health insurance coverage and out-of-pocket expenses during retirement. Moreover, these costs are increasing. For example, between 1985 and 2005, the Consumer Price Index (CPI) for medical care rose by 185 percent compared to 82 percent for all other goods and services.

During this time period, families headed by persons aged 55 to 64 saw their real expenditures on health care rise from $2,459 to $3,410 (about 40 percent) while average spending by families headed by persons aged 65 to 74 likewise increased from $2,993 to $4,176. Similarly. families headed by persons above age 75 saw their annual health care spending increase from $3,006 to $4,210.

Through all of the above, the health insurance coverage provided to retirees has been shrinking. From 1993 to 2004, the percentage of employers with 500 workers or more offering health insurance to pre-Medicare eligible retirees fell from 46 percent to 28 percent. At the same time, the number of employers offering retiree health insurance to Medicare eligible retirees also decreased from 40 percent to 20 percent.

In this environment, it is important to note that, while the United States tax code provides incentives for the prefunding of both pension benefits and retirement savings, it does not provide similar incentives for the prefunding of retiree health benefits.

Accordingly, the Retiree Health Account Act would provide Americans with tax incentives to set aside funds for health costs. It would accomplish this by establishing Retiree Health Accounts (RHAs), which would be structured very similarly to 401(k) plans. For example, RHAs would have, the same maximum employee inflation-indexed contribution and annual addition limits. In addition, individuals 50 years or older would be allowed to make annual catch-up deferrals of up to $5,000.

Once a RHA account owner reaches age 55, he or she would be able to withdraw monies tax free, provided the funds are used to purchase qualifying medical care. Prior to age 55, monies could be withdrawn, but would be subject to a 10 percent penalty and ordinary income taxes. This penalty would be suspended, however, if the owner had become disabled or if the monies were used to cover health insurance premiums during periods of unemployment or to defray unreimbursed medical expenses. Similarly, RHA funds could be withdrawn without penalty, but subject to taxation, pursuant to a qualified domestic relations order. Finally, upon death, while a spouse could inherit a RHA without paying taxes, RHA funds would otherwise be subject to applicable income or estate taxes.

In addition to Retiree Health Accounts, this legislation would also allow individuals to establish Individual Health Accounts (IHAs). These accounts would be similar to Individual Retirement Accounts (IRAs) in structure and provide for the costs of retiree health care. For example, like IRAs, IHAs would have an annual contribution limit of $5,000, indexed to inflation, with individuals age 50 or older eligible to make annual catch up contributions of $1,000, also indexed for inflation. Unlike IRAs, however, contributions to IHAs would be prohibited once an individual becomes Medicare eligible. In addition, as with RHA funds, IHA funds could be withdrawn tax free if used to purchase medical care by an owner age 55 or older and without penalty if used before age 55 to meet the special circumstances of disability, unemployment, and extraordinary medical expenses. Likewise, IHA funds would not be subject to penalty if distributed pursuant to a qualified domestic relations order and could be inherited tax free only by a spouse.

To encourage lower-income Americans to take advantage of the opportunity to contribute to RHAs and IHAs, the Retiree Health Account Act would provide a refundable tax credit of up to $1,000 for eligible individuals. This tax credit would be indexed to inflation and the maximum lifetime credit would be $5,000.

Health care costs continue to increase while employer-sponsored retiree health benefits erode. However, we can help Americans prepare to meet their future health care costs by giving individuals an incentive and mechanism to help themselves. Accordingly, I ask my colleagues to join with me as I work to enact legislation authorizing Retiree Health Accounts.

PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT OF 2008

SPEECH OF

HON. CAROL SHEA-PORTER

OF NEW HAMSPHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 11, 2008

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 6003) to reauthorize Amtrak, and for other purposes:

Ms. SHEA-PORTER. Mr. Chairman, I rise today to voice my support for H.R. 6003, the Passenger Rail Investment and Improvement Act of 2008. And I would like to thank Chairman OBERSTAR for his leadership on this issue.

Mr. Chairman, as gas prices continue to rise and our highways become more congested, it becomes even more critical for us to support and encourage mass-transit alternatives. Amtrak will surely continue to play a significant role as one of these alternatives.

My home State of New Hampshire is served by the Amtrak Downeaster, connecting Portland, Maine to Boston. The Downeaster has truly been a success story from the beginning of its service in 2001. Ridership numbers have continued to increase year after year, highlighting the importance of Amtrak service to the region. In fact, so far this fiscal year, ridership of the Downeaster has reached nearly 300,000.

Yet even a rail line as successful and as important to our region as the Downeaster has difficulties turning a profit. While there are improvements to be made at Amtrak overall, passenger rail service in general requires investment and dedication. As we have seen with the Downeaster, this dedication yields significant returns in tourism and business dollars that come as a result of improving access to the communities served.

I look forward to voting in favor of H.R. 6003 and urge my colleagues to do the same.

TRIBUTE TO MR. GREY FLOWERS FERRIS

HON. BENNIE G. THOMPSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 18, 2008

Mr. THOMPSON of Mississippi. Madam Speaker, I rise to salute one of Mississippi's finest politicians and agriculturist, former State Senator and farmer, Mr. Grey Flowers Ferris. Grey was a lifelong advocate for public education and a marvelous steward of farmland. His steadfast devotion to his family, friends, and farming are remarkable and will never be forgotten.

Madam Speaker, not long after graduating from college and pursuing a career in politics, Ferris returned to his passion of farming. As a child he grew up on a farm with four other siblings and it was then when he discovered his love for farming.

Madam Speaker, as a local farmer and family man, Ferris developed a passion for creating a better future for the children of Mississippi. Ferris was elected to the first board of the Vicksburg-Warren School District and served working to unite the school systems. With the deep divisions in local education in the Warren County, Mississippi, region, Ferris decided to run for State Senate to better address the State's education challenges. During his two terms in MS State Senate, Ferris was elected to serve as chairman of the Senate Education Committee and worked to reform education in rural and underfunded areas in Mississippi. He served as a lead author of the Adequate Education Act, which regulated the way money was allocated and spent among public schools.

Madam Speaker, Grey not only worked hard to advocate for education but he was lover of the environment and a first class citizen. He was well-respected by his peers not only for who he was but more so for what he did.

Madam Speaker, Grey saw the need to and retained the desire to change the world. Grey stared racism in its ugly face and combated it. The people of Mississippi hold him with high regard and respect.

Madam Speaker, Grey Ferris was a man who saw the ability to serve the public as a privilege—not just an obligation. He served the citizens of Mississippi well through his continuous efforts of seating on the board of the Vicksburg Art Association, the Mercy Regional Medical Center, the Soil and Water Conservation Commission, the Mississippi School Board Association and the William Winter Institute for Racial Reconciliation.

Grey Ferris wore many hats—an advocate of education, a protester for equality, devoted family man, committed farmer, and fine and just politician who worked to ensure fairness among all citizens of Mississippi. Today, Madam Speaker, it gives me great pride to recognize and honor the many contributions and continuous service of Grey Flowers Ferris to the State of Mississippi.