

prescription drugs or if that is what the cost is, they are going to get \$1,650 of that \$3,000, and for that \$1,650, they are going to pay \$2,645. That is not a good deal for them. It is a very bad deal.

Granted, some of the impoverished people who are a little bit below the poverty line are going to get a better deal than that, but the average senior is going to pay more than they are going to get if their bill is say a \$3,000 prescription drug bill because they are going to pay \$2,645 for the coverage that they are going to get, and that is \$1,650 of the \$3,000.

I think that the AARP people and everybody else ought to take a hard look at that because I think the American seniors are being misled about this. We need to provide prescription drug coverage for those who truly need it, who cannot get it because of health reasons or cannot afford it, but we should have not a program that covers everybody when we cannot afford that. The cost is going to be extraordinarily high.

What we should be doing instead is working on reimportation, market prices and competition, as the gentleman from Minnesota (Mr. GUTKNECHT) has been advocating for a long, long time. If we did that, we could solve the problem, and we would not have to spend hundreds of billions of dollars of taxpayers' money to do it.

Mr. DELAHUNT. Mr. Speaker, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from Massachusetts.

Mr. DELAHUNT. Mr. Speaker, I really want to applaud the gentleman for his work, along with the gentleman from Minnesota (Mr. GUTKNECHT), on the reimportation of drugs.

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

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

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

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

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. LANGEVIN) is recognized for 5 minutes. (Mr. LANGEVIN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### MEDICARE CONFERENCE REPORT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from New Jersey (Mr. PALLONE) is recognized for half the time until midnight as the designee of the minority leader, which is approximately 10 minutes.

Mr. PALLONE. Mr. Speaker, I just tell my colleague from Massachusetts that I will be glad to have him join in and make some comments during the course of my 10 minutes if he likes.

I just wanted to follow up on some of the debate that was held this evening on the motion to instruct from the gentlewoman from Nevada and particularly pay attention to some of the comments that were made by some of my Republican colleagues who I know are well-intentioned but I think were very wrong in what they said about this Medicare conference report that we are going to be voting on in a few days.

First of all, I mentioned earlier when the gentlewoman from New Mexico said that Medicare is very successful, and I said to her at the time, well, if it is very successful, then why are the Republicans in this Medicare conference report trying to essentially change and gut and I think destroy Medicare the way we know it?

□ 2340

Now, what the Democrats have been saying all along is, if you have a pot of money and you want to provide prescription drugs to senior citizens pursuant to the Medicare program, which you admit is a successful program, then why not just add the prescription drug benefit to the existing Medicare program?

We know right now that all seniors are entitled to Medicare, because if they are over a certain age, they are entitled to Medicare. It is an entitlement. We have a program for hospital care; we have a part B program for doctor care. And what the Democrats have been saying is we can simply do for prescription drugs the same thing we do with the physician care, the physician payment. Like part B, which right now says if you pay \$50 a month, and after the first \$100 deductible, 80 percent of your doctor bills are paid for by the Federal Government, up to a certain amount, at which time 100 percent of your bills are paid for by the Federal Government. Democrats have been saying we can add a prescription drug benefit to Medicare in the same way.

And what we actually proposed and voted on here in the House of Representatives during the summer was exactly that, a program that would say you pay \$25 a month premium, after

the first \$100 deductible on your drug bills, 80 percent of the cost is paid for by the Federal Government. You have a 20 percent copay. And at a certain point, after you have paid a certain amount out of pocket, 100 percent of the costs are paid for by the Federal Government. Very simple. It builds on the existing Medicare program.

That is not what the Republicans are doing here. This is not even about a prescription drug benefit any more, because they are not providing a meaningful benefit. And I want to associate myself with the remarks made by the gentleman from Indiana (Mr. BURTON) when he said this is not even a benefit you will want to sign up for because you will end up paying more out of pocket than you will get back in actual benefit. So it is not a real benefit. It is not a meaningful benefit. It is not an affordable benefit. It is not a comprehensive benefit.

Most importantly, the only way you get this prescription drug benefit under the Republican proposal is if you join an HMO. You are forced, contrary to what some of my colleagues said on the other side of the aisle, you are forced under this Republican plan to join an HMO. Because the only way you could get any kind of prescription drugs without the HMO or the private plan is if it is not available in your area.

What the Republicans have done is they are putting so much money, they are giving \$12 billion, \$1 billion, they are adding all this money to the private plans, to the HMOs, giving them all this extra money so that certainly there is going to be someone who is going to offer this managed care HMO plan, this private plan in your particular State or your particular jurisdiction, so you will be shut out. You will not be able to have traditional Medicare and get any kind of prescription drug benefit.

Now, I know that some of the discussion here tonight is, well, why does the AMA, the doctors support this? Well, why does the AARP support this? Why do the drug companies support this? There is a very simple answer to that, and it is that they are all getting a piece of the action. The AARP is essentially an insurance company, so they want to sell insurance. They think it is great. The insurance companies are all getting extra money, HMOs, private insurance companies, all getting big windfall profits from the Federal Government under this bill.

And the doctors? Well, they have been suffering. They face a 4.5 percent cut in their reimbursement rate. So what the Republican bill does is wipe out that cut and give them a 1.5 percent increase, I think. So, naturally, they feel well it is better to have a 1.5 percent increase than a 4 percent cut, so they get a piece of the pie. They think it is great.

Then what about the drug companies? Well, it is a windfall for them because there is no competition. There is no price controls. There is a specific

provision in the bill that says that the Secretary of Health and Human Services and the Medicare administrator cannot negotiate price reductions. We do it for the Veterans' Administration. We do it for the Department of Defense for our military. But we are not allowed to do it under this bill because the drug companies want a windfall.

Well, all that I have been saying and all the Democrats have been saying is if you really believe that HMOs and private plans can compete with the traditional Medicare, then why not just have pure competition? Do not give them all this money. Do not give the HMOs all this money, the insurance companies all this money. Do not give the windfall and prohibit the Secretary of Health and Human Services from negotiating prices. Have real competition. Say that the private plans have to really compete with the private plans and do not get any additional money. Or, in the case of the drug companies, have the Medicare administrator essentially negotiate through competition price reductions. That is what negotiation is all about. It is a form of competition. Do not say that they do not have the power to negotiate.

The one thing I want to say, and then I will yield to my colleague from Massachusetts, I listened to what the gentleman from Indiana (Mr. BURTON) said and he talked about reimportation. Reimportation is a form of competition. If you say that Canadian drugs can come in here, you are creating a form of free-market competition with the companies here that want to charge the higher prices.

But, no, we cannot have competition, we cannot have free market, we have to prohibit the Canadian drugs from coming in here. This bill is not competition. This is a windfall for the HMOs. This is a giveaway to the drug companies and the insurance companies.

And I want to yield to my colleague from Massachusetts because he wants to talk about the date.

Mr. DELAHUNT. Mr. Speaker, I want to pose a question to the gentleman from New Jersey (Mr. PALLONE) and then restate the question that I was going to ask to the gentleman from Indiana (Mr. BURTON).

I think it is important that the seniors in this country who happen to be viewing us tonight understand that next year, when they go to their local pharmacist and present their Medicare card, will they get a drug benefit under this particular proposal?

Mr. PALLONE. Reclaiming my time, Mr. Speaker, they will get nothing. They will get nothing, because under the Republican proposal, and I think it is very important that you mentioned it, this plan does not go into effect until the year 2006.

Mr. DELAHUNT. Mr. Speaker, if the gentleman will continue to yield to me, seniors better live to 2006. They do not want to get sick in 2003 or 2004 or 2005.

Now, I look at my two colleagues from the other side of the aisle, and I think we can all agree that next year, 2004, happens to be an election year. Is that an accurate statement?

Mr. PALLONE. Absolutely, for President, Senate, and House.

Mr. DELAHUNT. If the gentleman will continue to yield, the gentleman from Minnesota (Mr. GUTKNECHT) and the gentleman from Indiana (Mr. BURTON) are both here, so let me just emphasize this. One of the great bipartisan efforts that this House has witnessed since I have served in this Congress is under the leadership of both of those gentlemen, along with yourself, the gentleman from Illinois (Mr. EMANUEL), and other Democrats when we got through this Chamber against the forces of the pharmaceutical industry. And it was a shock for everyone, the right of Americans to reimport drugs from Canada. And so they deserve credit along with those who worked very hard to get it accomplished.

But can the gentleman from Indiana (Mr. BURTON) tell me, is there anything in this bill that will be coming to the floor this week that allows for reimportation? And if it does, is it real and tangible, something, as the gentleman from New Jersey indicates, which will allow for real competition? Because you know and the gentleman from Minnesota (Mr. GUTKNECHT) knows and the gentleman from New Jersey (Mr. PALLONE) knows, they purchase their drugs significantly cheaper in Canada than our folks do here.

Mr. BURTON of Indiana. Mr. Speaker, if the gentleman from New Jersey will yield, the language in the bill is essentially the same as it is right now, and that is that the head of the health agency, HHS, all he has to do is say there is a safety issue, which he has already said, and there will be no reimportation.

Mr. DELAHUNT. So there is no reimportation under this bill. That is important.

Mr. PALLONE. Mr. Speaker, I think the gentleman from Massachusetts is making a very good point, which is essentially this bill is nothing but an election-year gimmick. The bottom line is if they are really serious about providing a prescription drug benefit, and I will grant I do not like what they are suggesting, because I do not think it is a real benefit, why are they not doing it now? Why are they not doing it in 6 months? Why are they not doing it in a year? They wait until 2006 because they do not have any intention of doing anything, and they are hoping people do not find out until 2006 what a terrible bill this is.

As the gentleman from Indiana (Mr. BURTON) said, even if you bought into the idea we could wait until 2006, and I do not, why not let reimportation take place in the meantime, so at least people can get the cheaper drugs from Canada? But they are not going to do that because they want the drug companies to have the windfall, and the

drug companies are against reimportation.

Mr. DELAHUNT. Mr. Speaker, if the gentleman will yield for a moment, what is happening here is competition is being precluded by this bill and huge amounts of dollars, tens of billions of dollars, are being given to the pharmaceutical industry. That is what this bill is about.

□ 2350

#### FAIR DRUG PRICES IN AMERICA

The SPEAKER pro tempore (Mr. BISHOP of Utah). Under the Speaker's announced policy of January 7, 2003, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized until midnight as the designee of the majority leader.

Mr. GUTKNECHT. Mr. Speaker, I want to respond to something that the gentleman from Massachusetts (Mr. DELAHUNT) just spoke about. He asked if there would be any chance for market competition or bringing access to markets into this bill. The truth of the matter is, and I think the gentleman from Indiana answered the question almost correctly, the answer is this bill actually makes the situation worse.

Currently, under current law, and this is not part of my bill, but this is current law, Americans have access to drugs from 26 different countries subject to the approval of the Secretary of HHS. Under the present Republican and under the previous Democratic administrations, we have two administrations who have refused to allow Americans to really have that access. I would like to talk about this issue because I think Members need to know that some time later this week we are probably going to have a vote on this very important issue.

The gentleman from Massachusetts (Mr. DELAHUNT) also said the pharmaceutical companies might make tens of billions of dollars more in profits. I think that is probably being conservative. There is an estimate done by the University of Boston or Boston College as it used to be known, who has done a study who estimates that the pharmaceutical companies under this legislation stand to make an additional \$139 billion in profit.

Now, I am a Republican, I believe in profit. There is nothing wrong with the word "profit," but there is something wrong with the word "profiteer." I think it is a little like what the Supreme Court said a number of years ago about whether or not something was too graphic or whether or not it was pornography; we do not necessarily have to be able to define it to know it when you see it.

I want to talk about the differences between what Americans actually pay for prescription drugs. People may argue about the source of this chart, but the more one looks at this chart, the more other people have actually done their own analysis, they have