



Silver Users Association

Washington Report

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Market Watch: Silver Price

2006 Comex Spot Settlement

Month	High	Low	Avg.
January	9.85	8.82	9.18
February	9.84	9.10	9.52
March	11.62	9.71	10.40
April	14.50	11.67	12.63
May	14.85	12.28	13.44
June	12.25	9.60	10.69
July	11.51	10.46	11.16
August	12.90	11.85	12.22
September	13.07	10.76	11.56
October	12.21	10.71	11.59
November	14.06	13.72	13.83
December	14.06	12.36	13.23

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Association News:

- SUA is pleased to announce that it has partnered with the International Precious Metals Institute at its June 9-12 conference in Miami. The SUA will be hosting a Silver Section at the conference. To learn more, please call Paul Miller at (703) 930-7790 or e-mail him at pmiller@mwcapitol.com
- Press Releases: Please send us your press releases and/or company announcements, so that we can include them in SUA's monthly newsletter.
- Web Site: Visit our web site at: <http://www.silverusersassociation.org>
- **SUA Board Votes to Cut 2007 Dues by \$1,700.** Contact Paul Miller for news on the new 2007 dues structure and how you can get involved. Paul can be reached at (703) 930-7790 or at pmiller@mwcapitol.com

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Taxpayer Advocate Lists AMT, 'Tax Gap' as Top Problems

The alternative minimum tax (AMT) and the so-called tax gap are the top two problems facing the nation's tax system, according to a report released Tuesday by the National Taxpayer Advocate's office.

Since taking control of Congress, Democrats have vowed to address both issues. Repealing the AMT may prove difficult, if not impossible, given estimates that it would cost the Treasury as much as \$1 trillion over a decade. But closing the tax gap — the difference between what is paid the Internal Revenue Service and what is owed — could help cover that cost.

In her annual report, National Taxpayer Advocate Nina E. Olson, an independent adviser to the IRS, called the AMT "the most serious problem facing taxpayers today."

Enacted in 1969, the AMT was originally intended to ensure that millionaires paid their fair share of federal taxes. But the tax was not adjusted for inflation and has gradually started to ensnare millions of middle-class taxpayers each year, particularly those who have large families or live in high-tax states.

Olson called the AMT a "poster-child for tax law complexity" and said that the loopholes for the wealthy, which the tax was originally aimed at counteracting, have long since been closed.

Congress has been enacting yearly "patches" to keep the tax from reaching too deeply into the middle class. The pricetag for a 2007 patch has been estimated at \$48 billion.

Last week, Senate Finance Chairman Max Baucus, D-Mont., and ranking committee Republican Charles E. Grassley of Iowa introduced a bill to repeal the tax, though Democrats have not figured out how to pay for that. That task could be complicated by pay-as-you-go budget enforcement rules that would require offsets for any new entitlement spending or tax cuts.

Baucus and House Ways and Means Chairman Charles B. Rangel, D-N.Y., also plan to take aim at the tax gap as a potential source of revenue.

In her report, Olson said that the government was failing to collect about \$290 billion a year, based on estimates for 2001.

Olson specifically recommended improving IRS services and revising federal budget procedures to make compliance activities a higher priority.

Olson was also critical of how the IRS handles collection procedures. She recommended that the IRS reverse its new practice of outsourcing some collections to private collection agencies.

She said the IRS was better staffed and more efficient in pursuing collection cases than the private entities.

Olson also made other recommendations designed to increase tax revenue. They include early IRS intervention in delinquent tax cases, use of alternative collection procedures like installment payments to recoup debt, and researching the needs and characteristics of the self-employed, who account for 44 percent of under-reporting taxpayers in the tax gap, according to the report.

Reaction

Baucus praised Olson's report and reiterated his intention to tackle the AMT, despite the fiscal difficulties involved.

“The taxpayer advocate really hit the nail on the head,” he said. “The AMT surprises and snares middle-income taxpayers who were never meant to pay it. It’s time to protect families from the higher burden of this hidden second tax system once and for all. It’s a tall order to do this in fiscally responsible fashion, but that’s the job before us.”

Baucus said he had won a commitment late last year from Treasury Secretary Henry M. Paulson Jr. to testify before the Finance Committee this spring on steps the IRS is taking to close the tax gap.

“Some say there’s not really much revenue to be squeezed from the tax gap, but I refuse to believe the Treasury Department can’t figure out how to collect hundreds of billions of dollars in taxes that are already legally owed,” Baucus said. “This is about fairness to honest taxpayers who contribute their fair share and more. The funds lost in the tax gap are needed for health care, education, and real tax relief for families who need it.”

Grassley hailed Olson’s call for repeal of the AMT and stronger efforts to close the tax gap. But he took issue with her suggestion that Congress repeal the law allowing use of private collection agencies to go after tax debts, noting it just took effect last year.

“We need to make sure private debt collectors fully respect taxpayers’ rights and are as accountable to Congress and the public as the IRS,” Grassley said. “But calls for repealing the private debt collection program are premature. The program just started, and we have to make it work.”

Budget Deficit Lower, But Democrats Warn Of Problems Ahead

The federal budget deficit showed a hefty decrease Monday, with revenues bolstered by rising corporate income taxes, coupled with a drop in hurricane-relief expenses.

The Congressional Budget Office estimated that for the just-completed first quarter of fiscal 2007, the deficit shrank by \$35 billion to \$85 billion, compared with the same period a year ago.

The deficit has been going down much more quickly than expected in the past few years, due in large part to record corporate profits.

That trend should continue in fiscal 2007. Corporate income rose by \$18 billion, or 22 percent, in the quarter.

But Democrats cautioned that the long-term challenges of debt — and costs associated with the retirement of the baby boom generation looming ahead, such as Social Security and Medicare — still remain and will have to be dealt with.

“While any report of short-term improvement in the deficit is welcome, the long-term forecast for the federal government’s budget deficit remains troubling,” said House Budget Chairman John M. Spratt Jr., D-S.C.

Spratt added, “We must not underestimate the size of the challenge that lies ahead.”

Deficit Reduction Plans to Come

The CBO will release its latest budget outlook and 10-year forecast later this month.

President Bush, meanwhile, has said he will propose a plan as part of his budget, due next month, that would eliminate the deficit by 2012 without raising taxes. Spratt and other Democrats have said previously they intend to draft budget resolutions that also would lead to a balanced budget.

The deficit shrank to \$248 billion in fiscal 2006, down from \$318.5 billion in fiscal 2005 despite record spending on hurricane relief and the continued costs of the wars in Iraq and Afghanistan.

EPA TO TARGET MINING

Mining companies that own or operate permitted hazardous waste management units should consider reevaluating their financial assurance programs amid indications the U.S. Environmental Protection Agency (EPA) will target underinsured companies for enforcement in the coming year.

Granta Nakayama, Assistant Administrator for the Office of Enforcement and Compliance Assurance, announced at a recent conference that widespread noncompliance in the mining industry (as well as at commercial waste management operations) will prompt increased enforcement actions as early as November 2006. The threat comes after complaints by state environmental agencies that insufficiently capitalized companies have left states with millions of dollars in cleanup costs.

The Agency is also responding to criticism from the Government Accountability Office and its own Inspector General that inadequate federal oversight of financial assurance programs has hampered state enforcement.

Under EPA regulations implementing the Resource Conservation and Recovery Act (RCRA), owners and operators of facilities that treat, store, or dispose of hazardous waste must maintain adequate financial assurance to cover projected future costs of closing their facilities, e.g, through removal of hazardous constituents, and for any required post-closure care, e.g., groundwater monitoring.

In order to obtain a permit to manage hazardous wastes, companies must demonstrate that they have adequate financial assurance utilizing a variety of EPA-approved instruments, including letters of credit or third-party insurance policies, or that they meet a financial test or have a qualifying self-insurance program. These permits required that companies periodically update their financial assurance to account for increased closure or post-closure costs due to inflation or changes in their operations.

However, according to a September 2005 report by the EPA Inspector General, the Agency has not been collecting updated financial assurance information from RCRA permittees. While some states do collect this information, their reporting requirements vary widely, hampering efforts to assess nationwide financial assurance problems and trends. EPA officials have said improving compliance will require a combination of stringent enforcement of existing regulations and fundamental regulatory change.

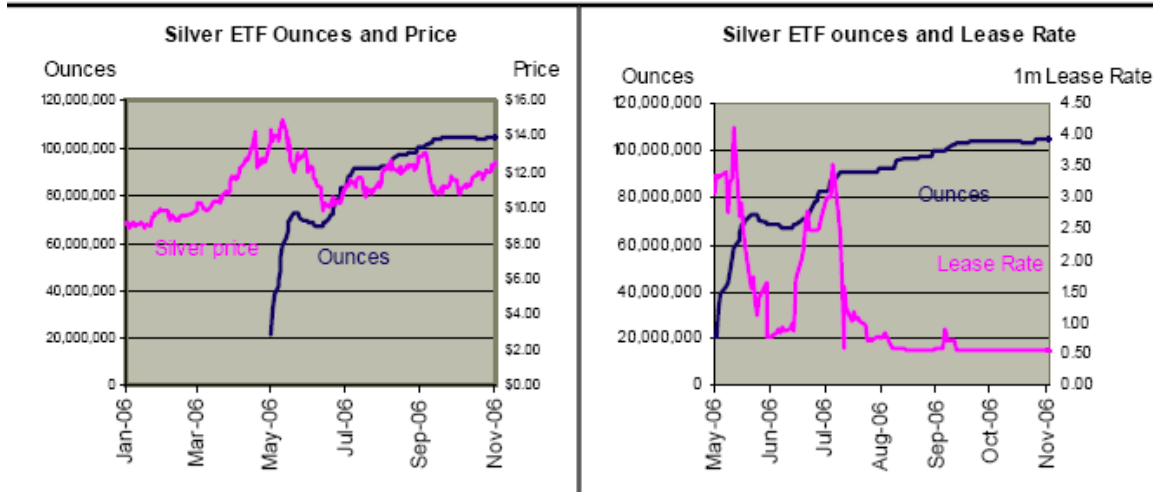
EPA solicited comments on new financial assurance regulations, but recently deferred rulemaking, opting instead to focus money and personnel on enforcement actions. The Agency announced in July that it has trained 200 state and 100 federal staff on methods of enforcing RCRA's financial assurance requirements. The Agency said it will launch investigations by reevaluating whether firms truly have the financial assets to cover RCRA closure and post-closure costs, and then determining whether companies have complied with the letter of the law. Sources within EPA have indicated the Agency will focus on mining facilities in the West as one of the main targets of this enforcement effort.

Silver ETF Report

Produced by SUA Member Mitsui Global Precious Metals

The much anticipated Silver ETF was launched on 28th April by Barclays Global Investors International, Inc. Like the gold products previously launched, the silver ETF is backed by physical metal. The ETF tracks the silver price directly, with shares trading on the AMEX under "SLV". In basic terms, the silver ETF adds to the demand fundamentals of the metal as silver is taken out of the market. The silver ETF holdings currently amount to over 104 million ounces, the highest level since the product was launched. The success of the silver ETF thus far represents the positive sentiment that exists in the market towards alternative forms of investment and the keen investor interest that exists in the market for silver.

The Relationship between ETF ounces, Lease Rates and the Silver Price



In the months preceding the launch, the ETF created an environment of surging silver prices, with silver reaching multiple year highs on the back of expectations of increased demand. In the weeks following the ETF launch, the silver price jumped to a high of \$14.86/oz on 12th May, underpinned by the growing popularity of the ETF as an alternative avenue for silver investment. On the first day, 21 million ounces were held in the silver trust, and this grew to close to 70 million ounces within 3 weeks. The demand for the ETF shares caused real demand for the underlying silver. Throughout the summer months, while wider investor liquidation occurred across the commodity sector, including silver which hooved frequently below \$11/oz, investor interest in the ETF surged forward. The course of the ETF to date has been very smooth. In spite of an environment of slackening silver prices, investors continued to add to their ETF holdings which currently amount to close to 105 million ounces.

As silver is a much more illiquid market, compared to other metals such as gold, some apprehension existed that the introduction of a silver ETF would lead to a tightening of the market. As the graph above indicates, 1 month silver lease rates have fallen considerably over the 6 month time span, with the exception of the the period between mid June and early July. Currently lease rates stand at 0.55%, compared to over 3% at launch date. The effect of the ETF has amounted to a certain degree of increased illiquidity in the market, given the sizeable amount of the metal that has been taken off the market, but this has not had a significant impact on lease rates.

The silver ETF continues to gain strength and momentum 6 months after its launch. Barclays announced at the end of September that an additional 15.2 million new shares of the iShares Silver Trust have been registered with the Securities and Exchange Commission. At that date, 104,323,655 ounces of silver was registered, amounting to 10,450,0000 shares. The additional 15.2 million shares represents a very significant rise of 150% in both the amount of shares and the quantity of silver that can be held. While the ETF had an impact on the price of the metal in the lead up

to the launch date, the effect of the ETF on silver prices has dissipated in recent months. In addition, lease rates are quite low indicating sufficient lending supply exists in the market. The ETF has not created an illiquid market to date; thus quenching some of the fears that previously existed.

House Stem Cell Vote Sets Up Familiar Battle Lines

The House voted again Thursday to expand federal spending on embryonic stem cell research, shortly after President Bush promised to repeat his veto.

The bill passed, 253-174, still well short of the two-thirds required to override a veto if that vote is duplicated. The political tides, however, are against Bush. Supporters of the legislation (HR 3) have gained 18 votes since last summer's failed attempt to override Bush's veto.

Under the legislation, federal funding could be used for research involving embryos donated by in-vitro fertilization clinics, as long as they would otherwise be discarded and are not created for scientific purposes. Bush issued an order on Aug. 9, 2001, that restricted funding to embryonic stem cell lines created before that date.

His restrictions have been a point of friction in Congress ever since. Religious conservatives liken the research to abortion because embryos are destroyed in the process, and they have pressured Congress to keep Bush's order in place.

Supporters say Bush's policy has stifled the advancement of medical cures in this country, shifting the work to private companies and foreign nations.

Democrats have worked to make the issue reverberate politically; they credited it with helping to defeat several Republicans in the 2006 midterm elections.

Supporters of embryonic research claimed momentum for their position after Thursday's House vote.

"This policy will become the law of the land in January 2009 no matter what," said Mark Steven Kirk, an Illinois Republican, predicting that the next president will likely lift Bush's restrictions with or without congressional action. "Our job here is to get the inevitable to happen as early as possible."

Support from New Democrats

Most of the new votes for the bill, although not all of them, were attributable to 32 new House Democrats who were elected in the fall. Also, Dale E. Kildee of Michigan and Tim Holden of Pennsylvania, who voted against passage of the original bill in 2005, voted for the bill Thursday.

Dave Reichert, R-Wash., also voted against House passage in 2005 and for the bill Thursday.

The changed positions are an indication of the difficulty that lawmakers have had reconciling the moral and scientific issues that the research presents.

One freshman Republican, Dean Heller of Nevada, voted for the measure, while four new Democrats — Brad Ellsworth and Joe Donnelly of Indiana, Charlie Wilson of Ohio and Heath Shuler of North Carolina — voted against it.

Familiar Themes

Thursday's debate revolved around themes that have been well-developed since Bush issued his stem cell directive.

Supporters say embryonic stem cells hold the potential to be developed into almost any kind of tissue in the body and to cure a host of ailments, from spinal-cord damage to diabetes.

The embryos used in the research are the result of fertility treatments, which routinely produce more embryos than couples intend to bring to term.

Couples must choose to donate their excess embryos to science; research supporters say their only other choices are to discard the embryos, freeze them indefinitely or offer them for adoption by other couples — an uncommon practice.

Opponents say the research is unethical because of the destruction of embryos in deriving the cells. They also say it is unproven because embryonic stem cells have been difficult to control — they tend to form tumors when transplanted — and have not been developed into any human therapies.

Adult stem cells, by comparison, have been shown to be more promising as treatments, opponents say, so that is where Congress should focus federal spending. Supporters and scientists dispute that claim, however, saying the debate should not be framed as embryonic vs. adult stem cells. Further, they say, the science is better established for adult stem cells, which were discovered more than 30 years ago. Human embryonic stem cells were first derived in 1998.

Possible Strategies

House opponents tried to defeat the bill by offering a motion to recommit, or send it back to committee, with language that would forbid funding for research that entails human cloning.

Michael N. Castle of Delaware, the leading Republican proponent for embryonic research in the House and a bill cosponsor, called the motion a “poison pill” intended to kill the measure. The motion failed, 189-238.

The bill next goes to the Senate, although it is unclear how soon it will be considered or whether Senate leaders will choose to advance their own legislation.

“We have been assured by our colleagues there that it will be brought up early in the session,” said Diana DeGette, D-Colo., sponsor of the House bill. Senate supporters believe that they have enough votes to override the expected veto.

Castle said that, politically, it could be advantageous for the Senate to pass its own bill and send the legislation to conference with the House. There, he said, negotiators might be able to add language that would mollify Bush or would persuade House opponents to change their position and support an override.

But Castle and DeGette do not expect the president to change his mind; Bush has rejected their requests to meet on the issue. Instead, they may seek to attach the bill to legislation that Bush would have trouble vetoing, such as measures to complete work on the 11 unfinished fiscal 2007 spending bills and to fund the Iraq and Afghanistan wars. “We’re thinking about it,” DeGette said.

As Iraq Votes Loom, Parties Work for Leverage

As senior administration officials defended a new plan to stabilize Iraq, Hill Democrats and Republicans maneuvered to ensure that the developing debate brings political advantage to their side — and pain to rivals.

Democrats planned what appeared to be a one-two punch on Iraq. First would come a vote in both chambers on a resolution that effectively criticizes President Bush's plan to send an additional 21,500 U.S. troops to Iraq. Weeks later, lawmakers could vote on legislation to block funding for the increase.

"Number one, I think the Congress needs to make clear its position on the general thrust of what the president proposed," David R. Obey, D-Wis., chairman of the House Appropriations Committee, said Thursday. "Secondly, I think we need to try to figure out what the most constructive way is to proceed so that we can try to affect the outcome."

By the week of Jan. 22, Senate Majority Leader Harry Reid, D-Nev., plans to bring to a vote a non-binding resolution critical of the troop surge, aides said. They added that the measure, whose details and authors are not clear, would be introduced next week.

Meanwhile, Senate Republicans were planning a counterpunch. When the Democrats' resolution comes to the floor, Republicans plan to introduce a measure designed to embarrass the Democrats, perhaps by forcing them to vote on immediate withdrawal of U.S. forces, senior Senate GOP aides said.

Senate Minority Leader Mitch McConnell, R-Ky., told reporters Thursday that withdrawing U.S. forces from Iraq was the Democrats' true desire, and he urged Democrats to advocate that position directly by cutting off funding for a troop increase, not by introducing a symbolic, non-binding resolution.

"I would just encourage my Democrat friends to be honest about what they want," McConnell said. Of the coming Senate fracas, he warned: "It certainly won't be a very bipartisan debate."

The move would reprise a McConnell gambit from last year's debate on the defense authorization bill (PL 109-364). When some Senate Democrats convinced John Kerry of Massachusetts to shelve what they thought was politically perilous legislation that would have mandated withdrawal by Dec. 31, McConnell crossed Kerry's name off the amendment and offered it himself to force Democrats to vote on the proposal. Reid, then minority leader, had little choice but to try to kill the amendment, and it was tabled by a vote of 93 to 6.

In the House, Speaker Nancy Pelosi, D-Calif., plans to bring to a vote Bush's plan to increase U.S. troop levels in Iraq. The timing of the move is unclear, but it is not expected to occur before a series of hearings on the Bush plan, lawmakers and aides said.

Democrats are divided over how to deliver the next blow, which would entail cutting or conditioning funding for the troop increase.

Rep. John P. Murtha, D-Pa., chairman of the Appropriations Defense Subcommittee, is considering writing a fiscal 2007 war supplemental bill next month that would condition funding for additional troops on achieving minimal readiness levels in the armed forces, as well as other benchmarks. Several House appropriators said the supplemental would be the vehicle for any such restrictions.

James P. Moran, D-Va., a member of the House Appropriations Defense Subcommittee, added that Democrats could bar spending on troops who have served multiple tours.

But many Democratic and Republican critics of Bush's new strategy oppose using funding measures to combat it, largely because it could adversely affect troops already deployed.

Pelosi has not publicly advocated blocking the troop increase in the supplemental, which the administration is expected to send to Congress in February, after it presents its budget for fiscal 2008. But House Democratic aides said she is considering options for doing so.

Ike Skelton, D-Mo., chairman of the House Armed Services Committee and an outspoken critic of Bush's new strategy, said he would not support using an appropriations bill to block it.

Vic Snyder, D-Ark., another senior member of the panel, said, "I don't think that's what we're going to do."

Obeysaid some of the troop increase would be accomplished by extending the tours of troops already in Iraq, complicating the task of separating the new troops from the existing ones.

"You know, if you've got a shirt that's 90 percent cotton and 10 percent polyester, it's pretty hard to separate the fibers," Obeysaid. "That's pretty much what you're looking at with this supplemental."

In the Senate, Edward M. Kennedy, D-Mass., has introduced a bill (S 233) that would block funding for any additional troops in Iraq. Reid has been cool toward that measure, though on Thursday he said he was open to finding a way to use spending bills to curtail the expansion of troop levels. "I'm going to do everything I can to work with them," he said.

Of blocking funding, Robert C. Byrd, D-W.Va., chairman of the Senate Appropriations Committee, said, "I think one has to be cautious and careful in thinking about that."

The day after Bush's speech outlining his new strategy for Iraq, top administration officials fanned out across Capitol Hill to tout the plan. Secretary of State Condoleezza Rice testified before the Senate Foreign Relations Committee, while Secretary of Defense Robert M. Gates and the Joint Chiefs of Staff chairman, Marine Corps Gen. Peter Pace, appeared before the House Armed Services Committee.

Some of the strongest criticism of the plan came from Republicans. Sen. Chuck Hagel, R-Neb., said the new policy "represents the most dangerous foreign policy blunder in the United States since Vietnam."

Senate Minimum Wage Bill to Include Small-Business Sweeteners

With the House set to pass a minimum wage increase Wednesday, Senate Democrats say their focus is on promoting tax breaks for small businesses that hire minimum workers.

The House bill (H.R. 2), which would boost the \$5.15-an-hour minimum to \$7.25 over two years, includes no sweeteners for small businesses, which many Republicans back, and no amendments will be allowed on the floor.

That strategy won't work in the Senate, so Democratic leaders are working with key Republicans in efforts to get the necessary 60 votes to advance the legislation in that chamber.

"It is a little different world," said Majority Whip Richard J. Durbin, D-Ill., noting the 51-49 majority his party holds. "We anticipate that some proposal to help business is likely to pass. We would rather put our imprint on it, try to put those tax advantages for small businesses in Democratic terms."

Durbin said the Senate could begin debating the minimum wage legislation as early as next week. It will be the next order of business after the Senate votes on a lobbying, ethics and earmarks overhaul (S.1).

But Durbin would not say which proposed alternatives would be acceptable. Senate Finance Chairman Max Baucus, D-Mont., and the committee's ranking Republican, Charles E. Grassley of Iowa, have been meeting and intend to work out a compromise. The Finance Committee has a hearing on the issue scheduled for Wednesday, the same day the House acts on its bill.

Durbin and other key Democrats said they prefer provisions that would give relief to businesses that employ workers at the minimum wage.

“You just want to make sure they are consonant with the goal of minimum wage,” said New York Democrat Charles E. Schumer. “Making it easier for small business to hire workers, pay for health care of workers, things like that. We are exploring it. But it should be in theme with the minimum wage, not just reducing the tax rates of all small businesses whether they hire people with the minimum wage or not.”

That’s a far cry from the proposal made Tuesday by Republican Reps. Howard P. “Buck” McKeon of California and Jim McCrery of Louisiana.

They unveiled draft legislation that would package the same \$2.10 minimum wage increase with tax breaks and a proposal that would make it easier for companies to band together in what are called association health plans to drive down the cost of offering health insurance to employees.

The McKeon-McCrery alternative also would:

- shorten restaurant depreciation schedules on new construction, from 29 years to 15 years, a move that would allow those businesses to write off investments faster;
- extend a provision that allows small businesses to deduct up to \$100,000 of investments in depreciable assets through 2010; and
- eliminate the 0.2 percent federal unemployment surtax effective April 1.

They acknowledged that the battle will be fought in the Senate. “We hope we will shape the debate in the weeks to come,” McKeon said.

Minority Whip Trent Lott, R-Miss., said tax incentives will help offset the cost of raising the minimum wage and hinted that the debate is likely to revolve around at least two of the proposals in the McKeon-McCrery measure. “Depreciation for new restaurant construction and small-business expensing are the two biggest and the most critical,” Lott said.

But one GOP idea — association health plans — is unlikely to be included in any minimum wage package.

Michael B. Enzi of Wyoming, the Health, Education, Labor and Pensions Committee’s ranking Republican, said productive talks with Democrats on the topic are under way and there is no benefit in bringing that issue into the minimum wage debate.

“We are making progress on that,” Enzi said. “There is no reason to force the issue.”

Chairman Baucus Bucks House Plan to Require HHS to Negotiate Medicare Drug Prices

On the eve of House passage of legislation that would require government negotiation of Medicare drug prices, a key Senate Democrat indicated Thursday that he prefers to give the administration more leeway.

After a Senate Finance Committee meeting, Chairman Max Baucus, D-Mont., indicated that he would not endorse the House Democrats’ bill to mandate that the secretary of Health and Human Services (HHS) haggle with pharmaceutical companies over the cost of drugs.

Instead, in a preview of how action in the Senate might unfold after the House passes its bill (HR 4) on Friday, Baucus said he planned simply to remove an existing prohibition on negotiations from the 2003 Medicare overhaul law (PL 108-173).

“The ‘non-interference clause’ in the original Medicare Modernization Act is prohibiting us from pursuing constructive efforts to make the benefit work better for seniors,” Baucus said. “The total prohibition on negotiation should be eliminated.”

Charles E. Grassley of Iowa, ranking Finance Republican, sounded more open to Baucus’ proposal than to the House bill. Grassley has led Senate opposition to mandatory price negotiations, hinting that he might try to filibuster such a bill. “If we can come up with something that doesn’t harm the great success of the competitiveness of the 2003 bill, I’m willing to look at it,” he said.

A statement of administration policy released Thursday said President Bush would veto the House bill. In the past, the administration has opposed any legislation that would change the 2003 law.

House Democrats hope to use the negotiation requirement as a “first step” in lowering Medicare Part D drug costs for beneficiaries, said Rep. Charles B. Rangel, D-N.Y., one of the bill’s sponsors.

The bill would require the administration to report to Congress the success of its bargaining efforts every six months.

If the prices wrung out of providers by HHS negotiations failed to satisfy Democrats, Rangel said, Congress might authorize greater negotiating power.

Backers of the House bill hope that lower drug prices would keep more Medicare beneficiaries out of the so-called doughnut hole. Those who fall into that coverage gap must pay out-of-pocket all their drug costs between \$2,250 and \$5,100, even as they continue paying monthly Medicare premiums. After they emerge from the gap, Medicare covers 95 percent of their drug costs.

“We have to provide opportunities for seniors not to reach the doughnut hole as quickly as they do,” said Jo Ann Emerson of Missouri, one of the bill’s two GOP cosponsors. Kevin McCarthy, R-Calif., is the other.

Emergency Eyewashes and Showers

Where the eyes or body of any person may be exposed to injurious corrosive materials, suitable facilities for quick drenching or flushing of the eyes and body shall be provided within the work area for immediate emergency use.

The Occupational Safety and Health Administration (OSHA) standard for eyewashes and safety showers can be found at 29 CFR 1910.151(c). It is one of the more clear and concise standards that OSHA has developed. The essentials are as follows:

OSHA accepts industry consensus standards such as the American National Standards Institute (ANSI) standard Z358.1-2004 “Emergency Eye Wash and Shower Equipment.” This standard outlines the following requirements that are applicable to image processors:

- Plumbed eyewashes must be capable of delivering at 0.4 gallons per minute for at least 15 minutes. Eye/face washes must be capable of delivering at least three gallons per minute.
- Plumbed shower units must provide a flow rate of 20 gallons per minute at 30 pounds per square inch.
- Gravity-fed units must have a bacteriostatic additive added to permit storage of a single water charge for up to six months.
- Employees must have unimpeded access to emergency showers and eyewashes, which should be installed within 10 seconds walking time from the hazard.

- For strong acids or strong caustics, the eyewash should be immediately adjacent to the hazard.
- Tepid water temperatures (moderately warm or lukewarm, above 60°F and below 100°F) should be provided unless an injurious chemical reaction could be caused by warm water.
- Valves on showers and eyewash units must activate in one second or less and have hands-free, stay-open valves.
- Employees must be trained in the location and proper use of the equipment.
- Plumbed equipment should be activated weekly for a period long enough to verify operation and ensure that the flushing fluid is available and clear of sediments. The equipment should be tested annually to ensure that it meets the flow requirements.
- Self-contained eyewashes should be visually inspected to determine if the fluid needs to be replaced or supplemented.
- Eyewash spray heads should be protected from airborne contaminants.
- The eyewash and safety shower locations should be identified with a highly visible sign and in a well lighted area.

There continues to be a question about the acceptability of personal eyewash units. Eyewash squeeze bottles or personal eyewash units are considered secondary units that can serve as a supplement to plumbed and self-contained stations. A personal unit alone is not an acceptable eyewash station. They should be considered to be a source of initial first aid as they provide for immediate flushing of contaminants or small particles.

Eyewash bottles are difficult for the user to handle, especially when alone and when both eyes have been exposed. (e.g., holding the eyelids open while handling the unit). Also, one bottle cannot flush both eyes simultaneously. Since the fluid supply lasts for only a short period of time, the bottle may not be sufficient to adequately wash the eyes.

Personal units should only be considered to be a source for immediate flushing. Once accomplished, the user should proceed immediately to self-contained or plumbed eyewash and flush for the required flushing/rinsing period.

Always keep a copy of the safety shower or eyewash manufacturer's instructions available for reference and set up a program to ensure that the equipment is installed, tested, maintained and used in accordance with these instructions. Also, refer to Material Safety Data sheets to identify which chemicals are corrosive and how to respond to accidental overexposure. Of course, it's best to prevent eye injuries in the first place.

OSHA has additional suggestions on their website at www.OSHA.gov. Click on "E" in the site index near the top of the page and follow the link to "Eye & Face Protection." Also remember that 24 states and Puerto Rico are state plan states and may have additional requirements outside of the federal requirements. A link to your particular state can also be accomplished by clicking on the "S" on the home page of OSHA.gov and following the link to "State Plan States."