

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

<http://grassley.senate.gov>
press@grassley.senate.gov

Contact: Jill Kozeny, 202/224-1308
Jill Gerber, 202/224-6522

Floor Statement of Senator Chuck Grassley, of Iowa
Ranking Member, Senate Committee on Finance
Motion to Strike Sections that Extend Customs User Fees and Delay Medicare Payments
Thursday, June 28, 2001

I rise to speak in favor of my motion to strike sections 502 and 503 of the bill.

I am opposed to both provisions on jurisdictional grounds, in that they are within the control of the Finance Committee, not the HELP Committee, but I have specific concerns on each that I will review in turn. Let me start with Section 502.

Section 502 of the bill extends Customs User Fees from 2003 until 2011. This is expected to generate \$7 billion over eight years.

When Congress authorized these fees the avowed purpose was to underwrite the costs of Customs commercial operations. But today, in this bill, the fees are not being used for Customs. They are used to offset the costs of the Patients Bill of Rights to the tune of \$7 billion. This is unacceptable.

If these fees are extended, and I emphasize if, they should be extended in a thoughtful way, not as some budget trick to make the cost of this bill fit within the confines of the federal budget.

I am not the only one who thinks so. I have received numerous letters from companies and associations who are very concerned about this act. I ask unanimous consent to submit these letters and supporting material in the record.

For example, the one company writes: "The merchandise processing fee has no place in this debate. The fee will not be viewed on the merits in this proceeding, but is instead being used – cynically – as a "pay-for" a totally unrelated program."

Our expedience today will only hurt us tomorrow. Customs modernization is an important priority.

My point is that there are important Customs modernization issues we cannot ignore. Let's not have a rush to pay for this bill today blind us to the real problems of tomorrow.

Are you concerned about drugs at the border? Are you concerned about illegal transshipment of textiles, import restrictions on steel and lumber, back ups of trucks at the border? If you vote for

extending fees, there will be no hearing to see if Customs is using the fees for these or other Congress priorities.

Let me tell you, extending these fees will have an impact. The Acting Customs Commissioner writes on Jun 20, 2001:

“any scoring...which would limit, in any way, the ability to fund or offset Customs activities would likely cause a critical funding shortfall for the Customs service.”

A critical funding shortfall. I also have here a statement dated June 2001, from the President himself clearly opposing Section 502 of the bill.

Let me raise one other issue. It is not at all clear that using Customs User Fees to offset revenue is consistent with World Trade Organization rules.

Under the WTO, Customs fees are to be used as payment for Customs services, not as a source of general revenue to the federal government.

The Customs Service writes: “the Merchandise Processing Fee ... is a fee that is paid by importers for the processing of merchandise by the Customs Service. Directing the funds collected from the fee for something other than Customs operations could pose GATT interpretation issues.”

While it is not clear that a WTO case would arise or that a challenge would be successful, the warning bell is certainly there.

No senator should vote against this motion to strike unless they are prepared to face the possibility of a WTO challenge and take responsibility for it.

We should strike this provision from the bill. Before blindly supporting Section 502, we should have time to consider its broader implications. I urge my colleagues to support my amendment to strike.

Mr. President, my amendment also strikes the “pay for” provision in Section 503 of the bill.

Section 503 of the bill would delay payments to Medicare contractors by one day, thereby shifting \$235 million in Medicare Part B spending from fiscal year 2002 into fiscal year 2003.

I am troubled by this provision, and am offering this amendment to strike it, for two main reasons.

First, I would point out to my colleagues that the Medicare program falls within the jurisdiction of the Finance Committee, not the Committee on Health, Education, Labor, and Pensions Committee.

It is the Finance Committee, that authorizes and oversees the Medicare program and the federal agency that runs it – now known as the Centers for Medicare and Medicaid Services, or CMS.

It is the Finance Committee, not the HELP Committee, that is in the best position to know

how changes in the Medicare program, like the one-day payment delay in Section 503 of this bill, will effect seniors, providers and the integrity of the Medicare trust funds.

With all due respect, when it comes to Medicare, Medicaid and other federal entitlement programs, it seems ridiculous to ignore the Committee that has the very expertise on these programs - the Finance Committee.

The second reason I am proposing to strike the Medicare payment delay in Section 503 of the bill is that the delay itself, which may not seem serious to some, actually could have serious consequences for Medicare contractors and providers.

Delaying payments by one date and moving them into the next fiscal year, just to finance this bill, is fuzzy math that unfairly subjects the already fragile Medicare program and its contractors to accounting disruptions and to administrative uncertainty.

Medicare providers already have it hard enough, just dealing with the Medicare program. They're overwhelmed with paperwork, confused by conflicting regulations, and frequently left hearing that the "check is in the mail" when it comes to timely payment of their reimbursements.

Mr. President, subjecting those providers to any additional delay – even if one day – is simply unfair.

We need to make it easier for providers to do business with Medicare.

Think about it: No one wants to do business with late-payers, and providers are no exception. We shouldn't be giving Medicare an opportunity to delay for one minute – let alone one day – their obligations to promptly pay providers.

For the past three months, Senator Baucus and I have been working hard to develop a Medicare reform proposal that strengthens and improves the program by adding prescription drug coverage and making the entire benefit package more modern and rational for seniors.

Part of this bipartisan effort also includes an initiative to make Medicare more responsive and accountable for both seniors and providers. We want to send a message to providers that they will be treated fairly, and professionally, by Medicare.

Unfortunately, the delay provision in Section 503 does exactly the opposite, sends entirely the wrong message, and undercuts our bipartisan effort to make Medicare a better business partner for today's providers.

For these reasons, I cannot support the inclusion of Section 503 in this bill, and I urge my colleagues to support my amendment to strike.

Mr. President, neither Section 502 nor 503 belong on this floor today. They are both outside of the jurisdiction of the HELP Committee, and a long way away from the subject of this debate – patients' rights.

Both sections should be stricken from this bill entirely and I urge my colleagues to support my amendment.

