unlikely many companies will offer drug benefit policies. What we have learned from the attempt to push Medicare patients into HMOs in order to cut down costs should have been instructive. Many HMOs have found the Medicare+Choice reimbursement rates to be too low and have stopped taking and treating Medicare+Choice patients. Many of my constituents have been forced to return to Medicare fee-for-service because their HMOs have left the state or now refuse Medicare+Choice patients. Private drug coverage seems even less likely to be successful.

In addition, the proposal fails to provide any coverage to beneficiaries who spend between $2,000 and $3,700 annually on prescription drugs, leaving a substantial portion of seniors with no drug coverage. It is unfair to exclude this group of seniors from coverage solely because their expenditure levels lie in a particular range.

In addition, the bill provides no guaranteed drug benefit, no guaranteed premium, no consistency for seniors in different regions of the country, and no measures to address rapid increases in the costs of prescription drugs. To propose such a benefit knowing it will be ineffective is highly misleading.

I take the struggles of seniors to afford essential drugs too seriously to support a bill that provides rhetoric without real assistance. It is unfortunate that we will not have the chance to debate and vote on a bill that would truly address seniors' needs, such as the Medicare Rx Drug Benefit and Discount Act. The Democratic plan lowers drug prices and covers ALL seniors under Medicare. This plan is also voluntary—if seniors have prescription coverage they can keep it. Under the Democratic plan, seniors will have a deductible of $25 a month, and their expenses are capped at $2,000 per year. There is absolutely no gap in coverage. This is by far the better plan for Michigan's seniors.

I hope I will have the opportunity to vote for an effective and comprehensive Medicare drug benefit in the future. In the meantime, I will oppose this bill and other proposals that provide ineffective or inadequate drug assistance to seniors.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Mr. GILMAN. Mr. Speaker, I rise today in qualified support of H.R. 4954, the Medicare Modernization and Prescription Drug Act. I urge my colleagues to carefully consider this issue before making a final decision.

Mr. Speaker, we are all aware of the explosion in costs for prescription drugs in recent years. This phenomenon has in part been linked to the rapid proliferation of the number of new drugs that have become available in the past decade. We are currently enjoying a period of revolutionary advances in the fields of medicine and medical technology. Yet at the same time, a significant portion of our elderly population is unable to benefit from these new advances, due to the high costs that are associated with them. This is ironic, when one realizes that senior citizens are the primary group that these new advances are targeting.

One fact that has become increasingly apparent is that Medicare is woefully inadequate in meeting the medical needs of today's senior citizens. When Medicare was created in 1965, outpatient prescription drugs were simply not a major component of health care. For this reason, Medicare did not provide coverage for self-administered medicine.

Today's health care environment is vastly different from that of 1965. The majority of care is now provided in an outpatient setting, and dozens of new prescription drugs enter the market every year to treat the common ailments of the elderly, including cancer, heart disease, arthritis and osteoporosis.

But while the health care environment has made remarkable progress since 1965, Medicare has stood in place. Consequently, along with most of my colleagues, I have heard from constituents who are now facing the dilemma of paying for these expensive new drugs while living on a fixed income. The story of the individual who is forced to choose between food and medicine is no exaggeration. It is an all too common occurrence across the country. The high cost of prescription drugs have become a threat to the retirement security of our Nation's senior citizens.

It is for this reason that I am pleased to learn that both the Ways and Means and Energy and Commerce Committees have completed their work on a proposal to provide prescription drug coverage for Medicare beneficiaries. What concerns me, however, is the process by which this measure was brought to the full House for consideration.

Mr. Speaker, the decision to add prescription drug coverage will result in the largest change to the Medicare program since its creation. This is not something that should be done lightly or in haste, or in response to an arbitrarily imposed political deadline. Given that, I have serious reservations about bringing such major policy-changing legislation to the floor for final passage less than three weeks after it was introduced.

With that said, I would like to comment on the positive points of the bill as well as highlight some of my specific concerns with the legislation.

In my view, any proposal to offer prescription drug coverage under Medicare needs to contain the following characteristics: be voluntary, have universal eligibility under Medicare, contain stop-loss protections to guard against catastrophic expenses, offer choices in the type of coverage provided, and remain a good value over time.

The proposal outlined in H.R. 4954 clearly meets these requirements. In fact, it is an improvement over the first attempt by Congress to deal with this issue back in 2000. It contains a lower premium, lower catastrophic protection threshold, greater savings for the average senior, and higher subsidies for low-income individuals and couples.

H.R. 4954 establishes a comprehensive, permanent prescription drug benefit for those eligible under Medicare. Specifically, the measure provides $310 billion over ten years for a voluntary plan with the following standard benefits: an annual $250 deductible; for the first $251–$1,000 spent on prescription drugs, the senior pays 20 percent; for the next $1,001–$2,000 spent on prescription drugs, the senior pays 50 percent; it provides 100 percent coverage for every out of pocket dollar spent over $3700; it contains a premium of around $33 per month.

This measure avoids a one-size-fits-all government imposed solution by offering senior citizens a choice in the types of plans in which to enroll. In doing this, the government will guarantee that at least two plans will be available in every area of the country. Moreover, the proposal fully funds all costs for those enrollees below 150% of the poverty rate, and partially funds the costs of those up to 175% of the poverty rate. Those seniors will be responsible for a $2 copayment on generic and preferred drugs, and a $5 copayment on non-preferred drugs.

Participation in the plan will be purely voluntary. However, to encourage healthy seniors to enroll, there is a cumulative penalty for those who elect not to opt into the program when they are first eligible to do so. An important exception to this, however, are those seniors already enrolled in a continuing coverage plan, whether through their employer or through an employee retirement plan.

This is an important component that was not included in the measure passed in 2000. Its inclusion should prevent the danger of adverse selection, the condition whereby most seniors in good health avoid signing up for a plan, leaving the majority of enrollees coming from the sickest segment of the population. If this were to occur, the premiums and deductibles would have to be far higher than presently outlined.

Moreover, by covering part or all of the costs of those with incomes up to 175% of the poverty level, the measure further reduces the danger from adverse selection. In the final analysis, the legislation strives to ensure that there would be an adequate base of healthy seniors to offset the portion in greatest need of the benefit.

As I noted, I do have some reservations about certain aspects of this bill. My chief concern is that this legislation does not adequately address the matter of those drug companies which are raising the prices on their products annually at rates three to ten times the rate of inflation.

While it is true that this measure exempts the new plan from the Medicaid ''best prices requirement,'' whereby any savings achieved through this plan would need to be extended to Medicaid as well, I am unsure whether this in itself is enough to deter the drug companies from trying to take advantage of the perceived windfall that they might see in the Federal Government assuming a large portion of the costs of drugs used by senior citizens.

We also need to be cognizant of the viability of private insurers underwriting plans in areas where it is not profitable for them to do so. Recent experience with Medicare + Choice plans in my district have borne out this concern. In such cases, the government would step in as the ''insurer of last resort,'' assuming a share of the risk as well as subsidizing the cost of offering service in a rural area. My chief concern with this is that it has the potential to become a costly venture for the government, where the private insurers deliberately hold out in order to secure a greater level of government funding.

In spite of these reservations, I firmly believe that this legislation is an important first

step in providing a benefit to our senior citizens which is long overdue. The prescription drugs situation will not change on its own in the future. The pharmaceutical companies have demonstrated scant interest in holding the levels of their annual price increases in line with inflation. Rather, while we will continue to see a flood of new revolutionary products hitting the market, this will be accompanied by price increases that put these products out of reach of their intended audience.

I am not calling for price controls. I believe in the free market, and in market capitalism. However, since the last time the House visited this issue, the drug companies have ignored the invisible hand in favor of the cash cow. Drug marketers, like any other entrepreneur, have the right to make a profit, but they are not entitled to do so on the back of the American taxpayer. If the government is going to subsidize a portion of the drug costs borne by seniors, the manufacturers need to be placed on notice that this will not be an opportunity for them to raid the Federal treasury in order to pad their bottom line.

This bill is the first step towards meeting a long overdue need. For that reason, despite my stated reservations, I intend to give it my support. It is my hope that my concerns will be addressed in a future House-Senate conference on this issue.

Finally, this legislation provides $40 billion in badly needed adjustments and improvements to the Medicare Part B system. These include, but are not limited to: repeal of the 15% reimbursement cut for home health care providers, which was scheduled to go into effect in October 2002, increased payments to sole community hospitals, which serve rural areas, increased Medicare payment adjustment rates for physicians, reduced paperwork burdens for all providers, and stabilization for the Medicare + Choice system, which has bled out recently.

Mr. Speaker, this issue is too serious for party politics, and, as I stated at the outset, I urge my colleagues to give it their careful and thoughtful consideration. Our seniors and Medicare health care providers have waited long enough for relief. It is past time for the Congress to act.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. CYNTHIA A. McKINNEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Ms. MCKINNEY. Mr. Speaker, I rise in support of a strong and comprehensive prescription drug benefit for all Americans. As the prices for prescription drugs have risen at twice as the inflation rate, this issue is of the utmost importance to Americans in need of prescription drugs.

Unfortunately, in the House there is only one prescription drug coverage proposal that will truly serve America's seniors and medically dependent populations. The Democrat prescription drug plan is the only proposal that is under Medicare, that gives consumers choice, that has no gap in coverage, that has legitimate drug cost controls, and that will truly assist American's with the exorbitantly rising costs of prescription drugs.

The health of our nation depends on a strong drug proposal such as this.

The Republican's bill would not provide the American people with an assured, reliable or substantive prescription drug benefit.

The Republican bill would cover less than 25 percent of Medicare beneficiaries drug costs, leaving millions of Americans with much of the high drug costs they now face.

The Republican bill includes a ''hole'' in the middle, where there is no coverage for drug costs between $2000 and $5600. Perhaps the other side didn't do their research, as nearly half of all seniors have drug costs over $2000, and would receive no coverage under the Republican plan for part of the year.

Where is the benefit of this drug plan? Isn't the point of a prescription drug benefit to alleviate costs? Well, the Republican plan will hardly alleviate costs. Nor will it insure that a plan exists for all Americans.

The Republican bill would rely on private insurance companies to provide a yet-to-exist prescription drug-only plan. This proposal includes no guarantee for stable coverage by private insurance companies but merely suggests what plans private firms may offer. Under this plan, costs of the plans may vary, and seniors on fixed incomes will have less opportunity to plan for their drug expenditures and personal budgets.

As for consumer choice, the Republican proposal stops well short of providing any choices. Under the Republican plan, if a drug is not on a formulary, then it is not covered, and even when a drug is on the formulary, this bill permits private insurance not to cover it.

The Republican plan does not let people choose their own pharmacies, and instead creates private networks for drug delivery, increasing the time, trouble and travel seniors, caregivers and the disabled must go through to obtain necessary medication.

Finally, the people that this program should most benefit—America's low-income senior population—are left out in the cold. In the Republican plan, low-income seniors will be required to pay up to $3600 out-of-pocket expenses per year to cover the ''hole'' in coverage, would have weak protections from high medicine copayments, and worse, could face denial of medicine if they are unable to cover the co-pay.

The Democrat bill is not deficient in these ways.

The Democrat plan has no hole in the coverage, and would not stick seniors with the $3600 potential bill that the Republican plan would.

The Democrat plan limits out-of-pocket costs to just $2000 per year—as much as 47 percent less than the limit under the Republican plan.

The Democrat plan gives consumers choice, allowing them the freedom to use the pharmacy of choice, instead of the restrictive ''private network'' limitations of the Republican plan.

Nor does the Democrat plan limit the access to specific medicines, and instead pays some coverage for all drugs, regardless if they are on the formulary or not. The Democrat plan would not steer, limit or channel American's to specific drugs as the Republican plan would.

And perhaps most importantly, the Democrat plan has a method for controlling the actual costs for drugs. It is the dramatic increase in prescription drugs that has brought us to this juncture, and the Democrat plan would enable the Health and Human Services Secretary to negotiate prices on behalf of all Americans, thereby saving American consumers, taxpayers, and the government millions in drug costs. Under the Republican plan, there is no collective effort towards cost controls, and realistically, there will be no control of spiraling drug costs.

Mr. Speaker, I am not alone in my opposition to the Republican bill and my support for a strong and true prescription drug benefit. The National Association of Chain Drug Stores, the AFL–CIO, the Medical Group Management Association, the National Education Association and the American Federation of Teachers, Families USA, the National Council on Aging, and perhaps most importantly, the American Association of Retired Persons all either oppose the Republican plan, or endorse the Democrat prescription drug plan.

America's senior community—what has been called ''America's Greatest Generation''—deserves no less than a substantive and strong prescription drug benefit bill. I urge my colleagues not to fall for the smoke and mirrors, and to realize that the Republican plan will not provide the relief and benefit that is needed to combat the rising costs of prescription drugs. Our seniors do not deserve limited choices on drugs and pharmacies, and should not be made to shoulder the high costs of the Republican plan.

Don't be duped America—there is only one bill that works for America, only one bill that will provide Americans affordable access to drugs, and that is the Democrat prescription drug bill.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday June 27, 2002

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of H.R. 4954 because it provides prescription drugs for all seniors as an entitlement under Medicare. Equally important, it prepares Medicare to deliver state-of-the-art health care to our seniors in the decades to come. Without passage of this bill, Medicare will continue to deny seniors the care they need and will continue to force the diversion of critical care hours from patients to paper work. Seniors would continue to be held hostage to an antiquated benefit structure while the rest of America benefits from advances in medicine, technology, and best practices.

First, in the area of prescription drugs, this bill captures deep discounts on drug prices, and then further reduces the cost of drugs to seniors through direct subsidies of 50 to 80%—up to $2000 of costs. Two-thirds of seniors use less than $2000 in prescription drugs a year, so this bill will provide them with tremendous relief. For low-income seniors—up to 150% of the federal poverty level (in 2005, $15,065 for individuals and $19,392 for couples)—drug costs will be paid 100 percent up to $2000 a year (this includes premiums, copays, and the deductible). I want to stress that because twice as many women as men have