House Committee on Appropriations printed in House Report 106–660. In total, these revisions reduce the Committee’s allocations by $201,000,000 in budget authority and $227,000,000 in outlays.

Floor action on H.R. 4577, the bill making fiscal year 2001 appropriations for the Departments of Labor, Health and Human Services, Education and Related Agencies, removed the emergency designation from $501,000,000 in budget authority contained in the House-reported bill. Outlays flowing from that budget authority totaled $240,000,000.

The allocations for the Departments of Housing and Urban Development, and Independent Agencies, include $300,000,000 in budget authority and $13,000,000 in outlays for emergencies. The allocations for the Handicapped Administration are further adjusted to reflect those amounts, establishing allocations of $501,180,000,000 in budget authority and $625,735,000,000 in outlays. Budgetary aggregates become $1,529,385,000,000 in budget authority and $1,494,956,000,000 in outlays.

As reported to the House, H.R. 4635, the bill making fiscal year 2001 appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies, includes $300,000,000 in budget authority and $13,000,000 in outlays for emergencies. The allocations for the Housing and Urban Development Appropriations Committee are further adjusted to reflect those amounts, establishing allocations of $501,480,000,000 in budget authority and $625,748,000,000 in outlays. Budgetary aggregates become $1,529,685,000,000 in budget authority and $1,494,969,000,000 in outlays.

These adjustments shall apply while the legislation is under consideration and shall take effect upon final enactment of the legislation. Questions may be directed to Dan Kowalski or Jim Bates at 67270.

**LOOKING AT WAYS TO CONTROL THE RISING PRICE OF GAS IN AMERICA**

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

Mr. FOSSELLA. Mr. Speaker, on June 21, the nations of OPEC will meet in Los Alamos that they are so busy working. Small business owners are forced to raise their fees, taxi drivers are forced to find alternative sources of income or go out of a job, small business owners who have to pay this additional freight, the additional gas costs.

Mr. Speaker, let me say that I think in more than the keep of promises that were made and not fulfilled, the American people deserve more of a response that allows the United States companies to increase production, to lessen the price at the pump, but we also I think have to look inside our unnecessary rules and regulations that cause those gas prices to jump as well.

For months now, more than a year, Members of Congress, both Democrats and Republicans, have tried to plead with the administration to find ways to stimulate domestic production to decrease our reliance on OPEC nations. If they want to keep those production levels at what they are now, fine. That is their right. I do not agree with it, but that is their right. But why can we not, the United States of America, find ways to decrease our reliance upon OPEC nations and look right here in our 50 States to develop ways to lessen the burden to that family at the pump?

Do the math. It is very simple. If you have a 15-gallon tank in your car, and you go to the pump, say, once a week, you are just going to fill up your car, and we have to take this number of kids to the Little League game or school. Over a month, you are looking at another $40 or $50 out of your family wallet. Over 6 months, you are in the $200 to $300 range. If you do a lot of driving, you have to fill up twice a week, we are talking about $500 or $600 for a 6-month period that has got to come from somewhere. It does not fall from the sky; it comes from the family wallet. That means no vacation perhaps; that means maybe we are not going to be able to buy the clothes for the kids once a week; maybe we are going to put off buying that microwave oven that we wanted.

What do we hear from the administration? Let us see if there is price gouging. Fine, go, see if there is price gouging, but also be honest with the American people and tell them that there are a lot of unnecessary rules and regulations and a commitment to keep production in this country down.

Looking at ways to control the rising price of gas in America.

The SPEAKER pro tempore. The Gentleman from Pennsylvania (Mr. PALLONE) is recognized for 60 minutes.

Mr. PALLONE. Thank you, Mr. Speaker.

The SPEAKER. The Gentleman from Pennsylvania is recognized for 60 minutes.

Mr. PALLONE. Thank you, Mr. Speaker.

Mr. Speaker, once again I would like to talk about the need for a Medicare prescription drug policy and talk a little bit about the Democratic plan, the President’s plan, in contrast with what I consider the lack of plan that the Republican leadership appears to have come up with and apparently is attempting to move through the House over the next week or two.

My colleague, the gentleman from Maine (Mr. ALLEN), has been a leader on this issue and introduced legislation more than a year ago to deal most specifically with the issue of price discrimination.

As he has said many times and I will reiterate, there are really two aspects to this Medicare prescription drug proposal. One is to provide the benefit, and the other is to make sure that the price discrimination that we have witnessed so often in the last few years does not continue.

I would like to commend the gentleman for all that he has done to address this issue of price discrimination with his legislation, and also with his effort to get so many cosponsors to that bill.

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

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding, Mr. Speaker.

Here we are again, back in the well of the House, talking about a problem that is a matter of immediate concern to seniors and others all across the country.

A little history. I want to talk in a few minutes about the debates that are going to be coming up this week and next week here in the Congress over the issue of prescription drugs, but a little history is worth recalling.

It was almost 2 years ago when I released the first study done by the Democratic staff of the Committee on Government Reform which shows that, on a weekly basis, senior citizens spend twice as much for their prescription medications as the drug companies’ best customers, being big hospitals, HMOs, and the Federal government itself buying either for Medicaid or through the Veterans Administration.

That is an astonishing difference, a difference of about 100 percent of the most commonly-prescribed prescription drugs.

**CONGRESSIONAL RECORD—HOUSE**

The SPEAKER pro tempore (Mr. Ose). Under the Speaker’s announced policy of January 6, 1999, the gentleman from Pennsylvania (Mr. PALLONE) is recognized for 60 minutes as the designation of minority leader.

Mr. PALLONE. Tonight, Mr. Speaker, once again I would like to talk about the need for a Medicare prescription drug policy, and talk a little bit about the Democratic plan, the President’s plan, in contrast with what I consider the lack of plan that the Republican leadership appears to have come up with and apparently is attempting to move through the House over the next week or two.

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That is an astonishing difference, a difference of about 100 percent of the most commonly-prescribed prescription drugs.
CONGRESSIONAL RECORD—HOUSE

June 19, 2000

We released that first study on July 2, 1998. In September I introduced legislation, September of 1998, that would provide prescription drug coverage for Medicare beneficiaries. It is on Medicare, to all Medicare beneficiaries. The bill would work very simply. It simply would provide that pharmacists would be able to buy drugs for Medicare beneficiaries at the best price given to the Federal government. It is called the Prescription Drug Fairness for Seniors Act, H.R. 664, in this Congress.

Then, in October of 1998, we did the first of the international comparisons. That was a study to show that Mainers are coming up with a prescription drug coverage, stand-alone prescription drug coverage. So one of the things we notice is this is the plan that the Republicans are rolling out in the House this week.

What we also notice is that, not by coincidence, the pharmaceutical industry is running ads suggesting that what we need to do is to have a national plan. We need to have a national plan that will provide prescription drug coverage, as well. Then it says that the plan provides that there should be room for private insurance companies to offer prescription drug coverage, stand-alone prescription drug coverage. So one of the things we notice is that plan that the Republicans are rolling out in the House this week.

It is an interesting ad. It says, “Learn label before legislating. Private drug insurance lowers prices 30 percent to 39 percent. Shouldn’t seniors have it?” Now, I think seniors should get that kind of discount. That is exactly the kind of discount that is reflected in the Prescription Drug Fairness for Seniors Act. But my bill would provide that Medicare negotiate lower prices for all 39 million Medicare beneficiaries. Under that kind of plan, Medicare would have real leverage to drive down prices.

What is interesting about this particular plan, this particular advertisement, is that a portion of it reads as follows: “12 million senior Americans now have no prescription drug insurance coverage. As a result, most of them pay full price for their medicines. That is because they don’t have the market clout that comes with a drug insurance benefit.”

Now, it is interesting, until last week the pharmaceutical industry was attacking my proposal and others on the grounds that if it provided a 20, 30, 40 percent discount to seniors, that they would have to cut back on research and development costs.

Here is an advertisement sponsored by PHARMA, the pharmaceutical industry, basically calling for a 30 to 39 percent discount.

The question that might arise is, why do they not simply give seniors a 30 to 39 percent discount now? They set the prices, they can lower them tomorrow. But they do not. This is an industry ad saying, protect us from ourselves. We say, to the seniors far more than we charge insurance companies, big hospitals, and HMOs, and the way to do that is to give private insurance to seniors.

Now, to some extent we might say, well, does that not make sense? But the truth is, there is a glitch. There is a problem. The insurance industry says, we are not going to provide private insurance for prescription drugs. They have said it over and over and over again. Yet, the Republicans in this House are bringing forth a plan that depends on HMOs and private insurance companies.

How does this work? What does it mean? Well, the private insurance, Chuck Grassley and others, the National Association of America, has said, we are not going to provide private insurance for prescription drugs because it is like ensuring against haircuts. There are so many claimants, in other words. They say to people up in Maine, if Maine were a low-lying State and 85 percent of the people every year put in a claim for flood insurance, we would not be able to buy flood insurance in Maine at any price. But 85 percent of seniors in this country take some form of prescription drugs. So despite the fact that the insurance industry is saying, we will not provide prescription drug insurance for seniors, the Republicans in this House are bringing up a plan that depends on private insurance for seniors. It will not work.

Why are they doing this? What is the purpose of the plan? The only conclusion we can come to is that the Republican plan is not a plan to help seniors afford their prescription drugs. What it is is a prescription for Republican Congressmen. It is a prescription to help them in November by having the appearance of a prescription drug plan for seniors but not the reality of a prescription drug plan for seniors. It is an illusion.

That is why it does not matter to the Republican leadership in this House whether the plan works or not, whether the insurance industry will actually provide insurance or not, or whether the plan will ever become law or not. It is designed as political cover. It is designed as a prescription drug theme for the fall elections, but not a prescription drug plan for seniors.

It is America’s seniors who need the help. It is America’s seniors who write to me, and I am sure to the gentleman from New Jersey, and send us a list of the cost of their prescription drugs. Then they show us what they are earning.

I have had people in my district say, “Here is the list.” I can remember a couple of women who wrote to me with basically the same kinds of numbers.
They both said, “My husband and I take about $650 of prescription drugs a month, but our two social security checks only come to $1,350. What can I make do?” so they do not take the medicines that their doctors tell them they have to take.

I have other women who have written to me and said, I do not want my husband to take it. I am not taking my prescription medication because he is sicker than I am, and we cannot both afford to take our medication. That is wrong in this country. It is absolutely wrong. We have the power in this Congress this year to do something about it.

As the gentleman knows, our task forces on the Democratic side have been working away developing plans that are not good politics, just good policy, policy that will help America’s seniors, a benefit under Medicare that will help so people can get payment for their prescription drugs; so they are not driven to the hospital because they cannot afford to take their medications; so they can pay their rent and their food and their electric bills and still get medications that they need.

That is what we are trying to do on this side of the aisle, but on the other side of the aisle what we have is private insurance. An astonishing ad, this one is. It says, in effect, protect us against ourselves. We are charging seniors too much and we know it, if only the private insurers would come in and cover America’s seniors, then we would reduce our prices to seniors.

But they know that this will never happen. Here is the pharmaceutical industry with its own misrepresentation yet again to the people of the country. They are advocating a plan that will never happen because in fact the insurance industry will never provide stand-alone prescription drug coverage to seniors.

This ad is a fraud, and the Republican plan is a fraud. It will not work. It will not happen. It is a prescription for Republican legislators in the fall.

I think what we need in this country is a recognition that this issue will not go away. This problem that seniors face today will not go away until it is fixed.

Every year, prescription drug spending goes up 15 to 18 percent year after year. So if we think we have got a big problem this year, a year from now, it will be 15 to 18 percent larger than it is right now. That is what we face in this country.

I just want to thank the gentleman from New Jersey (Mr. PALLONE) because this is a battle. We have a raid against traditional medicare and the HMOs. What we need to do, there is no reason, there is absolutely no reason to say that the only way we can give seniors prescription drug coverage is to pay private insurers to pay HMOs to provide that coverage when the insurers say they will not do it anyway.

I mean, it makes no sense. We need a stronger and better and more comprehensive Medicare. We need a plan that will provide continuity and predictability and stability and equity. That is what we need. That is what we need.

All the talk about choice and all the talk about private insurance is really a smoke screen. It is not about policy that will work for America’s seniors. That is what we need to be doing. Seniors need help. They need it now. We can give it to them if we handle this issue right in the coming weeks.

I thank the gentleman from New Jersey very much for yielding to me.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman from Maine (Mr. ALLEN) for putting really so succinctly the difference, if you will, between what the Democrats are proposing and trying to accomplish here versus this Republican essentially sham proposal.

It reminds me so much of the debate over HMO reform, the Patients’ Bill of Rights. Because as my colleagues know, I guess it was about a year ago, maybe 6 months ago, the American people were crying out, we all would go to town meetings and hear from all our constituents about the need for HMO reform.

The Democrats came up with the Patients’ Bill of Rights, which is a very good bill to address the concerns and abuses within the HMO system. We heard the Republicans kept stalling and saying they did not want to deal with it, they did not want to deal with it. Nothing was happening in committee.

Finally, the pressure got so great that they decided to push a bill which essentially accomplished nothing. But beyond the fact that the legislation that was being pushed, particularly on the Senate side, was so weak and so lacking in any kind of basic protections for those who were being abused by the HMOs was the fact that it was very obvious that it was not being done because they really wanted to pass the bill, it was being done so they could say they were doing something.

Lo and behold, 6 months have passed. We have had conferences between the House and Senate, nothing has happened, and we are getting very close to the election without an HMO reform bill.

I think the same thing is happening here. The gentleman from Maine is absolutely right. We keep coming to the floor talking about the need for a Medicare prescription drug program. The pressure builds because it is a real concern out there. All of a sudden, now we get a statement from the Republican leadership saying that they are going to do something which is a sham. They may have it in committee this week, they may bring it to the floor next month and they can pass something by the July 4th week.

What does that mean? The Senate will not act. If the Senate acts, there will be a conference. The conference will not go. It will never get to the President. The politics of this is really disgraceful because this issue, just like the HMO reform issue, is something that needs to be addressed, and it is not going to be.

The gentleman talked about the Republicans using this insurance plan. It reminds me so much, I read a little bit about what happened in the 1960s when Medicare was first started. We were getting the same arguments then. There were all these people, all these senior citizens that had no health insurance. The Republicans then in both the House and the Senate in the 1960s were arguing that we should set up some kind of private insurance program for the seniors. The Democrats rejected that. The Democrats passed the current Medicare program. The President, then Johnson, signed it. We have had a very good program. Why not build on the existing program?

What the President has proposed and what the Democrats in the House and the Senate have proposed is basically adding another part to the existing Medicare program. We have part A for hospitalization. We have part B for one’s doctor bills, which is voluntary. One pays so much of a premium per month.

What the Democrats are proposing is that we set up another part C or D, whatever we want to call it, where one pays so much a month and one gets a prescription drug program. Everybody who is in Medicare is eligible for it. It is universal. It is affordable. It is voluntary. It is a defined benefit program so one knows that one will get all medically necessary drugs.

It has the effort to address the price discrimination that the gentleman from Maine mentioned with the benefit provider so that, basically, we have these benefit providers that negotiate a better price for the seniors than many of them would get now in the open market.

Why not build on the existing Medicare program and do just that? Why go back to this private insurance model which, as the gentleman from Maine said, does not work.

I just wanted to mention one more thing, and I want to yield back to the gentleman from Maine because he has been doing such a good job. Chip Kahn, the President of the Health Insurance Association of America, made that statement before the Committee on Ways and Means last week where he said, This insurance-only program will
not work. The insurance companies will not sell it. It is a sham. He also came before the Committee on Commerce and said the same thing.

One thing that he said that concerns me a little, he said, I was pleased to see that the Republicans at least have said that, if their private insurance program does not work and they cannot get it sold, then they will fall back on some sort of government assistance for the people who cannot buy private health insurance. Of course I said, well, it is not really clear what they are going to do. What is this fall back? Is it Medicare? They have not said.

I said to Chip Kahn, I said, Well, Chip, does it make sense to have a private insurance program with a fall back when we already have an existing Medicare program that does work that we can just add to. A private sector does not benefit to it? He said, Well, I am not really in a position to comment. Health insurance people do not let me say yes or no whether that makes sense. Certainly I agree there is nothing wrong with having a Medicare program.

They already realize that this will not work. That is why the gentleman from California (Mr. THOMAS) is now starting to talk about some sort of fall back. What does one need the fall back for? Do the Medicare program the way it has been working for 30 years.

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

Mr. PALLONE. I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, the gentleman from New Jersey is exactly right. It is interesting. The Republican plan, because of its reliance on the private sector to deal with the problem of Medicare, Medicare is incredibly complex. I mean, basically they create a whole new bureaucracy to deal with this, and then they expect a variety of different private insurance companies and HMOs to pick up and deal with this particular problem.

Well, let us look at what is going on. In Medicare right now, in Medicare, managed care. Remember, we passed Medicare Plus Choice plan in 1997. The thought was, well, the HMOs will come into Medicare, and they will save us money because the private sector always more efficient than the public sector. But in truth, the Medicare system, when one is in Medicare, there is no money being paid for profit. The overhead expenses and administrative expenses are far lower than in any private sector health care company.

Look at what is happening with Medicare managed care right now. What we see is, every year, the benefits change. The prescription drug benefits, which in some cases were free, free prescription drugs essentially for no additional premium when Medicare managed care was created. Now the caps keep coming down every year. Now 62 or 70 percent of all plans have an annual prescription drug cap of $1,000 or less. The premiums go up. The copays go up. The co-insurance goes up.

But most striking, it is not available in most places. In seven out of ten counties in this country, Medicare managed care is not even available. It really only works, to the extent it works at all, in larger urban areas. Rural America gets left out. Frankly, maybe that is a good thing right now.

But it is only very limited in my home State of Maine. I mean, no more than 1,500 people in the State of Maine have Medicare managed care plan. Managed care is not working very well with this particular population. We know that because, every July 1, the health care plans report to HCFA, and, again, last year, they dropped 400,000 people that Medicare beneficiaries cannot make a profit on those 400,000 Medicare beneficiaries. So they just dropped them from the plan.

July 1 is coming up again. My colleagues are going to see plans all across this country, managed care plans, simply dropping their Medicare beneficiaries because they are not making money on this.

So what do the Republicans do? They say we have got a prescription drug plan, and it relies on HMOs and private insurance companies. With all of the complexity, with all of the inequity, they are saying what we really need is more of a system that is not working.

That is why I keep coming back to the thing that this is bad policy. It is terrible policy. At a recent caucus, a Republican pollster made a presentation, and that material got out and has been published and so on. Now it is being reported this week that the Republican pollster who made it has been published and so on. Now it is being reported this week that the Republican pollster said for Republicans it is more important that people think, that people believe you have a plan than the content of the plan. So the appearance of the plan is more important than the content of the plan. That is bad.

Basically, if we get the policy right, we will be doing the right thing. That is why, if we are going to make changes to Medicare, if we are going to deal with the Medicare population, if we are going to deal with the biggest problem, it is the beneficiaries we have today, which is the inability to pay for their prescription drugs, then we need to do it through Medicare. Medicare is reliable. It is universal. It is equitable. It is simple. It is cost effective.

I find the cost of providing a benefit would be significant. But there is not anybody in this Chamber who says it is too expensive who does not support a tax cut that is much larger than the annual cost of providing a prescription drug benefit under Medicare.

We can do this. We can do this this year. But we cannot do it with sham proposals, with private insurance companies who say we are not going to provide the insurance.

Let us get to a real proposal. Let us get the Democratic benefit and the Democratic discount on the floor for a debate. Then I think we can do the right thing for America's seniors.

Mr. PALLONE. Mr. Speaker, I agree with the gentleman from Maine (Mr. ALLEN). I guess I just worry that the public does get confused because the Republican leadership proposal is designed to confuse them. I mean, one of the things that I know of, they try to give the impression somehow that if one does not go along with their proposal, and one has an HMO, and one would like the HMO or one has an existing pension plan that provides for prescription drugs, that somehow that is going to change.

I think similar to the existing that I have made clear is that the Democratic proposal is a Medicare benefit, but it is voluntary. We have actually built into the President's proposal, the Democratic proposal, the idea that about 50 percent of the costs for an HMO or 50 percent of the costs if somebody has a drug benefit now through their pension or whatever would be paid for.

We would not discourage people from leaving their HMO if they like it and they have a drug benefit or leaving their other private plan that they might have through an employer that they like, because we are going to build in that about 50 percent of the cost of that drug plan in both of these cases would be paid for by the government through this Medicare program.

But what we are saying is that for those people who do not feel that they have a good program either because they have nothing or because they do not have a good program will have a generic benefit if they do opt to pay for their premium per month just like they do with part B.

It just seems to me it makes a lot more sense to say on the one hand everybody is covered who wants it. If one does not want it, one does not have to opt for it. Everybody has got a specific benefit that they know is guaranteed. Then if one wants to opt out, one can. But not to build, as the gentleman, says, this bureaucracy which is very similar to the existing HMOs.

Mr. Speaker, I want to thank the gentleman from Maine (Mr. ALLEN) for joining me this evening. We are going to continue the battle on this.

Mr. Speaker, I wanted to go into a little detail about what the Democratic proposal is, which is essentially the President's plan. In describing what the Democrat proposal is, I am relying on the testimony that was made before the Committee on Commerce, of which I am a member, last week by Nancy-Ann DeParle, who is the administrator of the Health Care Financing Administration, which administers Medicare and would also continue to administer
the prescription drug proposal under
the President's plan which, as I said, is
essentially the Democrats' plan.

I want to outline this because I do
not want to just talk about why the
Republican proposal is bad, I want to
explain what the Democratic proposal
is and why it is a good plan.

Basically, under the President's plan,
it is voluntary. It is affordable. It is
competitive. It has a quality drug ben-
efit that would be available to all bene-
ficiaries. The President's plan dedi-
cates over half of the on-budget surplus
to Medicare and also extends the life of
the Medicare trust fund to at least
2030.

So what we are doing is we are using
the budget surplus that has been gen-
erated with the good economy to pay
for this Medicare prescription drug pro-
gram.

Most important, the coverage is
available to all beneficiaries under the
President's plan.

And I say that because I believe that
the Medicare program has worked, and
it makes sense to put this prescription
drug plan under the rubric of the exist-

ing Medicare program. The advantage of
doing that is that everyone, regard-
less of income or health status, gets
the same basic package of benefits. All
workers pay taxes to support the Medi-
care program; and, therefore, all bene-
ficiaries should have access to this new
drug benefit, just like they have for ev-
everything else in the Medicare program.

Now, a universal benefit helps ensure
that enrollment is not dominated by
those with high drug costs, the so-
called problem adverse selection, which
would make the benefit unaffordable
and unsustainable. One of the criti-
cisms of the leadership plan is that
what may happen is that only people
with high drug costs would opt into it.
What we want to do is create an insur-
ance pool, just like with Medicare in
general, that everybody is involved
with. Because it is only when we have
a large insurance pool with people of
all categories of use for drug benefits
that we can be successful.

And, again, under the President's
plan it is strictly voluntary. If a bene-
ficiary has what they think is better
coverage under an HMO or some kind
of pension plan or something through
their employer, they do not have to opt
into it. As I said, what we are really
going to do is to make sure that those
plans get extra money, up to 50 percent
of the cost of what it cost them for a
drug benefit, the existing HMO would
get or the existing employer benefit
plan would get, in order for the indi-
vidual to continue to use that plan if
they do not want to opt into the Medi-
care plan.

Now, for beneficiaries who choose to
participate under the President's plan,
the Democratic plan, Medicare will pay
half of the monthly premium, with
beneficiaries paying an estimated $26
per month for the base benefit in 2003.
As the program is phased in from 2003
on, it becomes more generous; and, of
course, the premium goes up accord-

ingly. The premiums would be col-
clected just like the Medicare part B
program as a deduction from Social Se-
curity checks. For most beneficiaries
who choose to participate.

Low-income beneficiaries would re-
ceive special assistance so that if they
are below a certain income, just like
now for part B, for those seniors in part
B now, which pays for their doctor
bills, if they are below a certain in-
come, they get part of the premium
paid for. If they are at a very low in-
come, the complete premium is paid
for. We would do the same thing with
this prescription drug plan using the
same criteria. The income basically
that would be used for those criteria
would be the same.

Under the President's plan, Medicare
would pay half the cost of each pre-
scription with no deductible. The ben-
efit will cover up to $2,000 of prescrip-
tion drugs when coverage begins in 2003
and increase to $5,000 by 2009, with 50
percent beneficiary coinsurance. After
that, that would be adjusted for infla-
tion. But most important, also, we have
a catastrophic benefit. So that ba-
sically above a certain amount, I be-
lieve it is $3,000 out of pocket, all the
costs would be paid for by Medicare
and by the Government.

The price discrimination issue that
my colleague, the gentleman from
Maine (Mr. ALLEN), mentioned is ad-
dressed in the President's plan through
competitive regional contracts to pro-
vide the service. In other words, basi-
cally in each region of the country we
would ask all beneficiaries to be the ben-
efit provider; to be the entity
that would go out and negotiate a
price for the drugs and provide the
medicine or prescription drug benefits
for the individual. And basically that
would be reviewed by HCFA on some
kind of yearly or biannual basis. If it
was not working out so that prices re-
mained too high, then they could drop
those benefit providers that were not
performing.

I think that is important. Because,
again, if we do not have some way to
address the price discrimination issue,
then I do not think that this program
would work. And, again, there is noth-
ing in the Republican proposal to ad-
dress the issue of price discrimination
or provide this kind of fair price that
has been proposed in the President's
program.

I want to talk, again, about those
people who are in HMOs. We are not
trying to say that everyone in HMOs can-
not continue in those HMOs and get a
drug benefit. In fact, what is going to
happen is that this Medicare program
is going to provide money to the HMO
for that drug benefit. Under the Presi-
dent's plan, essentially we strengthen
and stabilize the Medicare+Choice
program.

Today, most Medicare+Choice, or
HMOs, offer prescription drug coverage
using the excess from payments in-
tended to cover basic Medicare bene-
fits. They are only getting the amount
of money that the Federal Government
assumes would pay for basic Medicare
benefits without the drug benefit. But
under the President's proposal, those
HMO plans in all markets will be paid
explicitly for providing a drug benefit
in addition to the payments that they
receive for current Medicare benefits.

So they will no longer have to rely
on the rate in a given area to deter-
mine whether they can offer a benefit
or how generous it can be. And that is
drug. The President's plan dedi-
cated with the good economy to pay
for the Medicare prescription drug pro-
gram.

For the whole ideology of the Medi-
care program. It is empty promises.
The Republican plan is that it is imagi-
nary. It is not going to work. It is just
political cover. It is empty promises.
My colleague talked about that before.
And it is not an entitlement to any-
thing.

The one thing that really disturbs me
is if we set up a system, as the Repub-
lican leadership has proposed, where
this is basically a private insurance
plan, we get away from the basic uni-
versality of Medicare that we have had
for a long time. If we start breaking up
Medicare and suggesting that one part
of it, in this case the prescription drug
plan, can be outside of the Medicare
program, I think it undermines
the whole Medicare program and the
whole ideology of the Medicare pro-
gram.

I have been concerned because I
think that is the goal of some of my
Republican colleagues. They do not
really like Medicare. They do not like
the fact that Medicare was set up as a
government program. They would rath-
er have all of Medicare, perhaps, to be
some kind of a private insurance pro-
gram, and the prescription drug benefit
becomes sort of the first way to accom-
plish that.

The other problem with the Repub-
lican plan is that since it does not have

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a defined benefit, we are never going to know exactly what kind of benefit one gets. In other words, we say it's the Democratic plan if it focuses on the prescription drug, is medically necessary, if the doctor feels, and he is going to write a prescription that this drug is medically necessary, then the individual gets it. That is the definition of the benefit. But we do not have that under the Republican plan. We do not necessarily know what kind of drugs are going to be covered. And it is going to depend upon the whims of the private insurance market whether or not they can offer certain drugs or cover certain things at a given time.

Seniors need to have a certain amount of certainty. I think one of the biggest problems that exists now when HMOs change their drug benefit plans or they simply drop seniors altogether is that I get a call saying what happened, I thought I had a certain HMO, I thought I had a certain drug benefit plan and all of a sudden I do not. We need certainty, and that is essentially what the Democrats are proposing.

There was a very interesting article, I thought a really enlightening article, in The New York Times, Mr. Speaker, just yesterday, Sunday. It was on the front page, It was by Robert Pear, and it was entitled “Party Differences on Drug Benefits Continue to Grow.” And it talked about this whole Medicare debate in terms of what the Republican leadership proposes as opposed to what the President and the Democrats are proposing.

I do not like to read, but I just thought that there were certain parts of this article that really sort of explained the differences between what the Democrats proposed and what the Republicans proposed, and why I feel that the Democratic plan really has a good plan that will work whereas the Republican plan simply will not work and it is just something they are putting forward. I would just like to read certain sections of this article, if I could, because it does draw such contrasts between the Democrats and the Republicans on the issue.

It says, about halfway down the front page in the article from yesterday’s New York Times, “Democrats want more certainty in their benefits. They say the Republicans’ freemarket approach will confuse beneficiaries and encourage insurers to seek out healthy customers with relatively low drug costs, a practice known as cherry-picking.”

This is the whole idea of breaking the insurance pool. The reason why Medicare works is because so many people, almost everyone, most seniors, are involved with it. So it creates this huge insurance pool that does not depend on whether a person is sick or how much health care or hospitalization is needed. Well, we break that system by allowing insurance companies, through private insurance, to cherry-pick those who use the least amount of drugs; and all of a sudden, we do not have a workable plan.

Well, the article says that, “The Republican proposal assumes that insurers can be induced to offer drug coverage subsidized by the government just as health maintenance organizations have been induced to offer contracts with the government for 6.2 million Medicare beneficiaries. But when asked if insurers would be interested in offering drug coverage under Mr. Thomas’,” the Republicans’, “bill, Charles Kahn,” this is Chip Kahn, “President of the Health Insurance Association of America, said: No, I don’t think so. They would not sell insurance exclusively for drug costs. The government may find some private entities to administer the drug plans, but it is the government would have to accept all or nearly all of the financial risk.”

Well, this again goes back to what my colleague from Maine was saying before. Who is going to offer a benefit that almost all seniors need? The whole basic idea of insurance is risk. And if we have a situation where they have to insure and probably pay out money to almost every senior, they are not going to sell the policy.

“President Clinton,” again from the New York Times, “would offer the same drug benefits to all 39 million people on Medicare. House Republicans, by contrast, would describe a model insurance policy, known as standard coverage. Insurers could offer alternative policies with different premiums and benefits.”

That is the problem. Rather than having that defined benefit under the Democratic plan, we have under the Republican plan a health care plan that does not mean anything because the insurance companies do not have to provide the benefits that are under the standard coverage. They can vary as they see fit.

Again, in this New York Times article from yesterday, “Nancy-Ann Min DeParle, administrator of the Health Care Financing Administration, which runs Medicare, said elderly people could be refused if they had a large number of chronic conditions. She is talking about the Republican plan. “It’s difficult for seniors to navigate among plans,” Ms. DeParle said. “Moreover,” Ms. DeParle asked, “do seniors want and need all these choices? If you let plans design all sorts of benefit packages, that promotes choice, but it also promotes cherry-picking of the healthiest seniors. That’s why we need defined benefits. Seniors want to know what’s covered. It must be predictable.”

The Republicans keep talking about choice, but look at the example with the HMOs and how much confusion that has caused now in Medicare, where so many of them are dropping the plans or changing their plans and the seniors call us up and complain to us. Well, if frankly we have a defined benefit plan under Medicare that is certainly preferable. If someone wants to use an HMO, they can, but at least provide a guaranteed benefit.

“Democrats fear,” again in the New York Times, “that the market for drug insurance would be filled with turmoil as insurers went in and out from year to year. In the last two years, dozens of HMOs have pulled out of Medicare or curtailed their participation, disrupting insurance arrangements for more than 700,000 elderly people, and more health plans are expected to withdraw this year. Democrats say drug benefits should be fully integrated into Medicare, like coverage of hospital care and doctors’ services. The bill,” this is the Republican bill now, “says Medicare officials must ensure that every beneficiary has a choice of at least two plans providing prescription drug coverage. One could be an HMO; at least one must be a traditional insurer. But Democrats say even if benefits have two options, both may be high priced plans. Under the House Republican proposal, Medicare officials could offer financial incentives to get insurers to enter markets in which no drug plans were available.”

Now, that is fine. In other words, just like HMOs, the Republican plan would say, and this is what the gentleman from California (Mr. THOMAS) has said, well, if we cannot find any insurance companies to provide this prescription drug coverage, then we will just give them more money and then they will do it. Well, that is all very nice, but, again I am going back to this New York Times article, “Chris Jennings, the health policy director at the White House, said the availability of these incentives would encourage insurers to hold out for more money. It would encourage insurers to hold Medicare hostage. Mr. Jennings said. The policy says that if insurers don’t participate in the marketplace, we’ll give them more money.”

Now, do my colleagues think an insurer will decide to participate in the market at the beginning, when they get less money, or will they hold out a little longer and then they might get more?

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“That’s the most inefficient, ridiculous incentive mechanism one could imagine.”
benefit programmed under the Republican plan, they will do the same thing, they will say, well, we cannot offer the plan more quickly and then they will hold out until they get more money. And even then there is no guarantee that we are going to get a good benefit plan.

I do not want to keep talking all night, Mr. Speaker, because I know that we are going to be dealing with this issue again and again. And I certainly plan to come again on other nights in special orders with my colleagues on the Democratic side to keep making the point that what we really need here is a Medicare benefit, a Medicare prescription drug benefit, that is voluntary; that provides universal coverage to everyone who wants to opt for it; that is designed to give all beneficiaries meaningful defined coverage; that has a catastrophic protection so that, if over a certain amount, the Government pays for all benefits; that has access to medically necessary drugs and, basically, defines what is medically necessary by the physician, not by the insurance company; and that, basically, says that if you are low income, we will pay for your premium, just like we do for part B for your doctors bills; and, finally, that is administered in a way that has purchasing mechanisms so that we can keep the price fair and not provide for the price discrimination that exists right now under current law for so many people.

That is what we will push for regardless of what the Republicans come up with. And certainly, we are more than willing, as Democrats, to work with the Republicans to fashion a plan that will work. But, so far, what we are hearing from the other side of the aisle is a sham, is not something that is designed to provide meaningful benefit, and that ultimately will not pass here, not pass the Senate, not land on the President’s desk in time for the end of this Congress. And that is what I do not want to see.

The Democrats want to see something that will pass and be signed by the President and become law so that Medicare beneficiaries can take advantage of it and that it not just be a political issue for this November election.

PRESCRIPTION DRUG COVERAGE

The SPEAKER pro tempore (Mr. FITZTS). Under the Speaker’s announced policy of January 6, 1999, the gentleman from Pennsylvania (Mr. ENGLISH) is recognized for 50 minutes as the designee of the majority leader. Mr. ENGLISH. Mr. Speaker, the House is on the brink of considering a very important piece of legislation that is going to benefit people in my district in northwestern Pennsylvania and to all users of the Medicare program throughout the United States, whether they are seniors or individuals with disabilities.

We are talking, of course, about the bipartisan effort to revise the Medicare program and to include prescription drugs.

My intention tonight, along with a couple of my colleagues, is to clear away the partisan smoke, to clear away the rhetoric, and focus on what is really being proposed and the potential for a true bipartisan approach to extending prescription drugs under the Medicare program.

Mr. Speaker, modern medicine is using drug therapies more and more to prevent and treat chronic health problems. This is the 21st century. A trip to the pharmacy is far better than a trip to the operating room. We no longer practice medicine as our grandparents or even our fathers once experienced. Nor should we continue to offer seniors the limited Medicare program that our grandparents and fathers knew. We need to revise the program and expand it.

Medicare is essentially a standard benefit program from the 1960s, and it needs a facelift. We started that process in recent years by extending Medicare benefits to include a variety of new procedures. But we need, among other things, fundamentally we must modernize this benefit to provide prescription drug coverage.

Now, Mr. Speaker, I had the privilege of being appointed by the Speaker to serve on his Prescription Drug Task Force. We generated a blueprint and an outline which we thought could form the basis of a bipartisan prescription drug initiative. And indeed it has.

The House bipartisan prescription drug plan is a billion-dollar market-oriented approach targeted at updating Medicare and providing prescription drug coverage. After all, how many of us would give our employer’s health plan a second look if it did not include prescription drug coverage? It is a standard benefit for every beneficiary.

The bipartisan prescription drug plan is a billion-dollar market-oriented approach targeting at updating Medicare and providing prescription drug coverage. After all, how many of us would give our employer’s health plan a second look if it did not include prescription drug coverage? But that is what we have been asking America’s seniors to do.

We must take the steps necessary to ensure that seniors have access to affordable prescription drugs throughout America. What we have done is create a plan which invests $40 billion of the non-Social Security surplus to strengthen Medicare and offer prescription drug coverage to every beneficiary.

This is, after all, $5.2 billion more than what the President had proposed, and it was included in a budget resolution that we passed in this House over fierce resistance from House Democrats.

The bipartisan prescription drug plan that we have created will provide lower drug prices while expanding access to life-saving drugs for all seniors. Many of us had carefully examined the President’s proposal and, in doing so, felt that we could improve on it and do better and provide seniors with a richer benefit and the flexibility to choose a plan that best meets their needs.

Under this bipartisan plan, seniors and persons with disabilities will not have to pay the full price for their prescription drug plan. It will also provide them the specific drug name or generic, that their doctor prescribes.

This plan provides Medicare beneficiaries with real bargaining power through group purchasing discount and pharmaceutical rebates, meaning that seniors can lower their drug bills up to 39 percent. These will be the best prices on the drugs that they need, not some Government bureaucracy that may not offer the drug that the doctor prescribed.

Studies have shown, Mr. Speaker, that a small portion of the senior population consume a majority of prescription drugs, making them extremely difficult to insure and driving up costs for every plan. Under our prescription drug plan, the Government would share in insuring the sickest seniors, creating a stop-loss mechanism, making the risk more manageable for private insurers.

By sharing the risk and the cost associated with caring for the sickest beneficiaries, premiums would be lowered for every beneficiary. We address skyrocketing drug costs by providing Medicare beneficiaries with real bargaining power through private health care plans which can purchase drugs at discount rates.

Our plan provides options to all seniors, options that allow all seniors to choose affordable coverage that does not compromise their financial security. The plan benefits all seniors. Even though it is not a subsidy for a millionaire’s mother, it provides the prospect of more affordable coverage for every senior. Seniors will have the right to choose a coverage plan that best suits their needs and persons with disabilities will not be at a disadvantage.

Keeping rural seniors in mind, our plan guarantees at least two drug plans that will be available in every area of the country with the Government serving as the insurer of last resort. Clearly, we do not depend exclusively on HMOs or on private insurance, as has been alleged. The plan also requires convenient access to pharmacies allowing beneficiaries to use their local pharmacy or have their prescriptions filled by mail.

This plan protects seniors at 135 percent below the poverty level, matching the eligibility contained in the President’s plan. That means a single senior