TAX CUTS FOR ALL IS THE FAIR THING TO DO

Mr. GANSKE. Mr. Speaker, tomorrow we are going to have a vigorous debate on the floor on a tax cut, and I am going to vote for that tax cut. We should cut taxes because we are collecting surplus taxes, because the Tax Code should be more fair, and maybe, Mr. Speaker, most urgently because the economy would benefit from a responsible tax stimulus.

Mr. Speaker, I think it is very important that we act expeditiously. Just last week Federal Reserve Chairman Greenspan reiterated his support for using the increasing tax surplus for tax relief. In testimony before the House Committee on the Budget, Mr. Greenspan noted that a surplus of this size allows the government to significantly cut the Federal debt while providing tax relief. Greenspan testified that the economy is slowing down. According to the Bureau of Economic Analysis, real gross domestic product has slowed from 8.3 percent in the fourth quarter of 1999 to only 1.4 percent in the fourth quarter of the year 2000, last year.

The Consumer Confidence Index has fallen 5 consecutive months. Unemployment increased by 300,000 in January. Manufacturing has experienced a severe downturn with 65,000 job losses in January, with the biggest loss in the auto industry. In December 2000, there were 2,677 mass lay-off actions, quote/unquote, the highest since the Labor Department started collecting that data in 1995.

Mr. Speaker, according to the Congressional Budget Office we have a $5.6 trillion tax surplus. Of this, $2.6 trillion lies in the Social Security trust fund and is off-limits. Another $400 billion is off-limits in the Medicare budget. So the usable surplus is about $2.6 trillion.

The tax relief bill before the House of Representatives tomorrow would provide tax savings to taxpayers of $958 billion over 10 years. It provides immediate tax relief by reducing the current 15 percent tax rate on the first $12,000 of taxable income for couples, $6,000 for singles. The new 12 percent rate would apply retroactively to the beginning of 2001 and would also be the rate for 2002. The rate would then be reduced further to 11 percent in 2003 and 10 percent in 2006.

The reduction in the 15 percent tax bracket alone provides a tax reduction of $360 for average couples in 2001, this year, or $180 for singles, and it increases to $600 for couples in 2006. The House bill reduces and consolidates rate brackets. By 2006, the present law structure of five rates, which is 15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent, would be reduced to four rates of 10 percent, 15 percent, 25 percent and 33 percent. I believe that that is a more fair Tax Code.

Currently, the top income tax rate, 39.6 percent, is 2.64 times larger than the bottom rate, at 15 percent. Under our bill, which we will be debating tomorrow, the top income rate, 33 percent, would be 3.3 times the bottom rate. So proportionately it would be bigger than what we are currently dealing with.

Some have argued that we cannot afford a tax cut and say that it would unfairly provide the greatest benefit to high-income taxpayers. Mr. Speaker, that is just not the case. The rate reductions and the marriage penalty relief portions of the Bush plan would, according to the Joint Committee on Taxation, show that the wealthiest 1 percent of taxpayers who are currently paying 31.5 percent of income taxes would receive 22 percent of the total reductions called for.

Those earning more than $80,000 per year, or the top 10 percent, who pay 64 percent of income taxes would get 47 percent of this tax cut.

□ 2115

But lower- to middle-income earners would get a proportionately larger tax cut. Those making $50,000 to $75,000 per year who are currently paying 12.6 percent of income taxes would get 17 percent of the benefit, and those earning $30,000 to $50,000 per year who are currently paying 7 percent of income taxes would receive 12 percent of the tax cut we are going to vote on tomorrow.

Now, Mr. Speaker, I also support marriage tax relief and death tax relief, but the House is dealing with the rate reductions first because the economic effects of rate reductions would be felt sooner. It may not be that people are going to get tomorrow some additional money in their pocket, but they know it will not be too soon and they will factor that in to economic decisions that they are making now. I think that with the current economic slowdown, which is why the Federal Reserve has lowered interest rates twice in the month of January, and is why most Fed-watchers believe that interest rates will be lowered sooner, that our economy needs that stimulus. However, it is beyond the power of the Federal Reserve to lower taxes, and that is why Fed Chairman Alan Greenspan has made an appeal to Congress to lower taxes.

Mr. Speaker, I think it is very important to give the economy a boost now in order to try to avoid a further economic downturn. That is why the rate reductions in the lower brackets are accelerated and would be retroactive in the tax relief bill that the House is going to vote on tomorrow. That tax relief bill that we are going to vote on tomorrow is the responsible thing to do. In my opinion, those who vote ''no'' on that bill tomorrow will be the risk-takers.

CURRENT STATUS ON PATIENTS' BILL OF RIGHTS

Mr. GANSKE. Mr. Speaker, let me speak for just a little bit about the Patients' Bill of Rights and where we are.

This continues to be a problem that is affecting millions of people, literally every day, the problem about being treated fairly by their HMOs. I want to point out that some HMOs are being fair to their patients, but it is also fair to say that some are not. This cuts across all brackets, all groups of people, Republicans, Democrats, men, women. Just about every day, somebody comes up to me and tells me a story about the kind of problems they have had. Just a few days ago, a woman in Des Moines, Iowa, came up to me nearly in tears. She has had breast cancer. She has gone through chemotherapy. She needs a test that her doctor recommended, but her HMO refused. She has been, as she said, on an emotional roller coaster trying to get this medical test done. So she went through an appeals process. She thought it was authorized. She was up, she was happy, and then the rug was pulled out from underneath her because then her HMO turned her down.

Mr. Speaker, a woman who has had breast cancer and who has had chemotherapy and who has been through a lot, and she has carried this fight with her HMO by herself, she told me, you know, GREG, I have never asked my husband to do this, but the other day, I said to my husband, you are just going to have to carry the load for me on this. That HMO has just worn me out. I do not have the energy to fight them anymore. Will you do this for me? And, of course, he answered yes.

This is part of the problem that we have seen all along. It is the bureaucracies in some HMOs that delay and delay and delay needed and necessary medical care; and after a while, a patient gets beaten down, or maybe they just pass away, and then it is not the HMO's problem anymore.

Well, about a month ago, a bipartisan group of Senators and Representatives who have worked on this for years, myself included, the gentleman from Georgia (Mr. NORWOOD), the gentleman from Michigan (Mr. DINGELL), Senator MCCAIN, Senator SPECTER, Senator EDWARDS, Senator KENNEDY, a number of us, and that is just a short list, we have all worked together to put together a truly bipartisan bill to finally, after 5 or so years of battling the HMOs who have delayed and delayed and delayed, trying to get us worn down, well, we are not worn down. We are going to continue fighting for this. We put together a bipartisan bill and we put it in the docket on the Senate side and here. We laid down a mark. We took portions of work that has been done by other people interested in this issue, Senator NICKLES, we incorporated language from his bill; substitutes that were here on the House floor 2 years ago. We took language from the Goss-Coburn-Shadegg bill; wherever we could, wherever we could see that there were similarities; we took other pieces, pieces

from other bills, we combined them together, and we think we have the best work product out there, something that continues to allow employers, especially across State lines, to set up a uniform benefits package under ERISA so that they are not subject to State-mandated benefits. We allow that to continue. However, we also say, we ought to have to provide certain services, many of which are no longer controversial, like emergency care and not gagging doctors from telling patients what they need, but primarily, the bill sets up a process so that if there is a dispute on a denial of care, that the patient has a process, a fair process through which they can go to appeal that, both internally and then to an external independent appeals process. We modeled our legislation after what was passed in Texas a number of years ago. The HMOs at that time said the sky would fall, premiums would skyrocket, that there would be a plethora of lawsuits. None of that has happened, as has been documented by statements by President Bush all during the Presidential campaign. Our bill is modeled after that.

So we are coming down to this in terms of trying to get a resolution on this. What is the scope of the bill? We feel that everyone in the country should be covered with a floor of certain protections. We feel, however, that it was inappropriate and wrong for Congress 25 years ago to usurp from the States the ability to oversee medical judgment decisions by health plans. So if there is a negligent action that results in irreparable harm to the patient, then that would be dealt with on the State side, and I should point out that about 30 some States have already enacted significant tort reform in that.

So what we are basically doing in this bill is codifying a decision that the Supreme Court has already made called P. Graham v. Hedrick which sets up that distinction. Contractual decisions stay on the Federal side in Federal court. It does not matter if a patient needs a liver transplant. It does not matter if it is medically necessary if in the contract it says, we do not provide liver transplants. That is a contractual item and would be handled on the Federal side. However, if the HMO has made a medical judgment-type decision that then results in an injury, then that is no longer a contractual issue. Now we are getting into the practice of medicine and the determination of medical necessity, and that is where then a patient can go through the appeals process, ultimately to an independent panel, and that panel's decision would be binding on the health plan. We think that is a fair resolution.

Basically what we have done in the bill is we have done a new bifurcated Federal-State structure from what we did that passed the House where we simply said a medical judgment decision goes to the State and we remained silent on the provisions that stayed on the Federal side as it related to contract.

We continue to feel that the employer protections in our bill are solid. There are about 300 endorsing organizations for the Norwood-Dingell-Ganske bill that passed the House 2 years ago, and these organizations are supportive of the Ganske-Dingell bill now, the McCain-Edwards bill. All of these organizations have employees. The structure of these organizations is also one of an employer-employee relationship. They have all looked at the legal ramifications as has some of the leading ERISA law firms in the country, and the employer protections are solid. If an employer has not entered into the medical decision-making process by the health plan; let us say you are a small business in a west Texas town, and you have 10 employees and you provide health insurance to them and, by the way, the health plan or the HMO that you have chosen is their health plan too. Okay. If that HMO makes a decision that is medically negligent, and the employer, you the employer had nothing to do with that decision, you are not liable under our bill. Period, you are not liable.

Mr. Speaker, I do not know employers who want to get involved in medical decision-making for their employees. Number one, their employees would consider that a violation of their privacy. Number two, the employers do not want to get anywhere near that, so they do not. And if they are not in there meddling, they are not liable under our bill. I do not know how many times we can say this. I do not know how many distinguished law professors around the country we can get to say that, yes, that is the truth. Under the plain meaning of the language of your statute, that is what it says. And then the business coalitions will then purchase full-page ads and say that it is not the way it is. For goodness sake. We have had some of the leading constitutional and ERISA scholars in the country look at that.

Look, when I was in medical practice, just like a number of my colleagues, not only were we professionals treating patients, but we also ran a business. We have employees. Those employees get health care, usually covered through the practice. And I say to my colleagues, I do not know any physicians that enter into the medical decision-making of their employees. That is between the employee and the HMO. They do not want to get anywhere near that, and they are protected, just like any other small businessperson would be. Some say, some of the businesses say, well, we have a self-insured plan. Maybe this will make us more liable. They looked at that down in Texas. Those self-insured plans are run by third-party administrators, they do not micromanage like HMOs; their risk is very, very small, and when they ask their actuaries, what difference would this make in the premiums we should be charging, they get a minuscule amount that is about the equivalent of a Big Mac per month.

□ 2130

Mr. Speaker, I think we have a great bill. This bill has gone through a number of modifications in our attempt to take a step towards the opponents of our bill and address their concerns, but every time we do that, Mr. Speaker, the opponents to this take a step back.

It is the proverbial old moving goal post. Finally, Mr. Speaker, as I am going to make an appeal to my colleagues to sign on to this bill, we have a lot of cosponsors, bipartisanship cosponsors in the House already.

But there are a couple of things in this bill that should be particularly enticing to my Republican colleagues, because we have an extension of medical savings accounts in the bill that is in the House. We have 100 percent deductibility for the self-employed in this bill in the House.

Those are things that Republicans have wanted for a long, long time, and the Democrats, who have negotiated in good faith, but may not be exactly where they are in a couple of those things or at least on the medical savings accounts issue, but in their spirit of cooperation and compromise, they said, all right, if we think it is important, they will accept it in the bill and they did.

Mr. Speaker, I am going to close tonight coming back around to where I was before, and that I sincerely hope that Mr. Brian Lamb on C–SPAN is watching tonight. This is the only opportunity a number of us who are not members of leadership ever get to come to the floor of the House of Representatives and for anything other than a sound bite speak on an issue and try to express our ideas in some depth.

Mr. Speaker, I see that we are now joined by a distinguished couple of colleagues from Texas. I am about done, but first I will yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman from Iowa (Mr. GANSKE) for yielding to me and I would like to say that I have enjoyed listening to the gentleman's dissertation regarding the Patients' Bill of Rights. And as a Texan, I would say as an Iowan the gentleman has gotten it exactly right. And I do not understand either how some groups can continue to be as opposed as they say they are when the facts of the matter regarding lawsuits are exactly like the gentleman from Iowa (Mr. GANSKE) has stated.

I, for one, appreciate the gentleman's leadership on this issue, and we as cosponsors of the legislation will look

forward to sooner, if not later, getting this legislation on the floor and passed and on the way to the Senate and on to the President.

Mr. Speaker, I appreciate the gentleman's leadership on this issue.

Mr. GANSKE. Mr. Speaker, I thank the gentleman from Texas (Mr. STENHOLM) for his comments.

Mr. Speaker, I notice two other colleagues, the gentleman from Texas (Mr. TURNER) and the gentleman from Texas (Mr. SANDLIN) who have been stalwart in the Patients' Bill of Rights fight. The gentleman from Texas (Mr. TURNER) in fact, worked on it as a State legislator.

Mr. Speaker, I yield to the gentleman from Texas (Mr. TURNER), if he would care to make a comment.

Mr. TURNER. Mr. Speaker, I thank the gentleman from Iowa (Mr. GANSKE). I want to commend the gentleman, first of all, on his leadership on this issue.

The gentleman has truly been a courageous Member of this Congress to try to lead this House to adopting the Patients' Bill of Rights that all of us here have supported. It really represents, I think, the best opportunity for our new President to try to change the tone in Washington and to be able to move the Patients' Bill of Rights forward as the first piece of truly bipartisan effort.

Mr. Speaker, I think it certainly is within our grasp, and I think that the efforts that the gentleman has made have blazed that trail. And as the gentleman mentioned, I was fortunate to be able to carry one of the first Patients' Bill of Rights in the country in Texas in 1996. And, of course, it was not until court rulings determined that our State protections really did not apply to all patients enrolled in managed care, that we had to deal with that here in Washington.

Mr. Speaker, I thank the gentleman for his leadership on that issue.

Mr. GANSKE. Mr. Speaker, I notice the gentleman from Texas (Mr. SANDLIN) and I want to thank him for his great work that he has done on patient protection. The gentleman from Arkansas (Mr. BERRY) has done a wonderful job on this issue, too.

We have truly worked together in a bipartisan fashion, and I look forward to the day when we can all be together in a signing in the Rose Garden.

SO-CALLED ECONOMIC GROWTH AND TAX RELIEF ACT

The SPEAKER pro tempore (Mr. FLAKE). Under the Speaker's announced policy of January 3, 2001, the gentleman from Texas (Mr. STENHOLM) is recognized for 60 minutes as the designee of the minority leader.

Mr. STENHOLM. Mr. Speaker, tonight we Blue Dogs are going to take a few minutes to discuss tomorrow's vote regarding the so-called Economic Growth and Tax Relief Act, and we are going to do our best to explain to all who are listening and to our colleagues and to others why we believe that it is a terrible mistake to bring a tax bill to the floor of the House before we first pass a budget.

Last week, President Bush submitted a budget blueprint outlining how he proposes to fit his tax and spending priorities in an overall budget framework. We welcomed this proposal as the first step in the budget process.

Unfortunately, this House tomorrow is being asked to short circuit the budget process by bringing legislation to the House floor implementing the tax cuts before Congress has had an opportunity to consider the entire budget. Now, a careful reading of the 1974 Budget Act will find that we cannot do that. It is against the rules of the House to bring a major spending bill or a major tax cutting bill to the floor of the House before we get a budget.

Tomorrow my colleagues will hear that technically speaking this is not breaking the budget rules, because technically we are still operating in the year 2000 budget and, therefore, technically this is not against the House rules.

We are going to enjoy hearing the explanation as to why technically we can break the House rules. Many of my colleagues felt like that with January the 20th coming that we had gotten passed the playing on words of definitions of what various words are, and that we thought we were ready for some straight talk, but we are going to hear from the leaders of this House tomorrow that technically we are going to be legal with the rule and the consideration of this bill.

Mr. Speaker, some of us believe that that is not a positive action. In fact, we believe very strongly that even if it is technically correct, that we ought to live up to the spirit of the budget law, and that is when we will find the Blue Dogs standing shoulder to shoulder bipartisanly with the majority in this House in dealing with the budget process, which will include tax relief.

We have no argument whatsoever that in the budget of this year and over the next 5 years that significant tax relief is in order, and will and are prepared to vote for it, but that is not what we are going to do tomorrow.

Being in the minority when we are overrun, when decisions are made by the leadership that we are going to bring a tax bill onto the floor, we are not going to have bipartisan consideration, it is going to be the bill that the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, and the leadership have selected, and that is going to be the bill that we are going to vote on, there is nothing we can do about it, unless we have some of the same kind of bipartisan support that we were talking about with the gentleman from Iowa (Mr. GANSKE) a moment ago. When we find ourselves in substantial agreement and when we have that kind of action on the floor of the House, we truly will be bipartisan, but that is not what we are going to do tomorrow.

Mr. Speaker, the President's plan is an important voice in this process, but it is not the only voice. There are a lot of questions that remain about his budget. We have an honest disagreement about some of his priorities and questions about how he will pay for all of his priorities as identified in his budget without borrowing from Social Security and Medicare. And how many times, Mr. Speaker, in the last several weeks and months, how many times, to those who were here last year, have we voted on lockboxes after lockboxes after lockboxes in which we have stood 400 strong saying we are not going to touch Social Security and Medicare?

Let me issue a little bit of a warning to my colleagues who are going to vote for this tax cutting bill tomorrow, be careful when playing with fire because your fingers may be burned. Examine the budget. Examine the proposals. Examine the projected surplus. Take a good, hard look at where my colleagues are headed with the strategy that my colleagues are following.

We in the Blue Dogs are going to be attempting tomorrow in the short period of time to make our point as strongly as we can possibly make it.

We should not pass the tax cut bill tomorrow. We should first pass a budget. Ironically, ironically, the House Committee on the Budget has scheduled a hearing tomorrow afternoon during the time we are going to be debating the tax cut. The purpose of the hearing is to give Members an opportunity to testify about their interests regarding the fiscal year 2002 budget.

At the very time that Members of this House are being given our first opportunity to offer our input into the priorities for our national budget on behalf of the people we represent, we are being asked to vote on a major portion of the President's budget.

Now, we object to that very strongly, and I will conclude my remarks by saying I was here in 1981. I was one of the Democrats that helped pass the Reagan revolution. Knowing what I knew then, knowing what I know now, I would have voted the same way then based on what I knew then, but that is why I will be opposing this action tomorrow with every ounce of strength at my disposal, because I believe it to be wrong.

Mr. Speaker, I believe that we are in danger of going down the same path we went down in the 1980s in which we increased our national debt by $4 trillion because we cut taxes first, but never got around to restraining our spending.

We believe very strongly that we should put in place a budget that restrains spending; that caps discretionary spending; that makes all of the