

tell Members, our colleagues on the other side of the aisle and the Democrat leadership have stalled. They have criticized the President. Look at what has happened in the last few days. The President is accomplishing what we want to accomplish. So in a bipartisan effort, we should pass a resolution in this House supporting the President. We should pass a resolution supporting the President in a way that he continues down the path that he is headed, and that is a path that so far just in the past couple of weeks, his strong movements, his very directed comments as to what was going to happen and his directed action, has forced Iraq to play their first hand. They threw down their hand, and they are allowing inspections.

It may not work, but you better not mess around with this country and with the U.N. coalition. This country, under the direction of President Bush, is not going through this exercise in futility. President Bush does not consider this an exercise. He considers this, and this Nation considers this, and the United Nations Security Council should consider this and do consider it, a very serious matter which will be followed through with.

We intend to follow through and disarm Iraq from weapons of mass destruction. We will accomplish that goal, and we will accomplish that goal under the leadership of President Bush. To this point we have done pretty well so far. It is just the beginning. But so far the President has had tremendous success.

Mr. Speaker, I urge the Democratic leadership, I am begging the Democratic leadership, put aside your partisanship and your objections on the Sunday talk shows and help our President help our effort here. Just in the opening stage, we are going to be able to get inspectors into Iraq. If the going gets tough, stick with us. It is time.

I have to say, Members, a lot of Democrats not in leadership are supporting this and are supporting the President. But the leadership needs to quit playing politics and come on board with us. This matter is much too serious for partisanship. I invite them on the team. The President has done a good job so far, and so has his team.

PRESCRIPTION DRUG BENEFIT FOR SENIORS

The SPEAKER pro tempore (Mr. SHUSTER). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, this evening, and it is certainly not the first time, I am coming to the floor to talk about the need for a prescription drug benefit under Medicare, and also to deal with the rising costs for prescription drugs. I think this Congress has an obligation before we adjourn in another month or so to address both

issues because the bottom line is that not only more senior, more Americans are facing rising prescription drug costs, and I think it is primarily due to the fact that the brand name drug industry is trying to control prices in a way to make sure they receive maximum profits and influence the United States Congress both in terms of political contributions, influence the public with TV ads, all of which make it very difficult to address the issue and the need for a Medicare prescription drug benefit and some sort of effort to control prices or at least bring prices down because of the impact that it is having on our health care system.

Mr. Speaker, I do not need to tell any American about the rising cost of prescription drugs. As the cost goes up, more and more Americans are not able to afford their medicine. That has an impact because, as we know, certainly in the last 20 years, certainly in the last generation, prescription drug medications have become a preventive measure. In other words, if you are able to take certain prescription drugs, you do not need to be hospitalized or go to a nursing home or have some sort of radical medical procedures. Prescription drugs essentially are a form of prevention, a more serious interference in terms of medical care.

I just think that it is very unfortunate that we do not address the problem of rising cost and what it means for the average American, particularly for the average senior.

I wanted to start out this evening by giving some information about the level of price increases. This is an analysis that was done by Families U.S.A. just a couple of months ago in June of this year. It says that the prices of the 50 most prescribed drugs rose on average by nearly 3 times the rate of inflation last year.

The study analyzed price increases for the 50 most commonly prescribed drugs for seniors for the last year, and that is January 2001 through January 2002, and then for the past 5 years and before that the last 10 years. The report found that nearly three-quarters, 36 out of 50, of these drugs rose at least 1.5 times the rate of inflation, while one-third, 8 out of 50, rose 3 more times the rate of inflation.

The drugs that experienced the largest price increases were the following, and I am not going to get into all of the details, but it gives some incredible examples. Demadex and Premarin rose nearly 7 times the rate of inflation. Plavix rose more than 6 times the rate of inflation. Zestril, Lipitor, and Combivent rose more than 5 times the rate of inflation.

The interesting thing about it is that if we compare price increases of generic versions of these same brand name drugs, and this is what the report did, the report showed that the brand name drugs rose 4.5 times faster than the rate of price increases for generic drugs, 8.1 percent versus 1.8 percent, and 10 of the 50 most prescribed drugs

for seniors are generic, and the average annual price for those drugs was \$375. Nine of these 10 drugs did not increase in price at all.

The point that that makes, and I think it is particularly important in light of the Democrats making a push in the next few days to try to get a bill brought up in committee that seeks to encourage more generic drugs, is that the brand name drug prices were increasing rapidly, whereas generic drugs were not.

When we talk about generic drugs, a lot of people are familiar with generics and understand what it means, but a lot of people are not. What we have found repeatedly is that if we can bring a generic drug to market, in other words, if the patent for the brand name drug expires and you can have a number of companies selling a generic drug in lieu of the patent drug, that will significantly bring down costs. Generics are one way of bringing down costs, and that also needs to be addressed by this Congress.

What are the Republicans and the Democrats doing about this problem? We know we have a problem of price increases with prescription drugs. We know that Medicare right now does not include any kind of prescription drug benefit unless you happen to be in an HMO, and many of the HMOs have dropped seniors in the last couple of years.

So what is the Congress doing about it? Well, the Democrats have really come up with a very simple solution. The Democrats have proposed basically expanding Medicare to provide a prescription drug benefit. Those Members who are familiar with Medicare know that under part B of Medicare, which takes care of the doctors' bills, basically what seniors do, and 99 percent of the seniors do this when they participate in Medicare, they pay a monthly premium, so much a month. It is usually \$45-50 a month, and they pay a deductible of \$100 for their first doctor bill. But after that, 80 percent of the doctors' bills are paid for by the Federal Government under Medicare, and they pay 20 percent up to a certain amount when the government pays 100 percent.

The Democrats proposed and we have legislation that would accomplish the same goal and do it in the same way, provide a prescription drug benefit under Medicare that was guaranteed, that was universal, that all seniors and everyone eligible for Medicare would take advantage of, and essentially you would pay \$25 a month premium, you would have a deductible of \$100, and after that 80 percent of your prescription drug costs would be paid for by Medicare by the Federal Government. There would be a 20 percent copay.

□ 2045

And after someone had shelled out \$2,500 out of pocket, if that were the case in paying the 20 percent, then all of their prescription drug bills would

be paid for 100 percent, modeled after what we do now for doctor bills.

It makes sense. It is very simple. Medicare has been a very successful program. Given that more and more seniors do not have access or have problems paying for prescription drugs, this would seem to be a logical solution. It is certainly logical, certainly reasonable; but the problem is that the Republican leadership in the House, because they are so much in the pockets of the brand-name drug companies, would not even consider something like that. When the Democrats tried to bring it up as a substitute to the Republican bill, they ruled it out of order. They would not let it come up.

What have the Republicans proposed instead of a simple expansion of Medicare to include prescription drugs? They have talked about the need for privatization. In the same way that President Bush has talked for privatizing Medicare as a whole, the Republican leadership in the House has moved a bill and passed a bill, because they have the majority, they have the votes, to simply provide private health insurance or try to encourage seniors to seek out private health insurance that would cover their prescription drugs, basically give seniors a certain amount of money like a voucher so that they could go shop around and see if they could find a private insurance plan that would pay for prescription drugs.

I would venture to suggest to my colleagues that this is the most absurd idea; and the reason I say that is because if the private sector was able to effectively provide prescription drug benefits in the same way that people thought that maybe the private sector would be able to provide for health insurance for seniors in general, then we would not need a government program.

The reason that we have Medicare in general to pay for hospital bills, to pay for doctor bills, is because when seniors prior to Medicare, 30, 40 years ago, tried to go out to buy private health insurance to pay for their medical bills, they could not find it because they were too high risk. They were using too much health care. They could not find a health insurance policy that would provide the coverage. And so that is why we started Medicare as a government program. Not because we were socialists and wanted a government program; but because, practically speaking, seniors could not find health insurance, they could not buy it. It was not available.

So now why would we want to do the same thing, why would we want to suggest to seniors that they go out and try to buy health insurance privately that just covers prescription drugs? That is even less likely to be available because most seniors use prescription drugs and anybody who knows the way insurance operates, the private sector knows, that private insurance companies only want to provide insurance to low-risk individuals. They do not want to pro-

vide insurance where everybody who is covered by the policy is going to take advantage of the benefit and need the prescription drugs, because they cannot make any money if they sell insurance that provides that kind of a benefit. So the Republican proposal is essentially absurd from the get-go because it will never work, because if there was private insurance available, seniors would just go out and buy it and they cannot buy it because it is not available.

I would venture to say to my colleagues that what is really going on here is that the Republicans are doing the bidding of the brand-name drug companies. The brand-name drug companies do not want a Medicare benefit, and they do not want anything that would interfere in the rising price and cost and profits that they make from selling prescription drugs. Even if it means selling it to fewer and fewer people, they are making more and more of a profit.

In case anyone doubts what I say, I just wanted to point out very briefly this evening, and I have done this before, some of the things that are going on with the brand-name drug companies to accomplish their goal of preventing a real prescription drug benefit that would be meaningful to seniors. On the day when the Republican bill that I talked about, the privatization bill, was brought up and considered in the Committee on Energy and Commerce, which has jurisdiction over prescription drugs and that I am a member of, there was a fundraiser for the Republican National Committee the same night; and because the drug companies were so involved in the fundraiser for the Republican National Committee, the committee actually broke at 5 o'clock and carried over its business to the next day because all the Republicans had to go to this fundraiser where they would get money from the prescription drug industry.

This is an article from The Washington Post on that day in June, and the headline says: "Drug Firms Among Big Donors at GOP Event."

"Pharmaceutical companies are among 21 donors paying \$250,000 each for red-carpet treatment at tonight's GOP fundraising gala starring President Bush, two days after Republicans unveiled a prescription drug plan the industry is backing, according to GOP officials.

"Drug companies, in particular, have made a rich investment at tonight's event." It goes on to describe all the money that they were giving, but the article further on says that "every company giving money to the event has business before Congress. But the juxtaposition of the prescription drug debate on Capitol Hill and drug companies helping underwrite a major fundraiser highlights the tight relationship lawmakers have with groups seeking to influence the work before them.

"A senior House GOP leadership aide said yesterday that Republicans are

working hard behind the scenes on behalf of PhRMA," that is the pharmaceutical company trade group, "to make sure that the party's prescription drug plan for the elderly suits drug companies."

What was going on here was that the big drug companies were not only giving to the Republican campaign coffers, they were writing the bill. They wanted to make sure that the bill that was written by the Republicans that came out of committee and came to the floor was a bill that suited them and suited them because either it would not work because it was the privatization proposal that does not work or at least would guarantee that there was no effort to reduce or have any influence over prices. And if anyone doubts that, I will read a little section from the Republican prescription drug bill that is entitled "Noninterference."

Basically what it says is that the administrator of their program, of their prescription drug program, could not in any way try to reduce prices. I will just read you some sections. This is the actual bill.

It says that "the administrator of the program may not require a particular formulary or institute a price structure for the reimbursement of covered outpatient care; two, interfere in any way with negotiations between PDP sponsors and Medicare+Choice organizations and drug manufacturers, wholesalers or other suppliers of covered outpatient drugs; and, three, and this is most important, otherwise interfere with the competitive nature of providing such coverage through such sponsors and organizations."

So what they did with this noninterference clause in their bill, and I know it is a little bureaucratic there, but the bottom line is it says that you cannot interfere in anything that would deal with pricing, with price structure. Remember, I mentioned before that the Democratic bill expands Medicare to include a prescription drug benefit. It does not operate with the private sector. It simply expands Medicare to include a prescription drug benefit. We do the opposite with regard to the cost issue. In the Democratic bill we say that the Secretary of Health and Human Services must, is mandated, to negotiate and reduce prices, because the idea now is that there are going to be 30 or 40 million seniors in the Medicare program who now have this prescription drug benefit; and if the Secretary of Health and Human Services negotiates for them, he can bring down prices maybe 30, 40 percent because he now has the power to negotiate for all these 30, 40 million senior citizens.

This is what happens now with the VA. The Veterans' Administration does this. They negotiate for the veterans in order to bring down prices. The military does this, the Army, Navy. They all negotiate on behalf of the military personnel to bring down prices so they get a really good price for their prescription drugs. That is what the Democrats do in their bill.

The Republicans say, You cannot do that. We do not want you to do that. Not only did the drug companies give all this money to the Republicans, not only did they write the bill to make sure that they were protected in the sense that there would be no effort to reduce price, but also they started running ads almost immediately after the Republican bill passed the House of Representatives touting the fact that certain Republicans who were running in tough races this November to be re-elected, that those Republicans had voted for the Republican bill and how wonderful they were and how wonderful they were to their senior constituents because they voted for this bill. Amazingly, if you think about it, you give money to prevent the good bill from coming up, you make sure that your bill is the one that is written, and then you go out on the airwaves and you pay for advertisers who tell the American public that the person who voted for this pharmaceutical boondoggle is doing the right thing and in some way is some sort of a hero. But this is exactly what was done.

There is a report that I have, and this was actually done by Public Citizen, another nonprofit group. They pointed out in the report issued in July of this year that United Seniors Association, which is the group that is running these ads telling you how wonderful the Congressmen are that voted for the Republican bill, is basically nothing but a front group for the drug industry. Drug companies gave that organization that runs these ads and pretends to be sort of neutral \$10 million initially to push the drug bill favored by the industry.

In fact, the information I have, which is really new information, this week, says that not only has this alleged senior group that is being underwritten or financed by PhRMA, by the drug companies, not only did they start running the ads in June or July after the Republican bill passed here, but they have continued to run ads and now as of, I guess this is dated yesterday, September 16, which I am going to read you now, they are just pumping even more money into these ads. This is a "Daily Health Report" from the Kaiser Network, the Henry J. Kaiser Family Foundation, Kaiser Network. It says that the Pharmaceutical Research and Manufacturers Association, that is PhRMA, the drug companies' trade group, has contributed millions of dollars in recent months for political ads in several States with tight congressional races.

For example, the industry group has provided the United Seniors Association, which runs the ads, with more than \$8 million for ads promoting about two dozen House candidates who support the House-passed GOP drug bill which includes the prescription drug benefit. The commercials began running last week in about 20 regions where Republicans face tough races this fall. The ads are tailored to each

race, stating that the candidate understands the need to assist seniors with health care costs and supports adding meaningful drug coverage for all seniors. The ads end by encouraging viewers to call their respective Congressman and urge him to keep fighting for his bill. The association's campaign, which also includes Internet and direct mailing efforts, is supported by a general education grant from PhRMA.

In addition, another group, the 60 Plus Association, has been running radio and newspaper advertising in selected States backing the GOP-backed drug bill. The National Journal reports that both groups are helping Republican candidates and drug companies by promoting industry-backed legislation.

I do not want to keep going on, but the other thing that we found is that not only are the drug companies financing these ads telling people to support candidates that support their bill but now they are also putting pressure on companies to not support an alternative bill which the Democrats are pushing in particular this week that would make it easier for generics to come to market. This is from the same report, from the Kaiser Network.

It says that in other prescription drug news, pressure from the pharmaceutical industry has forced several companies to drop their support of a Senate-passed bill, S. 812, that would ease market entry of generic drugs, according to a Washington Post editorial from yesterday.

Earlier this month, Georgia-Pacific and Verizon Communications left or reduced their roles in Business for Affordable Medicine, a coalition lobbying for easier access to generic drugs, after brand-name drug makers threatened to end contracts with the companies. Georgia-Pacific asked to not be listed on the coalition's Web site after receiving pressure from Eli Lilly, and Verizon left the coalition recently after being pressed by Wyeth. Since then, Marriott International quit the coalition and UPS has asked to be removed from the Web site. "Given that all these companies stand to benefit from lower drug prices, it's a fair guess that drug company pressure had something to do with their decisions." The Washington Post stated, concluding that it is a "worrying sign" that the "eminently reasonable reform" passed by the Senate "faces tough sledding in the House, whose Members now have to choose between affordable medicines and placating the drug lobby."

Let me explain a little bit what this generic drug bill is that the Democrats are pushing now, again in an effort to try to reduce costs. What basically has been happening is that brand-name companies get a patent for a particular drug, a prescription drug when they develop it, when they do the research and they develop it. They are able to seek a patent and gain a patent where they have so many years where they exclusively can sell the drug because they

produced it, or they researched and developed it. The reason that that patent is given is because it is basically incentive for a company or an individual to develop a new miracle drug.

But after so many years when this exclusivity runs out, the theory is that the drug companies benefited greatly and made a lot of profit on the drug, then generic companies, basically any company can come in and produce a similar generic drug which obviously is sold for significantly less and is one way of trying to reduce costs for prescription drugs.

□ 2100

But the problem is that over the years the brand name drug companies have tried to come up with all kinds of ways of getting around the end of their patent, by renewing it, or playing some kind of games or gimmicks, if you will, to try to get the patent extended or get a new patent that is similar to the old one so you cannot bring generics to market.

I do not want to get into all the details of this, but I want to give one example. Under current law, when a generic drug seeks FDA approval and a brand company's drug is patented, the brand company can sue the generic for patent infringement. But under the current law, which is called Hatch-Waxman, it forbids the FDA from approving the generic application for 30 months.

Basically what they are saying is if the patent has expired and a generic wants to come in and produce the same drug, but the company that has the patent feels that somehow the patent is going to be infringed, the FDA basically gives a stay for 30 months, if you will, before the generic can come to market. What the brand companies have done is they have used this provision by dragging out lawsuits and by obtaining a series of 30-month delays through the last-minute filing of new and sometimes frivolous patents.

I do not want to get into all the details of this, but the bottom line is they can keep running the period when the patent is exclusive, essentially, and force the situation where the generic drug does not come to market. There are all kinds of examples like this.

Some of my colleagues, on a bipartisan basis, the gentleman from Ohio (Mr. BROWN), a Democrat, and the gentlewoman from Missouri (Mrs. EMERSON), a Republican, introduced a bill called the Prescription Drug Fair Competition Act, H.R. 5272, that seeks to basically get rid of a lot of these loopholes so that the generics can easily come to market and these patent abuses cannot continue.

This bill actually passed in the Senate, I am sorry, Mr. Speaker, by the other body, but so far our efforts, primarily by the Democrats, to bring this bill up in this House and have it passed here so it can go to the President and be signed into law have achieved nothing. The Republican leadership refuses