in this country and says, gee, I hope I get sick so I can use some money out of the pot. There is nobody that crazy in our country. Everybody wants insurance there when they are sick and particularly they want to feel independent, they have taken care of it themselves. It is not their children that have to do it or their grandchildren.

My father died a couple of years ago at 93. My mother is 93, and we four kids in my family have not had to spend anything on our mother's health or our father's health. Like every American, we pay our taxes into the pot, and they have taken out when they needed to; and that has gone on over the entire country.

What they are saying in this bill is send your mother out and let her pick her own plan. That is wrong; and as we watch this debate, understand that is what they are saying to every senior citizen. Here is your money; good luck, Grandma; I hope you find something for yourself.

I hope every Member votes ''no'' on this. We could do better than this.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. STRICKLAND) is recognized for 5 minutes.

(Mr. STRICKLAND addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

## PRESCRIPTION DRUG PRICES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Texas (Mr. NEUGEBAUER) is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUGEBAUER. Mr. Speaker, I yield to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, I want to thank the gentleman from Texas (Mr. NEUGEBAUER) for yielding to me, and I want to thank him for claiming the time.

I rise tonight to talk about an issue where we have had a lot of discussion so far tonight. We have had a lot of discussion during this entire legislative session. In fact, we have had a lot of discussion for a number of years, and that is the issue of the price that Americans pay for prescription drugs relative to the rest of the industrialized world; and the gentleman from Texas (Mr. NEUGEBAUER) was good enough to join us in what really is an overwhelming majority of Members of the House who voted on this issue earlier this year.

It all started several years ago for me when I went to a town hall meeting in Faribault, Minnesota, and there were a lot of seniors there; and they were talking about their trips up to Canada to save some money on prescription drugs. It was a little like a Nolan Ryan fastball. It just blew right by me, and I guess I decided if they wanted to go to Canada to buy their drugs, that is fine by me; and I never thought much about the issue.

They continued to pester me about this, saying things like, why is it we as seniors are treated like common criminal, just because we are trying to save a few bucks on prescription drugs; and still I did not pay much attention to the issue until something totally unrelated happened.

The price of pigs collapsed. Live hogs dropped from about $37 per hundred weight down to about $7, and we produce a lot of hogs in my part of the world. My pork producers kept calling me saying, Congressman, can you not do something about this; and so I called the Secretary of Commerce, and I called the Secretary of Agriculture. I got essentially the same answer. I should finish the story. What they really complained about was all of these Canadian hogs coming across our borders making our supply-and-demand situation even worse, and they said can you not do something at least about all these Canadian hogs.

I called the Secretary of Agriculture, called the Secretary of Commerce, got essentially the same answer. They said, well, that is NAFTA. That is free trade. We cannot stop the Canadian hogs from coming in, and all of a sudden a lightbulb went on over my head, and I said, wait a minute, you mean we have free markets and free trades when it comes to pork bellies, but not when it comes to Prilosec? I think the Secretary of Commerce sort of chuckled and said, well, I guess that is right.

That is when I began this little crusade of mine, and I began to study this issue even more, and Mr. Speaker, the more I have learned, the more I realized we in Congress need to do something about this because we created this environment. Unlike some of my friends on the left, I usually do not spend a whole lot of time saying shame on the pharmaceutical companies. I say shame on us because essentially we have created an environment that they are taking advantage of. We protect them like no other product from foreign competition, but let me talk first about the differences between what we pay in the United States versus what they pay in the rest of the industrialized world.

Let me give my colleagues some examples. We were in Munich, Germany, earlier this year; and we purchased 10 of the most commonly prescribed prescription drugs off the shelf at the Munich airport pharmacy, and here are some of the prices we paid.

We bought 10 tablets of Cipro, 250 milligrams for $35.12 American. That same product here in Washington, D.C., is $55. We bought Coumadin. That is a drug my father takes. It is a blood thinner that was developed at the University of Wisconsin. The generic version is called Warfarin. It actually is a rat poison. We bought it in Germany, 100 tablets, 5 milligrams for $21. That same package of drugs here in the United States, same product, made by the same company, under the same FDA approval, sells here in the United States not for $21 but for $89.95.

Glucophage, a miracle drug for diabetes, a drug that we purchased in Germany, 30 tablets, 850 milligrams, $5 in Germany, $29.95.

Pravachol, Prozac, Synthroid, all the same story. Come down here to this one, and this is the one that really gets to my gizzard, and that is the issue of the anticancer drugs, where we, American taxpayers, have paid so much to develop these drugs. Tamoxifen, we bought, in fact the actual number, we rounded it off here. It was $59.05 for 60 tablets, 20 milligrams of Tamoxifen. An amazing drug, a miracle drug in terms of the treatment of breast cancer. That same drug we checked here in Washington, D.C., local pharmacy, $360, six times more in the United States. Here is what really chaps my hide.

American taxpayers paid to develop that drug. As a matter of fact, through the NIH we paid to take that drug all the way through phrase two trials. The American taxpayer paid to take that drug through phase two trials, and then we licensed it to one of the pharmaceutical companies, and they sell it back to us.

Clearly, we ought to pay our fair share of the cost of research. I think we ought to subsidize the people in sub-Saharan Africa, but I do not think the American taxpayers and the American consumers should have to subsidize the starving Swiss or the starving Germans. It really is time for them to pay their fair share.

Mr. Speaker, we have to ask is it really fair to make American consumers pay six times more for a drug that they paid to develop and take through phase two trials? This story goes on.

If we look down here at Zoloft, $82.52 in Germany, $132.95 for American consumers and the story goes on; and some people say, well, that is because in some countries they fix the prices. They have price controls. In some respects that is true, but it is not always true.

For example, in Great Britain, the pharmaceutical companies can sell their drugs for whatever they want. There are no price controls in Great Britain. That is according to a report that was done and paid for by the Pharmaceutical Association in Europe, done, we have a copy of it in my office; and if any Member would like a copy, they can just call and we will send them a copy. Essentially what they do in Great Britain is they can charge whatever they want, but the British medical plan will only reimburse so much for these drugs, and they found that consumers in Great Britain have a tremendous amount of resistance to paying huge co-pays.

I have a drug here, Cipro, a marvelous drug. We bought this in Germany, $35 in Germany, $55 here in the

United States, and my colleagues do not have to take my word for it. They do not have to just take my word for it now. More and more of the media are actually doing their own research, and here is another copy and Members can get a copy of this by going to my office, calling my office. I think we may even have this on our Web site. There is one done by USA Today. This was done by the Associated Press; and I will not bore my colleagues with all the numbers, but they are exactly the same, and they compare the prices.

For example, Lipitor in the United States, the best price they could find online in the U.S., 10 milligrams, 90 tablets each, Lipitor, $207.99. One can buy that drug in Canada, the online price, $132.07. Paxil, $80.99 in the United States, $40.80 in Canada; and those stories go on and on. Vioxx, an amazing drug. I guess it is an antirheumatoid-type drug. Fortunately, I do not have to take it yet, but it is $85.99 in the United States. It is only $36.17 in Canada.

But the real issue is, why is it that the world's best customers pay the world's highest prices? That is a fair question. It seems to me we as policymakers for the United States of America ought to ask that question, and we ought to demand better answers.

I want to come back to something I mentioned earlier; and I had the Congressional Research Service do a little research for me, and I asked is there any other product class that you can think of where we provide so much protection from competition from the same product from abroad? They went through and they did some research, and in fact, I will just read from what the CRS says, and they are our official researcher. I will quote. It said: ''We have been unable to locate any statutory provisions similar in language and structure to the one in the Food and Drug Cosmetic Act.'' In other words, nobody enjoys that kind of protection.

Matter of fact, they went even further. They said: ''As indicated above, our research has uncovered no other statute that contains language similar to that in section 381(d),'' and this is the interesting thing. Even heavily regulated industries such as chemicals, pollutants and munitions are not apparently subject to the statutory provisions limiting reimportation of the product to its original manufacturer.

□ 2115

In other words, there is no other product class.

Now, some people say, well, safety. It is all about safety. We want to protect the consumers. Members, understand this, we keep incredibly good records in terms of how many people have become seriously ill or died from taking drugs from other countries. The FDA keeps those records and the CDC keeps those records. As far as we can determine, and this is under testimony that was given in front of a subcommittee of the Committee on Government Reform, and it is an easy number to remember, it is zero. It is a nice round number.

Now, you contrast that to how many people get very ill and die every year from food-borne pathogens. Now, it is the Food and Drug Administration, and yet for some unknown reason, some reason unknown to me, we have set, for things like Cipro, we have set the bar impossibly high. We have an absolutist standard. But when it comes to fruits and vegetables, we barely even look at them when they come into the country.

The bottom line is you can get just as sick, as a matter of fact you can die, from food-borne pathogens. By their own studies, the FDA acknowledges that 2 percent of the fruits and vegetables that come into the United States every day, 2 percent of them, are contaminated with food-borne pathogens, including things like salmonella. My colleagues, if you get salmonella, and particularly if you have any other kind of medical problem going on in your system at that time, you can die.

We know, for example, in the last 2 years, that 2,264 Americans have become seriously ill from eating raspberries from Guatemala. Do we stop raspberries from Guatemala from coming in today? I do not think so. Forty percent of the orange juice that Americans consume comes from other countries, and yet it comes right in. They say, well, gee whiz, somebody might get in there and contaminate the drug supply. What about contaminating the orange juice supply? It seems to me we have this ridiculous measure when it comes to safety for prescription drugs and virtually no measure when it comes to our food supply.

Now, I am not saying we need to have a much stronger implementation of a security system for fruits and vegetables, but it seems to me if you are going to have one standard for fruits and vegetables and another standard for prescription drugs, at least we, as public policymakers, ought to demand some kind of a rationale from the Food and Drug Administration.

Now, the bill we are going to probably consider here at the end of the week does nothing about allowing Americans to have access to world-class drugs at world-market prices, and I think that is a terrible mistake. Because I think, here in Washington, we have spent so much time talking about coverage, we have to find ways to get people coverage for prescription drug benefits, that we have missed the big picture. The issue is not so much about coverage. Every senior in America qualifies to buy prescription drug coverage. They can buy it through the AARP. Prescription drug coverage is available in lots of ways from lots of sources. The issue is not coverage, the issue is affordability. And that is the tragic problem with the bill that we will consider later this week, and that is that it does precious little to deal with affordability.

Now, the sponsors are going to say, well, wait a second, Congressman GUTKNECHT, we are going to create these systems, sort of like the Federal Employees Health Benefit Plan, and that is going to bring down and hold down the price of prescription drugs. Well, we have some evidence of just how well the Federal Employees Health Benefit Plan does in terms of lowering the cost of prescription drugs. Let me give some examples.

For example, the Blue Cross/Blue Shield plan that services Federal employees, they do get a discount on Coumadin. I mentioned here that Coumadin, at the retail price in the United States, can be $90, or $89.95. Well, the Blue Cross/Blue Shield plan does not pay $89.95. They get a discount. They buy it for $55.31. The Mail Handlers Plan, however, does not get their drugs for $55, they pay $72.24. My colleagues, you can buy that same drug off the shelf in Munich, Germany, at the Munich Airport pharmacy, for $21. In other words, the Blue Cross/Blue Shield plan pays more than double what the Blue Cross/Blue Shield Federal Employees Benefit Plan does.

And it goes on. Take Glucophage. We talked about Glucophage. Well, this is in a different quantity. We are talking about a larger prescription. But the Glucophage they are buying using the Federal Employees Benefit Plan, they buy it for $90 for the Blue Cross/Blue Shield plan. The Mail Handlers pay $118. The HMO plan, they get a heck of a deal, they buy it for $18.30. But you can buy it right off the shelf in Germany for $22 for that exact same drug.

And the story goes on with all of the plans. And Members, do not take my word for it. This is information that was done by the gentleman from Oklahoma (Mr. ISTOOK) and his subcommittee staff, where they did some comparisons about what we pay even through the Federal Employees Benefit Plan versus prices off the shelf in Canada, in Europe, and other industrialized countries. And the answer is that in every category we pay a lot more, even with the discounts that we get for the Federal employees.

As I say, I think we ought to pay our fair share, and I believe research is important. I am vice president of the Committee on Science, and I am proud of the fact we Americans represent 6 percent of the world's population, but we represent over half of the basic research done in the world. That is important. And I think it is important that the pharmaceutical companies continue to do that kind of research. But I think Members have to understand that we subsidize that research here in the United States in three separate ways.

First of all, we subsidize it through the Tax Code. Now, when these pharmaceutical companies say, well, we spend so much on research, well, you might just ask them how much are you able to write-off on your Federal tax forms? And if you do business in Puerto Rico, how much Federal income tax do you pay? And in addition to that, is

it not true over the last 10 years you have taken over $28 billion in investment tax credits for the research that you do; for research and development tax credits? So you add it up, and the net real cost to the pharmaceutical industry is much less than they sometimes say.

And, incidentally, more and more independent groups, bipartisan groups, nonpartisan groups are coming to the same conclusion, and that is that the pharmaceutical industry is now spending more money on marketing and advertising, in fact, in some cases some companies dramatically more on marketing and advertising than they are for research. So research is important, but we pay for it through the Tax Code. We subsidize it through the Tax Code.

We subsidize it also in the amount that we spend on research. I mentioned that I am proud of the fact that we finance an awful lot of research with taxpayers' dollars here in Washington. This year we will spend upwards of $27 billion through the NIH, the CDC, even the Department of Defense on research projects which will directly or indirectly benefit the pharmaceutical industry.

And then, finally, of course, the way we subsidize them is in the prices we pay. I think once is enough. I think once we help to develop Taxoxiphen, we ought to at least be able to buy it at world market prices for American consumers.

This is a huge issue, my colleagues. And it is one that more and more seniors, and not only seniors but American consumers in general understand this issue. And I think there is a feeling here that if we just pass this prescription drug benefit plan that somehow this will go away. Well, Members, you need to understand a few things about, ultimately, the facts about this prescription drug benefit. And I am not here to criticize the Medicare reforms, I think most of the Medicare reforms we are talking about in this bill are very good, very necessary, and perhaps even overdue. But when you start talking about the prescription drug benefit, I hope you will understand, at least from my perspective, the facts:

First of all, this bill, they purport, is going to cost $400 billion. I think it is going to be a lot more than $400 billion, because we do not have effective ways of dealing with the cost, we are going to pay in the affordability of these drugs. But let us say it is $400 billion. Well, the CBO tells us virtually every dollar of that is going to have to be borrowed. To pay for this new entitlement, we are literally going to have to borrow the money from our kids and grandkids. In some respects, I think that is a terrible tragedy.

But as we look at the overall issue, what is going to happen is next year, by the time people begin to understand this, they are going to say, now, wait a second, and whether it is going to be 16 percent or 36 percent, no one really knows, but we do know this, there will be people who have prescription drug coverage today, through their former employers, who are going to be pushed off of the system and all of a sudden they are going to be thrown into this new government plan, and what they are going to find out is it is not as generous as the plan that they had through their former employer, for the most part. And they are not going to be happy.

I think a lot of conservatives and taxpayers are not going to be happy when they see the cost of this. And I think as they look at the final issue, if next year they look at the system and say, wait a second, you mean even after this, we are still going to be spending $360, or some number, let us say we get a 15 percent discount or a 20 percent discount off $360, that is roughly a $72 discount, that gets the prices down to about $290. That still is a lot more than they are paying in Europe for the same drugs.

No, I think Americans should pay their fair share. I think we are paying our fair share. But I think if we pass this bill later this week without dealing with the fundamental cause, or one of the fundamental drivers of this whole debate in affordability, it seems to me we are making a huge mistake. And it is one I think the voters will not be appreciative of once they begin to realize.

Yes, we need to reform Medicare. We have 50 million baby boomers moving on their way towards retirement. And it is inevitable that as we go forward, we have to do something about reforming the Medicare system. We have to make it fairer. We have to give consumers and seniors more choices. But if we are going to add a prescription drug benefit to the package, this new $400 billion entitlement, and going up in my opinion, then it seems to me we have an obligation to make sure American consumers, American taxpayers are getting their monies worth.

So I would hope that Members would at least pause and ask the question what are we going to do about opening up markets? What are we going to do to control the cost of these prescription drugs? What are we going to do to make them more affordable for American consumers? I think the answer ultimately to me is quite simple, and that is give the market access. Do what we do with those pig producers, require some competition across the border. Allow prescription drugs to work as virtually every other market does.

When markets work, when competition works, prices will level. And the net result is that we will pay considerably less in the United States. And some of the people in other industrialized countries are going to probably have to pay a little more. But that is the way markets work. They tend to level.

Mr. Speaker, again I want to thank the gentleman from Texas (Mr. NEUGEBAUER) for giving me the chance to present some of these things tonight. I know that not everyone agrees with me. I try to be respectful when I debate and discuss these, but it is such an important issue. And if I could just close with one other point, because some people say this cannot be done safely.

Members, I would encourage you to take a look at the newest technology that exists today. This is not pie in the sky. I have the technology right here in this little vial literally about 100 computer clips. And within 2 years, most of the products being sold at Wal-Mart stores will have these on them. This is the new UPC codes. And these little computer chips in this vial, there are about 100 of them, they are so small you cannot see them, but they will be able to track that product literally so that you will know when it runs through the scanner that this Cipro was produced at the Munich, Germany, plant on September 3, 2001 at 1 p.m. in the afternoon and it is in fact Cipro.

So the idea that we do not have the technology to do this today is really laughable. It exists. It is being used on other products. It will expand and be used even more. But, Mr. Speaker, and particularly the gentleman from Texas (Mr. NEUGEBAUER), I appreciate having the opportunity to present some of these things. If Members would like more information from my office or want to go to my Web site, simply go to gil.house.gov. We have some great charts which explain this.

As John Adams said, ''Facts are stubborn things.'' This is a stubborn thing. This chart is not going to go away. And under the bill we are considering this week, it will not change much. Ultimately, we have the power to change it. The FDA works for us, not the other way around. It is not shame on the pharmaceutical industry, it is shame on us.

## DECLINING MEDICARE REIMBURSEMENT FOR PHYSICIANS

The SPEAKER pro tempore (Mr. TANCREDO). Under a previous order of the House, the gentleman from Alabama (Mr. GINGREY) is recognized for 5 minutes.

Mr. GINGREY. Mr. Speaker, I rise again today, as I have a number of times before, to call attention to declining Medicare reimbursements for physicians.

Effective January 1, 2004, physicians and other providers paid pursuant to the Medicare physician fee schedule, face at least a 4.5 percent cut in reimbursements.

□ 2130

Mr. Speaker, I have been outspoken on this issue and have described several instances in which the citizens of Georgia and our Nation will be negatively affected by this cut. There is a staffing issue within the trauma center at Grady Memorial Hospital in Atlanta.