

world. Most of them, of course, are in America, but we have military construction projects around the world that are waiting, and we need to get to that.

I appreciate the Senator saying he would join with us, but the problem is we have had trouble moving all legislation, not the least of which is the military construction appropriations bill.

I appreciate the courtesy of the Senator allowing me to ask questions.

Mr. SANTORUM. The Senator from Nevada is always courteous to Members on our side when we come to the floor and we appreciate that gentility in the way he deals with questions and answers and appreciate his questions. I know we can work together in a bipartisan way to manufacture as many appropriations bills as possible between now and the August break. I know the Appropriations Committee has begun to churn out these bills in marathon sessions. That is welcome news.

Hopefully, we can get to what I believe is the most important. It is a big bill and it is complex. It is several hundred billion dollars. It is still smaller than this bill and a heck of a lot less complex, a bill that potentially could be presented here by the majority to expand prescription drugs.

Again, even though I object to the way this procedure is being done, I am very much for having this debate on the Senate floor and trying to get a prescription drug bill done that meets the needs of our seniors all across the country. I don't like the way it is structured. I don't believe it has been structured in a way that will lead us to a result that can be satisfactory to any senior. It is certainly a debate we should have. I just wish we had it under circumstances with a possibility of success. I don't think we are heading in that direction at this time.

A final point is on the underlying legislation. As I said before, I have only had a chance to look at it over the last 24 hours since I have been back in town. I have some concerns about this underlying legislation. This is more of a vehicle than a substantive issue. We have to understand, when it comes to the pharmaceutical companies, they are the great whipping boy in the Senate and certainly in the House and many places across the country. The fact is, about 50 percent of the new drugs that come on the market come from innovations in the United States of America. People are alive today who are listening to my voice because of pharmaceutical companies making billions of dollars in investments each year to create new drugs, to move the envelope forward, to improve the quality of and to lengthen people's lives.

I understand they get beat up on because they try to use their patents and they charge more money here than in other countries and all the other things said about them, but the fact is, if bills such as this pass—and I am concerned about this particularly, some of the litigation provisions—we are going

to erode the incentives for pharmaceutical companies to invest in cures.

It is popular, very popular, to go around and promise seniors you are going to get them cheap drugs; that these generics are the answer. These filthy horrible drug companies, the pharmaceutical companies, the name brand pharmaceutical companies are horrible people who are raping and pillaging you, and if we just give all their patents to the generic folks as quickly as possible and give the generics an opportunity to get in there quicker, your drug prices will be lower. That is an argument that appeals very much to this generation of seniors and this generation of pharmaceutical users at the expense of future cures for them and others.

Some may say that is a good trade-off. The politics is smart, I guess, because people would rather have the money in their pocket than the perspective of maybe something happening that may or may not affect them in the future. I understand the game. I understand the politics. The politics are great in being able to promise somebody a 50-percent reduction in their drugs, or a 30-percent reduction in their drugs. That is great. People see it, feel it, and hear it. But people also need to realize that when you do that, you limit the innovation that occurs; you limit those lifesavings drugs, the enhancing of the quality-of-life drugs that come out of this Nation's terrific pharmaceutical industry.

Sure, I will join others on this side with some amendments. I know Senator HATCH and Senator GREGG have concerns about this underlying legislation, have concerns about some of the issues, such as the reimportation of drugs.

I have very serious concerns about the safety of the reimportation of drugs. In Canada, they are cheap and they can send them back here and they are cheap. They sell them in Canada because they say this is how much you are going to charge; if you don't want this price, you cannot sell your drug in Canada. By the way, if you really want the drug, we will make it and sell it here ourselves. So you have no market and we will sell your drug anywhere.

You say: I cannot believe that happens. That happens.

Here is a pharmaceutical company that says: I charge \$2 for the drugs in America; it costs me a quarter to make them. I charge \$2 for the drug in America. It costs me a quarter to make it—that is, the process to make it. But the rest is to make up for the many cases, hundreds of millions, invested to get this formula to where it is. I have to make it up somehow so I have to charge more.

Canada says: I will only pay you a dollar; I will not pay you \$2. I will only pay you \$1 or 50 cents. The drug company has to make a decision: Do I sell it for less there and get the wrath of the American politicians who say, look how cheap this drug is, or do I sell it

for less there, still cover my costs, and make a small profit—not as much, but I make a small profit—or do I not sell my drug there, have a Canadian steal my patent, make the drug and sell it there anyway?

If you are a pharmaceutical company, that is a decision you have to make. Some say: No, I don't want to sell the drug. I will not do it. Others say a little profit is better than none. And some suggest this is perhaps a unique drug, they feel a social obligation to make it available in countries because this is a drug that maybe doesn't have anything similar to it. So they sell the drug even at a very small profit because they feel a social responsibility to do so because it will save lives.

For this, they have Senators of the Senate holding up drugs and saying: Look at these rotten drug companies. Look at these rotten drug companies. Look what they are doing.

Understand the story because you are not being told the full story. You are not being told what really happens. Yes, they are cheaper, but now you understand why they are cheaper. They can say no. Fine. In some cases, saying no means people will die. Most pharmaceutical companies, contrary to what you hear, are not in the business of wanting people to die so they sell their drugs. I suggest we understand the whole story before we get into how bad these guys are for selling drugs cheaper in other places.

The bottom line is the American public, as a result of the way foreign governments operate, subsidize research in the world. Is it the right thing to do? We should have a good policy discussion on that. There might be legitimate competing arguments whether we should subsidize the research by paying more for research. However, if we do not, the research will not get done and people will die because that new drug that could have been invented had the investment been made will not be developed or it will be much later.

Those are the chances. I know that is taking the dollar you could get now for cheaper drugs for the promise of something better later. One thing drug manufacturers can point to is the promises have been made good, if you look at the quality of the pharmaceuticals that we have on the market today and for people whose lives are being saved and the quality of life that is being improved.

Understand what we are doing. This is not as simple as some would let you believe. Understand what we are doing. We are going after the big bad pharmaceutical companies that are responsible for many people being alive today.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, I ask unanimous consent that the Senate

now proceed to a period of morning business, with Senators allowed to speak for a period not to extend 10 minutes each; I further ask, as part of that consent, that the Senator from Michigan be recognized; that the Senator from Arkansas be recognize to speak for up to 30 minutes, and if I could get the attention of my friend from Iowa, does the Senator from Iowa wish time to speak?

Mr. GRASSLEY. No.

Mr. REID. There is time for others to come to speak, but I ask the Senator from Michigan now be recognized in morning business under the unanimous consent request, and that following that, the Senator from Arkansas be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

MEDICARE PRESCRIPTION DRUG BENEFIT

Ms. STABENOW. Madam President, it is difficult to know where to begin at this point. I feel compelled to respond to my colleague and friend from Pennsylvania, who has spoken at some length. As I listened to him on a variety of subjects, I have changed what I was going to say a number of times.

Let me just start by addressing the last issue he raised about knowing the whole story because I believe it is incredibly important. We have been trying, now, since Friday—or certainly we have been trying since yesterday—to move to this legislation which is so critical to lower prices of prescription drugs for everyone and also provide a Medicare prescription drug benefit that is beneficial. As we finally move to the bill, it is important that we understand the whole story of how the industry operates today and our role as taxpayers.

I think we need to understand that we start with basic research. This year, we as taxpayers are spending \$23.5 billion that we give to the National Institutes of Health for basic research. I support that. I would support doing more. I think it is critical. But we do that, and companies take the information and then move it to the next level after we have subsidized or paid for the research.

They move to the next level and do research and development themselves, which is also very important. We subsidize that as well through tax write-offs on research and development as well as advertising and business costs and so on. So we participate through tax deductions and credits.

We then allow companies that bring a product to market to have up to a 20-year patent. That patent, then, allows them to have exclusive rights, without competition, so they can recover their costs, their research costs. It does cost a tremendous amount of money to bring new drugs to the market. We know that. We as Americans have built

in a system to make sure that that innovation is recognized. We allow companies to recoup their costs, and they are then able to bring these lifesaving drugs to market.

We then get to the end of that process, and then something else is supposed to happen. The formula is supposed to be available for generic companies to be able to, in turn, manufacture the drugs and reduce the prices.

What happens today? Unfortunately, this industry, that has been supported and subsidized and is making 18-percent to 20-percent profit a year, fights every possible venue for competition. They fight everything. They fight generics going on the market. Sometimes they buy up the companies. Sometimes they just sue them to keep them off the market. They fight opening the borders to Canada which would create more competition. They fight real Medicare prescription drug coverage that would allow 40 million seniors and those with disabilities to be under one insurance plan and be able to have the clout to get a group discount. They fight everything.

That is the real story: Why we are here, seeing delay after delay after delay, because we see the lobbyists in that industry looking for every opportunity to stop us from going forward.

My colleague also said we should have brought this up in the Finance Committee. One of the things I learned is that if you are wrong on substance, you bring up process arguments. So we had a lot of process arguments. Unfortunately, not one of those process arguments would buy one prescription for one senior.

We have heard arguments about the Finance Committee. I ask my colleagues: It is my understanding there has been a bill in the Finance Committee for 5 years. How long is long enough? How long is long enough? How long do seniors in the country have to wait for Medicare coverage? How long is long enough?

We debate on the floor skipping the Finance Committee. How about the senior who is skipping supper right now? Frankly, I am more concerned about that person right now. How long do people have to wait? How many Presidential debates and campaigns? How many congressional campaigns? How long?

Now is the time to stop talking about process and start talking about real Medicare coverage and lowering prices for everyone, so the next group of employees do not have to be told their pay is frozen so the employer can pay the health care benefit; so the next round of small businesses do not see their premiums jump 30 percent, 40 percent, and they have to consider dropping insurance coverage for their employees—predominantly because of the driving costs of prescription drugs; so the manufacturers in my State do not have to struggle with this issue.

How long? I would suggest too long. And now is the time to do it. Now is

the time to act. If we are operating as people of good will, we can work out the process, we can work out the details. There are philosophical differences—no question—about how to proceed. But if people of good will want to make something happen, I believe we can and we will.

I will have a lot more to say about the differences in the Medicare plans and other differences tomorrow, as we move through this debate. But this evening I would like to remind Senators, again, what we are supposed to be focusing on. I hope, anyway, with all due respect to colleagues, that we pay attention to what is really at stake. I have set up a prescription drugs people's lobby through my Web site and asked people to share with me their stories.

I close with two descriptions of real-life situations that are happening right now. One is from Rochelle Dodgson of Oak Park, MI. I want to thank her very much. I have shared this before, but I want to bring us back to what this is about. She writes:

My mother is currently insured under COBRA after losing her job in August of 2001. While she has her basic Medicare coverage, she will lose her supplemental medical coverage in January 2003. She has recently been diagnosed with multiple myeloma and will require treatment for this blood disorder the rest of her life. The medication she was taking before this new illness costs over \$500 retail on a monthly basis. I have not checked the prices of the 'chemo' she takes monthly nor the cost of the Procrit she takes weekly. I expect her monthly out of pocket expenses to be around \$700 a month. Her Social Security is just over \$800 a month.

Her monthly out of pocket expenses are \$700; her Social Security is around \$800.

I can't imagine having to budget food and housing expenses along with medication on that kind of income. My husband and I will try to find a way to budget some of her medical costs into our own expenses. . . .

Many families are doing this across America.

. . . but we also care for my husband's mother.

My mother is still a viable part of society. She doesn't deserve to struggle just because she has chronic illness.

That is what this is about. It is not about procedures, and 60 votes versus 51 votes, and all of the other processes, objecting to proceeding with bills. This is what this is about.

Let me just share one other story. This is actually from Austin, TX. Jackie Smith wrote through my e-mail. I am sure she shared it with other colleagues as well. I appreciate it. She says:

My prescriptions will cost \$3,850 a month beginning August 15 [of this year].

Madam President, \$3,850 a month for prescriptions.

That is when my COBRA benefits—which allowed me to continue my health care coverage through my employer—will run out. I will then qualify for Medicare with no prescription drug coverage.

Between my disability policy benefits and Social Security disability my fixed income is