We had to have negotiations on this. The President would not agree with us, the President and the Vice President. They would not go with our bill of no capital gains, and we had to have their signature or enough votes to override the veto which we did not have. So we made a compromise. We at least have gotten this far. We dropped the 28 cents to 20 cents.

Mr. Speaker, that does not sound like a lot, but wait until we sell our investment and the tax, the IRS comes knocking on your door, all of a sudden 8 cents on the dollar savings, it adds up. It makes a difference.

Now, our goal is not to be satisfied with the 20-cent capital gains, because capital gains, the taxation itself simply is not a creation of wealth, it is a transfer of wealth. Again, it moves the money from our community to Washington, D.C.

Our idea, and we will not stop until we get to this point, our idea is eliminate the capital gains taxation, so when we make money on our investment we send zero dollars to D.C.; we keep all of the money, all of it, 100 percent of it in our community to invest in new projects.

I will give my colleagues an idea. There is a farming family in New Castle, Colorado, a good, good, family. I was out visiting them not long ago, actually, about 3 or 4 years ago. I remember to this day what the father said. He said, You see those fields, Scott. He said they are not being worked, they are being wasted. He said, by all rights, there should be a young couple, a couple that has just gotten married, 23, 24 years old, a kid or two, and they want to work the land. There should be a young couple working on that land up there.

He said, But because of the capital gains taxation and the government, because of the taxing policy of the government, I cannot afford to sell it. So as a result, that land sits empty, and that young couple will never have the opportunity that my wife and I had many years ago when the ranching generation or farming generation ahead of us allowed us to go up and work the field, allowed us to have our turn with our hand in the soil. It makes a difference.

Let me wrap up this evening with the time that I have remaining telling my colleagues why I talked about taxes. I am so focused on what is good at the local level, at the community level. Our Federal Government is important, and we have to finance the Federal Government to operate. But we have seen over the years a vast expansion of what the Federal Government is expected to do in our lives.

We have seen a dramatic dilution of individual responsibility; and more than that, we have seen a focus shifting government from the local level to the Federal level and a lot of that follows tax dollars. I think that the best government is the government at the communitywide level, at the State level.

Obviously, we need to have that Federal Government; but our real focus of power in this country should be at the local level, not the Federal level. In order to do that, we need to come up with policy that encourages money to stay in the community, that encourages money that stays in the community to create capital, not take the capital from the community in a transfer transaction and send it to Washington, D.C. for redistribution, because the dollar that goes out of our community, one, is a transfer, it is not a creation. The dollar that goes out of our community will never come back to our community as a dollar; some of it is necessary.

We need a national defense. We need a national commerce system. We need a national highway system. We need a commitment to education. We need a commitment to certain health care with closely defined parameters; but we also need to recognize that taxes, if they are unfair, are punitive or if they are in the excess, then we ought to have enough courage to stand up to the American people.

By the way, it is not an act of courage. It is a fiduciary responsibility of all of us in these Chambers to stand up and say, hey, we collected too many tax dollars. We are overcharging our constituents.

□ 2115

It is a fiduciary duty of us to stand up and say, is it right, colleagues, for us to tax people because they are married? It is a fiduciary responsibility on our part to stand up and say, is it really a taxable event because somebody dies and they leave property that has been taxed and taxed already? Is that a taxable event?

It is a fiduciary responsibility of ours to stand up and say, gosh, does the 28 percent capital gains rate really make sense? Does it really encourage American free enterprise? Does it encourage those young people, those couples just starting out, individuals starting out in their early twenties, does it really encourage them to be prosperous?

Remember, when our people in this country are prosperous, our country as a whole is prosperous. If our local communities are prosperous, then our States are prosperous. When our States are prosperous, the Federal government is. It makes sense to keep those dollars in the community.

In conclusion, Mr. Speaker, I urge all Members tomorrow to pick up a phone and call the President and the Vice President and say to them, Mr. President and Mr. Vice President, they need to listen to the American people. Let us get rid of this death tax. Death should not be a taxable event. Hang up the phone, pick it back up and call them back, Mr. President and Mr. Vice President, it is not fair to tax people in this country for being married. Regardless of the ramifications to the dollars coming in, it is fundamentally not fair to tax on death and it is fundamentally not fair to tax on marriage. It is a big difference. We have an obligation to be fair to the people we represent.

I hope all Members take me up on that challenge and make every attempt they can to persuade the President and the Vice President to change their policies and not veto our bipartisan effort to eliminate the marriage penalty, and to not veto our bipartisan effort to get rid of the death tax.

THE NEED OF SENIOR CITIZENS TO HAVE A MEDICARE PRESCRIPTION DRUG BENEFIT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I would like to call the attention of the House this evening, as I have many times, to the need for senior citizens to have a Medicare prescription drug benefit.

I do not really think it is necessary tonight to go into the reasons why this is necessary. We all know that the price of prescription drugs continues to rise, that seniors as a particular group have tremendous out-of-pocket expenses, and that many of them do not have access not only not under Medicare but in general to any kind of prescription drug insurance.

Many times seniors have to make choices between whether they are going to pay their bills, the rent, buy food, as opposed to having access and being able to buy prescription drugs that are really important for them to survive, for them to be able to live a decent life and to not have to worry about whether they are going to be here the next day. The President, President Clinton, has made it quite clear that this is a major priority if not the number one priority for him.

I listened to the previous speaker, the gentleman from Colorado, talk about the marriage penalty, the estate tax repeal. I would remind my colleagues and the American people that the Republicans are in the majority. It is very difficult for us as Democrats to get a proposal up and considered unless the Republicans who are in the majority allow that, allow us to bring it to the floor.

The President and myself and most of the Democrats have not been happy with the marriage penalty repeal and the estate tax repeal that the Republican leadership has proposed, not because we do not want to see changes with regard to tax on married couples, not because we do not want to see changes in the estate tax, because we have proposed changes, but the President has said and the Democratic leadership has said that the bills that the Republicans have proposed essentially spend too much and spend too much on a small percentage of the people impacted by the estate tax who are very wealthy, whereas the Democratic proposal protects the small business

owner, the ranchers, the people, the overwhelming majority that are paying the estate tax. The same is true for the marriage penalty.

But the President is making an effort to try to get something accomplished around here, because I think most people know that not a great deal is being accomplished in this Congress. The Republicans, my colleague, the gentleman from Colorado (Mr. MCINNIS) brings up his proposal for the marriage penalty, his proposal for the estate tax. It differs from the Democratic proposal, so we do not come to agreement. Nothing gets accomplished.

What the President has said is, Look, I will take some form of estate tax repeal, I will take some sort of adjustment in the marriage penalty that benefits the average person, but along with that we want the Republican leadership to agree to provide a Medicare prescription drug plan, the one that the President and the one that the Democrats have proposed.

I ask my colleagues, not only my friend, the gentleman from Colorado (Mr. MCINNIS), but my colleagues in general, what better way to try to accomplish something, what better way than to take some of the Republican proposals and take some of the Democratic proposals, particularly this one on prescription drugs, and try to accomplish that goal?

In fact, last week when we voted on the Republican marriage penalty legislation the Democrats proposed a motion to recommit that would do just that, that would even take the Republican plan, as long as the Medicare prescription drug proposal was added to it. And, of course, the Republicans rejected that and nothing was accomplished.

If we are going to accomplish anything, we have to work out things together. The most important thing for the Democrats, certainly one of the most important things for the Democrats, is that we get a Medicare prescription drug plan passed so our seniors have access and everyone is covered; just like they are covered now by Medicare for hospitalization, for their doctors' bills, that they get a prescription drug benefit. It is absolutely crucial that that happen, and certainly we can afford it if we all get together and figure out how to deal with this budget.

I wanted to point out that, unfortunately, when the Republicans a few weeks ago proposed a prescription drug program and had a vote on the House floor with regard to their prescription drug program, which is not part of Medicare, that they would not allow the Democratic proposal to be considered. Once again, we were shut out. Once again, the Democrats were told no, they do not even want to consider our proposal on the House floor.

What are they afraid of? I think their problem is that they are afraid that if we look at the Democratic plan, which seeks to include prescription drugs within Medicare, that ultimately there would be overwhelming support for it with the American people and probably even within the Republican caucus among the Republicans here as well, if they only had a chance to vote on it; to have the opportunity for us to be heard and to explain it and to finally have a vote.

What the Republicans have done instead is they decided maybe a month ago, I actually have an article that was in the June 15 New York Times, about 2 weeks ago or maybe 3 weeks ago they asked a pollster to do a poll. Basically the pollster came back, this was Glenn Bolger, a pollster with Public Opinion Strategies, a Virginia firm, and warned the House Republicans that the prescription drug issue was a political problem for them.

In other words, they realized that politically if they ran for reelection in November and they did not have a prescription drug plan of some sort, that they would probably be defeated and would no longer be the majority here in the House of Representatives.

So Mr. Bolger basically told them that the best thing to do is to at least start talking about the prescription drug issue, talk about how seniors are negative impacted, seniors suffer, and we have to do something about the problem.

In fact, Mr. Bolger went so far as to advise, and I quote from this New York Times article on June 15, ''It is more important to communicate that you have a plan than it is to communicate what is in the plan.'' Basically what Mr. Bolger said is, ''Look, come up with some rhetoric, if you will, about prescription drugs, suggest some sort of program, but do not worry too much about what is in it, or certainly do not worry about whether it will ever pass or be signed by the President. Just bring something up on the floor of the House and vote on it, talk about it, and nothing will ever happen, but at least you will have something. You can say you approved something, so when you go to the voters in November you will have something to say.''

This is the impetus, if you will, for the House Republican prescription drug plan called the Medicare RX 2000 Act. It is an illusory plan. It provides no real prescription drug coverage to anyone, to seniors or anyone. Instead, what it does is it says, ''We will give you some money, depending on your income, and you can go out and see if you can get, with your own money and the little bit that we subsidize, see if you can get a drug company to sell you a prescription drug-only policy.''

Think about that a minute. We have this great program called Medicare that was started in the sixties and that almost all seniors take advantage of which provides for their hospitalization, which provides for their doctor bills, most of their doctor bills to be cared for.

Instead of doing what the Democrats say, which is just bring prescription drugs under the rubric of Medicare and administer it essentially under Medicare, which is a proven program, instead, the Republicans say, no, go out and see if you can get a private insurance company to sell you a drugs-only policy.

Now, what the Republican leadership forgot to tell anyone is that the insurance industry itself does not want to sell those policies. We had representatives from the insurance lobby that came to the Committee on Commerce, that has jurisdiction over Medicare prescription drugs, and they basically told the committee, we do not want to sell these drug prescription policies. We will not sell them.

There is a good reason why they will not sell them: They cannot make any money. It is like some of my colleagues use the analogy of a haircut. Everybody gets a haircut. Everybody who is a senior, or at least 99, 95 percent, needs some kind of prescription drugs. So insurance companies do not want to underwrite something that is essentially a benefit that everybody is getting because they cannot make any money. They operate on risk. They assume some people will get coverage and others will not, and they pool their resources, and they make money because some people do not take advantage of the benefit.

We cannot do that with prescription drugs with seniors. Almost everybody is going to have the benefit and need the benefit. That is certainly why it makes sense to include it as a benefit under Medicare. Just like we include hospitalization and we include doctor bills, we include prescription drugs as a benefit.

Let me just talk a little bit about the Democratic proposal and explain really how very simple it is and why it makes sense.

Right now if one is over 65 and signs up for Medicare, which almost everyone does, they get their hospitalization through Part A, and if they pay a monthly premium of about $45 or so, they get their doctor bills paid for mostly under Part B.

What Democrats are saying, ''We will do the same thing. You pay a certain amount per month and we will set up a program called Part C or Part D of Medicare whereby we will pay a certain percentage of the prescription drugs,'' just like they get their doctor bills paid for.

What the Democrats say is that we will guarantee the benefit. Not only will we guarantee the benefit through Medicare if they want it, if they voluntarily sign up for it like they do for Part B, but it covers all the medicines that are medically necessary as determined by their doctor, not the insurance company. So they sign up, they are guaranteed the prescription drug benefit, and the nature of what kind of drugs they get, what kind of medicine they get, is determined by their physician in consultation with them, not by the insurance company.

Now, the Republican bill not only is not under Medicare, not only will not work because what insurance company is going to sell it, but beyond that, they do not even say to the insurance company what they have to cover. The insurance company, if they decide to sell a policy, they may decide, well, we will give certain drugs and we will determine what prescription drugs they need. They do not define what the benefit is, is essentially what I am trying to get across.

But most important, the Republican proposal, which just says, go out and shop around and see if you can find an insurance company that will sell you a policy, does not address the issue of price. We know that one of the major problems right now with prescription drugs is that seniors who do not get prescription drug coverage through their pension or their employer after they retire, or because they may sign up with an HMO, if they have prescription drug coverage, that is the way they usually get it. But if one has to go out and buy prescription drugs themselves because one does not have an HMO or coverage through their employer where they have worked over the years, they pay a much higher price for the drugs than the HMO or those employer pension benefit plans because they do not have the ability basically to negotiate a price.

□ 2130

Well, what the Democrats are saying is we are going to address that price issue, too, because we are going to say that the agency that is in charge of the Medicare program can negotiate a price or at least can set up in different regions of the country someone who will negotiate a better price for you because now there are so many people in the Medicare program, 30 million, 40 million seniors who these drug companies essentially we are at the mercy of, because if they want to sell them and sell to the government program, they have to offer the better price that they are offering to the HMO or to the employer benefit plan.

So the Democratic plan basically operates under the rubric of Medicare, is voluntary if one wants to sign up, guarantees one the benefit, guaranteeing all medical care, medically necessary drugs as determined by one's physician and also seeks to address the problem of price.

The Republican bill does none of the above. Frankly, I would say that the Republican proposal would never work and is nothing more than an effort to try to talk about something and try to give the impression that they care.

But most important, going back to what I said initially, the Republican proposal passed the House of Representatives, but it is not moving in the Senate. The President is not going to sign it. Why do we not try to get together, Democrat and Republican, and come up with a proposal like what the President has suggested where we have the Medicare prescription drug program, and then we address the issue of the marriage penalty and the estate tax in a way that benefits the average American.

Now, I wanted to, just in case my colleagues doubt that when I talk about this Republican proposal for prescription drugs to be doomed to failure, there was a very interesting article that appeared, I think it was the Saturday before last, July 8, in the New York Times on the front page which talked about the Nevada experience.

I think a lot of my colleagues know that what often happens in Congress is that one or more of the 50 States tries something within their own State to see if it works; and if it does, then Members usually from that State look at the idea and say, gee, that is a good idea, why do we not try it on the Federal level.

Well, interestingly enough, within the State of Nevada, within the last 6 months, they decided to implement, on a State level, something that is almost exactly like what the Republicans propose for a prescription drug program here; in other words, basically giving some money, depending on one's income, that one will put with whatever other resources one has to go out and buy a prescription drug only insurance policy.

It has not worked. Not only when I say it has not worked, I do not mean that it even has a chance at working, because when the State of Nevada put out this proposal to the insurance company and said, okay, we will entertain proposals from insurance companies to sell this kind of insurance, not one single insurance company in the whole State offered to do it.

I think they had one company that did not qualify under the law for some reason that asked to do it, and the State knew that they were not qualified to do it, so they did not consider it. But not one insurance company that was qualified offered to do it.

Now, what better reason could one have to not adopt that type of a program? But what do the Republicans do here in Congress? They see the Nevada example, which was adopted by Republicans, their Republican Governor, and they seek to enact it into law here.

Usually what we do in Congress is, if the States are doing something that is good, we copy it, and we institute it on a national level. I cannot think of a single circumstance where we had a State try something that failed and then we adopted it anyway. It makes no sense to me other than going back to what I said before, which is the Republicans did not really want to pass something that would actually be enacted into law and become a law and actually be utilized by anybody. So they did not. They just wanted something to talk about.

I wanted to, just interesting, if I could, just quote a little bit from this New York Times article. But this was in the New York Times on July 8 of this year, about a week or 2 ago, and I am just going to read from a few quotes here. I do not usually like to quote, but this is so appropriate.

It says, ''Nevada has adopted a prescription drug program for the elderly very similar to one approved last month by the United States House of Representatives, but is off to a rocky road.

''Insurance companies have spurned Nevada's invitation to provide coverage. The risks and the costs are too high, they say, and the subsidies offered by the state are too low.

Nevada's experience offers ominous lessons for Congress, especially Republicans, who want to subsidize insurance companies to entice them into providing drug benefits for elderly and disabled people on Medicare.''

''In March, the State invited hundreds of insurance companies to bid for its business providing drug coverage for 10,000 to 14,000 people age 62 or older. Only one company responded, but it was ineligible because it was not licensed to sell insurance in Nevada.''

Now, what they did in Nevada is, within the legislature, they set up a task force that was going to review whatever proposals came forward by insurance companies to see if they qualified.

Barbara F. Buckley, a state assemblywoman who co-chairs this task force monitoring what was going on said, ''I have my doubts that an insurance company will be able to offer meaningful drug benefits under this program. If an insurance company does bid on it but the benefits are paltry, senior citizens will be up in arms.''

The article goes on and on. But the point is well made. This does not work. No insurance company wants to offer it. This is a ruse. This is a sham. This is not a serious effort to address the issue.

The Democrats have a serious plan. But we do not have an opportunity to bring it up. We will continue to be here every night until we have that opportunity.

Mr. Speaker, I yield to the gentleman from Maine (Mr. ALLEN) who really, more than anybody else in the Congress, brought this issue to the forefront and particularly pointed out the problem with price discrimination that exists for many seniors and the problem of, because he is in the State of Maine, and he so witnessed it firsthand, about how people will go over into Canada and be able to buy drugs for significantly less than in the United States. That is simply not fair.

Mr. ALLEN. Mr. Speaker, I thank the gentleman from New Jersey for yielding to me, and I thank him for all the good work he has done on this issue. He has been a real leader and has been sort of pounding away.

We have learned, have we not, since our time here in the Congress that the status quo is the status quo, and it is very hard to change. It only gets changed if people speak out again and

again and again about an injustice until something is done about it.

While the gentleman from New Jersey was talking about the State of Nevada, and its failed effort to rely on private insurance companies to provide prescription drug coverage, I was reminded how proud I am of my home State of Maine, which has taken a different tact.

Basically what the State of Maine did in the last legislative session through the leadership of Chellie Pingree, a State Senator, Mark Lawrence who is running for the U.S. Senate, and some others, was to adopt a law which provides that the State of Maine will negotiate lower prices for all of those people, seniors and others, who are not now covered with prescription drug insurance of one kind or another. So about 300,000 people in Maine would be covered under this plan.

The way the law is written, the State would essentially act as what is calmed as a pharmacy benefit manager. They would negotiate prices with the pharmaceutical industry to get a reduced price based on the fact that they represent 300,000 people, the kinds of discounts that Aetna and Cigna and United negotiate for their beneficiaries, and the kind of discount that I have suggested we really should do for Medicare beneficiaries here.

The bill I have introduced, H.R. 664, the Prescription Drug Fairness for Seniors Act, is very simple. It involves the creation of no new bureaucracy. It does not involve any significant expenditure of Federal money, but it would allow pharmacies to buy drugs for Medicare beneficiaries at the best price given to the Federal Government. The best price is usually what the VA pays for drugs or what Medicaid pays for drugs for people who qualify for their programs.

It is real simple, a real simple idea. If one is part of a big pool, one ought to get a decent discount. That is all we are suggesting for Medicare beneficiaries. But that is only through that piece of legislation. But that is only part of a solution.

The other part of the solution, of course, is to get a real Medicare reform, a benefit under Medicare so that those people for whom a discount is not enough would be able to get assistance in covering their prescription drugs.

Basically, the Maine legislation is a path that would get discounted prices for our seniors without a significant cost to the government.

I was listening earlier to some of the commentary from folks on the other side of the aisle about tax cuts, tax cuts, tax cuts, how, with this huge new surplus, we really need to, first thing, is to have tax cuts, tax cuts larger than any we have seen certainly in my lifetime here in the Congress. We see them in a variety of different proposals.

A year ago, the Republican majority came to us with a suggestion for a tax cut that was $800 billion. Now they have carved it up into pieces, but the total is still $800 billion. What is really tragic about this proposal is, not that there are tax cuts themselves, because there should be tax cuts. We ought to eliminate the marriage penalties. We ought to reduce the estate taxes. We can provide relief in a number of other ways. But we should not take the whole on-budget surplus and spend it all on tax cuts.

Why? Because we learn something, we teach our kids something that we hopefully learned ourselves; and that is, when we have responsibilities to others, we need to meet those responsibilities before we give ourselves presence. What I mean by that is this, Medicare is going to be under increasing pressure. Right now, there are 39 million Medicare beneficiaries. But when we get out to about 2030, there will be close to 75 million to 80 million Medicare beneficiaries. At that point, it is obvious Medicare needs to be shored up. It needs more funding. We cannot get there just going along the way we are right now.

The real tragedy, the real tragedy, in New Jersey, we see it all across this country, and I am glad that people from Maine pointed it out to me so long ago now, too many seniors just cannot do it. They cannot take their prescription drugs. While folks on the other side of the aisle are talking about an estate tax repeal that would benefit primarily the 1 percent of the wealthiest taxpayers in the country, though I believe we should have estate tax relief, still our priority ought to be let us take care of those people who simply cannot afford to take the medical care that their doctors tell them they have to take.

Every day in this country, people are trying to decide, can I afford to buy the food I need today? Can I afford to pay the electric bill? Can I afford to pay the rent? Or can I somehow scrape together enough to take the full dosage of the prescription drugs that I am supposed to?

When I talk to people in Maine, many of them are taking one pill out of three. They are cutting pills in half. They are not filling their prescriptions, because they cannot do it.

That is not what health care is supposed to be like in this country. It is not supposed to be like that. In this country, one would have thought, the wealthiest country on earth, at the moment in its history when it is most prosperous, we could at least provide prescription drugs for our seniors.

The truth is we can. There is no question, with the surpluses that are projected, that we can provide a Medicare prescription drug benefit for our seniors. Absolutely no question.

What have we got? We have got the kind of proposal that went through here a few weeks ago on a three-vote margin, not even close to a bipartisan approach, that basically said, what we need to do for our seniors for prescription drugs is turn them over to HMOs and insurance companies; and if we give enough money to the HMOs and insurance companies, maybe, just maybe, we will not require it, but maybe, just maybe, they will provide insurance for our seniors.

Now, this might seem logical except that the insurance industry says, no, there is no way we are going to provide insurance for prescription drugs for seniors. No way. That is what Chip Kahn, the head of the Health Insurance Association of America has said. Leaders of the Blue Cross plans have made the same point. Why? Because everybody is a claimant. If one is a senior, the chances are good, 85 percent, that one is on some form of prescription medication. So everybody is a claimant.

I say to people in Maine, if Maine were a low-lying State, and every year 85 percent of the people made a claim for flood insurance, one would not be able to buy flood insurance in Maine, not at all, not at any price. Well, the same is true for prescription medication for seniors, and the health insurance industry knows that.

Who does not know it in this country? Well, the pharmaceutical industry does not know it because the pharmaceutical industry is out there basically promoting this private insurance scheme. The Republicans from this House do not get it either, because they are basically proposing a plan that the health insurance industry is saying we will never comply with, we will never provide this kind of insurance.

I come back to what I said about responsibility. This country at this moment in its history can afford to provide prescription drug coverage for seniors, not to pay for all of the drugs that every senior needs, but a decent health care plan. We can afford it.

□ 2145

And what holds us back, what holds us back is the view of the majority that the one thing we cannot tolerate in this country is strengthening Medicare; the one thing we cannot tolerate is strengthening a government health care plan for our seniors. It has to be done through the private sector.

Well, look at the private sector. I do not know in how many States this is true, but I know it is true in a lot of places; but as of July 1, 700,000 people in this country who had some form of prescription drug coverage through their HMO simply got dropped by their HMO. Why? Because it was not profitable to cover them.

In Maine, there were a grand total of 1,700 people under Medicare managed care, under an Aetna plan. And as of July 1, Aetna announced they are pulling out of the State of Maine. So there will be no coverage under managed care plans in Maine for seniors who need prescription drug coverage.

What that means for my State is probably about 50 percent of all the seniors in Maine have absolutely no coverage at all for their prescription

drugs. And many of the people that I know are supposed to take $200, $300, $400, $600, $1,000 a month in prescription medications. They cannot begin to do that.

What we have in this country now is a rationing system that rations prescription drugs by wealth, by how wealthy we are. What kind of system is that? It is not fair, it is not right, it is completely antithetical to what we should have in terms of health care for our seniors in this country.

People can stand up here and talk about the need to eliminate what they call the death tax. I am not talking about relief, because I think we need relief for our small businesses. I think we need relief for family farmers. I think the rate should come down, and I think the exemption should go up. Reform is one thing, but repeal is another. What repeal does is put Bill Gates and Steve Forbes and the mega-billionaires in this country ahead of people who today cannot afford their prescription drugs, cannot afford the medication that keeps them out of the hospital, that extends their lives, that improves their lives. They cannot do it.

We are stuck in this Congress. We are stuck because the majority simply cannot abide strengthening Medicare. The majority simply cannot abide having Medicare benefits receive the same kind of discounts and benefits that the people who are lucky enough to have private health insurance through Aetna or Cigna get. And there are lots of complaints about health care in this country. Individuals working for a company that provides a quality health care plan, they get their prescription drugs covered. But seniors, 12 percent of the population, buy a third of all prescription drugs, and somewhere between 40 and 60 percent have either no coverage at all or very inadequate coverage.

We need to act. We need to act this year. There is no reason why we cannot. The Democratic plan was a comprehensive plan that would have provided a benefit, would have provided a discount, would have worked, did not rely on insurance companies saying they would not do anything. That plan should have come to this floor and been debated, the way substitutes to Republican legislation normally is, but the Republican majority would not allow a full debate and vote on that particular issue. I think that is the scandal. That is the real scandal.

We have a responsibility here to take the most serious problems in this country and deal with them. We ought to be thinking about the country as a whole, what will strengthen this country; what will be the best for our citizens; and deal with our responsibilities: to improve Social Security, to strengthen Medicare, to provide a prescription drug benefit, to invest in education, and, sure, to have some targeted tax cuts and to pay down the debt. Do not squander this moment of prosperity simply on tax cuts, which inevitably are weighted to wealthier people in this country.

There is a real choice, a real debate going on in this House right now, and it seems to me that what we are trying to do on the Democratic side is live up to a wide range of responsibilities. We are trying to figure out what is best for all of us, all Americans, all the people in this country together. We are not saying, as the other side is, me, me, me. Give me money. We are saying we. We are saying we have got to hang together. And when we have our parents and grandparents unable to buy, unable to take medication that their doctors tell them they have to take, we ought to do something about it. And we ought to do it this year, now, before we go home.

I thank the gentleman very much for all he is doing on this topic. I still hope, I still hope that as we get closer to November that we will have some of our colleagues on the Republican side come forward with a plan, and not a plan that is a showpiece, not a plan that is just there to basically look like something has been done even if it is not understood, but a plan that will mean something to millions of American seniors who today simply cannot take the medication they should, cannot eat well, cannot pay the rent, cannot do all those things that they expected to do in their retirement years.

So I thank the gentleman very much.

Mr. PALLONE. I want to thank my colleague from Maine. The gentleman mentioned a number of things that I wanted to comment on. The tragedy is, of course, that what we really want to do is get something done around here. That is what the gentleman has said and that is what the Democrats have been saying.

I do not know if the gentleman was here earlier when our colleague from Colorado delivered his special order before me; but I think, as my colleague just mentioned, he talked about the marriage penalty and the estate tax, and I do not think the President could be more plain when a couple of weeks ago he said, look, I will take a version of the marriage tax penalty repeal, and I want to eliminate the estate tax for most of the people that are now paying it, so give me that with the prescription drug plan under Medicare, that the gentleman and I have been talking about; and I will sign it as one big package, which accomplishes all these goals in one fell swoop. But the Republicans will not do it.

The only reason I can think that they will not do it goes back to what the gentleman said before, which is, for some reason, ideologically they just do not like Medicare. When Medicare was started by Lyndon Johnson in the 1960s, with a Democratic Congress, most of the Republicans voted against it because they said it was government-controlled or socialism.

Obviously, this idea of prescription drug-only insurance policies is not going to work, because the insurance companies would not sell them. But even if they did, what we would essentially be doing is privatizing Medicare. We would set the stage to go back to that old Republican ideology that says that we should not have any kind of government health program for the seniors. So who is to say they would not next say, okay, let us privatize the doctor bills. Instead of having a part B, seniors can go out and buy insurance coverage for that. Or let us privatize hospital care, so go out and buy insurance for that.

It is a very dangerous precedent. I just think that they have a problem with the Medicare program.

Mr. ALLEN. If the gentleman will yield once again. I find talking to people in Maine, where we have had a number of changes, and I hear about this from other colleagues here in the House as well, by and large, there are a lot of mergers going on in the health care insurance industry. Lots of mergers. We are getting now to about five major companies plus the Blue Cross plans, and that is about all there is in terms of companies that really represent more than 4 or 5 million people in this country. But what happens every time there is a change, and this happened with my parents and other people I know, it throws the seniors into a position of trying to figure out what to do next.

If they have to change their health care plan, the first question that comes up is, well, will a new health care plan allow me to see the doctor I am seeing now. Sometimes yes, sometimes no. It is that kind of change, where the benefits change and the premiums change and the way claims are handled changes that just really frustrate and upset so many seniors.

Not to mention, not to mention the small business people and the self-employed in this country who are now buying catastrophic coverage only because they cannot afford the cost of health care, of group health insurance, or sometimes individual insurance, which is now vanishing from Maine as well. But what I am really troubled by is costs are going up everywhere. And it is one thing for people who are employed to cope with those changes, but it is another for seniors to try to cope with the constant changes with changes in plans, with being pushed off one insurance plan into another plan, if they can find it, for supplemental coverage, I mean, and it is just too much. It is too much.

Medicare works. Its administrative costs are 3 percent. Turn to the private insurance market, and we are talking administrative costs of roughly 30 percent. Medicare is efficient. Now, one of the strengths of Medicare is its stability and predictability and equity, and one of its weaknesses is it has not changed very often, and there are all sorts of problems with it. I do not disagree with that. But it is there. It does not cover only those people in urban areas. It covers every senior in this country who signs up.

Basically, it provides the equity. It can be strengthened; it can work. We simply need to make it work before we go home.

Mr. PALLONE. One of the things I was looking at in that article that talks about the Nevada experience that I quoted before, it is interesting, I just noticed that Nevada is the only State that has gone this route of trying to get to buy private insurance. It mentioned there are 14 States, including my own State of New Jersey that have programs to help older people obtain prescription medicines, but in every one of those cases the State is the insurer. The State is running the program. Just like Medicare, essentially. Obviously, Nevada's proposal does not work, so why would we want to emulate that when the other 14 States are doing the opposite?

The other thing the gentleman pointed out, which I think is real important, is we actually have some statistics about the HMOs that are quitting Medicare. And, of course, we make the same argument as Democrats. Right now, the HMOs, which is a form of private insurance that a lot of seniors have relied on to get their prescription drug coverage, they are pulling out all over the place. This study that came out, I guess within the last couple of weeks, said that in the last 2 years, HMOs have pulled out of more than 400 counties and at least 33 States, directly affecting 734,000 Medicare beneficiaries.

And they say that as of July 1, or I guess it is July 3, which was the deadline when they had to notify if they wanted to get out by January 1 of 2001, we have Cigna, which I think the gentleman mentioned, Cigna Corporation is ending coverage for 104,000 Medicare beneficiaries, including those in my State. They are dropping 4,800 in northern New Jersey alone, not just the whole State. And Aetna, with 676,000 Medicare beneficiaries, said it would pull out of some markets also. And we have to, I guess, get more information about that. So we are getting hundreds of thousands of seniors that were relying on HMOs to provide their drug coverage that are now canceling.

One of the things I hear from the Republicans is, they say, well, we want to give seniors choice. That is what we want to let them go out and buy private insurance because they will have choice. But even for seniors who are in HMOs now, or who have employer plans that they are getting it through after they retire, we provide under other Democratic proposal for the majority of the prescription drug costs for those plans. It is anything from like 51 percent to 70 percent, depending, that we are going to be paying for by the Federal Government under our proposal.

So I would argue they will have more choice. Because the bottom line is they will have no choice with the Republican plan, because no insurance company will provide it. With us, if they want to stay in their HMO or if they want to stay in their employer plan, they are more likely to offer it because we are going to be paying anywhere from 50 percent to two-thirds of the cost. So to argue that somehow we are not providing choice, we are providing choices, lots of choices, in addition to the fact that they can just stay in their regular Medicare and get the prescription drug plan.

So I am more and more convinced every day that the Republicans are just talking, going back to that original pollster memo. They are not really serious; they are just talking about it. And that is basically it.

I wanted to thank the gentleman for joining me. This is certainly not the last our colleagues will hear from us. We tried last week to put our prescription description drug plan on the marriage penalty, and we are going to try every maneuver we can to get it up here and voted on before this session is completed.

CONFERENCE REPORT ON H.R. 4576

Mr. LEWIS of California submitted the following conference report and statement on the bill (H.R. 4576) making appropriations for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes:

CONFERENCE REPORT (H. REPT. 106–754)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4576) ''making appropriations for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes'', having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2001, for military functions administered by the Department of Defense, and for other purposes, namely:

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund, $22,175,357,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund, $17,772,297,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund, $6,833,100,000.

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97–377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund, $18,174,284,000.

RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 10211, 10302, and 3038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $2,473,001,000.

RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $1,576,174,000.

RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $448,886,000.