

## EXTENSIONS OF REMARKS

### THE NOTCH BABY ACT OF 2001

**HON. JO ANN EMERSON**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Mrs. EMERSON. Mr. Speaker, today I am again introducing legislation to assist the over 6 million senior citizens who have been negatively impacted by the Social Security Amendments of 1977. Seniors born between the years of 1917 and 1926—the Notch Babies—have received lower Social Security monthly payments than those seniors born shortly before or after this ten year period. My legislation, the Notch Baby Health Care Relief Act, will offset the reduction in Social Security benefits by providing a tax credit for Medicare Part B premiums.

The approach taken in this bill is different than taken by my Notch Baby Act of 2001 or in any other Notch bill that has been introduced. This legislation is particularly noteworthy because it was suggested to me by one of my constituents—adjust Medicare Part B premiums for senior citizens born between the years 1917 and 1926, their spouses and their widows or widowers. The bill also eliminates the Medicare Part B premium late enrollment penalty for these individuals.

As health care expenses can take up a large portion of a senior's retirement income, this tax credit can go a long way to both correct the inequity caused by the Notch and to help seniors meet their health care needs. I urge my colleagues to review the Notch Baby Health Care Relief Act, to discuss this legislation with the seniors in their districts, and to join me in cosponsoring this important legislation.

### RE-INTRODUCTION OF THE MEDICARE UNIVERSAL PRODUCT NUMBER ACT

**HON. LOUISE McINTOSH SLAUGHTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Ms. SLAUGHTER. Mr. Speaker, it is my pleasure to re-introduce today a bill that could provide a significant new tool in the battle against Medicare waste, fraud and abuse: the Medicare Universal Product Number Act.

In 1996, the first-ever comprehensive audit of Medicare's books revealed that Medicare was losing more than \$23 billion every year to waste, fraud, and abuse—almost 14 percent of the program's budget. Since that time, the Department of Health and Human Services has taken important steps to crack down on abusive practices. By fiscal year 1999, net payment errors totaled an estimated \$13.5 billion, or about 8 percent of total Medicare fee-for-service benefit payments.

While significant progress has been made, we must do more to ensure that all Medicare

funds are used for the benefit of patients. In particular, room for improvement exists in Medicare's reimbursement for durable medical equipment (DME). Durable medical equipment includes supplies like catheters, wheelchairs, walkers, and ostomy supplies needed by patients. Many Americans would undoubtedly be shocked to learn that the Medicare program frequently pays for DME without knowing exactly what product was supplied to the beneficiary. Under the current system, items are grouped under broad codes. Medicare pays the average price for all the items included in that category, no matter whether the least or most expensive one was provided. Moreover, the coding system does not allow government officials to determine exactly which product under the code was supplied.

The Medicare Universal Product Number Act will empower Medicare to know precisely what items are being supplied. This bill would require all medical equipment paid for by Medicare to have a Universal Product Number (UPN) very similar to the bar codes on groceries. When suppliers submit claims for reimbursement, they will identify items by UPN. Medicare will know exactly what equipment has been provided and reimburse accordingly. The UPN can be an invaluable aid in tracking down improper payments, identifying willful upcoding and fraud, and reducing program waste.

UPNs are already used extensively by the Department of Defense, Veterans Administration, and many private hospitals and health care purchasing cooperatives. HCFA should recognize the utility of UPNs for Medicare and support the passage of the Medicare Universal Product Number Act.

I am proud to be joined in this effort by my distinguished colleague from Corning, Representative AMO HOUGHTON, who has a long record of activism on health and Medicare. I would also like to note that this legislation has the support of the American Orthotics & Prosthetics Association, the Healthcare Electronic Data Interchange Coalition (HEDIC), the Health Industry Distributors Association, the Health Industry Group Purchasing Association, Invacare, the National Association for Medical Equipment Services (NAMES), the National Association of Wholesaler-Distributors, Premier, Inc., the Uniform Code Council, and VHA, Inc.

Medicare program integrity is improving, but we still have a long way to go. The current system is wasteful and vulnerable to abuse. UPNs are a common-sense solution to make Medicare a smart health consumer for the sake of older Americans, taxpayers, and medical equipment suppliers alike.

### INTRODUCTION OF THE SURVIVING SPOUSE FAIRNESS ACT

**HON. MARGE ROUKEMA**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Mrs. ROUKEMA. Mr. Speaker, today I talk about the Surviving Spouse Fairness Act that I will introduce today. I propose this legislation out of fairness and the need to make the tax code simpler to those who have suffered the loss of a spouse.

Today's tax code pressures a surviving spouse to sell their home within the same year that their spouse died in order to reap the full \$500,000 capital gains exclusion. After the year of death, the surviving spouse is treated as a single person and only allowed \$250,000 exclusion.

Why should a surviving spouse incur a tax penalty on the sale of their home just because their spouse died?

Why should a surviving spouse, who was married for decades, not be treated the same as a married person?

My bill would allow the full \$500,000 of capital gains exclusion on the sale of the home of a widow or widower who has not remarried and would have otherwise qualified for the exclusion if their spouse had not died.

The Joint Committee on Taxation last year found that this bill would cost only \$43 million over five years. The small revenue loss would be exceedingly affordable for the amount of emotional relief, justice and tax simplification the bill would provide.

I call on my colleagues to support this important legislation.

### THE BIPARTISAN COMMISSION ON SOCIAL SECURITY REFORM

**HON. ROB PORTMAN**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Mr. PORTMAN. Mr. Speaker, the 2000 Report of the Social Security Board of Trustees projects that the amount of money going out of the Social Security Trust Fund will begin to exceed the tax dollars coming into the system in 2015 and, as a result, the Social Security Trust Fund will be depleted in 2037. At that time, only 72% of Social Security benefits would be payable with incoming receipts unless changes are made today.

The primary reason is demographic: the post-World War II baby boomers will begin retiring in less than a decade and life expectancy is rising. By 2025 the number of people age 65 and older is predicted to grow by 75%. In contrast, the number of workers supporting the system would grow by 13%.

If there are no other surplus governmental receipts, policymakers would have three choices: raise taxes or other income, cut

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spending, or borrow the money. Mirroring this adverse outlook are public opinion polls showing that fewer than 50% of respondents are confident that Social Security can meet its long-term commitments. There also is a widespread perception that Social Security may not be as good a value in the future as it is today.

While it is accepted that Social Security reform is needed without undue delay, there clearly is no consensus on how this should be accomplished. This was evident by the Report of the 1994–1996 Social Security Advisory Council, which provided three very different plans but none of which received a majority's endorsement. It also is reflected by the many bills introduced in the 105th and 106th Congress and proposals by the Administration that represents a diversity of approaches to Social Security reform. As a result of differences within Congress and no clear direction from the outgoing Administration during the last 8 years, there has been no movement on Social Security reform.

This state of affairs shows the need for to develop consensus legislation between Congress and the Bush Administration that can be enacted into law without undue delay. To accomplish this goal, Mr. CONDIT and I are re-introducing a bill we offered last year to establish a Bipartisan Commission on Social Security Reform charged with developing a unified proposal to ensure the long-term retirement security of Americans. It is important to note that President-elect Bush has endorsed the concept of a bipartisan commission to pave the way to a consensus on Social Security reform.

The Commission we propose will consist of 17 members to be appointed by the House and Senate majority and minority leadership and the President. The commissioners are to be individuals of recognized standing and distinction who can represent the multiple generations who have a stake in the viability of the Social Security system. They also must possess a demonstrated capacity to carry out the commission's responsibilities. At least 1 of the commissioners will represent the interests of employees and 1 member will represent the interests of employers.

Reforming Social Security needs to be addressed sooner, not later, to allow for phasing in any necessary changes and for workers to adjust their plans to take account of those changes. Further delay simply is not acceptable, and it is my hope that we will take up the Bipartisan Commission on Social Security Reform Act of 2001 as one of the first pieces of business in the 107th Congress. Mr. CONDIT and I will be working with the leadership and the Bush Administration to make this goal a reality.

#### INTRODUCTION OF THE DRUG PRICE COMPETITION IN THE WHOLESALE MARKETPLACE

**HON. JO ANN EMERSON**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Mrs. EMERSON. Mr. Speaker, today I am introducing legislation that will preserve drug price competition in the wholesale marketplace, prevent the destruction of thousands of small businesses across America and avoid a

possible disruption in the national distribution of prescription drugs to nursing homes, doctors offices, rural clinics, veterinary practices and other pharmaceutical end users. As befitting such legislation, I am pleased to note that this bill has cosponsors from both political parties, a number of different committees and many different areas of the country.

Our objective is to prevent and correct the unintended consequences to prescription drug wholesalers of a Final Rule on the Prescription Drug Marketing Act (PDMA) issued by the Food and Drug Administration in December 1999. This regulation will require all wholesalers who do not purchase drugs directly from a manufacturer to provide their customers with a complete and very detailed history of all prior sales of the products all the way back to the original manufacturer.

Absent such sales history, it will be illegal for wholesalers to resell such drugs. But in a true "Catch 22" fashion, the regulation does not require either the manufacturer or the wholesaler who buys directly from the manufacturer to provide this sales history to the subsequent wholesaler. In addition, the wholesaler who does not purchase directly from a manufacturer has no practical way of obtaining all the FDA required information needed to legally resell Rx drugs. The result of this rule will be that most small wholesalers will be driven out of business. The FDA has estimated that there are about 4,000 such secondary wholesalers who are small businesses.

The FDA's Final Rule will also upset the competitive balance between drug manufacturers on the one hand and wholesalers and retailers on the other by granting the manufacturers the right to designate which resellers are "authorized" and which are not, quite apart from whether the reseller buys directly from the manufacturer or not. The original intent of the PDMA was that wholesalers who purchase directly from manufacturers be authorized distributors, exempt from the requirement to provide the sales history information to their customers. However, the FDA's regulation has separated the designation of an authorized distributor from actual sales of product, and will allow manufacturers to charge higher prices to wholesalers in exchange for designating them as authorized distributors. Drug price competition will also be significantly reduced if thousands of secondary wholesalers are driven out of business. The result of the FDA's regulation will be that consumers and taxpayers will pay even higher prices for prescription drugs.

Seems to me that the FDA is protecting the drug companies at the expense of the American public at a time when these companies must be encouraged to lower their outrageous prices so that our seniors and others in need can afford to pay for their medicine.

Thus, while the Congress wrestles with difficult questions regarding drug pricing for seniors, expanded insurance coverage for prescription drugs and the like, the PDMA Rules is a drug pricing issue that is relatively uncomplicated, easy to solve and not expensive.

The bill would make minor changes in existing language to correct the two problems described above. First, the bill would define an authorized distributor as a wholesaler who purchases directly from a manufacturer, making the definition self-implementing and removing the unfair advantage given to the manufacturer by the regulation. Second, the bill will

add language to the statute which will greatly simplify the detailed sales history requirement for most wholesalers. If prescription drugs are first sold to or through an authorized distributor, subsequent unauthorized resellers will have to provide written certifications of this fact to their customers, but will not have to provide the very detailed and unobtainable sales history. For any product not first sold to or through an authorized distributor, a reseller would have to provide the detailed and complete sales history required by the FDA Rule. This would protect consumers against foreign counterfeits or any drugs which did not enter the national distribution system directly from the manufacturer, while eliminating a burdensome and expensive paperwork requirement on thousands of small businesses which has no real health or safety benefit in today's system of drug distribution.

My cosponsors and I invite and encourage Members to add their names to this bill and look forward to its prompt enactment this year. Unless the FDA regulation is reopened and significantly modified by the agency, overturned in court or, as I hope, corrected by this bill, wholesalers will have to start selling off their existing inventories as early as May because the products will be unsalable when the regulation goes into effect in December 2001. This forced inventory liquidation will be accompanied by an absence of new orders by thousands of wholesalers, and the result could easily be disruptions in the supply of prescription drugs to many providers and end users. Let us then move quickly to fix this problem and save consumers, taxpayers and thousands of small business men and women across the land from higher drug prices, potential health problems due to supply interruptions and significant economic loss and unemployment.

#### RE-INTRODUCTION OF THE COLLEGE STUDENT CREDIT CARD PROTECTION ACT

**HON. LOUISE McINTOSH SLAUGHTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 3, 2001*

Ms. SLAUGHTER. Mr. Speaker, today my colleague Representative JOHN DUNCAN and I are proud to re-introduce the College Student Credit Card Protection Act.

I drafted this legislation in 1999 in response to a growing number of horror stories about young people and credit card debt. For example, I heard from a constituent whose stepson filed for bankruptcy at the age of 21. He was \$30,000 in credit card debt. According to a University of Indiana administrator, we lose more students to credit card debt than to academic failure.

Credit card companies are aggressively marketing their cards to college students. We all receive credit card solicitations at home. In just one year, one of my employees received a shopping bag full of credit card solicitations. Now, magnify that number exponentially for college students.

I remember when an unemployed student was not able to get a credit card limit without a parent as a co-signer. Now, students are not only targeted through the mail and by phone, but also in person through booths set up on