

military alliances with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Such military alliances could threaten the security of our nation. Between 1918 and 1941, foreign powers did occupy these islands. And as history will recall, many World War II battles were fought in the islands fortified and occupied by Japan. The Compact prevents this from happening again.

In the Compact, the U.S. government promised to assist Micronesians in exchange for their continued sacrifices. The U.S. agreed to foster economic development and help these countries become self-sufficient.

This same treaty allows Micronesians to freely migrate to the U.S. According to the 2000 Census, 115,247 Micronesians are living in the U.S. Most Micronesians do not become citizens, yet they become members of our communities. They are here legally. They pay taxes, attend our schools, and join our military. They work with and for us. Nevertheless, the federal government denies Medicaid health care benefits to noncitizens and lawful non-immigrants.

My bill, H.R. 5067, will give Micronesian children and pregnant women legally residing in the U.S. access to Medicaid and the State Children's Health Insurance Program (CHIP). Micronesians should be covered because it is in the interest of our nation to improve the public's health, which includes basic health care for poor children and pregnant women regardless of their nationality or citizenship status.

I urge my colleagues to cosponsor H.R. 5067 and help the U.S. fulfill its commitment to our neighbors and coworkers from Micronesia. They made sacrifices to ensure the security of our nation. It is time for our nation to fulfill its promises.

FAITH UNITED METHODIST  
CHURCH CENTENNIAL ANNIVERSARY

### HON. NICK LAMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 18, 2002*

Mr. LAMPSON. Mr. Speaker, I am here today to bear witness to the 100th Anniversary of the Faith United Methodist Church in Dickinson, Texas. This extraordinary religious community traces its roots back more than a century to the establishment of the Warren Chapel in the town of Dickinson in 1901. Six years later, the Methodist community in League City founded their own chapel in 1907. These two communities, separated by a mere seven miles shared both the trials and the joys of life together and in June of 1967, the two congregations merged to form the Faith United Methodist Church.

On September 7, this community will commemorate its Centennial with the unveiling of a Texas historical marker celebrating 100 years of faith and community. I ask you to join me in recognizing this remarkable congregation's faith and sense of community that has passed the test of time and remains a shining example of America's strength and unity.

### PROTECT CONSUMERS' RIGHT TO TAKE COMPANIES TO COURT WHEN DISAGREEMENTS ARISE

### HON. LUIS V. GUTIERREZ

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 18, 2002*

Mr. GUTIERREZ. Mr. Speaker, today I am introducing the "Consumer Fairness Act of 2002," a bill to address arbitration clauses that are unilaterally imposed on consumers as unfair and deceptive trade practices and prohibit their use in consumer transactions.

Increasingly, companies such as banks and credit card companies, computer makers, insurance firms and car dealers are requiring customers to waive their right to sue when a disagreement occurs. Furthermore, these mandatory arbitration clauses are usually not clearly disclosed in agreements and contracts.

Requiring consumers, as a mandatory condition of providing a service or selling a good, to waive his or her right to pursue a grievance through the United States justice system is problematic for several reasons.

Arbitration can cost more than pursuing a case in court, with fees that often run into the thousands of dollars.

Arbitration limits the evidence that can be used.

Arbitration usually does not allow for appeals.

To address these problems, this Act would prohibit companies from using clauses in contracts and sales agreements that require consumers to agree, in advance, to submit any disagreements to arbitrators. Such clauses ban consumers from suing a company and participating in class action lawsuits. This legislation protects consumers' right to sue and clarifies that consumers can choose to resolve their disputes with companies through arbitration.

Mr. Speaker, I urge my colleagues to support this much-needed legislation for all consumers in America.

### RECOGNIZING MCQUADE CHILDREN'S SERVICES

### HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 18, 2002*

Mrs. KELLY. Mr. Speaker, I rise today to recognize McQuade Children's Services, located in New Windsor, NY, for its dedicated service to special needs children of the Hudson Valley. On Sunday, July 21, McQuade Children's services celebrates its 140th birthday.

McQuade's service to Hudson Valley residents dates back to 1862, when it was founded as a home for orphaned or abandoned children. Established by the Newburgh Union Female Guardian Society as the "Home for the Friendless," it was renamed in 1945 to commemorate the life of Dr. Milton Ash McQuade.

Dr. McQuade was an ear, nose and throat specialist who himself was abandoned at a church doorstep as a baby and raised by the Reverend McQuade and his wife. Dr. McQuade emigrated from Canada to Newburgh, NY in 1914 to establish a medical prac-

tice and throughout the years, supported the Home and provided free medical care to the children. Upon his death in 1928, Dr. McQuade dedicated much of his estate to the Home, enabling it to continue to provide services throughout difficult times such as the Great Depression.

Today, McQuade Children's Services provides quality care in a variety of settings to 300 children and their families. Its mission, however, has remained one of providing an accepting, nurturing environment for children. Putting "Children First" is not just a pledge taken annually by staff, but a philosophy that is truly internalized by all those who help McQuade's succeed.

The services available to children are vast and varied, ranging from therapeutic residential care to special education. McQuade's facilities and programs include: a boys and girls Residential Treatment Center, the Kaplan School for special education, Diagnostic Assessment Centers, and community programs focused on family counseling and independent living skills. Teaching responsibility and imparting values to children, McQuade's staff works tirelessly to provide social, academic, physical and spiritual growth.

McQuade's numerous success stories are a testament to its importance to the Hudson Valley community. The McQuade staff and volunteers share an unparalleled commitment to improving the lives of children in need. Once again, I commend McQuade Children's Services for providing quality care to children for well over a century and I look forward to celebrating their 140th anniversary this coming Sunday, July 21, 2002.

### DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2003

SPEECH OF

### HON. MAXINE WATERS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 17, 2002*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1854) making appropriations for the legislative branch for the fiscal year ending September 30, 1996, and for other purposes:

Ms. WATERS. Mr. Chairman, the United States government has a history of leasing lands belonging to Indian tribes and individual Indians. The government has been receiving grazing, timber and mineral royalties from the lease of these lands—royalties that the government was supposed to hold in trust for the rightful owners of the lands.

Unfortunately, the United States government has admitted that it mismanaged these trust funds for decades and lost the money of our nation's first peoples. Federal courts have ruled that the government owes Indians an historical accounting of all Indian trust funds going back to the date the funds were deposited.

This bill includes provisions to restrict the ability of the Federal government to provide an accounting of Indian trust funds. The bill even presumes that all trust fund records prior to 1985 were correct. These provisions defy court decisions and have no place in an appropriations bill.

I urge my colleagues to strike these unjust provisions and let Native Americans know what happened to their money.

# INTRODUCTION OF THE MEDICARE MARKET ACQUISITION DRUG PRICE

**HON. FORTNEY PETE STARK**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 18, 2002*

Mr. STARK. Mr. Speaker, I rise today to introduce the Medicare Market Acquisition Drug Price Act of 2002. This bill would correct a long-standing and well-documented problem with the way Medicare pays for the few outpatient prescription drugs it covers today. This bill would save taxpayers billions of dollars, without compromising Medicare beneficiaries' access to cancer treatment or other services. Congress should enact this bill immediately.

This problem must be resolved—this year—whether or not we succeed in creating a new Medicare prescription drug benefit. Due to pharmaceutical industry efforts, this problem was not addressed in the prescription drug legislation recently introduced and passed by the House Republican leadership. Despite their neglect of the issue, I believe there is bipartisan consensus that Medicare should not continue to pay exorbitant prices for prescription drugs. I urge my colleagues to join me in supporting this bill.

Medicare currently pays for only a limited number of outpatient drugs, generally ones that a patient cannot self-administer, such as chemotherapy drugs. Medicare spends over \$5 billion every year on these drugs. Under current rules, Medicare vastly over-pays for these drugs, because it bases payments on the artificially high "average wholesale price" (AWP) reported by the drug's manufacturer—regardless of the actual price a provider pays for the drug. There is abundant evidence that drug manufacturers have boosted their own drug sales and increased their profits, at great taxpayer expense, by manipulating the AWP of their drugs. Simply put, drug manufacturers report inflated prices, sell providers the drugs for much less, and then encourage providers to bill Medicare for the maximum allowable amount—95 percent of the inflated AWP reported by the manufacturer.

This bill offers a straightforward solution to this problem. It would require Medicare payments to be based on the actual market prices at which manufacturers sell their drugs. This price, called the average acquisition price, would be verifiable. The Secretary would have the authority to audit drug companies' reports. Drug companies would be subject to steep fines for deliberately filing false or incomplete information.

Mr. Speaker, the current Medicare AWP rules are a sham and must be changed. Consider the following:

The General Accounting Office has described the AWP as "neither 'average' nor 'wholesale'; it is simply a number assigned by the product's manufacturer." The GAO found that Medicare's payments for physician-administered outpatient drugs were at least \$532 million higher than providers' potential acquisition costs in 2000. Similarly, the GAO found that Medicare paid at least \$483 million more

for supplier-billed drugs than suppliers' potential acquisition costs in 2000. Some drugs were available at prices averaging just 15 percent of the manufacturer's reported AWP, while Medicare continued to pay 95 percent of AWP.

The Office of the Inspector General at the Department of Health and Human Services found that Medicare could save \$761 million per year by paying the actual wholesale prices available to physicians and suppliers for just 24 of the outpatient drugs currently covered by Medicare.

Numerous states, consumer groups, and private health plans have sued drug manufacturers for fraudulently inflating Medicare drug prices.

These suits follow on the heels of a record Medicare and Medicaid fraud settlement by TAP Pharmaceutical Products. In October 2001, TAP pleaded guilty to a charge of conspiracy to violate federal law. TAP agreed to pay \$875 million—the largest criminal fine ever levied by the government for health care fraud—to settle the suit, in which the government alleged the company artificially inflated the AWP of the company's prostate cancer drug Lupron.

Drug manufacturers have resisted efforts to investigate this problem. For example, last summer the GAO continued its investigation into AWP on Congress' behalf and requested drug price information from many manufacturers. One pharmaceutical company, Pfizer, refused to comply with GAO's request until this January, when GAO subpoenaed the company's CEO, Henry McKinnell.

Mr. Speaker, the problem is well known. The solution is straightforward. Both the GAO and the OIG have recommended that we revise Medicare's drug payment policies to reflect actual market prices, accounting for rebates and other discounts available from manufacturers. That is exactly what this bill does.

Manufacturers would be required to report the actual average market acquisition prices for their drugs as a condition for Medicare coverage of those drugs. Each manufacturer would have to certify the accuracy of its reports and the Secretary of HHS would be empowered to audit price information to verify the accuracy of the reports. Drug manufacturers would be subject to unlimited civil monetary penalties for filing false reports and would be subject to a penalty of \$100,000 for each day they fail to provide timely information.

The bill is also carefully crafted to ensure that the reimbursement revisions will not adversely impact Medicare beneficiaries' access to care. First, to ensure these drugs are available in areas of the country where providers must purchase covered drugs at prices above the average, the actual reimbursement level to providers would be set 5 percent above the average acquisition price. Second, Medicare would pay dispensing fees to reflect differences in the costs of dispensing different drugs and biologics. Third, the bill would ensure continued access to cancer treatment. Oncologists have argued that inflated AWP reimbursements are necessary to compensate for the administration of cancer medicines. This bill would correct this anomaly by revising Medicare payments for oncology services to appropriately account for these indirect costs, in accordance with GAO recommendations.

Mr. Speaker, I sincerely hope that Congress will act to provide a meaningful Medicare pre-

scription drug benefit this year. On top of the many other serious concerns I have with the drug benefit passed by the Republican leadership, I am deeply disappointed that it did not address the abuses of the current AWP system. We must not shirk our responsibility to ensure that Medicare properly pays for the limited outpatient prescription drugs it already covers. There is no need for taxpayers to continue to fill pharmaceutical companies' coffers with the ill-gotten gains of the current AWP system. I hope all of my colleagues will join me in passing this important legislation.

## HONORING HISPANIC CITIZENS—9TH DISTRICT OF TEXAS

**HON. NICK LAMPSON**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 18, 2002*

Mr. LAMPSON. Mr. Speaker, I rise today to honor local Hispanic citizens from the 9th District of Texas who were chosen for their work in the community. While the dedication of Hispanic leaders is well-known throughout the United States, local citizens, right here in the Southeast Gulf Coast region, are just as important to ensuring equal rights and economic progress for all Texans.

Last month I asked members of the communities in the 9th District to nominate individuals for my "Henry B. Gonzalez Latino Leadership Award," named in honor of the late Congressman Henry B. Gonzalez, that gives special recognition to those who have worked selflessly, often without recognition, and made contributions both in the Hispanic community and the broader society as well. Recipients were chosen because they embodied a giving and sharing spirit, and had made a contribution to our nation.

While their efforts may not make the headlines every day, their service and dedication to our country is nevertheless vital to our entire region. This region of Southeast Texas is not successful in spite of our diversity; we are successful because of it.

Please join me in recognizing and congratulating these leaders for their work and commitment to their communities and to Southeast Texas. It is leaders like these men and women that continue to be a source of pride for Texas. The winners of this year's Henry B. Gonzalez Latino Leadership Award are:

Alice Flores, Elias de la Cerda, Jr., Ruben F. DeHoyos, John J. DeLeon, Joe Escobedo, Jr., Ella Flores, Roberto C. Flores, Robert D. Gallegos, Tina Garcia, Manuel Guajardo, Manuel R. Gonzalez, Elida Saenz Matthews, Eugenia Rios, Elisa Vasquez, Gilbert Zamora, Jr., Manuel Urbina II, Gilbert Hinojosa, Joseph Cantu, Gregory Flores, Carlos Hernandez, and Jesus Abrego.

Mr. Speaker, the recipients of the "Henry B. Gonzalez" award are dedicated and hard-working individuals who have done so much for their neighbors and for this nation as a whole. Today, I stand to recognize their spirit and to say that I am honored to be their Representative.