

change our institutions, we need to change our culture. Mr. Speaker, every one of us has a responsibility and an obligation and the privilege to do that.

MEDICARE PRESCRIPTION DRUG PROGRAM

The SPEAKER pro tempore (Mr. KELLER). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I wanted to spend the time this evening talking about the need for a Medicare prescription drug program and also highlight the fact that more and more of my constituents, and I know this is true all over the country, are concerned about the price of prescription drugs and their inability to buy the medicine or prescription drugs that they feel that is necessary.

I have been to the floor, to the well here many times over the last 2 years, basically saying that we need on the one hand a benefit, a Federal benefit under Medicare to provide prescription drug funding for seniors through Medicare, through the Federal Government and through the Medicare program. But at the same time I have said that we need the coverage that would come from a Federal benefit, we also need to deal with the issue of price because prices continue to go up.

I know that many times during the debate that we had a few weeks ago over prescription drugs, when the Republican leadership would talk about their initiative, their bill that ultimately passed the House, and compare it with the Democratic proposal, which they did not allow to come to the floor, that there had been a hot and heated discussion about the differences between the two bills.

Of course, I have been very critical of the Republican proposal because it is not Medicare. It does not provide a guaranteed benefit, and it does not address the issue of price; and essentially, what the Republicans did when they passed a prescription drug bill a few weeks ago is that they decided to give some money to private insurance companies to essentially subsidize private insurance companies in the hope that they would offer drug-only or medicine-only policies to seniors that the seniors would find affordable.

My major concern over the Republican proposal is that like HMOs, which are private health insurance, that these private insurance companies simply would not offer a prescription drug plan, that there would be many areas in the country where there would be no coverage or even if there was a private insurer that decided to provide a prescription drug-only policy, that it would not be affordable and that essentially we would be passing a program that would never work and no one would be able to take advantage of as a senior citizen, or at least the average senior citizen.

I contrasted that and I continue to with the Democratic proposal, which, as I said, the Republicans never allowed us to bring up; but the Democratic proposal was simply an expansion of Medicare. We have a great Medicare program that almost all seniors participate in, covers their hospitalization, covers their doctors' bills. And what the Democrats said is we would simply add another plank, or provision, to Medicare so that seniors could pay \$25 a month in a premium. After the \$100 deductible, would get 80 percent of their prescription drug costs paid for by the Federal Government under Medicare, and after \$2,000 out-of-pocket expenditures for these seniors with higher drug bills 100 percent of the costs would be paid for by the Federal Government under Medicare.

It is a very simple process, expansion of Medicare. The price issue was addressed by the Democrats, unlike the Republicans, because the Democrats said that the Secretary of Health and Human Services, who basically administers the Medicare program now, would have the bargaining power of 30 to 40 million American seniors under Medicare, and he would be mandated by the Democratic bill to negotiate to reduce prices substantially, maybe 30, 40 percent.

So we had a price provision in there, too. The Republican bill, of course, could not do that kind of negotiation essentially with the Republican bill because it is with private insurance companies. It is not Medicare, and all the seniors would not be covered; but just in case there was some concern about trying to reduce price, the Republican bill specifically had a noninterference clause that said that the administrator of the program could not set up a price stricture or negotiate lower prices.

So we know the Republicans were not seeking to address the price issue. They wanted to make sure, in fact, that it was not addressed at all.

During this whole debate, a lot of my colleagues said to me, even some constituents said to me, why would the Republicans want to put forth this sham? Why would the Republicans want to pretend that they are putting forth a prescription drug plan that no private insurance company will offer or that no senior would be able to take advantage of? And why do they not want to address the issue of price?

The answer to that is fairly simple, and that is because of the special interests, because the brand-name companies do not want a Medicare benefit. They are afraid that if there is a Medicare prescription drug benefit like the Democrat's proposal and they are afraid that if there is an effort to address price, that somehow they will lose profits. I do not believe that because I think if they cover everybody under a universal program, they will be selling more medicine and they will make more money.

□ 2045

Even if the price does come down individually for the senior, the overall fact that so many more seniors are in the program should make the drug companies happy.

But they do not feel that way. They are opposed to the Democratic proposal, and they are doing whatever they can financially to make sure that the Republican proposal passes and the Democratic proposal does not. They have been taking out ads, they have been financing a huge ad program, they have been giving a lot of money to Republican candidates, Congressmen, and Senators, but I will go into that as part of this special order this evening a little later.

What I really want to point out is that this effort on the part of these large pharmaceutical brand name companies to do this, in my opinion, is very much linked to the overall problem we have in this country that has been highlighted in the last few weeks of corporate irresponsibility. We know that many of the corporations, and I do not have to go through the list, Enron, WorldCom, there are so many out there now, that basically doctored the books at the request of certain CEOs or financial officers, used accounting systems to basically doctor the books and show that they had profits when they were actually operating at a net loss or at a lot less profit than they reported. And so nationally, and here in the Congress, in the House of Representatives, we are getting a lot of my colleagues on both sides of the aisle coming up and talking about the need for corporate responsibility; the need for companies, large corporations, to be responsible in their actions.

I would suggest to my colleagues that the effort of the prescription drug industry to mask what they are doing, to give large contributions to candidates, to run massive ad campaigns where they did not even indicate they are paying the cost of them in order to support candidates or to support the Republican bill, is another example of what I call corporate irresponsibility. They need to be held to task.

Now, I want to talk a little tonight, if I could, Mr. Speaker, about some of the things that these pharmaceutical companies have been doing to promote the Republican proposal and to oppose the Democratic alternative. As we know, the other body, this week or next, will be taking up a prescription drug bill. And since the other body is dominated by the Democrats, the proposals that are out there are Medicare prescription drug programs, very much like the House Democratic bill. So we will probably have the opportunity at some point in conference to see the House Republican version and the Democratic version from the other body. So these efforts by the pharmaceutical companies to kill the House Democratic bill will obviously extend over the next few weeks in an effort to kill the Democratic majority bill in the other House as well.

During the course of the debate that we had in the Committee on Energy and Commerce on the Republican proposal here in the House, we actually had to end our debate and our committee hearing one night in the middle of the markup of the bill because Republicans had to go to a fund-raiser that was being given by the National Republican Committee that was being paid for, in large part, or in significant part, by the pharmaceutical companies.

I want to give a little flavor of that and then I want to talk about the ad campaign, because I see one of my colleagues has joined us tonight and I certainly want to yield to him.

But regarding the debate a few weeks ago in the Committee on Energy and Commerce, there was an article in the Washington Post, and I just want to read a little bit from it, it says, "Drug Firms Among Big Donors at GOP Event. Pharmaceutical companies are among 21 donors paying \$250,000 each for red carpet treatment at tonight's GOP fundraiser gala starring President Bush, 2 days after Republicans unveiled the prescription drug plan the industry is backing, according to GOP officials." Not Democrats, but GOP officials.

"Drug companies, in particular, have made a rich investment in tonight's event. Robert Ingram, Glaxo-Smith-Klein PLC's chief operating officer, is the chief corporate fundraiser for the gala. His company gave at least \$250,000. Pharmaceutical Research and Manufacturers of America, a trade group funded by the drug companies, kicked in \$250,000, too. PhRMA, as it is best known inside the beltway, is also helping underwrite a TV ad campaign touting the GOP's prescription drug plan. Pfizer contributed at least \$100,000 to the event, enough to earn the company the status of a vice chair for the dinner. Eli Lilly and Company, Bayer, AG and Merck each paid up to \$50,000 to sponsor a table. Republican officials said other drug companies donated money as part of the fund-raising extravaganza."

Then it says, "Every company giving money to the event has business before Congress. But the juxtaposition of the prescription drug debate on Capitol Hill and drug companies helping underwrite a major fundraiser highlights the tight relationship lawmakers have with groups seeking to influence the work before them. A senior House GOP leadership aide said yesterday that Republicans are working hard behind the scenes on behalf of PhRMA to make sure that the party's prescription drug plan for the elderly suits drug companies."

Now, we had an editorial from the New York Times Saturday, June 22, and I just want to read a certain section where it says: "House Republicans, who regard traditional Medicare as antiquated, would provide money to private insurance companies, a big source of GOP campaign donations, to

offer prescription drug policies. The idea of relying on private companies seems more ideological than practical. Even with Federal subsidies, it is unclear that enough insurance companies would be willing to participate and provide the economies that come from competition."

So the bottom line is, and the reason why this scam, the reason why this Republican proposal, which relies on private insurance companies and does not address the price issue is out there and passed the House is because of the contributions from the drug companies.

And just today, and there is so much more I could talk about, but I want to hear from my colleague from Maine, just today, Public Citizen issued a report and basically unmasked the ad campaign that PhRMA and the other drug companies have been conducting, which started, I guess, about a month ago and continues.

Basically, what PhRMA and the drug companies are doing is they are contributing money to United Seniors Association, which is the front senior group that is now running these issue ads in various Republican districts, telling people how wonderful Republican Congressmen are because they voted for this Republican bill, this sham bill.

It is amazing to me. I had no idea how much money we were talking about here. A few weeks ago we thought it was \$2 million, \$3 million, or \$4 million. Now this report from Public Citizen shows clearly that it is already \$10 million, and who knows where it is going, \$20 million, \$30 million, \$40 million, \$50 million, maybe \$100 million that the drug industry is going to pay to try to promote the Republican bill.

I just want to give a little breakdown of some of the things that this report says about United Seniors Association that is fronting the pharmaceutical industry ads. It says today that "Public Citizen estimates that USA," that United Seniors Association, I hate to use the acronym USA for them, but that is what they use, I guess, "that United Seniors Association has spent \$12 million on issue ads during the past 17 months. The lion's share of this spending, \$9.6 million, was used to promote President Bush and House Republican leaders' prescription drug plan."

It is amazing to me, because this talks about how in the 2000 election United Seniors Association joined Citizens for Better Medicare, which was also a drug industry front group created by the brand name drug company's trade association PhRMA, and they spent approximately \$65 million on TV advertising, a large chunk dedicated to electioneering issue ads.

So I do not know, the sky is the limit. I have to assume that we are probably talking, what, maybe \$100 million, if 2 years ago it was 65. Maybe now it will be 100. With inflation and everything, it is probably going to go up.

I will not go into all this now because I see my colleague from Maine. But we

have to point out, and I want to say to my colleague, who has been the person that has been the most outspoken in this Congress on the issue of price, and how the price of prescription drugs is just making it impossible for so many people, and not just senior citizens but all Americans, to afford their medicine any more. It is just a shame that the reason this is happening is because of the money coming from the brand name drug industry.

I said before that we keep talking about corporate responsibility. I think this is the height of corporate irresponsibility that they spend this kind of money to basically back a plan that will help no one, in my opinion.

I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, I thank the gentleman from New Jersey for yielding to me and for his leadership on this issue; for constantly trying to articulate to the American people the profound differences between the Republican prescription drug plan and the Democratic alternative here in the House.

As the gentleman knows, the Republican plan that was passed last month in this House was really a remarkable plan. Members on the Republican side stood up and said there is a \$35-a-month premium. They repeated it over and over again, \$35-a-month premium. Yet when we go to the bill and try to find the \$35 figure in the bill, it is not there. It is only an estimate. This is a bill with no guaranteed monthly premium, no guaranteed copayment, no guaranteed reduction in price.

It is one of those marvelous things that my friends on the other side of the aisle think will somehow emerge from the wonders of the private sector; that we will have a private stand-alone insurance policy that will take care of seniors. It is remarkable that they can imagine a world in which the insurance industry, which has said repeatedly we really do not want to provide these kinds of insurance policies, will have a change of heart and will step forward and will provide a policy that will not change year to year, will have a consistent premium, a consistent copay, and some reduction in price. We know it will not happen.

Anybody who has been paying any attention to politics in the last 2 years knows that if this prescription drug coverage for seniors were a priority for the Republican Party, it would have been brought up last year; that it would have been brought up before the tax cut. But for Republicans, tax cuts for the wealthy are far more important than prescription drug coverage for seniors. Now we can see that, as the gentleman referred to a few moments ago, the pharmaceutical company is thanking our friends on the Republican side of the aisle for coming up with this sham proposal and voting for it.

This is a hope, which has proved successful in the past, that if you repeat something often enough to a large enough group of people, a certain percentage of them will actually believe

it. And that is basically what is going on. Almost \$10 million spent by the pharmaceutical industry in the last 15 months or so, \$4.6 million in the last 2 months alone, thanking Republicans for supporting a bill that has no guaranteed premium, no guaranteed benefit, no guaranteed reduction in price, no guaranteed copay, but sounds good.

It is another election year inoculation. And if we are not successful this year in passing a real prescription drug benefit, then 2 years from now Republicans will step forward and they will say, just before the next election, we have a plan. We have a plan, and somehow it will, like magic, emerge.

There was a physician in Bangor, Maine, who wrote recently in a letter to the editor, and I quote, "The bill would be dropped like a bad date by House Republicans if they and President Bush did not need it in reelection campaigns."

It seems to me that this really comes down to a question of values, and the fundamental value is whether the first priority, when it comes to prescription drugs, is to protect the profits of the pharmaceutical industry or whether the first priority is to make sure that our seniors can afford to buy the drugs that their doctors tell them they have to take.

Now, the first half of last year, as my colleague will remember, the President traveled all across the country, and there was not any talk of prescription drugs for seniors then. It was one theme repeated over and over and over again: It was simply, "It is not the government's money, it is your money."

□ 2100

Mr. Speaker, it was an appeal to the American people to think of themselves first, to think of their own individual interests before the common good. That appeal was pounded in in the first 6 months of the administration, pounded in over and over again. It is not the government's money; it is your money.

What is the refrain today? Now that we are deep in deficit with \$165 billion projected deficit for this year with a comparable deficit projected for next year, is there an effort to say, We are in this problem together and we have to work out of it together? No. What we see is the same kind of appeal to individual interests over the common good and the common interest.

Mr. Speaker, the question really is when it comes to prescription drugs and the other issues that we face before us, whether the governing ideal of this House of Representatives will be me first or all of us together. That really is the fundamental choice. Those who come and say we are going to rely on private stand-alone insurance for prescription drugs for seniors are really saying that each individual should go out and buy his or her own insurance policy rather than having the Secretary of Health and Human Services,

as in the Democratic bill, negotiate lower prices on behalf of all Medicare beneficiaries.

That is what we have done in our legislation. We have said seniors belong to the largest health care plan in the country. It is called Medicare. Well, they ought to get a discount. If they are in the largest health care plan and 39 million Americans are getting their prescription drugs through Medicare, there ought to be a discount that reflects the market power of that buying group; but seniors on Medicare do not have the buying power of Aetna beneficiaries or Cigna beneficiaries. They do not have bargaining power at all today.

We have this anomaly. We have the largest group of health care beneficiaries in the country, Medicare beneficiaries, paying the highest prices not just in the United States but in the world for their prescription drugs. Here we have a group of seniors that make up 12 percent of the population, but they buy one-third of all prescription drugs, 33 percent of all prescription drugs. Half of them have either no coverage or very inadequate coverage for their prescription drugs, and our friends on the Republican side of the aisle, for fear of strengthening Medicare because it is a Federal health care plan, are basically saying no, no, you have to rely on the private insurance market.

In Maine and many other rural States, 15 to be exact, there is no private managed care under Medicare, no options at all. And those who say the private market provides more choice ignore the fact when private insurance companies do not want to offer prescription drug coverage or health insurance in a particular area, they just pull up and leave.

We have a program that works. It is called Medicare. It has kept our seniors with affordable health care despite its flaws, despite its problems. There is not a health care plan in the world that does not have problems. It has lifted seniors out of the condition where a trip to the hospital meant a trip to the bankruptcy court as well. That is something we have to preserve.

But coming back to this question of values, what we have seen in all of the corporate scandals over the last few years is an attitude at the top in too many American corporations which basically comes down to the same thing, me first. I will get mine. We will cook the books, drive up the stock price, and then the CEOs and officers sellout. And who gets hit in the end? The shareholders get hit in the pocketbook. Shareholders find that their pensions have dropped dramatically. What happens to the workers? They get laid off. They do not have all this money tucked away. They cannot party on their yachts when they leave the company, as some CEOs have done. They are stuck. This is fundamentally a question about values.

Are we going to take our common problems and deal with them as com-

mon problems, or are we going to say to the American people, as our friends on the other side of the aisle do all the time, each person on his own? Each person stands alone. Do the best you can with what you have got, but we are certainly not going to all work together.

Well, it is time for this country to pull together. It is time for us to take our common challenges, our economic challenges, our health care challenges, our environmental challenges and work together to build a better and stronger America. I know we can do it; but we have to shed that old motto, the "me first" motto and get to something that really reflects how much we depend on each other and how much we need to work together to build a better country.

Mr. Speaker, I thank the gentleman from New Jersey (Mr. PALLONE) for his leadership on this issue.

Mr. PALLONE. Mr. Speaker, I have to say until I saw this latest information about the level of funding that was going to United Seniors Association and how much money they were spending on this ad campaign, I still was under the belief that some of our Republican colleagues did not like the Democratic proposal and liked the private insurance option because ideologically they did not like Medicare, they thought Medicare was not a good program, they did not like government, and they had a hard time supporting a government program like Medicare, even if it works, because it is a government program.

But I am becoming more cynical now as I see the level of funding that is being spent on these ad campaigns and how it is just targeting Republicans, and particularly Republicans that are vulnerable. If we talk about a \$100 million ad campaign divided over some of the most seriously contested seats, it will be almost as much money as some of the candidates will spend on their own campaigns. I think the support on the other side is linked to the money, is linked to the fact that PhRMA and the drug companies are putting all this money out to promote Republican campaigns.

I am so glad that the gentleman raised the value issue. That is what this is about. This is about some greedy people who want to make more profit and do not care about the consequences for the average senior.

Last week, last Thursday I believe, there was a bus load of about 50 seniors that came from New Jersey. They did not go to Canada; they were highlighting that they were taking a bus to come to Washington instead of Canada. The gentleman from Maine knows about all of the people that go over to Canada because of the cheaper drug prices. We had 15 buses that went the week before to Canada from all of the border States. All the seniors from New Jersey were talking about was the price, how the price of prescription drugs keeps going up, and it is so

unaffordable to them. I do not understand how these brand-name drug companies can spend \$100 million on ad campaigns which are going to do nothing more than prevent these senior citizens from getting the medicine that they need. It is pathetic. It really is.

Mr. ALLEN. Mr. Speaker, they may be spending millions and millions on contributions to candidates, on TV ads promoting their point of view, or the feel-good ads about the industry itself as a way of trying to resurrect the industry's image; but it is also the case that many of the drugs that they have been developing these days are so close to drugs that already exist on the market that they cannot get the kind of sales volumes they want without a very heavy investment into direct-to-consumer advertising. Last year the industry spent \$2.5 billion on direct-to-consumer advertising. We can feel what has happened to the industry. It really has become a marketing operation. They depend very much on blockbuster drugs. Some of those drugs are blockbuster. This is an industry that does some remarkable things, but they move from the argument that we are earning very high profits right now to the conclusion that we have to sustain those profits at exactly the level we are at; and more particularly, that we have to charge our seniors the highest prices in the world in order to get enough money to do research. That is not true.

Just think about it. We are 280 million people in this country. Thirty-nine million are on Medicare. That is a very small percentage of the total market for prescription drugs in this country. There are 330 million people living in Europe, 125 million living in Japan, 25 million living in Canada. There are lots of people around the world who are buying prescription drugs. They are all paying lower prices than the seniors, that 39 million or maybe half that, really, half that group which is buying their prescription drugs from the pharmacist with no support from an insurance company.

Mr. Speaker, it just cannot be the 20 million Americans, very high prices charged to 20 million Americans, is the salvation of the pharmaceutical industry. It cannot be. It is not true.

But if we give enough money to groups like United Seniors Association, which sounds like a legitimate seniors organization, and they will run ads supporting the pharmaceutical industry's solution to the issue that is raised here, thanking our friends on the Republican side of the aisle for supporting a bill that will do virtually nothing for America's seniors, then we begin to understand how money has distorted the policy-making process in this House.

It is profoundly troubling that we cannot get a clean vote even. We could not get a clean vote from the Republican Committee on Rules on the Democratic alternative. That, I think, is a scandal that if people fully understood, they would be outraged about.

They expect us to have a debate here. They expect us to have a choice between competing alternative plans, and we do not. The Democratic plan gets buried in a few minutes of debate on a procedural motion. That is another part of the scandal that really we need to deal with.

If we do not pass a real Medicare prescription drug bill this year, we will just do it again 2 years down the road. They will come in with a bogus plan and hope that once again for the third cycle in a row that enough of the American people will be fooled into thinking that for them, prescription drugs is as important as tax cuts for the wealthy. It is not. We know it is not; but that is the continuing effort, to try to prove that they care.

Mr. PALLONE. Mr. Speaker, reclaiming my time, what I do not understand, it seems to me if we provide a Medicare benefit the way we have proposed as Democrats, and we take in that other half of the senior population, 20 million that are having problems, some of them are not buying the drugs or have difficulty, we are going to increase the volume of sales that the brand-name manufacturers are going to have. If we do some of the other things, like the gentleman has addressed the issue of price, not just in the context of a senior benefit, but we have collectively talked about doing more with generics, like the other body passed the bill last week that would plug up the loopholes and make it easier to move to generics.

□ 2115

We have talked about this: I know that in the other body, one of the Members has a bill which I have sponsored here that would eliminate the tax underwriting of advertising for pharmaceuticals. I mean, those are the kinds of things that would make a lot more people, even those who are not seniors, able to buy drugs. Even generics, a lot of the brand-name companies own a lot of the generic companies too, so it is not like there is this huge division between generics and brand names. A lot of the brand-name companies manufacture generics too.

So why is it that they do not see the increased volume that would come with that with many more Americans purchasing the drugs, even at a reduced price, as basically lifting their sales and their profits as well? That is what I do not understand.

Mr. ALLEN. Mr. Speaker, I am confident that they do. They do, in fact, understand that. The evidence I would give for that is the largest pharmaceutical company, Pfizer, has offered to seniors living under 200 percent of the poverty level, with incomes of less than 200 percent of the poverty level, they have said that we will sell to you all of our drugs, which average in retail \$61 or \$62 a month; we will sell all of our drugs to you for \$15 a month. That is a 75 percent discount; \$61 and \$62 drugs on average, all of them for \$15 a month. How can they do that? Well,

they will sell more medication. They will sell more drugs. We can bet that the cost of producing pills is a very, very small amount of the sale price. There is a lot that goes into research and development, no question. There is a lot, obviously, that goes into marketing. But the cost of production itself is a minor thing.

Mr. PALLONE. So what the gentleman is saying is that there may be one or two companies that see the benefit if they can get a larger volume; but overall, the trade group PhRMA does not see it that way, and they would rather keep their prices artificially high.

Mr. ALLEN. Mr. Speaker, I would distinguish between what they say and what they believe. Because if we look at all of the pharmaceutical industry drug discount card plans, they are out there advertising their discounts at being between 25 and 40 percent. That is what we have been talking about with my legislation and with other bills, getting to a 25 to 40 percent discount for all seniors. The pharmaceutical industry is out there saying, we have discount cards that will do that; we have discount prices that will do that.

Now, the question is, if they are willing to do that, what is the problem with the legislation that requires them to do that? Well, the answer is, we do not want to be hemmed in. We do not want to be required. We do not want the government to be able to tell us what to charge. In fact, a promise that is made on a temporary basis to say, we are going to promise you 25 to 40 percent does not mean they can actually deliver that or will deliver it. They will, in all likelihood, do what they have done with all of their other markets, which is charge what the market will bear; and if they give a little bit of a discount today, they may take it away tomorrow.

Seniors need predictability and continuity and stability in their Medicare plan. They need to know what the benefits are; they need to know what the premiums are for whatever services they are getting. If it is a physician service or if it is, as we have proposed, a prescription drug benefit on top of that, they need to have predictability. The pharmaceutical industry is not willing to provide it voluntarily. That is why we need legislation, so that seniors can sleep at night knowing that they are going to be able to take the medication that their doctors tell them they have to take.

That ultimately is the goal, because ultimately, lifesaving prescription drugs should not be dispensed on the basis of seniors' income. They ought to be dispensed on the basis that everyone who needs the medication will be able to get it; everyone should be able to have to pay some portion of the cost, but people who need lifesaving drugs ought to be able to get them.

Mr. PALLONE. Mr. Speaker, I see that the gentleman from Ohio (Mr.

STRICKLAND) is here joining me. I know he was there at the Committee on Commerce markup the day that we had to adjourn so that the chairman, the Republican chairman of the committee and other Republican members could go to the big fundraiser; and at the end, at 5 o'clock, because we knew that the clock was getting close to 5 and they had to leave for the fundraiser, we were sort of kidding them and hoping that they would stay for an extra half hour or hour; but boy, they certainly did not want to do that; they were determined to get out of there by 5 o'clock, no matter what. I mean, I laugh, and it really is not funny, because we have talked about the consequences in terms of seniors. But there is no question about what they were up to that night.

Mr. STRICKLAND. Mr. Speaker, I want to thank my friend. I was there and, as the gentleman knows, the next day we worked all day long and all night long; and we finally passed out a bill which only provides coverage for a person who has a prescription drug need of \$400 a month. The bill that finally passed out, the Republicans passed it out, would only provide coverage for 4½ months out of the 12-month year; and yet the poor senior would have to pay premiums every month, even during the months when they were receiving no coverage at all and, as the gentleman knows, they tell us that the premium would be on average \$35 a month, but there is no guarantee that it would not be \$65 or \$85 or \$125 a month.

So it is quite shameful, I think, that at a time when nearly every person in this Chamber, as they go home and talk to their constituents, say the right words, and they tell their seniors that they want to get them a prescription drug benefit and they want it to be affordable and they want it to provide choice, but when it comes to making the tough decisions here in this Chamber, they simply make the wrong decision.

Now, the Democratic proposal would add a voluntary drug benefit to Medicare. Why is that important? I know the gentleman from New Jersey and the gentleman from Maine have been talking about the fact that every citizen in every other country on Earth pays less for their prescription medications than does the American citizen. That is really quite sad because, as the gentleman knows, so many of these drugs are discovered, developed using tax dollars. So the American citizen pays the taxes to help develop these drugs, and then the pharmaceutical companies decide they are going to charge American citizens more than citizens anywhere else on Earth. That is shameful, and we ought to change it.

But there is something that I think is even more shameful than that, and that is the fact that here in America, America's most vulnerable, who are our elderly, our seniors citizens, end up paying more for their drugs than do

HMOs or large insurance companies or even the Federal Government. Why is that? It is simply because the individual senior citizen does not have any clout when it comes to buying their medications. They are only one little individual. And the large insurance companies, the large HMOs and the Federal Government, they buy in bulk, they buy in large quantities, and so they can get discounts. But the individual senior citizen, because we have no Medicare benefit, just simply is on their own. It is quite shameful.

It is troubling to me that this vulnerable population, the people who are most likely to be on fixed incomes, are seniors; the people most likely to have chronic health conditions that require continuous medications for the rest of life are senior citizens. The population that is most likely to need multiple medications are senior citizens. Yet senior citizens are the ones who are being charged the most for the medications. There is something really fundamentally wrong about that. I believe the American people expect us to fix that problem.

I hope the American people are paying attention, because we are going to have an election here in 4 months or so, and I believe that those of us who are willing to stand up to the pharmaceutical companies, to stand for America's senior citizens, to fight for a Medicare prescription drug benefit that is predictable, affordable, voluntary, accessible to any senior who wants to participate, I think we are the ones, quite frankly, who deserve to be returned to this lofty Chamber; and I believe those who will not support America's senior citizens, quite frankly, do not deserve to return to this Chamber.

So I hope the American people are paying attention. It is important that they pay attention to the details because, as the gentleman knows, the devil is always in the details, and words are cheap, talk is cheap. Certainly actions speak louder than words, especially when it comes to this particular issue.

I would like to point out another problem that I think deserves attention. The Congress, I think, must take action in this era of corporate misdeeds. They must look at the drug industry's behavior, including the misstatement of profits and the abuse of patents.

Particularly damaging to consumers is when drug companies use patent laws to file frivolous claims that extend their market exclusivity, blocking far more affordable generic drugs from coming to the market. I would just like to use a case in point.

Prilosec is a case study of the failure of our current patent law. Many seniors in my district take Prilosec. It is a good medication. It is the number one medication prescribed for seniors for the treatment of heartburn and acid reflux disease. Now, the original patent for Prilosec expired in October of 2001, but the manufacturer delayed

market entry of a generic by filing nearly a dozen lawsuits and by claiming that Prilosec has unique benefits when administered with applesauce. As a result, the generic manufacturer had to do time-consuming research on how the generic research works when given with applesauce before it could be approved.

In 2001, the company had Prilosec sales of more than, and this is an astounding figure, more than \$16 million per day. And during the year, the company raised the price of Prilosec by more than four times that of the rest of the inflation within our economy.

Now, this specific scenario and others like it amount to an incredible windfall for the drug industry, one that Congress simply must not allow to continue. These higher drug prices hurt seniors who depend on Medicare the most, because they are not shielded by the full cost of drugs like those who have insurance coverage.

During the past 10 years, 10 of the 50 drugs most frequently used by seniors were generic drugs, while the remaining 40 were brand-name drugs. Now, the prices of generic drugs used most frequently by seniors rose 1.8 percent, 1.8 percent from January 2001 to January 2002. During the same period, prices for the brand-name drugs increased by an average of 8.1 percent, or three times the rate of inflation.

So I think this brings us to only one reasonable conclusion and that is that we need a voluntary prescription drug benefit with a predictable premium that is a part of the Medicare benefit package that America's seniors can depend upon, just as they depend upon the Medicare system today.

As I said, I hope the American people are paying attention, because talk is cheap, actions speak louder than words; and those who do what is right for America's senior citizens, in my judgment, are those who deserve to remain in this institution. And those who turn their back on America's seniors and instead support the pharmaceutical industry, they are the ones that I think have relinquished their right to serve here.

□ 2130

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman because he brought up so many good points on this issue. But particularly when the gentleman was talking about the roadblocks, if you will, that the brand-name companies put up to try to prevent generics from coming to the market, I think that is so significant.

As the gentleman mentioned earlier, the other body last week actually passed out of committee a bill that would close a lot of these loopholes with the generics, and particularly this idea that once they file suit, it is up to 30 months that they can prevent the generic from coming to market. Thirty months? We are talking about almost 3 years, 2½ years, which is absolutely crazy, when we know all these seniors that are out there that are suffering.

In fact, they passed that bill before they even passed the benefit bill. They are probably going to attach the benefit structure to that bill. I have to say that the other body, I think in large part because they have a Democratic majority, has been trying to address this price issue even before, in a sense, they have addressed the benefit issue, because they realize how important the price issue is.

The gentleman could argue, and I do not agree with that, but the gentleman could argue that if we addressed the price issue effectively, that that would go far toward solving the problem. I still think we need the benefit; but we need both, essentially.

I just find that so often the issue of price, though, is what people talk about, as my colleague, the gentleman from Maine, knows. That is what our constituents are constantly bringing up when we have a town meeting or when we see them on the street. That is what they talk about: how to address the price issue.

The Republicans here in the House did absolutely nothing to address that issue. They had that noninterference clause. I actually brought it with me, because it is amazing.

The gentleman will remember, in the Committee on Commerce markup, they never even mentioned it. They sort of suggested they were going to have discounts through competition. I remember the Republican chairman kept saying, well, we are going to have discounts.

I think the gentlewoman from Connecticut (Mrs. JOHNSON) on the floor said there was going to be a discount because of competition between the private insurance companies. But they have right in the bill, I am just going to read it, that "the administrator may not institute a price structure for the reimbursement of covered outpatient drugs, or interfere in any way with negotiations between the sponsors and Medicare+Choice organizations and drug manufacturers" that relate to price. In other words, they cannot bring up the price issue in the course of negotiations.

It is just amazing to me how, on the one hand, they suggest that somehow these private insurance companies are going to compete with each other, but that has to be totally on their own. That cannot be anything that the administrator of the Medicare program does. They cannot interfere in any way to try to bring the price down.

Mr. STRICKLAND. If the gentleman will continue to yield, Mr. Speaker, that provision certainly was influenced by the pharmaceutical industry. Basically, they are putting into law a prohibition on the Secretary of Health and Human Services, who is supposed to be representing the American people. They are really going to try to prohibit him by law from doing anything that is going to lower the prices of these prescription drugs.

Mr. PALLONE. Exactly.

Mr. STRICKLAND. Why would we do that if it were not simply to satisfy the pharmaceutical industry?

I want to tell the gentleman, this is not a Republican or Democratic issue back home at the grassroots. I went to a VFW hall this past Sunday morning for breakfast, and there were people there at that hall that were talking about not being able to afford their medicines. They were Republicans and Democrats. This is an issue that cuts across parties.

It cuts across economic levels, as well, because people can be fairly well-to-do and be unable to see that their parents or their relatives or their neighbors, their elderly neighbors, have access to life-saving medications.

People are sick of this. They are absolutely outraged at what is happening. Why that outrage does not result in some meaningful action here in the House of Representatives is beyond me. This problem has been with us for quite some time. We talk and we talk, and we have campaigns, and we say we are going to do something about it; yet time passes, and then we go through that kind of farcical exercise that we went through in our committee, where every amendment that we brought up that was designed to make these drugs more affordable was shot down by our Republican friends. They simply would not take the first step in trying to lower the cost of these drugs.

They use all kinds of rhetoric. They talk about price controls. Well, I think when a pharmaceutical company charges a large HMO a certain amount for a medication and then charges some elderly, sick, income-limited senior citizen two or three times as much for that same medication, I think that is price discrimination; and I think that is what we should be looking for, getting rid of price discrimination that is directed toward America's most vulnerable citizens.

Mr. PALLONE. Mr. Speaker, if the gentleman will remember specifically, they actually went the opposite direction, because they wanted to eliminate the Medicaid, not Medicare, but the Medicaid price structure, if you will. And actually they did vote to do that at one point and suggested that somehow it was something that the pharmaceutical industry opposed; that somehow the pharmaceutical industry did not want to eliminate the pricing structure that existed under Medicaid. That is just not true. That was another thing that was a bone, basically, to the pharmaceutical industry.

And then I remember the biggest affront to me is when, I think it was our colleague, the gentleman from Michigan (Mr. STUPAK), who introduced a couple of amendments that would basically use the negotiating or price structure, the price negotiations that we use now for the VA and I guess maybe for military, as well, and we just wanted to take that and use it for seniors. They said no, no, we do not want that; we cannot do that for sen-

iors. We can do it for the military and the veterans, but we cannot do it for the seniors. It was amazing.

Mr. Speaker, I yield to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding; and I agree with my friend, the gentleman from Ohio, that this is really an issue of price discrimination. Why do seniors in America pay the highest prices in the world? It is because, frankly, they do not have any bargaining power or leverage now. The only way they can get that leverage, get that bargaining power, is through Medicare, through giving the Secretary of Health and Human Services the ability to bargain on their behalf.

I have to smile sometimes when we hear about how competition is going to drive down price. Well, I am open to hearing from anybody the last time there was a price war among brand-name pharmaceutical companies, where first one cut prices and then another cut prices, and then the original one responded with a further cut in prices. I do not remember that happening, ever.

In fact, the prices basically keep going up, even though the utilization is also going up. Even though people are using more drugs, they are buying more drugs; and it does not cost that much to make them. So when people use more Prilosec, or whatever, the profits go up at a very rapid rate; but even so, the pharmaceutical companies are increasing prices on brand-name drugs. We do not have competition.

Mr. PALLONE. We do not because we have a monopoly. Basically, the patent structure is giving a particular company a monopoly for that particular drug for a period of time. Unless we allow generics or others to come in, which they obviously try to prevent, as my colleague, the gentleman from Ohio, mentioned, we essentially have a monopoly for a period of time and do not have competition.

The thing that was amazing to me, too, is this whole idea that they are going to create competition among the private insurance companies, but the private insurance companies do not even offer the insurance. How can there be any competition? That is the competition they are talking about with the private insurance companies.

Mr. STRICKLAND. If my friend, the gentleman from New Jersey (Mr. PALLONE), will continue to yield, I keep going back to the fact, how long are the American people going to tolerate this situation? We can go to Canada, we can go to Mexico, Belgium, England, Japan, we can go anywhere on Earth and buy medications that are developed within this country, many of them, in part using American taxpayer dollars; and we can buy those medications with much less cost to the consumer than the American citizen must pay.

How much longer are the American people going to put up with that situation? This is just a matter of gross discrimination. American citizens are subsidizing the costs of prescription medications for citizens all over this world. When are we going to put a stop to it? When are we going to say that our people are being treated unfairly?

Then, when are we going to say that in this country, America's seniors are not going to continue to be gouged and charged more than insurance companies or HMOs for the same medication? It seems like a no-brainer to me. I cannot understand why there is so much determination on the other side of the aisle to keep us from taking action against this situation.

Mr. PALLONE. I want to thank my colleagues. The answer, obviously, is because of what the brand-name pharmaceutical companies are doing to pay for the ads and pay for the campaigns. It is the special interest money.

REPORT ON H.R. 5120, TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2003

Mr. ISTOOK (during the Special Order of Mr. PALLONE), from the Committee on Appropriations, submitted a privileged report (Rept. No. 107-575) on the bill (H.R. 5120) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 2003, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. SHUSTER). Pursuant to clause 1, rule XXI, all points of order are reserved on the bill.

REPORT ON H.R. 5121, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2003

Mr. ISTOOK (during the Special Order of Mr. PALLONE), from the Committee on Appropriations, submitted a privileged report (Rept. No. 107-576) on the bill (H.R. 5121) making appropriations for the Legislative Branch for the fiscal year ending September 30, 2003, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. Pursuant to clause 1, rule XXI, all points of order are reserved on the bill.

RECOMMENDING VIGOROUS PROSECUTION OF CORPORATE WRONGDOERS

The SPEAKER pro tempore (Mr. SHUSTER). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes.

Mr. MCINNIS. Mr. Speaker, I have heard the gentleman from Ohio (Mr.

STRICKLAND), and I have heard the previous speaker make a little comment about political donations. I hope the gentlemen have the opportunity to read the article this morning about the Democratic Party, the Democratic National Committee, and their \$100,000 sponsorship. They were hosted by Bristol-Myers this weekend. That is the prescription drug company. I think that is what these guys are talking about.

The gentleman from Ohio (Mr. STRICKLAND) I have a good deal of respect for. He is very capable, a bright gentleman. But I would like the gentleman to show me anybody on this House floor, anybody on this House floor who opposes seniors.

He makes a statement out here on the House floor about, well, we should be the party, I guess he is referring to the Democrats, we should be the party that comes back here because the Republicans are against seniors. I challenge the gentleman from Ohio (Mr. STRICKLAND) to show me one Republican or one Democrat or one Independent or Socialist, whatever our one party is registered as, show me one person on this House floor, just one, I say to the gentleman, that is opposed to seniors.

I do not know anybody opposed to seniors. That is as absurd as the statement we hear in here, well, they are against education. Show me one Congressman, show me one elected official in this Nation, whether it is a State representative, whether it is a school board member, whether it is a city council member, whether it is a Congressman, whether it is an appointed position in our political system, a cabinet member, that is opposed to education.

These statements are absurd on their face. They should not be made in a debate, where we really want results, or we want solutions. The prudent man is not going to come up here and accuse the other side of being against seniors: they do not support seniors, they do not like seniors, they want prescription care costs to continue to skyrocket. There is nobody in this country that wants that. I do not know anybody opposed to seniors.

If Members really want to get progress, if they really want to have bipartisan efforts towards a solution, do not stand up here and blatantly make statements that the other side is opposed to education, or the other side is opposed to seniors. We do not get anywhere doing that.

So I would suggest, constructively and in a positive fashion, to my colleagues to entertain a few more positive statements. Maybe they do not agree with the process, or maybe they have a disagreement with one of the proposals dealing with a matter that impacts seniors. Then address the proposal, instead of doing the politically expedient thing, and that is to take a jab at the other party by saying, well, they oppose seniors, in whole.

Obviously, Mr. Speaker, that is not the purpose of me being here today, although I do mention it; and it was with interest that Bristol-Myers, who announced last week, one of these corporations that is looking at restating their earnings, or they took some income in by prepay of customers when they picked up their drugs at the pharmacy, I do want to note that as the Democrats, as they were attacking us this evening, take a look at who hosted their event this weekend, this last weekend.

So both parties need to be very careful about that kind of thing, because there is some corporate sickness out there.

Let me give an example. Go to any shopping mall we can find in the country and look for the most beat-up car, the most beat-up automobile we can find on the shopping mall lot and tell people around there that you are going to steal the car so somebody will call the police and say you are stealing the car. Then drive that car off the parking lot. Try and steal the car.

Do Members know what is going to happen in our society? No matter what the value of the car, and let us just say it is the biggest piece of junk we would ever see in our life, and the car is worth \$200, that is all anybody would give us, \$200, probably to drive it straight to a junkyard, you drive it off, get it on the street, and immediately the police, the law enforcement in our Nation, the police will stop the vehicle. They will surround you.

I used to be a police officer, and I know what it is like to make a stolen car arrest. We do not go up and issue a ticket. We get out of the car, hold a weapon on them, a deadly weapon, and we aim it at them, right where we could kill them if they tried to make any kind of move towards us. We demand and order them out of their car.

□ 2145

You have them lay on the pavement. You immediately go up. You take that car thief. You put them in handcuffs. You take them back to your police unit and you take them to jail. That is exactly what you do for somebody that steals a junk car. And yet today what we are witnessing in this country is corporate thievery the likes that we have never seen.

Last week we had a guy named Scott Sullivan, 40 years old or so, who was the chief financial officer for a corporation called WorldCom. And he was up here testifying in front of the United States Congress. Actually he refused to testify. But he was up here in front of the committee with a big smirk on his face. He took away tens and tens and tens of millions of dollars away from that corporation. By the way, he has never been in handcuffs. He has never ever been surrounded by police officers with their weapons drawn. And while he was smirking in front of that committee, as he was full of himself, construction continued on his 20 or \$25