think we acted responsibly. I think we negotiated in good faith. I would hate to think that this was all just an exercise in futility.

Yet, we have seen more of the same from this administration this year. The President's budget includes Medicare gimmicks, not Medicare reforms. As we all know, the Medicare problem is not just a crisis of the much talked about pending insolvency of the Medicare Hospital Insurance—HI—trust fund, it is a fiscal crisis affecting all areas of the Medicare program, with Federal spending increasing by 12 percent in 1995 and projected to grow 8.6 and 10 percent from now until the year 2005.

The administration attempts to be deceptive by proposing to move spending obligations for home health care from part A, where outlays are limited by incoming receipts from the Medicaid HI tax, to part B, where 72 percent of the funds come from general revenues and where, theoretically, there are no limits on growth in spending or solvency problems. I think it is deceiving to make this accounting move and mask it as reforms that ''save'' the Medicare Program.

This gimmick does add life to the part A trust fund ensuring solvency to the year 2005 as opposed to 2001, but it is simply that, Mr. President. It is a gimmick. It does nothing to address the true problem of the Medicare system which is basically the absence of market influences and a lack of alternatives to the current one-size-fits-all program. Seniors need and deserve the same choices in health care plans available to the rest of us. Why should they not have it?

Mr. President, we are going to attempt again to put forth real Medicare reforms this year. It is my hope the President will stop proposing gimmicks, stop scaring the seniors, and start dealing honestly with true Medicare reforms that everybody can understand. At the end of the day, we are not all that far apart. I believe we share the same goals of saving the Medicare Program for future generations. So let us get on with it in real, honest reforms.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE MEDICARE TRUSTEE'S REPORT AND THE REPUBLICAN BUDGET

Mr. KENNEDY. Mr. President, today is D-day, the anniversary of the Normandy invasion, a climactic moment in the long struggle to liberate Europe in World War II. How ironic it is that on this anniversary, Republicans are reviving their failed campaign to deny Medicare benefits to the same senior citizens who fought so bravely for our country in that war.

One of the most unsavory tactics in the Republican attack on Medicare last year was their disinformation campaign to use the 1995 Medicare trustee's report to justify their cuts. Their scare tactics were unsuccessful. Their crocodile tears for Medicare were unconvincing.

The $89 billion—the amount which the Trustees said was needed to restore solvency—could not possibly justify the $270 billion in Medicare cuts or the higher premiums and higher deductibles proposed by the Republicans. Far from preserving and protecting, and strengthening Medicare, the Republican plan was designed to damage and destroy it by forcing senior citizens to give up their family doctors and join HMO's and other private insurance plans. President Clinton saved Medicare by vetoing the Republican plan—and he was right to do so.

This year, the Republicans are returning to the scene of their crime. They are trotting out the same old sales campaign that didn't sell in 1996. They are trying to use this year's trustee's report to peddle a retread of the irresponsible proposals the American people resoundingly rejected last year.

There is nothing really new in this year's report. There has been a modest change in projections of outlay and income—projections that always fluctuate from year to year. Under this year's projections, Medicare solvency extends to 2001 rather than 2002. That leaves us 5 years to make necessary corrections instead of 6 years—corrections that the President has already proposed and that could be adopted tomorrow if the Republicans were not determined to use Medicare as a piggy bank for new tax breaks for the wealthy.

They are not prepared to say: All right, these are the adjustments in the Medicare system that are necessary to carry the Medicare solvency for the next 10 years. We are not going to do that. We are not going to agree to it because we want to be able to squeeze Medicare even more, to justify our tax breaks which have been estimated by Mr. KASICH in the House at over $178 billion. Let us just understand that, I say to our senior citizens.

Mr. President, the $178 billion they want for tax breaks for wealthy individuals and corporations, where are they getting it? By squeezing the Medicare system. It is wrong. And the seniors understood that it was wrong last year and it is wrong this year as well.

Just as there is nothing really new in this year's trustee's report, there is nothing really new in this year's Republican retread. As they did last year, Republicans try to justify their deep Medicare cuts by claiming they are needed to preserve Medicare against the insolvency of the hospital insurance trust fund.

The hypocrisy of this claim is so transparent that no senior citizen should take it seriously. Last year, a few weeks before they proposed their massive Medicare cuts, House Republicans passed a tax bill that took almost $90 billion in revenues out of the Medicare hospital insurance trust fund over the next 10 years—and brought it that much closer to insolvency.

Understand, Republicans took $90 billion out of that last year for the purposes of their tax breaks. We did not hear a word then about the impending bankruptcy in Medicare. The President's economic recovery plan in 1993 extended the solvency of the trust fund for 3 years. It passed without a single Republican vote.

When we had the opportunity to provide for additional kinds of solvency, we were unable to get a single Republican vote. We did not hear a word from the Republicans then about the impending bankruptcy of Medicare.

Like last year, the Republican plan proposes deep cuts in Medicare to fund new, undeserved tax breaks for the wealthy. Like last year, the Republican plan is designed to cause Medicare to ''wither on the vine'' in the words of Speaker GINGRICH—by forcing senior citizens to give up their family doctor and join private insurance plans. Majority Leader DOLE has said that enacting Medicare was a mistake from the beginning—and he is trying to use this budget to correct that mistake.

Last year, Republicans tried to justify their excessive Medicare cuts with a large array of misguided arguments. This year they are repeating the same arguments, as if repetition can somehow substitute for reality. The American people were not fooled last year—and they certainly will not be fooled this year.

When Republicans took up the issue last year, they proposed to cut Medicare by $270 billion—three times more than the amount the Medicare trustees said was needed to stabilize the trust fund. This year, Republicans are proposing to cut $167 billion from Medicare. By contrast, the President's plan cuts Medicare by $116 billion—44 percent less, but it guarantees Medicare solvency for 10 years. And it funds Medicare at the level necessary to assure that quality care will be available for senior citizens when they need it.

Even worse, Republicans support an inflexible ceiling on Medicare spending. Consequently, if inflation is higher or medical needs are greater than anticipated, Medicare spending will not go up, and many senior citizens will be out of luck and out of care.

An estimated 20 percent of all Medicare hospitalization can be avoided by relying on better preventive services and more timely primary and outpatient care.

So, if we have interventions earlier, if we have better home care, if we have the investment in our seniors to avoid the more costly expenses when they

must come into the hospital, that can save billions and billions of dollars. We ought to be thinking about that, without reducing the services for our elderly and actually improve the quality of health care for our seniors.

As much as 10 percent of all Medicare expenditures may be due to fraud, and can be reduced or eliminated by better oversight.

The work Senator HARKIN has been involved in, in reviewing Medicaid and Medicare fraud, is absolutely powerful and absolutely convincing about the tens of billions of dollars that can be saved. You go to any hall in this country and ask our senior citizens where there can be savings. Any senior citizen can give you chapter and verse about how there can be savings in the Medicare system. Many of them can tell you about the fraud that is being perpetrated upon them at the present time. We ought to address that kind of issue before we are talking about reductions in essential services.

Medicare could save $20 billion annually if senior citizens have assistance in monitoring their medications more carefully in order to avoid adverse drug reactions.

We spend billions and billions of dollars a year from adverse drug reactions where the senior will go to a doctor and receive various medications, receive other medications from another doctor, and find there is an inconsistency in terms of taking both medications and then find they have an illness. There are ways to remedy that problem, to save billions and billions of dollars—again, to improve the quality of health. We do not hear that issue raised or discussed or debated.

We do not have to destroy Medicare in order to save it. Congress will never allow the Medicare trust fund to become bankrupt. I know that, and the American people know it. It is time for the Republicans to stop raiding Medicare, and join in sensible steps to improve and strengthen it for the future.

Another false Republican argument in defense of their Medicare cuts is that the reductions are not really cuts, because the total amount of Medicare spending will continue to grow. But every household in America knows that if the cost of your rent, the cost of your utilities, and the cost of your food go up—and your income stays the same or goes up more slowly—you have taken a real cut in your living standard.

Republicans speak of a cut in defense, even though defense spending has remained stable. Apparently, the same Republican logic does not apply to spending on Medicare that applies to spending on guns and tanks. A cut is a cut is a cut—whether it is in Medicare or Social Security or national defense.

Republicans also claim that deep cuts in Medicare are necessary to balance the budget. But that argument only proves that Republican priorities are wrong. Democrats favor a balanced budget, and President Clinton has proposed a balanced budget—balanced fairly, not balanced on the backs of senior citizens, or children, or workers. There is a right way to balance the budget, and a right-wing way. And unfortunately, the Republicans continue to pick the right-wing way.

Republicans deny that their Medicare cuts will fund tax cuts for the wealthy. This time, the leopard claims that it really has changed its spots. But their budget clearly envisions $60 billion in revenue increases from tax extenders and closing of selected corporate loopholes in order to fund $60 billion in new tax breaks for the undeserving rich. Without those new tax breaks, they wouldn't need to cut Medicare by $167 billion.

The Democratic amendment eliminates these new tax breaks for the wealthy and uses them to protect Medicare. The Medicare trust fund should not be a slush fund for Republican tax breaks for the rich.

Republicans can run as hard as they want in this election year, but they can not hide from these facts.

Even more damaging than the loss of the billions of dollars that Republicans would slash from Medicare is their attempt to turn Medicare over to the private insurance industry. The Republican budget contains a number of changes to force senior citizens to give up their own doctors and join private insurance plans.

Once they are forced into these plans, senior citizens will be stripped of many of the protections they enjoy today—protection against overcharges by doctors and other health care providers, protection against premium-gouging and profiteering by insurance companies, protection of their right to keep their own family doctor and go to the specialist of their choice.

Republicans claim they only want to offer senior citizens a choice, but this is a choice no senior citizen should be forced to make.

The harsh cuts in Medicare contained in the Republican budget are also a repudiation of our historic commitment to Social Security, because the distinction between Medicare and Social Security is a false one. Medicare is part of the same compact between the Government and the people as Social Security. That compact says contribute during your working years, and we will guarantee basic income and health security in your retirement years.

Any senior citizen who has been hospitalized or who suffers from a serious chronic illness knows that there is no retirement security without health security. The cost of illness is too high. A few days in an intensive care unit can cost more than the total yearly income of many senior citizens.

The low and moderate-income elderly will suffer most from these Medicare cuts. Eighty-three percent of all Medicare spending is for older Americans with annual incomes below $25,000. Two-thirds is for those with incomes below $15,000.

No budget plan that purports to be part of a Contract With America should break America's contract with the elderly. It is bad enough to propose these deep cuts in Medicare at all. It is even worse to make these cuts in order to pay for an undeserved and unneeded tax break for the wealthiest Americans.

Everyone knows that the real vote on Medicare is not on the floor of the Senate or the floor of the House of Representatives. The real vote will be cast in November by the American people, and they know that the future of Medicare is too important to be decided by a Republican Congress or a Republican President.

Mr. ROCKEFELLER. Will the Senator yield for a question?

Mr. KENNEDY. I ask unanimous consent to proceed for 2 more minutes to respond to questions.

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

Mr. ROCKEFELLER. I simply ask the Senator from Massachusetts, when he was referring to the 1993 Budget Reconciliation Act—where I think we reduced Medicare expenditures because that had to be done, but we did it consistent with beneficiary purposes—the Senator brought up the point that we did not get a single Republican vote. It was a stunning moment. I will never forget it. I was sitting right over there. We had to get every single Democrat to let that effort to improve Medicare survive.

I do not understand that. I do not understand the inconsistency of that. If they are for trying to do something about Medicare now, why, 3 years ago, was there a total lack of interest, with no mention of Medicare trust fund health at that time?

Mr. KENNEDY. The Senator is entirely correct, and there is no Member of the Senate who knows more about those negotiations than the Senator from West Virginia, since he was really the leader in those negotiations, which were enormously complex and difficult.

Even with the reductions that were worked out, we were sensitive to any reduction in benefits for recipients and looked for other ways to find the savings that were achieved in that program but, nonetheless, extended the solvency for a period of 3 years.

As the Senator knows, even after that period of time, we found out at the start of this Congress that our Republican friends wanted to take some $80 to $90 billion out of the trust fund to designate it for tax breaks for the wealthy. Not only were they unresponsive to the calls and challenges at the time the Senator has mentioned, but even following that, they were willing to raid the trust funds for tax breaks for the wealthy.

It is enormously troublesome, I think, for all of us to see, again, the effort to raid the Medicare trust funds to use for additional tax breaks today.

I am wondering, as the Senator from West Virginia, who is a real expert on

Medicare, Medicaid and health policy generally, if he does not find that to be one of the most repulsive aspects of the proposal that has been advanced by our Republican friends?

Mr. ROCKEFELLER. I say to the Senator from Massachusetts, I do, and I am also confounded, frankly, by the sense of its stupidity. It is not just obscene, it is stupid. The American people have rejected the idea of tax cuts for the wealthy. That was rejected, and then they come right back again for the same thing. Maybe there has been more emphasis in the House than here, but nevertheless, there is this tremendous desire for tax cuts for the wealthy. They have to have those tax cuts, and the Medicare beneficiaries just take second place.

I was stunned when I heard the Senator say, ''this is the anniversary of the invasion of Normandy and for those people, let them fall where they might.''

Mr. KENNEDY. They are the ones who fought in the wars and pulled the country out of the Depression and are the ones who paid into this fund over a period of time. This is not a piggy bank. The Medicare trust fund is not a piggy bank for Republicans to dip into to grant tax breaks for wealthy individuals. That is really the fundamental issue. It will continue to be debated here and across the country in the course of the campaign.

I thank the Senator from West Virginia.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank the Presiding Officer. I want to continue some of the thoughts of the distinguished Senator from Massachusetts, who has incredible knowledge of this history, over 30 years in the development and nondevelopment of health care policy.

Might I ask the Presiding Officer how much time I have in order to speak?

The PRESIDING OFFICER. Ten minutes.

IMPLICATIONS OF MEDICARE TRUSTEES' REPORT

Mr. ROCKEFELLER. Mr. President, first of all, I will not be able to finish, but I will do the best I can. I want to acknowledge the very serious implications of the Medicare trustees' report released yesterday. The Medicare part A trust fund, the part that pays the hospital bills of beneficiaries, is likely to be insolvent by 2001, a year earlier than predicted last year. This is a very serious issue. I take it as such, and it must be addressed.

So the news is bad, Mr. President. Unfortunately, contrary to assertions made by my colleagues on the other side of the aisle, this is not a new problem, and unlike the Republicans, this is not a problem Democrats just discovered.

The Republicans chose to ignore 20 previous trustees' reports that warned of future trust fund problems. But when they needed to come up with the money to pay for tax breaks, they decided to manufacture an impending crisis.

Just 3 years ago, as the Senator from Massachusetts and I were discussing, the trustees projected the hospital trust fund was going to run out of money in 1999, which is 3 years hence. Democrats took immediate measures, and I know because I was responsible for putting some of those together, to add 3 more years of solvency by very carefully reducing Medicare spending by about $59 billion. And, Mr. President, Democrats have produced our own Medicare proposals that would postpone the date of trust insolvency for at least another decade. That is called 10 years. That is quite a lot of time.

The CBO has certified that the President's Medicare plan would extend trust fund solvency until the year 2005. Here we are dealing with 9 or 10 years.

The big difference between Democrats and Republicans is that we have only proposed those reductions in spending that are necessary to achieve 10 more years of solvency. That is our only purpose. That is our only policy purpose. The Republicans continue to propose drastic Medicare cuts so that they can pay, again, for what has become a cliche—but a cliche is something that is said so often it is true—tax breaks for the wealthy.

Mr. President, over the past decade, Congress has, and usually in a very bipartisan manner, taken repeated steps to rein in the costs of the Medicare Program. We do not have a bad record on this. We reformed the hospital payment system in 1983. We reformed the physician payment system in 1989. Senator Durenberger, a Republican from Minnesota, was instrumental in that. We did this together, Democrats and Republicans, with minor controversy, to shore up the hospital trust fund. That was the policy purpose, and to make the Medicare Program a prudent purchaser of health care services.

Unfortunately, the bipartisanship to address the problems of Medicare ended—and ended completely—in 1993 when the Republicans refused to participate in what was an entirely serious effort to reduce the Federal deficit. Democrats were forced, therefore, to act alone. Because of the Democratic efforts, and without, as the Senator from Massachusetts said, a single Republican vote. This is really extraordinary when you think about it; there are usually a few people who will help on this—there was not a single one, not a single one.

The deficit has fallen now for 4 straight years as a result of that action in 1993. That had not happened since either Harry Truman was President or the Civil War. I am not sure which, and there is a big difference. But, anyway, 4 years of budget deficit reduction has not happened in a long, long time.

Bipartisanship also failed to materialize last year when the Democrats refused to engage in an exercise to carry out Speaker GINGRICH's Contract With America, that handed out tax breaks for the wealthy at the expense of the Medicare and Medicaid Programs.

Mr. President, there are billions of dollars in common Medicare savings that we could agree on tomorrow to strengthen the trust fund. But compromise is not something that many of my colleagues on the other side of the aisle, and particularly on the other side of the Capitol, have learned to do to this point.

Last year, the public overwhelmingly rejected the massive health care cuts proposed by the Republicans. Instead, though, of coming up with a new plan, or even new numbers, the Republicans have not changed much at all.

They say their plan is more moderate, but it is not. The total Medicare savings in their new plan are lower, but they are lower only because their new budget covers 6 years, not 7.

That tends to make a difference. If you look at the year-by-year Medicare cuts in this year's Republican budget, you can see that the cuts are nearly identical to—identical to or larger—than the cuts in the vetoed budget reconciliation bill from last year.

Kevin Phillips, a Republican political analyst, who Republicans do not like to hear quoted, said just a few weeks ago that the ''new'' Republican budget ''is no more than a routine expression''—this is interesting—''a routine expression of core GOP fiscal policy: never to ask the top 1 percent of Americans to sacrifice if Medicaid, Medicare, or education funds for ordinary people can be targeted instead.''

The Republican budget resolution goes way too far in trying to reduce Medicare spending. The cuts are much more than is needed to extend short-term solvency for another decade. The Republicans know that.

The Republican budget would hold Medicare to a much tougher standard on its health care costs than current projections for even private health insurance. That is an important point. Private health insurance is expected to grow by 7.1 percent on a per person basis over the next 7 years. The Republican plan caps Medicare per person spending at 4.8 percent over the next 7 years, even though Medicare generally serves an older and a sicker population. And Medicare, as a program, is even covering more people, while private health insurance is covering fewer and fewer Americans, as employers pull back from what I would consider their responsibility.

So these very tight budget caps that the Republican plan would impose on Medicare spending will seriously harm the quality of care that seniors currently receive, or will significantly increase their out-of-pocket expenses, or will do both.