhetoric.

We must increase our domestic energy supply of oil to lower prices, reduce volatility, and ensure safe and secure energy supply. We have legislation to do it. Senator LOTT and I and others introduced the Energy Security Act of 2000, S. 2557. If enacted, It would guide us toward rolling back our dependence on foreign oil to below 50 percent. That is a goal, an objective of the bill.

To meet that goal, our bill would, among other things, increase domestic energy supplies of oil by allowing frontier royalty relief; improving Federal oil lease management; providing tax incentives for production, and assuring price certainty for small producers; allow new exploration in America's Arctic, in the Rocky Mountain States, and along the OCS areas for those States that want it; protect consumers against seasonal price spikes, especially with regard to Northeast heating oil users; foster increased energy efficiency, and provide new tax incentives for renewable energy to replace foreign oil.

The bottom line is, the Clinton-Gore energy policy and our increased dependence on Saddam Hussein is a travesty on the American people, the American mentality, and the American memory. We fought a war in Iraq, and now we are dependent on their resources and unable, or unwilling to do anything about it. Saddam is leveraging the issue by his dictate to the U.N. that he is not going to give them compensation. If they make him, he will simply cut his production, and the world can't afford to have that happen.

Finally, more U.S. dependence on foreign oil gives more leverage to Saddam Hussein to threaten regional stability. The administration seems powerless to respond for fear of cutting back on Iraqi exports. We are in a period almost as if it was during the last year of the Carter administration. Remember that time? We were being held hostage, if you will. We had hostages in our embassy in Iran. This time we have a country, a nation held hostage by Saddam Hussein.

What will the effect be? It is going to be at the gas pump and in your heating oil bill. I haven't even talked about natural gas, and I will not do that today. I want to remind my colleagues that we have been talking about oil today. Tomorrow we are going to talk about natural gas. Natural gas, a year ago, was $2.16. Today it is $5.40 for deliveries in October. The GOP energy plan would defuse Saddam Hussein's threat. The Clinton-Gore plan wants to stand by until the election is over. They hope they get away with it.

That concludes the amount of time allotted to me. Tomorrow I will talk about the price of natural gas and the effect it will have on the economy, your heating bills, and your electric bills.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized, but the Senator doesn't have any time.

Mrs. BOXER. Mr. President, I ask unanimous consent that I may use 5 minutes of Senator DURBIN's time, to be followed by Senator GRAHAM and then Senator DORGAN.

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

CLINTON-GORE PRESCRIPTION DRUG PLAN

Mrs. BOXER. Mr. President, I thank my colleague for giving me these 5 minutes. I listened to Senator GRAMM's attack on the Clinton-Gore prescription drug plan, the Democratic plan. I will tell you, it was very interesting because I just read an article in one of the newspapers. I think it was in The Hill. It is an article by Representative SHERROD BROWN. Representative BROWN points to a confidential document—I will quote him—prepared for House Republicans. It found its way into the public realm. It wasn't news at the time, he says, but when you read it, it suggests that the Republicans go after the Democratic plan by calling it a one-size-fits-all plan, "a big government plan, especially a one-size-fits-all big government plan."

As I listened to Senator GRAMM, he uses those terms over and over again. Now it sort of makes sense as to why they have put out this strategy on how to attack this plan. I had to smile when I was listening to Senator GRAMM because I thought, Is he attacking the Medicare program? The Medicare program is a program that covers 99 percent of our seniors. I suppose he thinks that the one-size-fits-all big government plan—and I assume he feels that way because Governor Bush, in 4 years, wants to do away with the Medicare plan. So this is what is happening here.

I want to share a couple of charts that show the differences between the two plans. This is amazing. Also, they say it is a forced plan when it is voluntary. Vice President GORE has been very clear that the plan is a voluntary plan. Seniors can take it if they want. So here you have the Democratic plan, which is affordable for all seniors. It is part of Medicare and it is voluntary. It has a defined benefit, and it gives bargaining power to seniors so that the cost of the drugs would go down.

The House Republican bill has no assistance to seniors with incomes over $12,500. So that leaves out most seniors. It is private insurance, not Medicare. Insurers say they won't offer it. We have proof of that and we have quotes. An insurer can modify or drop benefits year to year. Seniors may lose access to local pharmacies or drugs. There is no guarantee of better prices. Let's see the comments about the Bush-Republican plan—the GOP prescription drug plan by health insurers.

> We continue to believe the concept of the so-called drug-only private insurance simply would not work in practice.

That is Charles Kahn, President of the Health Insurance Association of America.

Let's look at other comments of health insurers on the GOP plan endorsed by Senator GRAMM and Governor Bush.

> Private drug insurance policies are doomed from the start. The idea sounds good, but it cannot succeed in the real world. I don't know of an insurance company that would offer a drug-only policy like that or even consider it.

Charles Kahn, President of the Health Insurance Association of America.

Health insurers tell us that the Bush Republican plan is doomed because no insurance companies are going to do it.

Here is Cecil Bykerk, Executive Vice President of the Mutual of Omaha companies, who says:

> I am convinced that stand-alone drug policies won't work.

You have a real plan by AL GORE for voluntary benefits under Medicare—a program that is revered by seniors. The fact is that the Republican plan, by the very companies that are making life miserable for seniors—HMOs, insurance companies, and pharmaceutical companies—is a complete sham.

Things are getting hot around here. It is "happy season." It is political season. I think we have to get back to reality.

Let's realize that the words used by my friend, Senator GRAMM from Texas, come straight out of the Republican campaign strategy book—call it big government, call it one size fits all; if you don't like the Medicare program, then you ought to support Governor Bush's plan because in 4 years he does away with Medicare.

Let's take a look at this one more time.

The Senate Democratic bill, which is essentially the Gore plan, is affordable for all seniors. It is voluntary. It will work.

The House Republican plan and the one that is discussed by PHIL GRAMM is a sham. The insurance companies say they can't do it.

Thank you very much. I thank my colleague from Florida for allowing me to go ahead.

The PRESIDING OFFICER. The Senator from Florida is recognized.

MEDICARE REFORM

Mr. GRAHAM. Mr. President, for the past 3 days I have been discussing the need to reform Medicare and the fundamental reform of shifting Medicare from being a program that focuses on sickness and dealing with disease and the consequences of accidents after they happen, to a health care system that focuses on wellness and maintaining the highest possible quality of life. I pointed out that an essential ingredient of any wellness strategy is prescription drugs. Prescription drugs are a modality in virtually every form of therapy which is designed to reverse disease conditions or to manage those conditions.

Yesterday, I talked about the fact that the prescription drug benefit for senior Americans should be provided through the Medicare program. It is the program which the seniors themselves have indicated over and over that they believe in, they trust, they have confidence in, and that they would like it to be the program through which this additional benefit would be added to all the other benefits that are available through Medicare. They would also like prescription drugs to be available through Medicare.

In the context of the discussion of our colleague from California, I must point out that while the seniors are saying they want to have a prescription drug benefit administered through Medicare, the Governors of the States are saying they do not want to have the responsibility for administering a prescription drug benefit; it is not our job nor should it be our financial responsibility to be involved in prescription drugs for a group of Americans who have since 1965 been covered by a national program and not a State-by-State program.

I would like to talk about the issue of cost and which alternative before us has the best opportunity to serve not only the interests of the 39 million seniors but all Americans in terms of injecting some control over an out-of-control, spiraling increase in the cost of pharmaceutical drugs.

Let me use as an illustration what has happened to a constituent of mine, Mrs. Elaine Kett. Mrs. Kett is a 77-year-old widow from Vero Beach, FL. She lives on a fixed income of approximately $20,000 a year, which means that her income is above the level that would provide benefits for her under the kind of plan that my Teutonic cousin from Texas has indicated he would support.

Like many of my constituents, Mrs. Kett sent me a list of all the prescription drugs that her physician has indicated are medically necessary for her wellness and quality of life. These are the lists of Mrs. Elaine Kett's drugs. As you will see when you add up all the costs of the drugs which she used in 1999, the total cost was $10,053.36. Mrs. Kett has already said her income is $20,000 a year. Fifty cents out of every dollar of Mrs. Kett's income was consumed in paying for the prescription drugs necessary for her life, wellness, and quality.

In her letter, Mrs. Kett writes:

> This is killing me because my income is just a bit more than double the cost of these drugs.