sending a letter to the chairman of the FTC asking him to bring an unfair advertising case against R.J. Reynolds for the Joe Camel ads.

In a stunning development several weeks ago, this cloak of deception that shrouded the activities of the tobacco industry was removed when the Liggett group settled 22 State lawsuits because they admitted that smoking causes cancer and other diseases, that nicotine is addictive, and that the tobacco industry targets underage smokers. It also agreed to a 25-year payment schedule to the States, to release internal documents providing evidence of the above claims, and to accept FDA regulation along with stark new warning labels on its cigarettes. This settlement that was worked out between Liggett and the State attorneys general is truly historic. It will open up the floodgates of information about tobacco. The truth is that smoking is addictive and it kills.

The documents that will become public as a result of this settlement will help expose the conspiracy of deception and intimidation tobacco giants have engaged in for years. They have used this deception to thwart claims against them in court, to derail reasonable attempts at regulation, and to curb public education programs to protect the public health.

It is rumored that the tobacco industry, or at least some firms, will now seek protection from Congress, asking for a ''global settlement'' of claims against them. I hope that every Senator will maintain a healthy skepticism about any proposed legislative settlement of legal claims against the tobacco companies.

The bipartisan group of attorneys general pursuing these lawsuits have shown enormous courage and tenacity in the face of tobacco industry stonewalling. We should not undercut them. Nor should we intervene to help the companies in pending litigation brought by individual Americans who suffered harm as a result of the industry's deadly and deceptive practices. We should not hinder the ability of the States and the taxpayers that they represent, or individuals, to receive just and fair compensation for the harm or expense that they suffered.

I hope Members of this body will be very analytical as they hear this appeal and resist efforts to bail out the tobacco industry in Congress.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. MCCAIN. I thank the Chair.

(The remarks of Mr. MCCAIN and Mrs. HUTCHISON pertaining to the introduction of S. 547 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. WYDEN. Mr. President, I ask unanimous consent to speak up to 15 minutes as part of morning business.

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

Mr. WYDEN. Thank you very much, Mr. President.

MEDICARE REFORM PRINCIPLES

Mr. WYDEN. Mr. President, as you know, I have come to the floor each day this week to talk about what I think is the critical need for the Senate to move forward with bipartisan Medicare reform. I believe there is a unique window of opportunity now for action, a window built around the proposition that our economy is moving forward in a positive way. Certainly, we are a few years away from the demographic earthquake that is coming, and I believe it is possible to fashion a bipartisan package that will also achieve real savings to advance the cause of enacting a balanced budget.

I come to the floor today to reflect for just a few moments on some of the discussion over the last few days as it relates to Medicare and the budget. It is my view that Senator DOMENICI, the chairman of the Senate Budget Committee, said it very well a number of weeks ago when the Budget Committee first began hearings on this year's budget, when Senator DOMENICI said, with respect to Medicare, policy must drive the budget numbers. Unfortunately, that has not been the case in the past, and I am concerned, based on the discussions that have gone on in the last couple of days as well, that we are moving away from the need for structural Medicare reform that is in the interests of both seniors and taxpayers.

In the last Congress, I think we did see a numbers-driven approach to Medicare. Over in the other body, there was a judgment made that spending for Medicare had to be reduced $274 billion. Others in my party proposed reducing Medicare spending by a smaller sum. In both instances, I do not think enough attention was paid to the need to come up with sensible policies that would really show how you could get to those kinds of budget savings proposed by either party in a way that was good for both seniors and for taxpayers.

If we look at the debate over the last couple of days, we see some of the discussion again moving just to the question of a budget number. I am convinced that it is possible over the next 5 years to save about $100 billion as it relates to the Medicare Program and do it in a way that protects the interests of older people and also will help to reduce the deficit.

But I think it is even more important—even more important, Mr. President—that this body understand that the big challenge is to lay the foundation for 21st century Medicare and that that challenge goes far beyond the question that has driven discussions the last couple of days. What we have to do is start bringing choice and competition to the Medicare Program. That is what is driving progress as it relates to health care reform in the private sector, and, obviously, choice and competition is what Members of this body enjoy through the Federal employee plan.

I think it is possible to do this in a way that protects the rights of patients and makes sure that as we look to the future with more choice and more competition, that it is a future that does not involve health plans with gag clauses, does not strip seniors of their rights to appeal a denial of benefits, makes sure that their grievance procedures include what are called ''report cards'' so that our country can find out if people who sign up for health maintenance organizations drop out a few months later because service is unacceptable.

The Congress now, as we move to try to develop a budget resolution, I think can find an opportunity to generate real savings.

I do not want to, in any way, minimize the importance of that task in getting a budget. But we can do it in a way that will also ensure that the kind of structural changes in Medicare are made and we put this program on a solid footing. If that is not done, Mr. President, we will see a continuation of the kinds of problems that Chairman GRASSLEY demonstrated this morning at the Senate Committee on Aging.

Senator GRASSLEY held a very important hearing as it related to accountability in the Medicare Program and particularly as it related to managed care. What Senator GRASSLEY's hearing pursued was making sure that older people could have access to good information so they could make choices in their Medicare.

In this country, we have, unfortunately, because Medicare has not been modernized, a situation where older people either have no choices, which goes on in rural parts of the United States, such as the area that the Presiding Officer represents and I represent, or, as we saw this morning in Chairman GRASSLEY's hearing, places like Los Angeles where there is kind of a blizzard of information offered and it is not possible for older people to compare the policies that are offered to them in an intelligible kind of way.

I said at Mr. GRASSLEY's hearing that as we go forward with Medicare discussions let us make sure that his work, which is designed to empower consumers and is certainly not going to be a budget buster because it is largely an effort to try to force disclosure and comparability of these various plans—I urged that Chairman GRASSLEY's work be included in a final bipartisan package.

Suffice it to say, you do not hear much discussion in terms of the budget

discussions about the work that Chairman GRASSLEY is doing or about the role of the Federal Employees Health Benefits Plan. And, unfortunately, there has not been enough focus on how the Medicare Program rewards waste and penalizes frugality. The private sector consigned that kind of approach to the attic years ago but that is how Medicare does business today.

Mr. President, and colleagues, I think that as these discussions go forward—and certainly yesterday they dominated the debate about the budget—we have to remember that it is critical that Medicare be part of an effort to help address the financial challenges that our Government faces. I think that that can be done in a way that is good for seniors and good for taxpayers, but that it is even more important that the bipartisan changes in Medicare focus on the structural and underlying concerns that are plaguing this program.

In much of the United States, the Medicare Program is a bureaucratic Tin Lizzie. It is clunky. It is inefficient. It is volume driven. And it is doing all the kinds of things that if another agency, such as the Pentagon, was doing, there would be a vast outcry.

But we are not making the changes that the Medicare Program needs so as to make it secure for the 21st century, so as to make it secure for both seniors and for taxpayers. And that is why I come to the floor today, to say that this debate that we have seen in the last couple of days about budget numbers is important, but it is even more important to talk about the underlying and structural changes that the program needs for the 21st century.

Mr. President, let me conclude by saying that I think that this debate about Medicare has been a bit like a high school sock hop where in effect everyone looks at the dance floor and no one really wants to go first. And I believe that now, if we put a focus on bipartisan structural changes in Medicare, a focus that says that the old debate about just trying to find a budget number for purposes of the budget resolution is not the way to proceed, but that we have a bigger challenge which is to get this program on track for the 21st century, that that kind of approach will allow us to make real progress.

I have enormous admiration for Chairman DOMENICI who has made it very clear that he wants to proceed in a way that does help to reform Medicare policy for the 21st century. I think it is very clear that the Clinton administration has in some of their Medicare proposals reforms that would also help to advance a bipartisan compromise.

I tried to take, in my legislation, the Medicare Modernization and Patient Protection Act, some of the key principles that both political parties had advanced in recent years. I believe that if the Congress does not get stuck in the old debate about just finding a budget number, regardless of the implications for the program long term, we can, in this session of Congress, get the Medicare Program ready for the 21st century.

That is what I am committed to doing, Mr. President. It is a bipartisan challenge. And I intend to come to this floor on an ongoing basis, as I have done today, to talk about the key issues with respect to Medicare reform. And the events of the last couple of days, which take us back, in my view, to just a budget question rather than making sure the policy changes are made, are exactly what we have to tackle. There is the opportunity now to get Medicare on the right course for the 21st century.

As I have said, Mr. President, I have visited the floor each day this week to talk about Medicare reform, and the brief window of opportunity I believe this Congress may have to effect strong, stabilizing, and sensible structural reforms in this program.

This should be about more than saving a targeted number of dollars in spending over the next 5 years, or adjusting the Medicare part B up or down to accommodate short term fiscal goals.

To quote my friend Senator DOMENICI, the chairman of the Budget Committee, this should not be about numbers driving policy, not for something as important as the long-term integrity of the Medicare Program.

We have the opportunity in the 105th Congress to begin turning this 30-year-old, Tin-Lizzie style program into a 21st century, comprehensive seniors health system, employing the tools and the innovations that have already marked much of the rest of American health care for the better.

The reformed Medicare Program I envision, and which I believe is within our grasp, is a health plan that is about choice, quality, and access, and also about the efficiencies that characterize much of our Nation's private health care marketplace.

Over the last few days, the conversation about Medicare reform has for the most part revolved around the negotiations between the White House and the congressional budget committees, and whether we can get close enough on a 5-year savings figure in order to proceed with marking up what we all hope will be a bipartisan budget resolution for 1998.

I hope we can.

And I commend all the parties involved in trying to hammer this out. I know it is tough. It is obvious from my limited involvement in this process that the determination of the Medicare piece may be the single most important function of putting together a Federal budget, or failing in that effort, this year.

But I would go beyond that.

I believe that my colleagues and I will be spending years together talking about Medicare as the major piece of the Federal budget process. I say this because Medicare threatens to be the monster that devours the budget, and with it the prospect of a health and secure future for millions of future retirees.

And quite obviously, the longer we wait to put the brakes to the run away spending aspects of this program, the greater the political crunch we face in terms of dealing with the economic impact of the 75 million baby boomers—this demographic tsunami—that is set to begin hitting the program in the year 2013.

During the next 30 years, we will see a society shift from the current four taxpaying wage-earners supporting each retiree to just two workers for each retiree.

You do the math. The prospect is far from pretty.

And that picture doesn't get better by merely formulating a number for spending reductions over the next 5 years. We can and must do better.

If we focus merely on the short-term problems—and I agree that they are substantial—we risk losing the chance to change Medicare's essential structure to deal with the long-term, and much tougher problems to come.

And that is why I must say that I am disappointed in certain aspects of the President's budget—I think this Congress can do better.

Specifically, we are given in the President's Medicare reform ideas a method of adjusting rates in our payments to Medicare managed care plans which will No. 1, not focus a significant and targeted reduction in the rates of payment that we make to vastly overpaid plans in many of our large metropolitan areas, and No. 2, continues the ''starve-'em, and kill-'em'' approach to paying for coordinated plans—and for encouraging choice, in rural areas around the country, and in areas of high health care efficiency like my home State of Oregon.

I've said it before, earlier this week.

I will say it again.

This is not the way to bring 21st century medicine to our Nation's 38 million Medicare eligible citizens.

It is not the way to begin the long-term restructuring of the Medicare necessary to establishing a humane, cost-efficient and choice-rich program that will maintain financial equilibrium well into the next century, and not for just the next half dozen years.

Mr. President, we must look to what is happening in the private health insurance market in this Nation in order to chart the new course for Medicare. Over the last decade, run away cost-growth in that market has been reduced to rises in per capita spending that are now just about steady with the increase in the consumer price index—a massive, massive change.

No employer, now, will tell you that health care is cheap. But certainly, far fewer employers are now saying that the cost of health care provided to employees is putting them out of business.

Our business is the Federal budget.

We have a fiduciary responsibility to keep the Government solvent.

I ran my election campaign on the promise that I would work my hardest—and bear my share of the heavy lifting—to balance the budget and end deficit spending.

And I know that all of us, every one of us, Democrat and Republican, realizes that balance can't be bought cheaply or painlessly.

Addressing Medicare's long-term financial problems in ways that maintain the program's long-standing commitment to a defined package of benefits, no matter how sick or poor the senior, must be at the top of our Federal budget agenda.

Mr. President, today I want to conclude my floor statements this week with a short list of basic principles which I believe must under-line Medicare's restructuring effort this year, and which I am convinced a broad, bipartisan consensus may be reached.

I am not arguing that this is the entire reform menu.

And many will note that there's a lot of spinach on the bill of fare before you get to the desert portions.

But I do believe that this is a square-meal reform agenda:

First, I believe that we have to agree in a bipartisan fashion that Medicare remains a defined benefits program, first, last, and always.

We should never turn Medicare into an exercise where elderly and frail beneficiaries, most often single women living on their own on limited fixed incomes, are given a check once a month and told, ''here's your benefit, your voucher—go out and buy health care you need and if the benefit runs out I hope you can find help, elsewhere.''

This would be an egregious retreat from a basic social contract with our Nation's senior citizens, and one for which I think there is little justification given the kinds of savings we can extract from the program by requiring better management, better plans and more choice.

Second, we must develop spending controls that guarantee access, but at the lowest possible cost to the program and the beneficiaries. Medicare must employ prospective payment systems, putting providers on a daily reimbursement diet, for skilled nursing facilities and for home care, and for other portions of fee-for-service Medicare as opportunities present themselves.

I have introduced a bill that would in part save approximately $20 billion over 5 years from these kinds of management systems in home care and skilled nursing facilities. Similar gatekeeping ought to be considered for other portions of Medicare that are now driven totally by volume.

Third, the current system of paying for Medicare managed care plans, based primarily on the local cost of fee-for-service Medicine, makes no sense, and we've got to fix it.

We have the strange situation where the highest-cost, volume-driven portion of the program determining how we pay, or reimburse, the part of the program designed to operate as a managed, cost-efficient model.

Our purpose is defeated by trying to marry two completely antagonistic systems. And there are very unwholesome results in the form of beneficiaries in vast numbers of counties where Medicare managed care payments are either dramatically too low, or horrendously too high.

In California alone, the U.S. General Accounting Office has estimated that this leads to over-payments to plans as high as $1 billion per year.

We have to de-couple the cost of fee-for-service medicine from the formula we use to determine payments to Medicare managed care plans.

Fourth, in a world where we hope that Medicare beneficiaries will have many more choices for health care, Medicare must work much harder to empower those consumers to make appropriate choices.

And this is about better information about the plans available to them, and tools by which consumers can make informed choices about which plan is best for them.

Mr. President, today I spent some time at a Senate Select Committee on Aging hearing that focused on this very issue. We heard testimony on the horrendous difficulty beneficiaries had in places where choice currently exists, trying to figure out what each available plan might provide. The plan brochures are confusing and filled with technicaleeze. And most importantly, it's obvious that there's no way most consumers are going to be able to sit down at a kitchen table and compare one plan against another.

That's got to change. We need a system for Medicare beneficiaries not unlike the system we have in the Federal Employees Health Benefits Program where plans are required to present themselves using conforming language so that comparisons can be drawn.

And we need qualitative analysis by HCFA regarding how well individual plans perform—report card grades, if you will, on items ranging from disenrollment, to how long doctors stay with plans, to how many grievances are filed by beneficiaries.

Fifth, beneficiaries must be reassured that improving consumer protection is still a front-burner issue.

Appeals processes on denial of services must be streamlined. Medicare supplemental insurance laws must be reformed to guarantee issue of Medigap policies to seniors.

HCFA should employ more ombudsmen to help seniors navigate through a Medicare system that will offer more choices, and necessarily will be somewhat more complicated than traditional Medicare.

Five points—a modest agenda. But one that can begin creating huge dividends for our most important social program if we begin our work, now.

There is, I know, a great deal of attraction in subcontracting the job of reforming Medicare to a bipartisan commission. I have a great deal of respect for my colleagues who have made this argument.

Indeed, the conventional wisdom is that Congress simply does not have the political will to tackle this tough question.

I have had a number of conversations with colleagues on both sides of the aisle, however, and surprising as it may seem there appears to be a hunger to attempt Medicare reform, now. I think there's a general recognition that we enjoy a window of opportunity that is characterized by rapidly falling budget deficits, strong employment and a growing economy, and that the general environment for fixing Medicare may not get much better for an awfully long time.

And finally, let me remind colleagues that the ideas offered here today are not radical, and are really not out of left field.

This model of a competitive, choice-rich Medicare that is efficient while maintaining quality has been road-tested—indeed it exists today—in Oregon, where low-cost, high-quality, coordinated care Medicare now embraces almost 60 percent of the Portland metropolitan area market, and where the highest reimbursement rates for such care are still almost 20 percent below the national average.

We have seen the future.

It works.

It is time for this Congress to begin implementing changes in Medicare that transforms the national program along the lines of what has worked for thousands of seniors in Oregon.

CHEMICAL WEAPONS

Mr. TORRICELLI. Mr. President, this morning, millions of Americans awoke to some startling revelations, news that was particularly painful to thousands of veterans of the Persian Gulf war. Yesterday the Central Intelligence Agency released a report that stated that as early as 1984 it had intelligence reports warning that chemical weapons held by the military of Iraq were stored at a previously undisclosed chemical weapons site.

Indeed, in 1986, the CIA had received even more specific reports and obtained a copy of an Iraqi chemical weapons production plan that mentioned large storage facilities and the exact location and even the types of chemicals and other weapons that were being stored at that location.

Despite each of these reports and the existence of this detailed information in the very files of the Central Intelligence Agency, the Pentagon was not informed at any level on any basis of any of this information when the ground war commenced in the Persian Gulf in January 1991.

Without this information, tragically, American ground forces entered the specific chemical weapons storage facility named within Central Intelligence Agency files in March 1991.