

## ABBOTT LABS 1999 REPRESENTATIONS OF PRICES AND COST AND STATES' MEDICAID REIMBURSEMENT—Continued

Drug Strength & Size, NDC# 00074—	Red Book AWP	Bergen Brunswig cost (WAC*)	Provider cost with 7% up-charge	Florida Medicaid WAC + 7%	New York Medicaid AWP—10%
Depakote 250mg, 100s NDC# 6214—11 .....	82.66	69.30	74.15	\$74.15 Spread \$0.00 .....	\$74.40 Spread \$0.25 (0.3%).

\* WAC—Wholesaler Acquisition Cost (7 states use WAC for reimbursement).

3. *Examination of another Medicare reimbursed drug further confirms that the drug manufacturers engaging in the price manipulation are correct when they assume that the financial incentives they arrange will increase the usage of their drugs.* Atrovent (Ipratropium Bromide) is an inhalant medication that had al-

most no Medicare utilization while it was under patent and not subject to any generic competition. Sometime in 1997, Atrovent came off patent and became subject to generic competition. Certain manufacturers of the generic form of the drug began to make false price representations to create a finan-

cial inducement. As the chart below indicates, Medicare utilization has gone from \$14,426,108.00 in 1995 to \$253,400,414.00 in 1998. The spread has gone from virtually zero to over 100%!

Year	Medicare Reimbursement amount per unit*	True cost per Medicare unit**	Spread \$	Spread %	Medicare expenditures
1995 .....	\$3.11 (\$0.62/ml)	\$3.11	0.00	0	\$14,416,108
1996 .....	3.75 (0.75/ml)	3.26	0.49	15	47,388,622
1997 .....	3.50 (\$0.70/ml)	2.15	1.35	63	96,204,639
1998 .....	3.34	1.70	1.64	96	176,887,868
1999 .....	3.34	1.60	1.74	108	253,400,424

\* Medicare Units were converted from ml's to mg's for the years 1995, 1996 & 1997 (5 ml=1 milligram).

Would you please advise me if the FDA since 1995 has approved any other additional indications that might explain the dramatic increase in the utilization of Ipratropium Bromide. Is there any medical reason for these noted utilization increases?

It is essential that the Health Care Financing Administration and other government reimbursement authorities receive truthful and accurate information from drug manufacturers regarding drugs for which the government reimburses. The evidence uncovered by the Congressional investigation to date reveals a conscious, concerted and successful effort by some drug makers to actively mislead the Health Care Financing Administration and others about the price of their drugs. As the federal agency possessing primary regulatory responsibility with respect to drug makers' representations about their products, I urge the Food and Drug Administration to take immediate action before the present fiscal and public health consequences reach a catastrophic level.

Sincerely,

PETE STARK,  
Member of Congress.

#### WRONG ON KAZAKHSTAN

#### HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 11, 2000

Mr. BURTON of Indiana. Mr. Speaker, I would like to draw the attention of my colleagues to a very disturbing Op Ed article by Professor Amos Perlmutter ("More words than deeds on Kazakhstan?" in the Washington Times of October 4, 2000), detailing how the Clinton-Gore Administration has dropped the ball in promoting democracy and respect for human rights in Kazakhstan.

Time after time, Kazakhstan's ruthless and corrupt President, Nursultan Nazarbayev, has made promises to Vice President Gore and others in the Administration and has then failed to deliver on those promises. And so as Professor Perlmutter puts it, the Nazarbayev regime continues its campaign of "relentlessly destroying the opposition, closing the free press and involving itself in corrupt schemes."

It should have been possible for the United States, which has had the support of the Or-

ganization for Security and Cooperation in Europe as well as numerous non-governmental human rights organizations, to insist that Nazarbayev fulfill the promises he made on human rights and free elections as a price for legitimacy in American eyes. Sadly, however, it seems clear that Clinton-Gore Administration has pulled its punches, because it wants oil rich Kazakhstan's support for an oil pipeline that does not go through Russia. What is particularly troublesome in this regard is that the United States should not be turning a blind eye to repression and corruption in order to persuade Kazakhstan to do something that is in its interest in any event.

Mr. Speaker, I would like to submit Professor Perlmutter's article for the RECORD.

#### MORE WORDS THAN DEEDS ON KAZAKHSTAN?

(By Amos Perlmutter)

The Clinton-Gore administration relationship with Nursultan Nazarbayev's corrupt dictatorship in Kazakhstan is, once again, making news. Not without reason.

The case is that the administration failed to defend political freedom and free enterprise in Kazakhstan. They talked the talk without walking the walk when it come to challenging the Nazarbayev dictatorship.

Promises from Mr. Nazarbayev went unfulfilled. The administration failed to support the claims of human rights organizations, non-government organizations (NGOs), and the OSCE that the Nazarbayev government is not only failing to undergo democratic changes as a price for support from the United States, but also is relentlessly destroying the opposition, closing the free press and involving itself in corrupt schemes.

The effort to support this regime was conceived in conformity with the American national interest. After all, there are three reasons for U.S. strategic interest in Kazakhstan: oil, nukes and independence. Kazakhstan has been one of the Soviet Union's major oil reserves, and continues to be a most significant oil reserve and also a Caspian littoral state. Josef Stalin made Kazakhstan a Soviet nuclear arsenal.

Independence was the goal of both the Bush and Clinton administrations, to strengthen Central Asia non-Russian Muslim states, and to move them in the direction of democracy and free enterprise. There was a tacit strategic purpose in separating Kazakhstan from Russia's historical impe-

rial linkages (an exercise in futility). Kazakhstan is the most Russified Central Asian state, with close to 30 percent of its population Russians who serve as the main scientific industrial and business elite.

However, the Clinton administration sank into the pool of oil that inadvertently led to the most serious corruption of the Nazarbayev dictatorship by failing to resist the dictatorship. One of the administration's major foreign policy goals was humanitarian intervention to help bring an end to former communist dictatorships in the former Soviet Union and the Balkans.

In fact, the administration conducted a "humanitarian war" in Kosovo. The idea of a humanitarian and exemplary intervention, i.e. support of opposition groups in Kazakhstan, free press, and democracy was sacrificed, unfortunately, to the pool of oil.

The administration was not directly involved in support of the dictatorship. But it failed to vigorously resist the Nazarbayev violation of human rights, dissolution of the Kazakh parliament on two occasions, and above all the closing the only two opposition papers and the rigging of the 1999 elections.

In defense of the administration you could say diplomatic gobbledygook and securing unfulfilled promises from Mr. Nazarbayev was unfortunately subordinated to oil and nuclear strategic policies. The embassy in Kazakhstan continuously reported to the U.S. State Department on Mr. Nazarbayev's violations of human rights.

In fact, the OSCE, human rights groups, non-government organizations (NGOs), and other groups have warned the administration and continuously protested Mr. Nazarbayev's dictatorship and suppression of freedom in Kazakhstan. Leon Fuerth, Vice President Al Gore's national security adviser, and his assistant, Richard Brody, met on Sept. 15, 1999, at the Old Executive Office Building to discuss Nazarbayev to the United States. Attending were several people from the State Department, regional and human rights bureaus, as well as the Human Rights Foundation, and the Kazakhstan 21st Century Foundation.

Mr. Fuerth was on the defensive throughout the meeting, as the various representatives pressed hard the argument that the meeting was a mistake at that time, since Mr. Nazarbayev would interpret it as an endorsement of his behavior. According to one of the participants, Mr. Fuerth was unpersuasive and ineffective in defending the

purpose for the visit of Mr. Nazarbayev to United States.

The issue at stake was Kazakhstan's MiG sales to North Korea and the failure of democracy. When Mr. Nazarbayev promised Mr. Gore the next election "would be better," the OSCE report on the 1999 elections in Kazakhstan were still pending. Mr. Fuerth said at the meeting, "We will adopt its [OSCE's] finding as leverage on Nazarbayev." Mr. Fuerth continued, "Our government has been saying repeatedly, and the vice president personally, pay attention to what the monitors are saying about your, i.e., Nazarbayev's, elections." Mr. Fuerth said Mr. Nazarbayev is "not your poster boy" for democracy and freedom. Mr. Fuerth said, "Gore sees his personal relationship as essential to prodding Nazarbayev toward democracy."

America's goals include, says Mr. Fuerth, "carrying Kazakhstan to a modern self-sustaining state at every level of societal concern. . . . We are into their affairs at an fantastic level of detail, and that is only possible with the political support of Nazarbayev and this [Gore-Nazarbayev] commission and the commitment of the United States to a face-to-face meeting with the vice president."

Mr. Fuerth continued to say the United States must persuade them to "more and more perfect democracy," and he is "perfectly aware of the imperfections." According to Mr. Fuerth, Mr. Gore's message is "Democracy is on the agenda. Democracy is not our idiosyncrasy." He describes Mr. Gore's agenda as follows: "Democracy and elections are essential parts of the relationship Nazarbayev wants with the U.S. Gore will explain why a valid election is indispensable if he [Mr. Nazarbayev] wants the relationship he seeks."

After meeting with the president, Mr. Nazarbayev went back home and continued in his oil-mired practices, human-rights violations and the creation of his position as president for life.

Since Mr. Gore was given the portfolio on Russia and the independent states of the former Soviet Union, the essential difference between what the Cox Report finds in the case of Russia and the administration policy toward Kazakhstan is that in the case of Russia it was mired with good intentions for reform that turned sour because of support for Boris Yeltsin's corrupt, undemocratic government. You cannot tell Russia, a major power, what to do, while the situation in Kazakhstan was totally different.

Not only was the United States in the position to help implement the recommendations for democracy and freedom in Kazakhstan, it coddled the dictator and made no impact whatsoever or follow up on the promises made by Mr. Nazarbayev to Mr. Gore to advance the democracy in Kazakhstan.

In the case of Kazakhstan, the United States was in a stronger position than in Russia, with the support of OSCE, multiple human rights organizations and NGOs, to impose upon the dictatorship to implement their promises made on human rights and free elections as a price for legitimacy in American eyes.

They did not do it. The administration tacitly accepted Mr. Nazarbayev's defense that there is an emergent democracy in Kazakhstan and it is a question of "time."

It seems the Clinton-Gore administration did not try very hard to institutionalize and implement their commitments to democracy, free elections, and an open press in the case of Kazakhstan.

## INTRODUCTION OF THE EMPLOYEE HEALTH BENEFITS DISCLOSURE ACT

**HON. RICHARD K. ARMEY**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 11, 2000*

Mr. ARMEY. Mr. Speaker, I am proud to introduce the Employee Health Benefits Disclosure Act of 2000, a small but important stepping-stone to the consumer-driven health-care marketplace of tomorrow.

This bill addresses an important problem. Today, most workers don't know how much money their workplace health coverage costs. They have no idea. Their employers usually only inform them about the "employee share" of the cost. The employer's share is left invisible.

Also left invisible is the generous taxpayer subsidy given to workplace health benefits under section 106 of the tax code.

Under that section, workers pay no income, payroll, or unemployment taxes on those benefits. Yet employees are almost always unaware of the fact. This is wrong. People have a right to know about the tax benefits they're receiving. They have a right to know how much their labor is really worth.

This bill gives workers that important information. It helps them become more informed employees and better health-care consumers.

How does it do this? It requires employers, who have more than 100 employees, and who provide health benefits, to communicate to their employees at least once a year the amount of the employer's share of the contribution.

This notice must be accompanied with the following sentence: "This contribution is part of your total compensation and reduces your cash wages and other compensation by a like amount." The requirement takes effect January 1, 2005.

I've tried to make the requirement as convenient as possible for employers. They may compute an average, rather than a specific amount per employee. And they may use the most convenient method of communication. They may use a letter, the weekly pay stub, the summary plan description, a slip inserted with the W-2 tax form, or any other reasonable means.

The important thing is not how the information is provided—but that it be provided, and in a clear and understandable form. I confess I'm not happy about imposing a new government mandate on employers. That goes against my grain. It rubs me the wrong way. But in this limited and unique case, I think the benefits far outweigh the costs.

It is good public policy for workers to know how much their labor is worth, and how their compensation is structured. Workers have a right to know this currently invisible information which bears so directly on their well-being and happiness. Employers have a duty to provide it.

Legislation is needed to make sure employers provide it in a clear, consistent, and understandable manner. Hence this bill.

I look forward to a day when health care in America is a true marketplace in which consumers are king, where prices are constantly going down and quality is constantly going up, and where everyone gets the health care he needs when he needs it.

Only consumers can bring such a market into being—only consumers armed with full information.

## PIPELINE SAFETY IMPROVEMENT ACT OF 2000

SPEECH OF

**HON. BOB FRANKS**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, October 10, 2000*

Mr. FRANKS of New Jersey. Mr. Speaker, having experienced, first hand, a needless pipeline tragedy in Edison, NJ, pipeline safety is of particular concern to me and the other members of our delegation. While I applaud the Senate's efforts to pass comprehensive pipeline safety legislation this year, I remain concerned that their final product would have limited local participation in critical pipeline safety decisions. I have also been contacted by many local officials, representatives from citizens safety groups and environmental advocates who feel that S. 2438 does not adequately address their concerns. Although the legislative process rarely allows for a "perfect" piece of legislation which addresses every concern, the process by which this bill was brought to the House Floor did not allow for any improvement upon the base text. Therefore, I would have voted against this bill and remain hopeful that we will be able to reach some bi-partisan compromise before Congress adjourns.

## TRIBUTE TO EUGENE STANDIFER, JR.

**HON. KAREN MCCARTHY**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 11, 2000*

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to pay tribute to an outstanding individual from the State of Missouri. This year Eugene Standifer, Jr. will be joined by his friends and family to celebrate his 75th birthday.

In 1944, Gene Standifer began his career in public service as a member of the United States Army during World War II. He was honorably discharged in 1951. After returning home, he took a job with the U.S. Postal Service as a railway mail clerk sorting mail on a railway mail car traveling between Kansas City, Missouri and Denver, Colorado. While employed as a postal worker, Gene Standifer attended Rockhurst College where he graduated with a Bachelor of Science in Business Administration in Accounting and Economics in 1957. Gene Standifer advanced his career in 1965 with the General Services Administration as a Supervisory Accountant. In 1970 he joined the Department of Housing and Urban Development as an Equal Employment Opportunity Compliance Specialist who investigated and enforced fair housing laws and regulations. From 1972 until 1978, Gene Standifer worked for the Environmental Protection Agency as a Regional Equal Opportunity Officer that supervised the Kansas City regional offices. And until his retirement in 1986, Gene Standifer worked for the U.S. Department of