

most fundamental commitments, to always look to the future. I believe our generation has begun to meet that sacred duty, for at the dawn of a new century, America is clearly a nation in renewal.

Our economy is the strongest in decades, perhaps in our history. Our Nation is the world's leading force for freedom and human rights, for peace and security—with our Armed Forces showing once again in Kosovo their skill, their strength, and their courage. Our social fabric, so recently strained, is on the mend, with declining rates of welfare, crime, teen pregnancy, and drug abuse, and 90 percent of our children immunized against serious childhood diseases for the first time in our history.

Our cities, once in decline, are again vibrant with economic and cultural life. Even our rutted and congested interstate highways, thanks to the commitments of this Congress, are being radically repaired and expanded all across America—I must say, probably to the exasperation of some of our summer travelers.

This renewal is basically the consequence of the hard work of tens of millions of our fellow citizens. It is also, however, clearly the result of new ideas and good decisions made here in this city—beginning with the fiscal discipline pursued since 1993, the reduction in the size of Government, and controlling spending while dramatically increasing investments in education, health care, biomedical research, the environment, and other critical areas. The vast budget deficits have been transformed into growing budget surpluses, and America is better prepared for the new century.

But we have to use this same approach of fiscal discipline plus greater investment to deal with the great challenge that we and all other advanced societies face, the aging of our Nation, and in particular, to deal with the challenge of Medicare, to strengthen and renew it.

Today I ask you here so that I could announce the details of our plan to secure and modernize Medicare for the 21st century. My plan will use competition and the best private sector practices to secure Medicare in order to control costs and improve quality.

And it will devote a significant portion of the budget surplus to keep Medicare solvent.

But securing Medicare is not enough. To modernize Medicare, my plan will also create a much better match between the benefits of modern science and the benefits offered by Medicare. It will provide for more preventive care and help our seniors afford prescription drugs. The plan is credible, sensible, and fiscally responsible. It will secure the health of Medicare while improving the health of our seniors. And we can achieve it.

The stakes are high. In the 34 years since it was created, Medicare has eased the suffering and extended the lives of tens of millions of older and disabled Americans. It has given young families the peace of mind of knowing they will not have to mortgage their homes or their children's futures to pay for the health care of their parents and grandparents. It has become so much a part of America, it is almost impossible to imagine American life without it. Yet, life without Medicare is what we actually could get unless we act soon to strengthen this vital program.

With Americans living longer, the number of Medicare beneficiaries is growing faster, much faster than the number of workers paying into the system. By the year 2015, the Medicare Trust Fund will be insolvent—just as the baby boom generation begins to retire and enter the system, and eventually doubling the number of Americans who are over 65. I've often said that this is a high-class problem.

It is the result of something wonderful—the fact that we Americans are living a lot longer. All Americans are living longer, in no small measure because of better health care, much of it received through the Medicare program.

President Johnson said when he signed the Medicare bill in 1965, “The benefits of this law are as varied and broad as the marvels of modern medicine itself.” Yet modern medicine has changed tremendously since 1965, while Medicare has not fully kept pace.

The original Medicare law was written at a time when patients' lives were more often saved by scalpels than by pharmaceuticals. Many of the drugs we now routinely use to treat heart disease, cancer, arthritis, did not

even exist in 1965. Yet Medicare still does not cover prescription drugs.

Many of the procedures we now have to detect diseases early, or prevent them from occurring in the first place, did not exist in 1965. Yet Medicare has not fully adapted itself to these new procedures.

Many of the systems and organizations that the private sector uses to deliver services, contain costs, and improve quality, such as preferred provider organizations and pharmacy benefit managers, did not exist in 1965. Yet, under current law, Medicare cannot make the best use of these private sector innovations.

Over the last 6½ years, we have taken important steps to improve Medicare. When I took office, Medicare was scheduled to go broke this year. But we took tough actions to contain costs, first in '93, and then with a bipartisan balanced budget agreement in 1997. We have fought hard against waste, fraud, and abuse in the system, saving tens of billions of dollars.

These measures have helped to extend the life of the Trust Fund to 2015. But with the elderly population set to double in three decades, with the pace of medical science quickening, we must do more to fully secure and modernize Medicare for the 21st century.

The plan I release today secures the fiscal health of Medicare, first, by providing what every objective expert has said Medicare must have if it is to survive—more resources to shore up its solvency. As I promised in the State of the Union Address, the plan devotes 15 percent of the Federal budget, over 15 years, to Medicare—Federal budget surplus. That is the right way to use this portion of the surplus.

There are a thousand ways to spend the surplus, all of them arguably attractive, but none more important than first guaranteeing our existing obligation to secure quality health care for our seniors. First things, first. [Applause] Thank you.

In addition to these new resources, we must use the most modern and innovative means to keep Medicare spending in line while rigorously maintaining, indeed, improving quality. So the second part of the plan will bring to the traditional Medicare program the best practices from the private

sector. For instance, doctors who do a superior job of caring for heart patients with complex medical conditions will be able to offer patients lower copayments, thus attracting more patients, improving more lives, saving their patients and the system money.

Third, the plan will use the forces of competition to keep costs in line, by empowering seniors with more and better choices. Seniors can choose to save money by choosing lower cost Medicare managed care plans under our plan, without being forced out of the traditional Medicare program by larger than normal premium increases. And we will make it easier for seniors to shop for coverage based on price and quality, because all private plans that choose to participate in Medicare will have to offer the same core benefits. Consumers shouldn't be forced to compare apples and oranges when shopping for their family's health care.

Fourth, we will take action to make sure that Medicare costs do not shoot up after 2003, when most of the cost containment measures put in place in 1997 are set to expire. And to make sure that health care quality does not suffer, my plan includes, among other things, a quality assurance fund, to be used if cost containment measures threaten to erode quality. And given the debates we're having now on the consequences of the decisions we made in 1997, I think that is a very important thing to put in this plan. [Applause] Thank you.

These steps will secure Medicare for a generation. But we should also modernize benefits as well. Over the years, as I said earlier, Medicare has advanced—medical care has advanced in ways that Medicare has not. We have a duty to see that Medicare offers seniors the best and the wisest health care available.

One such rapidly advancing area of treatment is preventive screening for cancer, diabetes, osteoporosis, and other conditions—screenings which, if done in time, can save lives, improve the quality of life, and cut health care costs. Therefore, my plan will eliminate the deductible in all copayments for all preventive care under Medicare.

It makes no sense for Medicare to put up roadblocks to these screenings and then turn around and pick up the hospital bills that