

These service men and women should be remembered alongside their colleagues on the mall. With Memorial Day quickly approaching, I urge you to support this measure. While it is simple in nature—just a plaque—it speaks volumes about our respect for these soldiers.

Mr. GALLEGLY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. GALLEGLY) that the House suspend the rules and pass the bill, H.R. 3293, as amended.

The question was taken.

Mr. GALLEGLY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

## LONG-TERM CARE SECURITY ACT

Mr. SCARBOROUGH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4040) to amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees, members of the uniformed services, and civilian and military retirees, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4040

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Long-Term Care Security Act".

### SEC. 2. LONG-TERM CARE INSURANCE.

(a) IN GENERAL.—Subpart G of part III of title 5, United States Code, is amended by adding at the end the following:

#### "CHAPTER 90—LONG-TERM CARE INSURANCE

"Sec.

"9001. Definitions.

"9002. Availability of insurance.

"9003. Contracting authority.

"9004. Financing.

"9005. Preemption.

"9006. Studies, reports, and audits.

"9007. Jurisdiction of courts.

"9008. Administrative functions.

"9009. Cost accounting standards.

#### "§ 9001. Definitions

For purposes of this chapter:

"(1) EMPLOYEE.—The term 'employee' means—

"(A) an employee as defined by section 8901(1); and

"(B) an individual described in section 2105(e);

but does not include an individual employed by the government of the District of Columbia.

"(2) ANNUITANT.—The term 'annuitant' has the meaning such term would have under

paragraph (3) of section 8901 if, for purposes of such paragraph, the term 'employee' were considered to have the meaning given to it under paragraph (1) of this subsection.

"(3) MEMBER OF THE UNIFORMED SERVICES.—The term 'member of the uniformed services' means a member of the uniformed services, other than a retired member of the uniformed services, who is—

"(A) on active duty or full-time National Guard duty for a period of more than 30 days; and

"(B) a member of the Selected Reserve.

"(4) RETIRED MEMBER OF THE UNIFORMED SERVICES.—The term 'retired member of the uniformed services' means a member or former member of the uniformed services entitled to retired or retainer pay, including a member or former member retired under chapter 1223 of title 10 who has attained the age of 60 and who satisfies such eligibility requirements as the Office of Personnel Management prescribes under section 9008.

"(5) QUALIFIED RELATIVE.—The term 'qualified relative' means each of the following:

"(A) The spouse of an individual described in paragraph (1), (2), (3), or (4).

"(B) A parent, stepparent, or parent-in-law of an individual described in paragraph (1) or (3).

"(C) A child (including an adopted child, a stepchild, or, to the extent the Office of Personnel Management by regulation provides, a foster child) of an individual described in paragraph (1), (2), (3), or (4), if such child is at least 18 years of age.

"(D) An individual having such other relationship to an individual described in paragraph (1), (2), (3), or (4) as the Office may by regulation prescribe.

"(6) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' refers to an individual described in paragraph (1), (2), (3), (4), or (5).

"(7) QUALIFIED CARRIER.—The term 'qualified carrier' means an insurance company (or consortium of insurance companies) that is licensed to issue long-term care insurance in all States, taking any subsidiaries of such a company into account (and, in the case of a consortium, considering the member companies and any subsidiaries thereof, collectively).

"(8) STATE.—The term 'State' includes the District of Columbia.

"(9) QUALIFIED LONG-TERM CARE INSURANCE CONTRACT.—The term 'qualified long-term care insurance contract' has the meaning given such term by section 7702B of the Internal Revenue Code of 1986.

"(10) APPROPRIATE SECRETARY.—The term 'appropriate Secretary' means—

"(A) except as otherwise provided in this paragraph, the Secretary of Defense;

"(B) with respect to the Coast Guard when it is not operating as a service of the Navy, the Secretary of Transportation;

"(C) with respect to the commissioned corps of the National Oceanic and Atmospheric Administration, the Secretary of Commerce; and

"(D) with respect to the commissioned corps of the Public Health Service, the Secretary of Health and Human Services.

#### "§ 9002. Availability of insurance

"(a) IN GENERAL.—The Office of Personnel Management shall establish and, in consultation with the appropriate Secretaries, administer a program through which an individual described in paragraph (1), (2), (3), (4), or (5) of section 9001 may obtain long-term care insurance coverage under this chapter for such individual.

"(b) GENERAL REQUIREMENTS.—Long-term care insurance may not be offered under this chapter unless—

"(1) the only coverage provided is under qualified long-term care insurance contracts; and

"(2) each insurance contract under which any such coverage is provided is issued by a qualified carrier.

"(c) DOCUMENTATION REQUIREMENT.—As a condition for obtaining long-term care insurance coverage under this chapter based on one's status as a qualified relative, an applicant shall provide documentation to demonstrate the relationship, as prescribed by the Office.

"(d) UNDERWRITING STANDARDS.—

"(1) DISQUALIFYING CONDITION.—Nothing in this chapter shall be considered to require that long-term care insurance coverage be made available in the case of any individual who would be eligible for benefits immediately.

"(2) SPOUSAL PARITY.—For the purpose of underwriting standards, a spouse of an individual described in paragraph (1), (2), (3), or (4) of section 9001 shall, as nearly as practicable, be treated like that individual.

"(3) GUARANTEED ISSUE.—Nothing in this chapter shall be considered to require that long-term care insurance coverage be guaranteed to an eligible individual.

"(4) REQUIREMENT THAT CONTRACT BE FULLY INSURED.—In addition to the requirements otherwise applicable under section 9001(9), in order to be considered a qualified long-term care insurance contract for purposes of this chapter, a contract must be fully insured, whether through reinsurance with other companies or otherwise.

"(5) HIGHER STANDARDS ALLOWABLE.—Nothing in this chapter shall, in the case of an individual applying for long-term care insurance coverage under this chapter after the expiration of such individual's first opportunity to enroll, preclude the application of underwriting standards more stringent than those that would have applied if that opportunity had not yet expired.

"(e) GUARANTEED RENEWABILITY.—The benefits and coverage made available to eligible individuals under any insurance contract under this chapter shall be guaranteed renewable (as defined by section 7A(2) of the model regulations described in section 7702B(g)(2) of the Internal Revenue Code of 1986), including the right to have insurance remain in effect so long as premiums continue to be timely made. However, the authority to revise premiums under this chapter shall be available only on a class basis and only to the extent otherwise allowable under section 9003(b).

#### "§ 9003. Contracting authority

"(a) IN GENERAL.—The Office of Personnel Management shall, without regard to section 5 of title 41 or any other statute requiring competitive bidding, contract with 1 or more qualified carriers for a policy or policies of long-term care insurance. The Office shall ensure that each resulting contract (hereinafter in this chapter referred to as a 'master contract') is awarded on the basis of contractor qualifications, price, and reasonable competition.

"(b) TERMS AND CONDITIONS.—

"(1) IN GENERAL.—Each master contract under this chapter shall contain—

"(A) a detailed statement of the benefits offered (including any maximums, limitations, exclusions, and other definitions of benefits);

"(B) the premiums charged (including any limitations or other conditions on their subsequent adjustment);

“(C) the terms of the enrollment period; and

“(D) such other terms and conditions as may be mutually agreed to by the Office and the carrier involved, consistent with the requirements of this chapter.

“(2) PREMIUMS.—Premiums charged under each master contract entered into under this section shall reasonably and equitably reflect the cost of the benefits provided, as determined by the Office. The premiums shall not be adjusted during the term of the contract unless mutually agreed to by the Office and the carrier.

“(3) NONRENEWABILITY.—Master contracts under this chapter may not be made automatically renewable.

“(c) PAYMENT OF REQUIRED BENEFITS; DISPUTE RESOLUTION.—

“(1) IN GENERAL.—Each master contract under this chapter shall require the carrier to agree—

“(A) to provide payments or benefits to an eligible individual if such individual is entitled thereto under the terms of the contract; and

“(B) with respect to disputes regarding claims for payments or benefits under the terms of the contract—

“(i) to establish internal procedures designed to expeditiously resolve such disputes; and

“(ii) to establish, for disputes not resolved through procedures under clause (i), procedures for 1 or more alternative means of dispute resolution involving independent third-party review under appropriate circumstances by entities mutually acceptable to the Office and the carrier.

“(2) ELIGIBILITY.—A carrier’s determination as to whether or not a particular individual is eligible to obtain long-term care insurance coverage under this chapter shall be subject to review only to the extent and in the manner provided in the applicable master contract.

“(3) OTHER CLAIMS.—For purposes of applying the Contract Disputes Act of 1978 to disputes arising under this chapter between a carrier and the Office—

“(A) the agency board having jurisdiction to decide an appeal relative to such a dispute shall be such board of contract appeals as the Director of the Office of Personnel Management shall specify in writing (after appropriate arrangements, as described in section 8(c) of such Act); and

“(B) the district courts of the United States shall have original jurisdiction, concurrent with the United States Court of Federal Claims, of any action described in section 10(a)(1) of such Act relative to such a dispute.

“(4) RULE OF CONSTRUCTION.—Nothing in this chapter shall be considered to grant authority for the Office or a third-party reviewer to change the terms of any contract under this chapter.

“(d) DURATION.—

“(1) IN GENERAL.—Each master contract under this chapter shall be for a term of 7 years, unless terminated earlier by the Office in accordance with the terms of such contract. However, the rights and responsibilities of the enrolled individual, the insurer, and the Office (or duly designated third-party administrator) under such contract shall continue with respect to such individual until the termination of coverage of the enrolled individual or the effective date of a successor contract thereto.

“(2) EXCEPTION.—

“(A) SHORTER DURATION.—In the case of a master contract entered into before the end

of the period described in subparagraph (B), paragraph (1) shall be applied by substituting ‘ending on the last day of the 7-year period described in paragraph (2)(B)’ for ‘of 7 years’.

“(B) DEFINITION.—The period described in this subparagraph is the 7-year period beginning on the earliest date as of which any long-term care insurance coverage under this chapter becomes effective.

“(3) CONGRESSIONAL NOTIFICATION.—No later than 180 days after receiving the second report required under section 9006(c), the President (or his designee) shall submit to the Committees on Government Reform and on Armed Services of the House of Representatives and the Committees on Governmental Affairs and on Armed Services of the Senate, a written recommendation as to whether the program under this chapter should be continued without modification, terminated, or restructured. During the 180-day period following the date on which the President (or his designee) submits the recommendation required under the preceding sentence, the Office of Personnel Management may not take any steps to rebid or otherwise contract for any coverage to be available at any time following the expiration of the 7-year period described in paragraph (2)(B).

“(4) FULL PORTABILITY.—Each master contract under this chapter shall include such provisions as may be necessary to ensure that, once an individual becomes duly enrolled, long-term care insurance coverage obtained by such individual pursuant to that enrollment shall not be terminated due to any change in status (such as separation from Government service or the uniformed services) or ceasing to meet the requirements for being considered a qualified relative (whether as a result of dissolution of marriage or otherwise).

#### “§9004. Financing

“(a) IN GENERAL.—Each eligible individual obtaining long-term care insurance coverage under this chapter shall be responsible for 100 percent of the premiums for such coverage.

“(b) WITHHOLDINGS.—

“(1) IN GENERAL.—The amount necessary to pay the premiums for enrollment may—

“(A) in the case of an employee, be withheld from the pay of such employee;

“(B) in the case of an annuitant, be withheld from the annuity of such annuitant;

“(C) in the case of a member of the uniformed services described in section 9001(3), be withheld from the pay of such member; and

“(D) in the case of a retired member of the uniformed services described in section 9001(4), be withheld from the retired pay or retainer pay payable to such member.

“(2) VOLUNTARY WITHHOLDINGS FOR QUALIFIED RELATIVES.—Withholdings to pay the premiums for enrollment of a qualified relative may, upon election of the appropriate eligible individual (described in section 9001(1)–(4)), be withheld under paragraph (1) to the same extent and in the same manner as if enrollment were for such individual.

“(c) DIRECT PAYMENTS.—All amounts withheld under this section shall be paid directly to the carrier.

“(d) OTHER FORMS OF PAYMENT.—Any enrollee who does not elect to have premiums withheld under subsection (b) or whose pay, annuity, or retired or retainer pay (as referred to in subsection (b)(1)) is insufficient to cover the withholding required for enrollment (or who is not receiving any regular amounts from the Government, as referred to in subsection (b)(1), from which any such

withholdings may be made, and whose premiums are not otherwise being provided for under subsection (b)(2)) shall pay an amount equal to the full amount of those charges directly to the carrier.

“(e) SEPARATE ACCOUNTING REQUIREMENT.—Each carrier participating under this chapter shall maintain records that permit it to account for all amounts received under this chapter (including investment earnings on those amounts) separate and apart from all other funds.

“(f) REIMBURSEMENTS.—

“(1) REASONABLE INITIAL COSTS.—

“(A) IN GENERAL.—The Employees’ Life Insurance Fund is available, without fiscal year limitation, for reasonable expenses incurred by the Office of Personnel Management in administering this chapter before the start of the 7-year period described in section 9003(d)(2)(B), including reasonable implementation costs.

“(B) REIMBURSEMENT REQUIREMENT.—Such Fund shall be reimbursed, before the end of the first year of that 7-year period, for all amounts obligated or expended under subparagraph (A) (including lost investment income). Such reimbursement shall be made by carriers, on a pro rata basis, in accordance with appropriate provisions which shall be included in master contracts under this chapter.

“(2) SUBSEQUENT COSTS.—

“(A) IN GENERAL.—There is hereby established in the Employees’ Life Insurance Fund a Long-Term Care Administrative Account, which shall be available to the Office, without fiscal year limitation, to defray reasonable expenses incurred by the Office in administering this chapter after the start of the 7-year period described in section 9003(d)(2)(B).

“(B) REIMBURSEMENT REQUIREMENT.—Each master contract under this chapter shall include appropriate provisions under which the carrier involved shall, during each year, make such periodic contributions to the Long-Term Care Administrative Account as necessary to ensure that the reasonable anticipated expenses of the Office in administering this chapter during such year (adjusted to reconcile for any earlier overestimates or underestimates under this subparagraph) are defrayed.

#### “§9005. Preemption

“The terms of any contract under this chapter which relate to the nature, provision, or extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to long-term care insurance or contracts.

#### “§9006. Studies, reports, and audits

“(a) PROVISIONS RELATING TO CARRIERS.—Each master contract under this chapter shall contain provisions requiring the carrier—

“(1) to furnish such reasonable reports as the Office of Personnel Management determines to be necessary to enable it to carry out its functions under this chapter; and

“(2) to permit the Office and representatives of the General Accounting Office to examine such records of the carrier as may be necessary to carry out the purposes of this chapter.

“(b) PROVISIONS RELATING TO FEDERAL AGENCIES.—Each Federal agency shall keep such records, make such certifications, and furnish the Office, the carrier, or both, with such information and reports as the Office may require.

“(c) REPORTS BY THE GENERAL ACCOUNTING OFFICE.—The General Accounting Office shall prepare and submit to the President, the Office of Personnel Management, and each House of Congress, before the end of the third and fifth years during which the program under this chapter is in effect, a written report evaluating such program. Each such report shall include an analysis of the competitiveness of the program, as compared to both group and individual coverage generally available to individuals in the private insurance market. The Office shall cooperate with the General Accounting Office to provide periodic evaluations of the program.

**“§ 9007. Jurisdiction of courts**

“The district courts of the United States have original jurisdiction of a civil action or claim described in paragraph (1) or (2) of section 9003(c), after such administrative remedies as required under such paragraph (1) or (2) (as applicable) have been exhausted, but only to the extent judicial review is not precluded by any dispute resolution or other remedy under this chapter.

**“§ 9008. Administrative functions**

“(a) IN GENERAL.—The Office of Personnel Management shall prescribe regulations necessary to carry out this chapter.

“(b) ENROLLMENT PERIODS.—The Office shall provide for periodic coordinated enrollment, promotion, and education efforts in consultation with the carriers.

“(c) CONSULTATION.—Any regulations necessary to effect the application and operation of this chapter with respect to an eligible individual described in paragraph (3) or (4) of section 9001, or a qualified relative thereof, shall be prescribed by the Office in consultation with the appropriate Secretary.

“(d) INFORMED DECISIONMAKING.—The Office shall ensure that each eligible individual applying for long-term care insurance under this chapter is furnished the information necessary to enable that individual to evaluate the advantages and disadvantages of obtaining long-term care insurance under this chapter, including the following:

“(1) The principal long-term care benefits and coverage available under this chapter, and how those benefits and coverage compare to the range of long-term care benefits and coverage otherwise generally available.

“(2) Representative examples of the cost of long-term care, and the sufficiency of the benefits available under this chapter relative to those costs. The information under this paragraph shall also include—

“(A) the projected effect of inflation on the value of those benefits; and

“(B) a comparison of the inflation-adjusted value of those benefits to the projected future costs of long-term care.

“(3) Any rights individuals under this chapter may have to cancel coverage, and to receive a total or partial refund of premiums. The information under this paragraph shall also include—

“(A) the projected number or percentage of individuals likely to fail to maintain their coverage (determined based on lapse rates experienced under similar group long-term care insurance programs and, when available, this chapter); and

“(B)(i) a summary description of how and when premiums for long-term care insurance under this chapter may be raised;

“(ii) the premium history during the last 10 years for each qualified carrier offering long-term care insurance under this chapter; and

“(iii) if cost increases are anticipated, the projected premiums for a typical insured individual at various ages.

“(4) The advantages and disadvantages of long-term care insurance generally, relative to other means of accumulating or otherwise acquiring the assets that may be needed to meet the costs of long-term care, such as through tax-qualified retirement programs or other investment vehicles.

**“§ 9009. Cost accounting standards**

“The cost accounting standards issued pursuant to section 26(f) of the Office of Federal Procurement Policy Act (41 U.S.C. 422(f)) shall not apply with respect to a long-term care insurance contract under this chapter.”.

(b) CONFORMING AMENDMENT.—The analysis for part III of title 5, United States Code, is amended by adding at the end of subpart G the following:

“90. Long-Term Care Insurance ... 9001.”.

**SEC. 3. EFFECTIVE DATE.**

The Office of Personnel Management shall take such measures as may be necessary to ensure that long-term care insurance coverage under title 5, United States Code, as amended by this Act, may be obtained in time to take effect not later than the first day of the first applicable pay period of the first fiscal year which begins after the end of the 18-month period beginning on the date of enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. SCARBOROUGH) and the gentleman from Maryland (Mr. CUMMINGS) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. SCARBOROUGH).

GENERAL LEAVE

Mr. SCARBOROUGH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill, H.R. 4040.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SCARBOROUGH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Long-Term Care Security Act that we are considering today is a consensus bill. It is reflective of the hard work and dedication of Members on both sides of the aisle.

I want to begin by thanking my distinguished ranking member, the gentleman from Maryland (Mr. CUMMINGS), for his continued hard work and cooperation through this process. I also appreciate the leadership of my predecessor as chairman of this subcommittee, the gentleman from Florida (Mr. MICA). The gentleman from Florida (Mr. MICA) initiated the subcommittee's examination of long-term care, introducing the first long-term care bill during last Congress.

The gentlewoman from Maryland (Mrs. MORELLA) has also worked hard to create a long-term care insurance program for Federal employees and retirees. And I would also like to thank the chairman of the committee, the gentleman from Indiana (Mr. BURTON), and the ranking member, the gentleman from California (Mr. WAXMAN),

for their support and hard work on this bill, and so many others, Mr. Speaker, including just everybody on the subcommittee, who really have done so much to make this work.

As chairman of the subcommittee, long-term care insurance has been my top priority. During this Congress the subcommittee held three hearings on long-term care which demonstrated the importance of long-term care insurance. Longer life spans are leading to a rise in the number of Americans who are likely to need some form of long-term care, which today can cost as much as \$50,000 a year. By 2030, the American Council of Life Insurers estimates that a year in a nursing home will cost as much as \$190,000. Mr. Speaker, few Federal employees would be able to bear these costs without liquidating everything that they have worked so long for.

Long-term care insurance will help Federal workers plan for this risk while protecting themselves and their loved ones of the indignities of the Medicaid spend-down process that so many have to go through right now. Under the Long-Term Care Security Act, Federal employees, members of the uniformed services, and both civilian and military retirees may purchase long-term care insurance sponsored by their employer.

As one of the Nation's largest employers, the success of our program will undoubtedly influence other employers across this land. Just as we are following the lead of many private employers who offer this benefit to their workforces today, I really believe that other companies are likely to follow the government's lead and offer their own employees this very important protection.

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This legislation will allow insurance carriers and the Office of Personnel Management to design flexible benefit packages to satisfy the widely varying needs of our diverse population. Employees, members of the uniformed services, and retirees will also have the opportunity to obtain long-term care insurance for their spouses, their children, and other close relatives.

We expect competition between the carriers in the bidding process to keep premiums affordable for the entire Federal community. And that is important.

Coupled with less stringent underwriting requirements for those who enroll at their first opportunity, reasonable premiums should encourage many employees to purchase long-term care insurance.

Ultimately, the success of our collective efforts will be measured by the number of employees who buy insurance under this program. That is why

this bill provides for close Congressional scrutiny as the program develops. Congress will receive periodic reports from the General Accounting Office and the Office of Personnel Management. The subcommittee will carefully monitor the implementation of this program to ensure that it offers high quality coverage at very competitive premiums.

Mr. Speaker, I encourage all Members to support this very, very important bill.

Mr. Speaker, I reserve the balance of my time.

Mr. CUMMINGS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I commend the gentleman from Florida (Chairman SCARBOROUGH) and the gentleman from California (Mr. WAXMAN), the gentleman from Maine (Mr. ALLEN), the gentleman from Florida (Mr. MICA) and the gentlewoman from Maryland (Mrs. MORELLA) for working diligently to bring this bipartisan bill to fruition.

And another one of our Members, the gentlewoman from the District of Columbia (Ms. NORTON), has worked so hard on this legislation.

Mr. Speaker, I yield 3½ minutes to the distinguished gentlewoman from Washington, D.C. (Ms. NORTON).

Ms. NORTON. Mr. Speaker, I thank the gentleman for his kindness in yielding to me. I have an appointment off campus, and I appreciate his interrupting his opening remarks to yield to me.

Mr. Speaker, I want to thank the gentleman from Florida (Chairman SCARBOROUGH) and the gentleman from Maryland (Mr. CUMMINGS), the ranking member, because we have been working on this bill for 3 years, but this chairman and ranking member have brought this to fruition. There will be millions of Americans not only who work for the Federal workforce, but who see this leadership by example who will benefit by their leadership here.

I want to thank the gentleman from Indiana (Chairman BURTON) and the gentleman from California (Mr. WAXMAN) for coming together. This is a true bipartisan effort because the administration has been struggling for this, as well. What happened was that the three parties got together, the administration, the majority and minority, and we have an important breakthrough bill here.

Mr. Speaker, there has been lots of concern on both sides of the aisle about prescription drugs. And while there might be, long-term care is the real sleeper. It is the nuclear bomb of health care because of the baby boom generation and what they are going to bring to the health care system.

To be sure, 40 million Americans are without health care at all. And if that many do not have basic health care, imagine where the average American stands on long-term health care. Peo-

ple are living longer. The need for long-term health care is as plain as the nose on our faces. This bill is, therefore, major for its implications for the entire country.

In providing no Federal contribution, this bill breaks with precedent. And I do regret that, because the Federal workforce has indeed always made some contribution. But given the cost and what it would mean to get that contribution and the importance of this bill, I believe we have done the right thing in coming forward, particularly since the group coverage means that employees will get a 15- to 20-percent discount and, therefore, will be able very often to afford this health care.

Mr. Speaker, we have a huge workforce. What this bill does is to use the size of that workforce to advantage in the marketplace to bring long-term health care to the largest workforce in the United States.

The effect on the largest population in the United States, the baby boomers, is going to be especially dramatic because their health care presents the greatest challenge to us all.

What this bill does, very simply, is to prevent the spend-down of resources so that people then go on Medicaid. That is what happens now to middle-class Americans, they spend down everything they have; and then we end up picking up the cost.

That is not what the average American wants to do. Affordable access to long-term health care will keep that from happening.

Mr. Speaker, finally, I point to a series in *The Washington Post* this week. Every Member should read that series, because what it talks about is the depletion of the workforce with no replacements of any numbers coming in.

The glamor of the private sector today, it used to be the public sector that was glamorous, but it is the private sector now, not to mention the high-tech sector, means that they are going everywhere, but the Federal sector, this is the kind of benefit that can help us draw badly needed workers to the Federal workforce.

I am particularly grateful to the chairman and the ranking member for their work together that brought this moment to the House.

Mr. SCARBOROUGH. Mr. Speaker, I yield myself such time as I may consume to thank the gentlewoman for her kind remarks. The hard work, really, that she and her staff contributed to this process made a huge difference.

Mr. Speaker, I yield 4 minutes to the gentlewoman from Maryland (Mrs. MORELLA) who, as I said previously, had a huge impact on this debate, along with the gentleman from Florida (Mr. MICA) and others that have been fighting for it for some time.

Mrs. MORELLA. Mr. Speaker, I certainly thank the gentleman for yielding me the time.

Mr. Speaker, I must say I am thrilled that this bill is on the floor of the House of Representatives. I think it is a very important issue. I join my colleagues in supporting this legislation to provide group long-term care insurance for Federal employees and annuitants, active and retired military personnel, and their families. That means a policy of, like, 20 million people.

It is critical that we pass this legislation. It takes an important step in helping our Nation's families cope with the enormous financial burden of long-term care. This bill, in its inception, has had long-term care because we have been working on it for some time, and it was for more than a year and a half that I led Congressional efforts to make long-term care group insurance more accessible and more affordable.

The legislation we are considering today, I am pleased to say, is really pretty much a template of the bill I introduced, H.R. 1111, the Federal Civilian and Uniformed Services Long-Term Care Insurance Act of 1999.

I do want to thank the 152 bipartisan cosponsors of that bill that was introduced on March 16, 1999, and ask that they support H.R. 4040.

I also want to extend my gratitude and thanks to the many organizations who played an essential role in devising the framework for this legislation.

First of all, Dan Adcock of the National Association of Retired Federal Employees was instrumental in guiding us every step of the way, as was Allen Lopatin, Frank Rohrbough of the Retired Officers Association, Cynthia Brock-Smith, Frank Titus, and Abby Block at the Office of Personnel Management also contributed; and the Alzheimer's Association, the Committee to Preserve Social Security and Medicare, the American Health Care Association, and the National Association of Uniformed Services. They all helped in developing this legislation before us.

Until recently, my legislation was the only bill in the House that would make long-term care insurance available at group rates to active and retired Federal and military personnel, foreign service officers and their families at no cost to the Government.

Indeed, now more than ever, Americans must take a long hard look at the way we finance the future health care needs of the Nation's seniors. The average senior turning 65 today can expect to live nearly 20 more years, maybe even more; and nearly one-fourth of them will require nursing facility care at some point.

Simply put, longer lives increase the likelihood of long-term care. This bill provides consumer protections. It also offers a series of choices. So it is good legislation.

When the need for long-term care occurs, the financial and emotional impact can be devastating. Promoting this coverage will help to ease the pressure on Federal entitlement spending

while protecting the assets of our Federal families. I also see this as a national model that the private sector may tend to look at and emulate.

So I urge my colleagues to support this very important legislation.

I also want to thank the staff who have been involved in putting this legislation together.

Mr. CUMMINGS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are here today to debate consensus legislation that would provide long-term care insurance as a benefit package for Federal employees.

I do pause again to thank the gentleman from Indiana (Mr. BURTON), the chairman of our committee, and the gentleman from California (Mr. WAXMAN), our ranking member, and certainly the gentleman from Florida (Mr. SCARBOROUGH), the chairman of the subcommittee, and all the members of our committee for making this happen.

During the 105th Congress, several bills were introduced in the House and Senate that would establish a long-term care insurance benefit for Federal employees.

A little over a year ago on, January 6, 1999, I introduced H.R. 110, the Federal Employees Group Long-term Care Insurance Act of 1999. H.R. 110 is the Federal employee portion of the administration's four-pronged initiative to help families who need long-term care insurance.

It provided a framework for implementing a long-term care program. It authorized the Office of Personnel Management to purchase group insurance policies from qualified private sector contractors, thereby making long-term care insurance more available to Federal employees, Federal retirees, and family members at more affordable group rates.

The gentlewoman from Maryland (Mrs. MORELLA) introduced long-term care legislation which provided a framework similar to that proposed in H.R. 110, but extended coverage to active military personnel retirees and their families.

The gentleman from Florida (Chairman SCARBOROUGH) introduced H.R. 602, which was previously introduced by the gentleman from Florida (Mr. MICA), the former chairman in the 105th Congress.

Though H.R. 602 provided a framework which allowed numerous insurance companies to sell long-term insurance policies to Federal employees, it further extended coverage to children, including adopted children, stepchildren, and stepparents.

To his credit, the gentleman from Florida (Chairman SCARBOROUGH) introduced a true bipartisan consensus long-term care bill that reflects the hard work of this subcommittee over the past year and a half on this issue.

Hours of research and collaboration with the administration, the insurance

industry, and employee organizations have resulted in the introduction of H.R. 4040, the Long-Term Care Security Act.

H.R. 4040 includes elements of all of the previously mentioned bills and adds a provision for spousal parity negotiated by ranking minority member, the gentleman from California (Mr. WAXMAN).

I am pleased that the framework proposed in H.R. 110, allowing OPM to contract with a single carrier or consortia to provide long-term care insurance to Federal employees and permitting OPM to negotiate premiums and benefits on behalf of Federal employees, is adopted in H.R. 4040.

This employer group model will allow Federal employees to realize from 15- to 20-percent in premium savings. And I emphasize that, 15 to 20 percent.

Due to the gentlewoman from Maryland (Mrs. MORELLA), coverage has been extended to the uniformed services in the bill. Blended families can thank the gentleman from Florida (Chairman SCARBOROUGH) for having the foresight to extend coverage to adopted children, stepchildren and stepparents.

To ensure the financial solvency of the marital unit, the gentleman from California (Mr. WAXMAN), the ranking member, negotiated a provision in the act that would provide the spouses of Federal employees with the same, if not very similar, underwriting standards as at-work Federal employees.

The enhanced underwriting for spouses would protect the assets of the couple by making it easier for spouses to qualify for participation in the program.

During the Subcommittee on Civil Service markup, the gentleman from California (Mr. WAXMAN) offered an amendment that further improved the bill by including a section that provides that OPM furnish employees information on the average cost of nursing home care to the percentage of individuals who failed to maintain their coverage, the need for inflation protection and a summary of how long-term care premiums can be raised.

I was pleased to support his amendment, which was unanimously agreed to.

Private long-term care insurance provides one of the few available mechanisms for individuals to protect themselves against the catastrophic costs of long-term care. In addition, it provides alternatives to the type of care we receive when we need assistance with our personal care and other activities of daily living.

□ 1215

Whether enrollees choose the type of care that will allow them to "age in place," which will allow them to stay at home with their loved ones, commu-

nity-based care, or nursing home care, they will be protected when they need it the most.

I am pleased to be a part of this effort to bring long-term care insurance to Federal employees. Again I commend all the Members for their contribution to this bipartisan effort. In the end, civil servants who work diligently for the citizenry of this great country will benefit. As we take this action today, I am reminded of the discussion that took place in a hearing in Jacksonville, Florida, when we saw numerous people come forward and talk about the problems that they were experiencing not only taking care of their children but taking care of their parents. I know that their hearts must be glad today.

At the minimum, the implementation of a long-term care benefit program by the Federal Government will challenge Federal employees to think about how they are going to finance and live out their elder years, something we should all be thinking about.

Mr. Speaker, I reserve the balance of my time.

Mr. SCARBOROUGH. Mr. Speaker, I yield myself such time as I may consume. I thank the gentleman from Maryland again for his hard work at our field hearings up in Baltimore, for his hard work in Jacksonville, and for the kind words that both he and the gentlewoman from the District of Columbia (Ms. NORTON) have said today. He is right, this is a consensus bill. We have brought the best of all bills together. I thank him. We could not have done it without him.

Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, as a proponent and author of legislation designed to encourage the purchase of private long-term care insurance in general, I commend the Subcommittee on Civil Service chairman, the gentleman from Florida, for his hard work on this issue and also the gentleman from Maryland, the ranking member. I would also like to recognize the third part of that triumvirate, the gentlewoman from Maryland (Mrs. MORELLA), for her longstanding commitment to providing access to private long-term care for Federal employees.

The Federal Employees Health Benefits Plan has long been held up as a model of health care delivery. It is really the best in the country. By providing all Federal employees access to private long-term care insurance, we are taking an important step toward recognizing the financial risks posed by long-term care and the need to plan for it.

The Long Term Care Security Act that we are debating today, sets an example and encourages non-governmental employers to offer similar benefit options to their employees.

Medicare does not pay for long-term care and seniors are forced, as we all know, to spend down their assets to qualify for Medicaid, which provides \$33 billion in long-term care services each year for those who have few resources. This has serious financial repercussions for retirees and taxpayers who ultimately pay for long-term care assistance through public programs. As the baby boom generation retires, the purchase of private long-term care insurance is crucial to ease the financial strain on public resources.

Mr. Speaker, I strongly support the Long Term Care Security Act, and thank all of those who were involved in bringing this important legislation to the floor. I would naturally urge all my colleagues on both sides of the aisle to support it.

Again I thank the gentleman from Florida (Mr. SCARBOROUGH), the gentleman from Maryland (Mrs. MORELLA) and the gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Speaker, it is my privilege to yield 4 minutes to the gentleman from California (Mr. WAXMAN), the ranking member of the Committee on Government Reform and one who has really played a very instrumental role in bringing us to where we are today. In introducing him, I also thank him for all that he has done to put this on the front burner and to bring us to where we are today.

Mr. WAXMAN. I thank the gentleman very much for yielding time to me. I also am grateful for the kind words that he has said about me.

Mr. Speaker, I rise in support of H.R. 4040, the Long Term Care Security Act, and I want to commend the gentleman from Florida (Mr. SCARBOROUGH) and the gentleman from Maryland (Mr. CUMMINGS) for their work in producing a truly bipartisan bill.

The need for long-term care affects us all. Those who need long-term care are our parents, our spouses, and inevitably ourselves. Many Americans have already dealt personally with a loved one in need of home or nursing home care. Many Americans have had the experience of trying to find services and to arrange for payment. Most people know that such care is hard to get and even harder to pay for.

I support offering long-term care insurance as a benefit option to Federal employees. However, I also know that this is a product that can be misunderstood. When the Federal Government offers this option, it has a responsibility to ensure that Federal employees have the information necessary to make an informed choice.

Mr. Speaker, I am especially pleased that a number of issues I raised were addressed in this legislation. I want to commend the gentleman from Florida for his willingness to work with us to ensure that these issues were addressed.

The first issue of concern to me was that of spousal parity. I believe that spouses should be treated like Federal employees. The purpose of long-term care insurance is to protect the assets of the insured when they are incapacitated. If one spouse has long-term care insurance and the other does not, the couple's financial assets as a family unit are at risk. For this reason, I am pleased that this bill includes a provision on spousal parity.

Second, I believe that long-term care insurance should be available to everyone who needs it. Underwriting standards for employees and their spouses should be as minimal as possible. If we weed out through underwriting everyone who is likely to need long-term care, we will have failed to help those who most need help. For this reason, it was important to me to learn from OPM that their goal is to offer insurance on a modified guaranteed issue basis which would allow any Federal employee who is not immediately eligible for benefits to purchase long-term care insurance. Their goal is also to apply these same standards to spouses if possible.

My final concern, which was addressed in an amendment that I offered and was approved during the subcommittee markup, was to ensure that Federal employees are fully informed about the advantages and disadvantages of long-term care insurance.

Long-term care insurance is a complicated product. For some it is a good way to save for the future but for others it can have serious drawbacks. Furthermore, the benefits of policies vary considerably in terms of duration of coverage, per diem allowances and other features such as inflation protection. Without adequate inflation protection, a long-term care policyholder may find that the benefits have simply eroded.

Consumers do need to be aware of the consequences of dropping their policies. Many consumer protections are options, not part of a basic package. I am pleased this legislation requires that OPM provide employees with information on all these important aspects so they can make an informed decision.

Long-term care insurance is a relatively new product and it has a limited track record. If the Federal Government begins offering long-term care insurance, I believe it has a special responsibility to set high standards for informing consumers.

Again I want to compliment the chairman of the Subcommittee on Civil Service of the Committee on Government Reform and the subcommittee's ranking minority member, the gentleman from Maryland, for their leadership on this issue. I urge my colleagues to support the bill.

Mr. SCARBOROUGH. Mr. Speaker, I yield 3 minutes to the distinguished

gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I am pleased today to rise in strong support of H.R. 4040, the Long-Term Care Security Act, introduced by the gentleman from Florida (Mr. SCARBOROUGH). I would like to thank the gentleman from Florida for his attention to this important issue as well as recognizing another committee colleague the gentlewoman from Maryland (Mrs. MORELLA) for her extensive efforts in developing similar legislation on this subject and the assistance of the gentleman from Maryland (Mr. CUMMINGS) in bringing this measure to the floor at this time.

Finding quality long-term care options is fast becoming a major issue of concern for our Nation's seniors. Revolutionary advances in medicine over the past decade have helped to greatly expand our senior population as well as offering those individuals improvements in their quality of life. These trends will continue over the next 25 years as the baby boomer generation enters their retirement days and our medical community continues to develop new products to offset or eliminate problems common to our elderly population.

This legislation takes an important first step in addressing this growing challenge that faces our aging population. By giving Federal employees the opportunity to purchase a long-term care insurance policy, this bill encourages those employees to make plans for their future medical needs while they are still young and can take advantage of lower premiums. Such policies will protect employees from the catastrophically high costs associated with long-term care provision which could become necessary due to accident or illness at any time.

Accordingly, I urge our colleagues to give their full support to this worthy piece of legislation.

Mr. CUMMINGS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Maine (Mr. ALLEN), who is also a member of the Subcommittee on Civil Service and one who has worked very hard on this legislation and has constantly done everything that he can to uplift the lives of our Federal employees.

Mr. ALLEN. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 4040, the Long-Term Care Security Act. The bill before us today is the product of bipartisan cooperation. I applaud the efforts of the gentleman from Florida (Mr. SCARBOROUGH) and the gentleman from Maryland (Mr. CUMMINGS) in bringing it to the floor today.

As the baby boom generation ages, the need for long-term care will become acute. For example, the average cost of nursing home care is expected

to double in the next 30 years. We cannot expect Medicare or Medicaid to absorb such costs and still pay reasonable benefits for acute care needs. It is therefore essential that individuals begin to plan for an almost certain increase in health care costs in their later years.

To plan for their retirement needs, younger employees need information about long-term care insurance and access to private sector insurance plans through their employers. The private sector must be involved in planning for employees' long-term care needs.

H.R. 4040 allows the Federal Government to act as a responsible employer by offering its employees the opportunity to acquire group long-term care insurance with no significant cost to the taxpayer. Under the provisions in this bill, long-term care insurance will be made available to all Federal workers, military service members and retirees at group rates. Employees will pay the full cost of the premium but have the advantage of a reduced rate. I hope that the example set by the Federal Government will encourage all employers to offer group long-term care insurance to their employees. This program has the potential to create a national model for long-term care insurance and for retirement planning.

I again want to thank the gentleman from Florida (Mr. SCARBOROUGH), the gentleman from Maryland (Mr. CUMMINGS), the gentlewoman from Maryland (Mrs. MORELLA), the gentleman from Indiana (Mr. BURTON) and the gentleman from California (Mr. WAXMAN) for all their hard work in bringing this legislation forward. H.R. 4040 is an example of the kind of work this House can do when we act in a fair and bipartisan manner. I thank them for their leadership and urge the swift passage of this bill.

Mr. CUMMINGS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Maryland (Mr. HOYER). He has certainly been a mentor to me, particularly with regard to the issues affecting Federal employees and has consistently been at the forefront of the fight to make sure that their rights and privileges are upheld and expanded.

Mr. HOYER. Mr. Speaker, I want to thank my friend the distinguished ranking member from Baltimore for his remarks. I also want to thank him for his outstanding service on this subcommittee. He brings a perspective that is critical to the subcommittee and his leadership I think will redound to the benefit of Federal employees for years to come. I thank him for all his work and leadership.

I also want to thank the gentleman from Florida. The gentleman from Florida brings, in my opinion, a new perspective to the chairmanship of this subcommittee, a perspective that is a positive one and I too think that that will also redound to the benefit of Fed-

eral employees. And so I thank him for his leadership and service on this committee.

□ 1230

Mr. Speaker, this measure before us would allow activity and retired Federal employees, military personnel and their spouses to purchase long-term care insurance as a group.

I do not see her here on the floor, but I wanted to make some comments as well about my colleague, the gentlewoman from Maryland (Mrs. MORELLA). She has played a critical role in the formulation of this particular piece of legislation that is important to Federal employees and she has an appreciation for the long-term care costs and the challenges that families face. I want to congratulate her for her efforts.

The advantages of pooling, Mr. Speaker, incorporated in this bill for the Federal workforce is significant. The Office of Personnel Management estimates that using the leverage of a risk pool this size could drive down the costs of insurance as much as 15 percent to 20 percent. My colleagues often hear me say that it is incumbent on the Federal Government to be a model employer, whether it be in pay, benefits or diversity, I think that it is critical that the Federal Government be a standard for other employers to emulate.

Mr. Speaker, hopefully, other employers will follow our lead in this legislation and start providing this benefit because it makes such a difference and is such an important area.

In the Washington metropolitan area, Mr. Speaker, the costs of long-term care can exceed \$50,000 per year, average at least \$3,000 to \$3,500 a year, well beyond the means of almost every family; I do not mean poor families, almost every family will find this cost too much for them.

This bill gives families some measure of security, and I urge all of my colleagues to support it.

Mr. Speaker, once again, I thank the gentleman from Florida (Mr. SCARBOROUGH), the gentleman from Maryland (Mr. CUMMINGS), the gentlewoman from Maryland (Mrs. MORELLA), and others who have worked so hard to bring this matter to the floor.

Mr. Speaker, I thank my distinguished friend for yielding me the time.

Mr. SCARBOROUGH. Mr. Speaker, I thank the gentleman from Maryland for his kind words and his hard work for Federal employees.

Mr. Speaker, I do not have any more speakers. I will defer to the gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Speaker, may I inquire as to how much time we have?

The SPEAKER pro tempore (Mr. LATOURETTE). The gentleman from Maryland (Mr. CUMMINGS) has 1 minute.

Mr. CUMMINGS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just wanted to take a moment to, again, emphasize that sometimes I think we need to take a look at what we do and put it in some historical perspective, and it is no question that what we are doing here today will affect Federal employees and their families for years to come and will affect generations actually yet unborn, because it will allow those Federal employees who have parents where they are now trying to help their parents and help their children to be able to afford to help their parents and take good care of their children.

It does have some real long-term effect, but the fact is, as the gentleman from Maryland (Mr. HOYER), who said it best when he said that it is truly a bipartisan effort, all of us coming together, addressing the things that we have in common, and what we have in common is lifting our people and making their lives better.

Mr. Speaker, again, I want to thank the gentleman from Florida (Mr. SCARBOROUGH), thank all of the staff. I want to thank Ms. Tania Shand on behalf of my staff who has worked very, very hard on bringing this legislation to us today.

Mr. Speaker, with that, I urge all the Members of the House to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. SCARBOROUGH. Mr. Speaker, how much time do I have?

The SPEAKER pro tempore. The gentleman from Florida has 7½ minutes remaining.

Mr. SCARBOROUGH. Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. BALDACCI), as long as he is not the only Member to come to the floor in opposition of this wonderful bill.

Mr. BALDACCI. Mr. Speaker, I thank the gentleman from Florida (Mr. SCARBOROUGH) for yielding me the 2 minutes.

Mr. Speaker, I want to compliment the gentleman for his hard work and that of the subcommittee and the ranking member, the gentleman from Maryland (Mr. CUMMINGS), because this legislation is very important to retirees, but I also think it is very important to everybody else, because the plan with this was to get this going among retirees, Federal retirees, but also to be able to demonstrate and educate and offer information to the general public at large so that we could begin to expand this program.

Mr. Speaker, we look at this as a beginning, a good beginning, and I compliment the gentleman from Florida (Mr. SCARBOROUGH) and his staff and the minority Members and the ranking member, the gentleman from Maryland (Mr. CUMMINGS) and his staff for doing a terrific job in working on this.

Mr. Speaker, I appreciate being able to work on it with the gentleman and to be able to bring this piece of legislation, which I encourage all Members to support.

I strongly support the hard work and legislative effort of the chairman of the subcommittee, the gentleman from Florida (Mr. SCARBOROUGH).

Mr. SCARBOROUGH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to thank the gentleman from Maine (Mr. BALDACCI) for his kind words. And, again, I thank the gentleman from Maryland (Mr. CUMMINGS) and all of those that have worked together to make passage of this bill possible.

Mr. Speaker, under our current health care system, access to long-term care services in the home and communities is influenced not just by one's health status, but by their location, economic situation and the availability of family support.

A recent study of American Council of Life Insurers highlighted the need for private long-term care insurance. The study found that baby boomers' chances of ending their lives in a nursing home are far higher than most imagined, and the costs are projected to quadruple by the year 2030.

Mr. Speaker, for middle-income families, the likelihood of receiving government funded care at home or in an assisted living facility is likely to remain small.

Federal employees who plan ahead for their long-term care needs can potentially postpone or avoid institutionalization. If a substantial number of baby boomers purchase long-term care insurance now, consumer out-of-pocket costs for services such as home health care and adult daycare can be cut in half by 2030.

Encouraging Federal employees and others to buy private long-term care insurance is also a winner for taxpayers. Adequate insurance will allow more Americans likely to be able to live at home during their last years as most would prefer to do.

With private insurance strengthening family support systems, savings in Medicaid nursing home expenditures could reach up to 30 percent.

Since introducing my original bill, I have conducted a continuing dialogue with the minority, the industry organizations representing civilian and military retirees and military families and the administration.

I am very pleased that all of our efforts have resulted in this consensus product.

I am also pleased, Mr. Speaker, that this bill will supplement other steps this House has taken to bring peace of mind to many Americans by making their long-term care insurance more affordable.

Already this House has passed legislation to provide an above-the-line de-

duction for long-term care premiums and to allow employers to offer long-term care insurance through cafeteria plans. Today's bill is one more step in our overall effort to provide Americans with peace of mind about their future needs, and I urge all members to lend their support.

Mr. WELDON of Florida. Mr. Speaker, as a cosponsor of H.R. 4040, I rise in strong support of The Long-Term Care Security Act. This bill directs the Office of Personnel Management (OPM) to solicit competitive bids from private insurers to provide long-term health care plans for federal workers, including military and civilian employees and retirees. This insurance may also be extended to include eligible spouses, children, adopted children, stepchildren, and stepparents.

Employees who enroll in the group coverage must pay 100 percent of the premium and may choose to have the premium deducted from their pay, which is paid directly to the insurance carrier. It is estimated, however, that these employees, by getting a group rate, may realize a savings of between 15 and 20 percent on insurance premiums.

It is important that we encourage Americans to prepare for their long-term health care needs. Too often Americans are unprepared for this need and the failure to have such coverage often forces families to deplete their resources. It is important that we pass this bill for the benefit of our federal employees and members of our armed services and retirees. This will help them in their efforts to provide for their families and their retirement security.

In addition to the passage of this bill, I will continue to work to ensure that the costs of long-term care insurance are deductible from taxes. I am disappointed that we have not been able to get this tax relief signed into law, and I am hopeful that we can move this forward this year. This will benefit all Americans in preparing for needs that they may have in the future.

I urge all of my colleagues to join me in passing H.R. 4040 and to commit to work to make these premiums tax deductible.

Mr. STARK. Mr. Speaker, insurance coverage for long-term care services is a gaping hole in our nation's healthcare safety net. H.R. 4040, the Long-term Care Security Act, will establish a long-term care insurance program for federal employees. It is a small step in the right direction. But, this bill is more notable for unmasking the shortcomings of private long-term care insurance than for meeting the long-term care needs of the American people.

Americans deserve long-term care insurance that satisfies three criteria: reasonable cost, broad access and high quality. The main lesson of this bill is that the only way to achieve reasonable cost is to sacrifice both access and quality. We are in the dark about the actual provisions of the long-term care insurance plan that will ultimately be offered to federal employees. But the Office of Personnel Management's primary objective is clear to negotiate a competitive price. OPM has been upfront in telling us that limitations on access and quality of these policies will be necessary to negotiate this price.

Will FEHBP's long-term care insurance program be available to all federal employees

and their families? The answer is "no". One form of underwriting known as "short-form", will exclude active employees who are most likely to require long-term care services in the near future. More extensive "long-term" underwriting, which requires a more detailed medical history, will exclude larger numbers of retired employees and their family members.

Will FEHBP's long-term insurance program guarantee basic consumer protections such as inflation protection, and provisions that guarantee that policies are still good in the event of carrier buyout or bankruptcy? Again, the answer is "no". Inflation protection under H.R. 4040 will only be available as an option. Yet, without inflation protection, the average 60 year old purchaser will be shopping for long-term care services in 2020 with year 2000 dollars! In other words, by design, many of the policies will not meet purchasers' needs when they become eligible for benefits.

The bottom line is that high quality private long-term care insurance policies with universal access result in an excessively high price tag, while affordable long-term care insurance policies may be inferior in quality and not accessible to all. The real lesson of H.R. 4040 is that even the formidable purchasing power of the federal employees is not enough to turn private long-term care insurance into the answer to the long-term care problem.

I will vote for H.R. 4040 today because it does inch us forward on long-term care products. However, private long-term care insurance falls far short in delivering comprehensive and high quality long-term care services to all who need it.

The only way we will actually assure long-term care protections for people is through a national social insurance program like Medicare. That's where the debate needs to move next.

Mr. DAVIS of Virginia. Mr. Speaker, I rise today to offer my strong support for H.R. 4040, the Long-Term Care Security Act. For the first time, the federal government will make a concerted effort to provide the men and women who have dedicated their lives to the service of this country, with long-term health care.

Under this bill, the Office of Personnel Management will simply fulfill the role of a Human Resources department and solicit competitive bids from private insurers to provide the most equitable and comprehensive long-term health care to federal employees. That commitment by OPM represents the extent of the Government's active participation in this process. Once the contract is awarded and the program is established, all federal employees who chose to participate will be responsible for paying 100% of the insurance premiums.

I think it is important to note that this bill has some minor administrative costs associated with it, I believe roughly \$21 million over two years, that are necessary implementation costs. After that initial two year period, the benefits of H.R. 4040, which will be available to both current Uniformed Services and civilian employees, as well as military and civilian retirees, will actually start showing a profit. That makes this bill a win-win both in terms of cost and in services provided.

I would like to commend my good friend from Florida, the Chairman of the Civil Service

Subcommittee, Mr. SCARBOROUGH, for managing this bill on the floor today. I would also like to take a moment to thank the gentlelady from Maryland, Mrs. MORELLA. Her dedication to protecting and promoting issues important to federal employees is well known. Specifically, Mrs. MORELLA has long championed the cause of providing all federal employees and retirees with the most comprehensive and affordable health care available, and without her work on this issue, H.R. 4040 would not be on the Floor today.

Mr. BURTON of Indiana. Mr. Speaker, I rise in support of H.R. 4040, the "Long Term Care Security Act." The Government Reform Committee, in particular the Civil Service Subcommittee chaired by Congressman JOE SCARBOROUGH worked in a bipartisan manner to bring forward this legislation. The bill will allow all federal employees, retirees, active duty and retired members of the Uniformed Services, as well as their qualified relatives to purchase long term care insurance. By offering the program through the federal government, we can provide long term care options at affordable rates.

The Civil Service Subcommittee held several hearings on long term care. We found that as Americans have begun to live much longer, the number of individuals needing long term care is on the rise. As the baby boomers are reaching retirement age, we will only see our elderly population increase. As a result, the need for long term care will continue to grow.

The cost of long term care, whether in a professional facility or at home presently exceeds \$45,000 a year. What many people do not realize is that their health plans, disability insurance, or even Medicare will not cover these costs. Unfortunately, many find out that they are not covered when it is too late—when a family member suddenly needs that care. Our Committee has heard from people who have depleted their entire life savings caring for a loved one. A family's assets are sometimes just not enough. Without the proper insurance, the vast majority of families is unprepared for the burden of long term care. Through our hearings, we found that for many, the best way to maintain retirement security is to purchase long term care insurance.

I am pleased that our Committee was able to work together in a bipartisan manner to bring that security to our federal workforce and Uniformed Services. Mr. SCARBOROUGH, along with Mrs. MORELLA and Mr. CUMMINGS, worked very hard to ensure that the long term care bill took into account everyone's concerns. We wanted to ensure that there would be open competition in the contracting process in order to achieve the best rates. H.R. 4040 is a strong consensus bill which the Committee believed would provide the framework for a strong long term care plan. Under the legislation, the Office of Personnel Management would be able to negotiate with the insurers for the best plans with the most options while keeping premiums affordable for all federal employees.

Mr. SCARBOROUGH. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. SCAR-

BOROUGH) that the House suspend the rules and pass the bill, H.R. 4040, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### TRAFFICKING VICTIMS PROTECTION ACT OF 2000

Mr. SMITH of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3244) to combat trafficking of persons, especially into the sex trade, slavery, and slavery-like conditions, in the United States and countries around the world through prevention, through prosecution and enforcement against traffickers, and through protection and assistance to victims of trafficking, as amended.

The Clerk read as follows:

H.R. 3244

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Trafficking Victims Protection Act of 2000".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes and findings.
- Sec. 3. Definitions.
- Sec. 4. Annual Country Reports on Human Rights Practices.
- Sec. 5. Interagency task force to monitor and combat trafficking.
- Sec. 6. Prevention of trafficking.
- Sec. 7. Protection and assistance for victims of trafficking.
- Sec. 8. Minimum standards for the elimination of trafficking.
- Sec. 9. Assistance to foreign countries to meet minimum standards.
- Sec. 10. Actions against governments failing to meet minimum standards.
- Sec. 11. Actions against significant traffickers.
- Sec. 12. Strengthening protection and punishment of traffickers.
- Sec. 13. Authorization of appropriations.

#### SEC. 2. PURPOSES AND FINDINGS.

(a) PURPOSES.—The purposes of this Act are to combat trafficking in persons, a contemporary manifestation of slavery whose victims are predominantly women and children, to ensure just and effective punishment of traffickers, and to protect their victims.

(b) FINDINGS.—The Congress finds that: (1) Millions of people every year, primarily women or children, are trafficked within or across international borders. Approximately 50,000 women and children are trafficked into the United States each year.

(2) Many of these persons, of whom the overwhelming majority are women and children, are trafficked into the international sex trade, often by means of force, fraud, or coercion. The sex industry has rapidly expanded over the past several decades. It involves sexual exploitation of persons, predominantly women and girls, within activities related to prostitution, pornography, sex tourism, and other commercial sexual services. The rapid expansion of the sex industry

and the low status of women in many parts of the world have contributed to a burgeoning of the trafficking industry, of which sex trafficking by force, fraud, and coercion is a major component.

(3) Trafficking in persons is not limited to sex trafficking, but often involves forced labor and other violations of internationally recognized human rights. The worldwide trafficking of persons is a growing transnational crime, migration, economics, labor, public health, and human rights problem that is significant on nearly every continent.

(4) Traffickers primarily target women and girls, who are disproportionately affected by poverty, lack of access to education, chronic unemployment, discrimination, and lack of viable economic opportunities in countries of origin. Traffickers lure women and girls into their networks through false promises of good working conditions at relatively high pay as nannies, maids, dancers, factory workers, restaurant workers, sales clerks, or models. Traffickers also buy girls from poor families and sell them into prostitution or into various types of forced or bonded labor.

(5) Traffickers often facilitate victims' movement from their home communities to unfamiliar destinations, away from family and friends, religious institutions, and other sources of protection and support, making the victims more vulnerable.

(6) Victims are often forced to engage in sex acts or to perform labor or other services through physical violence, including rape and other forms of sexual abuse, torture, starvation, and imprisonment, through threats of violence, and through other forms of psychological abuse and coercion.

(7) Trafficking is perpetrated increasingly by organized and sophisticated criminal enterprises. Trafficking in persons is the fastest growing source of profits for organized criminal enterprises worldwide. Profits from the trafficking industry contribute to the expansion of organized criminal activity in the United States and around the world. Trafficking often is aided by official corruption in countries of origin, transit, and destination, thereby threatening the rule of law.

(8) Traffickers often make representations to their victims that physical harm may occur to them or to others should the victim escape or attempt to escape. Such representations can have the same coercive effects on victims as specific threats to inflict such harm.

(9) Sex trafficking, when it involves the involuntary participation of another person in sex acts by means of fraud, force, or coercion, includes all the elements of the crime of forcible rape, which is defined by all legal systems as among the most serious of all crimes.

(10) Sex trafficking also involves frequent and serious violations of other laws, including labor and immigration codes and laws against kidnapping, slavery, false imprisonment, assault, battery, pandering, fraud, and extortion.

(11) Women and children trafficked into the sex industry are exposed to deadly diseases, including HIV and AIDS. Trafficking victims are sometimes worked or physically brutalized to death.

(12) Trafficking in persons substantially affects interstate and foreign commerce. The United States must take action to eradicate the substantial burdens on commerce that result from trafficking in persons and to prevent the channels of commerce from being used for immoral and injurious purposes.