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Republican Policy Committee

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Senators Urge President and His Party to Enact Health Care Insurance Reform

Why has a popular and critically needed bill to reform health care insurance been languishing in the Senate for more than two months? On June 21, 1996, eight U.S. Senators went to the Senate floor to answer that question, suggesting that arguments justifying the delay tactics are specious at best. Attached are statements by Senators Coverdell (R-GA), Gorton (R-WA), Roth (R-DE), Frist (R-TN), DeWine (R-OH), Stevens (R-AK), Bennett (R-UT), and Grassley (R-IA) as published in the *Congressional Record.*

- The health care proposal offers greater health insurance accessibility and security to millions of Americans. It provides portability, allowing insurance to go with workers when they change or lose their job; and it places restrictions on insurers for denying coverage for pre-existing medical conditions.

- Medical Savings Accounts are individual savings accounts dedicated to medical expenses. Like the popular IRA, MSAs offer Americans the incentive to put tax-free money in an account for medical expenses. Studies show that MSAs will be effective and popular for working people of all incomes and regardless of health status.

- MSAs empower patients by giving them freedom of choice concerning which doctor to use, and how much to spend. MSAs are popular in part because they offer first-dollar coverage. That is, the first medical expense a family makes in the year — be it a doctor, dental, or an emergency room visit — can be paid for from the account without paperwork hassles. Money not spent at the end of the year can be retained year after year, and used when needed. No insurer has to intervene.

- MSAs will bring down costs because consumers use their own money and will become more cost-conscious. And, consequently, they will ask critical questions, become more demanding, and ultimately will pressure providers into improving the overall quality of health care.

- So who wouldn't support MSAs? — A liberal contingent of U.S. Senators who apparently still believe that the Federal Government knows what is best for individual Americans.

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[Senators' *Record* remarks begin on the following pages: Coverdell S6634, Gorton S6634, Roth S6635, Frist, S6636, DeWine, S6638, Stevens S6639, Bennett S6640, and Grassley S6642.]

HEALTH CARE REFORM

Mr. COVERDELL. Mr. President, we are now in the 61st day of the objection of Senator KENNEDY to the appointment of Senate conferees for health care reform—a commonsense health care reform issue. It raises the question, why ought not everyday citizens be given the opportunity to share in the massive benefits that this health care reform proposal would bring to America? Why would they be denied this? What does the bill do, and why can we not get on with it and get this job done? I know every American across the country is asking that question.

Under this legislation, for the first time, working Americans will be able to leave their jobs without having to worry about losing their health insurance due to a preexisting condition. The question to Senator KENNEDY is: Why not get on with this and just do it? We have been talking about it now for years. It makes health care coverage more available and affordable for small businesses and the self-employed. Why not just get this done? Let us move on with this.

It allows tax deductions for long-term health care needs, nursing home coverage, home health care coverage, and allows terminally ill patients and their families to receive tax-free accelerated death benefits from their insurance companies. That allows a family in a time of enormous crisis an option to help deal with that crisis. Why not just do it? Let us get this done.

We have been badgering around here now 61 days trying to get conferees appointed so that we can move on with the business of helping the American family in the critical health insurance market.

Here is the point. It creates a medical savings account program—the House version does, the Senate did not; there are many, many Senators who want to agree with the House—effective next January, according to the compromise proposal people are trying to work out, for self-employed and those who work for small businesses with 50 or fewer people. I have heard several versions of this. I know it is a moving target. But medical savings accounts are a creature of the market that many, many people want to take advantage of.

This is the principal reason, although there are others, apparently, that Senator KENNEDY has raised ongoing objections to. The bill fights fraud and abuse with new and tough provisions in the health care market.

So here we go. We make it possible for families to take insurance benefits and endless job lock, where somebody might get a chance to have a new job but they cannot move because they are afraid they will lose their insurance. This corrects that. Let us just do it.

It makes health care coverage more available and affordable to small businesses and the self-employed. This is something America needs. Let us just do it.

It allows tax deductions for long-term health care needs. It lets people in a time of tragedy accelerate benefits. It creates, yes, a new medical savings account, which is a version where the ensured has an opportunity to lower their costs, and they actually became paying consumers in the marketplace. It fights fraud and abuse.

We should do these things for the country. By the time we get back, we will have waited 63 days just to appoint conferees.

So America is sitting out here waiting and waiting, and families are suffering and suffering and suffering because the Congress will not get on and pass this meaningful reform.

Who supports this commonsense health reform approach? It is a wide range of support. The American Hospital Association, Farmers Health Alliance, National Association of Manufacturers, National Federation of Independent Businesses, National Association for the Self-employed, Alliance for Affordable Health Care, American Small Business Association, as well as many others, have endorsed this commonsense approach to making the health insurance market a friendlier place, an easier place for America's families and America's businesses. And they are all put on hold because the Senator from Massachusetts and the White House are objecting to an open market and a new product for the market called medical savings accounts.

Mr. President, the Senator from Massachusetts, Senator KENNEDY, has had a lot of things to say about these medical savings accounts. There is an article in Investors Business Daily written by John C. Goodman, who says this:

> Medical savings accounts give people a new way to pay for health care. The option is a high deductible health insurance paired with a personal savings account. The individual uses his or her account to pay for routine and preventive medical care while the policy pays for major expenses. Individuals who have money left over in the MSA at the end of the year can withdraw it, or roll it over to grow with interest.

This is a great idea. This is a way in which many Americans have saved thousands of dollars in automobile insurance. They bought policies where they have high deductibles so they pay lower premiums, and they are in a sense self-insuring and paying for small costs themselves so that they can lower their overall cost. So the idea has been brought over to the health insurance market.

Some 2,000 employers have adopted some version of an MSA already. Senator KENNEDY from Massachusetts says that MSA's are only for the healthy. The Rand analysis says no. It says no, that that allegation from the Senator from Massachusetts is not correct.

Rand researchers conclude that MSA's would be attractive to those who expect to face high health care costs. That is because potential out-of-pocket expenses under traditional health insurance, which requires deductibles plus copayments, are higher than under MSA plans.

Senator KENNEDY says MSA's are only for the wealthy. There are just reams of research that say that is not the case. We have example after example, person after person, school bus drivers, secretaries in a library, in MSA plans. These are not wealthy people. And they are coming to the Congress and saying, "Give us these options, make MSA's copartners in the health insurance market so that our costs are deductible."

Mr. President, I am going to yield at this point after this opening statement. I am going to yield to the Senator from Washington, who I appreciate very much being here this morning.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. How much time is yielded to the Senator from Washington?

Mr. COVERDELL. I yield up to 10 minutes.

The PRESIDING OFFICER. The Senator from Washington is recognized for up to 10 minutes.

Mr. GORTON. Mr. President, I am convinced that the Senator from Georgia is correct in his analysis in what he has told us here in the Senate. We have now waited for more than 2 months facing a filibuster even of a procedural motion formally to appoint a conference committee to settle a set of vitally important health care issues for the people of the United States.

Mr. President, there is little controversy over the desirability of portability of health care insurance, over

certain restrictions on health care limitations because of preexisting conditions and a number of other features of the bill that passed the Senate. But the senior Senator from Massachusetts is so vehemently opposed to a concept called medical savings accounts that he and those who support it will not even permit a debate in the Senate, a vote in the Senate, on the issue.

The Senator from Georgia pointed out that this is not a new concept. It is very much like the automobile insurance that all of us purchase in which we can make a set of value judgments and choices. Do we want to pay a high premium and have even minor damage to our automobiles paid for by the insurance companies, or are we willing to accept a high deductible up to an amount which we feel we can afford to pay ourselves in return for a much lower premium for an automobile insurance policy that will take care of the situation if our car is totaled or badly damaged?

A medical savings account is essentially the same thing except because we place such a high value on health care insurance that we will offer certain tax advantages to that high deductible health care insurance, saying that people can save an amount of money up to that deductible on a tax-free basis to pay for the everyday health care insurance costs out of it and end up having the money itself if they do not actually use it and, at the same time, have a catastrophic health care plan which will keep families from bankrupting, or from tremendous financial distress in the case of major health care needs.

One of the reasons that many people lack health care insurance today is the fact that they are in States or communities with community ratings, which means that young people with young families are required to pay far more for standard health care insurance policies than they are likely to use. And so they choose to have no insurance at all, running a very real risk in the process. As a consequence, if this proposal works, more people will have health care insurance against a catastrophic event in their lives than have it today.

Perhaps the true objection of the senior Senator from Massachusetts is that as more people are insured against health care disasters in a free and voluntary system, there will be less demand for the nationalized health care system that he so vehemently supported in the last Congress and which failed when the American people decided that they did not want the Government of the United States to be running their health care.

Personally, I think that may be the real objection, because it appears to me that there can almost be no other, to at least an experiment involving those who are self-employed or those who are employed by small businesses, many of which do not provide health care for their employees at the present time. If we go into this experiment and if this experiment works, more companies will provide health care for all of their employees on this catastrophic basis because it will cost them less. More employees will be encouraged to say more of us who are all consumers of health care will pay more attention to what it costs and we may end up with a far more efficient system than we have today.

Right now, we are not only being denied that experiment, we are being denied even those other elements on which there is full agreement because one group of Members of this body says, no, this is such a terrible idea; it is so dangerous to let people make their own choices that we will stop the whole thing, the entire health care reform in order to prevent this from taking place.

I appreciate the opportunity to speak on this issue and seek the attention of the Senator from Georgia, who was kind enough to lend me this time, to ask him as a leader in this effort whether or not he agrees with these sentiments. Does the Senator from Georgia not agree that perhaps the central real objection here is an objection to allowing people a greater degree of choice over how they fund their health care, a greater degree of choice over ways in which insurance may be provided, a greater degree of attention to costs, simply a greater degree of control over their own lives?

Mr. COVERDELL. I think the Senator from Washington has very eloquently described this condition and the source of the disagreement because, after all, it was the senior Senator from Massachusetts and his colleagues who came forward with an all-inclusive Federal takeover of medicine, and the medical savings account is the antithesis of it because there is a freedom there, the freedom to the buyer of the insurance. There is an access in the system and, indeed, it will reduce dramatically the number of people who do not have insurance.

I tell you a clue, a clue to the objective on the other side is that in the negotiation as to whether to allow the experiment, one suggestion was that the only business that could buy an MSA was one that already had a low deductible plan now. So it was actually constructed, the suggestion is constructed to prevent small businesses that have no insurance from exercising the MSA option.

Mr. GORTON. To try to see to it that we did not have more people covered by health care insurance.

Mr. COVERDELL. Correct.

Mr. GORTON. But have a statistic that you could go out and argue we need a national system, we need a national health care system because there are millions of people who are uninsured, rather than reduce that number by this new and constructive experiment.

Mr. COVERDELL. First of all, those who oppose it have articulated their opposition and I think with specious arguments. Second, they want caps on it, they want parameters all around it, so you can draw the conclusion that the effort is to prevent people from getting to this kind of coverage.

Mr. GORTON. I have only one more comment and I wonder if the Senator from Georgia agrees with this proposition. Does he not believe, as I do, that if this bill were to come back to the Senate with this modest experiment on medical savings accounts included, it would have a significant majority of the votes of the Members of this body, Democrats as well as Republicans, and would easily go to the President, and that one of the reasons for this filibuster is to prevent that majority view from prevailing and to prevent the embarrassment of the President either having to veto this proposal as he has threatened to do or actually to back off and sign it?

Mr. COVERDELL. I think we can safely draw that conclusion.

Mr. GORTON. I thank the Senator from Georgia for yielding me this time.

Mr. COVERDELL. I thank the Senator from Washington. I think he has made a very, as I said, eloquent statement with regard to this debate.

I now yield up to 10 minutes to the distinguished Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized for up to 10 minutes.

Mr. ROTH. Mr. President, as my distinguished colleagues have already pointed out, we have been waiting for nearly 2 months to move forward on critical health insurance reform legislation. The holdup, we are told by the White House and some of our colleagues on the other side of the aisle, is this provision to create a tax-free medical savings account as a health insurance option for Americans.

Tax-free medical savings accounts are something Americans want, although you would never know it from the hyperbole being used by some of my colleagues on the other side of the aisle. A poll released this month shows that 77 percent of working Americans would start a medical savings account if MSA's were available to them. Americans who have MSA's like them, and Americans who do not have MSA's want them.

MSA's exist now. They have been tested by thousands of companies with great success. What we want for MSA's is equal tax treatment with other types of employer-provided health insurance for the self-employed, the ability to contribute to a medical savings account and receive a 100-percent deduction for their contribution up to $2,000. This provision would end the current Tax Code discrimination against MSA's by ending the taxation on MSA deposits.

Republicans in the House and Senate have been willing to compromise on MSA's. We have addressed many of the administration's and Senator KENNEDY's concerns about MSA's. We have

put forward proposals that are small, small enough to be considered as demonstration projects. This was one of the often-stated criteria of the White House and some of our Democrat friends. The American Hospital Association this week endorsed our compromise. Both of the latest compromises extending MSA's to companies with either 50 or 100 or fewer employees would extend this tax free status to the segment of the work force that has the highest number of uninsured employees—small businesses.

MSA's are of such importance in our effort to address our health concerns that on September 8, 1992, several of my distinguished colleagues signed a letter calling for the introduction of MSA's as part of their bill.

Let me quote a portion of that letter.

Unlike many standard third-party health coverage plans, medical cost savings accounts would give consumers an incentive to monitor spending carefully because to do otherwise would be wasting their own money. Once a Medical Savings Account is established for an employee, it is fully portable. Money in the account can be used to continue insurance while an employee is between jobs or on strike. Recent studies show that at least 50 percent of the uninsured are uninsured for four months or less. . . . Today, even commonly required small dollar deductibles (typically $250 to $500) create a hardship for the financially stressed individual or family seeking regular, preventative care services. With Medical Savings Accounts, however, that same individual or family would have this critical money in their account to pay for the needed services.

Mr. President, these are important arguments that were made for MSA's over 3 years ago. They are equally—if not more—important today. And that letter was signed by Senators BREAUX, Boren, DASCHLE, LUGAR, COATS, and NUNN—a formidable bipartisan coalition of Senators taking a necessary stand on a critical issue.

Medical savings accounts promote portability. It's that simple. After a few years of relatively low health expenses, the excess funds in an MSA can be available for an unexpectedly high health care cost. Those funds can be available for health care during times of unemployment, and they can provide extended coverage for long-term needs. These, of course, are critical issues when it comes to portability.

The MSA is an attractive alternative for families. It gives the American family the greatest flexibility in choosing its own health care provider. With MSA's, you, the patient, are able to select the doctor or provider you desire, without interference by the bureaucracy. And this can be very important to people, especially when confronted with serious illness or disability.

MSA's provide flexibility for families to purchase insurance in the event the family loses its job or if it wants to buy long-term health insurance. Under our legislation taxpayers will be able to use money in their medical savings accounts without penalty to make COBRA payments—to continue their catastrophic health insurance policy in the event they lose their jobs.

MSA's allow funds from the account to be used to purchase long-term care insurance. Thus, MSA's help provide nursing home care, which, in turn, helps relieve those costs borne by Medicaid.

MSA's will go a long way toward containing health care costs. They will encourage consumers to shop wisely, to reject unnecessary treatment and conserve scarce medical resources. Why? Because with MSA's it's the consumer and not some third party who pays the bills.

Medical savings accounts will offer millions of employees and self-employed individuals an affordable health care option. A high-deductible insurance policy coupled with an MSA is less expensive than traditional insurance.

The American Academy of Actuaries reports that MSA's will be attractive to small businesses and their employees as well as to self-employed Americans. Many of these individuals do not have health coverage, and MSA's have the potential to increase health insurance coverage among this group.

Medical savings accounts are proven. They have been used, and they have been used successfully by hundreds of companies all across America. These companies have found that by empowering their employees to take charge of their own care, spending costs have declined.

Unfortunately, the companies currently using MSA's are limited because our tax laws basically penalize employees who choose to be covered by MSA's. Under current law, at the end of the year, employees have to include the full amount of the money deposited into his or her MSA in their taxable income. This is absurd. These people are being hit for being responsible, for being self-reliant, for taking charge of their own health care needs.

This must be corrected, Mr. President. In a campaign of disinformation the administration claims that MSA's will be a tax break for the rich. This is not true. Companies that provide MSA's find them to be very popular among their low- and middle-income employees. In fact, the Joint Committee on Taxation reports that 78 percent of MSA users will have incomes of less than $75,000.

As Congressmen TORRICELLI and JACOBS wrote in a letter to the President, dated April 17:

You also should know that the current contract of the United Mine workers provides its members with MSA's. We do not believe the UMW qualifies as healthier and wealthier than the general population—a charge leveled by uninformed MSA opponents.

The administration predicts that MSA's will discourage preventive care. In fact, Mr. President, many companies with MSA's find the opposite to be true. Medical savings accounts encourage people to get preventative care because they have money in their account to pay for this care. It is interesting to note that many traditional low deductible insurance policies do not cover preventative care.

The administration asserts that MSA's will be attractive to the young and, healthy, leaving the less healthy to pay higher insurance premiums. Unfortunately for the administration, this again is not true. The hundreds of companies that offer MSA's to their employees find them to be attractive to workers of all health status. This is because an MSA provides first dollar coverage for many medical expenses not otherwise covered by traditional low-deductible health insurance.

Mr. President, it is interesting to note that 12 States and at least 1 city have passed medical savings account legislation and dozens more are moving to pass similar legislation. It is the Federal Government that must now move ahead with this idea.

Again, the need to move ahead is nothing new. Three years ago, Senators DASCHLE, BREAUX, BOREN, AND NUNN joined Senators LUGAR and COATS to pass what they firmly believed was a much needed program. Today that program is needed—now more than ever.

I urge my Democratic colleagues to end their blockade of health insurance reform, and work with us to make affordable health insurance a reality for more Americans.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from Delaware for his very authoritative remarks on this MSA account and on health care reform in general. We appreciate his dedication to this work. I yield up to 10 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for up to 10 minutes.

PRIVILEGE OF THE FLOOR

Mr. FRIST. Mr. President, I ask unanimous consent that a legislative fellow on my staff, Dr. Jonelle Rowe, be granted the privilege of the floor for today.

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

Mr. FRIST. Mr. President, I join my colleagues today to expand a bit upon the Health Insurance Reform Act, where it stands today, but focusing on the area under discussion—which is currently, in essence, being filibustered—and that is the medical savings account issue. On both sides of the aisle it is apparent that, for the first time, at least since I have been here over the last 2 years, we are very close to passing a health insurance bill that is market based, that is incremental, and that reaches out to many people who do not have health insurance today, directly and indirectly. But even more important, I think, and more specifically, this bill addresses the issues of portability and preexisting illness for people who do have health insurance today and who are in group plans; portability being if you

are in a group plan now and you have insurance, and either you lose your job or you go from one job to another job, you can take that plan with you.

It is not quite that easy, but you will have access to a health care plan when you switch jobs or if you lose your job, and that is the portability concept. The preexisting concept being, if you have heart disease and have had a heart attack, you can still get insurance if you go from one job to another.

The Senate has debated again and again, before I was in this body, these issues, really for the past 6 years. There is general agreement on these two particular issues.

But today that bill, which is a positive bill, the Kassebaum-Kennedy bill, is being held up by this filibuster on medical savings accounts.

We hear a lot about medical savings accounts, and it is important that, on both sides of the aisle, people understand what they are.

It is very, very simple. A medical savings account is a high-deductible, say $2,000, catastrophic insurance plan. So, if you have medical expenses that are greater than, for example, $2,000, your catastrophic insurance plan would kick in and you would have coverage for your health care expenses.

That high-deductible catastrophic plan is coupled with a tax deductible personal savings account, in which you would take, for example, $2,000 a year over which you have some sort of tax relief, and that is placed in a personal medical savings account.

It is out of that personal medical savings account, a little bit like a medical IRA, that you can draw to pay for your routine medical expenses, whether it is going to the dentist or paying for prescriptions or paying for that annual checkup or paying for that treatment of heart disease, whatever it is. The point is, you have access to that money and you use that money, you have control over that money. It empowers the individual.

I say that as background, because the issues that are debated on this floor again and again are: Will it save money? Will there be just healthy people coming in or will it be just the sickest people coming in? What will it do to the insurance industry?

There was a wonderful article that the Senator from Georgia referred to earlier that was published just this past week in the Journal of the American Medical Association. That article was this past week. The article itself is called "Can Medical Savings Accounts for the Nonelderly Reduce Health Care Costs?" At this juncture, Mr. President, I ask unanimous consent that an excerpt from the study be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[From the Journal of the American Medical Association, June 1996]

CAN MEDICAL SAVINGS ACCOUNTS FOR THE NONELDERLY REDUCE HEALTH CARE COSTS?

(By Emmett B. Keller, Ph.D.; Jesse D. Malkin; Dana P. Goldman, Ph.D.; Joan L. Buchanan, Ph.D.)

Objective.—To understand how medical savings account (MSA) legislation for the nonelderly would affect health care costs.

Design.—Economic policy evaluation based on the RAND Health Expenditures Simulation Model.

Setting.—National probability sample of nonelderly noninstitutionalized households.

Participants.—Persons in 23,157 sampled households from the 1993 Current Population Survey.

Interventions.—Medical savings account legislation would allow all Americans who are covered only by a catastrophic health care plan to set up a tax-exempt account that they can use to pay medical bills not covered by their health insurance. The interventions we evaluate differ in the deductibles of the catastrophic plan and in whether the employee or employer funds the MSA.

Main Outcome Measures.—Changes in national health expenditures and net social benefits of health care.

Results.—If all insured nonelderly Americans switched to MSAs, their health care expenditures would decline by between 0% and 13%, depending on how the MSAs are designed. However, not all nonelderly Americans would choose MSAs; taking into account selection patterns, health spending would change by +1% to −2%.

Conclusions.—Medical savings account legislation would have little impact on health care costs of Americans with employer-provided insurance. However, depending on the size of the catastrophic limit, waste from the excessive use of generously insured care could be reduced, and MSAs would be attractive to both sick and healthy people.

Mr. FRIST. Mr. President, it is a fascinating article, and I had the opportunity to meet here in Washington with the principal author on this particular study, Dr. Emmett Keeler. We had a chance to talk about the study. I do think Members on both sides of the aisle should read it. In the conclusions, in the abstract, it goes on, but the last sentence basically says:

Depending on the size of the catastrophic limit, waste from the excessive use of generously insured care could be reduced, and MSAs would be attractive to both sick and healthy people.

I just quote from the conclusions. I do encourage my colleagues to read this study. The cost issue talked about is a great model. It is developed from a policy standpoint projecting ahead. I think that is terribly important to do.

I do think we need to come back and say, fundamentally, that we are not going to be able to answer whether it is going to cost a little bit more or a little bit less with the data that is out there today. Therefore, I would like to turn to what nobody talks about—the policy people do not talk about, the think tanks do not talk about. I have not heard it yet in the debate over the last 18 months on this Senate floor. I have not heard it among the think tanks in Washington. I have not heard it talked about among the economists. And that is the perspective of where health care is delivered, and that is at the physician-patient level. It simply has not been talked about yet.

The debate here 3 years ago, or 4 years ago, when we were debating the one-size-fits-all Clinton health care plan, failed in this regard as well. There were about 500 people involved, much of it was behind closed doors. The public did not have input in those discussions, and real-life people and physicians were not even in the room, people who are involved in that doctor-patient interaction everyday.

Why is it important to look at that level? And this is the key point that people miss or do not talk about, and that is because it is at that level that behavior is actually changed, the behavior of the patient who comes in who is suddenly empowered to ask certain questions. Why? Because they are spending their own money. Not like today, in most cases, where the insurance company is paying for it or the public dole is paying for it, or Medicare is paying for it or Government is paying for it. It changes the dynamics of that relationship because we have empowered that individual who is coming in, knowing they are going to be drawing money from their personal savings accounts in order to buy health care, to buy health care services.

Let me give you my own experience as a physician who has been involved in the field of medicine for the last 20 years before coming to this body. And it is this: When somebody comes into that office and they have chest pain and they are spending their own money and not spending the insurance company's money or spending the Government's money, they ask three questions. Those three questions are asked very directly, looking you in the eye. Basically, they are:

"What are your credentials, Dr. FRIST?"

Second: "How much do you charge?"

Why do they ask that? Because they are going to be paying for it out of their own personal savings account.

And third: "What kind of results do you have?" "Are the results good or bad?" "How do you compare to other people?"

Why? Because that individual coming into the office is empowered for the first time because it is their money they are spending.

How are these questions really asked? People will come in, with regard to credentials, and they will look at your wall to see where you graduated from school. All of us, when we go into a doctor's office, see the diplomas, but they go beyond that:

"Where did you do your internship?"

"Where did you do your residency training?"

"Do you participate in writing peer review articles in your journals?"

"Do you participate in your professional societies?"

"Are you board certified?"

Those are the sort of questions that are asked, once you empower somebody who comes into your office.

What is the end effect of that? The effect of that to me as a physician, when people ask me those questions, is to do what? Is to take off a week, a year and do that continuing education course. If I do not have my boards, it is for me to go back and pass my boards or get board certified, because they are asking me that question. If enough people ask me that question, I know they are going to be going to the board-certified surgeon rather than the nonboard-certified surgeon.

That is the power of having an individual—many individuals—come into your office and ask you what your credentials are.

No. 2, that person is going to come in, because that money is coming out of their personal savings account, which, if they are not going to spend it, rolls over to the next year by the bill we are proposing, they are going to ask, "How much do you charge?"

I guess it was 4 weeks ago I went camping with my son, and we did not have a flashlight. So I went down to a store here locally and looked at the flashlights. There were $25 flashlights that had emergency lights, buttons you could push, actually had a horn on it, down to the little $3 flashlight, down to the $1 little pen light. I asked, "How much do you charge? What do you get for that?"

In truth, that is what we are doing when a patient comes in and they say, "How much do you charge to do a heart transplant?" You would think people ask that all the time. It really was not until about 1988, maybe 1987, that the first patient, having been doing heart transplants since the early eighties, came into my office and said, "Dr. Frist, how much is this heart transplant going to cost me?"

Why do most people not ask? Because Medicare will pay for it, Medicaid would pay for it, large insurance companies will pay for it. They knew they never would have to pay for it.

This fellow came into my office. "Why do you ask," because I did not know exactly how much a heart transplant cost. Nobody ever asked me.

Here, I was doing as many heart transplants as anybody in the State of Tennessee. But nobody ever asked me. I said, "Why do you ask?" He said, "Because I'm going to have to pay for it. I do not have any insurance. I'm not 65 years of age, so Medicare is not going to kick in. And I'm not poor enough for Medicaid to kick in. It is coming out of my pocket."

What was my response? My response was, "I don't know exactly how much it is. I know how much my surgical fees are, but I don't know how much the hospital charges, I don't know how much the pathologist charges or the rehabilitation specialist or the physical therapist. But I'll find out."

So what did I do? I went back, pulled everybody into a room—transplantation is fairly complex. It involves lots of people. For the first time—I was the director of this transplant center—for the first time we had all these physicians in the room deciding how much a heart transplant should cost, based on the services they deliver; where in the past people just got the bills, passed them to the insurance company, paid, with no questions asked, or sent them to the Federal Government, and there were no questions asked.

My point is, if you have one person coming in, asking the right questions, it changes my behavior, but also the behavior of the whole transplant center, of all the physicians that had, for the first time, gotten in the room.

The third question that people ask, beyond how much you charge, is, what is your outcome? Because people want to know the value. Just like when I went to buy those flashlights, do I want a flashlight that will work for 1 year, 5 years, 1 month, 3 months? You ask the question. For the first time, if somebody is paying for it themselves, they will say, "What are your results?" not "Am I going to live or die," but "How do you compare to"—I was in Tennessee—"How do you compare to Alabama or Georgia or Baltimore, other transplant programs? What is your outcome? When do people go back to work? What is your rate of infections? What is the rate of rejection over the period of the first month?" People just do not typically ask those questions. But the empowered patient does.

And what do I have to do? All of a sudden, I say, people are going to be looking at me and comparing my quality of care, my standards—I think my infection rate is the best in the country, but I do not know. Nobody has ever asked me or forced me to report that data. You do not have to report that data. But with that one person asking me, I start collecting, all of a sudden, that data.

So do my colleagues in Georgia and Alabama. We start comparing each other. Why? Because that patient that is looking for a heart transplant, that is going to change their life, is going to go shopping around. If he is going to be paying $100 or $150 or $1,500 he is going to be shopping around. How is it going to change—this is my point—my behavior, the health care industry behavior? What does it do? It is going to cost me more because I have to hire a nurse to help me collect that data. I have to put it in a computer. I might have to put it in a computer, but it improves the quality of care broadly.

The point of all this is, that medical savings accounts, to work, you do not have to have 20 percent of the American population come into the medical savings accounts to have a huge impact on the value of health care. You do not have to have 10 percent take advantage of it or 5 percent or 1 percent.

The real beauty of it is that one person coming into my office and asking the right questions—what are your credentials? How much do you charge? What are your outcomes?—changes my behavior in the way I treat that individual, but also the way I treat all of the other 95 percent of the people in the health care system, because I go back and get continuing education, I start recording my data that can be compared to other people. I have an incentive to do what? Deliver a higher quality of care to all Americans because we have empowered those individuals through medical savings accounts.

I say all this, because what I want the other side to do—the other side is filibustering this bill of preexisting illness, of portability, using this guise of medical savings accounts. I just ask the other side to do a simple thing. And that is, to forget the policy for awhile, even forget the policy studies and the economic studies, because it is going to be hard to make a decision just on that, but tonight or this afternoon call your physician, call the physician who delivered your child, call the physician who fixed your broken arm, call the physician who treats your heart disease or your family's heart disease, and just ask them a very, very simple question. And that question is, "By empowering individuals to have some control over their health care dollar"—and that is all medical savings accounts do—"will it change the way you practice medicine? Will it result in a higher quality of medicine? Will it empower that empowered individual to ask you different questions than the person who has no incentive to ask the questions, like 'How much do you charge?' or 'What are your outcomes?'" And if that physician, if that health care provider, if that nurse comes forward and basically says, "Yes, it will improve quality, it will improve value," then I encourage you to drop this filibuster and endorse medical savings accounts and support this bill.

Thank you, Mr. President. I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Tennessee for his remarks. He has introduced a matter into the debate we have not heard before, and that is very basically from the provider standpoint, what happens when the consumer has a role to play for the first time. It was very enlightening. I appreciate the comments from the Senator from Tennessee. I yield up to 10 minutes to the Senator from Ohio.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Ohio is recognized for 10 minutes.

Mr. DEWINE. Mr. President, let me first thank my colleague from Georgia for putting this time together, and also congratulate my colleague from Tennessee. I have heard this MSA discussion many, many times, but I do not think I have ever heard it as eloquently expressed as he has just expressed it.

There is just no substitute for personal experience, and there is no substitute for coming to this floor and knowing what you are talking about. Senator FRIST clearly has demonstrated that he knows what he is talking about. As my colleague from Georgia has said, he has really put a different perspective on this. What empowerment means is, not only are dollars going to go further, but the quality of medical care is going to go up, consumers are going to be able to choose, and there is going to be a reaction on the other side of that table or the other side of that examining room where the doctor may in fact change some of the things that he or she does.

So that was, I think a very, very great testimonial to the power of empowerment, giving people the right to make their own decisions and the reason why, frankly, we need to end this 61-day filibuster that has been occurring on this floor. We need to move this bill forward. We need to get the conferees appointed. So I just urge my colleagues on the other side of the aisle, who have been holding this up, to stop it and let us move forward. Let us get the conferees appointed and let us move forward.

Mr. President, last month the Ohio General Assembly approved legislation to establish medical savings accounts. The Ohio legislation permits Ohio families to make contributions to an MSA, and then deduct the contributions from their State taxes. In effect, the State of Ohio is telling people, "We want you to save, we want you to save for the future when it comes to your own health care. And we think that you, the Ohio taxpaying family, would do a better job of deciding how to spend your health insurance dollars than the Government bureaucracy would."

I think it is time here in Congress that we did the same thing, we follow the lead of Ohio and some other States that have passed similar legislation. Mr. President, it is a simple fact of human nature. People will make wiser choices when they are spending their own money. As my colleague from Tennessee said, he gave ample examples of that, real-world examples of how people come in and see the doctor and ask the right questions.

An MSA is basically, Mr. President, an IRA targeted specifically at health care expenses. An MSA gives the health care consumer both the freedom and the incentive to shop intelligently for health care services.

Here is basically how an MSA would work for a typical working American family. The worker's employer puts, let's say, $2,000 a year tax free into the worker's medical savings account. The worker uses that $2,000 to pay for checkups, emergency treatment, and whatever other medical necessities arise during the course of that year. If the worker's family has medical costs above $2,000, catastrophic coverage would pay for it, catastrophic coverage would then kick in. If the family's medical costs are lower than $2,000, the family could keep whatever money is left over. It would be theirs.

This is a major improvement over current standard practice, I believe in a number of ways. First, MSA's offer first-dollar coverage. They pay the first dollar of cost the family incurs, the immediate expenses they face at the doctor's office or at the emergency room.

Under the current system, workers have to pay—the current system today—workers have to pay a high deductible or high copayments for their medical care. The MSA will cover—will cover—that cost for them. To the typical American family, this is very important. There are not too many Americans, Mr. President, who have hundreds of dollars just sitting around in a bank account waiting for a medical emergency.

Washington Post columnist Jim Glassman tells the story of a woman named Penny Blubaugh, who earns $16,000 a year as a secretary in the Danville, OH, school system. Her daughter stepped on a nail in their garage, and Penny took her to the emergency room.

Cost: $375 for the emergency room, $70 for the x rays, for a total cost of $445. That is $445 that Penny did not have. Fortunately, Penny was in an MSA, and MSA paid the bill—no deductible, no copayment. They paid the bill—first dollar coverage. That, Mr. President, is a dramatic concrete benefit to the typical working family that participates in an MSA.

The second benefit to both the individual working family and the country as a whole is the opportunity to save money. If the money in an MSA is left unused, at the end of the year the working family gets to keep it. I can imagine no better incentive for intelligent consumer choices when it comes to health care. A family spending its own money with the prospect of keeping whatever is unspent will mean that money simply is not wasted.

It is simple, common, basic sense. It is also the conclusion of a study that was conducted by the Rand Corp. between 1974 and 1982. Will people make very bad choices, denying themselves essential care to save a few dollars? We do hear that argument being made. The Rand Corp. study found that was not true. People would not do that. People would not act against their own self-interest.

Mr. President, if you give an American family some resources and freedom, they will tend to make the right choices. What we need in American health economics is more people making the right choices. For too long we have limited the freedom of American health care consumers to make these right choices. It should not be a surprise, therefore, that we have rapidly rising health care costs at a time when inflation, in general, is pretty much under control.

A recent Cleveland State University study examined 27 Ohio businesses, each with under 200 employees, that offered MSA's to their employees. The results were remarkable—a triumph of cost containment that demonstrates how promising the MSA alternative really is.

On average, individuals in the MSA plan had lower out-of-pocket health care costs than those who had the more traditional kind of health insurance. The average savings were $317 for individuals who used MSA's and $1,355 for families who used MSA's. The employers saved, too. On average, employers saved 12 percent more than they would have from the traditional plans, had they been in the traditional plan.

That, Mr. President, is the right direction for America. That is why, as of last year, 17 States had passed MSA laws. That is why Ohio moved forward with MSA legislation just this past month. That is why we are here today, pressing for the enactment of this extremely promising approach on the Federal level.

I again urge colleagues who have been blocking this now—we are in our 61st day of a filibuster—to let us move forward, appoint the conferees, let the American people have the benefit of these MSA's, which we clearly think, and the evidence is very strong, will make a difference.

I again thank my colleague from Georgia for setting up this time. I yield the floor.

Mr. COVERDELL. I thank the Senator from Ohio for his statement on this very important matter. I yield up to 10 minutes to the senior Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I was pleased to be here during the period of presentation of the distinguished occupant of the chair. As a physician, the Senator from Tennessee brings a great deal of information to us in a direct way.

I might say, as I begin my comments, starting in 1987 there was a group of us that decided we would meet once a week while the Senate was in session to review the problems of health care and insurance reform. It has been most enlightening to this Senator to be a participant, particularly with regard to these medical savings accounts. When they first came up, I realized what a great thing it would be for my State to have them put into Federal law.

In my State, over 90 percent of the employers are small businesses. Community ratings often give us very high health insurance costs. Many of these small businesses, though they would like to do so, just cannot afford to provide health insurance coverage for their employees. We live on the edge, under very costly circumstances. It is very difficult for these employees to bear the cost of health insurance. Many times they are like that person that the Senator from Tennessee indicated that came to his office: They are without health insurance, and oftentimes face real difficult problems.

I do believe the concept of a catastrophic insurance really fits into the frontier problems, because the situation often develops that our people would like to deal with someone they know, not only as a physician but as an insurance carrier. Catastrophic insurance is available through almost all small insurance firms. It is something you can deal at home with, and have a strong relationship with a person who has sold you the insurance.

For that reason, I am pleased to be a cosponsor of the Kassebaum-Kennedy bill. I think it is high time Congress got around to passing this bill.

I personally do not believe it should be a right of any Senator to object to the appointment of conferees. I think that ought to be a matter of right of the leadership to say when conferees should be appointed, and they should not be subject to any debate. We are being held up now by a debate on whether or not conferees should be appointed. This is probably one of the most important bills we will work on during this Congress. Time is running out.

This objection to allowing medical savings provisions in this bill is what is really holding up the Kassebaum-Kennedy bill. Under a compromise worked out by the House and the Senate, only employers with 50 or fewer workers and those who are self-employed could participate in medical savings accounts. Most employers who have used medical savings accounts that I have heard of know them as the Senator from Tennessee indicated: Medical savings accounts concepts allow people to choose their own doctors, hospitals, and their on form of care. They encourage preventive health care and eliminate out-of-pocket costs.

Medical savings accounts allow people to use their savings to buy other forms of health insurance like nursing home coverage or long-term care. Medical savings accounts allow individuals to control their own health care dollars and to support the free enterprise system.

There is just no question that this is a kind of provision that ought to be in a health care insurance reform bill. It is a very limited one, very limited. It will benefit thousands of Alaskans who change their jobs and lose their jobs, enabling them to maintain vitally important health insurance coverage for themselves and their families.

In my State, Mr. President, 65 percent of our women of childbearing age work out of the home. They are women that, because they go in and out of the work force in order to take time off to bear their children, often end up without insurance coverage during the very period of their life they really need it. This medical savings account concept ought to be involved in this law to help us meet the problems of those women in our work force.

It will also benefit Alaskans who have the so-called preexisting conditions, which in the past have prevented many Alaskans from getting health insurance coverage because they have changed their jobs or they have gone through a period of unemployment. When they go to a new job or they go back to work, they find their health insurance is not available because when they reapply, they now have a preexisting condition which was covered under their prior insurance policy, but they lost coverage. I do not think many people realize how many, many individuals in a State like ours change jobs, work part time, and find themselves without coverage because of this problem of preexisting condition.

The Kassebaum-Kennedy bill is a moderate, sensible approach to improving our health insurance system. Its benefits will be felt by some 25 million Americans in total, according to a report of the GAO.

I cannot believe that this could be a program only for the rich, if it is going to apply to 25 million Americans. I can say, without question, that it will affect hundreds of thousands of Alaskans, despite our small population.

Of particular importance is that this will make health insurance available to Alaskans who are self-employed by making it more affordable, by increasing the deduction for health insurance premiums from the current 30 percent to 80 percent over a 10-year period. I do not think anybody has mentioned that. This will bring about a change. As we all know, currently self-employed people can only deduct 30 percent of their health insurance premiums. This bill before us now will gradually change that so that discrimination against self-employed people, as far as health insurance premiums, is eliminated over a 10-year period.

I might also mention a substantial benefit to Alaskan seniors. Long-term care insurance policies would receive the same tax treatment as traditional health insurance under this bill. Unreimbursed long-term care expenses would be treated as medical expenses for itemized deduction purposes—a change, Mr. President, which will make a substantial change in the ability of people to pay for long-term care, particularly for the children of those people who need long-term care. They are the ones that are paying these expenses.

This legislation will not affect the right of Alaskans to receive health care from chiropractors or alternative medicine people. My office has received a slew of telephone calls from Alaskans who fear this legislation because of the fraud and abuse provisions added through the amendment to title V. They feel that that amendment would stop them from seeing a health provider of their choice, especially under the Medicare Program. I think I should assure Alaskans and all Americans that that is not true. I support the right of Americans and my Alaskan people to seek health care from alternative health providers. This bill will allow Alaskans and all Americans to get health care from the provider of their choice, including alternative medicine and chiropractors licensed by the State.

I believe this legislation will make a vital contribution to the well-being of thousands of our people in my home State, who now have the prospect of losing health care for themselves and their families when there is an interruption in their employment.

I urge the Senate to name conferees and get this bill to conference and to the President as soon as possible. This should not be an election year political issue. This is an issue which should rise above politics. I challenge anyone in the Senate to defend holding up this bill.

Thank you, Mr. President.

Mr. COVERDELL. Mr. President, I thank the Senator from Alaska. I particularly appreciate his knowledge of the parliamentary nature of this body and his expertise. When the Senator from Alaska says we have a bolt out of whack on our policy here, the bolt is probably out of whack. I join the Senator in an effort to get that straight.

Mr. President, the remarks of the Senator from Tennessee reminded me of a friend in the medical practice that I know in Georgia. Several years ago, we were musing, and he talked about a time when the exchange might involve something other than money. Somebody might offer, in some of the rural areas of our State, crops or produce. He said it was always a very serious negotiation, determining what the cost of the medical procedure would be.

Now, you are dealing with a far more sophisticated process. But the Senator from Tennessee makes me remember that. He said that the customer—or the patient—really paid attention when they were about to contract for a medical service. He was convinced that that interaction between the patient and the doctor, and the patient and other medical providers, was the missing element and was a core reason for the geometric escalation in medical costs.

Senator GRAMM from Texas addressed this issue in the health care debate, and he said that if we bought groceries the way we buy medical services, he would eat a whole lot better, and so would his dog.

Mr. President, we have been joined by the Senator from Utah, who chaired the health care task force that the Senator from Alaska was referring to a moment ago.

I yield up to 10 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I thank the Senator from Georgia. I am interested that he refers to the Senator from Texas and his comment about groceries, because I have a somewhat similar analogy that I think illustrates the issue we are talking about here.

Come with me in your mind's eye, Mr. President, to a job interview at an imaginary company that operates

under the principle that we use for health insurance in this country today. You are going through the interview, and you have arrived at a salary discussion and arrangement. You know your job duties. Now you say to your prospective employer, "Tell me about the benefit package that you have." Your employer says, "Well, Mr. FRIST, we have a wonderful clothing care system here at XYZ Industries. You will really like it. Clothing, of course, is absolutely essential to your survival. It goes back as long as civilization because people have had to have clothing to protect them from the elements. We have the greatest clothing program in the world."

You say, "Wonderful, I will come to work for XYZ Industries, and under your clothing benefit plan, I will be properly taken care of." Then you come to clothe your family and you are told, "Well, at XYZ, we cover two suits a year and one sport coat." You say, "Well, I would like to buy two sport coats." They say, "No, you cannot have it. Our benefit package only covers two suits and one sport coat. And, by the way, we only provide for black shoes and not brown shoes to go with those suits. Now, under the benefits that are covered by our clothing plan, we will cover walking shoes, but not running shoes. And there is a limit, of course. We have cost containment, as clothing costs have been going through the roof. There is a limit on the number of pairs of socks that will be covered under your clothing plan that we have decided is the appropriate number of socks." And you then get a memo through the mail that says, "Our clothing costs at XYZ industries have gone out of sight, and so we have changed to a clothing maintenance organization, and now we have made a deal with Sears Roebuck. You go down to Sears Roebuck and they will provide all of your clothing."

You have to go through a clothing counselor, who will meet you when you walk through the door of Sears, and he will size you up and may say, "Well, before we will replace the suit you are wearing, we will make the decision that it has more wear left in it and, therefore, we will not authorize a new suit until there is more wear and tear in the knees of the suit that you currently have on."

That is how we will get some cost containment and cost control. I could go on and on. But I think you understand, Mr. President, how absurd this looks to American workers and American wage earners. They would say, "Please, Senator, eliminate this vision and take us back to the present circumstance where our employer does indeed pay for all of our clothes, but he does it by giving us some money. And we decide how many suits we want. We decide what color shoes we want. We decide whether we want to shop at Sears, or Nordstrom's, or the Gap, or Wal-Mart, or wherever. Leave it up to us to make the choices."

We do not do that in health care. The health care circumstance is just as I have described it with clothing. No, you cannot decide that you want this kind of treatment because it is not covered under our plan. You cannot decide you want this particular doctor. We have decided that we are going in another direction. What if we did the same thing with health care that we do with clothing, or food, or shelter, or transportation, or any of the other necessities of life, and said, "You make your own decisions and pay for it with dollars that you have set aside in savings"?

What if we recognized that we have, in fact, destroyed the insurance principle in health care by saying we are not ensuring against risk; we are, in fact, paying for everything?

Let me shift analogies for just a minute. I have said on the floor before in the health care circumstance that I have a homeowner's policy on my home, and it is a wonderful policy. If my house burns down, I get everything I need. The paintings on the wall get replaced. The silver in the drawers in the kitchen gets replaced. The dishes, my clothes—everything that is destroyed in the fire gets replaced. The fire is a catastrophe. I have insurance against catastrophe. But there is nothing in my homeowner's policy that covers the cost of mowing the lawn. There is nothing in my homeowner's policy that covers the cost of repainting the front door when the dog scratches it.

Do you know how much my homeowner's policy would cost if I had to file an insurance claim every time I wanted the lawn cut? "How do you pay, Senator BENNETT, for the cost of mowing the lawn and painting the front door?" I have a savings account, and I pay American money to the son of my next door neighbor to come over and mow the lawn. And insurance is reserved for catastrophe.

I am insured against catastrophe, and my insurance policy is very, very reasonable. Why are we not smart enough to do that with health care, and say, all right, the little things that we handle in health care we pay for out of savings, and we have insurance to cover the catastrophic circumstances?

I have talked to insurance people. I have said, what is the number that we need as a deductible in order to make this kind of a system work? We have heard, for medical savings accounts, the figure of $3,000. The insurance people say the difference between a $1,500 deductible and a $3,000 deductible is de minimis. It really does not make that much difference. If you had a $1,500 deductible, you are only saving pennies, if you go to a $3,000 deductible.

I then went to the leading hospital in Salt Lake City. I said, "What would happen if every bill that was less than $1,500 was paid for in cash?" They kind of blinked at me because they assumed that everything that comes in gets paid for by filing an insurance claim. They said, "Senator, 80 percent of our emergency room admissions come to less than $1,500." I said, "How much administrative savings would you have if you didn't have to process insurance claims for that 80 percent of your business?" They said, "Good heavens, it would save us enormously."

We have a control group that we can refer to, Mr. President, that demonstrates the wisdom of paying for things with cash as opposed to filing insurance claims for a flu shot, filing insurance claims for an office visit, filing an insurance claim for everything that comes along. You may have heard of it. I hope more people have heard of it. The Shriners Hospital system. The Shriners are a fraternal organization that raises money that it spends to take care of children who cannot pay. The only requirement for you to get into a Shriners Hospital is that you do not have the capacity to pay for the treatment. That is it. You have to be sick, of course. But if you are sick, and you do not have the capacity to pay for your treatment, you can get into a Shriners Hospital.

Here are the numbers from the Shriners Hospital in Salt Lake City, UT: 4 percent of their budget goes for administration; 96 percent goes for health care. Why? Because they do not deal with a single insurance company, and they do not deal with a single Government agency. They do not have to fill out any forms or screen anybody for eligibility beyond convincing themselves that these people cannot pay.

What is the cost of treatment in the Shriners Hospital? Here is the number: $95 a day. I have said this, somehow you are missing a decimal point. It has to be $950 a day. That is what it cost in a modern hospital: $95 a day because they do not have any of these administrative costs. It does not pass the Bob Newhart test.

I ask unanimous consent that I might have another 3 minutes to explain the Bob Newhart test.

Mr. COVERDELL. Mr. President, I yield the Senator from Utah 3 minutes.

Mr. BENNETT. Here is the Bob Newhart test. Have you ever heard Bob Newhart discuss, as if he had no previous experience at all, the smoking of tobacco with Sir Walter Raleigh?

Bob Newhart is on the phone, and he is saying, "Let me get this straight, Walt. This is a weed, right? This has no food value, and you want to bring it over here? Tell me, Walt, what do you do? You roll it up? And, yeah, OK, Walt. Now you stick it in your ear. Right? No, no. You stick it in your mouth? Come on, Walt. What do you do with it? You roll this weed up and stick it in your mouth? Yeah, Walt. You set fire to it, and you start breathing the fumes?"

Bob Newhart has made a great comedy career out of doing that kind of analysis of the stupidities of the things that we do in our lives. Our medical system of insurance does not pass the Bob Newhart test.

I have tried to put it in that context by saying this is what would happen if

we bought clothing the way we buy health care, if we had to file an insurance claim for the cost of mowing the lawn, and everybody laughs. But that is where we are, and the people who are opposing medical savings accounts are the people who do not realize the absurdity of the present circumstance, who have gotten themselves in the mindset that since we have done it this way, this is the way it always has to be. If you can only step back and look at it honestly, you realize how many problems you solve if you say that health insurance should be like car insurance and homeowners insurance and flood insurance and earthquake insurance and tornado insurance. Health insurance should insure us against a catastrophe, just as we use money to make the decision whether we want brown shoes or black shoes, just as we use money to make our own decisions on whether we want to replace the suit or wear a sport coat. We should use money to say, "I am going to get a flu shot; I am going to take care of this hangnail; I am not going to file an insurance claim with all of the administrative costs connected with that."

It is just plain common sense, and it more than passes the Bob Newhart test.

I thank the Chair. I yield the floor.

Mr. COVERDELL. Mr. President, I thank the Senator from Utah not only for these remarks but for the extended effort that he has made on the issue of reform for our health care system. The Senator from Utah has dedicated many, many hours to that.

We have been joined by the Senator from Iowa, and in a few moments we are going to hear from him on this vital question. I do want to point out in the national journal Congressional Daily this morning it says, "A group of moderate to conservative House Democrats Thursday sent a letter to President Clinton urging him to accept some form of compromise on medical savings accounts in health insurance reform legislation." The letter was authored by Representative GARY CONDIT, Democrat of California, and it asks the President to sign off on the evolving Republican compromise already accepted by Senate Labor and Human Resources chairwoman, Senator KASSEBAUM of Kansas.

Mr. President, I am going to ask unanimous consent the time under our control be expanded by up to 5 minutes.

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

Mr. COVERDELL. I now yield to the Senator from Iowa for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

(Mr. COVERDELL assumed the chair.)

Mr. GRASSLEY. Mr. President, I congratulate each of my colleagues under the leadership of the Senator from Georgia for discussing this very important issue of making sure that we get health insurance reform legislation through, that this reform legislation operates in a way so it minimizes Federal Government bureaucracy interference in the marketplace and in the doctor-patient relationship, and that we eventually reduce the cost of health care.

I think every one of these are motives for this legislation, in addition to creating a situation where people who can afford health insurance and are denied health insurance because of preexisting conditions will be able to have that guarantee of health insurance and its renewability, and also for the individuals who find it difficult in bargaining with the insurance companies for an affordable package, and also for small businesses that have a difficult time doing that, that we allow these people to come together in health insurance purchasing cooperatives to be able to do this. So I thank the Senator from Georgia for promoting this discussion at this particular time.

Regardless of all the good aspects of this bill, there is one aspect holding it up, and it is an aspect of the bill that I very much support, and that is the drive for the medical savings accounts. When I say it is a drive for medical savings accounts, it is not a drive within Congress for medical savings accounts. Medical savings accounts are an established fact of the delivery of health care in America because they have been proven out there in the private sector, but they do not have the advantages that other types of health insurance or vehicles for paying for health care have like their tax deductibility.

So if we are going to promote medical savings accounts which are proven worthy and effective in the private sector already, then they ought to have the same tax treatment that a lot of other instruments we have used for a half century have had in order to give people effective health coverage. And so this debate is about medical savings accounts. All the other good things in this bill are kind of forgotten. All the attention is on medical savings accounts, I think for one simple reason, and that one simple reason is that there are people in Washington who still believe that Washington knows best, and they do not want a system of medical savings accounts where the individual is going to make the decision of spending money on health care. They only think it can be a big insurance company or some Washington bureaucrat that can make this judgment for the individual. The success of medical savings accounts proves that tradition wrong, the tradition that Washington knows best. And so we need this legislation. It should not be held up.

Mr. President, the American people are waiting for final action on the Kennedy-Kassebaum health insurance reform legislation. They have been waiting 2 full months.

The American people want this legislation enacted because they understand that it promises portability of health insurance. They want it enacted because they understand that it would limit the practice of denying health insurance coverage to people because of preexisting conditions.

This legislation passed the House on March 28. It passed the Senate on April 23. We should have sent it to the President weeks ago, Mr. President. Why have we not?

We have not because some obstinate Senators of the other party refuse to allow the conference between the House and the Senate to proceed. They refuse to allow it to proceed because they oppose the medical savings accounts provisions. They refuse to allow it to proceed despite concessions on the MSA provisions by the Republican leadership. They refuse to allow it to proceed because the President will not tell them he wants to sign it with an MSA provision in it.

I say some Senators of the other party because many Members of the other party have supported medical savings accounts. Many still do. Thirty-eight Democrats in the House of Representatives voted for the House health insurance reform bill which included medical savings accounts. I understand the Democratic Representatives BOB TORRICELLI and ANDY JACOBS wrote to the President 6 weeks ago to urge him to support MSA's. In the past, leading members of the other party have spoken favorably of MSA's. Two short years ago, in 1994, Representative GEPHARDT is quoted as saying on CNBC: "I think its a great option." Then, just today according to Congress Daily, a group of moderate-to-conservative Democrats in the House of Representatives sent a letter to President Clinton asking him to sign off on the evolving GOP compromise on MSA's.

I am having a hard time understanding why some Senators are putting up such die-hard opposition to medical savings accounts, Mr. President. And I am having a hard time understanding why the President of the United States will not tell his troops in the Senate that he will sign a bill with an MSA provision in it.

Because they are a good idea. They are basically IRA's. Everybody understands IRA's. Medical savings accounts are IRA's that can only be used to pay for medical care. Individuals who have a medical savings account would also have to purchase conventional health insurance with a high deductible. This high deductible health insurance policy would protect them against truly catastrophic health care costs.

They are a good idea for several reasons:

They should make health care coverage more dependable for those who have them because they are completely portable.

Medical savings accounts are easy to administer compared to conventional insurance or to managed care plans. Therefore, administrative savings will be realized when people use them.

They put the patient back into the health care equation. People with

MSA's would have complete freedom to choose their doctor. Because patients would be spending their own money, doctors would be under pressure to provide economical treatment and to discuss with their patients the costs and the benefits of particular treatments to a greater degree than they do now.

They would level the health insurance playing field by making the tax treatment of health insurance fairer. Now, employers who pay for health insurance for their employees get a tax break for what they spend. The employees get a tax break for what is essentially compensation. But in those businesses which can not afford health insurance, neither the employer nor the employee gets tax help from the Federal Government. The self-employed, who pay for their own health insurance, get no help from the Federal Government.

Medical savings accounts should increase personal savings. The tax benefit associated with Medical savings accounts should be a strong incentive to save.

They will ultimately contribute to retirement savings for many people. In the future, many people would become eligible for Medicare with substantial medical savings account balances. These could be withdrawn for any purpose at age 65.

Finally, they will help cover long-term care expenses because one of the permitted uses will be for the purchase of long-term care insurance.

Mr. President, the Republican congressional leadership has offered the President and the Democrats a compromise. The compromise would limit the opportunity to have an MSA to where the core uninsurance problem is—in the small business community and among the self-employed.

Still, some Senate Democrats refuse to let us send the Kassebaum bill to the President.

They say that the MSA provisions are in the bill only as a pay-off to a single insurance company. This is really one of the most preposterous allegations made in this debate.

A single insurance company? Then why are the MSA provisions supported by the farm community, including the American Farm Bureau Federation, Communicating for Agriculture, the National Wheat Growers, the National Grange, the National Milk Producers Federation, and the National Cattleman's Beef Association?

Why are they supported by the small business community, including the National Federation of Independent Businesses, the Business Coalition for Affordable Health Care which includes the National Association of the Self-Employed, the U.S. Federation of Small Business, the U.S. Business and Industrial Council, the National Food Brokers Association, and many other business groups.

Why are the MSA provisions supported by many physician organizations, led by the American Medical Association? Why are they supported by not just one, but several insurance companies?

A single insurance company? I do not think so, Mr. President. It is clear to anyone who wants to open their eyes. The medical savings account concept, and the specific provisions in the Kassebaum bill, are supported by a broad coalition of Americans.

Those holding up the bill say that MSA's will be used only by the young and the healthy. They say that the sick will prefer regular insurance or HMO's. Maybe they really believe it. But now we have evidence to the contrary from a recent study by the Rand Corp. The Rand study concluded that MSA's could be attractive to both the sick and the healthy.

In fact, the Rand study concluded that MSA's might not reduce health care costs as substantially as MSA proponents have claimed. Why not? Because they probably would be attractive to the sick. Furthermore, those who are sick will probably prefer to have the unrestricted freedom of choice of doctor that would come with an MSA.

If the sick and the poor would use MSA's, it hardly seems likely that MSA's would fragment the insurance pools because of adverse selection, another concern of those opposed to MSA's.

Those holding up the Kassebaum legislation argue that MSA's would appeal only to the wealthy. But Rand concluded that the "median user would be only slightly wealthier than people in conventional insurance plans and HMOs. * * *" Furthermore, a recent survey by the Marketing Research Institute of 1,000 workers found that a large majority of lower income workers, if given the choice, would choose MSA's.

What is really going on here, Mr. President, is that the Senators trying to stop medical savings accounts really do not want individual citizens to take charge of their own health care. They do not want the system to be controlled and driven by individual consumers in cooperation with their doctors. They are frightened to death that medical savings accounts will prove so popular with the citizenry that there will be an irresistible demand to make them available to everybody. If that happens, their dream of a nationalized health care system will be impossible to realize.

In any case, Mr. President, it seems to me that we can add medical savings accounts to the things a great many Americans want in the Kassebaum-Kennedy health insurance reform bill. Many other Americans are probably more concerned about the Kassebaum bill's portability provisions. Or about the bill's limits on the ability of insurers to deny coverage to people because of preexisting conditions. These citizens are going to have a very hard time understanding why some Senators, and the President, are denying these reforms because of opposition to the medical savings account compromise the Republican leadership is offering them.

The American people are going to get none of these reforms unless the Senators obstructing the legislation stop playing dog in the manger, and get out of the way so the American people can have the benefits of the legislation. The President needs to tell his troops in the Senate that he wants to see this bill enacted. He should tell his troops to let the conferees be appointed and to accept the MSA compromise he's been offered.