

1 The Chairman: Please close those doors back in the rear
2 and let's have quiet in the room so everybody can hear.

3 Mr. Shapiro: Under present law, there are certain
4 limitations on the use of industrial development bonds or
5 revenue bonds in general. In recent times, there has been a
6 proliferation of the use of these revenue bonds for the
7 tax-exempt financing of owner-occupied or single-family homes.

8 There was such an increase that there was concern about
9 housing policy in that regard. On April 25th of this year,
10 1979, Chairman Ullmann and Congressman Conable, Chairman and
11 the Ranking Minority Member of the Ways and Means Committee as
12 well as the Chairman and Ranking Member of the Housing
13 Committee in the House put in a bill to terminate the use of
14 the tax-exempt financing for owner-occupied homes as of April
15 25, 1979.

16 The Ways and Means Committee has considered what to do
17 after that. In the meantime, however, it shut down the use of
18 any of these bonds that were in process, in the pipeline, so
19 to speak.

20 The Ways and Means Committee recognized that, and not
21 having had an opportunity to work a final solution on a
22 permanent rule on the use of these bonds, agreed tentatively
23 to transitional rule to allow those bonds that were in the
24 pipeline to be allowed to be issued.

25 Senator Gravel has put in a resolution, S. Res. 188, that

1 does exactly the same thing that the House has already agreed
2 to and that is it covers the changes in the rules, a general
3 rule that allows certain issuance, depending on the stage of
4 official action. It covers the rollover rule where certain
5 actions are taken to roll over a temporary bond and thirdly,
6 there is a special rule for projects that are under
7 construction.

8 These rules are essentially the same, both owner-occupied
9 housing and multi-family housing.

10 What Senator Gravel is suggesting is that the committee
11 agree to a sense of the Senate resolution that would go as far
12 as the House has gone, saying that it is identical, so these
13 bonds can be issued that are in this transitional period
14 without prejudicing the fact that the committee may want to go
15 further in the future.

16 At least the Finance Committee would be on record as to
17 agreeing with what the House has done so far.

18 The Chairman: Let me see if I can get this straight,
19 because it is a very simple proposition. The House bill is a
20 bill to levy more taxes, right?

21 To tax these type bonds not presently taxed, right?

22 Mr. Shapiro: That is correct.

23 The Chairman: It exempts certain issues that were in the
24 mill at the time that the House started moving in this area,
25 right?

1 Mr. Shapiro: The bill itself does not do that, but the
2 Committee has agreed to transitional rules to do so.

3 The Chairman: So the committee has agreed not to tax
4 certain things that were already underway.

5 What the Gravel thing says is that a Senate resolution --
6 we would simply ask the Senate to agree that we are not going
7 to tax those bond issues that the House committee has agreed
8 that they would not tax, without committing anybody to vote to
9 tax anyone.

10 Mr. Shapiro: That is correct.

11 The Chairman: When the House bill comes over here, we do
12 not like it and do not want to go along with them at all, then
13 no harm is done, because at least those things that are
14 underway could continue to go ahead. But this would free up
15 those various bond issues, those bonds that were to be issued
16 for housing, that the House would permit to continue to have
17 the exemption, so they could go on ahead, because people in
18 the market could know that the House committee says they are
19 not going to tax them and the Senate says they are not going
20 to tax them.

21 Is that right?

22 Mr. Shapiro: That is correct. Right now, the entire
23 market is dried up and it allows those issues to be issued.

24 Senator Dole: It is not binding on any other subsidies.
25 It does not bind anyone?

1 Mr. Shapiro: That is correct.

2 Senator Dole: I move that it be reported.

3 The Chairman: Mike, you have got the votes if you do not
4 talk them out of it.

5 All in favor, say aye?

6 (A chorus of ayes.)

7 The Chairman: Opposed, no?

8 (No response.)

9 The Chairman: The ayes have it.

10 Senator Gravel: May I say one word?

11 The Chairman: Yes, sir.

12 Senator Gravel: I do have an unusual problem. There are
13 amounts to be picked up on the 15th of the month. This has to
14 go to the Floor today. I wonder if you could direct that this
15 go to the Floor; then I could appeal to the Majority Leader to
16 have it on this afternoon's calender.

17 The Chairman: Can the staff do something?

18 Mr. Shapiro: Yes, whatever is needed for the Senate
19 Floor we could have prepared for today.

20 The Chairman: Without objection, it is reported. If the
21 Senator wants to, he can carry it over there personally and
22 hand it in. That is all right with me.

23 As soon as the Senate meets -- I do not see any amber
24 light up there. As soon as the amber light goes up, I will
25 take it over there and report it.

1 Senator Gravel: Thank you.

2 The Chairman: Without objection, agreed.

3 What is the next item?

4 Senator Ribicoff wants to bring up a matter that he hopes
5 will not be controversial. Let us see if we can take care of
6 it.

7 Senator Ribicoff: Mr. Chairman, the administration's
8 CHAP proposal is pending before this committee. We have had
9 extensive hearings and it addresses a critical health care
10 need and with broad Medicaid eligibility for needy children to
11 give comprehensive, ongoing, intensive care.

12 It is one of the few items in President Carter's budget,
13 the First Budget Resolution for 1980, both the House and
14 Senate Budget Committees assumed that some sum would be
15 expended by 1980.

16 In light of the committee's crowded agenda and the
17 importance of CHAP, I suggest that the committee today agree
18 to report the same bill which we reported during the last
19 Congress with an effective date of September 1, 1980. Last
20 year's bill is much less generous and comprehensive than the
21 administration's bill which I propose. By being effective
22 September 1, 1980, the budget impact for fiscal year 1980
23 would be minimal.

24 The CHAP bill approved by this committee last year was a
25 product of very careful work by this committee's staff. It is

1 a modest bill that only mandates coverage of poor children
2 through the age of six.

3 The Chairman: What is the cost of that bill?

4 Mr. Constantine: Mr. Chairman, last year's bill for
5 fiscal '80 was estimated at \$373 million. The bill previously
6 reported by the committee for fiscal '80, \$510 million in
7 fiscal '81. Those estimates probably would have to be
8 adjusted somewhat upward for inflation.

9 However, with the starting date of September '80,
10 obviously the fiscal '80 costs would be substantially less,
11 probably on the order of \$35 or \$40 million.

12 Senator Dole: Mr. Chairman?

13 The Chairman: Senator Dole?

14 Senator Dole: Does this include the revised formula for
15 Puerto Rico, the Virgin Islands, or Guam? They are treated
16 differently, or they have been in the past.

17 Senator Matsunaga is not here, but we were planning to
18 offer some momentous amendment tomorrow, but we would be happy
19 to do it today because I think it was agreed to last year.

20 Mr. Constantine: Yes, sir.

21 The bill which included CHAP also included an increase in
22 the statutory limitation on federal and Medicaid matching for
23 Puerto Rico, Guam and the Virgin Islands and a ceiling on
24 matching for Medicaid matching in the Northern Marianas. The
25 committee voted that unanimously it was approved by the House

1 previously.

2 Last year's bill was effective for fiscal '79. The cost
3 of the increase is \$32 million. It is a flat increase, plus a
4 subsequent increase by a percentage.

5 The House, we are going to understand, is going to vote
6 the same thing out of Interstate and Foreign Commerce. The
7 effective date, we would suggest, if you choose to do it
8 again, would be fiscal year 1980.

9 The Chairman: If there is no objection, we will agree to
10 that. I will suggest, are we adding these amendments onto
11 this?

12 Senator Dole: CHAP.

13 The Chairman: Is the CHAP bill here?

14 Mr. Stern: Yes, sir. There is a Senate CHAP bill.
15 There is no House-passed bill.

16 The Chairman: No House-passed bill. Is there a plan to
17 add this to a House-passed bill, or pass it as a Senate bill.

18 Mr. Constantine: Mr. Chairman, Senator Ribicoff's bill
19 is here. You can substitute the text of what you have agreed
20 to for that and report that out, or wait for a House-passed
21 bill, or report it with the authority to add the tax to the
22 House-passed bill.

23 Or I guess you can add it to what the committee has
24 ordered reported.

25 Mr. Stern: The committee has ordered reported a private

1 relief bill with a whole series of amendments. Most of what
2 you already have done in the area of Medicare and Medicaid,
3 you can certainly add it to the end of that bill.

4 The Chairman: No. I have no objecting to adding that
5 but if we do, I want to add to it those three amendments that
6 we have in conference with the House on this legislators' bill
7 -- you know what I am talking about, having to do with child
8 support.

9 Mr. Stern: Child support, child care and alcoholism and
10 drug abuse.

11 Senator Ribicoff: Mr. Chairman, I think the problem, if
12 you do it that way, it goes to a separate committee. CHAP
13 goes to Interstate and Foreign Commerce, as against the other
14 that goes to Ways and Means.

15 Do we not have a problem there?

16 Mr. Stern: The provisions that you have approved relate
17 to Medicare and Medicaid and therefore are in the sure
18 jurisdiction of Ways and Means and Interstate and Foreign
19 Commerce already. So the bill that you have already reported
20 would have to be considered by both of those committees in the
21 House.

22 Senator Ribicoff: Could we put it on a simple tariff
23 bill that goes to Ways and Means?

24 Mr. Stern: Unfortunately, at this point, there are no
25 bills in committee that are minor enough.

1 The Chairman: Let me get this straight.

2 Did you say what Senator Ribicoff is proposing does not
3 go to Ways and Means, the CHAP bill?

4 Mr. Constantine: The CHAP bill, the substance of it goes
5 to Interstate and Foreign Commerce, which has jurisdiction
6 over Medicaid.

7 The Chairman: It would be all right with me to leave
8 those amendments off of what Senator Ribicoff wants to do
9 provided that we do not put some other Ways and Means
10 amendment on there. But if that is the case, you would have
11 to hold up on what Senator Dole wants.

12 I have no objection to what you want. I just do not want
13 that House Committee to continue to kill off the child support
14 program and have all of these mothers denied the opportunity
15 to get some help for their children because one or two members
16 over in the House do not seem to like the ideas of runaway
17 papas paying something to help their children.

18 Mr. Stern: Senator Dole's amendment is a Medicaid
19 amendment, so it is in the same category as Senator Ribicoff's
20 where your three amendments are Ways and Means Committee
21 amendments.

22 The Chairman: I will withhold those, then, all right.

23 Mr. Stern: Would you want to put those on a separate --
24 or report out the Senate bill?

25 Senator Ribicoff: I would like staff to figure out what

1 is the best and most expeditious way to handle it.

2 The Chairman: Maybe it is not a revenue bill.

3 Is Senator Ribicoff's bill a revenue bill?

4 Mr. Stern: There is a question whether you would
5 consider it an amendment to Medicaid or as a revenue bill.

6 The best way to do it is to report out Senator Ribicoff's bill
7 with Senator Dole's amendment on it. It would be a purely
8 Medicaid amendment.

9 That way, you would at least have a report that if it
10 turns out that a vehicle is available, to add it as an
11 amendment, you would still have the report all prepared and
12 have language all ready.

13 The Chairman: Without objection.

14 Senator Heinz: Mr. Chairman, if I may be briefly heard,
15 I would like to endorse Senator Ribicoff's motion to take up
16 and report out the CHAP bill that was passed last year. I
17 have no objection to the other arrangements that have been
18 made. I think they are quite appropriate.

19 I think Senator Ribicoff and the Committee are acting
20 appropriately to report this bill, because unless we act on it
21 now, there will be absolutely no hope for the Senate to even
22 have a chance to consider it without prejudicing Senate
23 action.

24 I think our colleagues would like a chance to consider
25 this bill. CHAP is truly one of the most cost-effective

1 health care programs that we could give our colleague the
2 chance to vote on.

3 I happen to be a strong supporter and cosponsor of this
4 year's bill. Last year's bill is somewhat different, but I
5 think it is a very good vehicle for us to report.

6 I just wanted to commend Senator Ribicoff, Mr. Chairman,
7 and yourself, for bringing this up at this time.

8 The Chairman: Without objection, we will report the bill
9 as a Senate-numbered bill. Without objection, so ordered.

10 Shall we go on to the next order of business, which is --

11 Senator Ribicoff: Mr. Chairman, I am supposed to chair
12 the Government Affairs Committee meeting today at 10:00. I
13 think Senator Nelson's bill will take most of the morning. I
14 am wondering if we could not take up MTN at this time?

15 The Chairman: Is there any objection?

16 Without objection, we will consider MTN. I think we can
17 dispose of MTN in ten minutes, maybe five. Why do we not
18 agree that we will spend the next ten minutes on MTN, if need
19 be?

20 Without objection, we will spend ten minutes on MTN.

21 Mr. Cassidy: Mr. Chairman, if you will look before you,
22 there are staff documents B and C.

23 The Chairman: Why do we not let Senator Ribicoff explain
24 it?

25 Senator Ribicoff: Mr. Chairman, the time has come to

1 report out MTN. We had a hearing for two days on the MTN
2 legislation. As we know, this is a peculiar situation where
3 the conference was held before the legislation was passed. We
4 have had a very thorough go around with the administration,
5 the House Ways and Means Committee and the Finance Committee.

6 We have agreed upon a basic legislation.

7 The House yesterday overwhelmingly passed the MTN
8 legislation.

9 Now, there was one sticking point, and I would like to
10 bring the Committee up-to-date. On March 6th, 1979, this
11 Committee expressed strong support for reorganization of the
12 Federal government's trade policy agency.

13 On May 2, 1979, the Finance Committee agreed to recommend
14 strong language in the implementing bill for a trade
15 reorganization.

16 During the House-Senate Conference on May 24, 1979, the
17 conference agreed to recommend that the President shall submit
18 proposed legislation restructuring the foreign trade
19 policy-making functions by July 10, 1979.

20 On July 10, 1979, we held hearings and the administration
21 submitted nothing to this committee. All witnesses from
22 practically every segment on the two days of hearings strongly
23 indicated a need of restructuring our trade organizations
24 within the federal government.

25 As you know, MTN legislation for the first time sets up a

1 series of codes, and there will be created a new bureaucracy
2 in Geneva. Those of us who have been involved in trade
3 legislation do not feel that the way that the way that the
4 present trade policies are structured will be able to
5 effectively protect America's business and commercial
6 interests.

7 Furthermore, with the slipping behind of our balance of
8 trade, it is absolutely essential that this country embark on
9 a very strong export policy and we are not in any position
10 today structurally to do so.

11 Now, I have talked this morning with Ambassador Strauss
12 and last night I talked to Mr. McIntyre of OMB. Mr. Strauss
13 feels that they have a proposal in hand that is subject to
14 approval by the President.

15 The President has been deeply involved with other matters
16 and has not been able to devote the necessary time to go over
17 the proposal.

18 It is his feeling that that would be available by this
19 Thursday, at this time it would be sent up to the Congress.

20 Mr. McIntyre, in talking to me, suggested that the
21 proposal be sent up by reorganization plan. I strongly
22 objected to a reorganization plan which is a take it or leave
23 it proposition for Congress with 60 days because I am sure
24 that any legislation restructuring trade programs will be
25 complicated and controversial and that it should be sent up by

1 way of legislation to give the various committees and the
2 Congress an opportunity to study the proposal to be able to
3 amend it and work its will.

4 So, in discussing this matter with Ambassador Strauss and
5 discussing it with Senators Dole and you, Mr. Chairman, I have
6 not been able to talk to Senator Roth -- I expected to find
7 him here -- it would be my hope that we would order the MTN
8 legislation reported out.

9 The committee, the staff, would get a report together and
10 we would file our report with the definite understanding that
11 no action would be taken on this legislation on the Floor
12 until the President sends out to the Congress his proposal on
13 restructuring the trade organizations of this government.

14 Senator Dole: Mr. Chairman?

15 The Chairman: Senator Dole.

16 Senator Dole: I do not object. I do not know of any
17 objection. Do you have any objection to reporting it?

18 Senator Roth is not here. Have you talked to Senator Roth?

19 Senator Ribicoff: Yesterday I talked to Sentaor Roth on
20 the basis of reporting the bill out but not filing a report
21 until the reorganization proposal was sent up. That was
22 the only change, to file the report.

23 I would hope that we could report it out accordingly,
24 subject to change, in the event that it meets the objections.

25 Senator Heinz: Mr. Chairman, if I may make an inquiry of

1 Senator Roth, as I understand your motion, what you propose is
2 to report the bill, but we expect that the Majority Leader
3 would hold it?

4 Senator Ribicoff: It would be held at the desk and not
5 be taken up under any circumstances until such time as the
6 President sends up his proposal and legislation concerning
7 reorganization.

8 Senator Heinz: You may have considered a slightly
9 different alternative which is to order the bill reported, as
10 to take a vote today on reporting the bill, but making the
11 actual reporting of the bill contingent upon receipt of
12 legislation from the White House, which is just a little more
13 formal and a little less subject to any snafus.

14 Senator Ribicoff: I do not think there will be any
15 snafus. I would take Ambassador Strauss's word.

16 I am sure that with Chairman Long and Senator Dole and on
17 behalf of this committee, I cannot conceive of Senator Byrd or
18 Senator Baker allowing that bill to come to the Floor in
19 violation of the understanding of the Finance Committee.

20 Senator Heinz: Perhaps, although Senator Byrd is reputed
21 to be casting around with great enthusiasm for something to
22 keep us here.

23 Senator Ribicoff: I do not think he would do it in this
24 case.

25 Senator Heinz: There is no telling how desperate he may

1 get.

2 I have no objection. I just wanted to note the Senator's
3 reasons.

4 Mr. Stern: It would take us longer than Saturday to get
5 the report ready for filing.

6 Senator Ribicoff: The report has not been prepared. It
7 will be sometime next week.

8 Mr. Stern: We hope to do it the first thing next week.

9 Senator Heinz: That does not help me a great deal.

10 The Chairman: We always have a layover rule on these
11 bills.

12 Senator Heinz: The question is not when do we have a
13 report and when do we have a layover rule. The question is
14 really when do we get the legislation?

15 I would hate to see a mousetrap develop where in fact
16 things did not work next week or the week after, the Majority
17 Leader got a little antsy and said, gee, we ought to deal with
18 this before we get out of here in August, and one thing led to
19 another and we ended up holding the bag.

20 I am not going to object, Mr. Chairman.

21 The Chairman: Why do we not do this. Why do we not vote
22 to report and we will discuss it with the Majority Leader. We
23 will not put it on the calendar unless you do have that
24 agreement with him.

25 Senator Ribicoff: Well, that is all right, Mr. Chairman.

1 There is no question in my mind that Senator Byrd and Senator
2 Baker would concede to the unanimous request of the Finance
3 Committee.

4 I am willing to take Ambassador Strauss's word. I talked
5 to him this morning and he said it is all prepared. It is on
6 the President's desk. The President has to go to make a
7 speech out of Washington and another one on Tuesday. His
8 feeling is, he feels that it is at least three or four hours
9 work on behalf of the President to go over this proposal and
10 he would hope to be able to have it by Thursday, which would
11 indicate to me if he does not have it by Thursday, they
12 certainly will have it by next Monday.

13 Under no circumstances would I, in any way, without very
14 strong objection, allow this to be taken up in violation of
15 the committee attitude until that proposal is sent up to the
16 Congress of the United States.

17 The Chairman: I do not think we will have any trouble
18 with that.

19 Senator Danforth?

20 Senator Danforth: Mr. Chairman, I would just like to ask
21 Senator Ribicoff, or anyone else who might know, what the
22 status of our trade team, or trade effort, are going to be in
23 the interim period of time, prior to setting up whatever we
24 are going to set up, a Department of Trade, or whatever.

25 It is my understanding that our trade team in Geneva is

1 down to about two people now. Safeguards is one specific area
2 that has been left uncovered. I can remember when we visited
3 Geneva last May, the point was made by our delegation at that
4 time that they felt that this might be the last of the big
5 rounds of negotiations, but henceforth the prices of trade
6 negotiations would be a continuing matter, that it would go on
7 year after year after year.

8 Therefore, I am a little bit concerned that, in the
9 interim, between today and whenever we might have some
10 Department of Trade or hopefully of Trade or some other
11 mechanism of representing American interests, we would have
12 more or less folded our own tents, and other countries who, in
13 the past, have shown much more interest and inclination on the
14 problem of trade will be pursuing their interest on a full
15 speed ahead basis.

16 Senator Ribicoff: This is one of the reasons that we
17 want a trade mechanism. Usually STR disintegrates right after
18 the trade negotiations. It is in the process of doing so now.

19 As soon as we pass it, Ambassador Strauss will be
20 through. Alan Wolff has already resigned. Dick Rivers is
21 ready to go in a couple of months.

22 I would hope -- and one of the reasons that we need to
23 have continuing in trade matters is to have an able, ongoing
24 group of people representing America's trade interest. That
25 is why we want a trade mechanism.

1 Also, there is much work to be done in setting up these
2 codes. Every one of these sectors we are talking about needs
3 a code. There is a lot of work that needs to be done.

4 I would hope that the President would designate a new STR
5 when Mr. Straus leaves, when this is passed, that can take
6 hold immediately and try to keep this together.

7 In the meantime, we would operate, as we have operated if
8 we did not have a new agency, through Treasury, through
9 Commerce, through State, through STR, through Agriculture,
10 through Labor, which makes it a bad deal.

11 Senator Danforth: It is my understanding that our team
12 in Geneva is down to a couple of people now. I was wondering
13 what is going to be the bridge. Is there anything we can do
14 in the interim?

15 Mr. Rivers: Senator, there is a proposal going forward
16 to OMB for some sort of interim, quick fix, to get us through
17 this period of transition.

18 Under current law, the Office of the Special Trade
19 Representative is to contract to its permanent size after the
20 negotiations are concluded. We are in the process of doing
21 that. Our delegation in Geneva has shrunk considerably.

22 Mr. Cassidy: Senator, the most important thing to get
23 done is to get the new STR appointed immediately upon
24 Ambassador Strauss's departure.

25 Senator Danforth: How do we do that?

1 Senator Heinz: Mr. Chairman?

2 Senator Danforth: How do we do that? Is there something
3 we should be doing?

4 Senator Ribicoff: The President has to make his
5 appointment. I think in the interim, or in the report, we
6 could state that we would hope the President would move
7 swiftly in appointing a new STR.

8 Senator Bentsen: Senator Ribicoff, could you tell me why
9 they decided not to go ahead with the Deputy STR? Why was
10 that removed from the bill -- was it not?

11 Senator Ribicoff: That was Mr. McDonald. I do not know.
12 Nobody has asked me or consulted with me who the substitute
13 for Mr. Strauss would be. I do not have the slightest idea.

14 I am assuming until a new STR is appointed that Mr.
15 McDonald would be acting.

16 Senator Bentsen: I was referring to the major deviations
17 from Congressional recommendations, the designation of a
18 Deputy STR as the United States representative to GATT is not
19 in the bill.

20 Mr. Cassidy: Senator, as we undersatnd it, principally
21 the State Department objected to the designation of a Deputy
22 STR as the principal United States representative in Geneva
23 because at this time the State Department Ambassador to the
24 United Nations is the principal representative to GATT, so
25 they would lose a position, basically.

1 Senator Ribicoff: That is one of the problems we have
2 and that has caused the delay and caused our dismay on Monday
3 has been the persistent and deep in-fighting between all the
4 bureaucracies at a prospective loss of a piece of their turf.

5 This was very upsetting, and I feel that the President
6 must grapple with it and make these decisions. It does not
7 mean that whatever the President ends up we will take. The
8 Governmental Affairs Committee, of which Senator Durenberger,
9 Senator Danforth, Senator Roth and myself from the Finance
10 Committee are members of the Governmental Affairs Committee.
11 I am sure that we understand the philosophy and thinking of
12 this committee and will consult with this committee, and I
13 think we will report out a bill that we think will adequately
14 protect America's interests in the overall trade field.

15 I think that we will work our own will on this.

16 The Chairman: Senator Heinz?

17 Senator Heinz: Thank you, Mr. Chairman.

18 I was just wondering whether it might not be a good idea
19 to include as part of our understanding, an understanding
20 that we obtain an understanding from the President that he
21 will promptly, upon enactment of this legislation, nominate a
22 new STR.

23 Senator Ribicoff: The only thing is, I do not think I
24 would like to be in the position of telling the President when
25 he should make an Executive appointment. I would be reluctant

1 to do that.

2 I think that we could state in the report that with a
3 vacancy, until there is a new set up, that we would recommend
4 that swift action be taken to appoint a new STR.

5 Meanwhile, Mr. McDonald, who is a very, very able man
6 and, in my opinion, did an outstanding job in Genva, would be
7 the Acting STR.

8 Senator Heinz: Well, you know, let me just say to my
9 good friend from Connecticut, the STR is urgently needed now.

10 When the legislation goes into effect -- and it could be
11 in effect in a manner of weeks -- we should be moving ahead.
12 There are many things that can be done under the legislation
13 that will require staffing up that it would seem to me we are
14 losing time.

15 If you remember all the arguments we had about 45 days,
16 30 days, 15 days, in fact, for us to go a week, two weeks or
17 three weeks or longer on a nomination by the President of an
18 STR, it would simply, it would seem to me, delay all the
19 things that we fought for so long and so hard in that
20 legislation.

21 The Chairman: Gentlemen, let me make this point.

22 It is all right with me to hold up reporting the bill or
23 to agree that we are not going to call it up and to get the
24 Majority Leader to go along with us as a condition of the
25 administration's sending down some recommendations about

1 reorganizing our trade apparatus. That is all right.

2 But if we try to go beyond that and try to make
3 conditions about the President's appointing an STR and who he
4 is going to be, I do not think he could agree. We do not have
5 the appointing power, anyway. It is up to him to appoint
6 whomever he thinks.

7 Senator Heinz: I do not disagree with that. I just
8 think it might be wise for us to go on record that it is the
9 sense of this committee, the sense of this committee -- a
10 nonbinding approach ---that the President should move promptly
11 to appoint a new STR and I so move.

12 The Chairman: That is all right with me. Why do we not
13 report this, and then do it?

14 All in favor of reporting this, say aye?

15 (A chorus of ayes.)

16 The Chairman: Opposed, no?

17 (No response)

18 The Chairman: The ayes have it. We will report it and
19 we will seek the understanding that Senator Ribicoff has
20 asked.

21 Senator Heinz: Then, Mr. Chairman, I would present a
22 resolution to the Committee, a Sense of the Committee, that it
23 is the sense of the Committee that the President move
24 promptly.

25 The Chairman: Those who would like to move the Committee

1 Resolution that it is the sense of the Committee that the
2 President should promptly appoint someone to replace Mr.
3 Strauss when Mr. Strauss resigns as STR, say aye.

4 (A chorus of ayes.)

5 The Chairman: Those opposed?

6 (No response)

7 The Chairman: The ayes have it. The motion is carried.

8 Senator Bentsen: Now, will Mr. McDonald be the Acting
9 STR?

10 The Chairman: If the head man resigns, the next man --

11 Senator Bentsen: We will have real problems if we do not
12 have a continuity there. If Everett McDonald has been through
13 these negotiations and knows where the compromises were made
14 -- we have to have somebody.

15 The Chairman: It's like in battle when the General gets
16 shot and the Colonel takes charge.

17 Senator Bentsen: I just want to be sure we have a
18 Colonel around.

19 Senator Ribicoff: I think that the Chairman and myself,
20 and Dick Rivers, will make it very clear what the sentiment of
21 the Committee is, that there has to be continuity when Bob
22 Strauss steps down, until we put into place another
23 organization.

24 The Chairman: That settles that.

25 Now we will go to the Nelson amendment.

1 Sentor Nelson: Mr. Chairman, a week or more ago, I sent
2 around two sheets of paper with six modifications of S. 570
3 and I offer these -- you each probably have them at your desk
4 now. I offer these six modifications of S. 570 and I would
5 ask Mr. Heineman to give a very brief summary of each one of
6 those six modifications.

7 Mr. Heineman: Thank you, Senator Nelson.

8 Senator Dole: Mr. Chairman?

9 The Chairman: Senator Dole?

10 Senator Dole: I wonder if, before we get into all the
11 modifications and a discussion of those, I think they would be
12 rather lengthy, but we should not do what we did the last time
13 we discussed this. Find out whether the Committee believes
14 there ought to be mandatory revenue controls and have a vote
15 on that.

16 If Senator Nelson prevails, then proceed, not only to
17 consider his modifciation, but I think Senator Durenberger has
18 a modification, we have modifications and others have
19 modifications.

20 It seems like we could find out very early in which
21 direction we were going. If Senator Nelson does not prevail,
22 we could report out S. 505, Senator Talmadge's bill.

23 Senator Nelson: The problem with that, Mr. Chairman, is
24 I do not believe that any of these six modifications I am
25 proposing, anybody objects to. However, there are some

1 proposals that other members have. If accepted, they would
2 vote for it, so they would not be in a position at this time
3 to say we favor the concept, until they found it whether or
4 not the amendments were accepted.

5 I think we can dispose of these six probably in five
6 minutes. Everybody has had a look at them a week in advance.
7 Then there are some members who have proposals.

8 Senator Dole: I would rather vote to table your proposal
9 before we water it down, but you have eleven votes and we have
10 nine.

11 Senator Nelson: It is going to end up ten-ten. I have
12 already done a little checking.

13 I think the administration is entitled to have a full
14 discussion and vote on it. We passed it in the Senate last
15 year. I suspect there are not enough votes here. We will
16 take it up on the Floor. It will be before us as it came out
17 of Human Resources.

18 It has been here a long time. It is not going to take an
19 awful long time, I do not believe. I think they are entitled
20 to have full discussion on whatever modifications are desired
21 by the members.

22 Senator Durenberger: Mr. Chairman, as one of the people
23 who has some amendments, let me speak in support of Senator
24 Dole's motion.

25 I am not anxious to vote on cost containment. I put in a

1 bill yesterday that I think is an alternative cost
2 containment.

3 I would be most happy to consider the whole subject of
4 cost containment at the end of this very thorough discussion
5 we are having on health insurance generally. I find myself in
6 a very uncomfortable position today, having to make a decision
7 on one form of cost containment modified by my amendment or
8 someone else's.

9 I am much more comfortable voting for it at some other
10 time than today.

11 I support Senator Dole's effort.

12 Senator Dole: I make a motion that we table the Nelson
13 mandatory revenue proposal and see how we come out on that,
14 and we could do the next thing after that.

15 I would ask for the yeas and nays on that.

16 The Chairman: Usually we try to accommodate people and
17 let them vote on their proposition, if they want to, although
18 I suppose under the rules of the Senate anyone has a right to
19 move to table a proposal.

20 It seems to me -- why do we not accommodate both points
21 of view? It would be all right with me to do it both ways.

22 Basically, what is being suggested by the Minority side
23 is that we should not have any sort of mandatory cost
24 containment no matter how minimal.

25 Senator Dole: We have S. 505, the Talmadge bill, the

1 Majority proposal.

2 The Chairman: Is there anything mandatory in that?

3 Mr. Constantine: S. 505, Section 2, deals solely with
4 the reimbursement of hospitals under Medicare and Medicaid.
5 It does not extend it. It is mandatory in terms of those
6 hospitals, but only with respect to Medicare and Medicaid
7 payments which are a little over 40 percent of those.

8 It does not deal with non-Medicare.

9 The Chairman: Anything that goes beyond that?

10 Mr. Constantine: Yes, sir.

11 Senator Heinz: Mr. Chairman, I must have missed
12 something here. The so-called Talmadge bill was a bill that
13 was reported by this committee last year as hospital cost
14 containment, I thought.

15 Mr. Constantine: Senator, the bill as reported last year
16 was essentially Medicare-Medicaid administrative and
17 reimbursement reform.

18 Senator Heinz: I know what it ws. Was it not called
19 Hospital Cost Containment last year?

20 Mr. Constantine: No, sir.

21 Yes and no.

22 Senator Heinz: You are like the Chairman. You want to
23 accommodate everybody.

24 Mr. Constantine: If we can.

25 The point is, when Senator Nelson offered his amendment,

1 or a similar amendment, in committee to the Talmadge bill,
2 which failed in committee, and then the Senator offered it in
3 modified form on the Floor where it was approved by the
4 Senate, 47-43, the Nelson amendment on the Floor at that time,
5 so in that sense, the bill that ultimately was passed by the
6 Senate was both the Talmadge bill and Hospital Cost
7 Containment.

8 Senator Dole: I think, if the Senator would yield, it
9 was referred to rather loosely in this committee as cost
10 containment addressing the real problems as far as reducing
11 hospital costs. That is tackling reimbursement, not just
12 putting some arbitrary cap.

13 I think I heard the distinguished Senator from Georgia
14 address that point. I do not want to quarrel, whether it has
15 a label on it, but I do not think anything has changed since
16 last year, and I certainly -- Senator Nelson has the right to
17 offer his amendments on the Floor as he will, and anybody else
18 has a right to offer amendments on the Floor as they will, but
19 it seems to me that we have in the past, in this committee,
20 sort of voted on a concept.

21 In other words, do we want a mandatory approach? Then we
22 sort of say yes or no. If we do, we go ahead and try to
23 perfect it. It is precedent that has been set by the
24 distinguished Chairman when we talked about what kind of
25 health care do we want, and we voted unanimously that

1 we did not want one concept; we preferred another.

2 The Chairman: It seems to me just to try to get the
3 matter in some context where we can have a fair showing on a
4 position that the Senator from Wisconsin, Mr. Nelson, has a
5 right to present his proposal before those who oppose it have
6 a right to move to table it.

7 So that, in fairness to the Senator, I think he has the
8 right to present his proposition. Then, having presented it,
9 before we vote on it, it would be in order to move to table
10 it. That way, both sides can have their way.

11 Senator Dole: The whole thing.

12 The Chairman: You cannot table the motion before he
13 makes it.

14 Senator Dole: I can table what he has.

15 The Chairman: I do not have anything. He has
16 recognition. you cannot table a man when he is sitting in his
17 chair.

18 Senator Nelson?

19 Senator Heinz: Mr. Chairman, has the Senator from
20 Wisconsin offered an amendment to the Medicare-Medicaid
21 hospital cost containment reimbursement reform bill? Does the
22 Senator offer such an amendment.

23 Senator Nelson: I am simply modifying the amendment that
24 I offered.

25 Senator Heinz: Your amendment does lie before the

1 committee at this time.

2 Senator Nelson: If my memory is correct, that is a
3 parliamentary situation. We have been here for a month; I
4 guess that is correct.

5 Seator Heinz: As I recall, we were going to vote on your
6 amendment on three separate previous occasions.

7 Senator Nelson: That is right. That is correct.

8 Senator Dole: We will be amending the Nelson amendment.

9 Senator Heinz: Te Nelson amendment has been presented.
10 It is the pending business before the committee and it is
11 subject to be tabled at any time.

12 Senator Nelson: It is subject to further amendmets also,
13 and I am offering further amendments to it, and some other
14 members have some amendments that they want to offer.

15 The Chairman: The Senator has a right to modify his
16 proposal if he wants to do that.

17 Senator Nelson: I am proposing a modification now of
18 which was sent to everyone on the Committee a week or two ago.

19 I would ask Mr. Heineman -- we did pass out a sheet. I
20 do not know if it is necessary to go through it or not, but if
21 you want to comment for a few seconds on each proposal, go
22 ahead.

23 Senator Dole: I do not want to shut anybody off. It
24 still is going to be a mandatory program, if it is with these
25 amendments. I do not know. The issue is whether or not we

1 wanted a mandatory program and you can offer these six
2 amendments and it is still a mandatory program.

3 So we could move to table after we discuss those
4 amendments.

5 Senator Nelson: Let me say that the semantics of it is
6 to use the word "mandatory" I guess, if you do not like it.

7 What we are really talking about here -- and I would say
8 to the distinguished Senator from Kansas, who has been a
9 strong advocate of economy in government -- we are talking
10 about a proposal that, according to the CBO would save \$32
11 billion in five years; according to the administration, \$50
12 billion.

13 Taking the low-side figure, you are talking \$6 billion a
14 year, which is probably the biggest savings that we can make
15 on any proposal that this Congress will deal with, number
16 one.

17 That is very important, and of the money that hospitals
18 are spending, over 40 percent is federal money, or Medicaid.
19 The rest is third-party insurers and 5 percent is some poor
20 soul paying it out of his pocket.

21 We are talking about dramatic savings. We are not, in
22 this bill, mandating anything except put your house in order
23 and you will never see the federal government at all.

24 We are not dealing with a theory here. We have nine
25 states who meet all of the standards because they evaluated

1 the situation. They conceded that too much money was being
2 spent and wasted, too much, too much cost was increasing too
3 fast. They put their house in order and met all of these
4 standards.

5 If all the rest of the states do this, that is all we are
6 saying. For heavens sake, put your house in order. If you
7 cannot do it, yes, it is mandatory, because we are going to
8 protect those federal dollars from your squandering. That is
9 what it is all about.

10 I do not understand why people sit here and say, oh, this
11 is mandatory; it is the end of the earth. It is federal
12 money. It is public money.

13 If they do not want the federal government intervening
14 with them and setting a standard for them, set their own
15 standard. If nine states can do it, from the East Coast to
16 the West Coast, then the rest of the states can do it too.
17 That is what this is all about.

18 The Senator from Kansas speaks eloquently on the question
19 of wasting public funds and balancing the budget. Now he has
20 a chance to support a proposal that will take this bigger step
21 in that direction than any proposal before the Congress this
22 year, last year or this year. Yet, he wants to say, oh, it is
23 mandatory.

24 I know what the Hospital Association said. My state
25 Hospital Association is against it and the national

1 associations have gone to my state and my state is the lead
2 state leading the fight, because I happen to be the sponsor of
3 the administration's bill.

4 I have told them, what in the hell is the matter with you
5 folks out there? You have a system in Wisconsin; it is
6 working. Why do you not quit lobbying against a piece of
7 legislation that would have the other states do what your
8 state, our state, is already doing, along with eight others?

9 That is what this is all about. If you want to save \$30
10 billion at minimum, vote it. If you do not want to vote it,
11 you want to give us a lot of rhetoric about oh, how this is
12 mandatory, if you want to give us that nonsense and throw away
13 \$30 billion, you go ahead, but I think you ought to be held
14 accountable for it.

15 Senator Dole: We are going to save it for the dairy
16 program.

17 Senator Nelson: We will save it there, too.

18 I will ask Mr. Heineman to go ahead.

19 Mr. Heineman: I will be very brief.

20 The amendments to S. 570 are as follows: Senator
21 Nelson's amendment will include a five-year sunset provision.
22 It would establish a rate of increase of 11.6 percent and
23 total hospital expenditures as a floor for the national
24 voluntary limit.

25 The actual national voluntary limit will be calculated at

1 the end of the year by assessing the actual market basket rate
2 of increase adding .8 for population growth and 1.0 for net
3 service intensity.

4 In no event can the national voluntary limit be lower
5 than 11.6, the goal for calendar year 1979, established by the
6 hospital industry itself.

7 The Nelson amendments will allow hospitals, the state
8 metropolitan area, or county population growth allowance,
9 whichever one is higher, which will give us some flexibility
10 ---the Nelson amendments will allow use of regional or local
11 prices for calculating state or individual hospital market
12 baskets especially with respect to energy prices, as that data
13 becomes available.

14 The Nelson amendment would provide grants to states to
15 implement or plan their own mandatory cost containment
16 programs.

17 As I say, this bill has incentives for states who do it
18 themselves rather than the federal government. The Nelson
19 amendment would reduce secretarial discretion and be sure that
20 the existing state mandatory programs are exempt if they meet
21 performance standards, if the rate of increase is no more than
22 1 percent above the state voluntary unit.

23 The Nelson amendment will also allow mandatory programs
24 to continue for two years after the year in which they are
25 exempted if the performance criteria are met.

1 I would just underscore what Senator Nelson said. We are
2 talking about billions of dollars of savings here, regardless
3 of whether you use the administration's estimate or the
4 Congressional Budget Office's estimates, and it is for that
5 reason it is such a high priority for the administration.

6 Thank you.

7 Senator Boren: Mr. Chairman?

8 The Chairman: Senator Boren?

9 Senator Boren: On the rate of the trigger, as I
10 understand it, it would take the actual rate which cannot be
11 less than 11.6 percent, but let's say inflation is 12 or 13
12 percent. It will take that figure, plus .8 for population and
13 1 percent for intensity.

14 So if you had 13 percent inflation, it would be 14.8
15 percent?

16 Mr. Heineman: That is right. Market basket plus 1.8.

17 Senator Boren: I am trying to get down to the difference
18 between what the House bill proposal was in terms of their
19 voluntary effort, if they assumed a certain rate of inflation.

20 What factor did they add in terms of what they thought
21 the voluntary rate should reach in terms of population
22 differential and intensity?

23 You have 1.8 add-on in terms of the Nelson proposal.
24 What was the House bill voluntary add-on to the rate of
25 inflation?

1 Mr. Heineman: Several months ago, when the hospital
2 market basket was estimated at 9.1, the House bill would have
3 estimated population of 1.1 or 1.3 difference.

4 Their service intensity, since the goal was 11.6, would
5 have been 1.4. The difference would be .7 between the
6 administration proposal and the hospital's proposal. We would
7 have had market baskets which fluctuate according to the
8 prices.

9 Senator Boren: Plus 1.8, and they would have 2.5.

10 I understand that their latest proposal is a .3 intensity
11 factor, is that correct, in what they are saying the voluntary
12 effort should be?

13 Mr. Heineman: I have not seen that. We are going on
14 eleven points in this voluntary proposal. Then you
15 calculate 1.1 for population and the differential is this
16 service intensity figure.

17 Mr. Constantine: We asked the hospitals about that.
18 They do not build up their 11.6 percent. They would disagree
19 with the administration as to what factor they included for
20 intensity.

21 They built up a number and cut it back, simply as that.

22 The point we would make, I think the clear point has to
23 be understood that it is straight and factual. The structure
24 that you are talking about is the structure of the trigger
25 only. What you are doing is how is the trigger built, not

1 what is applied after the trigger, if the trigger is pulled.

2 I think that you ought to understand that the intensity
3 factor and the population factor varies.

4 Senator Boren: If the trigger is pulled in the proposal,
5 what is the allowable rate of increase if we reach the
6 trigger, if we have inflation plus 1.8 and exceed that figure
7 and is activated in a certain state. What is the allowable
8 increase per year?

9 Mr. Heineman: The minimum would be the market basket
10 rate of increase, depending on whether hospitals were
11 efficient and inefficient, they would get a plus or minus
12 percentage point according to a schedule.

13 Senator Boren: The mean would just be the rate of
14 inflation only?

15 Mr. Heineman: That is correct. The limits are inpatient
16 revenues per admissions; the population is not relevant.

17 Mr. Constantine: Senator, I checked again. Our
18 understanding is correct. It is possible for hospitals to get
19 to be penalized and receive less than the market basket, less
20 than the rate of inflation.

21 Senator Boren: It is possible under the formula?

22 Mr. Heineman: Yes, if they were extraordinarily high in
23 the base year, which is '79.

24 Senator Boren: Thank you.

25 Senator Durenberger: Senator Nelson, may I go back to

1 the \$50 billion? Do you know whether, or does Mr. Heineman
2 know whether, those savings are based on the old market basket
3 which was originally proposed here of around 9.5 percent, or
4 on the new market basket at 11.6 or on the actuality of 14
5 plus percent that we just heard about?

6 Mr. Heineman: I think the short answer is current law as
7 inflation goes, current law goes up, so therefore the savings
8 stay the same relative to current law. The savings are
9 current savings with the current rate of inflation, Senator
10 Durenberger.

11 Senator Durenberger: That makes the assumption that the
12 hospital costs are out of control in some total fashion, that
13 they are rising?

14 Mr. Heineman: Based on assumptions about current law,
15 that is correct, where current law would be without any action
16 such as proposed in this legislation.

17 Senator Durenberger: You are saying, regardless of what
18 is going on out there, regardless of how high the cap goes
19 under this bill, your estimate of savings is not going to
20 change in any way.

21 Mr. Heineman: We, in assessing what the current law
22 projection is, we make certain assumptions about hospital
23 behavior and, in that respect, we differ slightly with CBC.

24 But those assumptions are built into our current law
25 projections.

Senator Durenberger: What is the answer to my question?

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1 Mr. Gage: Hospitals have pretty consistently, over the
2 last ten years, been approximately four percentage points
3 above the rate of inflation, whatever the rate of inflation
4 has been.

5 The assumption that hospitals will continue to operate at
6 that level, as they have for the first part of this year, is
7 the basis for the assumption that whatever current law is, the
8 hospital behavior will continue to operate.

9 Senator Durenberger: Have you tried making similar
10 assumptions over the last four years, the last three years?

11 Ms. Davis: For example, the very recent data indicate
12 that throughout all of each of the quarters of 1977 hospital
13 costs have been going up anywhere from 3.5 percent to 4
14 percent higher than inflation and population growth.

15 That is continuing in the first quarter of 1979, when the
16 overall rate of increase is 13.2. The hospital market basket
17 is running 8.8 and the service intensity, or the addition over
18 inflation to the hospitals has been going up 3.5 percent.

19 Mr. Heineman: It is important to note that while we are
20 trying to squeeze that service intensity factor back, they can
21 add additional services above 1 percent, if they could realize
22 savings through management efficiencies and other cost-saving
23 efforts.

24 Senator Durenberger: I need to ask a clarifying question
25 regarding the paragraph on local energy inflation. Does that

1 mean in effect you are putting an energy factor into the
2 market basket.

3 Mr. Heineman: The energy factor is in the market basket.
4 We are saying that as state data becomes available, we would
5 vary the state voluntary limits, or local voluntary efforts,
6 for the hospitals accordingly.

7 Mr. Gage: We have no objection to actually specifying
8 that energy be a factor in the market basket.

9 Senator Matsunaga: Mr. Chairman?

10 The Chairman: Senator Matsunaga?

11 Senator Matsunaga: If I may put a question to the
12 sponsor of the amendment, as I understand it, there is a cost
13 of living allowance for Alaska and Hawaii.

14 Senator Nelson: Yes.

15 Senator Matsunaga: What would that percentage be?

16 Ms. Davis: The amendment that Senator Nelson has offered
17 would deal with the particular problems of Hawaii and Alaska
18 in two ways. One, it looks at the rate of increase in
19 hospital cost in those states that have been abnormally high.
20 It constructs a specific market basket for those -- basically
21 costs --- and this also has been found true in the way the
22 Civil Service Commission adjusts for a cost-of-living
23 difference. They run 25 percent higher in Alaska and 15
24 percent higher in Hawaii.

25 So his amendment would construct a special market basket

1 for Hawaii and Alaska.

2 The other thing it does in determining hospital
3 efficiency, it adjusts the level of hospital costs as we do
4 currently under the Medicaid program.

5 Senator Matsunaga: In the federal Civil Service there is
6 a definite cost-of-living allowance set right now at 17
7 percent in Hawaii, 20 percent, I believe, in Alaska. Is there
8 any percentage figure pegged to any cost-of-living as
9 indicated in the federal Civil Service, or is this left
10 entirely up to the Secretary?

11 Ms. Davis: In adjusting the level of hospital costs, it
12 would be pegged at the same levels as the Civil Service
13 Commission adjustment.

14 The Chairman: Let me just suggest this by reaching a
15 decision. Oftentimes we have used a certain amount of
16 informality in arriving at a decision. Oftentimes, in trying
17 to decide how far we ought to go with this, oftentimes we ask
18 the Committee, do you want to do anything along this line?

19 Basically, that is what Senator Dole's motion is.
20 Senator Dole's motion is that we should not do anything along
21 this line.

22 Senator Dole: No, not really.

23 The Chairman: Basically Senator Dole's motion is that he
24 would oppose extending these mandatory controls in any fashion
25 to the part, other than what the federal government itself is

1 paying for. Is that not right?

2 Mr. Constantine: Yes, sir.

3 The Chairman: It seems to me that that is a simple
4 enough issue. We can vote on it and we can see where the
5 votes are and just from that. Why do we not just call the
6 roll?

7 Senator Dole: If I may make a point?

8 The Chairman: Senator Dole?

9 Senator Dole: I have no quarrel with Senator Nelson. We
10 work well enough together on most issues, but it seems to me
11 it is not enough to castigate the hospitals and those in our
12 states, whether it be in Wisconsin or any other state, I think
13 they are making a voluntary effort and they are having some
14 success.

15 It seems to me we have had the President up to the
16 mountaintop for ten days trying to figure out a way, and
17 last program has been totally controlled, the energy program.
18 And he may come down from the mountaintop tomorrow or the next
19 day and if we do not send some other President up to the
20 mountain in about six years, trying to figure out what
21 happened when we adopted the Nelson price control amendment to
22 hospital care, we started rationing health care in this
23 country.

24 I do not know about all the \$30 billion, the \$50 billion,
25 but we certainly learned one thing and that is that the

1 government is not the best manager in the world, and we had
2 testimony yesterday from Secretary Schlesinger and the day
3 before from Secretary Blumenthal.

4 It seems to me that what we have is another effort by HEW
5 to reach out and try to manage 6,000 hospitals in this country
6 that may not be doing the best job in the world, but they are
7 making an effort. They are making a better effort, because we
8 are putting pressure on in this committee.

9 I do not know why we invite more controls and why we
10 suggest to this segment of the economy we are going to control
11 ---maybe they are volume controls, not price controls -- we
12 are going to control what you can do. We are not going to
13 control what anyone else can do.

14 It just seems to me that there are more arguments than
15 saying it is \$30 billion you want to save, \$30 billion, you
16 vote for Nelson; if you want to spend \$30 billion, you vote
17 against Senator Nelson. That is the issue.

18 We are talking about health care. We are talking about
19 hospitals, private hospitals and other hospitals, and I
20 believe they are making an effort. Maybe it is not perfect,
21 but it also seems to me that in the Talmadge bill, we really
22 address the issue, and that is basically the form of
23 reimbursement, and that is how that program -- I do not want
24 to say sold to this committee, but presented to this
25 committee.

1 We have had extensive hearings. There is no doubt in my
2 mind that whatever happens in this committee, we will have
3 many opportunities on the Floor to have amendments by the
4 distinguished Senator from Wisconsin and I would just move to
5 table everything that may be out here. I do not know what it
6 is, the Nelson amendment plus the six amendments to the Nelson
7 amendment.

8 We have taken care of Hawaii, so I have lost Sparky in
9 the process. I do not want too many more amendments to be
10 offered that will take care of Oklahoma, Minnesota, Kansas, or
11 we will all be voting for the bill.

12 It will not be of any value, but we can say that we
13 passed a cost containment bill and I do not see any reason to
14 debate it further. I think we can vote.

15 Senator Bentsen: Let me say, Mr. Chairman, I understand
16 this vote might be ten to ten, so maybe some of these votes
17 are critical. And I certainly support the Senator from
18 Wisconsin's trying to improve this bill and I will support
19 these amendments that are listed and I will vote against
20 any attempt to deny him the right to do that.

21 The Chairman: Let's vote.

22 Mr. Stern: Is this the vote on the motion to table or
23 the vote on the question of whether anything should be done in
24 the area of across-the-board health care.

25 The Chairman: Basically, it is the motion to table. It

1 all means the same thing.

2 Senator Bentsen: No, I do not understand.

3 The Chairman: All right. It is a motion to table.

4 That is not debatable. Let's vote on it.

5 Senator Bentsen: Parliamentary inquiry. I want to
6 understand what we are tabling.

7 Are we tabling his whole legislative effort, or are we
8 tabling just these last amendments?

9 The Chairman: If you vote to table the Nelson proposal,
10 that takes all the amendments to the proposals along with it.

11 Senator Bentsen: All right. That is what I wanted to
12 understand. That is the original Nelson proposal plus these?

13 Senator Heinz: Parliamentary inquiry, Mr. Chairman.

14 As I understand it, Senator Nelson has modified his
15 amendment to incorporate his six amendments?

16 We are now voting on the Nelson amendment as modified by
17 Senator Nelson, the up or down vote on the Nelson amendment.

18 Senator Dole: I want to satisfy the Senator from Texas.

19 Senator Bentsen: As long as it is a ten to ten vote.

20 Senator Dole: We deny him the right to make the
21 amendment.

22 The Chairman: Call the roll.

23 Mr. Stern: Mr. Talmadge?

24 (No response)

25 The Chairman: Talmadge would vote aye, I am sure, would

1 he not? Talmadge would vote aye. If anybody has any doubt
2 about it, they can contact him. He would vote aye.

3 Senator Nelson: I suspect he would. I would call to the
4 attention of the Chairman that he voted for the bill last year
5 on the Floor of the Senate when he finally adopted my
6 amendment.

7 The Chairman: I thought somebody had his proxy here.

8 Senator Dole: Not a proxy, but a signal.

9 Senator Heinz: The Dole motion to table, is that
10 correct?

11 The Chairman: We called Senator Talmadge as aye. I
12 think I know what his position is on this matter. It will
13 save you some trouble, to record him as aye.

14 In the meanwhile, have somebody call him and find out if
15 he wants to be recorded for the Dole motion.

16 Mr. Stern: Mr. Ribicoff?

17 Senator Nelson: No by proxy.

18 Mr. Stern: Mr. Byrd?

19 Senator Byrd: Aye.

20 Mr. Stern: Mr. Nelson?

21 Senator Nelson: No.

22 Mr. Stern: Mr. Gravel?

23 (No response)

24 Mr. Stern: Mr. Bentsen?

25 Senator Bentsen: Aye.

1 Mr. Stern: Mr. Matsunaga?
2 Senator Matsunaga: No.
3 Mr. Stern: Mr. Moynihan?
4 Senator Nelson: No by proxy.
5 Mr. Stern: Mr. Baucus?
6 Senator Baucus: No.
7 Mr. Stern: Mr. Boren?
8 Senator Boren: No.
9 Mr. Stern: Mr. Bradley?
10 Senator Bradley: No.
11 Mr. Stern: Mr. Dole?
12 Senator Dole: Aye.
13 Mr. Stern: Mr. Packwood?
14 Senator Packwood: Aye.
15 Mr. Stern: Mr. Roth?
16 Senator Roth: Aye.
17 Mr. Stern: Mr. Danforth?
18 Senator Dole: Aye.
19 Mr. Stern: Mr. Chafee?
20 Senator Nelson: No by proxy.
21 Mr. Stern: Mr. Heinz?
22 Senator Heinz: Aye.
23 Mr. Stern: Mr. Wallop?
24 Senator Dole: Aye.
25 Mr. Stern: Mr. Durenberger?

1 Senator Durenberger: Aye.

2 Mr. Stern: Mr. Chairman?

3 The Chairman: No.

4 Mr. Gravel wants to be recorded aye.

5 Mr. Stern: Mr. Gravel, aye.

6 The Chairman: Withholding Mr. Talmadge's vote for
7 the moment, the vote would be ten ayes and nine nays.

8 When we hear from Mr. Talmadge, we will know more
9 definitely. It is my understanding -- I believe Mr.
10 Constantine thinks also -- that Senator Talmadge wants to be
11 recorded. I am very positive that he wants to be reported for
12 that.

13 Mr. Constantine: He indicated that he was opposed to the
14 mandatory system. I am not sure in view of the vote that he
15 would necessarily have to be recorded.

16 Senator Dole; I move that we move on to something else.

17 The Chairman: In absence of specific authorization, I
18 would just ask that Mr. Talmadge record himself and the vote
19 would be ten to nine.

20 Senator Heinz: Mr. Chairman, would you say that again?

21 The Chairman: The motion carries, ten to nine.

22 Senator Heinz: Mr. Talmadge?

23 The Chairman: At this moment we are not recording Mr.
24 Talmadge but we will let him record himself.

25 Senator Heinz: Mr. Chairman, I do not believe that is

1 proper. If he votes no, that would change the result of the
2 vote.

3 The Chairman: If he votes no?

4 Senator Heinz: On Mr. Dole's motion.

5 The Chairman: If he votes no, we can reconsider. If he
6 votes no, the vote would then be ten to ten and I take it the
7 vote is ten and ten, you would have ten votes in here that are
8 against doing anything in the way of a mandatory program.

9 Senator Dole: Mandatory, right.

10 The Chairman: In the way of a mandatory program on any
11 part of the program if the federal funds are not being spent
12 correctly, and that being the case, the Nelson motion would
13 fail on a tie vote.

14 So, in any case, it would seem to me that it would not
15 change the result because the Nelson motion would not carry.
16 It would fail on a tie vote, if Senator Talmadge did vote for
17 it.

18 Senator Heinz: Mr. Chairman, can we have an
19 understanding that Senator Talmadge's vote will be recorded
20 and that it does not change the outcome of the vote, which is
21 a Senate rule?

22 The Chairman: I am not going to change the rule we have
23 had around here for many years.

24 Senator Heinz: What rule is that, Mr. Chairman?

25 The Chairman: That is that we would allow an absentee to
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1 record himself. If that would change the result, we would
2 just reconsider the matter.

3 This committee is not going to go out of business
4 tomorrow or the next day, so if the Senator wants to come
5 around here --

6 Senator Heinz: That is fine with me. Then we are not
7 having a final vote? There will be no final vote until
8 Senator Talmadge records himself.

9 The Chairman: The final vote is a final vote.

10 Mr. Stern: We have word from Senator Talmadge that he
11 wants to be recorded as favoring the Dole motion to table.

12 The Chairman: So he does want to be recorded aye.
13 Eleven ayes and nine nays.

14 So that settles that.

15 Senator Dole: I move we report S. 505, the Talmadge
16 bill.

17 Mr. Stern: Mr. Chairman, you have reported all the other
18 provisions that you had approved as an amendment to a
19 particular House-passed private relief bill, and I would
20 suggest taht you just put the remaining items on the same
21 bill.

22 The Chairman: Let me suggest one other matter. As far
23 as I know, we do not have any vehicle available to us. If we
24 report this bill out of this committee, we do not have
25 anything left here on which we could add it.

1 The health insurance bill. Do we have any other bill
2 left in the committee?

3 Mr. Stern: There are literally other bills in the
4 Finance Committee but none of the minor tariff or minor tax
5 bill category. There are some that have been reported by the
6 House Ways and Means subcommittees to the full Ways and Means
7 Committee that we would expect to be getting over here fairly
8 soon.

9 The Chairman: You do not have any other revenue bills
10 here?

11 Mr. Stern: We do not have any other minor revenue bills.
12 There is the Trade Adjustment Assistance bill and a bill
13 relating to disability benefits, SSI benefits, but all of them
14 are major bills.

15 It looks as though you will be getting a number of
16 smaller bills before the recess from the House.

17 The Chairman: My thought is that I would be willing to
18 vote to report on the position that we not put that bill on
19 the calendar until we have some other bills.

20 Is that all right with you?

21 Senator Dole: I just want to move it for Senator
22 Talmadge. There are other minor amendments in reference to
23 Section 19.

24 Mr. Stern: Mr. Chairman, you could simply do it that
25 way: order it reported but we would just hold up on the

1 actual filing of the report until there is at least one more
2 committee, if that is all right with you.

3 Senator Dole: If we make these minor modifications?

4 Mr. Constantine: Mr. Chairman, in the original provision
5 dealing with the specialists, there was some language that was
6 developed with the anaesthesiologists to avoid problems that
7 they had developed with the American Society for
8 Anaesthesiologists.

9 We would like the committee's permission to include that,
10 not in the text of the bill, but in the committee report. At
11 their request, there was another provision to protect --

12 The Chairman: Without objection, we will agree to that.

13 Mr. Constantine: -- long-term contracts by certain
14 specialists to allow an effective date.

15 Mr. Hoyer: 1982.

16 Mr. Constantine: If they were specialists that would
17 otherwise be reduced under the bill, it protects him for
18 several years.

19 Senator Matsunaga had an amendment that was discussed to
20 modify the membership of the National Professional Review
21 Council to include a dentist of recognized stature and
22 distinction and a nurse of recognized stature of distinction
23 regarding the nurse's role in the PSRO process; also to
24 require where the law now says authorizing the PSRO to use
25 dentists in review of dental care and podiatrists, those with

1 hospital and medic privileges, to make that "shall use" in
2 reviewing the care that they order.

3 That is where a podiatrist has a patient, or a dentist
4 has a patient.

5 Senator Packwood: If we are going to get into PSROs, I
6 have a number of complaints from Oregon and I would want some
7 hearings. I do not know what you are talking about doing
8 exactly right now.

9 Mr. Constantine: This was a printed amendment that
10 Senator Matsunaga had offered to modify, to bring in some
11 involvement of these other practitioners. It does not go to
12 the basic operations of the PSRO program.

13 Senator Talmadge intends to hold a hearing on the whole
14 thing.

15 Senator Packwood: I do not want it sent out until I have
16 a chance to look at it. I have a stack of letters. I did not
17 realize you were going to bring it up today.

18 Mr. Stern: What you were talking about was ordering this
19 bill reported with a number of items in it, but not actually
20 reporting it, in any case, until at least one other vehicle is
21 available to the Finance Committee.

22 Senator Packwood: Say that again?

23 Mr. Stern: What the Committee was discussing was taking
24 the remaining items in Senator Talmadge's bill, plus a couple
25 of modifications that Mr. Constantine just mentioned --

1 Senator Packwood: You are not talking about sending any
2 PSRO changes?

3 Mr. Stern: Other than the matters that the committee has
4 already taken up and approved.

5 Senator Packwood: I understand that. You are not
6 talking about sending out any new PSRO changes on this?

7 Mr. Stern: That is correct.

8 The Chairman: Are we going to vote on the Matsunaga
9 amendment or not? That is what I want to know.

10 Is that all right with you?

11 Senator Packwood: Yes.

12 The Chairman: Without objection, we will order the bill.
13 We will agree to the Matsunaga amendment and without
14 objection, then, we will agree to report the bill with the
15 understanding that we will not put it on the calendar until we
16 have some other House-passed revenue bill over here that we
17 can act on.

18 All in favor, say aye?

19 (A chorus of ayes)

20 The Chairman: Opposed, no?

21 (No response)

22 The Chairman: The ayes have it.

23 Do we have any other business?

24 Mr. Stern: That is it, Mr. Chairman. Now you are going
25 into your hearing on the windfall profits tax.

1 (Thereupon, at 10:35 the Committee recessed, to reconvene
2 at the call of the Chair.)

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